



## Investing in Australia: Getting the setup right

### The Dbriefs Geography Updates Series

Kathy Saveski / Namrata Acharrie / Albert Canagasabey / Philip Davies / Alicia Powyer

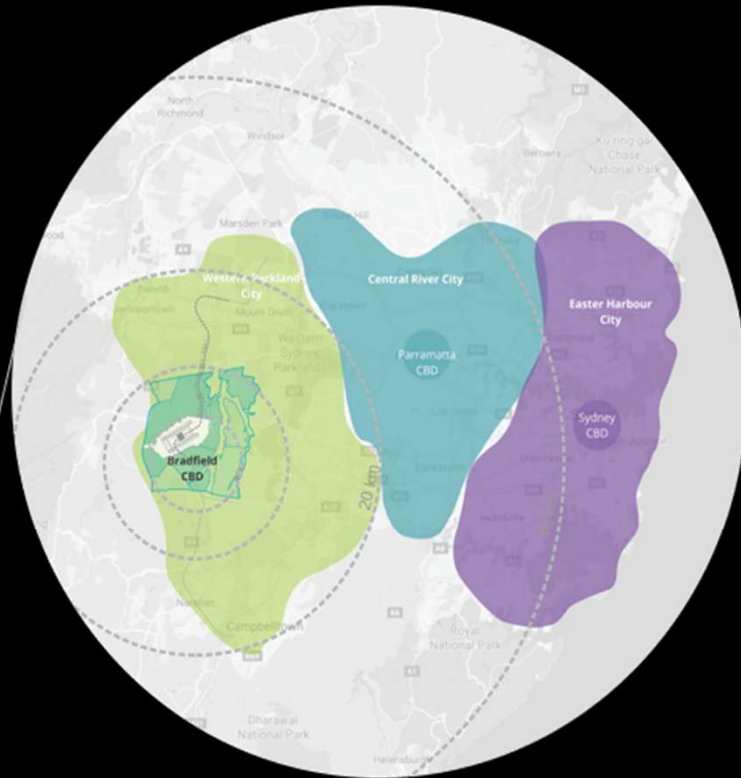
2 November 2021

# Agenda

- Introduction
- Investing in Australia
- Grants and incentives
- Immigration
- Employment and mobility tax matters
- Employee matters relating to international placement
- Questions and answers

# Investing in Australia

Philip Davies



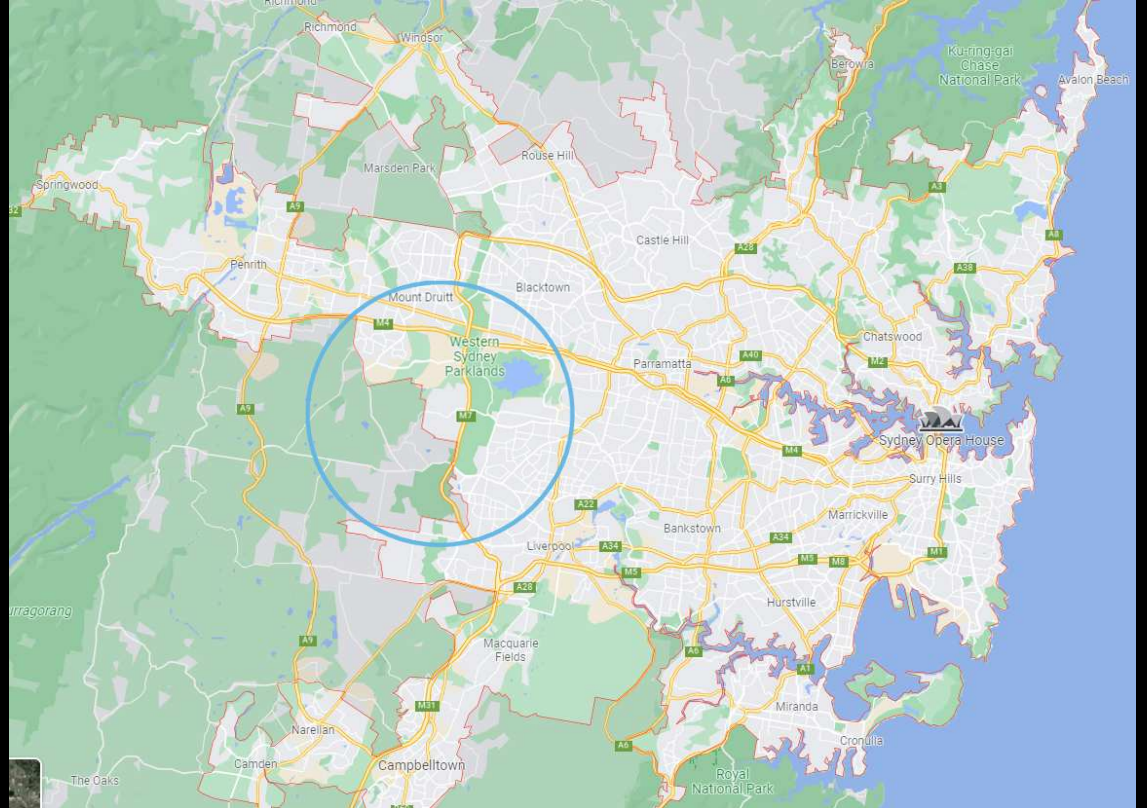
## Western Parkland City | The Third City

- The 40-year vision for the Greater Sydney Region, set out in A Metropolis of Three Cities, seeks to meet the needs of a growing and changing population by transforming Greater Sydney into a metropolis of three cities – the Western Parkland City, the Central River City, and the Eastern Harbour City
- This Land Use and Infrastructure Implementation Plan for the Western Sydney Aerotropolis is essential to the vision for a thriving Western Parkland City focused on the planned Western Sydney Airport. It implements the regional vision of the Western City District Plan, complementing and supporting its delivery
- An Aerotropolis is a metropolitan area with infrastructure, land uses and the economy centred on an airport. It includes aviation-orientated business and residential development that benefit from each other and their accessibility to an airport
- The 11,200-hectare Western Sydney Aerotropolis will be Greater Sydney’s newest economic hub at the heart of the emerging Western Parkland City

# The Western Parkland City

A new city for 1.5m

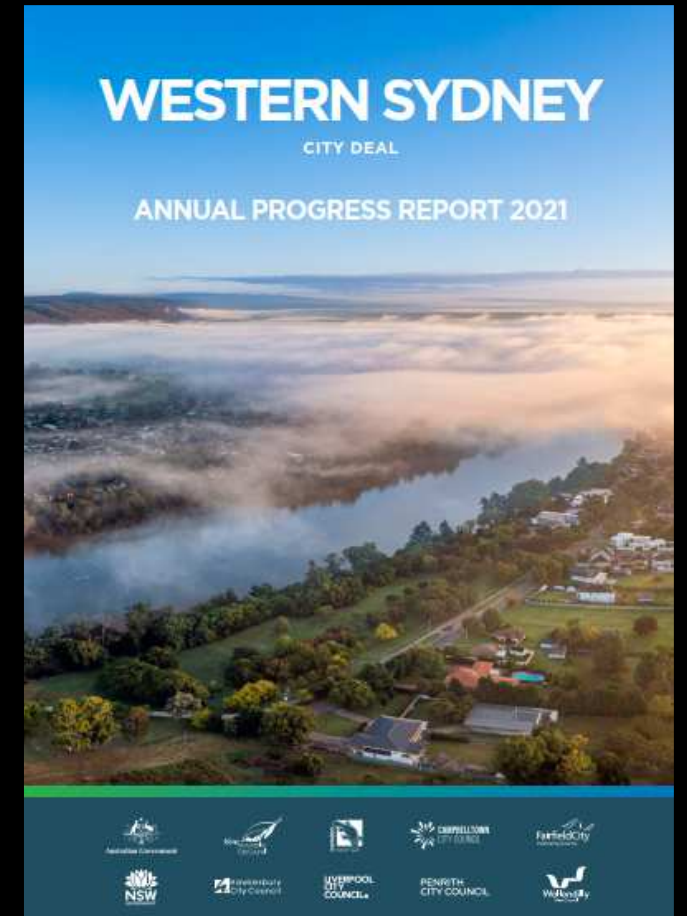
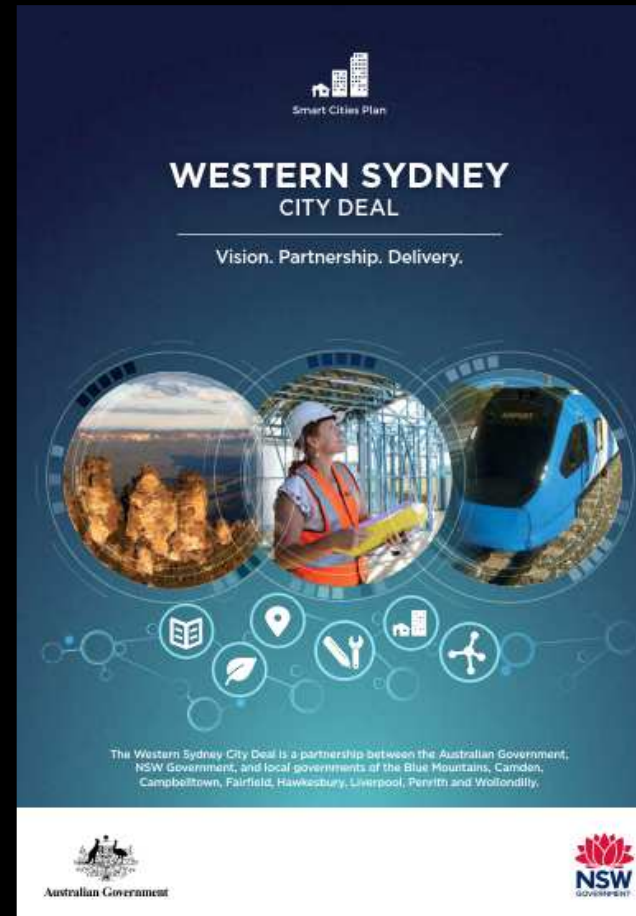
- 9000 SQ KM
- One Million more residents
- 180 languages
- Largest urban indigenous community in Australia
- Third largest economy in Australia
- \$50bn committed to infrastructure



# The Western Sydney City Deal

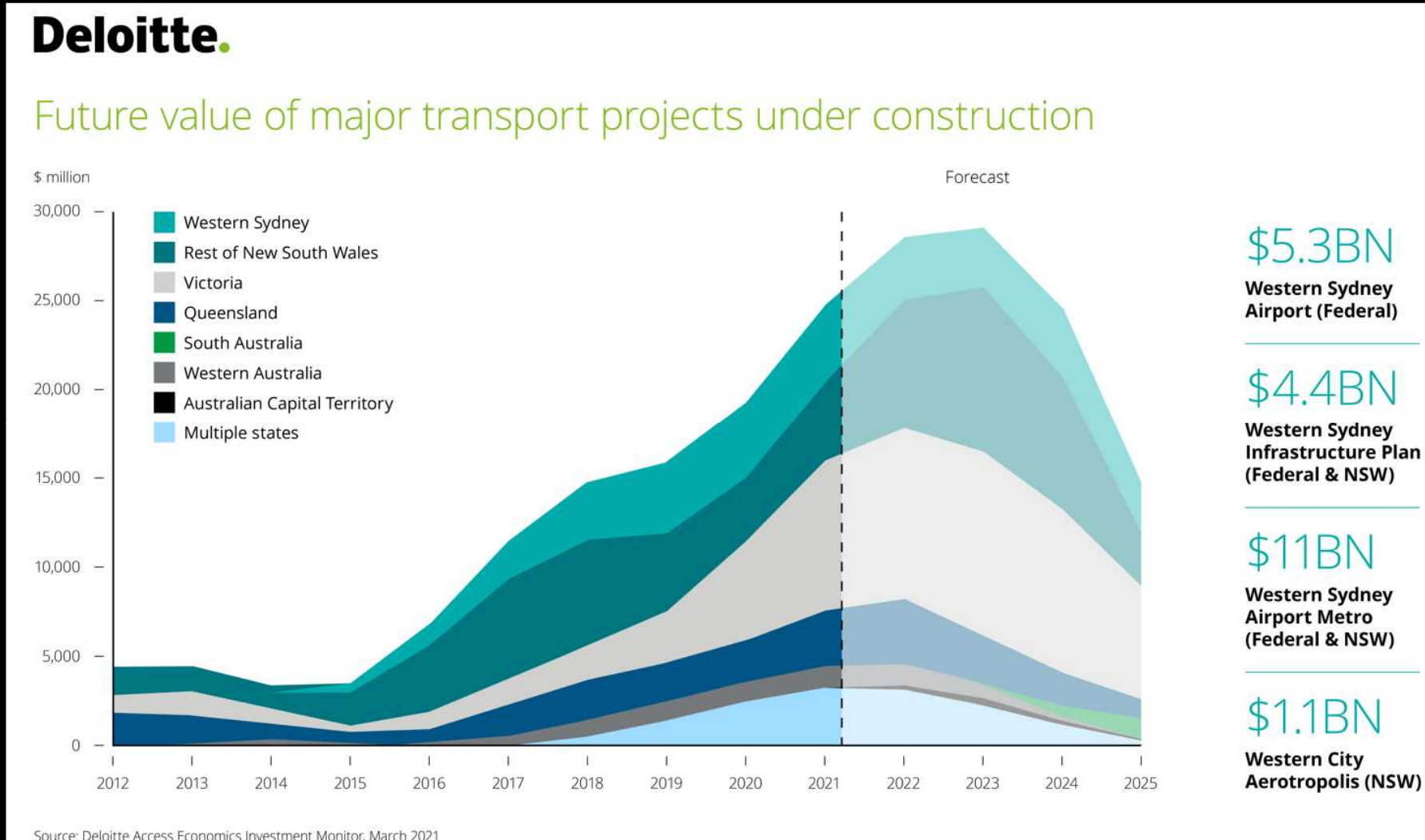
## A governance model across three tiers of government

- A City Deal bringing all tiers of Government together
- Supported by Infrastructure Funding
  - \$5.3bn Airport
  - \$11bn Metro
  - 18 MOU's
  - Digital City
  - Advanced Mfg
  - Agribusiness



# The Opportunity

## Western Sydney infrastructure commitment



# Nancy-bird Walton Airport

## A new 24 hr world-class airport operational in 2026

- Western Sydney International Airport will commence operations in 2026
- It is a government-owned business enterprise with the following objectives
  - Improve access to aviation services in Western Sydney and resolve the long-term aviation capacity issue in the Sydney basin
  - Optimise the benefit of increased employment and investment opportunities in Western Sydney by recognising the new airport as a major catalyst for growth and development
  - Effectively integrate with new and existing initiatives in Western Sydney

### Key features



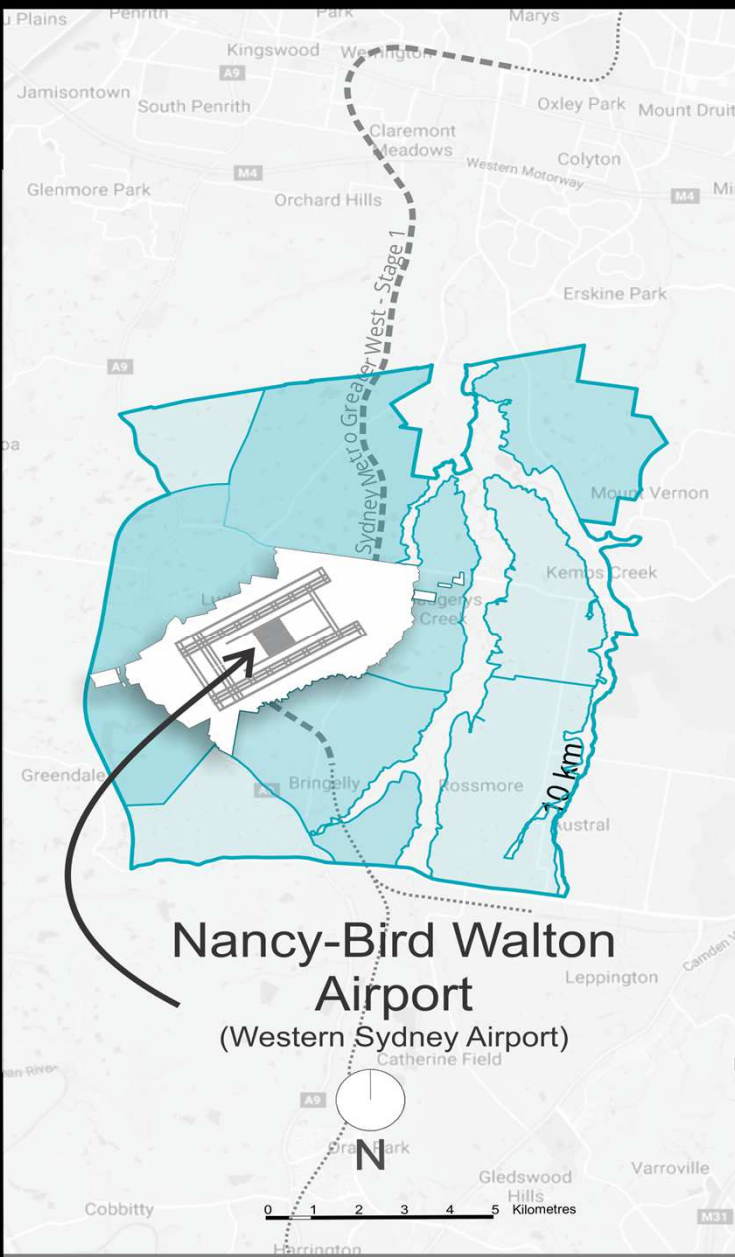
- Airport operations
  - 24 hour operations, no movement caps
  - Full service, low cost & freighter airlines



- Commercial/freight Hub
  - Dedicated access for trucks and close proximity to highways/logistics centres
  - A human-centred airport design with commercial and logistics support spaces

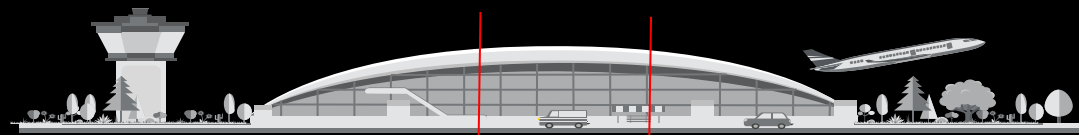


- Terminal opportunities
  - 24/7 curfew-free slots
  - Reduced terminal and airside congestion





# Nancy-Bird Walton Airport



- Key market opportunities
  - **WSIA as a catalyst for infrastructure growth**
    - Catalyst for several transport and roads infrastructure projects including: M12 motorway, upgrades to roads surrounding the airport through the Western Sydney Infrastructure Project, and the Western Sydney Airport rail line to be delivered by Sydney Metro
  - **Freight and logistics**
    - The Sydney basin accounts for approximately 50% of airfreight movements in Australia
    - A 24hr freight and logistics facility will provide access to Australia’s largest B2B and B2C markets
  - **A new cargo precinct**
    - A 3.7km runway, terminal and airport facilities will initially provide for up to 10 million passengers and capability of processing 220,000 tonnes of cargo annually
    - WSIA will deliver Australia’s first co-designed cargo precinct
    - WSIA offers development lots at the WSIA Cargo Precinct with direct airside access that can be tailored to supplier needs and future growth

WSIA MoU Holders

**Opportunities for partnerships to build the infrastructure in the region**

# Mamre Road Project in the Western Parkland City

## A new employment area focused on warehousing, manufacturing & distribution

- The Mamre Road Precinct provides about 850 hectares of industrial land which could accommodate about 5,200 construction jobs and 17,000 ongoing jobs when fully developed. The Mamre Road Precinct will be a world-class industrial area, primarily catering for warehousing and logistics

### Key features



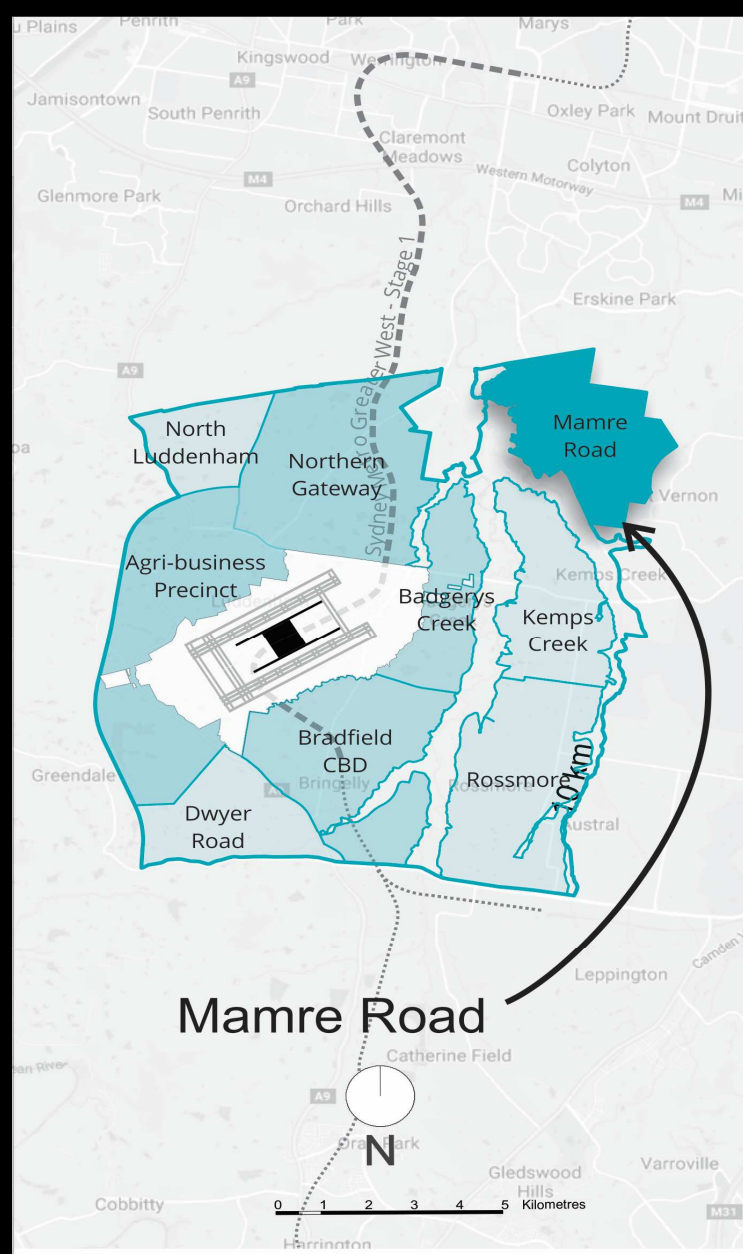
- Western Sydney Freight Line
  - Northern Boundary adjacent to the future western Sydney freight line
  - Direct connection to the Port of Sydney



- Multi Modal Terminal
  - Land reserved for future multi-modal terminal



- Rezoned
  - Already Zoned and ready to go
  - Forms part of the Western Sydney Employment Zone



# Northern Gateway Precinct in Western Parkland City

A new employment area focused on warehousing, manufacturing and distribution

- To the north of the Nancy-Bird Walton Airport is the Northern Gateway Precinct. Located at the confluence of the Airport (main passenger entry) the Agri-business Precinct and the Mamre Road Precinct, the Northern Gateway will develop as a support precinct for the airport, with jobs in warehousing and distribution, and manufacturing
- It will be accessed via Elizabeth Drive, Luddenham Road, the proposed M12 motorway and the Western Sydney Metro. A specialised local centre will be developed around the proposed Metro Station

## Key Features



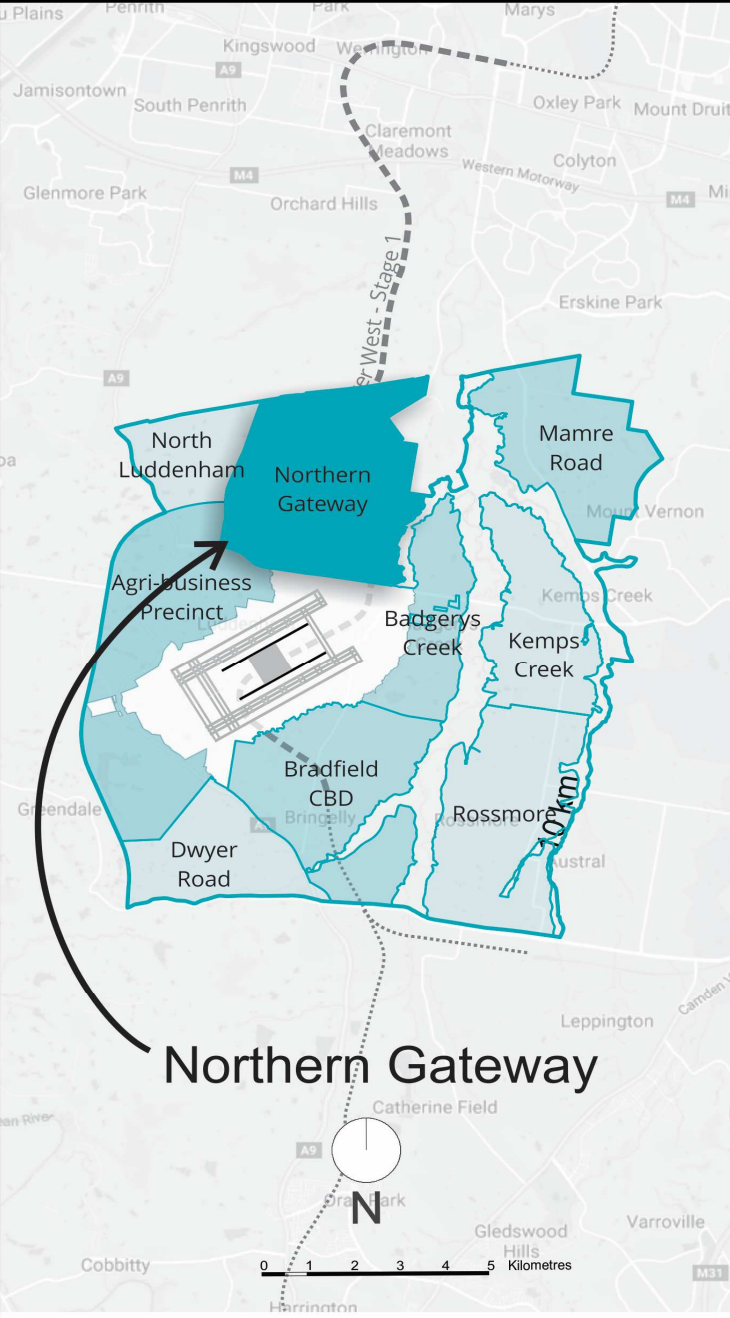
- Proximity to Nancy-Bird Walton Airport
  - Precinct at the front door to a new 24 hr airport
  - One metro stop from airport



- 24hr Access for freight
  - Direct access to the future motorway system
  - Future rail freight corridor reserved
  - Proximity to WSIA, Agri-business Integrated Logistics Hub



- Mixed Use Industrial Lands
  - Mixed land/plot sizes
  - Access to green spaces and parklands



# Bradfield and Badgerys Creek

## Third CBD focussed on industry 4.0 - advanced mfg., quantum, and AeroSpace

- Bradfield is a new City Centre located south of the Nancy-Bird Walton Airport, with a new Metro connecting it to St Marys and the airport. The Aerotropolis Core and Badgerys Creek precincts collectively will support up to 71,000 jobs by 2056, with the mixed use zone of the Western Sydney Aerotropolis Plan home for 24,000 residents. The Government will commence enabling infrastructure in 2021 to bring Bradfield online with the airport and Metro opening

### Key Features



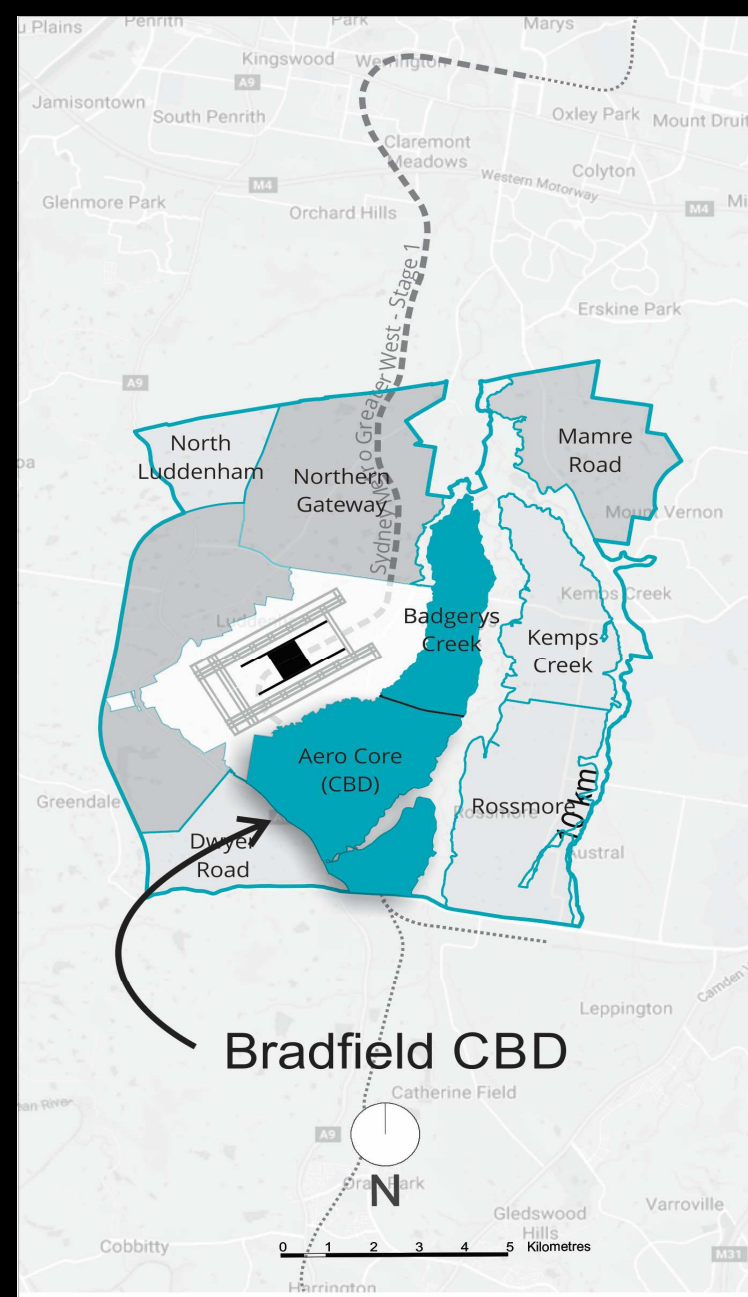
- Advanced Manufacturing and Research Facility
  - Government is partnering with industry to deliver a new 13,000m2 facility for research into advanced manufacturing



- New Education and Training Model
  - This model facilitates stackable micro-credentials, focused on new skilling, upskilling, reskilling, emerging skill gaps, and includes critical thinking, communication and workplace skills



- Circular Economy
  - Government seeks to expand existing waste precinct to embed the circular economy in the planning & service delivery of the Western Parkland City



# Bradfield (Aerotropolis CBD/Core) and Badgerys Creek



- Key market opportunities
  - New headquarters, base of operations
    - New regional or state head quarters in the specialised local centre
  - Industry 4.0
    - A City Centre master planned to support defence, aero-space and advanced manufacturing industries
  - A new CBD
    - Opportunities for the services sector to establish a base and help shape the new Bradfield city centre
    - Opportunities to invest in new residential and commercial opportunities supporting the Bradfield CBD
  - Residential/commercial buildings
    - Opportunities to invest in new residential and commercial opportunities
    - Building heights 27 – 45m available in the specialised local centre

**Opportunities for partnerships to build the real estate in the region**

Precinct WPCA  
foundation partners

A vertical list of logos for WPCA foundation partners: Northrop Grumman, CSIRO, nuw alliance, Western Sydney University, The University of Sydney, ROMAR (Scalable Manufacturing Solutions), and Samsung SDS.

# The Agri-business precinct

## To grow Australia's reputation for high quality food and supply chain

- The Agri-business precinct will build on existing agricultural operations and develop integrated food and supply chain-related industries. It will deliver quality Australian produce from paddock to plate to 2/3 of the world's middle class within 36hrs

### • Key Features



#### • Integrated Logistics Hub

- A new 24hr multi-modal supply chain solution
- Specialising in agri-business, fresh and prepared food, pharma freight, and logistics



#### • Integrated Food Production Hub

- Enabling urban agriculture opportunities
- Large scale greenhouse and smaller scale vertical farming



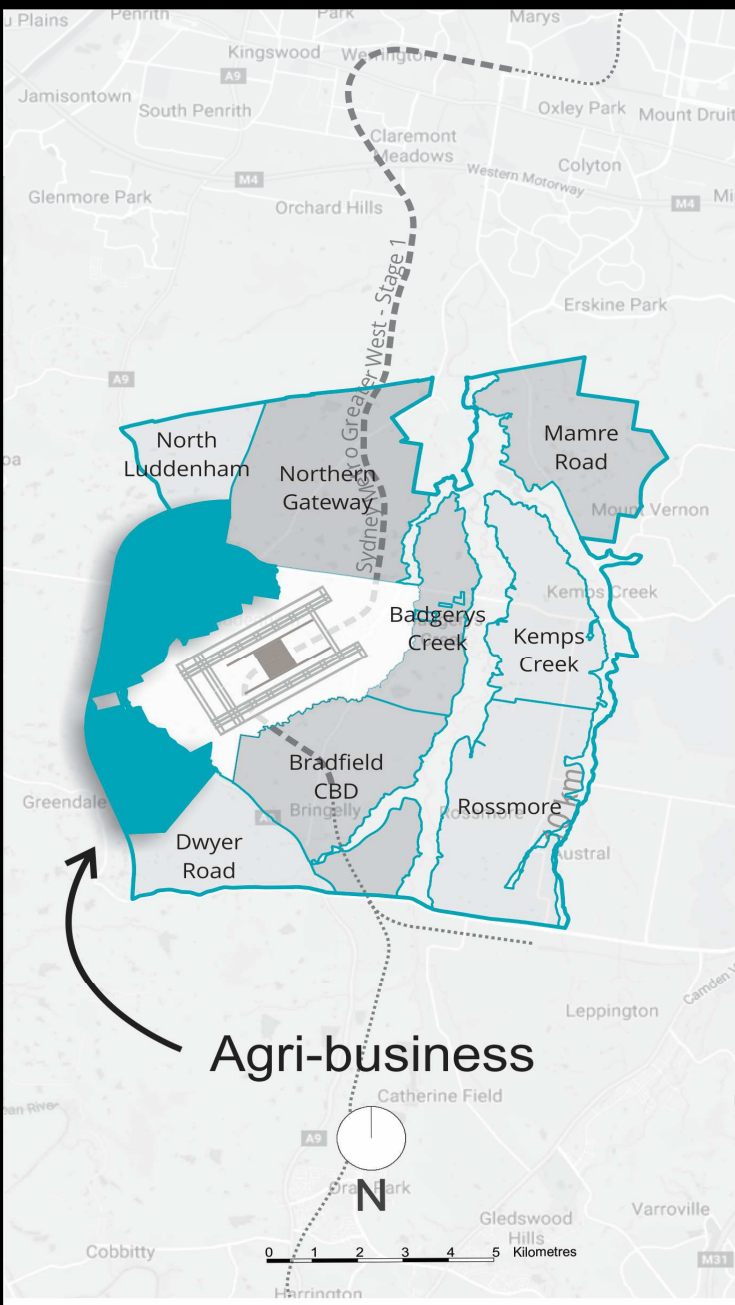
#### • Australian Centre of Excellence in Food Production

- Industry-led powerhouse in food science, tech, and engineering
- It will accelerate research & development in the sector

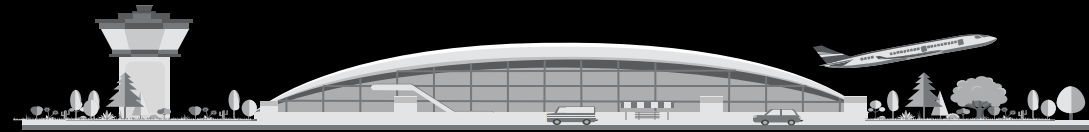


#### • Fresh Product and Value-Added Food – Pharma Hub

- Integrated high value-added sectors including nutraceuticals, complementary medicines, value-added foods and pre-prepared meals



# Building a Digital City



- **Vision for the digital smart city**

- An inclusive and digitally capable region
- A productive region with flexible, future-focused communication infrastructure for faster, more reliable, and affordable digital connectivity
- A resilient and sustainable region that uses technology to help manage natural resources
- A strong and liveable region, where smart solutions improve the quality and resilience of the local environment and the health and wellbeing of the people in it

- **Opportunities**

- New opportunities to contest and deliver the enabling infrastructure a new city needs including, 5G (6G) and enabling technologies



Figure 4: The eight key focus areas of the Smart Western City Program

Opportunities for partnerships to deliver systems and technology for a future Digital City

# Grants and Incentives

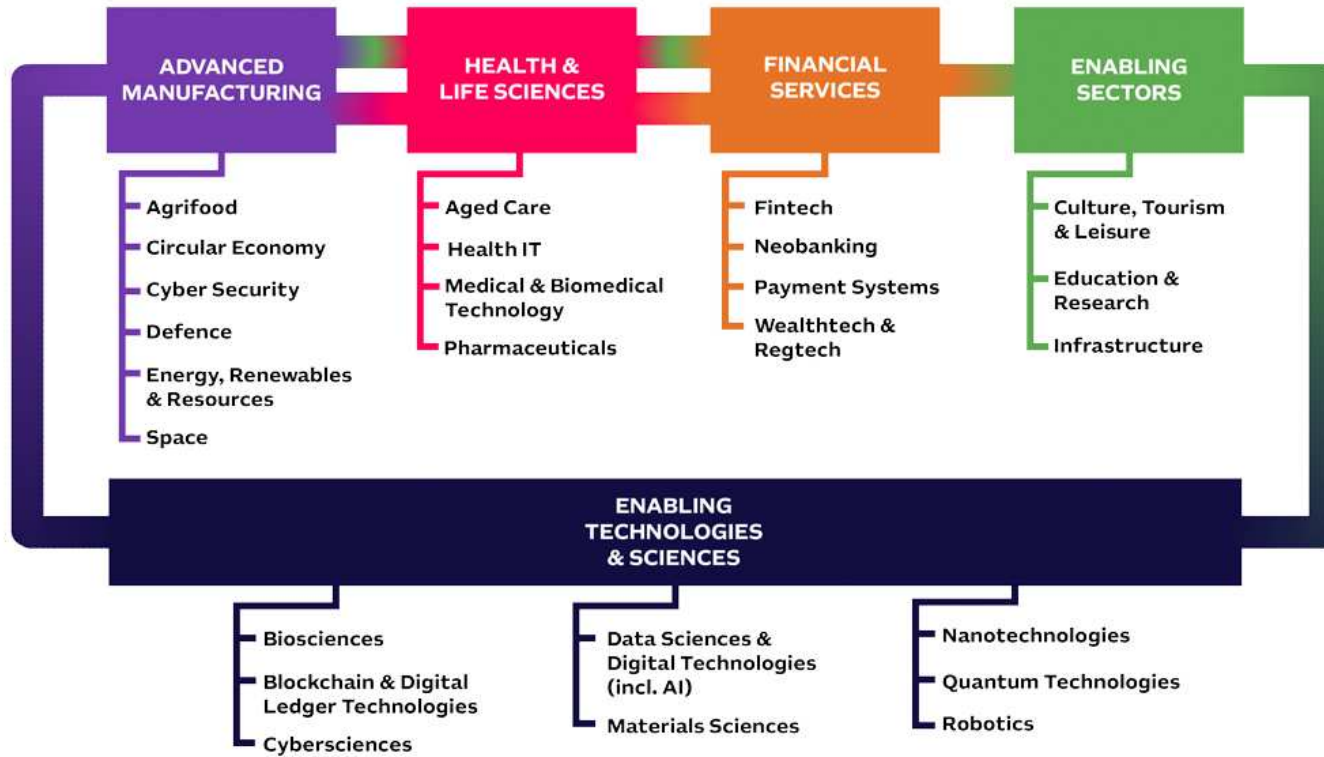
## Albert Canagasabey



## Grants and Incentives

- The Australian Government is committed to **transforming Australia** into a **growth destination** of choice for global enterprises and talented individuals
- There is a wide range of **credits, incentives, and support** from the state and federal governments to businesses with **on-shore investment and innovation activities**. These may help you with your innovation, sustainability, and growth agendas

# About the Global Business and Talent Attraction Taskforce



- Access to unique visas, and smoothing the visa approval process
- Endorsement of projects for government funding support
- Expedite government incentives applications from existing programs
- Facilitate introductions to industry networks
- Seek to reduce regulatory approval times
- Identification of talent and training opportunities

# Australian Government Grants and Incentives

## Achieving Value in Australian Grants and Incentives

- **Critical Components of Success**

- Understand the current grants and incentives environment
- Know the key stakeholders, decision-makers, champions, and influencers for success
- Establish process around execution
- Align business activity to grants and incentives opportunities



### **Innovation/R&D**

- From basic research to shop floor



### **Capital investments/time horizon**

- Whether site-related or for equipment purchases



### **Employment**

- Current and projected employment



### **Location**

- Current and future global footprint



### **Energy/sustainability**

- Direct investments or productivity improvement-related

# Australian Government Grants and Incentives

## Overview

- Australian State and Federal governments offer substantial government funding assistance programs to business in a wide range of areas. The value of these programs amount to billions of dollars annually. With hundreds of government funding assistance programs on offer across different tiers of government, businesses have a myriad of opportunities available to them

### Types of Projects

- Government funding can be available for investment projects with broad public benefits such as
  - New job creation
  - Job retention
  - Enabling infrastructure
  - Export growth/import replacement
  - Social & community benefits
  - Environmental/sustainability enhancement
  - Research and innovation
  - New industry capability

### Types of Support

- Available incentives can take multiple forms and can typically include
  - Cash grants
  - Concessional loans
  - Payroll Tax Rebates
  - Training incentives
- Most large-scale grants and incentives are discretionary and competitive, based on a specific investment project
- Funding can only be sought for future activities with a funding agreement completed before the project starts

### Eligibility of Applicants

- Most corporate structures are eligible to receive grant funding
  - Australian companies
  - Australian subsidiaries or branches of foreign companies
  - Joint Ventures
  - Public or private companies
- Trading trusts or partnerships may not be eligible for all incentives
- An Australian Business Number (ABN) is the typical minimum threshold for eligibility for most general incentives

# NSW Jobs Plus Program

## Grant funding for investment projects

- **Opportunity**

- The \$250 million Jobs Plus program offers payroll tax rebates and capital funding for projects that will create new, ongoing jobs for the state
- Typical investment support includes
  - 100% payroll tax relief on new jobs for up to 4 years
  - Up to 50% of project capital costs
  - A wide range of in-kind, concierge, and facilitation services

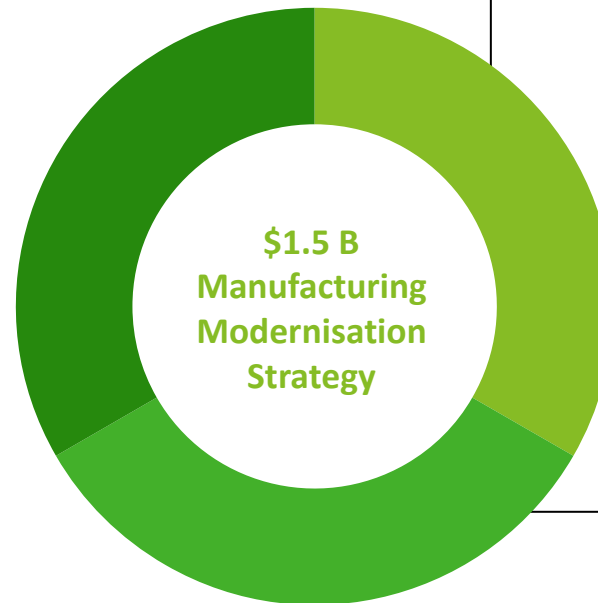
- **Eligibility**

- Eligible projects must
  - Create more than 30 new jobs
  - Commence before 30 June 2022 and be completed by 30 June 2024
- There is no cap on maximum funding per project, however requests over \$5 million will undergo additional assessment
- Anticipate 2 to 5-month turnaround from request initiation to final offer, depending on complexity and scale of the project

# Australian Government Grants

## Modern Manufacturing Strategy

- \$1.5 billion in new funding as part of the Federal Government's Modern Manufacturing Strategy to support six manufacturing priority areas
  - Resources technology and critical minerals processing
  - Food and beverage
  - Medical products
  - Recycling and clean energy
  - Defence
  - Space



### \$1.3 B Modern Manufacturing Initiative

- To support projects in three streams
  - Manufacturing Collaboration Stream for very large projects, with up to a 1:2 funding ratio
  - Manufacturing Translation Stream for commercialisation activities, with up to a 1:1 funding ratio
  - Manufacturing Integration Stream for supply chain and market integration projects, with up to a 1:1 funding ratio

### \$ 50 M for Industry Growth Centres

- To support priority projects

# Australian Government Grants

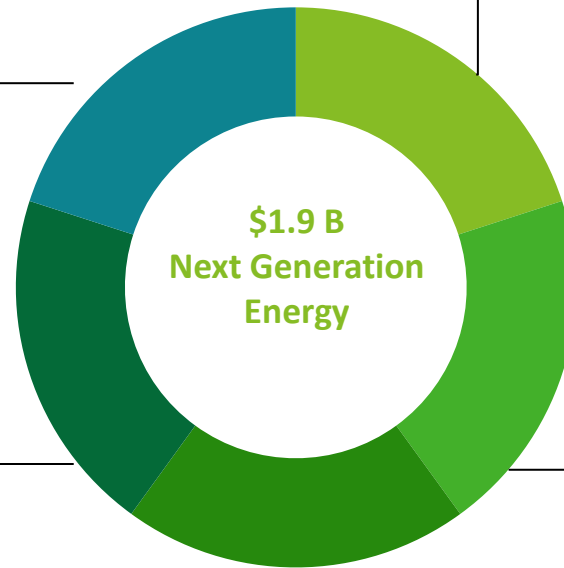
- \$1.9 billion to target Australia's emissions-intensive agriculture, manufacturing, industry, and transport sectors

## \$95.4 M Co-Investment Fund

- Funding over six years for a co-investment fund that supports industrial, freight and agricultural businesses to identify and adopt technologies to reduce emissions and increase productivity

## \$74.5 M Future Fuels Fund

- To support business integration of new vehicle technologies and enable adoption of electric vehicles and charging infrastructure



## \$1.4 B Australian Renewable Energy Agency (ARENA)

- Over 12 years in additional funding for the ARENA, extended by 10 years

## Hydrogen Industry

- Support the creation of an Australian hydrogen industry and invest in technologies such as soil carbon sequestration, production of low carbon steel, and aluminium

## Clean Energy Finance Corporation (CEFC)

- Expand the focus to invest in new and emerging energy sources including carbon-neutral and negative emissions technologies

# Australian Government Grants

## Our Government Grants and Incentives Advisory services

- Our Government Grants and Incentives Advisory team has a high strike rate of assisting clients with **successful grants and incentives applications** across a wide range of government programs

### Strategy preparation

- Advise on government funding assistance programs
- Comprehensive, prioritized action plan, and strategy to support multiple applications
- Government relationship strategy and communication material.

### Funding applications

- Draft and compile grant applications and/or funding business cases
- Specialist national team with extensive government experience
- Expert analysis and modelling to support application if required
- Assistance with grant funding agreement negotiation and reporting

### Government policy and legislation

- Monitor policy and legislative landscape
- Link applications to broader government policy
- Inform business of changes that have broader implications to the sector
- Advise on how to approach government on policy affecting business



## Grants and Incentives

- The R&D Tax Incentive (RDTI) is the Federal Government's primary mechanism to support research and innovation, providing significant benefits to both Australian and foreign companies undertaking R&D activities in Australia
- It is designed to incentivise R&D activities where the knowledge gained is likely to benefit the wider Australian economy

# Australian R&D Tax Incentive

## Overview

- Enables claiming of costs on experimental **core** activities conducted to generate new knowledge, as well as **supporting** activities that assisted with those core experiments
- Jointly regulated by **AusIndustry** (which is part of Industry Innovation and Science Australia) and the **Australian Taxation Office (ATO)**
- It is a post-year process, where the claim is made after the relevant income year has ended
- The following is a breakdown of the benefit level for income years commencing 1 July 2021

	Non-refundable incentive	Refundable incentive
Worldwide aggregated turnover	\$20M AUD or greater	Less than \$20M AUD
R&D Expenditure Cap	\$150M AUD	
R&D offset	Entity's corporate tax rate + 8.5% (+ 16.5% if R&D intensity > 2%)	Entity's corporate tax rate + 18.5%
Company income tax rates*	25% or 30% tax rate	25% tax rate
Net tax benefit	8.5% (+16.5% if R&D Intensity > 2%)	18.5% of the R&D expenditure
Applied against	Basic income tax liability	Basic income tax liability if in taxable situation
Excess offset amounts	Carried forward subject to same ownership or business tests	Cash refundable

$$\frac{\text{R\&D Intensity: (R\&D Expenses)}}{\text{(Total Company Expenses)}}$$

*\*Corporate tax rates for base rate entities (i.e. turnover < \$50M) will decrease from 26% in FY21 to 25% in FY22 onwards. Otherwise, the corporate tax rate for all other entities is 30%.*

# Australian R&D Tax Incentive

## Our R&D Tax services

- Our R&D Tax services are designed to be a simple and effortless path to advising you on identifying, validating, and quantifying your eligible R&D activities and expenditure in an efficient manner within the timeframes you specify and with minimum risk of process failure

### Identification of R&D activities

- Targeted R&D workshops with product and development staff
- Tools and templates to assist with identifying R&D activities

### R&D technical documentation and substantiation

- Guidance for incorporating RDTI frameworks within project management tools
- Review and feedback on technical documentation
- Embedding engagement team within project management tools to prepare additional contemporaneous documentation

### R&D expenditure calculations

- Guidance on identification of expenditure reasonably attributed to R&D activities

### R&D expenditure documentation and substantiation

- Digital solutions for capturing R&D time and expenditure data
- Review and feedback on current time tracking processes

## Polling question 1

What are the key considerations for your organization when considering whether to expand in, or into, a particular jurisdiction?  
(Choose all that apply)

- Access to skilled labour
- Cost of labour
- Incentives
- Vicinity to customers/market
- The regulatory environment
- Don't know/not applicable

# Immigration

## Alicia Powyer

## Current Australian immigration landscape and relevant considerations

- Australian borders have been closed since 20 March 2020, significantly impacting the movement of both foreign nationals and Australian citizens and permanent residents
- More than 500,000 temporary migrants have left our shores since March 2020. Many of those temporary migrants were skilled migrants
- Net overseas migration continues to be negative, with a further 77,000 people expected to leave Australia in the 2021-22 financial year
- Priority skilled migration occupation list increased to 44 occupations in July 2021, including several Engineering occupations, assisting to obtain travel exemptions for foreign nationals
- Australian unemployment is currently 4.6% \*, creating strong competition for talent, from a restricted resource pool

(Source: Australian Bureau of Statistics, as at July 2021)



## What are we seeing and hearing?

- Deloitte has increased interaction with the immigration authorities, to lobby and drive our clients' agenda – we have a voice at the table and can shape immigration for the future, and into emerging markets such as Western Sydney
- A report on Australia's Skilled Migration Program\* was released on 9 August 2021 by the Joint Standing Committee on migration. The report detailed 18 recommendations, including
  - Consolidation of the short-term skilled occupation lists (STSOL) and the medium long term skilled occupation list (MLTSOL) into one skilled occupation list
  - Establishing improved pathways to identify acute skill shortages
  - Providing a pathway to permanent residence for a larger group of skilled employees
  - Development of a new occupation and/or skills identification system to be more flexible and adapt to emerging labour market needs

\* There is currently no confirmation or timeline for adoption of these recommendations.



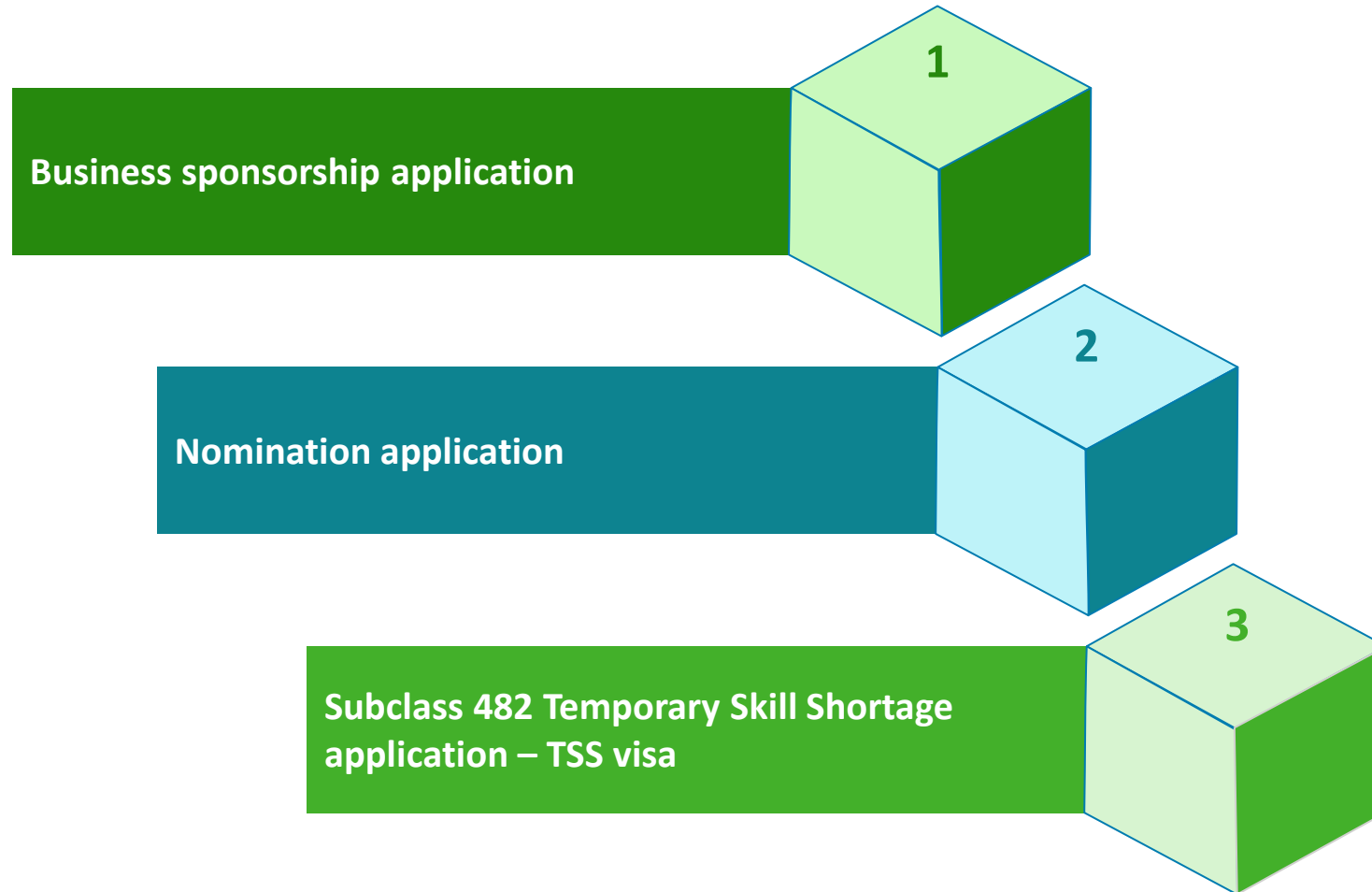
# Global Talent Independent Program

## Eligibility Criteria

- Highly skilled and internationally recognised in one of the Target Sectors
- Have the ability to earn the Fair Work High Income Threshold (currently AUD158,500)
  - Target Sectors
  - Agri-Food and Ag-Tech
  - Energy
  - Financial Services and FinTech
  - DigiTech
  - Circular Economy
  - Health Industries
  - Infrastructure and Tourism
  - Education
  - Resources
  - Defence, Space, and Advanced Manufacturing



# Temporary Skilled Migration Employer-sponsored visa



# Business Sponsorship



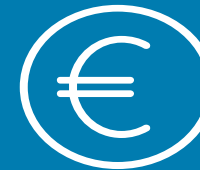
**The sponsoring entity can be in or outside Australia**  
A business outside Australia must show an intention to set up in Australia or that they have a contractual obligation to set up in Australia



**The company must be legally established and actively operating**  
A new business can provide a business plan to show proposed activities



**Established businesses should provide documents such as profit and loss statements, annual report, tax returns, certificate of registration in support of the application**



**The sponsorship will be valid for five years and allow for the nomination of foreign nationals to be nominated on a TSS visa**

# TSS Nomination

## Market Salary

Market Salary Rate (MSR) evidence is required for most TSS nomination applications – Pay and conditions should be consistent with what may reasonably be expected to be paid to a resident worker performing a comparable role



## Guaranteed earnings

The applicant must be paid more than AUD53,900 base salary per annum



## Occupation

The occupation must be on one of the relevant the Skilled Occupation Lists



## Labour Market Testing

As part of the Nomination application, the business must provide evidence of labour market testing unless exempt by an international trade obligation



## TSS Visa Eligibility



Applicants can stay in Australia from two to five years, depending on the occupation and if International Trade Obligations apply



The application can include dependent family members who will have work and study rights in Australia



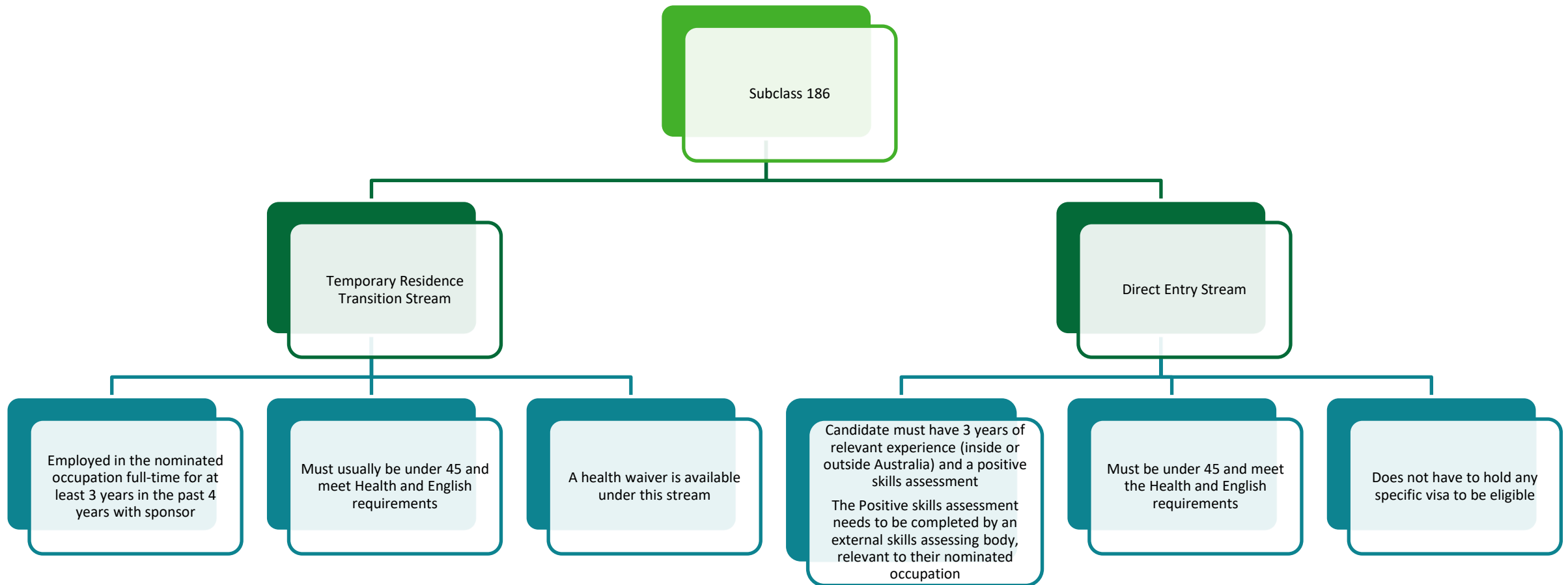
The applicant must have two years of skilled full-time work experience within the last five-year period that is relevant to their nominated role  
The applicant must generally hold a Bachelor degree or higher in a relevant field. Some occupations allow a certain amount of work experience to substitute qualifications



The main applicant must meet English language requirements, and all applicants must meet Health and Character requirements

# Subclass 186 – Employer Nomination Scheme

## Permanent Residence



## Polling question 2

What would attract your top talent most to move to Western Sydney?

- Opportunity to obtain Australian residence
- Ability to train and upskill local Australian employees
- Lifestyle
- Be instrumental to building the foundations of a new city
- Don't know/not applicable

# Employment and mobility tax matters

Namrata Acharrie

# Business Registration

- **Business structures**

- Flexible entity structures to meet commercial and investment objectives

- **Key considerations**

- Corporate tax rate(25% – 30%)
- Funding – equity and debt
- Profit distribution
- Cross border payment of interest and royalties
- Financial reporting preparation and filing
- Tax Treaty network with almost 40 countries globally with beneficial withholding tax regime

- **Registrations for Australian business setup**

- Australian Business Number(ABN)
- Tax File Number(TFN)
- Goods and Service Tax(GST)
- Australian Securities and Investments Commission (ASIC)/corporations law
- Substituted accounting period – AU 30 June vs global year-end

- **Filing requirements**

- Annual corporate tax filings
- Goods and Service Tax
- Transfer Pricing

- **Employment tax**



# Key Employment Tax Reporting Considerations

**Pay As You Go (PAYG) Withholding**

**Fringe Benefits Tax (FBT)**

**Superannuation**

**State Payroll Tax**

**Worker's Compensation**

**Employee Share Scheme (ESS) Reporting**

# Key Employment Tax Reporting Considerations

## Pay As You Go (PAYG) Withholding

- Regular payments towards the employee's expected annual income tax liability
- From all forms of cash remuneration
- Monthly reporting requirement
- Single Touch Payroll (STP) – amounts reported directly to the ATO on a live basis
- Graduated tax rates with a tax-free threshold, rates range from 19% to 45% (where salary > \$180k) + 2% Medicare Levy
- Shadow payroll – employees working in Australia are paid from foreign payroll

# Key Employment Tax Reporting Considerations

## Fringe Benefits Tax (FBT)

- Employer paid tax for non-cash benefits provided to employees in connection with employment in Australia
- FBT year: 1 April to 31 March
- Annual filing requirement
- Current FBT rate = highest marginal tax rate at 47%  
Tax payable calculated on a grossed-up basis unless an exemption/concession applies  
Consider cash allowance vs fringe benefits for employee's compensation packages to maximise any tax savings
- Examples of domestic fringe benefits - car benefits, meal and accommodation allowance for business travel
- Seconded employees - Exemptions/concessions available  
e.g., visa and related immigration costs, relocation costs, living away from home allowances
- Tax equalisation arrangement vs local employment contract

# Key Employment Tax Reporting Considerations

## Superannuation

- Compulsory pension contributions towards employee retirement
- Currently 10% (to a maximum earnings base of \$58,920 per quarter in 2021/22)
  - Proposed to incrementally increase to 12% by 2025
- Quarterly reporting
- Failure to comply results in Superannuation Guarantee Charge (SGC)
  - Interest at 10%
  - Admin fee (\$20 per employee, per quarter)

# Key Employment Tax Reporting Considerations

## State Payroll Tax

- State based tax on taxable wages paid to employees where total taxable wages exceeds threshold for the state
- Applies to salaries and wages including cash allowances/bonuses, superannuation contributions, and fringe benefits
- Monthly or annual reporting requirement depending on size of the business with a year-end reconciliation
- Rates and thresholds vary from state to state  
Current threshold for NSW is \$1.2million with a rate of 4.85%
- Where wages are paid in multiple Australian states or territory, each state threshold is apportioned with respect to total Australian wages
- Grouping provisions should be considered when determining if the taxable wage threshold for the state is exceeded

# Key Employment Tax Reporting Considerations

## Worker's Compensation

- Compulsory insurance scheme funded by the employer to cover their employees for any injury caused while performing their duties of employment
- Premiums are calculated with respect to industry classification rate and amount of wages, dependent on the insurer's assessment – typically between 1 – 5%

# Key Employment Tax Reporting Considerations

## Employee Share Scheme (ESS) Reporting

- ESS reporting is separate to payroll reporting, with no PAYG withholding requirement
- Reward and retention for employees – deferred remuneration
- AU plan design
- Understand how foreign plans are taxed from an Australian tax perspective i.e., does deferral of tax apply and if so, when is the deferred taxing point

# Employee matters relating to international placement



# Employee considerations

## Tax residency and tax implications

- Important to consider the residency status of the employee as this will dictate what income is assessable in Australia
- Residency is determined on a case by case basis with respect to the employee's individual facts and circumstances using various criteria as specified in Australian legislation, case laws and Taxation Rulings – no de minimus days rules
- Generally
  - Tax resident: taxed on their worldwide income
  - Foreign resident: taxed on their worldwide employment income and Australian investment income
  - Tax concessions for temporary visa holders where foreign investment income is exempt from Australian tax
- Short-term assignments < 6 months, consider exemption under the relevant Double Tax Agreement (DTA)
  - Note DTA exemption applies to PAYG and FBT only and does not extend to superannuation and state payroll tax
- Note proposed change to residency rules are yet to be legislated

# Question and answers

Thanks for joining today's webcast.

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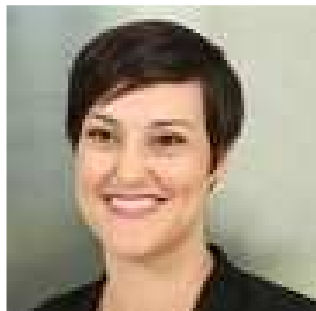
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