

IMPORTANT FACT SHEET

Information for Employers of Working Holiday Makers

The Government recently enacted changes that affect businesses who employ working holiday makers holding a 417 (Working Holiday) or 462 (Work and Holiday) Visa.

The new rules are effective from 1st January 2017 and apply to existing and new employees.

How do you know if employees hold a 417 or 462 Visa?

Employers can verify the type of Visa held by an employee by registering for and using VEVO (Visa Entitlement Verification Online), which is an online tool provided by the Department of Immigration and Border Protection.

Use the following link to register for VEVO:

[http://www.border.gov.au/visa-entitlement-verification-online-\(vevo\)](http://www.border.gov.au/visa-entitlement-verification-online-(vevo))

If you do employ 417 or 462 Visa holders, what does this mean for you as an employer?

From 1st January 2017, you must:

1. **Withhold tax at the new 'working holiday maker tax' rate** of 15% for every dollar of income earned up to \$37,000. Normal foreign resident tax rates apply to income above \$37,000. This new rate applies to all wage payments made on or after 1st January 2017.

Use the ATO tax table to check your calculations <https://www.ato.gov.au/Tax Table>

2. **Register with the ATO as an employer of working holiday makers.** Registration is online via the ATO's 'Working Holiday Maker Employer Registration Form' and must be completed prior to 31st January 2017. Failure to register will result in withholding of tax at a rate of 32.5% for the first \$37,000 for any employees who have the 417 or 462 Visa.

Use the following link to register with the ATO:

<https://www.ato.gov.au/Working Holiday Maker Employer Registration>

3. **Two PAYG Summaries need to be issued** for employees who worked for you in the 2016/2017 tax year if they worked prior to the 31st December 2016 and after 1st January 2017. One summary will show income earned under the former tax rates and one will show income earned under the new tax rate.

Please check with your payroll software provider on their specific system requirements to ensure that you are able to issue both PAYG Summaries at year end 30th June 2017.

Please note that this 'working holiday maker tax' rate (PAYG withholding) is mandatory for employees who hold a 417 or 462 Visa – regardless of their residency status.

Further information may be found on the ATO website at <https://www.ato.gov.au/Working-Holiday-Makers>

For all queries relating to the above please do not hesitate to contact our office – 4092 1677