






## Travelling Workers Residency Status Notes

The ATO likes to hang onto its residents for tax purposes if they are overseas for up to 2 years. On the other side of the coin they will start trying to assess a person from overseas as a resident of Australia once they have been here for 6 months and it does not have to be a continuous period of 6 months. However it cannot apply if you have no intention of setting up a residence (normal abode) here. More information is available in TR 98/17. Factors that are considered in deciding whether you are a resident of Australia for tax purposes include:

-  Your intention on arriving in the country.
-  Whether your immediate family is with you.
-  The permanency of your employment.
-  Where your assets and personal effects are.
-  How settled your home is.

If you are considered a resident of Australia for tax purposes than you must pay tax on your world wide income in Australia though you do get a credit for tax already paid overseas.

Immigrants are considered to be an Australian resident from the time they arrive.

For capital gains tax purposes all assets (other than those acquired before 19th September, 1985) owned by a new resident are deemed to be purchased at the date of residency for their market value. So it would be wise to collect as much information as possible to calculate this cost base.

**Note:** This does not apply if the assets are "connected with Australia", in that case the cost base is the original cost.

From the 1<sup>st</sup> July, 2002 expatriates residing in Australia for less than 4 years will not be subject to capital gains tax on their non Australian assets.