



# KEY ITEMS A GLOBAL TALENT VISA HOLDER

SHOULD KNOW WHEN MOVING TO AUSTRALIA

# WHAT YOU SHOULD KNOW ABOUT ARRIVING IN AUSTRALIA WITH A GLOBAL TALENT VISA

Are you an expat who is moving to Australia on a Global Talent (or similar) visa?

When it comes to Australian taxes this could mean a number of things. You will most likely become an Australian resident for tax purposes from the date of your arrival.

Depending on your individual situation, the move to Australia can be straightforward or complex.

To help you consider some of the potential issues you could face, here are 5 common tax concerns that those moving to Australia have:

1. When do I become a tax resident?
2. Keeping foreign assets when moving to Australia
3. Foreign assets including foreign currencies, trusts, companies or retirement funds and pension loans
4. Selling your foreign main residence after moving
5. Converting cash to Australian currency



# 1. WHEN DO I BECOME A TAX RESIDENT?

## How does Australian tax residency work?

Essentially, because a Global Talent Visa is a permanent visa under the Migration Act, usually if you hold this visa you become a tax resident of Australia upon your arrival.

That means you will be subject to taxation on your world wide income and/or capital gains.

You may also be taxable on the income of certain foreign companies or trusts that you control or are deemed to control.

## 2. KEEPING FOREIGN ASSETS WHEN MOVING TO AUSTRALIA

### What happens to the foreign property that I invested in while living overseas?

Things can be a little more complicated when you hold onto assets when you change residency.

Once you move to Australia you become an Australian tax resident. As an Australian resident you are required to pay tax on all of your income. It doesn't matter where this income has come from. This means that if you rent out or sell an overseas property then you will have to include the income in your Australian tax return.

When you become an Australian resident you are deemed to have purchased your foreign property for its market value at that time.

#### For example:

You purchase a rental property for the equivalent of \$500,000 while living overseas. 5 years later you move to Australia and hold onto the property. At this point in time the property is valued at \$700,000. For Australian tax purposes the cost base of this property is therefore \$700,000.

You are now also liable for Australian tax on the net rental income earned from this property.

### **3. FOREIGN ASSETS INCLUDING FOREIGN CURRENCIES, TRUSTS, COMPANIES OR RETIREMENT FUNDS AND PENSION LOANS**

**It is essential that you obtain tax advice if you are becoming tax resident of Australia for the first time.**

Australia has a number of complex rules which apply to Australian tax residents who have foreign assets including foreign currencies, foreign loans, trusts, companies or investments.

Often these rules give rise to tax events which can be unexpected.

## 4. SELLING YOUR FOREIGN MAIN RESIDENCE AFTER MOVING TO AUSTRALIA

### What happens if I sell my foreign main residence after returning home to Australia?

If you sell your former foreign main residence while you are an Australian tax resident then you are eligible for an exemption from capital gain tax (CGT).

However, if you are living in a new main residence in Australia when you sell, then you may only be able to obtain a partial main residence exemption. This is because you can't claim the main residence exemption for more than one property at a time.

When the situation is not clear, please ensure that you obtain professional advice.

#### Example:

While living as a non-resident you purchase a home (in the country you are living in) and move into it. You do not move out of that property until you move to Australia. When you move to Australia you live in rented accommodation. After a year you decide to sell your former main residence. Since you haven't purchased a new main residence you can usually continue to claim your former overseas home as your main residence until the point it was sold.

## 5. CONVERTING CASH TO AUSTRALIAN CURRENCY

### Are there any tax consequences on converting my cash into Australian currency?

The simple answer is yes.

Once you are an Australian resident there is a deemed Australian value on any foreign currency that you hold. When you later convert that foreign currency into Australian currency, a loss or gain may be made. The exchange will be subject to foreign exchange provisions. This means that the loss or gain is taxable.

Exemptions are available for certain accounts depending on their balances, but specific tax elections are required.

You may also have additional events that result in foreign currency exchange considerations.

#### **For example:**

If you sell a foreign asset after becoming an Australian tax resident then you have to report the capital gain in your Australian tax return. When there is a delay between the contract date and the settlement date a currency exchange rate fluctuation can impact your net gain. In this context the change in exchange rate or eventual conversion of cash to the Australian dollar, will impact your tax return.

# ABOUT US AND **HOW WE CAN ASSIST**

Global Talent Visa Holders should seek advice early to ensure there is enough time to plan.

There can be many nuanced events that occur and the laws can change. There may even be special provisions between Australia and the foreign country that you have been residing in which can assist with avoiding double taxation.



## **INTERNATIONAL TAX ADVICE**

We assist our clients with international tax advice, help them plan for changing family or business circumstances and give them peace of mind to concentrate on their career and family knowing their tax affairs are effectively managed.

## **TAX RETURNS FOR THOSE WITH INTERNATIONAL ASSETS**

Personal tax preparation for individuals with international interests requires specialist international tax expertise.

Our chartered accounting team are international tax specialists with the knowledge and experience to handle complex international tax matters for expats living in Australia.

## **SEEK ADVICE FOR YOUR PERSONAL CIRCUMSTANCES**

Information in this document provides an outline of the common issues affecting expats moving to Australia on a Global Talent Visa. There are many factors that can affect your obligations, it is important that you seek advice for your personal circumstances.

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