

The Exfin Expatriate Checklist

2021



A practical checklist for Australians commencing an overseas assignment

Determine which of your personal effects will be:

- **Carried with** you as personal baggage
- **Sent as** airfreight or baggage
- **Shipped**
- **Stored, or**
- **Sold**

Take photos of the main items included in your shipment to assist in any later insurance claims - these photos should be backed up and kept in a secure and accessible online location. Select a relocation agent or removals firm and arrange for a minimum three quotations. Check that all firms base quotes on similar shipping volumes and similar services (e.g. “door to door” or “door to port”) and are appropriately accredited. Refer to the [Australian International Movers Association website](#) for list of accredited removalists.

Arrange insurance for items being stored and shipped. Storage firms and removalists will typically offer insurance cover as a percentage of total value. Compare coverage and premiums from third party insurers – it will often be much cheaper although you may not get coverage for “self packed” items.

Rent out or sell your current house or provide “adequate” notice of your intention to vacate if you are renting. Our preference is usually for expats to retain an exposure to the Australian residential property market but recent tax changes have made this relatively less attractive. If you decide to rent out your house, carefully select the appropriate property agent and agree the rental level and any discretion you provide the agent to pay for repairs. We have partners who provide [property management](#) in most capital cities.

Tax losses made while renting out the property can normally be carried forward indefinitely to offset

capital gains tax or income tax when you return to Australia. You must continue to [lodge tax returns in Australia](#) if you rent out your property and it is normally advisable to appoint a taxation agent to prepare your Australian tax return. Also, understand any [absentee land tax obligations](#) before leaving Australia - these can now be very significant.

If you are moving to the UK or the US, we have Australian-based tax advisors who can provide tax briefings and complete both your Australian and UK/US returns. If you retain a property in Australia which you rent out, arrange for your accountant or tax advisor to explain the capital gains tax rules applying to real estate, both in terms of main residences and investment properties.

Capital gains tax (CGT) with respect to property continues to apply regardless of whether you are resident, or non-resident, for tax purposes - but non-residents have not been able to claim the 50% tax discount, which normally applies to assets held for more than 12 months, since May, 2012. Very significant changes impacting expats have also recently been made to the main residence CGT exemption, which we mention later.

Review any current mortgage to ensure that it is competitive. This is quite easy to do while resident in Australia - but often harder in practice once you are living overseas. As a result many Australian expatriates end up sitting on “old” and unnecessarily expensive mortgages. Whether any value attaches to re-financing your property typically only involves a short conversation with our [mortgage broker](#) - no fees apply and access is available to almost all loans in the Australian mortgage market.

Note that if you intend to rent out your property when you proceed overseas then you may be required to inform your lender of a “change of use”

under the loan contract. The lender may then charge you a higher rate of interest because it is now classified as an “investment property”. Many expats are unaware of this requirement, but it can be relatively easy for the banks to identify these situations and it is recommended you address the issue prior to leaving Australia.

For tax purposes, it will be crucial to understand whether you are [resident or non-resident for Australian tax purposes](#) while overseas. This can have a fundamental impact on your net income overseas, and needs to be determined with absolute clarity. Tax advice should be sought **before** proceeding overseas or accepting a contract of employment - as the terms of the contract may have an impact on your future tax residency status.

In the 2017 Federal Budget the Government indicated that it would deny “foreign and temporary tax residents access to the CGT main residence exemption”. The legislation was subsequently delayed - and temporary residents removed from its application - but is now in place and will deny access to the CGT exemption in relation to any properties sold after June 30, 2020 by non tax residents - subject to some very narrow exceptions.

Under these new and discriminatory provisions the timing of any sale of a main residence in Australia could have an enormous impact on your potential Australian CGT liability. If you own a main residence in Australia and you are non-resident for tax purposes, or will become tax non-resident, **you must seek professional advice regarding** any potential tax implications before proceeding overseas or selling your home.

In addition, new [foreign resident capital gains withholding tax](#) (FRCGW) obligations now apply with

respect to properties currently valued over \$750,000 which are sold while an owner is non-resident. A failure or inability to obtain an exemption in this area can result in buyers being required to withhold 12.5% of the purchase price and pay this directly to the ATO.

If you have a [self managed superannuation fund](#) (SMSF) and intend to remain overseas for a prolonged period you **must** discuss the tax impact of your non-residency with your accountant or tax advisor; the financial impact could be very serious unless managed properly.

You can continue, even if you are non-resident, to make contributions to an Australian superannuation fund, **unless** it is an SMSF. You should seek professional financial planning advice about the best approach in your particular circumstances.

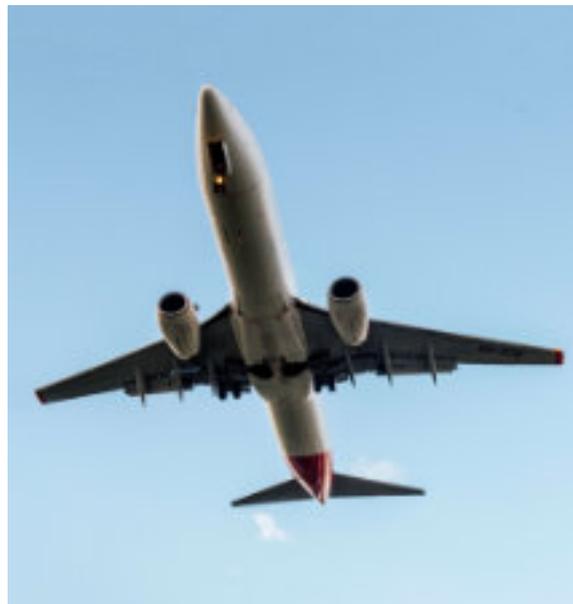
Australian online share brokers, and most physical brokers, limit their services to residents and access to these services will likely be

withdrawn immediately once you become non-resident or provide an overseas contact address.

We can assist in selling shares held by non-residents but opening a trading account with our broker for the purchase of purchasing and trading shares is available on a much more limited basis because of the cost of establishing such an account. Note that the broker at this point in time cannot buy or sell shares for individuals who are US citizens or permanent residents, or Australians tax resident in the US.

If you have a significant portfolio of Australian shares, particularly if you wish to continue trading, you should seek advice around your options.

Australians living abroad on a long term basis who still intend to return to Australia in retirement should



try and remain informed about tax and social security rules applying to [retirement in Australia](#) and seek professional advice regarding how they can best protect their position in retirement well in advance of returning to Australia.

Over the last few years changes have been made which have significantly limited the ability of expats to transfer large amounts into superannuation at the end of their overseas careers and planning must now be initiated much earlier than was previously the case.

If you are proceeding to the US you should obtain prior advice from your employer regarding the US tax treatment of your Australian superannuation - your employer's tax advisor may regard the earnings made within the fund as taxable in the US. This should be the subject of prior discussion and professional advice.

Additionally, it is very important that expatriates who accrue US pension funds, such as occupational funds, 401(k)s, 403(b)s and IRAs while overseas should seek tax advice **before** they become tax resident in Australia again, and certainly before they initiate any withdrawals and transfers to Australia.

Ensure that all passports are current; some countries will require that passports have at least 6 months remaining validity. You should make copies of the front page of all passports and store them prior to departure. Note that some countries (such as Canada and Germany) will require proof of adequate health insurance for the entire duration of your work visa.

Arrange travel insurance – carefully consider the coverage available against the likelihood that there will/might be delays in your outbound journey and

in terms of potential medical costs. This should be done early – so that you are covered for any personal events that may cause delays or cancellation. Also bear in mind that travel insurance will normally exclude cover for pre-existing conditions and travel in some countries and situations - if in any doubt contact your Insurer directly. Travel insurance is **not** an alternative to expat health insurance.

Discuss your planned absence overseas with your current private health insurer and understand the impact (if any) this will have upon your coverage on arrival back in Australia – particularly in terms of premiums payable and any waiting periods for coverage.

Arrange to “suspend” your existing health cover rather than cancel it whilst outside Australia - this should enable you to avoid waiting periods if you return to

Australia within a reasonable period. If you are likely to be outside Australia for a prolonged period consider the sometimes significant impact of the Lifetime Health Cover loading on your future private health insurance premiums when you again become resident.

Arrange international health insurance – there are some countries which have reciprocal health agreements with Australia but they are relatively few and cover is limited to public services. Pay particular attention to whether your policy allows for entry into an Australian health fund without waiting periods on your return.

Most international health insurance policies provide for a waiting period (usually 12 months) before you can claim maternity expenses; some provide cover as long as the pregnancy occurs during the period of insurance. Cover will not be available for maternity costs in respect of an individual who is already



pregnant except in very unique situations - such as where you are joining a large corporate employer.

At this point in time no Australian insurers provide international health insurance for Australian retirees overseas - the choice will be between (typically very expensive) international insurers or domestic health insurance in your country of residence.

Arrange to take copies of your family medical and dental records with you – including any optical prescriptions and inoculation records. Note that any medical prescriptions you might have will not be valid overseas or vice versa in Australia. You will need to obtain “certificates of need” from a local, prescribing physician in order to (possibly) have the prescription filled overseas.

Visit a Travel Clinic well in advance of your trip to ensure that your family has received all appropriate inoculations for the countries you are going to live in and probably visit. Keep the record of inoculations with you while travelling, or accessible online.

Review your [life insurance](#) cover for you and any spouse or partner **before** commencing an assignment overseas to ensure it is adequate; and obtain written confirmation that any existing life insurance cover will continue to apply whilst you are overseas. Note that whilst life cover within a super fund is often attractive in Australia on a cost basis it is regularly re-negotiated and will not necessarily be ideal for expatriates unless coverage guarantees are available, which is unlikely.

Certain Australian life insurers have in the past provided cover to Australian expatriates, subject to a number of exceptions and limitations, and this has included TPD and sometimes income protection. This will usually be much more cost efficient than trying to access life insurance cover locally or through International insurers once resident overseas. **However, individual cover for expats is proving impossible to arrange during the Covid pandemic.**

Arrange for the payment of any ongoing invoices, such as insurance, while you are absent. Retain an

internet bank account in Australia to administer any Australian transactions whilst overseas. Note that you will pay withholding tax of 10% on any interest income whilst non-resident, and withholding tax also applies to dividend payments at different levels depending upon the level of franking and your country of residence.

If possible, set up a local bank account in your new country of residency and forward some living funds in lieu of relying on overseas debit/credit cards. This may be difficult due to local regulations and anti-money laundering requirements, but it is possible to open an account in the some countries prior to your arrival. Also consider establishing an [offshore account](#).

Prepare a list of companies and individuals that need to be notified of your change of address and provide a forwarding address. This should include your bank(s), insurer(s) and share registrar or broker.

Ensure that you have a valid will and that it is securely stored, with the nominated executor knowing the location. If you have substantial assets overseas you need to review how these are best covered - it may be preferable to have separate wills covering assets in Australia and the foreign country and you should address the custody of children.

If it is possible that you will be the beneficiary of an Australian estate whilst non-resident then this may adversely impact the estate in terms of the application of CGT; tax advice should be sought and certain changes to the will may be beneficial.

A local will may also be desirable in certain countries to establish exactly who should have custody of any children in an emergency situation and to allow their repatriation home in the most effective fashion. Note that you should have **binding nominations** in place with respect to the distribution of any superannuation and understand when and if these will need to be renewed and the tax impact, particularly in terms of “non-dependants”.

Consider arranging an “enduring power of attorney” to allow a nominated person(s) to look after your

affairs in Australia. The POA can be withdrawn at any time.

If you had planned to send children to a private school in Australia discuss this with the school concerned and gain a clear understanding of your position regarding admission should your period overseas proceed as planned, or be either shorter or longer than anticipated. Particularly if you have teenage children, seek professional advice regarding the overseas schooling system (e.g. British/American or IB) that is most compatible with their return to Australia to complete a secondary certificate, or for tertiary studies in Australia or overseas - and the ideal time at which they should return.

Ideally, you should have short-listed and/or selected the school for your children at your new location in advance of going overseas and discussed admission with school authorities prior to arrival.

Obtain an international drivers licence so that you can drive in your new country. Note, however, that while an international licence may last 12 months many countries require “residents” to obtain local licences within 3 to 12 months. Do not be tempted to drive beyond these periods without registration - it can give rise to both legal and insurance issues - particularly in the event of an accident.

Approach your local car insurer to provide you with a “no claim” certificate, or letter, giving details of your claim history. Depending on your new country, and your record, this can reduce premiums substantially.

In terms of transferring money, and particularly if you are going to be regularly transferring money back to Australia to meet mortgage or other obligations, establish an account with [OFX](#), an ASX listed specialist foreign currency transfer company, [or other foreign exchange transfer companies](#) as an

alternative to dealing with Australian banks – or simply as a means of comparing exchange rates on transfers into or out of Australia. Simply opting to use Australian banks represents a high cost alternative, and costs savings in this area can be very significant over the course of a long term assignment.

If you have a Higher Education Loan Program (HELP) or Trade Support Loan (TSL) debt you will have the same repayment obligations as individuals living in Australia, based on a translation of your foreign income into an AUD equivalent income. You **must** also update your contact details through the myGov website within seven days of leaving Australia - if you intend to move overseas for a total of more than six months in any 12-month period. See the ATO website for more details about the process and note that substantial penalties have been introduced for non-compliance. [We can provide tax advice and support](#) in this situation.

If you are taking a pet, ensure that you have the necessary health certificates from a veterinary surgeon and that all inoculations are in order. You should research quarantine requirements, if any, at the new location and what quarantine periods will apply on any return to Australia.

Finally, if you don’t already have one, establish an email account with Gmail, Outlook or similar providers which you can access while in transit or in temporary accommodation – and forward all your existing emails to these accounts. WhatsApp and Signal are often useful, although they are blocked or banned in a number of countries. A subscription to a [VPN service](#) is also very strongly recommended for privacy and security purposes; and particularly if you are going to be relying on WiFi services - such as in hotels or public places - while travelling.

Exfin was established in 2005 to provide Australian expatriates, wherever they might be located, with access to professional services. These services include financial planning, investment advice, Australian and International tax advice, Australian and overseas mortgage broking, insurance services and pension transfers. This Checklist is intended for personal use only and may not be used otherwise, in whole or in part, without Exfin’s prior written approval.