

We are by no means tax experts\*, but we wanted to **help and** give you some information in plain English on which tax rate is applicable for your situation.

When you login to complete our Tax File Declaration, there are three different tax categories you can select. Don't get it wrong as you could end up paying more tax!!!

First, it asks if you are an Australian resident for tax purposes. If you are working for us it will either be **Australian Resident** or **Working Holiday Maker**. You can only select Working Holiday Maker if that is the visa you are on. If you think you should select Foreign resident, **please rethink that!** An employee earning income as an employee in Australia is **not** a Foreign resident for tax purposes. If you really aren't sure, read on below, or visit [here](#)

---

Are you an Australian resident for tax purposes or a working holiday maker?

- Australian resident for tax purposes
- Foreign resident
- Working holiday maker

The next question is whether you want to claim tax-free threshold. See the details below to help you answer this one. Basically if it's your only job right now, then select "yes".

Then, it asks if you have a loan with the government for study or trade, and you will know if this applies, so select it if you do. If the words are not familiar to you, then it's highly unlikely that you have it. Read on below for more information

---

Do you want to claim the tax-free threshold from this payer?

- Yes
- No

---

Do you have a Higher Education Loan Program (HELP), VET Student Loan (VSL), Financial Supplement (FS), Student Start-up Loan (SSL) or Trade Support Loan (TSL) debt?

- Yes
- No

There are many tax options to select **when completing your** tax declaration and the main ones that could apply to you are:

1. Tax Free Threshold
2. No Tax Free Threshold
3. Working Holiday Maker

4. Tax Free Threshold + HECS
5. No Tax Free Threshold + HECS

### **Tax Free Threshold**

You are an Australian Citizen, Permanent Resident or an Australian Resident for tax purposes

- You don't have an accumulated HELP debt (a loan from the Australian government for tertiary education in Australia, **also known as HECS**)
- This job is/will be your main employment income
- **More information on this can be found further below**

### **No Tax Free Threshold**

- You are an Australian Citizen, Permanent Resident or an Australian Resident for tax purposes
- You don't have an accumulated HELP debt (a loan from the Australian government for tertiary education in Australia, **also known as HECS**)
- You currently claim Tax Free Threshold with another employer (for example, your job with **EIR Labour Hire** is your second job). It is possible to claim the tax free threshold for two or more employers, but if you don't get your maths right you could end up with a tax debt, so read [here](#) for more information.
- **More information on this can be found further below**

### **Working Holiday Maker**

- You are on a Working Holiday Maker Visa
- **More information on this can be found further below**

### **Government Loans such as HELP, SSL, VSL, FS, TSL**

- All of the Tax Free Threshold bullet points above **PLUS** you have a loan with the Australian Government that you are paying off

This list is not exhaustive, and you can visit [here](#) to find out more.

## **Tax Free Threshold**

Tax Free Threshold means the first \$18,200 of your income is **not** taxed

One of the confusing things for people is when they select "Tax Free Threshold", then they get taxed in their first week of pay and wonder why that is given it's "Tax Free"

This is because the Tax Free Threshold is calculated over the whole year, not just one week.

### **EXAMPLE**

**Sam** is working and earning \$1000 a week gross income (gross means before tax).

He gets paid and is taxed \$162 and this is because when Sam gets paid \$1000, it's assumed that he will continue to earn \$1000 each week and which means his yearly income would be \$52,000.

Now let's say Sam earns \$1000 for 18 weeks and then he stops working for the rest of the tax year. He will get a refund from the government for all of the tax he's paid, because Sam earned a total of \$18,000 for the whole year and this is tax free.

## No Tax Free Threshold

No Tax Free Threshold means that every dollar earned is taxed. So in the example above where the gross income is \$1000 a week, in this threshold \$283 would get taxed instead of \$162.

If you have a HELP debt, you pay off a portion of the loan to the government each week. The amount that is paid off each week is determined by how much you are earning. There is a table on the ATO website to check this out.

## Working Holiday Maker

If you are a Working Holiday Maker, you are taxed 15% for the first \$45,000 that you earn but after that, you are taxed at the nominal marginal rate of an equivalent Australian resident. So let's say, on the paycheck after you have made \$45,000 you earn \$2000 for that week, that is taxed according to the **no tax free threshold** tax rate of someone earning \$104,000 in the year.

Tax systems are complicated! But you can use this [calculator](#) on the ATO website which shows you how much tax is taken based on your individual circumstances.

\*The information provided is not tax advice. You should consider your own circumstances and seek advice from a professional accountant.