



Financial planning for expats returning to Australia

Contents

Introduction	3
Tax matters.....	4
Overseas asset management.....	5
Australian property.....	7
Case study: Luke's experience	8
How Financial Spectrum can help	9
About Financial Spectrum.....	10

Introduction

Many Australian's love to live and work overseas at least once in their lifetime. From the UK to the US, many pull up stakes and enjoy an overseas living and working experience.

Many Australians also like to return home eventually. However the financial implications of leaving one country and relocating to another are often overlooked.

It's never a bad time to get financially prepared for relocation and we specialise in helping expats plan and execute both ends of their journey.

We hope this eBook provides some insights on this process.



Tax matters

Returning to Australia from living and working overseas can bring with it a host of tax issues. Here are some considerations.

Tax overseas

If you've been living and earning an income overseas, it's likely you've been paying tax. While country tax rules vary, you'll generally need to notify the relevant taxation department of your intention to return to Australia. We also strongly recommend you pay any outstanding tax to avoid future issues.

Tax in Australia

Your taxation treatment in Australia is primarily dependent on whether you're an Australian resident for tax purposes. It is generally considered that if you go overseas on a temporary basis and don't set up a permanent home, you'll be considered an Australian resident for tax purposes and you'll be taxed in Australia on your overseas income. If you have paid overseas tax on that income, depending on where you earned the income, you'll possibly be able to offset the tax already paid so you don't pay double. If you aren't an Australian resident for tax purposes, you'll may still need to pay tax in Australia from any income earned here, such as investment and business profit.



Overseas asset management

If you're returning from overseas with accumulated cash, retirement savings or property, here are some important things to consider.

Cash transfers to Australia

Transferring accumulated cash to Australia is generally done through an international money transfer via your bank or a third-party money transfer facility. There are benefits and disadvantages for both and we encourage you to investigate fees and charges associated with each. There are also taxation considerations when making money transfers that you should be aware of.

To ensure the best option for you, talk to a financial planner or visit the [Australian Taxation Office](#).

Retirement savings

If you've been working overseas for some time you may well have accumulated retirement savings. The good news is that transferring these to an Australian super fund may provide some attractive tax benefits. Before you do anything, we encourage you to investigate any costs and liabilities that may exist.

If you are still unsure, talk to a financial planner so they can better understand your situation and provide prudent advice. Alternatively, visit the [Australian Taxation Office](#).



Overseas property

While a great asset, owning property overseas can be complicated if you plan on returning to Australia permanently. You'll need to decide how the property will be treated from a financial perspective. Will it be an investment? Will you rent it? Will you sell it and use the funds to purchase property in Australia? Whatever your decision, there are a host of tax and financial decisions to consider.

If you're selling an overseas property, careful consideration needs to be given to the legal and taxation issues that apply in the host country as well as Australia. If you have any questions on these issues, speak to a professional financial planner so they can advise you and ensure you get maximum benefit from your sale.

If you decide to keep your overseas property how will you manage it? Will it be rented? If so, will you appoint an agent? What will their commissions be? What services will they provide? You'll also need to consider how the rent money will be treated from a tax perspective. If you're unsure or uncomfortable with any these elements, we again encourage you to talk to a professional financial planner. With the right advice and guidance, long distance property management can be a success.



Australian property

Many Australian expats are keen to get into the property market once they return from their overseas experience.

If you're looking to buy, you'll need to gain an understanding of the current market. Research how areas may have changed. Talk to agents and visit properties. Meet with a financial planner that looks beyond simply organising finance or selling you products and takes a holistic view of the real estate process.

A holistic financial planner will take you through the entire journey, from understanding your goals, requirements and financial position, to tailoring a comprehensive real estate and financial plan for your individual circumstances.

Finance

Securing finance is only a small component of a property purchase. A financial planner should seek to understand what a client is looking for, what they can afford, how repayments will be made and how to structure finance to suit their circumstances. As important, they'll help you find the most competitive rate available in a package that suits and services your needs.

First home owner grants

The Federal Government offers various incentives to citizens and permanent residents to purchase their first home. Of note is the First Home Owner's Grant (FHOG) to help offset the cost of GST on home ownership. Under the FHOG, a one-off grant of up to \$10,000 is available to first home owners. For additional information visit [First Home Owner's Grant](#).



Case study: Luke's experience

Luke lived and worked in the UK for six years. During this time he bought an apartment in London. When he decided to return home to Australia he was keen to understand the best way to manage this asset as well as position himself financially ahead of his return.

Luke sought the assistance of a Financial Spectrum financial planner. By undertaking a comprehensive review of Luke's situation in London, as well as his financial needs and requirements back in Australia, Luke's financial planner was able to assist him to:

- Decide whether to sell his London apartment or keep it as an investment
- Transfer his savings from the UK back to Australia
- Obtain finance to purchase a new home in Australia
- Transfer his accumulated retirement savings in the UK to an Australian super fund
- Ensure he is adequately protected by life, trauma and income protection insurances.

These actions allowed Luke to make informed decisions on his assets and be financially prepared for his life back in Australia.



How Financial Spectrum can help

While an expat experience can be hugely rewarding, it's important to be aware of the financial issues that exist. We're hopeful this eBook has helped identify some of these for you.

At Financial Spectrum, we can help guide you every step of the way on your expat journey. Our financial planners will always ensure you make informed financial decisions allowing you to enjoy the experience to the full.



About Financial Spectrum

Financial Spectrum is an privately owned financial planning practice. We develop tailored financial strategies to help you build your wealth and achieve your lifestyle aspirations.

We offer so much more than investing. We take the time to understand you, and then help you make the right decisions to achieve the future you're aspiring to.

We can help you to:

- Plan for the future
- Build your investment strategy
- Grow your personal wealth
- Simplify your budget
- Minimise bad debt
- Increase your super
- Reduce your tax
- Protect your family

Let us help you take control of your finances, build your wealth and achieve your future lifestyle aspirations. Contact us for a complimentary, no obligation meeting today.





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