

Do I pay tax in Australia on my UK source income, if I don't bring it to Australia?

As an Australian tax resident you are subject to Australian tax on worldwide income wherever it is earned or paid, unless you have a temporary residency visa.

(See questions regarding temporary residents who are generally exempt from paying Australian taxes on foreign income and gains).

Do I pay tax in Australia on my UK Investments?

(i.e.: Endowments/PEPs/TESSAs/ISAs)

In most cases yes, Australia will tax the income earned with all these types of investments. Be careful - income may be tax free in the UK but it is generally NOT tax free in Australia.

Also, under the Foreign Investment Fund (FIF) Rules the annual increase in the value of such investments is assessable in Australia, even if the investment is not sold.

There are two main exemptions:

- Holders of temporary residency visas
- Where the total value of all FIF assets is less than \$50,000

In the year I leave the UK am I entitled to a tax refund?

Depending on the date of your departure most individuals are entitled to a refund of UK tax (*assuming you have paid tax throughout the year*). A refund arises because you are entitled to UK personal allowances for the full year, even though you have only been resident in the UK for a part year.

How do I claim a tax refund when I leave the UK?

Complete a form P85 and send this to HM Revenue and Customs in the UK with the P45 from your last employer.

What happens if I leave property in the UK?

You may have a liability to capital gains tax in Australia upon its sale - obtain a market valuation of the property at the date of your arrival in Australia. This valuation will be your cost base for Australian capital gains tax purposes.

There are exemptions from this general rule though - you should discuss your situation with an experienced tax advisor.

What happens if I decide to rent out the property?

You will need to complete a UK Tax Return and report the rental income received less any expenses for the tax period 6 April to the following 5 April, and pay UK tax accordingly.

You should also complete and submit a UK Revenue form NRL1 in your capacity as a non-UK resident landlord.

In addition, as an Australian tax resident you will need to report the rental income received less any expenses for the financial year 1 July (or the date you become a tax resident of Australia if later) to the following 30 June on your Australian tax return and pay any Australian taxes due (reduced by any UK tax paid on the same Income), unless you have a temporary residency visa.

Am I taxed on monies I bring into Australia at the time I move to Australia?

In most cases no. However, if you leave funds overseas waiting for the rate of exchange to improve, the gain/loss arising from the date of your tax residency to the date the monies are received in Australia might be assessable/deductible in Australia.

Does my visa affect my tax position?

The new temporary resident tax measures were introduced with effect from 1 July 2006. Individuals who qualify as "temporary residents" will be exempt from Australian tax on certain foreign source income and capital gains.

So who are temporary residents?

In broad terms, a temporary resident is a person who holds a temporary visa. A temporary visa is one that enables a person to remain in Australia during a specified period, or until a specified event occurs, or while the holder has a special status. A person will not be a temporary resident if they are residents under the separate tests laid down in the Social Security Act and their spouse holds a permanent visa.

In effect, this means that they cannot be an Australian-resident citizen, permanent resident, or person who holds a protected special category visa.

Does Australia have death duties?

No, there are no death duties in Australia. However, as a UK domiciled individual you may be caught by Inheritance Tax in the UK on your worldwide sited assets. *(Professional advice is recommended to avoid paying unnecessary taxes).*

Will I pay tax if I leave my pension in the UK?

In most cases - yes. However if your pension fund is an occupational fund then you would not be subject to tax on the annual growth of your fund under the FIF Rules.

Other exemptions include:

- Holders of temporary residency visas
- Where the total value of all FIF assets is less than \$50,000

Will I pay tax if I transfer my pension to Australia?

If you have been a tax resident of Australia for less than 6 months - no. However, if you transfer your pension outside this 6 month window you will be subject to tax on the growth of the fund since the date you commenced tax residency in Australia to the date the funds are received in Australia. You have the option to personally pay the tax at your marginal rates of personal tax, or you can elect for your Australian Superannuation Fund to pay the tax at a rate of 15%.

Who should I contact to discuss the transfer of my UK pension fund to Australia?

Contact Jane Cooper (details below) to discuss the transfer of UK pension scheme benefits to Australia.

Am I entitled to a British State Pension? How much might I receive?

With effect from 1 July 2007 the rules changed in relation to British State Pension entitlements. As a general rule anyone who has worked in the UK for 1 year is potentially entitled to 1/30th of the British State Pension.

You can apply for a state retirement pension forecast which will advise you what percentage of the state pension you are entitled to upon reaching retirement age.

Can I top up my UK National Insurance contributions?

Yes, if you are not eligible for a full basic state pension you may consider paying additional contributions to top up your pension entitlements. You may be able to top up by paying Class 2 or Class 3 National Insurance contributions.

Is there anyone in Australia who can prepare and lodge UK tax returns?

Yes, Go Matilda Accounting and Tax can assist you with the preparation and submission of your UK Tax Return and calculate any tax liabilities and refunds arising.

Is there anyone in Australia who understands the UK and Australian tax system?

Yes, Alan Collett and Jane Cooper of Go Matilda Accounting and Tax are qualified tax advisors in both countries, and can advise regarding UK and Australian tax issues.

FOR FURTHER PROFESSIONAL ADVICE, PLEASE CONTACT:

Jane Cooper by calling +61 (0) 8 9261 7700 or via email jane.cooper@gomatilda.com
Alan Collett by calling +61 (0) 3 5222 6288 or via email alan.collett@gomatilda.com



Email: tax@gomatilda.com Web: www.gomatilda.com ABN 87 134 155 132

Go Matilda (Accounting & Tax) Victoria Australia - Postal Address: PO Box 467, Belmont, VIC 3216 Australia. Phone: +61 (0)3 5222 6288 Fax: +61 (0)3 9923 6457

Go Matilda (Accounting & Tax) Western Australia - Postal Address: PO Box 3089, Joondalup, WA 6027 Australia. Phone: +61 (0)8 9261 7762 Fax: +61 (0)8 9261 7700

Go Matilda (Accounting & Tax) UK - Postal Address: International House, George Curl Way, Southampton, Hampshire, SO18 2RZ Phone: +44 (0)23 80 30 25 24 Fax: +44 (0)23 80 05 13 61