



Money and Tax matters for international students

Adjusting to a new country can be an exciting challenge, but also frustrating if you are unaware of how things work. The following is a brief overview of financial issues that students should be aware of in Australia, and where to get help. We encourage students who have any questions about finances to contact Student Financial Aid on campus, or to visit the websites mentioned.

Tax Issues

Tax file numbers

Tax file numbers (TFN) are required by the government to guard against tax evasion. It is strongly recommended that you obtain a TFN when arriving in Australia. If you do not have a Tax File Number, any income you earn (including interest on money in bank accounts) will be taxed at the highest rate.

Only one TFN is issued to you for your lifetime. Once a TFN has been issued to you, there is no need to re-apply for one if your circumstances change, or if you leave Australia and return again.

To apply for a TFN online, go to the ATO website: www.ato.gov.au

You can also apply using the paper application. Tax File Number applications are available from the International Office or the Australian Taxation Office. You can submit documents to any Tax Office if you are not applying online

Starting Employment and Tax

Many students find it worthwhile earning a little extra money through part-time work. When commencing employment, you will be asked to fill out a Tax File Number declaration form. It is not an offence not to quote your tax file number, however if you choose not to quote your number, your employer is obliged to withhold tax at the highest possible rate.

Tax Free Amount - Residents are entitled to earn \$6000 before having to pay tax. If you are a resident for less than the full financial year, then the ***tax-free threshold*** is reduced proportionally. For example, a student who has only been in Australia for 6 months would only be entitled to \$3000 as their tax-free threshold. Overseas students coming to Australia to study who are enrolled in a course that is more than 6 months are generally treated as ***Australian residents***

for tax purposes. Non residents are not eligible for the tax-free threshold. They must pay tax on all income.

In the tax file number declaration you will be asked if you wish to claim the 'tax-free threshold' for money you earn. Answering 'yes' to this question allows your employer to withhold tax only for income over the tax-free amount. The tax-free amount is calculated per pay period. For example, if being paid per fortnight, the tax free amount is \$6000 divided by 26 ie \$230. If you earn less than \$230 in a fortnight, you do not need to pay tax in that fortnight. It is against the law to claim the tax-free threshold from more than one payer at the same time.

If your income comes from multiple sources, you may need further information from the Tax Office. For further information ring the Tax Office on 13 2863.

Tax Returns

The Australian financial year runs from 1 July to 30 June in the following year.

As a rule, you must lodge a tax return if your taxable income is over the tax-free threshold. If your income was below the tax-free threshold and you paid tax, you will need to lodge a return in order to receive a refund.

If you did not have any tax instalment deducted from your income and your income was below the tax-free threshold, you may not need to lodge a return. Tax return forms are available from 1 July. They are part of an information package known as the Taxpack. They can be picked up from many newsagencies or from the Australian Taxation Office. Tax returns can also be completed online

You must have a Tax File Number in order to lodge a Tax Return

Tax Help Program

The Australian Tax Office has a program run by trained volunteers to assist people on low incomes to do their tax returns. Tax Help is provided in many different locations. Call 132861 for the office nearest to you.

For further information about all tax matters, and access to the online tax return, visit the Tax Office's website: www.ato.gov.au

Establishment costs in Australia

Many students are surprised at the high level of rental prices in Melbourne. Students often find sharing the rent in a private rental property is cheaper than living on campus or in student accommodation. When starting a tenancy in the private rental market, tenants are expected to pay the **first month's rent** and a similar amount as a **security deposit** on the property before they move in (usually the equivalent of a month's rent). The security deposit is returned at the

end of the tenancy if there has been no damage. There may also be other establishment costs to consider such as the cost of connecting utilities, furniture, a computer, etc. We advise students to check the Student Financial Aid website as a starting point when budgeting for these costs.

Banking

There will usually be no problem opening an Australian bank account, and we encourage students to do this to minimise overseas transfer fees. However it is important to 'shop around' for the best bank for you – Does the bank have high account keeping or ATM transaction fees? Is it possible to transfer money to and from home easily from the bank? Can your money be accessed back home when you return for vacation? Do they discount fees for students?

When returning home after your studies, it is important to close your bank account if you don't plan to return to Australia, as you may be charged account keeping fees even if you have taken your money out.

Please note that it is very rare for banks to give loans or credit cards to non-Australian citizens or permanent residents.

Concessions and discounts

Students are entitled to cheaper admission prices at a number of places around Melbourne, particularly at cinemas, theatres and galleries. Unfortunately, in Victoria there is no concession for public transport for international students

Cars

We do not recommend students to buy a car during their course if they have any financial concerns unless it is absolutely necessary. Cars must have a roadworthy certificate (RWC), be registered and should also be insured – there is no reimbursement if the car breaks down! It is usually the case that the cheaper the car, the more expensive the maintenance costs. For those who wish to travel while in Australia, cheaper options can include public transport or sharing a hire car with friends.

Superannuation

Superannuation is money put aside by employers for staff to collect after they retire. In Australia, employers are legally required to pay superannuation for non-casual staff. International students who do not intend to live in Australia after completing their course are entitled to claim their superannuation when they return home. This can be done on line. For further information visit www.ato.gov.au/individuals/content.asp?doc=/content/63803.htm

Problems with tuition fees

The biggest expense most international students will have while living in Australia is their tuition fees. Students are expected to be financially prepared to pay these

fees and their living costs while in Australia before they arrive. However, unexpected financial crises can happen at any time. In some circumstances the University can make more flexible arrangements for the payment of fees. We advise that if you are facing financial difficulties to discuss the possibility of postponing payment with student administration and financial aid. It is important to do this sooner rather than later, as some students raise this issue when it is too late for the University to act.

Student Union fees

Student Union fees are an optional payment for students, and allows them membership and access to Student Union facilities such as gyms and sporting facilities, the Rowden White Library and other student union activities. The discounts given to students for many of these activities can save money for students who live near the campus. For more information, visit www.union.unimelb.edu.au/index

Tourist Refund Scheme

People leaving Australia are entitled to a tax refund on goods bought 30 days before departure. They must spend \$300 or more at the one store, and keep a tax invoice for the goods. For more information visit: www.customs.gov.au

Financial Assistance from the University

Bursaries and Grants: Student Financial Aid provides assistance via the administration of bursaries and grants for students in financial need. This is non-repayable financial assistance, and application forms and further information are available on the Student Financial Aid website (see below). Application closing dates for these grants are often in March – so we advise students to check the website early in the year.

Short and Long Term Loans: Student Financial Aid provides assistance via short and long term interest-free loans, for students having difficulties with living expenses and course costs. Loans are not available for tuition fees.

Scholarships: The University offers a range of scholarships for students who do well academically visit the Scholarships office website for more information www.services.unimelb.edu.au/scholarships

**Financial Aid - Student Services
Ground Floor, Baldwin Spencer Building
University of Melbourne**

Web: www.services.unimelb.edu.au/finaid/