



P R E F A C E

Australia is an attractive and familiar market for many corporations from a range of countries. Its stable legal and political system, highly skilled workforce, excellent communications and transportation infrastructure, high living standard and sophisticated, stable and strongly-regulated financial system provide an excellent framework in which companies may build profitable businesses. Australia's attractive business environment also results in it being used as a hub and/or regional headquarters for corporations doing business in the Asia Pacific region.

Australia finished the 1990s as the world's second-fastest growing developed economy, averaging growth over the decade near four percent a year.

This booklet is a brief introductory guide for overseas enterprises considering the expansion of their activities into Australia. It is not an exhaustive commentary, and professional advice should be sought before any decisions are made.

Baker Tilly International is a network of high quality, independent accountancy and business services firms, all of whom are committed to providing the best possible service to their clients, in their own marketplaces, and across the world, wherever the client needs help.

Baker Tilly International is the 10th largest network in the world by fee income and is represented by 107 firms with 471 offices in 59 countries, with a global fee income of \$1.4 billion and 17,000 staff worldwide.

For further information on Doing Business in Australia please speak to one of our Australian member firms whose details can be found at the back of this booklet.

February 2003

Doing business in Australia



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1 INTRODUCTION

1.1 Geography

Australia is the world's largest island and its smallest continent. It is the sixth largest country in the world at 2.97 million square miles being almost the same as the United States excluding Alaska and Hawaii.

Australia is often called the 'Land Down Under' as it lies entirely in the Southern Hemisphere down under the equator with the Tropic of Capricorn running through the northern part of the country, It is located between the Indian and Pacific Oceans. Australia's closest neighbours are the countries of Indonesia, Papua New Guinea and New Zealand.

Australia's seasons is the reverse of those in the Northern Hemisphere:

- Summer – December to February
(daytime temperature range 25° - 40° Celsius)
- Autumn – March to May
(daytime temperature range 12° - 25° Celsius)
- Winter – June to August
(daytime temperature range 0° - 22° Celsius)
- Spring – September to November
(daytime temperature range (10° - 25° Celsius)

The Commonwealth of Australia comprises seven states (Capital City noted in brackets):

- New South Wales (Sydney)
- Victoria (Melbourne)
- Western Australia (Perth)
- Queensland (Brisbane)
- South Australia (Adelaide)
- Northern Territory (Darwin)
- Tasmania (Hobart)

1.2 Population

Australia's official language is English, which is spoken throughout the country. The population was 19.5 million at the last census in 2001. The population principally lives in the capital cities of the states along Australia's eastern and south-eastern seaboard – New South Wales 35.2%, Victoria 24.5%, Queensland 19.3%.

Of the population, 71.8% were Australian born with the next largest group being 5.5% born in the United Kingdom. Females represented 50.7% of the population and the median age was 35 years.

1.3 Political System

Australia celebrated its 100th anniversary as a Federation in 2001.

Australia is a parliamentary democracy with three levels of government – federal, state and local. At the federal level, it has two houses of parliament – House of Representatives and the Senate.

The Australian head of government is the Prime Minister who is the leader of the party that holds the most seats in the House of Representatives.

1.4 Currency

Decimal currency was introduced in Australia in 1966. The major unit is called the Australian dollar made up of 100 cents. Notes are printed in \$5, \$10, \$20, \$50 and \$100 denominations. Coins are in 5c, 10c, 20c, 50c, \$1, \$2.

The exchange rate of the Australian dollar (A\$) was deregulated in December 1983 with the dollar allowed to float free.

1.5 Economy

Australia finished the last century as the world's second-fastest growing developed economy, averaging growth over the decade near four percent a year. The Australian economy benefited from a convergence of strong growth, low inflation, low interest rates and falling unemployment.

Australia's economy has traditionally depended on primary industries (wool, wheat and coal) with its agricultural and mineral resources contributing significantly to the nation's wealth. Manufactured exports and services are of key importance and receive considerable attention from the federal and state governments. Tourism is a major contributor.

1.6 Foreign Investment

The Australian Government welcomes foreign investment with the United States and United Kingdom providing the largest sources of foreign capital.

Foreign Investment policy may be summarised from the following extract:

'to encourage foreign direct investment consistent with the needs of the Australian community, including the expansion of private investment, the development of internationally competitive and export-oriented industries and the creation of employment opportunities....Administration of the policy is based on guidelines rather than inflexible rules; it is intended to be practical and non-discriminatory'.

The Federal Government through the Foreign Investment Review Board ('FIRB') regulates foreign investment through the operation of a screening mechanism that tracks foreign investment developments. The FIRB must be notified of investment proposals that fall within the following categories:

- Acquisitions of substantial interests in existing Australian businesses with total assets over \$A5 million (\$A3 million for rural properties)
- Plans to establish new businesses involving a total investment of over \$A10 million or more
- Investments in the media, irrespective of size
- Direct investments by foreign governments or their agencies, irrespective of size
- Acquisitions of non-residential commercial real estate over \$5 million
- Acquisitions of residential real estate, irrespective of size (some exemptions exist)
- Takeovers of offshore companies whose Australian subsidiaries are valued over \$20 million or more, or account for more than 50% of the target company's global assets
- Proposals where doubt exists as to whether they are notifiable.

Generally most foreign investment proposals notified to the FIRB are granted automatically without examination. However, proposals greater than \$A50 million are examined, but the FIRB policy is to approve them unless they are found contrary to national interest. The criteria governing that decision are:

- The proposal involves an investment in one of the following sectors – rural properties, agriculture, forestry, fishing, resource processing, oil and gas, mining (excluding uranium), manufacturing, non-banking financial intermediaries, insurance, stockbroking, tourism (hotels and resorts) and most other services
- The proposal is an acquisition of 15% or more of a company or business with total assets below \$A50
- The proposal is to establish a new project or business with a total investment below \$A50 million, or to take over an off-shore company with Australian subsidiaries valued below \$A50 million.

1.7 Intellectual Property Rights

Copyrights, patents, trademarks, industrial designs and integrated circuits are protected under Australian Law. Australia is a member of the major global intellectual property protection organisations and conventions. 'IP Australia' is the Federal Government agency responsible for registrations of patents, trademarks and designs. Contact particulars are available at www.ipaustralia.gov.au

1.8 Trade Practices Legislation

The Australian Competition & Consumer Commission (ACCC) conducts prices surveillance, monitor for restrictive trade practices, and provide non-financial consumer protection.

Doing business in Australia

1.9 Tourist Information

Tourist and travel information may be obtained at the following locations:

| | |
|---------------------------------------|--|
| Australian Tourist Commission | www.australia.com |
| New South Wales Tourist Commission | www.tourism.nsw.gov.au |
| City of Sydney Tourist Office | www.cityofsydney.nsw.gov.au |
| Victorian Tourist Commission | www.visitvictoria.com |
| Queensland Tourist & Travel Corp. | www.tq.com.au |
| South Australian Tourist Commission | www.visit-southaustralia.com.au |
| Western Australian Tourist Commission | www.westernaustralia.net |
| Northern Territory Tourist Commission | www.nttc.com.au |
| Tourism Tasmania | www.tas.gov.au |

2

BUSINESS ENTITIES AND ACCOUNTING

Business activities may be conducted under the following structures:

2.1 Companies

There are primarily two types of Australian companies – proprietary (or private) and public. A proprietary company is one where the right to transfer shares is restricted and the number of members is limited to no more than fifty. In addition, the company is prohibited from inviting the public to subscribe for its shares and, from inviting the public to deposit money with the company. These conditions must be incorporated in the company's Constitution. Public companies do not have to meet these conditions.

A proprietary company must have at least one shareholder and one director.

The liability of shareholders of a proprietary limited and public company is limited to the paid up value of the share capital.

2.2 Partnerships

A partnership is generally formed by two or more persons to undertake business as co-owners. It is not a separate legal entity and therefore the partners are jointly and severally liable to an unlimited extent for the partnership's, and other partners' actions. Limited liability partnerships may be formed in the Australian Capital Territory and all States except South Australia.

2.3 Sole Proprietorship

A sole proprietorship is where an individual undertakes the business within their own right and are personally liable for the actions/debts of the business.

2.4 *Trusts*

There are mainly three type of trusts – fixed, discretionary and unit. The type of trust utilised determines the method by which income and capital will be distributed to the beneficiaries of the trust.

The operations and conduct of a trust is governed by the Trust Deed. The trustee, either natural persons or an incorporated body (for limited liability), runs the business of the trust and incurs the liabilities on behalf of the trust. In return, the trustee receives a right of indemnity from the assets of the trust equal to the liabilities incurred.

A trust is a useful vehicle for splitting income however similar effects can be achieved in other structures.

2.5 *Branches*

Where a foreign company carries on business within its own right in Australia, the operations will be known as a 'branch'. Under these circumstances, it must register itself in Australia as a foreign company with the Australian Securities and Investment Commissions (ASIC).

It is however advisable for a foreign company to trade through a subsidiary as opposed to a branch due to limited liability, certain taxation advantages and for simplicity.

2.6 *Joint Ventures*

An unincorporated joint venture arises where two or more entities combine in a venture for their mutual benefit. This form of structure is created through the contractual relationship between the joint venture participants.

Unincorporated joint ventures are usually treated as partnerships for taxation purposes except where the venture has been structured so that the participants share in the output rather than the net income.

2.7 *Audit & Accounting Requirements*

The Corporations Law requires a company to maintain statutory books and records that adequately explain the transactions and the financial position of the company. All companies, with the exception of small proprietary companies, are required to prepare and have audited an annual financial report, including comparatives, that reflects a true and fair view of the company's state of affairs, profit or loss and cash flow. These financial reports must comply with the accounting standards issued by the Australian Accounting Standards Board.

Small proprietary companies are defined as companies that satisfy any two of the following criteria:

- Consolidated revenues are less than \$A5 million
- Consolidated gross assets less than \$A10 million
- The company and controlled entities have fewer than 50 employees at the end of the year.

Where a foreign company that does not file accounts in Australia controls a small proprietary company, then the small proprietary company must prepare, have audited and file accounts.

Companies that are listed on the Australian Stock Exchange must also comply with the Exchange's Listing requirements including the lodgement of half-yearly financial reports.

2.8 *Filing Requirements*

The audited annual accounts must be filed with ASIC and for public companies presented to shareholders at the annual general meeting.

In addition, companies are required to file an annual return with ASIC that includes a record of the company's shareholders, directors' statement as to solvency and other information.

3 FINANCE & INVESTMENT

3.1 *Exchange Control*

The Australian dollar was floated in 1983 and the currency is freely convertible with exchange rates being determined by international demand and supply.

There are no prohibitions on overseas investment or capital repatriation. There are, however, cash reporting obligations under the Cash Transaction Reports Act (CTRA).

International currency transfers of \$A50,000 or more, or \$A50,000 in any form in one year, must be reported to the CTRA. The purpose is to control tax evasion and money laundering and does not inhibit currency transfers associated with international trade.

3.2 *Banking & Sources of Finance*

The Reserve Bank of Australia ('RBA') is responsible for monetary policy, systemic stability and payments system regulation. The prudential regulation of banks, insurance companies, superannuation (pension) funds, credit unions, friendly societies, building societies is the responsibility of the Australian Prudential Regulation Authority ('APRA'). There are some 14 Australian-owned banks, 10 foreign subsidiaries, 25 foreign branches, 19 building societies and 228 credit unions.

The commercial banks that operate in Australia are the major source of short and medium-term loans/financing. Australian Banks are free to participate in virtually all forms of financial services. There is also a wide-range of merchant banks operating in Australia, many of which are associated with some of the world's largest financial institutions. The venture capital market within Australia is not as well developed as for example in the USA, and is provided by a small number of management and investment companies.

3.3 Investment Incentives

The Australian Federal Government provides no direct foreign incentives for investment in the country, however, there exists various grants and tax concessions that apply equally to foreign and domestic investors. Various State and Local governments often provide incentives, on an individual basis, for corporations to establish/relocate their business to their region. These incentives may be in the form of tax relief, subsidising new infrastructure etc.

3.4 Research & Development

The Federal Government provides incentives for business to undertake R & D activities by providing a variety of direct cash grants. In addition, the Government offers eligible companies concession in the form of a 125% or 175% tax deduction (or in some cases a tax rebate) for certain expenditure on eligible R & D.

Specific criteria must be satisfied before either of the incentive can be accessed. In particular, there are requirements relating to sufficient Australian content and the exploitation of the results of the R & D for the benefit of the Australian economy.

3.5 Tariffs

In 1988 the Australian Government introduced a policy of reducing tariffs across all products. As a result many tariffs have been removed totally with others now at the general rate of 5%. Exceptions to this tariff reduction policy have been the motor vehicle industry and the textile, footwear and clothing industry.

4 EMPLOYMENT REGULATIONS & SOCIAL SECURITY CONTRIBUTIONS

4.1 Visas

Non-residents seeking to enter Australia must obtain a visa prior to entry. Australia has also established the Electronic Travel Authority (ETA) system that is available to citizens of some 32 countries. An ETA is an electronically stored authority to travel to Australia for up to 3 months and is available for single or multiple entries. ETA countries include most European countries, Canada, Hong Kong, Japan, Malaysia, Singapore, South Korea, Taiwan and United States of America.

Persons wishing to enter Australia for business or employment reasons may apply for short term (< 3months) or long term (< 4 years) business/work visas. There are various categories of visas that are assessed against an individual's skill base and employer's financial standing.

A Business Migration Programme ('BMP') also exists within Australia. Applicants under BMP must demonstrate a successful business background, business skills or technical knowledge, realistic plans to establish or participate in a business in Australia and must satisfy certain threshold requirements for capital and resettlement costs.

4.2 Engagement & Dismissal

Industrial relations and labour laws in Australia are regulated by a system of conciliation and arbitration for the settlement of industrial disputes. Terms of employment are governed by federal and state laws and by industrial awards. In addition, individual enterprise and employment agreements can be negotiated within an established framework.

Working hours are generally based on a 38 hour week, with 4 weeks annual leave for full time employees and sick, maternity, carers and long service leave provisions applying. A minimum wage is set at the State Government level.

Termination of employment requires a valid reason and the opportunity for the employee to respond and remedy the situation.

Discrimination in employment practices is prohibited by both State and Federal laws.

4.3 Wage Negotiation & Trade Unions

Historically, Australia's industrial environment has been based on a system of centralised contract bargaining where both management and labour tended to resolve their conflicts by compulsory arbitration. Government was seen to regulate the conditions that are covered by enterprise contracts as well as industry standard contracts ('awards'). Under the centralised system of industrial awards, all contracts for wages and working conditions in specific industries are based on a model contract negotiated between the relevant union(s) and a large employer or representative employer association. Other employers in related sectors either copy or base their pay on whichever award seemed reasonably appropriate. Conflicts that arose were if necessary dealt with by the Industrial Relations Commission.

In recent years there has been a move away from the centralised system to one of enterprise agreements negotiated by individual employers with their workers as a group or with their relevant union. In addition, individual contracts with individual workers have become more evident.

4.4 Superannuation Contributions

Australia operates a system of compulsory savings for retirement referred to as 'superannuation contributions'. The system is privately run with employers and their employees choosing which investment company/companies will administer their pension funds. Employer contributions are presently set at 9% of base salaries.

5 TAXATION

5.1 *Jurisdiction*

Taxes and duties are levied at both the Australian Federal and State government levels. The Federal government levies income, capital gains, goods and service, fringe benefits and related taxes while the State governments levy payroll, land and stamp duty taxes. Australia has entered into double tax treaties with a large number of other countries.

5.2 *Companies*

Australian resident companies are subject to taxation on their worldwide taxable income. Non-resident companies are subject to Australian tax only on their Australian source taxable income.

A Company will be considered resident if it is incorporated in Australia. In addition, companies who carry on business in Australia with their central management and control in Australia, or their voting power controlled by Australian residents are considered residents.

The rate of income tax for the 2002 year is a flat 30% for resident, non-resident and branch operations

Dividends paid by Australian resident companies are franked with an imputation credit to the extent that Australian income tax has been paid by the Company at the full corporate rate on the income being distributed. Shareholders receiving a franked dividend are generally able to claim a rebate for the franking credit attached to the dividend.

5.3 *Individuals*

Natural persons that are Australian residents are subject to tax on their worldwide income. Non-residents are subject to tax on their Australia-source income only.

A resident is defined as a person who ‘resides’ in Australia and includes a person who either:

- Is domiciled in Australia unless he can satisfy the taxation authorities that their permanent place of abode is outside Australia; or
- Is actually present in Australia, continuously or cumulatively, for more than one-half of the tax year.

Income tax rates are on a sliding scale up to 47% for income over \$60,000 for residents and non-residents. Non-residents do not receive any low income tax breaks and are taxed from the first dollar earned.

| Taxable Income | | Tax on Lower | Rate on |
|----------------|---------------|--------------|---------|
| Exceeding | Not Exceeding | Amount | Excess |
| A\$ | A\$ | A\$ | % |
| 0 | 6,000 | 0 | 0 |
| 6,000 | 20,000 | 0 | 17 |
| 20,000 | 50,000 | 2,380 | 30 |
| 50,000 | 60,000 | 11,380 | 42 |
| 60,000 | - | 15,580 | 47 |

In addition to the above amounts, a medicare levy of 1.5% of taxable income is payable by resident individuals for health services. No ceiling applies to the amount payable but relief is available for low-income earners.

Income taxes for 2001-2002 tax year are levied on non-resident taxpayers as follows:

| Taxable Income | | Tax on Lower | Rate on |
|----------------|---------------|--------------|---------|
| Exceeding | Not Exceeding | Amount | Excess |
| A\$ | A\$ | A\$ | % |
| 0 | 20,000 | 0 | 29 |
| 20,000 | 50,000 | 5,800 | 30 |
| 50,000 | 60,000 | 14,800 | 42 |
| 60,000 | - | 19,000 | 47 |

5.4 Trusts and other entities

The taxable income of trusts is generally assessed in the hands of either the beneficiaries or the trustee subject to the terms of the trust deed and whether the income is distributed to the beneficiary or accumulated by the trustee. It is possible for a unit trust to be taxed as a Company (trading business with over 50 unit holders).

Partnerships are required to file their own income tax return but it is the partners who are assessed on the income of the partnership. The partnership pays no income tax except where it is a limited liability partnership (LLP) where it is treated as a Company. Superannuation funds are generally subject to tax at the concessional rate of 15%.

5.5 Taxable Income & Deductions

Taxable income equals assessable income less deductions. Assessable income is determined as income under ordinary concepts and income specifically included under statutory provisions.

Deductions include expenses to the extent (apportionment is possible) that they are incurred in the production of assessable income or are necessarily incurred in the carrying on of a business for the purpose of producing assessable income. Expenses of a capital or private nature and those incurred in the production of exempt income are not deductible.

When determining trading income, inventories may be valued at cost, market value or replacement value. Where cost method is chosen, manufacturers must adopt a full-absorption costing basis.

Deductions for provisions (employee leave entitlements, doubtful debts etc) are generally not allowed until the payment is made or debt written off.

Under the new Uniform Capital Allowance Regime (effective 1 July 2001), taxpayers are permitted a deduction for the decline in value of 'depreciating assets' held by them during the year. The depreciation rate depends on the effective life of the asset, which is determined either by the taxpayer using a reasonable estimate of the effective life or by adopting rates set by the taxation authorities. The capital allowance rules provide for tax-deductible amortisation of certain buildings and intellectual property.

Tax losses may be carried forward indefinitely but may not be carried back and will be reduced by net exempt income. The availability of tax losses within companies is subject to the continuity of ownership test or the continuity of business test.

A tax consolidation regime has been introduced from 1 July 2002. Under the consolidation regime wholly owned corporate groups are able to consolidate and lodge a single income tax return. All transactions within the group are ignored for income tax purposes. Corporate groups that do not choose to consolidate will lose the benefit of the current grouping concessions, such as those in respect of loss transfers and transfers of assets between group companies, from 1 July 2004.

5.6 Capital Gains Tax (CGT)

A capital gains tax applies to all assets acquired after 20 September 1985. A capital gain arises where the cost base of an asset (generally, purchase price indexed for inflation) is less than the proceeds from its sale (received, receivable or deemed market value). A loss occurs where cost base exceeds proceeds but without the benefit of indexation.

Indexation of the cost base was frozen at 30 September 1999 and does not apply to assets acquired after 21 September 1999.

Capital losses may be offset against capital gains but not against ordinary income. Capital gains may be offset against trading losses.

Capital gains made on disposal of assets held for longer than twelve months are taxed at a concessional rate. Only half of the gain is subject to tax when the taxpayer is an individual or the gain is distributed by a trust to an individual. The concession is not available on capital gains made by companies.

Additional capital gains concessions are available for gains made on disposal of small businesses (broadly, those valued at less than \$5 million).

The gain on assets acquired and sold within 12 months is generally fully taxable. Gains and losses on depreciable assets are not treated under CGT provisions but under the capital allowance rules.

Rollover relief is available on certain transactions (eg. company restructuring) where taxation is deferred until subsequent disposal.

Australian residents are subject to CGT on worldwide assets whereas non-residents are only subject to CGT on assets with a connection to Australia, including:

- Real property in Australia
- Shares in resident private company
- Assets of a business conducted through a permanent establishment in Australia
- Shares in a resident public company where (generally) taxpayer held at least 10% of issued capital in preceding five years.

5.7 Fringe Benefits Tax (FBT)

Any employer providing a non-cash benefit to an employee or an associate of an employee is generally subject to fringe benefits tax. The fringe benefits tax payable is approximately equivalent to the value of the benefit and is a deductible expense to the employer. Where FBT is paid, the employee will not be subject to taxation on the benefit.

Examples of benefits subject to FBT are:

- Motor vehicles provided to employees
- Subsidised or free accommodation
- Low or free interest loans
- Discounted goods and services
- Subsidised Employee canteens
- Payment or reimbursement of private expenses
- Gifts in kind or cash

Each of the above examples is subject to specific rules and guidelines

5.8 Goods & Services Tax (GST)

Goods & Services tax was introduced on 1 July 2000. GST is a broadly based consumption tax applicable to all taxable supplies unless specifically exempt.

Businesses that are registered pay GST on taxable supplies and charge GST on taxable goods and services sold. The net difference is remitted to the taxation authorities. The turnover threshold above which registration is required is \$50,000.

Individuals and unregistered businesses incur the GST cost and where appropriate may claim it as a tax deduction. GST is presently levied at the rate of 10% and is included in the price of taxable goods and services. GST will usually be levied on capital acquisitions with the exception of residential properties.

Generally, GST free transactions arise in the areas of child care, education, fresh-food and exports. Salaries and taxes paid fall outside the GST system.

Input-taxed transactions are also exempt from GST. These transactions arise in the areas of financial services (interest, superannuation, dividends), residential rent, precious metals etc. Businesses trading in these areas pay GST on taxable supplies but does not charge GST on its output and must absorb the cost of the GST as an expense.

5.9 International Tax Issues

- **Withholding Taxes**
Interest, dividend and royalty payments paid to non-residents are subject to Australian withholding tax. The following rates are applied:
- **Interest:** 10% withholding tax rate (generally unaffected by double tax treaties)
- **Dividends:** 30% withholding tax to the unfranked portion, 15% if paid to resident of treaty country and 0% to franked dividends
- **Royalty:** 30% on gross royalty to non-residents, 10% - 15% if paid to resident of treaty country.
- **Thin capitalisation**
Australia has thin capitalisation rules which can apply to both inbound and outbound investors. Broadly, if an entity does not comply with certain safe harbours or debt to equity ratios, a portion of its interest expense may not be deductible.
- **Transfer Pricing**
Australia has comprehensive transfer pricing rules. These rules require dealings between Australian residents and offshore related parties to be carried out on arm's length terms.
- **Double Tax Agreement**
Australia has entered into tax treaties with a wide range of countries to provide relief from double taxation and build measures against tax avoidance.

- Attribution Rules

Australia has a comprehensive accruals regime including Controlled Foreign Company (CFC), Foreign Investment Fund (FIF) and transferor trust rules. These rules generally apply to impose Australian tax on residents having an interest in a foreign company or trust, whether or not income is remitted to Australia.

- Expatriates

Persons who are resident for less than 5 years are generally able to avoid deeming rules which otherwise apply to deem, for CGT purposes, certain assets to be disposed of at market value upon ceasing to be resident. Further reforms have been announced to improve the tax position of expatriates. Essentially this will involve the creation of a new “temporary resident” category of taxpayer, with a relaxation of the FIF rules and an exemption from Australian tax on foreign source investment income.

5.10 Other taxes

In addition to income tax, various taxes are levied by individual states.

The most common taxes include:

- Payroll Tax

This is levied on salary and wages (including payments to contractors) at rates varying from State to State between 5.45% and 6.85% above payroll threshold levels.

- Land tax

This is a State Tax levied on the value of land and the amounts are levied on a sliding scale varying from State to State between zero and 5%.

- Stamp duty

Stamp duty is a State Tax levied on transactions such as the transfer of land (or land rich entities), transfer of marketable securities and various other transactions, such as declaration of trusts.

The rate on land varies from 1% to 5.5% (applied on sliding scale rate).

The marketable securities rate is 0.6% for unlisted securities.

Again these rates vary from State to State.

5.11 Administration

The Australian tax year ends on 30 June with corporate taxpayers being able to request a substituted period if special circumstances exist. All taxpayers are required to apply for and obtain a tax file number (TFN) when they first earn taxable income or establish a business. Penalty rates of tax apply to income paid where a TFN has not been supplied to the payer.

Generally, a self assessment tax collection system applies to all taxpayers with returns required to be lodged by specified dates depending on the type of taxpayer and level of income earned. Taxes are paid progressively during the year (monthly or quarterly) for any tax monies withheld and on account of estimated income.

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