



Foreign ships and recreational vessels

Tax obligations for special recreational vessels in Australian waters and foreign ships visiting Australia.

Australian tax obligations for special recreational vessels



Information for owners, masters or agents of special recreational vessels or superyachts on their tax obligations.

Foreign ships visiting Australia



Check requirements for foreign ship operators that carry passengers, livestock, mails or goods shipped in Australia.

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Australian tax obligations for special recreational vessels

Information for owners, masters or agents of special recreational vessels or superyachts on their tax obligations.

Last updated 15 October 2025

Overview

Special recreational vessels, or superyachts, can now opt into Australia's coastal trading regulatory scheme.

This means:

- a superyacht offered for hire or charter and owned by a foreign operator can be granted a temporary licence under the *Special Recreational Vessels Act 2019*
- applications are then considered under the *Coastal Trading (Revitalising Australian Shipping) Act 2012*.

Owners, masters or agents that receive temporary licences under this scheme will not have to pay goods and services tax (GST) on the importation into Australia of a superyacht.

The scheme does not change any other Australian tax obligations, including GST on hire and charter services.

GST

If you are the owner, master or resident agent of a superyacht and you supply hire or charter services in Australia, you may need to pay GST to us.

If your Australian sales are A\$75,000 or more over any 12-month period, you need to:

- register for GST within 21 days of being required to register
- charge GST on services
- lodge regular returns (called 'business activity statements') with us, together with your GST payments.

If you're registered for GST you can claim credits for the GST included in the price of goods or services you buy for use in your business. You are **not** entitled to GST credits for:

- private or domestic purchases
- purchases by your passengers or crew members.

You can choose to register for GST even if your Australian sales are under the A\$75,000 threshold. Registering for GST is necessary if you want to claim fuel tax credits.

How to register for GST

To [register for GST](#) you need an Australian business number (ABN). You can [apply for an ABN](#) and register for GST at the same time. You can also register for [pay as you go \(PAYG\) withholding](#) if you need to.

You can apply online. If you don't have an Australian tax file number (TFN), you will need to provide proof of identity documentation and a statement of your business activities in Australia when applying. This means your registrations may take some time.

We can help you [Work out which registrations you need](#).

Paying GST

You need to pay GST to us in Australian dollars, regardless of the currency you receive for a hire or charter.

Visit [Foreign exchange rates](#) for more information.

Non-resident business with an Australian resident agent

Generally, the non-resident vessel owner is responsible for paying us the GST on superyacht hire or charter services.

However, if an Australian resident agent acts on behalf of the non-resident vessel owner, the agent may be responsible for the owner's GST obligations. The resident agent is responsible for GST if:

- the non-resident vessel owner does not intend to operate and does not operate their chartering services in Australia for greater than 6 months
- the chartering services are made to an entity that is not GST registered (either an Australian consumer or an enterprise not registered for GST), and
- the resident agent acts on behalf of the non-resident owner in the agreement to supply chartering services.

For more information visit:

- [Non-resident businesses with an Australian resident agent](#)
- [GSTR 2003/4](#) *Goods and services tax: stores and spare parts for international flights and voyages*
- [LCR 2016/1](#) *GST and carrying on an enterprise in the indirect tax zone (Australia)*
- [GSTR 2000/37](#) *GST and agents: This ruling includes the obligations of a resident agent acting for a non-resident principal*

Fuel tax credits

If you're registered for GST, you may be entitled to claim credits for the fuel tax (excise or customs duties) included in the price of fuel you use in your business activities.

For more information visit:

- [How to register for fuel tax credits](#)
- [Bunker fuel and commercial shipping](#) – fuel taxes (excise duty, customs duty, GST and associated credits) in commercial shipping.

Income tax

If you're a foreign-based ship operator (owner or charterer of a ship) and you derive income from [voyages within Australia](#), you may be required to lodge an [Overseas ships – voyage return](#). We will then calculate the tax payable (commonly known as 'freight tax') and send you a notice of assessment.

Employer obligations

Employer obligations include:

- [Pay as you go \(PAYG\) withholding](#)
- [Superannuation](#)
- [Fringe benefits tax](#)

Pay as you go (PAYG) withholding

If you employ a foreign resident, a double tax agreement may apply under which the employee is not taxed in Australia. You will need to check the applicable [tax treaty](#). If the employee's income is not taxable in Australia, you do not need to withhold tax from their wage.

If you employ an Australian resident – or a foreign resident who is not exempt from income tax under a double tax agreement – you have to withhold amounts from the employee's wages. This is called [pay as you go \(PAYG\) withholding](#). You need to:

- register for PAYG withholding
- get your employee to complete a *Tax file number declaration*
- work out the amount to withhold using our [tax withheld calculator](#)
- report and pay the withheld amounts to us
- prepare annual payment summaries and lodge an annual report.

Superannuation

As an employer you may have [superannuation obligations](#). Superannuation is money you pay on behalf of your workers to provide for their retirement.

Generally, you have to pay superannuation on top of the wages you pay an employee (whether they're a temporary resident or not). Prior to 1 July 2022, an employee needed to earn \$450 or more before tax in a calendar month to be eligible.

There are some instances where you don't have to pay superannuation, including the following.

- You don't have to pay superannuation for an employee who is temporarily working in Australia and is covered by a bilateral super agreement. You must keep a copy of the employee's certificate of coverage to verify the exemption.
- You also don't need to pay superannuation to an employee who is under 18 unless they work more than 30 hours in a week.

Fringe benefits tax

If you are required to withhold from payments to your employees under PAYG withholding, you may also have [fringe benefits tax \(FBT\)](#)

obligations. FBT applies to non-wage benefits, such as entertainment, provided to employees.

You will also need to refer to the applicable double tax agreement, which may include taxing arrangements for FBT.

More information

- [Special Recreational Vessel Temporary Licences](#) 
- [Special Recreational Vessels Bill 2019](#) 
- If you have questions about your Australian tax obligations, email us at ForeignShipping@ato.gov.au
- If you have questions about applying for a coastal trading licence, email the Department of Infrastructure at sbu@infrastructure.gov.au

QC 61757

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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