Legislative Instrument

Taxation Administration Act Withholding Schedule – Working Holiday Makers

I, Emma Haines, Acting Deputy Commissioner of Taxation, make this determination under section 15-25 of Schedule 1 to the *Taxation Administration Act 1953*.

Emma Haines
Acting Deputy Commissioner of Taxation
13 December 2016

1.   Name of instrument

This determination is the *Taxation Administration Act Withholding Schedule – Working Holiday Makers*.

2.   Commencement

This instrument commences on the day after it is registered on the Federal Register of Legislative Instruments and applies from 1 January 2017.

3.   Purpose

(a) Withholding schedules specify the formulas and procedures to be used for working out the amount to be withheld by an entity from a withholding payment covered by Subdivision 12-B, 12-C or 12-D of Schedule 1 to the *Taxation Administration Act 1953*.
(b) The withholding schedule in this instrument is made for the purposes of collecting income tax payable by working holiday makers.

4.   Withholding schedule

The withholding schedule titled "Schedule 15: Tax table for working holiday makers", has effect from the date of commencement of this instrument.

Schedule 15: Tax table for working holiday makers

For payments made on or after 1 January 2017

This document is a withholding schedule made by the Commissioner of Taxation in accordance with sections 15-25 and 15-30 of Schedule 1 to the *Taxation Administration Act 1953* (TAA). It applies to withholding payments covered by section 12-35 of Schedule 1 to the TAA.

Using this table

This table applies to payments to individuals – including backpackers – who are working in Australia and holds at that time:

(a) Working holiday makers visa (subclass 417), or

(b) Work and holiday makers visa (subclass 462), or

(c) Bridging visa permitting the individual to work in Australia if:

> (i) the bridging visa was granted under the *Migration Act 1958* in relation to an application for a visa of a kind described in paragraph (a) or (b); and

> (ii) the Minister administering that Act is still to make a decision in relation to the application; and

> (iii) the most recent visa, other than a bridging visa, granted under that Act to the individual was a visa of a kind described in paragraph (a) or (b).

For all other circumstances you should use the relevant PAYG withholding weekly, fortnightly or monthly tax table.

If you employ individuals under the Seasonal Worker Programme, the tax table for working holiday makers does not apply.

Find out about:

- Working out the withholding amount

- Registered employer

- Unregistered employer

- Using a formula

- Table A: Working holiday makers income tax rates

- Rounding of withholding amounts

- Accounting software

- TFN declarations

Working out the withholding amount

To work out the amount you need to withhold, you must:

■ put the total payments you will make to your employee for the pay period into the Withholding look-up tool

■ use the appropriate column to find the correct amount to withhold

– **Column 2** if you are registered and total payments you have made to the employee for the income year so far are less than $37,001, and the employee has given you a tax file number (TFN)

– **Column 3** if you are registered and total payments you have made to the employee for the income year so far are from $37,001 to $87,000, and the employee has given you a TFN

– **Column 4** if you are registered and total payments you have made to the employee for the income year so far are from $87,001 to $180,000, and the employee has given you a TFN

– **Column 5** if you are registered and total payments you have made to the employee for the income year so far are more than $180,000, and the employee has given you a TFN

– **Column 6** if you are registered and the employee has **not** given you a TFN.

Example 1: Using the Withholding look-up tool

A foreign resident employee is working in Australia under a working holiday makers visa (subclass 417) and has earnings for the week of $680.70. The employee has provided their TFN on a *Tax file number declaration*, and the total payments you have made to this employee do not exceed $37,000 for the 2016–17 income year.

To work out the correct amount to withhold, put $680 into the *Withholding look-up tool* (ignore cents).

The tool will automatically calculate the withholding result of $102 (Column 2, registered employer and employee has given you a TFN).

Registered employer

You need to register with us before you employ a working holiday maker. If you are registered, you will be able to withhold at a flat rate of 15% up to $37,000 in total payments made to each individual working holiday maker within an income year. Where total payments exceed $37,000, see Table A below for the applicable withholding rate.

Next steps:

WHM registration tool

Unregistered employer

If you have not registered with us to withhold at working holiday maker tax rates, you are required to withhold at foreign resident rates as specified in the tax tables for weekly, fortnightly or monthly payments.

Using a formula

If you have developed your own payroll software package, you can use the formulas and coefficients outlined below to calculate the withholding amount.

The formulas comprise linear equations of the form **y = ax**, where:

- **y** is the amount to be withheld expressed in dollars

- **x** is total payment made to the employee for the pay period, ignoring any cents

- **a** is the value of the coefficient as shown in Table A.

Table A: Working holiday makers income tax rates

The following tax rates for 2016–17 apply for working holiday makers holding a subclass 417 or 462 visa from 1 January 2017.

Table A: Working holiday makers income tax rates for 2016–17 from 1 January 2017

Taxable income	Tax rate	Value (a)
$0–$37,000	15% on each $1 up to $37,000	0.15
$37,001–$87,000	32.5% on each $1 over $37,000 to $87,000	0.325
$87,001–$180,000	37% on each $1 over $87,000 to $180,000	0.37
$180,001 and over	47%* on each $1 over $180,000	0.47

* Includes the Temporary Budget Repair Levy of 2%.

If no TFN is provided you must withhold at 47% on total payments made. If using formulas, the value of '**a**' is 0.47.

Example 2: Using the formula

A foreign resident employee is working in Australia under a work and holiday makers visa (subclass 462) and has earnings for the month of $2,825.75.

The employee has provided their TFN on a *Tax file number declaration*, and total payments you have made to this employee for the income year do not exceed $37,000.

x = 2,825 (ignoring cents)

Withholding amount (**y**)

= (**a** x **x**)

= 0.15 x 2825

= 423.75 or $424.00 (rounded to nearest dollar)

Example 3: When payments exceed $37,000

A foreign resident employee is working in Australia under a working holiday makers visa (subclass 417) and has earnings for the month of May 2017 of $3,570.20.

The employee has provided their TFN on a *Tax file number declaration* and the total payments you have made to this employee from January 2017 to April 2017, in the 2016–17 income year, is $38,500. Last month's payment resulted in total payments exceeding $37,000. Therefore, from the next pay you must withhold at the foreign resident tax rates specified in Table A.

Withholding is calculated at 32.5c for every dollar of earnings over $37,000 (to $87,000)

Current pay = $3,570.20

The value of '**a**' in the formula is 0.325.

Withholding = 0.325 x 3570

= 1,160.25 or $1,160.00 (rounded to the nearest dollar)

Rounding of withholding amounts

The withholding amounts calculated as a result of applying the above rates and formula are rounded to the nearest dollar. Values ending in 50 cents and higher are rounded to the next higher dollar. Do this rounding directly – that is, do not make a preliminary rounding to the nearest cent.

Where withholding is calculated on the top marginal rate of tax or when no TFN is provided, ignore cents in the withholding result.

Accounting software

Software written in accordance with the formulas in this tax table should be tested for accuracy against the Withholding look-up tool. The results obtained when using the coefficients in this table may differ slightly from the *Withholding look-up tool*. The differences result from the rounding of components.

TFN declarations

Your employee may indicate that they are a working holiday maker in their TFN declaration.

Even if they don't, you will need to withhold amounts using the rates shown in Table A (provided they have given you a valid TFN).

This applies to:

(a) Working holiday makers visa (subclass 417), or

(b) Work and holiday makers visa (subclass 462), or

(c) Bridging visa permitting the individual to work in Australia if:

> (i) the bridging visa was granted under the *Migration Act 1958* in relation to an application for a visa of a kind described in paragraph (a) or (b); and
>
> (ii) the Minister administering that Act is still to make a decision in relation to the application; and
>
> (iii) the most recent visa, other than a bridging visa, granted under that Act to the individual was a visa of a kind described in paragraph (a) or (b).

To confirm the visa status of a working holiday maker, go to the Department of Immigration and Border Protection's [Visa Entitlement Verification Online (VEVO)](#) webpage. This is where you can check visa details and conditions.

Working holiday makers cannot claim tax offsets. If they have claimed a tax offset on the *Tax file number declaration*, do not adjust the amount you withhold.

If a TFN has not been provided

You must withhold 47% from payments to a working holiday maker (ignoring cents), if:

■ they have not quoted their TFN

■ they have not claimed an exemption from quoting their TFN

■ they have not advised you that they have applied for a TFN or have made an enquiry with us.

If an employee states at Question 1 of the *Tax file number declaration* that they have lodged a [Tax file number – application or enquiry for individuals](#) with us, they have 28 days to provide you with their TFN.

If the employee has not given you their TFN within 28 days, you must withhold 47% from any payment you make unless we tell you not to.