Investments and assets

Find out about the tax implications for your investments and assets, including properties, shares and crypto assets.

Residential rental properties

If you own a residential rental property, find out about keeping records, declaring income and claiming expenses.

Holiday homes

Find out about deductions and tax implications if you own a holiday home.

Vacant land and subdividing

Find out the tax treatment and if you can claim deductions for holding, selling or subdividing vacant land.

Shares, funds and trusts

Check the tax implications of investing in shares, funds and trusts, and what to include in your tax return.

Investing in bank accounts and income bonds

Check the income you need to declare and tax implications if you

Investing in shares

Find out about the tax implications when obtaining, owning and disposing of shares, including receiving dividends.

Crypto asset investments

How to treat investments in crypto assets (also called crypto or cryptocurrency) for tax purposes in Australia.

Managed investment trusts

Check the income to declare, when to report a loss, and deductions you can claim for managed investment trusts.

Keeping good investment records

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Interest, unfranked dividends and royalties

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Foreign tax resident reporting

If you are a foreign tax resident, Australian financial institutions will identify and report your accounts to us.

Capital gains tax

How to calculate capital gains tax (CGT) on your assets, assets that are affected, and the CGT discount.

Foreign investment in Australia

What to do if you are a foreign person investing in Australian assets.

QC 22800

Holiday homes

Find out about deductions and tax implications if you own a holiday home.

Last updated 17 June 2024

On this page

Holiday home – not rented out

If you own a holiday home and don't rent out the property, you don't include anything in your tax return until you sell it.

When you sell the property, you will need to calculate your **capital gain or loss**.

Keep all records from the time you purchase the property until the time you sell it to be able to work out the capital gain or loss when you sell.

Holiday home – rented out

If your holiday home is rented out, you need to include the rental income you receive as income in your tax return.

You can claim expenses for the property based on the extent that they are incurred for the purpose of producing rental income.

You will need to apportion your expenses if:

- your property is genuinely available for rent for only part of the year
- your property is used for private purposes for part of the year
- only part of your property is used to earn rent
- you charge less than market rent to family or friends to use the property.

It may not be appropriate to apportion all expenses on the same basis. For example, expenses that relate solely to the renting of your property are fully deductible and you would not need to apportion them based on the time the property was rented out. Such expenses include:

- real estate commissions
- costs of advertising for tenants
- phone calls you make to a tradesperson to fix damage caused by a tenant
- the cost of removing rubbish left by tenants.

On the other hand, no deduction can be claimed for expenses that relate solely to periods when the property is not genuinely available for rent, used for a private purpose or relates to the part of the property that is not rented out. This would include the cost of cleaning your holiday home after you, your family or friends have used the property for a holiday or a repair for damage you have caused while staying there.

For information on how to apportion expenses, see the examples in Holiday home – part year rental.

If you have a rental property that is an apartment in a commercial residential property, see **Holiday apartments in commercial residential properties**.

Holiday home – not genuinely available for rent

Expenses may be deductible for periods when the property is not rented out if the property is genuinely available for rent.

Factors that may indicate a property isn't genuinely available for rent include:

- it's advertised in ways that limit its exposure to potential tenants – for example, the property is only advertised
  - at your workplace
  - by word of mouth
  - on restricted social media groups
  - outside annual holiday periods when the likelihood of it being rented out is very low
- the location, condition of the property, or accessibility of the property mean that it's unlikely tenants will seek to rent it
- you place unreasonable or stringent conditions on renting out the property that restrict the likelihood of renting out the property, such as
  - setting the rent above the rate of comparable properties in the area
  - placing a combination of restrictions on renting out the property – for example, requiring prospective tenants to give references for short holiday stays and conditions like 'no children' and 'no pets'
- you refuse to rent out the property to interested people without adequate reasons.

These factors generally indicate the owner doesn't have a genuine intention to earn rental income from the property and may have other purposes, such as using it or reserving it for private use.

Example: property advertised for rent but rent is excessive

Viraji owns a holiday home and has a real estate agent who advertises the property for rent. The market rent of comparable properties in the same location as Viraji's holiday home is $2,000 a week. Viraji arranges for her property to be advertised at $4,000 a week or $570 a night.

At no time during the year does anyone rent the property. Viraji does not reduce the rent at any time and uses the property herself for holidays.

Viraji's property is not genuinely available for rent. Her intention is not to earn rental income but to reserve it for her own use. Viraji can't claim any deductions for the property.

Viraji needs to keep records of her expenses. If she makes a capital gain when she sells the property, her property expenses are taken into account to **work out her cost base**. This includes expenses such as:

- property insurance
- interest on the funds borrowed to purchase the property
- repair costs
- maintenance costs
- council rates.

Example: unreasonable rental conditions placed on property

Josh and Maria are retired and own a holiday home where they stay periodically. They have a real estate agent advertise the property for short-term holiday rental. Josh and Maria instruct the agent that they must personally approve tenants before they are permitted to stay. Prospective tenants must provide references and have no children or pets.

At no time during the year do Josh and Maria agree to rent out the property even though they receive a number of inquiries. The conditions placed on the renting of the property and Josh and Maria's refusal to rent it to prospective tenants indicate their intention isn't to earn rental income from the property, but to reserve it for their own use. Josh and Maria can't claim any deductions for the property.

Josh and Maria need to keep records of their expenses. If they make a capital gain when they sell the property, their property expenses are taken into account to work out their capital gain.

Example: private use by owners during key periods with little or no demand for property at other times

Daniel and Kate have 2 school-aged children and own a holiday house near the beach. The house is located in an area that is popular with summer holiday-makers but is only accessible by four-wheel drive vehicles.

During the year, Daniel and Kate advertise the property for rent through a local real estate agent. However, Daniel and Kate advise the agent that during each school holiday period, the property isn't to be rented out. They want to reserve the property for their own use.

While there is demand for the property during the summer holiday period, there is no demand outside this period because of the small number of holiday-makers, the location and the limited access to the property. The house isn't rented out at all during the income year.

In Daniel and Kate’s circumstances, they can't claim any deductions for the property. They don't have a genuine intention to earn rental income from the property. It is essentially for private use.

If in the circumstances Daniel and Kate happen to rent out the property for a period, they can claim a deduction for a proportion of their expenses based on the period the property is actually rented out. For example, if the house is rented out for 2 weeks, they can claim a deduction for their expenses for 2 weeks out of the 52 weeks in the year. Daniel and Kate would need to keep records of these expenses.

Holiday home – part year rental

If you rent out your holiday home and also use it for private purposes, you must apportion your expenses. You can't claim deductions for the proportion of expenses that relate to your private use or if it was not genuinely available for rent, such as when used or reserved for yourself, friends or family.

If your holiday home is rented out to family, relatives or friends below market rates, your deductions for that period are limited to the amount of rent received.

Example: investment property made genuinely available for rent, with minor private use

Gail and Craig jointly own a holiday home which they rent out at the market rate to holiday-makers. They have a property manager at a local real estate agent advertise it for rent during the year and communicate regularly to ensure the property is being managed. Gail and Craig consider renting out the property on a long-term lease; however determine they can derive more profit from short-term rental.

The property is available for rent during all holiday periods, including weekends, school holidays, Easter and Christmas. Gail and Craig use the property themselves for 4 weeks during the year, in 'off-peak' periods when they are unlikely to find tenants.

During the year, Gail and Craig's expenses for the property are $36,629. This includes $1,828 for agent's commission and the costs of advertising for tenants. It also includes interest on the funds borrowed to purchase the holiday home, property insurance, maintenance costs, council rates, the **decline in value of depreciating assets** and **deductions for capital works**.

Gail and Craig receive $25,650 from renting out the property during the year. They can claim the full amount for agent's commission and advertising ($1,828) as a deduction. The other expenses incurred by Gail and Craig ($34,801) can be claimed based on the proportion of the income year the property is rented out or is genuinely available for rent. They **can't** claim any deductions for the 4 weeks they use the property themselves.

Gail and Craig's rental income and deductions for the year are as follows:

- rent received = $25,650
- rental expenses ((48 ÷ 52) × $34,801) + $1,828) = $33,952
- rental loss is $25,650 − $33,952 = ($8,302).

As they are joint owners, Gail and Craig claim a rental loss of $4,151 each in their tax returns.

Example: rented out for part of the year at market rates

Akshay and Jesminda have a holiday home. They rent it out between 20 December and 17 January because they can make a significant amount of money. This helps offset the costs of owning the property for the year. They reserve the property for their own use for the rest of the peak holiday period, and a number of other weekends during the year.

Akshay and Jesminda receive $3,000 a week from renting the property out during the 4 weeks over the Christmas-New Year period. The property is not rented out any other time during the year.

Akshay and Jesminda's expenses for the holiday home for the year are $32,300. This includes $1,100 for agent's commission and the cost of advertising for tenants. It also includes interest on the funds borrowed to purchase the property, property insurance, repair costs, maintenance costs and council rates.

Akshay and Jesminda can claim a deduction for the full amount of the agent's commission and advertising ($1,100) but they can only claim the other expenses they incurred for the proportion of the year they rent out the property (4 weeks). They declare net rental income in their tax returns as follows:

- rent received = $12,000
- rental deductions ((4 ÷ 52 weeks) × $31,200) + $1,100 = $3,500

- net rental income $12,000 – $3,500 = $8,500.

As they are joint owners, Akshay and Jesminda declare net rental income of $4,250 each in their tax returns.

Example: not available for rent for part of the year

Bindi and Ash own a holiday home in a regional town located close to several bushwalking tracks. The most popular times for tourists to visit the town is over the warmer summer months up until the end of the Easter school holidays. The local government requires properties that are let on a short-term basis to be registered and limits the number of days they can be let, up to 180 days.

To keep within the 180-day limit, Bindi and Ash don't advertise or let the property on a short-term basis from the end of April to the end of October each year. During this period, they use the property themselves or allow family and friends to use it.

During the period from November to April, Bindi and Ash receive $18,500 from renting their holiday home. They incur expenses of $32,250 in respect of the property over the whole income year. This amount includes agent's commission and advertising costs of $2,535.

The property is not rented or genuinely available for rent during the period from 29 April to 31 October (186 days). Bindi and Ash can't claim a deduction for expenses incurred during this period. They can claim expenses for the period the property is rented or genuinely available for rent (179 days). They can also claim the full amount of the agent's commission and advertising as that relates solely to the period it was rented.

Bindi and Ash calculate their deduction for the property as:

- ((179 days ÷ 365 days) × $29,715) + $2,535 = $17,108

The net rental income from the property is $1,392 ($18,500 – $17,108). Bindi and Ash jointly own the property so they each declare net rental income of $696 in their returns.

Example: rented out for part of the year at market rates

Marie purchases a property in a seaside holiday town so that her family can holiday there over the December to January school holidays and Easter period each year. For the remainder of the year, Marie rents the property out via an accommodation sharing platform so that she can claim some of the costs of holding the property against the rental income.

On the platform, Marie ‘blocks out’ the school holiday and Easter periods for her family’s use. The town's busiest times for tourists are during the school holidays; particularly the December/January period when the weather is warmest.

Marie uses the property personally for 20 days per year over December to January holiday period and a total of another 20 days during school holidays and Easter. Marie rents out the property to other holiday-makers for 25 days per year at times outside school holidays and Easter.

Marie receives $3,000 from renting her property and incurs expenses of $60,000 in relation to the property which includes $450 commission paid to the accommodation sharing platform when the property is rented.

Marie can't claim any deductions for:

- the time she uses the property herself
- the period the property is not in use.

Marie can claim deductions for the period the property is actually rented (25 days). Marie would calculate her deductions as:

- rent received = $3,000
- rental expenses ((25 ÷ 365) × $59,550) + $450 = $4,529
- net rental loss = $3,000 − $4,529 = ($1,529).

Marie can claim a net rental loss of $1,529 in her income tax return.

Example: private use by owner and rented to relatives/friends at a discounted rate

Kelly and Dean jointly own a holiday home. During holiday periods, the market rent is $840 a week. They have a real estate agent advertise it for rent during the year and communicate regularly to ensure the property is being managed.

Kelly and Dean arrange with the agent for their friend Kimarny to stay at the property for 3 weeks at a nominal rent of $200 a week. They also use the property themselves for 4 weeks during the year.

During the year, Kelly and Dean's expenses for the property are $40,000. This includes interest on the funds borrowed to purchase the holiday home, property insurance, the agent's commission, maintenance costs, council rates, the **decline in value of depreciating assets** and **deductions for capital works**.

Kelly and Dean receive $600 from renting out the property to Kimarny during the year. They can't claim any deductions for the 4 weeks they use the property themselves or the period that the property is not rented out.

Kelly and Dean can claim a deduction for their expenses based on the proportion of the income year the property is rented out or is genuinely available for rent at market rates:

- (45 ÷ 52 weeks) × $40,000 = $34,615.

Kelly and Dean can claim deductions for the 3 weeks Kimarny rented the property but they can only claim deductions equal to the amount of rent during that period ($600). This is because the rent they receive from Kimarny is less than market rate and their expenses are more than the rent received during that period ((3 ÷ 52) × $40,000 = $2,308).

Kelly and Dean's rental income and deductions for the year are as follows:

- rent received = $34,200
- rental expenses = $34,615 + $600 = $35,215
- net rental loss = $34,200 – $35,215 = ($1,015)

As they are joint owners, Kelly and Dean declare net rental loss of $508 each in their tax returns.

Example: rented to relatives/friends at a discounted rate where expenses are less than the rent received for the period

Shahani and Marvin jointly own a holiday home. They advertise it for rent at a market rate of up to $1,040 a week. They have a real estate agent advertise it for rent during the year and communicate regularly to ensure the property is being managed.

Shahani and Marvin arrange with the agent for their friends, Katrina and Greg, to stay at the property for one week at a nominal rent of $600, and for a cousin, Gerard, to stay for another week for $600. They also use the property themselves for 4 weeks during the year.

During the year, Shahani and Marvin's expenses for the property are $29,184. This includes agent commission and advertising of $1,755. It also includes interest on the funds borrowed to purchase the holiday home, property insurance, maintenance costs, council rates, the **decline in value of depreciating assets** and **capital works deductions**.

Shahani and Marvin receive $46,960 from renting out the property during the year. This includes the $1,200 they receive from Katrina, Greg and Gerard.

Shahani and Marvin can't claim a deduction for the 4 weeks they use the property themselves.

Shahani and Marvin can claim a deduction for their expenses based on the proportion of the income year the property is rented out or is genuinely available for rent at market rates:

- (46 ÷ 52 weeks) × $29,184 + $1,755 = $27,572.

Shahani and Marvin's deductions for the 2 weeks Katrina, Greg and Gerard rented their property are not affected because the rent received ($1,200) is more than their expenses for that period of $1,122 ((2 ÷ 52) × $29,184).

Shahani and Marvin's rental income and deductions for the year are as follows:

- rent received = $46,960
- rental expenses $27,572 + $1,122 = $28,694
- net rental income $46,960 – $28,694 = $18,266.

As they are joint owners, Shahani and Marvin declare net rental income of $9,133 each in their tax returns.

Shahani and Marvin need to keep records of their expenses. If they make a capital gain when they sell the property, the expenses (interest, insurance, maintenance costs and council rates) they can't claim as a rental deduction relating to their own occupation of the property are taken into account in working out their capital gain.

For more information about renting out all of part of your house, see **Renting out all or part of your home** and **Sharing economy and tax**.

Holiday apartments in commercial residential properties

An apartment that is part of commercial residential premises is treated like other residential rental properties.

QC 45076

Holiday apartments in commercial residential properties

An apartment that is part of commercial residential premises is treated like other residential rental properties.

Last updated 17 June 2024

On this page

Holiday apartments and GST

Commercial residential premises are generally subject to GST. However, an individual holiday apartment doesn't have the characteristics of commercial residential premises. If you lease or sell your holiday apartment, you may not have to pay GST.

Leasing

If you lease your apartment to either a guest or a management company (to use as part of commercial residential premises), you make an input taxed supply of residential premises. This means you:

- are not liable for GST on the income
- can't claim GST credits for anything you purchase or import to lease the premises.

As with any rental property, you must declare the income you receive in your income tax return, and you can claim tax deductions for many of the associated expenses.

Example: Leasing out your apartment to a management company

Aiko owns a strata-titled apartment. When she leases her apartment to Mink Management Services (MMS) the supply is input taxed.

MMS will group Aiko's apartment with other apartments in a complex and let them out as serviced apartments.

Even though Aiko's apartment is located within commercial residential premises, her apartment doesn't, by itself, have the characteristics of commercial residential premises – it is residential.

This means Aiko:

- isn't liable for GST on the income
- can't claim GST credits for anything she purchases or imports to lease the premises.

Selling

If you sell your apartment it's considered residential premises and is input taxed, regardless of whether it's located within **commercial residential premises**. This means you:

- are not liable for GST on the income
- can't claim GST credits for anything you purchase or import to make the sale.

If you make a capital gain when you sell your apartment, you may need to pay capital gains tax, just as you would when selling any rental property.

QC 23638

Investing in bank accounts and income bonds

Check the income you need to declare and tax implications if you invest in bank accounts and income bonds.

Last updated 17 June 2024

On this page

Bank accounts

Interest from a bank or other financial institution is part of your assessable income for the year. Even if the funds earning the interest were not subject to tax, the interest is. For example, if you won some prize money and banked it, you wouldn't usually include the prize money on your tax return, but you would include the interest you earned on it.

You can also claim a tax deduction for expenses incurred in earning interest income or income from friendly society income bonds.

Banks and other investment bodies report to the ATO the interest they pay to account holders and investors. We match this information with the amounts people report in their tax returns to ensure that all income is being declared. If we find a discrepancy, we do adjust tax returns and penalties can apply.

Bank accounts held by foreign residents

Financial institutions automatically withhold tax from interest earned on accounts held by foreign residents.

If you've given the financial institution your overseas address, the tax will be withheld at the rate of 10%. Without your overseas address, tax is withheld at 47%.

You don't include this interest as income on your Australian tax return.

For more information about tax withheld from unfranked dividends and royalties you earn in Australia, see **Interest, unfranked dividends and royalties**.

Offshore bank accounts

Some tax authorities in other countries don't require you to report interest earned overseas, but we do. If you hold bank accounts in other countries, you must report any interest or other income earned from these accounts in your Australian income tax return. You may have to pay additional charges if you don't do this.

Example: offshore bank account

Javed came to Australia as an overseas student. Having completed his degree, he became a permanent resident of Australia under the skilled migration program. He visits his relatives in India every year and has left his Indian bank account open for easy access to funds in India.

When preparing his first tax return as a permanent resident of Australia, Javed reads on our website that bank interest from offshore accounts is taxable in Australia. He discloses the interest that has accrued in his account in India over the year.

We receive information from the Indian Department of Revenue about interest payments as part of the Automatic Exchange of Information program. Javed's name appears in the data. The interest amount reported is consistent across the two sources. Javed is complying with his tax obligations, so we take no follow-up action.

Income bonds

Bonuses from income bonds are part of your assessable income for the year.

Income bonds are a type of life insurance policy that only friendly societies issue. They are sometimes marketed as 'bonus bonds' or 'savings bonds'. Unlike other life insurance policies, which pay bonuses on maturity or surrender, an income bond is like a savings account and distributes regular bonuses. For tax purposes, these bonuses are treated in the same way as interest.

Tax file number (TFN) withholding tax

If your bank doesn't have your tax file number (TFN), it will withhold tax from your interest at the highest marginal tax rate. You can claim a credit for the amount of tax withheld when you lodge your tax return.

You don't need to provide your TFN if:

- you are under 16 years of age
- the account is in your name
- the account earns less than $420 interest each year.

If you are under 18 years old on 30 June of a financial year, your interest may be taxed under the **special high tax rates for minors**.

For more information about income on savings accounts for children under 18 years old, see **Children's savings accounts**.

Children's savings accounts

If your child is under 18 years old and has a savings account, find out about quoting a TFN and what income to declare.

QC 22809

Children's savings accounts

If your child is under 18 years old and has a savings account, find out about quoting a TFN and what income to declare.

Last updated 17 June 2024

Who declares interest

Who declares the interest depends on who owns or uses the funds of that account (no matter what type of account it is or the name of the account holder).

You need to consider who:

- provides the money, such as the initial and ongoing deposits into the account
- decides how the money is spent, regardless of who it is spent on.

If you provide the money and spend it as you like, you must include the interest in your tax return.

If you hold a joint account, interest earned is divided equally among all account holders, who each declare their share of the income in their tax return.

If the amount deposited is considered excessive, you will need to examine it carefully to decide where the money came from and whose money it really is.

Income from a savings account is treated differently to income from shares.

Quoting a TFN

A child can apply for a tax file number (TFN) – there is no minimum age. Children are not exempt from quoting a TFN.

When deciding whether to quote a TFN and whose TFN you should quote, you need to consider:

- who owns or uses the funds
- your child's age and the amount of interest they receive.

If the person who owns or uses the funds is the parent, as trustee for the child and

- no formal trust exists, quote the parent's TFN
- there is a formal trust, quote the trust's TFN.

Your child's age

If your child is less than 16 years old, special rules apply to their income from a savings account. When we work out their age, we treat them as being under 16 years old until the end of the **calendar** year in which they turn 16.

If your child is:

- any age and they earn less than $120 per year (or $10 per month) from savings accounts, their financial institution will not withhold tax
- less than 16 years old and earns between $120 and $420 from savings accounts per year and
  - provides either their date of birth or a tax file number (TFN), the financial institution will not withhold tax and they don't need to lodge a tax return
  - doesn't provide either their date of birth or TFN, the financial institution will withhold pay as you go (PAYG) tax at 47% and they need to lodge a tax return if they want a refund
- less than 16 years old and earns $420 or more per year (or $35 or more per month) from savings accounts and
  - provides their TFN, the financial institution will not withhold tax
  - doesn't provide their TFN, the financial institution will withhold PAYG tax at 47% and they need to lodge a tax return if they want a refund
- 16 or 17 years old, earns $120 or more from their savings account per year and
  - provides their TFN, the financial institution will not withhold tax
  - doesn't provide their TFN, the financial institution will withhold PAYG tax at 47% and they need to lodge a tax return if they want a refund.

If you have a joint account between an adult and a child aged under 16 years, the same rules apply as those for a 16 or 17 year old.

Amount of interest earned

The withholding tax is calculated on the total interest earned – not just the amount above the threshold ($420 or $120, depending on their circumstances).

Where a deposit has a term of less than one year, or where interest is paid more than once per year, we apply a daily pro-rata calculation of the threshold ($420 or $120 depending on their circumstances).

Lodging a tax return

If your child has had PAYG tax deducted, you will need to lodge a tax return on their behalf if they wish to claim any refund owed.

If your child does not have a **TFN**, you will need to get one before you can **lodge a tax return** on their behalf.

Examples

Example: interest earned belongs to parent

Wayne opens an account for his son by depositing $5,000. Wayne is signatory to the account because Jack is 4 years old.

Wayne makes regular deposits and withdrawals to pay for Jack's pre-school expenses.

Interest earned from that account is considered to be Wayne's.

Example: interest earned belongs to child

Shauna is 8 years old and has a savings account in her name.

Shauna's mother Jill is signatory to the account.

The funds (totalling $90) are birthday and Christmas presents from Shauna's relatives.

Interest earned from the account is considered to be Shauna's.

QC 16211

Managed investment trusts

Check the income to declare, when to report a loss, and deductions you can claim for managed investment trusts.

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Types of managed investment trusts

Managed investment trusts include:

- cash management trusts
- money market trusts
- mortgage trusts
- unit trusts
- managed funds, such as a property trust, share trust, equity trust, growth trust, imputation trust or balanced trust.

Trust income and credits

You must show any income or credits you receive from any trust investment product in your tax return. Your distribution advice or statement from the trust will show the information you need to complete your tax return, including:

- income and capital gains from a trust, including a managed fund
- capital gain or loss when you dispose of your managed investment trust units
- your share of a national rental affordability scheme tax offset.

You can also claim credits for tax:

- paid on or withheld from trust income
- withheld from fund payments from a managed investment trust
- withheld from trust income subject to foreign resident withholding
- withheld from trust income subject to non-resident withholding tax, if you were in fact a resident.

For more information on how to complete your tax return if you have income from a managed fund, watch our video on How to complete myTax when you have managed funds and a carried forward loss.

Trust losses

If a trust makes an overall loss in an income year, the loss is retained in the trust – there is no amount of net income available for distribution.

However, in some cases you are required to report a loss on your tax return. This happens if you are eligible to use the averaging provisions available to **primary producers** and the trust has made a loss from its primary production activities but has an overall net income amount, part or all of which it distributes to you.

Your distribution advice or statement from the trust will separately identify your share of any primary production loss (which is needed for averaging purposes) and your share of other income.

For information on trust loss provisions, see **Trust loss provisions**.

Trust income deductions

Tax deductions for managed investment trusts can include:

- management fees
- specialist journals
- interest on money you borrowed to invest.

If you made a prepayment of $1,000 or more in relation to your managed investment, there are special rules which may affect the amount you can **deduct**.

You can't claim a deduction for:

- expenses incurred in deriving exempt income or non-assessable non-exempt income – such as expenses incurred in deriving distributions on which family trust distribution tax or trustee beneficiary non-disclosure tax has been paid
- amounts the trust has already claimed or that only the trust can claim – such as expenditure on **landcare operations** or water facilities.

Capital gains from a trust

Distributions from trusts can include different types of amounts. The following two are relevant for capital gains tax (CGT) purposes:

- capital gains
- non-assessable payments.

Non-assessable payments mostly affect the cost base of units in a unit trust (including managed funds) but can in some cases create a capital gain.

The trustee should advise you whether the CGT discount, the small business 50% active asset reduction, or both, have been taken into account in working out the trust's net capital gain.

QC 22815

Keeping good investment records

Check which records to keep to help you report your investment income accurately and claim deductions.

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On this page

Asset registers

What records to keep

Generally, for investments you will need to keep your records for 5 years after we've processed your return.

You need to keep records relating to your investments showing:

- how much you paid for them
- what you received if you disposed of them
- what income you received from them
- the expenses you incurred in owning them and maintaining them.

You should keep records if you prepare your own tax return or use a tax agent.

For more information about the records you need for investments and assets, see:

- Keeping records of shares and units
- Records for rental properties and holiday homes
- Keeping records for property – your main residence and inherited dwellings
- Acquiring CGT assets – keeping records
- Keeping crypto records.

Asset registers

You can set up an **asset register** as an easy way to keep your records. Once you have entered your information into the register, you may be able to throw out records (after 5 years) you would otherwise have to keep for a long time.

QC 22806

Interest, unfranked dividends and royalties

If you are a foreign resident, check the tax implications for interest, unfranked dividends, and royalties you earn.

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Tax rates for foreign residents

You advise the Australian financial institution – your payer – that you are a foreign resident and they withhold tax in Australia at the time of payment. You won't need to declare this income in an Australian tax return. Your payer should withhold tax at the following rates:

Tax rates for foreign residents

Tax rate for	Treaty countries	Non-treaty countries %
Interest	Some agreements provide an exemption from withholding tax in certain circumstances.	10%
Unfranked dividends	Most agreements reduce the rate to 15%.	30%

Royalties	Most agreements reduce the rate to 15%.	30%

The full list of our tax treaties is maintained by Treasury and can be found at Income tax treaties.

Tell your Australian payer your current overseas address so they can withhold the right rate of tax. If you don't, they may withhold tax at the higher rate of 47% (from 1 July 2017).

Certificates of payment

If you need proof of payment of withholding tax to comply with the tax requirements of your own country, you can ask your payer to ask us for a certificate of payment.

For more information on investment income and withholdings paid to foreign residents, see:

- Investment income and royalties paid to foreign residents
- Withholding from dividends paid to foreign residents
- Withholding from royalties paid to foreign residents.

Notice of assessment (NOA)

If you require a notice of assessment, see Your notice of assessment.

QC 33221

Foreign tax resident reporting

If you are a foreign tax resident, Australian financial institutions will identify and report your accounts to us.

Last updated 17 June 2024

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What is foreign tax resident reporting?

Australia is one of many countries that has committed to new global standards on the automatic exchange of financial account information. This information is required by law to be collected by financial institutions around the world for reporting to tax authorities. Tax authorities will exchange this information to help make sure everyone pays the right amount of tax.

The Australian Government has enacted laws and entered into international agreements. This may affect you as a customer of a financial institution. These laws implement automatic exchange of information (AEOI) with:

- the United States (US) under a system known as the **Foreign Account Tax Compliance Act** (FATCA) – this is for US citizens and tax residents only and applies from 1 July 2014
- other countries under the **Common Reporting Standard** (CRS) – the CRS applies to all foreign tax residents from 1 July 2017.

This means Australian financial institutions must identify accounts held by customers who are foreign tax residents or entities connected to foreign tax residents. They must report these accounts to us. We will then report the account information to the foreign tax authorities.

Similarly, overseas financial institutions must identify their Australian tax resident customers and report their accounts through their local tax authorities to us.

If you have an existing account

If you have an existing account, your financial institution may contact you to confirm your country or countries of tax residence. This is to establish whether you have any accounts that need to be reported under the FATCA or the CRS laws.

They may also contact you if their records indicate that you could be a foreign tax resident. This might be because you have provided an address or other information for a country outside Australia.

If you open a new account

From 1 July 2017, your financial institution must ask you to certify your residence for tax purposes if you open a new account. They may ask you to provide forms and documentation. This will apply for most types of financial accounts.

If you are a foreign tax resident, you will need to provide your tax identification number (TIN) or equivalent. This is the number used to identify you to the tax authority in the foreign country. If you don't have one, you will be asked to provide a reason.

Accounts held by entities (such as companies, trusts, partnerships, associations)

From 1 July 2017, if you are opening a new account on behalf of a legal entity or arrangement (such as a trust, partnership, company or association) your financial institution must obtain information from you about:

- the tax residence of the entity
- the nature of the entity's business
- in some circumstances, the individuals who control or beneficially own the entity or have specific connections to the entity, this

includes their tax residency and their TIN or equivalent if they are a tax resident outside Australia.

Your financial institution may also contact you for this information for your existing accounts. This will help them comply with their obligations under the FATCA and the CRS laws.

What you need to do

It is important that you respond if your financial institution contacts you to request information. If you don't respond, they may have to treat you as if you are a tax resident in a country outside Australia, even if you are not.

If you intend to open a new account and do not provide the relevant details, the financial institution will not open the account for you. These requirements help ensure the AEOI laws worldwide are effective. They increase tax transparency by identifying people who have offshore accounts and investments.

False and misleading penalties may apply

You should respond truthfully and to the best of your knowledge when you state your tax residency or provide other information including your TIN to your financial institution. Penalties may apply if you deliberately or recklessly provide false or misleading information.

What happens with your information

If you are a foreign tax resident under the AEOI laws, your identity details, account balance and other information will be provided to us. We will also receive your information if you were identified as a possible foreign tax resident and you didn't respond to requests for further information. We will then send your information to the tax authority in the country of your tax residency.

If you are an Australian tax resident and you have an account in a financial institution overseas, we will receive your information from the tax authority of that jurisdiction.

All information reported under these laws is handled in the strictest confidence by the ATO and foreign tax authorities. National laws, administrative practices, and binding international treaties protect your information. This is in the same way that all taxpayer information is generally handled.

Foreign tax information

If you have some connection to a foreign country, the following may help you complete forms given to you by your financial institution:

- Tax residency
- Tax identification number
- Foreign tax authorities

Tax residency

In considering whether you are a tax resident of a country other than Australia, a useful resource is the compilation of rules governing tax residency for other countries on the OECD's Automatic Exchange Portal.

If tax residency information for a specific country is not available from this link, or you need more information for a country, you should contact the tax authority of that country.

Tax identification number

If you are a tax resident of a country other than Australia, you will be asked for your tax identification number (TIN) issued to you in that country, if one has been issued to you. TIN is an international term which may have a different name in some countries. If you don't have a TIN or equivalent, you will be asked to provide a reason.

Foreign tax authorities

Following are the TIN equivalents and the names of tax authorities for some countries. For a more complete list of countries currently participating in the Automatic Exchange of Information, see the OECD's Automatic Exchange Portal.

Foreign tax authorities by country

Country	TIN or equivalent for individuals	Tax authority

Brazil	Cadastro de Pessoas Físicas (CPF)	Receita Federal
Canada	Social Insurance Number (SIN)	Canada Revenue Agency
China	Tax Identification Number (TIN) or Chinese ID card number	State Administration of Taxation
Colombia	Tax Identification Number (TIN)	Dirección de Impuestos y Aduanas Nacionales (DIAN)
Germany	Tax identification number (TIN)	Federal Central Tax Office
Hong Kong	Hong Kong Identity Card (HKID) number	Inland Revenue Department
India	Permanent Account Number (PAN)	Income Tax Department
Indonesia	Nomor Pokok Wajib Pajak (NPWP)	Direktorat Jenderal Pajak
Ireland	Personal Public Service Number (PPS No)	Irish Tax and Customs
Japan	Individual Number	National Tax Agency
Malaysia	Tax Identification Number (TIN) or Nombor Pengenalan Cukai.	Inland Revenue Board of Malaysia
New Zealand	IRD number	Inland Revenue
Pakistan	National Tax Number	Federal Board of Revenue

Singapore	Tax Reference Number	Inland Revenue Authority of Singapore
South Africa	Tax reference number	South African Revenue Service
South Korea	Resident Registration Number	National Tax Service
UK	National Insurance Number (NINO) or unique taxpayer reference (UTR)	His Majesty's Revenue and Customs
United States of America	Social Security Number (SSN), Employer Identification Number (EIN) or Individual Taxpayer Identification Number (ITIN)	Internal Revenue Service

Disclaimer

This information is to help you understand your and your financial institution’s obligations under the AEOI laws. It does not constitute a ruling or binding legal advice. If you have questions about your tax residence status, you should contact the ATO or the tax authority of your country of residence, as applicable, or seek advice from a tax agent or advisor.

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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.