



## Foreign residents doing business in Australia

If you are doing business in Australia, you may need to register in our tax system and pay taxes in Australia.

### Owning real property in Australia

If you're a foreign resident who acquires an interest in Australian property you have lodgment and payment obligations.

### Australian business number (ABN) for non-residents

If you carry on a business in Australia, you may have to register for GST and an Australian business number (ABN).

### Tax on income and capital gains

If you are carrying on a business in Australia your income may be taxable based on tax treaties with your country.

### Employing people in Australia

All employers have obligations for workers they hire for labour.

# Owning real property in Australia

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**Last updated** 30 October 2025

## Foreign investment approval

If you're a foreign person (including a temporary resident or foreign non-resident) and you plan to invest in Australian residential property there are obligations you will need to meet under Australian law.

These include:

- applying for foreign investment approval
- registering your investment
- lodging a vacancy fee return.

## Getting a tax file number and lodging a tax return

You'll need to work out your residency status for tax purposes. Check your residency as:

- an individual
- a business.

If you're a foreign resident and acquire an interest in Australian real property:

- you need to apply for an Australian tax file number (TFN) as soon as possible so you can meet your Australian tax obligations
- you must report any income from renting or selling the property by lodging an Australian tax return, and pay any tax owing.

If you're a foreign owner of a residential dwelling you may be required to lodge an annual vacancy fee return to report on the residential use of your property.

## **Renting or leasing property**

Any rental or lease payments for your Australian property must be declared as income in an Australian tax return, whether or not the payments are actually paid to you.

## **Disposing of Australian property**

If you sell (or otherwise dispose of) an interest in taxable Australian property, you must:

- report it in an Australian tax return
- pay capital gains tax on any profit.

You may also need to update the Register.

**Taxable Australian property** includes houses, apartments and commercial buildings.

Your interest in the property may be:

- a direct interest – that is, complete or partial ownership of the property
- an option or right – such as a contract to purchase property 'off the plan'
- an indirect interest – that is, ownership of at least 10% of an entity whose value is mainly attributable to Australian real property.

In the year you dispose of your interest in a property, you need to work out your net **capital gain** or capital loss and report it in an Australian tax return. If you have made a capital gain you will pay tax on the gain.

We undertake compliance action to identify foreign residents that have not declared income and paid their tax obligations. This includes data matching with overseas and Australian financial institutions and property records.

### **Off-the-plan properties**

An off-the-plan purchase occurs when you enter into a contract to purchase new residential taxable Australian property, before the construction is completed. At this stage you are purchasing a contractual right to have the premises built.

If you dispose of this contractual right before the construction is completed, you will have a **capital gains tax** obligation.

## **Property developers**

If you build new residential premises for sale, you will be liable for goods and services tax (GST) on the sale and entitled to claim GST credits for related purchases. GST does not apply to the sale of existing residential premises.

## **Commercial premises and GST**

Commercial premises are things like shops, factories and offices.

If you buy, sell, lease or rent commercial premises, you may be liable to pay GST and entitled to claim GST credits for related purchases.

Most residential accommodation is exempt from GST.

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## **Australian business number (ABN) for non-residents**

If you carry on a business in Australia, you may have to register for GST and an Australian business number (ABN).

**Last updated** 15 June 2022

The Australian business number (ABN) is a unique 11-digit identifier that makes it easier for businesses and all levels of government to interact.

As a non-resident entity, you may be entitled to an ABN where:

- it is carrying on an enterprise or business in Australia
- you make sales connected with Australia in the course of carrying on an enterprise.

Your enterprise doesn't have to be located in Australia.

You will need to register for an ABN for some tax purposes, such as goods and services tax (GST) and pay as you go (PAYG) withholding.

## Invoices

You generally need to quote an ABN on your invoices or other documents relating to sales to other business.

If you don't quote an ABN when you sell goods or services to an Australian business, they may have to withhold tax from their payment to you at the rate of 47% under the PAYG withholding system.

## Apply for an ABN

When you apply for an ABN you can register for tax obligations such as GST and PAYG withholding at the same time.

### Next step:

- Work out which registrations you need

[Apply for an ABN](#)

### See also:

- Keep your ABN details up to date
- Australian GST registration for non-residents

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## Tax on income and capital gains


If you are carrying on a business in Australia your income may be taxable based on tax treaties with your country.

**Last updated** 28 August 2020

To work out if your income is taxable in Australia, you first need to check whether your country has a tax treaty with Australia. We have

tax treaties with more than 40 countries, including all our major trade and investment partners.

**Next step:**

- Check whether your country is on the list of [Australian tax treaties](#) .

This section is about income from Australian business activities. If you are earning income from passive investments in Australia (such as securities and rental properties) or interest and royalties, refer to [Investing in Australia](#).

**Follow the links below to learn more about:**

- [If you are from a treaty country](#)
- [If you are from a non-treaty country](#)
- [Lodging an Australian tax return](#)
- [Foreign owned subsidiaries](#)

## If you are from a treaty country

As a resident of a country that has a tax treaty with Australia, your income from business carried on through a [permanent establishment](#) in Australia is generally subject to tax in Australia. Any other business income is generally not taxable in Australia.

You will be liable to pay Australian capital gains tax (CGT) only for assets that are taxable Australian assets.

Even if you don't have Australian income tax obligations, you may have other tax obligations relating to:

- GST for non-residents
- Australian business number (ABN) for non-residents
- Employing people in Australia

If you are exporting goods to Australia by selling to an Australian resident entity on a free on board (FOB) basis, this may be considered an importation by the Australian entity. This means you may not have Australian tax obligations, but your Australian customer will have tax obligations relating to the importation.

## Permanent establishments

If you are from a treaty country and have a permanent establishment in Australia, the income from your business operations carried on through your Australian permanent establishment is subject to Australian income tax. Any assets you own as part of the permanent establishment will generally be subject to Australian CGT when you sell or otherwise dispose of them.

You will need to lodge an Australian tax return.

A permanent establishment includes a fixed place of business through which an enterprise either wholly or partially carries on its business. It also includes:

- sales outlets
- branches
- places of management
- factories
- workshops
- offices
- the place of business of dependent agents who have authority to conclude contracts on behalf of the enterprise and habitually exercise that authority.

Generally, a website that is hosted by an independent internet service provider is not regarded in itself as constituting a permanent establishment in Australia.

If you provide services as an individual you will need to pay income tax on the earnings if the income is attributable to your fixed base or if you were present in Australia for more than 183 days.

Depending on the types of services you provide, you may be subject to Australian foreign resident withholding tax.

### Next step:

- To work out if you have a permanent establishment, refer to Taxation Ruling TR 2002/5.

### See also:

- Capital gains tax

- Foreign resident withholding (FRW) - who it affects

## **If you are from a non-treaty country**

If you are from a country that does not have a tax treaty with Australia, income from an Australian source is generally taxable in Australia. This includes income from:

- business operations in Australia
- Australian contracts, such as export contracts made in Australia
- services performed in Australia
- personal activities exercised in Australia.

You may need professional advice to work out whether the income you earn from an international transaction has an Australian source.

If you earn income sourced in Australia, you must lodge an Australian tax return and pay tax on that income

If you are exporting goods to Australia by selling to an Australian resident entity on a free on board (FOB) basis, this may be considered an importation by the Australian entity. This means you may not have Australian tax obligations, but your Australian customer will have tax obligations relating to the importation.

Even if you don't have Australian income tax obligations, you may have other tax obligations relating to:

- goods and services tax (GST)
- Australian business number
- employing staff.

## **Lodging an Australian tax return**

If you are a foreign-resident entity that earns income with an Australian source, you must lodge an Australian tax return and pay tax on that income. However, you do not need to lodge a tax return if the only income you received consists of:

- interest, unfranked dividends or royalties from which the withholding tax has been withheld by the payer

- fully franked dividends.

**See also:**

- Income tax return

## **Tax file number (TFN)**

To lodge an income tax return in Australia you will need a tax file number (TFN), a unique number issued by the ATO to individuals and organisations for identification and record-keeping purposes.

Your business may also need an Australian business number (ABN).

Companies, partnerships and trusts have their own TFN. You can apply for a business TFN when you register for an ABN.

Individuals apply for an individual tax file number.

**Next step:**

Applying for a tax file number:

- Individuals
- Companies, partnerships and trusts

Before you will be issued an Australian TFN or ABN, you will need to provide evidence of your identity.

Everyone has a different TFN. Your TFN is yours for life. If you leave the country and later come back to Australia, you still use the same TFN. When you make enquiries about your tax records, we'll ask you for your TFN – we'll also ask for other information to check that you are who you say you are.

Foreign residents should consider obtaining a TFN if they:

- are authorised by the Department of Immigration to work in Australia
- temporarily work in Australia
- receive rental income from an Australian property
- make a capital gain on the sale of an Australian asset (including real estate and shares) that is taxable Australian property
- receive income from Australian business interests

- are a beneficiary of an Australian trust
- expect to receive payments from an Australian superannuation fund
- need to lodge an Australian income tax return to claim a refund of tax that has been withheld from an Australian bank account or dividends from Australian shares
- wish to apply for an Australian business number or other business accounts, such as goods and services tax
- have an Australian resident spouse who is claiming a Family Assistance Office payment.

## **International dealings schedule**

When lodging a company, trust or partnership return, you must complete an international dealings schedule and include it with your Australian tax return if you have:

- transactions or dealings with international related parties greater than \$2 million (including the value of property transferred or the balance outstanding on any loans), or
- completed certain labels on your company, trust or partnership return, such as the interest expenses overseas label - the instructions to the tax return will tell you when you need to complete the schedule.

### **Next steps:**

- International dealings schedule
- International dealings schedule instructions

## **Limits to debt deductions under thin capitalisation rules**

For income years starting from 1 July 2014, if you have claimed interest or other debt deductions in Australia totalling more than \$2 million in the income year, special rules may limit your debt deductions if you:

- operate a foreign entity with investments in Australia
- are an Australian entity with overseas branch operations or control an overseas company, or
- are a foreign controlled Australian entity.

For earlier income years, the special rules may apply if you have debt deductions totalling more than \$250,000 in the income year.

**See also:**

- [Thin capitalisation – what you need to know](#)

## Foreign owned subsidiaries

A subsidiary that is incorporated in Australia is an Australian resident for tax purposes.

Generally, a subsidiary will be taxable in Australia on its worldwide income and capital gains, subject to specific exceptions, such as the exemption of income from business operations carried on through an overseas branch in certain circumstances.

QC 45543

## Employing people in Australia

All employers have obligations for workers they hire for labour.

**Last updated** 16 April 2024

If you employ a full-time, part-time or casual worker in Australia, or you employ an independent contractor wholly or principally for labour, you may have employer obligations for:

- superannuation – generally, employers must contribute to the retirement savings of their Australian workers
- pay as you go (PAYG) withholding – if your worker is an employee, you generally have to withhold amounts from payments you make to them and send the withheld amount to us.

If you provide benefits to your workers or their associates (typically family members) in place of, or in addition to, salary or wages, you may also have fringe benefits tax (FBT) obligations.

- For more information see [Engaging a worker](#)

QC 45583

## **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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