



Australian Government  
Australian Taxation Office

# Foreign income



**i** If you're an Australian resident and you've derived income from overseas, you need to declare it in your Australian tax return.

To determine if you're an Australian resident for tax purposes, refer to [International tax for individuals](#).

## Types of foreign income

### Income from employment and personal services

If you have worked overseas or provided your services to an organisation located outside of Australia, you will need to declare all relevant income as if it were earned in Australia.

This may include:

- salary and wages
- director's fees
- consultancy fees
- business income
- any other remuneration.

There are some specific circumstances in which foreign salary is exempt, for more information go to [Exempt foreign employment income](#)

### Income from assets and investments

If you own assets or investments overseas you will need to declare all relevant returns as if they were in Australia. This may include:

- interest from bank deposits or bonds
- dividends from shares
- royalties from intellectual property
- rental income from real estate
- pensions, annuities and lump sums from managed funds
- income streams from super funds
- some foreign government pensions.

### Capital gains on overseas assets

If you own an asset overseas, you may have to pay Australian tax when you sell the asset. You need to keep appropriate records.

If you acquired an overseas asset prior to becoming an Australian resident, you are taken to have acquired the asset at the time you became a resident.

Similarly, if you cease being an Australian resident while holding an overseas asset, you are deemed to have disposed of that asset at the time you cease being a resident.

To accurately calculate the capital gain or loss, ensure you keep a record of the value of your asset at these times.

This is a complex area of tax law and certain exemptions may apply.

## What you need to remember

### Tax paid on income overseas

If you have already paid tax in the country that you derived the income, you may be entitled to a foreign income tax offset credit. To be eligible you must:

- have paid the tax on the income overseas
- have records to prove that the tax has been paid.

The offset amount you are entitled to will not always be the same as the amount of tax paid overseas. If you are claiming more than \$1,000 you will need to complete the foreign income tax offset limit calculation to determine your entitlement.

### Converting foreign income to Australian dollars

All foreign income and tax offsets must be converted to Australian dollars in your Australian tax return.

Depending on your circumstances and the type of income, you will need to use either the specific prevailing exchange rate or the average exchange rate, visit [Converting foreign income to Australian dollars](#).

### Apportioning foreign income across multiple tax returns

Unlike Australia, most countries do not have an income year ending 30 June. This means foreign income amounts reported overseas and the associated tax offsets may need to be reported across multiple Australian tax returns.

You will need to determine which Australian tax years the amounts should be reported in and apportion accordingly.



**This is a general summary only.**

For more information, go to [ato.gov.au/foreignincome](https://ato.gov.au/foreignincome) or speak to a registered tax professional.

