



Backpacker Operators Alliance of Victoria

INFORMATION & ADVICE FOR EMPLOYERS OF BACKPACKERS

Legal Responsibilities, Taxation and Superannuation

- Working Holiday Makers can work with one employer for not more than 6 months
- They are subject to the same rights and responsibilities as local employees
- They are subject to the same pay rates and working conditions as local employees
- Working Holiday Makers must be paid 9% superannuation if they are earning \$450.00 or more per calendar month
- Non-resident tax rates for the 2009/10 financial years are as follows;

| Taxable income | Tax on this income |
|----------------------|---|
| \$0 – \$35,000 | 29c for each \$1 |
| \$35,001 – \$80,000 | \$10,150 plus 30c for each \$1 over \$35,000 |
| \$80,001 – \$180,000 | \$23,650 plus 38c for each \$1 over \$80,000 |
| \$180,001 and over | \$61,650 plus 45c for each \$1 over \$180,000 |

- As an employer you are responsible for ensuring all employees have permission to work in Australia. There are 2 ways of checking an individual's visa status;
 - VEVO - a free online facility that allows organisations to check the visa entitlements of a visa holder. To register go to: <https://www.ecom.immi.gov.au/evostart.do?actionType=thirdPartyRegister>
 - Contact DIAC www.immi.gov.au on 131 881 and speak to a representative.

What are the key documents backpackers need from their employer to apply for a tax refund?

To apply for your tax return, backpackers will need a copy of their final cumulative payslip or PAYG (the equivalent to the P60 in Ireland / UK or the W2 in the US) from each of their employers they had in Australia. The PAYGs should be issued once the tax year has ended, after the 30th of June and they should receive their PAYG during the first 2-3 weeks in July.

Tax free thresholds

Backpackers can only get a tax free threshold on one job so each person only has a tax free threshold of \$6000 if they are a resident for tax purposes. People arriving in Australia on a working holiday or student visa are not residents for tax purposes and pay 29% on every dollar they earn.

Backpackers can only claim a tax free threshold if they put themselves down as a resident for tax purposes on their tax declaration once they have been in Australia for more than 183 days. So backpackers will benefit from the tax free threshold when they complete their tax return either at the end of the tax year or when they are leaving the country.

They can then claim back all the tax they paid in the first \$6000 earned and the tax overpaid, i.e. the difference between the 15% resident rate and the 29% they have been paying as non-residents for tax purposes. The income will be viewed as a whole not as two separate jobs so they will be able to claim tax back from both incomes.

Benefits of Hiring Working Holiday Makers

- Willing to work in a range of different roles which generally results in them filling in where labour shortages exist, particularly in the horticulture and service/hospitality industries
- Willing to work longer hours
- They bring international experience and perspective into the work place
- They are here to experience the Australian way of life, meet locals and experience what we have to offer. This results in an energetic, enthusiastic and hard working employee
- Working Holiday Makers that speak more than one language can be a valuable addition to workplaces that are involved in dealing with a range of people and nationalities

Useful Links

www.diac.gov.au
Department of Immigration & Citizenship

www.ato.gov.au
Australian Tax Office

www.iep.org.au/workaustralia
IEP Work Australia



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