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How residency affects your tax return

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If you remain an Australian resident

You will generally remain an Australian resident for tax purposes if:

- you're overseas temporarily and you don't set up a permanent home in another country
- you work overseas.

You must lodge an Australian tax return and declare your worldwide income – both assessable income and exempt foreign employment income – even if tax was taken out in the country where you earned the income.

To understand your tax situation, you first need to work out if you are an Australian or foreign resident for tax purposes.

Next steps:

- [Work out your residency status for tax purposes \(/Individuals/International-tax-for-individuals/Work-out-your-tax-residency/\)](#)

If you become a foreign resident

You will need to lodge a tax return if you have Australian income, including:

- employment income
- rental income
- Australian pensions and annuities, unless an exemption is available under Australian tax law or a tax treaty
- capital gains on Australian assets.

The capital gain on your Australian home may need to be included if you are a foreign resident at the time you sign the contract of sale.

You can ignore any income from which non-resident withholding tax has been deducted, such as bank interest and unfranked dividends.

If you have a Higher Education Loan Program (HELP) or Trade Support Loan (TSL) debt and you're a non-resident for tax purposes – you'll need to declare your worldwide income or lodge a non-lodgment advice. You can do this using our online services via myGov or through a registered Australian tax agent from 1 July 2017.

Note: Your worldwide income may include income that we've asked you to ignore for determining your income tax obligations.

If you are leaving Australia permanently you will become a foreign resident.

See also:

- [Foreign residents and main residence exemption \(/General/Capital-gains-tax/International-issues/Foreign-residents-and-main-residence-exemption/\)](#)
- [Foreign resident capital gains withholding payments \(/General/Capital-gains-tax/International-issues/Foreign-resident-capital-gains-withholding-payments/\)](#)

If your residency status changes

If your status has changed from resident to foreign resident during the income year, answer 'yes' to the question 'Are you an Australian resident?' on your tax return.

This ensures you are taxed at resident rates for the income year. You are entitled to a pro-rata tax-free threshold for the number of months you are an Australian resident.

To claim a tax offset for a dependent spouse, you must both be Australian residents for tax purposes. You will need to reduce your claim to take into account the period you were both foreign residents.

Foreign residents do not have to pay the Medicare levy. In your tax return you can claim the number of days in the income year that you are not an Australian resident as exempt days.

From the date you cease to be an Australian resident, there is no need to show your foreign-source income in your tax return. Also, all Australian-sourced interest, dividends and royalties you received after you ceased to be an Australian resident are subject to the withholding tax provisions as a final tax. They should not be included in your tax return.

If you have a HELP or TSL debt you'll need to include these amounts as they are used to work out your worldwide income and your repayment obligations against these debts.

See also:

- [Tax-free threshold if you are leaving Australia permanently \(/Individuals/Ind/Tax-free-threshold-if-you-are-leaving-Australia-with-the-intention-to-reside-overseas/\)](#)
- [Overseas obligations \(/Individuals/Study-and-training-support-loans/Overseas-repayments/\)](#)
- [Foreign residents and main residence exemption \(/General/Capital-gains-tax/International-issues/Foreign-residents-and-main-residence-exemption/\)](#)
- [Foreign resident capital gains withholding payments \(/General/Capital-gains-tax/International-issues/Foreign-resident-capital-gains-withholding-payments/\)](#)

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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