



# Superannuation Alert:

## Temporary Residents Departing Australia

**From 1 July 2017, a tax rate of 65% applies to Departing Australian Superannuation Payments (DASPs) made to former temporary residents who were working holiday makers (WHMs).**

An individual is classified as a WHM if they hold or have held:

- a subclass 417 (working holiday) visa
- a subclass 462 (work and holiday) visa
- an associated bridging visa.

Note that while the 65% tax rate is intended to apply to working holiday makers, it may also inadvertently capture some temporary resident 457 visa holders upon their departure from Australia.

The DASP tax rates that apply to payments made from 1 July 2017 are:

Payment Component	DASP Ordinary Tax Rate (for non-WHM)	DASP WHM Tax Rate
Tax-free component	Nil	Nil
Taxable component: taxed element	35%	65%
Taxable component: untaxed element	45%	65%

The new rules draw a clear line in the sand - if an individual was at any point in time on a WHM and are claiming superannuation from July 2017 onwards that includes any contributions made at a time when they held a WHM visa, then they will be subject to 65% DASP tax on the entire withdrawal.

We understand that some individuals on a temporary resident 457 visa may at one point in time have been on a WHM visa. Even where this was the case for only a limited period of time, it is critical for these employees to consider the implications and seek professional advice on the new DASP tax rules, as under the new law, there is no apportionment of the tax payable at the higher rate where the DASP is not wholly comprised of amounts attributable to superannuation contributions when an employee was a WHM.

This change is related to the income tax rate for *working holiday makers* which was introduced by the Australian Government in December 2016 and took effect from 1 July 2017.

We will be making a submission on the new legislation for the DASP, therefore, please contact us if you would like to provide feedback on this submission.

**If you have any questions, please contact Justin Batticciotto (+61 3 8635 1946), or your ShineWing Australia relationship partner.**

### Justin Batticciotto

Associate Director, Tax  
ShineWing Australia

T | +61 3 8635 1946

E | [jbatticciotto@shinewing.com.au](mailto:jbatticciotto@shinewing.com.au)