

flash International Executive Alert

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AUSTRALIA ANNOUNCES NEW APPROACH FOR TEMPORARY RESIDENTS' SUPERANNUATION

by KPMG, Australia (a KPMG
International member firm)

Australia's government has announced that the retirement plan contributions (superannuation) of a temporary resident will remain growing in the superannuation fund throughout the person's residence in Australia.¹ This measure and others which were announced, follow a period of consultation launched in May 2008 by the government.²

Temporary residents will continue to have the right to take their superannuation with them when they depart. According to the 8 August 2008 press release, if the superannuation is not claimed immediately upon departure from Australia by the temporary resident, the new rules will permit that individual to "...claim back, at any time, any Superannuation that has been paid to the Commonwealth."

If a temporary resident becomes a permanent resident of Australia, he or she will be entitled to receive the amount of his or her superannuation paid to the Australian Taxation Office (ATO).

Moreover, employers will be able to make their Superannuation Guarantee payments into funds on behalf of employees who are temporary residents in the same fashion as for any other employee.

Measures on the payment of temporary residents' superannuation to the Australian government were included in the Federal Budget 2008-09.³

These and other related changes will take effect from the date of Royal Assent, which is anticipated by year end.

Footnotes:

1 See the 8 August 2008 press release (no. 50) from the Minister for Superannuation and Corporate Law at:
<http://minscl.treasurer.gov.au/DisplayDocs.aspx?doc=pressreleases/2008/050.htm&pageID=003&min=njs&Year=&DocType=>.

2 See the Treasury's 5 May 2008 call for comments and submissions and the related Consultation Paper at:
<http://www.treasury.gov.au/contentitem.asp?NavId=037&ContentID=1374>.

3 See: <http://www.ato.gov.au/budget/2008-09/content/bp2/html/revenue-07.htm>.

The information contained in this newsletter was submitted by KPMG in Australia. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

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