Print whole section

Australian income of foreign residents

If you are a foreign resident find out about pay as you go (PAYG) withholding from royalties and other payment types.

Withholding from royalties paid to foreign residents

If you pay royalties to a foreign resident, the amount paid is subject to a final withholding tax.

Foreign resident PAYG withholding – for individuals

An entity is required to withhold pay as you go (PAYG) from foreign residents (FRW).

QC 72917

Withholding from royalties paid to foreign residents

If you pay royalties to a foreign resident, the amount paid is subject to a final withholding tax.

Last updated 3 June 2026

Who is a foreign resident

A foreign resident is someone who is not an Australian resident. A foreign resident can be an individual, company, partnership, trust or super fund.

Royalties

Royalties may be either periodic, irregular or one-off payments.

Royalties include payments or credits of any kind in return for any of the following:

- the use of, or the right to use, any copyright, patent, design or model, plan, secret formula or process, trademark, or other similar property or right
- equipment – that is, the use of, or the right to use, industrial, commercial or scientific equipment
- know-how – that is, the supply of scientific, technical, industrial or commercial knowledge or information
- the supply of assistance – that is, a payment of services that are ancillary to, or part and parcel of enabling the above property, rights, equipment or knowledge to be applied or enjoyed
- the use of, or the right to use, motion picture films, television films or video tapes, or tapes for radio broadcasting
- receiving, or the right to receive, public transmissions by satellite, cable, optic fibre or similar technology
- the use of, or the right to use, satellite, cable, optic fibre or similar technology in television and radio broadcasting, whether or not such material is edited or the broadcast is delayed
- an undertaking that any of the above property or rights will not be granted or supplied to anyone else
- film and video tape royalties.

For information on withholding tax from investment income and royalties paid to foreign residents, see Investment income and royalties paid to foreign residents.

For information on withholding tax from dividends paid to foreign residents, see Withholding from dividends paid to foreign residents.

Who withholds

If you pay royalties, you must withhold tax under any of the following circumstances:

- as an Australian resident payer to a foreign resident payee with an overseas address where the payment relates to your business in Australia
- as a foreign resident payer in Australia to a foreign resident payee with an overseas address where the payment relates to your business in Australia
- as an Australian resident payer to another Australian resident payee where both of the following apply
  - your payee carries on their business outside of Australia
  - the payment relates to your business carried on in Australia
- as a foreign resident payer in Australia to an Australian resident payee where both of the following apply
  - you carry on your business in Australia
  - your payee carries on their business outside of Australia.

If you're an Australian payer, you must withhold amounts from the payments you make.

An Australian payer can be either an Australian resident or foreign resident with a permanent establishment in Australia

Permanent establishment

A permanent establishment means a fixed place through which a business entity carries on their business activities in part or in full. A permanent establishment can include a:

- place of management
- branch or office
- factory
- workshop

- building and construction site
- mine or quarry
- pastoral or agricultural property.

An establishment may not be considered a permanent establishment if it's just used:

- as a storage facility
- to display goods or services
- as a fixed place of business for the purpose of purchasing goods or merchandise
- to collect information for the enterprise.

When to withhold

If you pay royalties to a foreign resident, you must withhold tax when any of the following occurs:

- you make a royalty payment
- you credit the royalty amount to the foreign resident's account
- you otherwise deal with the payment on behalf of, or at the direction of, the foreign resident.

If you are an Australian agent of a foreign resident, you should withhold tax when you:

- receive a royalty payment on behalf of a foreign resident
- have the amount credited to your account
- have the payments otherwise dealt with at the direction of yourself or the foreign resident payee.

Your obligations when withholding royalties

You must:

- withhold tax from royalties you pay to foreign residents
- pay the amounts you withhold to us

- issue payment summaries to your payees
- lodge a PAYG withholding from interest, dividend and royalty payments paid to non-residents – annual report (NAT 7187).

Registering for PAYG withholding

You must be registered for pay as you go (PAYG) withholding before you withhold tax.

Withholding rate

If the payment is made to a resident of a country which has a tax treaty with Australia, that treaty sets the rate of withholding which is required. If there is no tax treaty the rate will be 30%.

Tax treaties are special agreements that Australia has entered into with over 40 countries. The tax treaties help prevent the same income being taxed more than once.

The countries Australia has a tax treaty with and links to the treaties are in the Income tax treaties table on treasury.gov.au

Exemptions

You don't have to withhold amounts from royalty payments you make to a foreign resident of a treaty country if **both** of the following circumstances apply, the:

- foreign resident payee carries on a business in Australia through a permanent establishment
- payment you make is effectively connected with the payee's business.

This means that the payee will need to include the royalty payments in the assessable income of the payee's business in Australia. However, if you're a foreign resident payer carrying on a business through a permanent establishment in Australia and you make royalty payments to another foreign resident that doesn't carry on a business in Australia, withholding tax will apply.

Royalty payee obligations

Foreign residents don't have to pay us any more tax if their only Australian income is from interest, dividends and royalties which have had the correct amount of withholding tax withheld.

Foreign resident payees must lodge an Australian tax return if they have assessable income other than interest, dividends or royalties in Australia.

Certificates of payment

A foreign resident payee may require a certificate of payment to provide to the tax authorities in their home country.

Refunds

If you withhold more tax than you should and you discover the error early, you must refund the extra amount you withheld to the payee, even if you've already paid the amount to us. By discovering the error early we mean either of the following:

- You become aware of the error by no later than 30 June of the relevant year.
- Your payee requests a refund by no later than 30 June of the relevant year.

If you've already paid the amount to us, you can offset the amount against another withholding amount you're liable to pay us in the future for the relevant year. Remember to record this offset in your accounts.

If you've already paid the amount to us and you're not liable to pay us any further withholding amounts for the relevant year, you need to lodge a revised activity statement. Revised activity statements are available from the Online services for business if you're a registered user or you can contact us to obtain a revised activity statement form.

If you withhold more tax than you should and you discover the error later than 30 June after the end of the year to which the withheld amount relates, do **not refund** the amounts to your payee – if you do, we cannot refund the amount to you.

To request a refund of overpaid tax, see Refund of over-withheld withholding: how to apply.

QC 47373

Foreign resident PAYG withholding – for individuals

An entity is required to withhold pay as you go (PAYG) from foreign residents (FRW).

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When an entity will withhold amounts

You're a foreign resident if you're not an Australian resident for tax purposes.

An entity is required to withhold amounts from payments to you for:

- entertainment or sports activities
- construction and related activities
- casino gaming junket activities.

For more information, you can:

- email us at sportent.majorevents@ato.gov.au
- phone us on **+61 13 28 66**.

Activities where withholding applies

The following categories are considered activities where withholding applies:

- entertainment and sport
- construction industry
- casino gaming junkets.

Entertainment and sporting activities

Withholding applies to both individuals and groups in the sporting and entertainment industries. Examples include:

- theatre companies
- orchestras
- rock groups
- sporting teams (for example, cricket or soccer teams)
- individual sports people (for example, golf or tennis players)
- television commentators.

It may also apply to individuals who provide services through a company or other corporate identity.

Foreign residents who provide support in sports and entertainment industries may also be subject to foreign resident PAYG withholding. Examples include:

- coaches
- managers
- hairdressers
- trainers
- doctors.

Construction industry

Withholding arrangements apply to payments made to a head contractor and subcontractors. Examples include payments made under contracts for the construction of:

- natural resource infrastructure
- shopping centres
- resort developments
- residential real estate.

It also applies to activities related to construction. Some examples include:

- commissioning of infrastructure
- training and support of personnel to operate it
- supervision during the initial phase of operation

- design and engineering
- fabrication
- repair and maintenance
- supply of plant and equipment
- transport, advisory services
- auxiliary services such as catering.

Casino gaming junket activities

Withholding applies to payments for activities related to casino gaming junkets. Examples include:

- contracting with casinos
- contracting with players
- translating or interpreting services.

Payments may include cash and non-cash benefits. Examples include:

- monetary payments
- flights and accommodation
- food and beverage.

Foreign resident withholding doesn't apply to you if you're engaged as an employee.

How much will be withheld from payments

Find out the rate of withholding in each category.

Withholding for construction and casino gaming junket activities

The PAYG withholding rates for foreign resident payees for casino gaming junket and construction and related activities are:

- construction and related activities – 5%
- casino and gaming junket activities – 3%

These are also the foreign resident individual tax rates used to calculate an end-of-year Australian tax liability when your Australian income tax return is lodged.

Withholding for entertainment or sports activities

The PAYG withholding rates for foreign resident payees for sports and entertainment activities are:

- for a foreign resident company (ABN supplied) – the company tax rate
- for an individual foreign resident – the tax rates – foreign resident.

Withholding when no ABN is supplied

If you're a foreign resident or company involved in any of these activities and don't supply your payer with an ABN, they may withhold from payments at the top tax rate.

The withholding requirements where an ABN is not quoted takes precedence over the foreign resident withholding requirements.

Varying the rate of withholding

You can apply to vary the rate of withholding from your payments.

You will need to download and complete a printable version of the PAYG foreign resident withholding variation (FRWV) application (NAT 11097 PDF, 179KB)

You would usually apply for a variation when:

- the payments include an amount that is not taxed in Australia (through the operation of a tax treaty or other exempt income)
- you expect to have tax deductible expenses which will reduce your taxable income.

You may apply to vary the rate to zero, if the applicable amount is not taxed in Australia, and/or tax-deductible expenses are equal to or greater than the payments which will be received.

To apply:

- read the PAYG foreign resident withholding variation (FRWV) application instructions

- complete PAYG foreign resident withholding variation (FRWV) application (NAT 11097 PDF,192KB)
- send the completed form by either
  - mail to

    Foreign resident withholding variation
    Australian Taxation Officer
    GPO Box 9977
    SYDNEY NSW 2001
    AUSTRALIA

  - email to SportEnt.MajorEvents@ato.gov.au (for sports and entertainment activities).

What happens if variation to the withholding rate is approved

We will send a notice to your payer confirming the new rate. Your payer cannot vary the withholding rate until they receive this notice.

We will also send you a letter confirming the approval of your variation. The letter we send to you is not the official notice. Your payer cannot implement a variation using your letter.

When will you need an Australian business number

You may need to supply your payer with an Australian business number (ABN). If you don't, your payer may be required to withhold at the top rate of tax (47% from 1 July 2017) from your payments.

In limited circumstances you don't need to supply your payer with an ABN. These include where your income is either:

- exempt income
- not taxed due to a tax treaty.

It is your payer's responsibility to be satisfied that you don't need to provide your ABN.

Phone **+61 13 28 66** if you need help to:

- determine whether you need an ABN

- determine whether your income is exempt.

You can apply for an ABN online at the Australian Business Register . If you need help, see registering for an ABN or phone **+61 13 28 66**.

When will you need an Australian tax file number

You will need an Australian tax file number (TFN) if you either:

- need to lodge an Australian tax return
- want to lodge a PAYG foreign resident withholding variation (FRWV) application (NAT 11097 PDF, 192KB).

To apply for a TFN, see:

- Tax file number – application or enquiry for an individual living outside Australia
- Foreign passport holders, permanent migrants and temporary visitors.

If you don't get an Australian TFN

A TFN is not compulsory. However, without a TFN:

- you can't lodge a *PAYG foreign resident withholding variation (FRWV) application* if your reason for application is tax deductible expenses
- we can't process your tax return
- it's more difficult for us to look up your records and discuss them with you
- you can't apply online for an ABN.

If you need to lodge a tax return in Australia

You can use our Do I need to lodge a tax return? tool to work out if you need to lodge a tax return in Australia.

To prepare your Australian tax return, your payer must give you a payment summary. A payment summary is a document that includes

details of:

- gross payments you receive as a payee
- amounts of tax the payer has withheld from these payments.

QC 18618

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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