

IR ALERT: BACKPACKER TAX UPDATE

Growcom has received information from Agriculture Minister Barnaby Joyce's office in relation to the administration of the new tax scheme for working holiday makers (backpackers).

From 1 January 2017

All 417 and 462 visa holders working in Australia for employers that register with the ATO will pay 15% tax on income earned from zero up to \$37,000, then the same tax rates as residents above \$37,000.

It is important to note that employers who **do not** register with the ATO will be required to withhold tax at the normal non-resident rate of 32.5% from the first dollar earned for all 417 and 462 visa holders.

The ATO has made the new online employer registration form [available here](#).

Employers' obligations for paying superannuation to backpackers remains the same as for Australian employees, requiring the equivalent of 9.5% of the employee's wage be paid as a super contribution. The new rules in relation to superannuation do not come into place until **1 July 2017**. The new rules will have no impact on the amount of super you pay as a grower.

The ATO website provides guidelines on the new rules applying from 1 January 2017.

- [For backpackers](#)
- [For employers](#)

We have requested that the ATO develop a PDF form for grower registration to assist those growers with poor internet access. We are also seeking clarification in relation to the Tax File Number (TFN) declaration form as to whether a new form will need to be filled in for existing workers as of 01 January 2017. We will let you know as soon as the information comes to hand.

Before 1 January 2017

Consistent with previous tax years, until 1 January 2017 working holiday makers who meet the residency rules will be assessed under the tax laws as residents with access to the \$18,200 tax free threshold.

Those working holiday makers who have identified they do not meet the residency rules will be taxed as non-residents, the same as last financial year.

As in previous years, this information is provided on the TFN declaration form and it is not your responsibility to determine the residency status of a WHM or provide advice in any way.

If you require more information please contact Growcom Chief Advocate, Rachel Mackenzie on 07 3620 3844 or email rmackenzie@growcom.com.au

Kind regards,
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