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BLUE

working  
holiday  
makers

# **WORKING HOLIDAY MAKERS (WHM) ANY% GUIDE**

The 417 Visa “Working Holiday” and 462 “Work and Holiday” Visa are for tax purposes identical. If a client is on either of these Visas, they are considered a Working Holiday Maker (WHM).

## **What is a Working Holiday Maker?**

WHM are treated specifically by the ATO, and have unique rules and requirements.

While they can be overwhelming initially, they are usually pretty easy clients. Here are some important things to know about them:

## **Important Things to Know About WHMs**

WHMs are not required to lodge a tax return if 1) all of their income was earned as salary/wages while a WHM, and 2) less than \$45,001 (2021-now) or \$37,001 (2019-2020).

WHMs are taxed at a different rate than residents and non-residents:

**Table A: Working holiday makers income tax rates for 2022–23**

<b>Taxable income</b>	<b>Tax rate</b>	<b>Value (a)</b>
<b>\$0 – \$45,000</b>	15% on each \$1 up to \$45,000	0.15
<b>\$45,001 – \$120,000</b>	32.5% on each \$1 over \$45,000 to \$120,000	0.325
<b>\$120,001 – \$180,000</b>	37% on each \$1 over \$120,000 to \$180,000	0.37
<b>\$180,001 and over</b>	45% on each \$1 over \$180,000	0.45

This means that typically a WHM will not get a desirable result from completing a return as it is very easy for their employer to withhold very close to the exact amount of tax required.

You can fairly easily find out what a return result would be without entering anything into MYOB by multiplying the income by 0.15 and comparing against the tax withheld (considering income is less than \$45,000).

So if a WHM client earns less than \$45,001 they aren't obligated to lodge a return, and if they still do it's typically not worth the hassle *unless*

## **NDA**

The ATO has a few countries that get special privileges in regards to WHMs. These are called non-discrimination article (NDA) countries. They include:

- Chile
- Finland
- Germany (for 2017–18 and future income years)
- Israel (for 2020–21 and future income years)
- Japan
- Norway
- Turkey
- United Kingdom

What does this mean? Well, unfortunately it depends on the residency of the client.

## **Residency**

The ATO does not consider citizenship in regards to tax, but instead residency. This means that a foreign citizen, such as an individual on a student visa, can be considered a resident for tax purposes in the same way as an Australian citizen. There are several determining factors and tests for residency.

## **Factors consistent with being an Australian resident**

- You have physically been in Australia for an extended period, usually longer than 6 months
- You have established a home in Australia
- You don't have a home overseas
- You've established close community or family ties
- You've invested in long term assets in Australia
- You have an intention to stay in Australia
- Your behaviour and connection to Australia support your intention to stay in Australia
- You're not a tourist or a visitor

### **Factors consistent with being a foreign resident**

- Your primary purpose for being in Australia is to have a holiday, to experience and see Australia
- You have no fixed intention to stay in Australia beyond your holiday and have taken no steps to permit you to stay in Australia beyond your holiday
- You have arrangements in place so that you can return to the location you were living when you leave Australia – for example, your assets are in storage in your home location
- You have study or employment to return to when you leave Australia or your plans are to return to study/take up employment on your return
- You continue to maintain connections to the following in your home location whilst in Australia
  - family and friends
  - clubs, sports or community associations
  - professional qualifications, association memberships and registrations
  - social connections

WHMs are in most cases, considered non-residents as by definition: They are coming to Australia for holiday and have intent to leave. But, if a WHM is decided as a resident, and they are from a NDA country, they are no longer taxed as a WHM but instead as an Australian national. This can have a significant impact on their return as they are now granted different tax rates (such as the tax free threshold) and offsets.

Non-residents are not required to pay the Medicare Levy. If a client is a resident for tax purposes but are not entitled to Medicare benefits, they can apply for a Medicare Levy Exemption.

Some countries are not subject to this as they have a reciprocal health care agreement with Australia. These are separate from NDA countries and are as follows:

- Belgium
- Finland
- Italy
- Malta
- Netherlands
- New Zealand

- Norway
- Republic of Ireland
- Slovenia
- Sweden
- United Kingdom

Clients from these countries are unable to be exempted from the Medicare Levy if they are considered a resident for tax purposes.

### **HOW TO ENTER A WHM IN MYOB:**

- Ask client what their country of origin is
- Check prefill to determine if a return is necessary. If not necessary, calculate the return result.

2022-23 PAYG PAYMENT SUMMARIES as at 7 July 2023				
Type of payment summary:	INB payment summary			
Single Touch Payroll Status:	Finalised			
Available for pre-filling:	07/07/2023			
ABN:	72009874426/1			
Employer's name:	ROCKLEA PRESSED METAL PTY. LTD. (Type H)			
Period from:	26/04/2023			
Period to:	30/06/2023			
Description	Type	Tax withheld	Income	Label
Gross payments			\$14,185.00	1
Total tax withheld		\$2,464.00		1
Allowances			\$0.00	2

- \$14,185 \* 0.15 = \$,2127.75 tax payable. Client has \$2,464 withheld; granting a refund of \$336.25 before deductions
- Complete return as normal, making sure to adjust residency if relevant

# Individual tax return 2023

01/07/2022 to 30/06/2023

Your tax file number (TFN) 683 050 440

See the Privacy note in the Taxpayer's declaration

Are you an Australian resident?  Y  ...

Have you included any attachments?  N

- WHM are indicated by **Type H** on the PAYG Payment Summary. When entering into MYOB, ensure Y is entered for Type H payments

## Salary or Wages Payment Summary

Parental Leave Payments from Centrelink must be entered at item 1.

### Foreign Payment Summaries

Enter foreign payment summaries in the Foreign employment income payment summary worksheet (fei).

Did you earn this income while you held a Working Holiday visa (subclass 417) or Work and Holiday visa (subclass 462)?  Y  ...

Payer's ABN

72 009 874 426

Payer's WPN

Tax withheld

2464

Amount

14185

ROCKLEA PRESSED METAL PTY. LTD.

- Enter deductions and complete the rest of the return as normal
- When completed, A4 must be completed under Adj Credits



## Working Holiday Maker net income

This schedule is to work out your net income from your Working Holiday in Australia while you were holding a 417 or 462 working visa during the 2022-23 tax year.

Income from salary or wages payment summary where income earned whilst holding a 417 or 462 visa has been defaulted to the first field

Enter any other working holiday income during the same period and any expenses incurred in earning that working holiday income.

All amounts entered are for the visa holder for the 2022-23 tax year only.

Working holiday maker home country

Total salary or wages at item 1 for WHM

Other income earned during the 2022-23 tax year while on a 417 or 462

**Working holiday maker gross income**

Less expenses incurred in earning that income claimed at Items

Work related motor vehicle expenses - D1

Work related travel expenses - D2

Work related uniform, occupation specific or protective clothing,  
laundry and dry cleaning expenses - D3

Work-related self-education expenses - D4

Other work related expenses - D5

- Gross income will automatically fill, enter the country of origin.
- If the client had deductions, the total from each category must be entered

## Other Work Related Expenses

Description	Amount
<input type="text" value="Phone (\$39/month 20%)"/>	<input type="text" value="85.80"/>
<input type="text" value="Misc Tools"/>	<input type="text" value="278.95"/>

**D5 Other work-related expenses**

Working holiday maker home country	<input type="text" value="UNITED KINGDOM"/>
Total salary or wages at item 1 for WHM	<input type="text" value="14185"/>
Other income earned during the 2022-23 tax year while on a 417 or 462	<input type="text"/>
<b>Working holiday maker gross income</b>	<input type="text" value="14185"/>
<b>Less expenses incurred in earning that income claimed at Items</b>	
Work related motor vehicle expenses - D1	<input type="text"/>
Work related travel expenses - D2	<input type="text"/>
Work related uniform, occupation specific or protective clothing, laundry and dry cleaning expenses - D3	<input type="text"/>
Work-related self-education expenses - D4	<input type="text"/>
Other work related expenses - D5	<input type="text" value="364"/>
Low value pool deduction - D6	<input type="text"/>
Interest deductions - D7	<input type="text"/>
Dividend deductions - D8	<input type="text"/>
Gifts or donations - D9	<input type="text"/>
Cost of managing tax affairs - D10	<input type="text"/>
<b>Working holiday maker related deductions and business losses</b>	<input type="text" value="364"/>
<b>Working Holiday net income</b> (Integrated to item A4 label D)	<input type="text" value="13821"/>

● Return is complete :)