MOORE

Doing business in Australia

August 2026

Introduction

The Moore Australia Doing Business in Australia guide aims to provide general information for persons contemplating doing business and/or individuals intending to live and work in Australia, temporarily or permanently. The guide includes background facts about Australia and relevant information on business operations and taxation matters.

This guide is intended to assist organisations that are considering establishing a business in Australia either as a separate entity or as a subsidiary of an existing foreign company. It will also be helpful to anyone planning to come to Australia to work and live there either on secondment or as a permanent life choice.

Unless otherwise noted, the information contained in this guide is believed to be accurate as of August 2026. However, general publications of this nature cannot be used and are not intended to be used as a substitute for professional guidance specific to the reader's particular circumstances.

August 2026

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1 Australia at a glance

AT A GLANCE

Area	approximately 7.7 million km²
Population	approximately 27.8 million
Currency	Australian Dollar (AUD)
Language	English
Time zones	GMT +8 to GMT +10
Business hours	9.00am to 5.00pm, Monday to Friday

Geographical location and population

Australia is situated in the Asia-Pacific region, with a land area of approximately 7.7 million square kilometres - the sixth largest country in the world. The capital city is Canberra and the largest city by population is Sydney. Neighbouring countries include Indonesia and Papua New Guinea to the north and New Zealand to the south-east.

Australia has a variety of climates, ranging from tropical areas in the north to desert areas in the centre and temperate regions along the south-east. Most of the population lives in cities along the eastern, south-eastern and south-western coastlines, and the country combines highly urbanised centres with vast natural landscapes supporting world-scale mining, energy and agricultural industries.

Australia's population is approximately 27.8 million (Australian Bureau of Statistics, December 2025) and is growing at around 1.5% a year. About one in three residents live in Sydney or Melbourne, and similar to many other developed countries Australia has an ageing population.

Australia is one of the most multicultural countries in the world, shaped by successive waves of migration, with around 20% of the population speaking a language other than English at home. Australia's Indigenous population comprises around 3% of the total.

Politics and government

Australia's political system is a constitutional monarchy with a separation of powers between the legislature, the executive and the judiciary. The head of state is King Charles III, represented by a Governor-General at the federal level and Governors at the state level. Federal Parliament - the House of Representatives and the Senate - is based in Canberra, and both federal and state parliaments are democratically elected.

There are three levels of government. The federal government is responsible for areas such as income tax, GST, defence, foreign affairs, foreign investment, immigration and trade; state and territory governments for property taxes, payroll tax, infrastructure, education and utilities; and local governments for community facilities and town planning. Australia's legal system is largely based on the common law system adopted from the United Kingdom.

Communications

An extensive domestic aviation network connects the capital cities and regional centres, and Australia's international airports provide direct connections throughout the Asia-Pacific, North America, the Middle East and Europe.

National highway and rail networks link the capital cities, with road transport carrying the bulk of domestic freight. Major container ports operate in all mainland state capitals.

Telecommunications coverage is comprehensive, with the National Broadband Network (NBN), extensive mobile networks and a rapid uptake of digital technology supporting business across the country.

Language

English is the national language. Reflecting Australia's multicultural population, many other languages are widely spoken, and Australia has a literacy rate of over 99%.

Time zone

Australia spans three main time zones: Australian Eastern Standard Time (GMT +10), Australian Central Standard Time (GMT +9.5) and Australian Western Standard Time (GMT +8). Several states observe daylight saving between October and April.

Working hours

Standard business hours in Australia are from 9.00 am to 5.00 pm, Monday to Friday, with many retail outlets also open at weekends.

Currency, weights and measures

The currency is the Australian Dollar (AUD), which operates on a floating exchange rate and is one of the most traded currencies in the world. Australia uses the metric system for weights and measures.

2 Doing business

Main forms of business organisation

The major forms of business vehicle used in Australia by both residents and non-residents are: sole trader, partnership, joint venture, trust, company (proprietary or public) and a registered branch of a foreign company.

FORMS OF BUSINESS

- Sole trader
- Partnership
- Joint venture
- Trust
- Company
- Branch of a foreign company

All entities carrying on business in Australia require a Tax File Number (TFN) and generally an Australian Business Number (ABN), and must register for GST where GST turnover is $75,000 or more. Companies are regulated by the Australian Securities and Investments Commission (ASIC) under the Corporations Act 2001, and the Australian Taxation Office (ATO) administers federal taxes.

Sole trader

Any individual may commence business in Australia in their own name. A sole trader is personally liable for the debts of the business, and business income is taxed at the individual's marginal tax rates.

Partnership

A partnership is a relationship between two or more parties carrying on a business in common. Profits, losses and liability do not remain in the business but pass through to the partners themselves, which is also where the income is taxed. Laws relating to the establishment of a partnership are found in the various State Acts.

Joint ventures

A joint venture results when two businesses combine for a particular outcome. The joint venture agreement specifies each participant's proportional share in the assets, liabilities and results. Joint ventures may be contractual or incorporated and are governed by their agreements together with the generally applicable corporations, competition, tax, property and sector-specific laws.

Trusts

A trust is a relationship in which property or assets are held by a trustee for the benefit of others, the beneficiaries. Trusts may be public or private, with the most common types being discretionary, unit or hybrid trusts. A discretionary trust can distribute income and capital to the trustee's choice of beneficiary as set out in the trust deed, whereas a unit trust distributes to unitholders in proportion to their holdings.

A trust generally does not pay income tax itself. Depending on the trust deed, the nature of the income and the beneficiaries' entitlements and residency, tax may be assessed to beneficiaries, the trustee or both. Trustees may also have withholding and reporting obligations, including for distributions to foreign resident beneficiaries. Discretionary family trusts are widely used in Australia for private business and investment purposes. Whether a trust structure is appropriate depends on factors such as the country of residency of the beneficiaries or unitholders, the type of entity involved and the type of income derived by the trust.

Trust structures may result in additional tax in some cases and may help to eliminate the incidence of double taxation in others. Professional advice should be obtained before establishing a trading trust.

Companies

A company is a separate legal entity with the same powers as an individual and provides limited liability for its shareholders - in general, shareholders are only liable to the extent of their investment in the company. The principal regulator of companies in Australia is ASIC.

There are essentially four types of company: a company limited by shares (public or proprietary), a company limited by guarantee, a company with unlimited liability and a no liability company (available only to mining companies). A foreign enterprise looking to conduct business in Australia would generally use a company limited by shares for liability protection and ease of set-up.

Proprietary (private) companies are the most common vehicle. A proprietary company must have at least one director who ordinarily resides in Australia; a public company requires at least three directors (two of whom must be Australian residents) and a company secretary. There is no statutory requirement for a proprietary company to appoint a company secretary.

Branch of foreign entity

As an alternative to incorporating an Australian subsidiary, a foreign company may register with ASIC and carry on business in Australia as a branch. A branch is not a separate legal entity, so the foreign entity remains liable for its Australian activities. Branches must appoint a local agent, are issued an Australian Registered Body Number (ARBN), and must generally lodge the foreign company's financial statements with ASIC annually unless exempt.

Legal requirements for creating a company

Australian companies are governed by the Corporations Act 2001, their constitution (or the replaceable rules) and common law. A foreign enterprise can establish an Australian subsidiary by registering a new company with ASIC or by acquiring an existing company.

A company must obtain a Tax File Number and, where appropriate, register for an ABN, GST and PAYG withholding. It must also appoint a public officer - a resident of Australia who acts as the company's representative to the ATO.

The steps involved in the formation of a company are briefly:

- Select a name and confirm its availability with ASIC
- Lodge an application for registration with ASIC, including:
    1. A registered office and principal place of business in Australia
    2. Consents of shareholders, directors and any secretary
    3. A constitution (optional - the replaceable rules apply by default)
    4. Director identification numbers (director IDs) for all directors.

Every director must hold a director identification number (director ID) - a unique lifetime identifier obtained through an online identity verification process - before appointment. All Australian companies must disclose their Australian Company Number (ACN) or ARBN on official documents.

Directors must be at least 18 years of age and not disqualified from managing corporations. Directors can be personally liable for certain unpaid amounts owed to the ATO - including GST, PAYG withholding and superannuation guarantee - through the Director Penalty Notice (DPN) regime, and for debts incurred while the company is insolvent. Further, a company carrying on business or deriving income in Australia must appoint a public officer who is at least 18 years old and ordinarily resident in Australia. The appointment is required within three months after the company begins carrying on business or deriving income in Australia. A public officer is a legally required role that ensures a company's tax obligations are met in Australia. They act as the official representative to the ATO, manage tax lodgements, maintain records, and facilitate compliance, while the company retains ultimate responsibility for tax liabilities. Proper appointment, timely notification, and understanding of responsibilities are essential to avoid penalties and ensure smooth tax administration.

Minimum capital

There is no minimum capital requirement. Initial funding commonly consists of a small amount of share capital with the balance provided as shareholder loans, although the thin capitalisation and debt/equity rules should be considered (see section 6).

Stock exchange listing

Companies seeking a listing on the Australian Securities Exchange (ASX) must satisfy minimum admission criteria, being either:

- The profit test - at least $1 million of aggregated profit over the past three years, including $500,000 in the most recent 12 months; or
- The assets test - at least $4 million of net tangible assets or a market capitalisation of at least $15 million, together with minimum shareholder spread requirements.

Applicants must also satisfy other ASX admission requirements, including an appropriate structure, at least 300 non-affiliated shareholders each holding at least $2,000, a free float of at least 20%, and, for an assets-test listing, at least $1.5 million of working capital.

The ASX is Australia's primary exchange for equities, derivatives and fixed interest securities. Its comparatively accessible entry requirements, short listing timeframes, time zone and proximity to Asia, and Australia's credible regulatory and governance regime, make it an attractive market for growth companies.

Meetings

The Corporations Act 2001 requires certain statutory meetings to be held.

- A public company must hold an Annual General Meeting at least once each calendar year and within five months of the end of its financial year. Proprietary companies are generally not required to hold an AGM.
- General meetings may be called by the directors or requisitioned by shareholders at any time.

Powers and duties of officials running a company

A company may adopt a constitution or rely on the replaceable rules in the Corporations Act 2001. The board of directors has the power to commit the company to practically any liability, and overall control of the company rests with the board.

Directors are responsible for the overall management of the company. In exercising their powers they must act with care and diligence, act in good faith in the best interests of the company, not improperly use their position or information, and prevent the company trading while insolvent. Each director owes fiduciary duties to the company and must not allow personal interests to conflict with those duties.

Each company has an annual review date, at which its corporate details are confirmed, the directors resolve on solvency and an annual review fee is payable to ASIC. Companies must notify ASIC when company details change, such as a change of officeholders or registered address.

Companies must keep sufficient written records of their operations for seven years from the date of the transaction, maintained in English. Financial reporting and audit requirements are covered in section 4.

Local participation requirements

There are no general local ownership requirements. However, certain foreign investments are reviewable by the Foreign Investment Review Board (FIRB) - see section 3 - and specific restrictions apply in sensitive sectors such as media, telecommunications, banking and airlines.

Labour law

Employment in Australia is principally governed by the Fair Work Act 2009, supported by modern awards and enterprise agreements. Parties to an employment relationship must deal with each other in good faith, and unfair dismissal and general protections regimes apply.

The National Employment Standards (NES) set out 13 minimum entitlements for all national system employees, including:

- Paid annual leave of at least four weeks, paid personal/carer's leave, long service leave and parental leave entitlements
- A national minimum wage - $26.44 per hour, or $1,004.90 per week, from 1 July 2026 - with higher minimum rates under modern awards
- Maximum weekly hours, the right to request flexible working arrangements, and the right to disconnect from contact outside working hours (from August 2024, and August 2025 for small business employers).

Employers must also pay superannuation guarantee contributions of 12% of ordinary time earnings (see section 7) and comply with work health and safety legislation in each state and territory.

Modern Slavery Reporting

Australian and overseas entities carrying on business in Australia may be required to report under the Modern Slavery Act 2018 where the statutory consolidated revenue threshold is met. Supply-chain due diligence and reporting should be assessed separately from tax and financial reporting.

Work permits for staff

All foreign nationals require a valid visa to work in Australia. The main employer-sponsored pathway is the Skills in Demand (SID) visa (subclass 482), introduced in December 2024, with Core Skills, Specialist Skills and Labour Agreement streams. Nominated salaries must meet the Core Skills Income Threshold ($79,423 for 2026–27) or the Specialist Skills Income Threshold ($146,576 for 2026–27), indexed each 1 July. Employer-sponsored permanent residence is available through the Employer Nomination Scheme (subclass 186), while the National Innovation visa (subclass 858) caters for exceptionally talented individuals — the former Business Innovation and Investment Program closed to new applications in July 2024. The 2026–27 Permanent Migration Program is set at 185,000 places, with an approximate 70:30 split between the Skilled Migration Program and the Australian Family Program.

Visa requirements are complicated, and applications through a registered migration agent are recommended.

Other regulations

Businesses operating in Australia should also consider a range of non-tax regulatory obligations. The Privacy Act 1988 (Cth) and the Australian Privacy Principles (APPs) regulate the collection, use, disclosure and security of personal information, and entities covered by the Act must comply with the Notifiable Data Breaches scheme where eligible data breaches occur. The Competition and

Consumer Act 2010 (Cth), including the Australian Consumer Law, prohibits anti-competitive conduct, misleading or deceptive conduct, unfair contract terms and other consumer protection breaches. In addition,

Additionally, Australia's AML/CTF regime was expanded from 1 July 2026 to apply to certain designated services provided by sectors including real estate, legal, conveyancing, accounting, trust and company service providers, and precious metals and stones businesses. Foreign investors and new market entrants should assess these obligations early, as licensing, governance, reporting and compliance requirements may apply depending on the activities undertaken.

3 Finance and investment

Australia actively welcomes and encourages foreign investment and is highly geared towards international trade. Foreign investment is widely recognised as fostering economic activity and employment, bringing access to new technology and skills, and opening new markets for trade and commerce.

The political and economic environments are attractive to overseas investors. In particular:

- Business operates in a free enterprise economy with long-term political stability and open, efficient regulatory systems
- Government policy towards trade and investment is relatively stable irrespective of which major political party is in power
- The workforce is highly educated, skilled and diverse, with almost 60% of the working-age population having completed tertiary or vocational education
- Australians enjoy a high standard of living, and Australia has one of the highest levels of GDP per capita in the world
- Social, educational and community welfare services are highly developed
- Natural resources are extensive, underpinning world-scale mining, energy and agricultural industries
- Geographically, Australia is favourably located within the Asia-Pacific region, close to major Asian markets and broadly time-zone aligned with Asian trading days.

As at mid-2026, Australia's economy is navigating a slower-growth environment. Annual inflation was 3.8% in the year to June 2026, the Reserve Bank of Australia's cash rate target stood at 4.35% in August 2026, and the unemployment rate was 4.5% in July 2026, with GDP expanding 0.3% in the March quarter 2026. Australia nonetheless remains one of the world's largest economies, and total foreign direct investment stock exceeds $1 trillion.

Basis of legal code

Australia is a common law jurisdiction. Law is developed from statutes passed by the federal and state parliaments, supplemented by regulations made by government bodies and by case law. The court system operates at the federal, state and local levels:

- Federal courts include the Federal Court and the Federal Circuit and Family Court, with the High Court of Australia the final court of appeal
- Each state and territory maintains its own Supreme Court and lower courts.

Banking and finance

The Reserve Bank of Australia (RBA) is the central bank, responsible for monetary policy, setting the official cash rate and maintaining a stable financial framework. The Australian dollar has floated freely since 1983, and almost all exchange controls have been removed.

Prudential regulation is undertaken by the Australian Prudential Regulation Authority (APRA), which supervises banks, credit unions, building societies, insurers and superannuation funds. ASIC regulates market conduct and financial services licensing, and the Australian Competition and Consumer Commission (ACCC) enforces competition and consumer law under the Competition and Consumer Act 2010, covering anti-competitive conduct, mergers, product safety and unfair practices.

The four major Australian trading banks - ANZ, Commonwealth Bank, National Australia Bank and Westpac - collectively hold the majority of banking business in Australia. Beyond the major banks, a comprehensive range of finance is available from:

- Smaller regional banks and international banks operating in Australia
- Merchant and investment banks providing project finance and equity capital
- Finance companies, leasing and debt-factoring providers
- Private equity and venture capital funds
- Alternative sources such as crowdfunding, mezzanine debt and peer-to-peer lending.

Exchange control

Almost all restrictions on foreign currency have been removed since the floating of the Australian dollar, and funds may generally flow freely into and out of Australia.

Reporting obligations apply under anti-money laundering and counter-terrorism financing legislation administered by AUSTRAC, including for international funds transfers and physical cash movements of $10,000 or more.

Like many countries, Australia reviews certain foreign investment proposals to ensure they are consistent with the national interest. The Foreign Investment Review Board (FIRB) examines proposals under the Foreign Acquisitions and Takeovers Act 1975 and makes recommendations to the Treasurer, who has the final decision-making power.

Foreign investors may need to notify and obtain approval before acquiring interests in Australian entities, businesses or land where monetary screening thresholds are exceeded. The thresholds are indexed on 1 January each year (most recently on 1 January 2026) and vary by investor country and sector - higher thresholds generally apply to investors from free trade agreement partner countries, while foreign government investors generally require approval regardless of value.

Application fees apply to notifiable actions, and significant penalties can arise from a failure to notify. Lower thresholds apply to sensitive businesses and to agricultural land, where a cumulative $15 million threshold (not indexed) applies.

From 1 April 2025 until 30 June 2029, foreign persons - including temporary residents and foreign-owned companies — are banned from purchasing established dwellings, subject to limited exceptions. Acquisitions of new dwellings and vacant residential land generally remain able to be approved. All foreign interests in agricultural land must be notified to the Register of Foreign Ownership regardless of value.

The Australian Trade and Investment Commission (Austrade) encourages foreign investment by providing practical advice, market intelligence and introductions to Australian businesses. The ATO's New Investment Engagement Service also offers tailored pre-transaction guidance on tax issues for significant new investments, generally of $250 million or more.

Portfolio investment for foreigners

Foreign investment approval is generally required for:

Acquiring a substantial interest (20% or more) in an Australian entity valued above the relevant monetary threshold

- Acquisitions in sensitive sectors such as media, telecommunications, transport and defence-related industries, where lower thresholds apply
- Any direct interest by a foreign government investor, regardless of value
- Interests in Australian land, where thresholds vary by land type and investor country.
- Higher screening thresholds for non-sensitive businesses apply to investors from agreement partner countries, including the United States, United Kingdom, Japan, Korea, China, Singapore and New Zealand
- Portfolio holdings below the substantial interest threshold generally do not require approval, other than for foreign government investors.

Funding an Australian operation is flexible:

- Initial funding is generally provided by shareholders, by way of share capital or shareholder loans, having regard to the thin capitalisation and debt/equity rules
- Australian banks and financial institutions provide foreign investors with access to credit on the same basis as domestic investors - overdrafts, fixed-term loans, bank bills, letters of credit, guarantees and leases
- Listed public companies can raise substantial equity via placements or entitlement offers, and a well-developed private equity and venture capital market supports unlisted companies with strong growth plans
- Government programs provide incentives for research and development, support for small business, and tax and duty concessions for industries in transition.

It is important that funding arrangements are appropriately documented and classified in the accounts, as the thin capitalisation and debt/equity rules may deny deductions for interest or reclassify funding between debt and equity for tax purposes, and related-party loans must comply with the transfer pricing rules (see section 6).

Obtaining seed and early-stage capital often involves introductions to high-net-worth investors and venture capital firms - an area where licensed professionals such as those at Moore Australia can assist, alongside access to banks and alternative funding sources.

Any acquisition of residential real estate by a foreign person requires foreign investment approval and as noted above, purchases of established dwellings are banned until 30 June 2029, subject to limited exceptions.

4 The accounting and audit environment

Accounting regulations

Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB) and are based on International Financial Reporting Standards (IFRS), so financial statements prepared in Australia are readily understood by international stakeholders. Companies required to prepare financial reports under the Corporations Act 2001 must comply with Australian Accounting Standards.

For-profit private sector entities required to report under the Corporations Act generally prepare general purpose financial statements, with a Simplified Disclosures framework available for entities without public accountability. Entities not required to lodge with ASIC may, in more limited circumstances, prepare special purpose financial statements.

Financial years commonly end on 30 June, although a company may adopt a different balance date; foreign-owned subsidiaries frequently align their balance date with the parent's reporting period.

Reporting requirements

Reporting obligations depend on the type and size of the company. The requirements for proprietary (private) companies differ between small and large proprietary companies. A proprietary company is classified as 'large' if at least two of the following conditions are satisfied for the financial year:

- Consolidated gross operating revenue of the company and the entities it controls of $50 million or more
- Consolidated gross assets at the end of the financial year of $25 million or more
- 100 or more employees at the end of the financial year.

Large proprietary companies must prepare, and lodge audited annual financial statements with ASIC. Lodged accounts are on the public record and available on request.

Small proprietary companies (other than certain foreign-controlled companies) are generally not required to prepare or lodge audited financial statements with ASIC.

Foreign controlled Australian companies are generally required to prepare and lodge audited financial statements. ASIC relief may be available where the Australian company is a small proprietary company controlled by foreign companies that are not part of a large group.

Registered foreign companies (branches) must lodge the foreign company's financial statements with ASIC annually unless they satisfy the conditions for an exemption.

Significant global entities — broadly, members of groups with annual global income of $1 billion or more — may also be required to lodge general purpose financial statements with the ATO.

Audit requirements

- All public companies, large proprietary companies and registered schemes must prepare and have their annual financial statements audited by a registered company auditor, authorised to practise by ASIC. Audits are conducted under Australian Auditing Standards issued by the AUASB, which align with international auditing standards.
- The directors are responsible for the preparation and lodgement of the financial statements with ASIC within four months after the end of the company's financial year.
- A large proprietary company may apply for audit relief if certain conditions are satisfied. Auditor independence and rotation requirements apply under the Corporations Act.
- For accounts presentation, companies assess whether they are 'reporting entities'. Where the owners are not actively involved in management, or external users depend on the financial reports, general purpose financial statements are required; family businesses where the shareholders are also the directors are the most common non-reporting entities.

Listed entities are additionally subject to the ASX Listing Rules, including continuous disclosure, periodic reporting and corporate governance disclosure requirements.

- Sustainability reporting requirements, including climate-related financial disclosures, are being phased in for larger entities.
- Companies should also maintain adequate systems for record keeping: the Corporations Act 2001 requires financial records to be kept for seven years and maintained in English.

Foreign companies will usually appoint their Australian accountants or legal advisors as their ASIC agent for electronic lodgements, and a registered tax agent for the lodgement of Business Activity Statements, fringe benefits tax returns and income tax returns.

Accounting, bookkeeping and payroll functions are commonly outsourced by inbound groups during their establishment phase - services Moore Australia firms provide nationally.

Because Australian Accounting Standards are based on IFRS, consolidation into a foreign parent's group reporting is generally straightforward.

Sustainability reporting

Mandatory climate-related sustainability reporting is being phased in for entities required to prepare annual financial reports under Chapter 2M of the Corporations Act 2001 that also meet specified size, emissions or asset-value thresholds. Commencement depends on the entity's reporting cohort. Scope, reporting perimeter, data, controls and assurance requirements should be assessed early

5 Overview of the tax system

Income tax is levied at the federal level and administered by the Australian Taxation Office (ATO). The income year runs from 1 July to 30 June, although certain taxpayers may, with ATO approval, adopt a substituted accounting period - commonly where a foreign parent reports on a different period. The system operates on self-assessment: taxpayers are responsible for the accuracy of their disclosures, and penalties and interest can apply to shortfalls or late lodgement. State and territory governments separately levy taxes such as transfer duty, payroll tax and land tax (see section 8).

Corporate income tax

The corporate tax rate is 30%, reduced to 25% for base rate entities - companies with aggregated turnover of less than $50 million that derive no more than 80% of their assessable income from passive sources.

TAX ESSENTIALS

Corporate income tax rate	30% (25% for base rate entities)
Tax year	1 July to 30 June

Administered by the Australian Taxation Office (ATO)

Residence

A company is a tax resident of Australia if:

- It is incorporated in Australia; or
- It carries on business in Australia and has either its central management and control in Australia, or more than 50% of its voting power controlled by Australian resident shareholders. Dual residency can arise where another country also treats the company as resident, in which case any applicable double tax agreement allocates residence.

Foreign company branches

A foreign company with Australian sourced income and a permanent establishment in Australia is subject to Australian corporate tax on the income attributable to that permanent establishment, generally at the same rates as resident companies. In most of Australia's double tax agreements, business profits of a foreign entity are taxable in Australia only if it carries on business through an Australian permanent establishment.

Consolidated tax returns

Wholly-owned Australian groups may elect to consolidate for tax purposes. A consolidated group is taxed as a single entity, lodges a single income tax return and disregards intra-group transactions. Losses of one member can generally offset income of others, subject to loss rules. Entry is optional but irrevocable, and requires that:

- All members are Australian resident entities wholly owned by the head company; and
- All eligible subsidiaries are included, with members jointly and severally liable for group tax unless a tax sharing agreement is in place.

6 Taxes on business

Tax rates for companies

Companies pay tax on their taxable income at 30%, or 25% for base rate entities. Capital gains made by companies are taxed at the same corporate rate - companies do not receive the CGT discount. There are no provisions for tax holidays.

Depreciation allowance

A deduction is allowed for the decline in value of depreciating assets held for taxable purposes, using either the prime cost (straight line) or diminishing value method. Effective lives are self-assessed or drawn from the Commissioner's determinations.

Small businesses with aggregated turnover of less than $10 million may apply simplified depreciation, including an instant asset write-off for eligible assets costing less than $20,000 (applied on a per-asset basis), with remaining assets allocated to a small business pool.

Capital works deductions, generally at 2.5% per annum, apply to eligible buildings and structural improvements, and immediate deductions are available for certain business start-up costs.

No deduction is available for goodwill. Certain intangible assets - patents, registered designs, copyright and licences - are depreciable over their effective life.

Balancing adjustments apply on the disposal of depreciating assets: any profit on sale up to the asset's original cost is assessable in the year of disposal, and amounts above cost may be taxed as a capital gain.

Businesses should maintain asset registers to support depreciation claims; the ATO's data-matching increasingly scrutinises capital allowance claims.

Losses

Tax losses may be carried forward indefinitely. A company's eligibility to deduct past losses requires it to satisfy the continuity of ownership test (more than 50% continuity of beneficial ownership) or, failing that, the business continuity test. There is no general loss carry-back. Capital losses may only be offset against capital gains.

Interest payable

Interest is deductible if incurred in producing assessable income or in carrying on a business for that purpose, subject to the thin capitalisation, transfer pricing and related integrity rules.

Thin capitalisation

The thin capitalisation rules limit debt deductions of foreign-controlled Australian entities, foreign entities investing into Australia, and Australian entities with certain overseas investments.

. For income years commencing on or after 1 July 2023, most 'general class investors' apply earnings-based tests: the default fixed ratio test limits net debt deductions to 30% of tax EBITDA, with denied amounts able to be carried forward for up to 15 years. The Group Ratio Test and Third-Party Debt Test are available by election while financial entities continue to apply asset-based rules.

A de minimis exemption applies where an entity and its associates have debt deductions of $2 million or less. Separate debt deduction creation rules, applying from income years commencing on or after 1 July 2024, can deny deductions on certain related-party arrangements, and multinational groups are required to make additional disclosures in their tax returns.

Non allowable expenses

In general, deductions are allowed for losses and outgoings incurred in producing assessable income or carrying on a business for that purpose, except those of a capital, private or domestic nature.

However, certain expenses are not allowable deductions, for example:

- Most entertainment expenses (unless subject to fringe benefits tax)
- Fines and penalties
- Interest, royalties and certain other payments where associated withholding obligations have not been met.

Research and development

Australia provides a tax incentive for eligible companies that incur expenditure on registered research and development (R&D) activities. Eligible companies include Australian resident companies and foreign resident companies with an Australian permanent establishment that are resident in a treaty country. Claims must be registered within 10 months of year end, and an R&D expenditure threshold of $150 million applies.

The R&D Tax Incentive provides:

Refundable R&D tax offset:

Companies with aggregated turnover of less than $20 million receive a refundable tax offset equal to their corporate tax rate plus 18.5 percentage points - 43.5% for a base rate entity.

Non-refundable R&D tax offset:

Larger companies receive a non-refundable offset at their corporate tax rate plus 8.5 percentage points for R&D expenditure up to 2% of total expenses (R&D intensity), and plus 16.5 percentage points for expenditure above that intensity level. Unused offsets may be carried forward.

Eligible R&D activities must qualify as core R&D activities - experimental activities whose outcome cannot be known in advance and that follow a systematic progression of work based on scientific principles - or supporting R&D activities directly related to them.

Complementary incentives encourage early-stage investment: investors in a qualifying early-stage innovation company (ESIC) may receive a 20% non-refundable offset (capped at $200,000 per investor per year) plus CGT concessions, and investors in an Early Stage Venture Capital Limited Partnership receive a 10% non-refundable offset on capital invested.

Policy settings in this area continue to evolve. Investors and businesses should monitor legislative developments, as future changes could affect the eligibility criteria, offset rates and compliance requirements applicable to R&D claims and early-stage investment concessions.

Exchange gains and losses

Foreign exchange gains and losses are generally brought to account on a realisation basis: gains are assessable and losses deductible where they relate to income-producing purposes, including on the repayment of foreign currency loans.

Bad debts

Bad debts are deductible only if they are written off during the year and were previously brought to account as assessable income, or were lent in the ordinary course of a money-lending business. Companies must also satisfy continuity requirements to claim the deduction.

Tax audits

The ATO conducts risk-based reviews and audits as part of the self-assessment system, supported by extensive data-matching and, for larger taxpayers, justified trust assurance programs. Penalties and interest apply to shortfalls, with reductions for voluntary disclosure.

Dividends received

Under the dividend imputation system, Australian corporate tax paid generates franking credits that may be attached to dividends. A resident shareholder includes the grossed-up dividend in assessable income and may claim the attached franking credit as a tax offset. The final tax outcome depends on the shareholder's tax rate and circumstances. . Excess credits are refundable to resident individuals and complying superannuation funds.

For private companies, Division 7A deems certain loans, payments and forgiven debts provided to shareholders or their associates to be unfranked dividends unless they are placed on complying loan terms.

Returns and payment of tax

Companies self-assess and lodge annual income tax returns. Tax is generally collected through quarterly PAYG instalments (monthly for very large taxpayers), with a final balancing payment on assessment.

Business Activity Statements (BAS) are lodged monthly or quarterly to report GST, PAYG withholding from wages and PAYG instalments.

Relief for foreign tax

A foreign income tax offset (FITO) is available for foreign tax paid on amounts included in Australian assessable income, capped at the Australian tax attributable to that income. The offset cannot generate a refund and cannot be carried forward.

PAYG withholding

Employers must withhold tax from salary and wages and remit it to the ATO under the PAYG withholding system. Withholding also applies where a supplier does not quote an ABN (at 47%) and to certain payments to foreign residents.

Dividends

Fully franked dividends paid to non-residents are exempt from dividend withholding tax. Unfranked dividends are subject to 30% withholding, generally reduced under a double tax agreement - typically to 15%, with lower rates for substantial corporate shareholdings.

Under the conduit foreign income rules, foreign sourced income received by an Australian company can be distributed to foreign resident shareholders as unfranked dividends free of withholding tax, provided it is declared to be conduit foreign income.

Australia also has controlled foreign company (CFC) rules that attribute 'tainted' income of foreign companies controlled by Australian residents to those residents, and hybrid mismatch rules that neutralise benefits from arrangements exploiting differences in tax treatment between jurisdictions.

Interest

Interest paid to non-residents is generally subject to a final withholding tax of 10%. Exemptions can apply, including for certain publicly offered debentures and for some financial institutions under particular treaties.

Withholding must be remitted by the Australian payer, and deductions for interest, royalties or similar payments can be denied until the associated withholding obligations are met.

Royalties

Royalties paid to non-residents are subject to a final withholding tax of 30% in the absence of a treaty, generally reduced to between 5% and 15% under Australia's double tax agreements.

Management fees

Management fees are not generally subject to withholding tax but must satisfy the transfer pricing rules - charges to Australian entities must reflect arm's length pricing and be properly documented.

Transfer pricing and international dealings

Australia has strict transfer pricing rules requiring transactions with international related parties - goods, services, intellectual property and financing - to take place on arm's length terms. Taxpayers should maintain contemporaneous records supporting the arm's-length conditions applied. Adequate documentation is particularly important for substantiation, risk management and access to penalty protection. Taxpayers with international related party dealings exceeding $2 million must complete an International Dealings Schedule with their return.

Many of Australia's international tax integrity measures reflect the OECD/G20 Base Erosion and Profit Shifting (BEPS) initiatives, which seek to align taxable profits with economic activity and improve transparency of multinational groups.

Significant global entities - broadly, members of groups with annual global income of $1 billion or more - face country-by-country reporting, general purpose financial statement lodgement and substantially increased administrative penalties for late or non-lodgement. Australia has also implemented public country-by-country reporting for large multinationals.

Australia has implemented a global and domestic minimum tax framework for in-scope multinational groups, broadly designed to achieve a 15% minimum effective tax rate in each jurisdiction. Separate registration, calculation and reporting obligations may apply.

Fringe benefit tax

Fringe benefits tax (FBT) is payable by employers at 47% on the grossed-up taxable value of most non-cash benefits provided to employees or their associates - such as cars, car parking, expense reimbursements and entertainment. The FBT year ends on 31 March, and various concessions and exemptions apply, including for certain eligible electric vehicles. Employers can generally deduct FBT paid; employees are not taxed on fringe benefits.

Superannuation guarantee

The superannuation guarantee rate is 12%. From 1 July 2026, Payday Super requires contributions to be received by an employee's superannuation fund generally within seven business days after payday, subject to specified exceptions. From that date, the guarantee is calculated using 'qualifying earnings' rather than ordinary time earnings. Penalties apply for non-compliance.

Other business taxes

There are no federal gift or estate duties in Australia. State and territory taxes - including payroll tax, transfer duty and land tax - are covered in section 8.

7 Personal taxation

PERSONAL TAX

Residence	resides in Australia, Australian domicile, or more than 183 days in an income year
Individual tax returns	due by 31 October (extensions apply through registered tax agents)

Medicare levy of 2% - no estate or inheritance taxes - 50% CGT discount after 12 months

Residence

Australian tax residents are generally taxable on their worldwide income, while foreign residents are taxable only on Australian sourced income and certain capital gains. An individual is an Australian tax resident if any of the following applies:

- They reside in Australia according to ordinary concepts, or their domicile is in Australia (unless their permanent place of abode is outside Australia)
- They are present in Australia for more than 183 days in an income year, unless their usual place of abode is elsewhere and they do not intend to take up residence; or
- They are a member of certain Commonwealth government superannuation schemes.

Special rules apply to temporary residents - holders of a temporary visa who are not married to or in a de facto relationship with an Australian citizen or permanent resident. Temporary residents are generally taxed only on Australian sourced income and certain employment income and are exempt from tax on most foreign investment income.

If an individual is resident in more than one country at the same time, any applicable double tax agreement will govern residence through tie-breaker tests.

Individuals on short secondments may be exempt from Australian tax on employment income under a double tax agreement where they are present for fewer than 183 days and the other treaty conditions are met.

Income tax rates

The tax rates for Australian resident individuals for the 2026–27 income year are set out below. Most residents also pay the Medicare levy of 2% of taxable income, which is not included in the table. A further legislated cut will reduce the 15% rate to 14% from 1 July 2027. Foreign resident individuals are taxed from the first dollar - at 30% up to $135,000, 37% to $190,000 and 45% above - and do not pay the Medicare levy:

Taxable income	Tax payable
$0 – $18,200	Nil
$18,201 – $45,000	15c for each $1 over $18,200
$45,001 – $135,000	$4,020 plus 30c for each $1 over $45,000
$135,001 – $190,000	$31,020 plus 37c for each $1 over $135,000
$190,001 and over	$51,370 plus 45c for each $1 over $190,000

Income taxation

There is no distinction between business and other income in computing an individual's taxable income: assessable income less allowable deductions, with tax offsets then reducing the final liability. Most forms of income - business income, salary and wages, dividends, interest, rent and royalties - are assessable, and capital gains are included in assessable income.

Trusts must lodge tax returns. Trust income is generally taxed to presently entitled beneficiaries at their own marginal rates; income to which no beneficiary is presently entitled is taxed to the trustee, generally at the top marginal rate.

Medicare levy

Most resident taxpayers pay a Medicare levy of 2% of taxable income, with reductions for low-income earners. A Medicare levy surcharge of between 1% and 1.5% applies to higher-income taxpayers who do not hold adequate private hospital cover. Foreign residents are not liable for the levy.

Non-residents

Foreign residents are taxable on Australian sourced income, other than dividends, interest and royalties that have been subject to final withholding tax. They are not entitled to the tax-free threshold. Working holiday makers are taxed at special rates from the first dollar of income.

Returns and payment of tax

Individual income tax returns are generally due by 31 October following the 30 June year end, with extended deadlines where returns are lodged through a registered tax agent. Most tax on employment income is collected during the year through PAYG withholding, with a refund or balancing payment on assessment.

Estate duties

There are no estate duties or inheritance taxes in Australia, although income tax and CGT consequences can arise on the disposal of inherited assets.

Capital gains tax

Australian residents are taxable on capital gains from worldwide assets (subject to any applicable DTA). Key features include:

- A 50% CGT discount for individuals and trusts on assets held for at least 12 months - not available to companies, and generally not available to foreign or temporary residents for gains accruing after 8 May 2012
- A general exemption for the taxpayer's main residence, with restrictions where the owner is a foreign resident at the time of sale
- Capital losses can only be offset against capital gains, with excess losses carried forward to future years.

The Australian Government has enacted reforms that will replace the general 50% CGT discount for many Australian-resident individuals, trusts and partnerships with a cost base indexation approach and a minimum tax rate on certain capital gains from 1 July 2027. Transitional rules apply and the changes are not expected to affect gains accrued before that date. Foreign investors should obtain advice on whether the reforms are relevant to their investment structure.

Foreign resident capital gains withholding

Foreign residents are generally subject to CGT only on 'taxable Australian property' - direct and certain indirect interests in Australian real property, mining rights, and assets used in an Australian permanent establishment.

Purchasers of Australian real property and certain related interests must withhold from the purchase price when acquiring from a foreign resident and remit the amount to the ATO.

From 1 January 2025, the withholding rate is 15% and applies to all relevant property transactions regardless of value - the previous $750,000 threshold has been removed. Australian resident vendors should obtain an ATO clearance certificate before settlement to avoid withholding.

Amounts withheld are creditable against the vendor's final Australian tax liability on lodgement of an income tax return.

Employee share schemes

Employees are taxed on discounts received on shares or rights granted under employee share schemes relating to their Australian employment. Tax deferral is available for schemes meeting certain conditions, and concessional rules apply to options and shares issued by eligible start-up companies, broadly bringing gains to account under the CGT rules instead.

- Employers have annual reporting obligations, providing ESS statements to employees and the ATO.

Superannuation

- Employers must contribute 12% of ordinary time earnings for eligible employees (see section 6). Superannuation funds are concessionally taxed, with contributions and fund earnings generally taxed at 15% within the fund.

Caps apply to concessional (before-tax) and non-concessional contributions, and additional tax applies to concessional contributions of high-income earners under Division 293.

- Temporary residents who permanently depart Australia may claim their superannuation as a Departing Australia Superannuation Payment, subject to final withholding tax.

A lump sum received from a qualifying foreign superannuation fund within six months after becoming an Australian tax resident may be tax-free if the statutory conditions are met. Later payments or transfers may include assessable applicable fund earnings and can affect contribution caps. The foreign arrangement must first qualify as a foreign superannuation fund for Australian tax purposes. Individuals moving to or from Australia should obtain advice on superannuation early, as fund residency rules - particularly for self-managed superannuation funds - and foreign pension transfers can have significant tax consequences.

- Salary sacrifice into superannuation, within the contribution caps, is a common and effective planning tool.

Inbound expatriates

- Australia does not levy separate social security taxes; however, employers of expatriates should consider superannuation guarantee obligations, any applicable bilateral social security agreement, and PAYG withholding. Living-away-from-home allowance concessions and relocation exemptions may also be relevant.

Fringe benefits

Non-cash benefits provided by employers are subject to fringe benefits tax payable by the employer, not the employee (see section 6). Salary packaging arrangements are common, particularly for motor vehicles and superannuation.

Temporary residents benefit from significant exemptions on foreign income and foreign assets, making structuring advice before arrival in Australia particularly worthwhile.

Tax offsets and levies

Various tax offsets can reduce an individual's liability, including the low-income tax offset, the seniors and pensioners tax offset, the private health insurance rebate and the foreign income tax offset for foreign taxes paid on doubly-taxed income.

Higher Education Loan Program (HELP) repayments are collected through the tax system once income exceeds the repayment threshold - relevant for employees with Australian study debts.

The final amount of tax payable is calculated on taxable income at the rates above, plus the Medicare levy, less offsets and any PAYG amounts already withheld or paid.

Deductions are generally allowed for expenses incurred in producing income, such as work-related expenses, and for personal superannuation contributions within the caps.

Individuals should also consider CGT, GST and state transfer duty implications when acquiring assets in Australia.

Double taxation agreements

Australia has comprehensive double tax agreements with more than 45 countries, comprising the majority of its major trading partners - including China, Japan, Korea, Singapore, India, the United States, the United Kingdom, New Zealand and most European economies.

The agreements adopt two methods of relieving double taxation: taxing rights over certain classes of income are allocated exclusively to one country, or both countries may tax with the residence country giving credit for tax paid in the source country. DTAs also reduce withholding tax rates and can affect the residency status of a taxpayer.

8 Other taxes

Goods and services tax (GST)

GST is levied at a flat rate of 10% on most supplies of goods and services connected with Australia. An entity must register once its GST turnover reaches $75,000 per year ($150,000 for not-for-profits) but may register voluntarily below that threshold. Registered entities claim input tax credits for GST paid on business acquisitions, so GST is effectively borne by the final consumer. Key features include:

- GST-free supplies - such as most basic food, health, education and exports - carry no GST, and the supplier can still claim input tax credits
- Input-taxed supplies - such as most financial services and residential rent - carry no GST, and no input tax credits can be claimed
- Imported goods attract GST at the border, with a deferral scheme available to registered importers; low value imported goods (A$1,000 or less) sold to Australian consumers are taxed in the hands of the overseas seller once Australian turnover exceeds the registration threshold
- Non-resident suppliers of digital products and services to Australian consumers must register and charge GST once turnover connected with Australia exceeds $75,000
- On sales of new residential premises or potential residential land, the purchaser withholds the GST at settlement and pays it directly to the ATO, with the seller required to notify the buyer of the amount before settlement.

GST is reported through Business Activity Statements lodged monthly or quarterly, and GST grouping is available for related entities.

State and territory taxes are also a significant consideration for businesses operating in Australia.

State and territory taxes

Transfer (stamp) duty is levied on acquisitions of land and certain other assets at rates generally between about 1% and 7% depending on the state and asset value, with additional surcharges applying to foreign purchasers of residential land in most jurisdictions. Payroll tax is levied on employers whose Australian wages exceed the relevant threshold - for 2026–27 the thresholds range from $1 million (Victoria) to $2.5 million (Northern Territory) - at rates between approximately 4% and 6.85%. Land tax applies annually to the unimproved value of land holdings above a threshold, at rates of up to about 3.7%, with surcharges for foreign or absentee owners in several states. Please note, payroll tax, transfer duty and land tax are imposed under state and territory law. Rates, thresholds, grouping rules, contractor provisions, exemptions and foreign-owner surcharges differ materially by jurisdiction and change regularly.

Customs and excise duty

Customs duty is levied on many goods imported into Australia, usually at 5% or less depending on the classification. Duty may not apply where a free trade agreement covers the country of origin - Australia’s agreements include those with China, Japan, Korea, Singapore, the United States, the United Kingdom and India, as well as the CPTPP and RCEP regional agreements.

Excise duty is levied on fuel, alcohol and tobacco products, with rates indexed twice yearly. Fuel tax credits are available for eligible business use. Luxury car tax and wine equalisation tax also apply to relevant products at the federal level.

Australia’s main export markets include China, Japan, Korea, the United States and India, with iron ore, coal, natural gas, education and tourism among the largest exports - international trade settings therefore matter to many inbound investors.

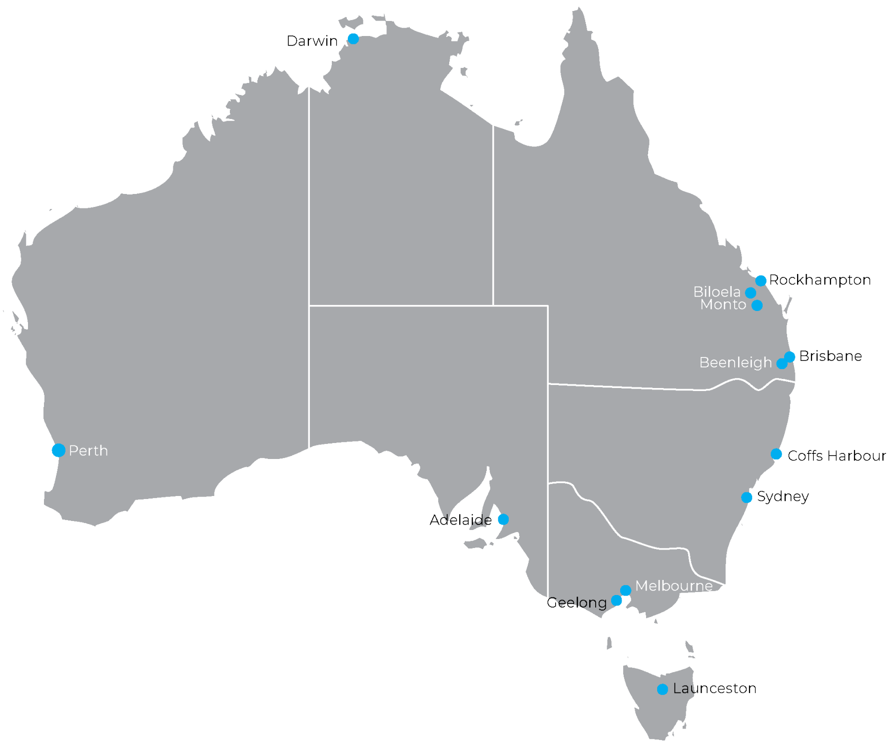
Foreign owners of residential dwellings must lodge an annual vacancy fee return, with fees payable where the dwelling is not occupied or genuinely available for rent for more than 183 days in a year.

9 Moore Australia

Moore Australia is a leading independent network of accountants, auditors, and advisors with 550+ professionals across 13 offices nationwide. As part of Moore Global, one of the world's largest professional services network, we connect with 37,000+ experts in 116 countries.

Our advisors provide a full suite of services, from Tax Planning and Corporate Finance to Sustainability, Audit and Forensic Accounting. We support key sectors driving Australia's economy, including Mining, Energy & Renewables, Agribusiness, Health, Tourism, Technology, and Government.

With locations across Australia, we are best positioned to provide local knowledge and global expertise. To contact your nearest advisor, please visit www.moore-australia.com.au/member-firms.



Appendix 1: Rates of non-resident withholding tax

Recipient	Dividends %	Interest %	Royalties %
Non-treaty countries	30 (unfranked) / 0 (fully franked)	10	30
Treaty countries - typical range	0 – 15 (unfranked) / 0 (fully franked)	0 – 10	5 – 15

Withholding tax must be deducted by the Australian payer and remitted to the ATO. Australia's double tax agreements - with more than 45 countries including the United States, United Kingdom, China, Japan, Korea, Singapore, India and New Zealand - set the precise rates for each country, and fully franked dividends and declared conduit foreign income are exempt from withholding regardless of treaty. The rates shown are indicative only: the applicable agreement should always be checked before payments are made.

Appendix 2: Public holidays

Australia observes a number of national public holidays, together with additional state and territory holidays such as Labour Day (dates vary), Melbourne Cup Day in Victoria and Western Australia Day.

The national holidays common throughout the country are:

Holiday	Date
New Year's Day *	January 1
Australia Day *	January 26
Good Friday	March or April
Easter Monday	March or April
ANZAC Day	April 25
King's Birthday	June (most states and territories)
Christmas Day *	December 25
Boxing Day *	December 26

* A substitute public holiday generally applies when the day falls at a weekend.

Many Australian businesses operate on reduced staffing levels over the Christmas / New Year period.

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