HALL CHADWICK

2017-18 Budget update

Mr Scott Morrison, the Federal Treasurer, has handed down his **second Budget** (the government's first of its three-year term). Mr Morrison said the Budget is focused on boosting the economy and households, so that "we live within our means and are able to return the Budget to balance in 2020/21".

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Highlights

2017/18 Federal Budget Highlights

Mr Scott Morrison, the Federal Treasurer, has handed down his second Budget (the government's first of its three-year term). Mr Morrison said the Budget is focused on boosting the economy and households, so that "we live within our means and are able to return the Budget to balance in 2020/21".

The government is proposing to address the housing affordability crisis with a package of tax, superannuation and other measures. Additionally, the Budget contains measures intended to ensure the integrity of the tax and superannuation system.

The tax and superannuation highlights are set out below.

Individuals & Investors

- No changes were announced to personal income tax rates, with the temporary budget repair levy abolished as originally legislated from 1 July 2017.
- The Medicare levy will be increased from 2.0% to 2.5% of taxable income from 1 July 2019. Other tax rates that are linked to the top personal tax rate, such as the fringe benefits tax rate, will also be increased.
- The Medicare levy low-income thresholds for singles, families, and seniors and pensioners will increase from the 2016/17 income year.
- A new set of repayment thresholds and rates under the higher education loan program (HELP) will be introduced from 1 July 2018.
- Deductions for travel expenses related to inspecting, maintaining or collecting rent for a residential rental property will be disallowed from 1 July 2017.
- Plant and equipment depreciation deductions will be limited to outlays actually incurred by investors in residential real estate properties from 1 July 2017.
- The CGT discount for Australian resident individuals investing in qualifying affordable housing will be increased from 50% to 60% from 1 January 2018.
- Foreign and temporary tax residents will be denied access to the CGT main residence exemption.
- The foreign resident CGT withholding rate will be increased to 12.5% and will apply to Australian real property and related interests valued at $750,000 or more.

Small business

- Access to the small business CGT concessions will be tightened from 1 July 2017 to deny eligibility for assets which are unrelated to the small business.
- The $20,000 instant asset write-off for small business will be extended by 12 months to 30 June 2018, for businesses with an aggregated annual turnover of less than $10m.

GST

- Purchasers of new residential properties or new subdivisions will be required to remit the GST directly to the ATO as part of settlement from 1 July 2018.

Superannuation

- The use of limited recourse borrowing arrangements will be included in a member's total superannuation balance and transfer balance cap from 1 July 2017.
- Opportunities for members to use related party transactions on non-commercial terms to increase superannuation savings will be reduced from 1 July 2018.
- A person aged 65 or over can contribute up to $300,000 from the proceeds of the sale of their home as a non-concessional contribution into superannuation, from 1 July 2018.

Housing affordability measures

- A limited amount of an individual's superannuation contributions made from 1 July 2017 may be withdrawn from 1 July 2018 onwards for a first home deposit.
- Managed investment trusts will be able to invest in affordable housing, allowing investors to receive concessional tax treatment, provided certain conditions are met, including that the properties are let as affordable housing for at least 10 years.
- An annual levy of at least $5,000 will be imposed on foreign owners of under-utilised residential property.
- A 50% cap on foreign ownership in new developments will be introduced through a condition on new dwelling exemption certificates.
- The principal asset test in Div 855 of the *Income Tax Assessment Act 1997* will be applied on an associate inclusive basis for foreign tax residents with indirect interests in Australian real property.

Tax integrity measures

- The multinational anti-avoidance law will be amended to prevent the use of foreign trusts and partnerships in corporate structures for tax minimisation, with retrospective effect from 1 January 2016.
- Hybrid mismatch rules used by banks to minimise tax in cross border transactions will be prohibited from 1 January 2018.
- The government will provide $28.2m to the ATO to target serious and organised crime in the tax system.
- The Black Economy Taskforce has delivered an interim report to the government and the government has accepted some recommendations for immediate action.
- The taxable payments reporting system will be extended to contractors in the courier and cleaning industries from 1 July 2018.
- Sales suppression technology and software, used to understate business income by deleting electronic transactions, will be prohibited.
- Funding for the ATO's Black Economy Taskforce audit and compliance activities will be extended until 30 June 2018.

Other tax changes

- The foreign investment framework will be clarified and simplified with effect from 1 July 2017.
- A major bank levy will be introduced for authorised deposit taking institutions (ADIs), with licensed entity liabilities of at least $100b, from 1 July 2017.
- Businesses that employ foreign workers on certain skilled visas will be required to pay a levy that will provide revenue for a new Skilling Australians Fund from March 2018.

A more detailed analysis of some of the major changes is provided below.

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Individuals & Investors

Personal Tax rates - 2.0% Budget Repair Levy Abolished

The 2017-18 Budget contained no changes to the personal income tax rates and thresholds. The 2% temporary budget deficit levy on incomes over $180,000 will therefore be abolished as originally legislated at the end of the 2016-17 financial year.

The tax rates for 2016-17 and 2017-18 financial years (including the 2% temporary budget deficit levy for the 2016-17 financial year, but excluding the 2% Medicare levy) are as follows:

Resident Individual Personal income tax rates and thresholds:

2016-17		2017-18	
Threshold	Rate	Threshold	Rate
$0 - $18,200	0%	$0 - $18,200	0%
$18,201 - $37,000	19.0%	$18,201 - $37,000	19.0%
$37,001 - $87,000	32.5%	$37,001 - $87,000	32.5%
$87,001 - $180,000	37.0%	$87,001 - $180,000	37.0%
$180,001	47.0%	$180,001	45.0%

With Medicare levy included, the top marginal rate for Australian resident individuals will reduce back to 47% from 1 July 2017.

Non-Resident Individual Personal income tax rates and thresholds:

2016-17		2017-18	
Threshold	Rate	Threshold	Rate
$0 - $87,000	32.5%	$0 - $87,000	32.5%
$87,001 - $180,000	37.0%	$87,001 - $180,000	37.0%
$180,001	47.0%	$180,001	45.0%

The currently legislated low income tax offset (LITO) rates have not changed and are:

- LITO amount - $445.
- Lower withdrawal limit - $37,000.
- Upper withdrawal limit - $66,667.
- Withdrawal rate - 1.5%.

Medicare levy to increase from 2.0% to 2.5%

The Medicare levy will be increased from 2.0% to 2.5% of taxable income from 1 July 2019. Other tax rates that are linked to the top personal tax rate, such as the fringe benefits tax rate, will also be increased.

Low income earners will continue to receive relief from the Medicare levy through the low income thresholds for singles, families, seniors and pensioners. The current exemptions from the Medicare levy will also remain in place.

All revenue generated by the Medicare levy will be used to support the National Disability Insurance Scheme (NDIS) and to guarantee Medicare. For example, $9.1b will be credited over the forward estimates period to the NDIS Savings Fund Special Account when it is established.

Medicare levy — low income thresholds to increase

The Medicare levy low-income thresholds for singles, families, and seniors and pensioners will increase from the 2016/17 income year.

The threshold for singles will increase to $21,655 (up from $21,335 for the 2015/16 year).

The family threshold will increase to $36,541 (up from $36,001 for the 2015/16 year).

For single seniors and pensioners, the threshold will increase to $34,244 (up from $33,738 for the 2015/16 year). The family threshold for seniors and pensioners will increase to $47,670 (up from $46,966 for the 2015/16 year).

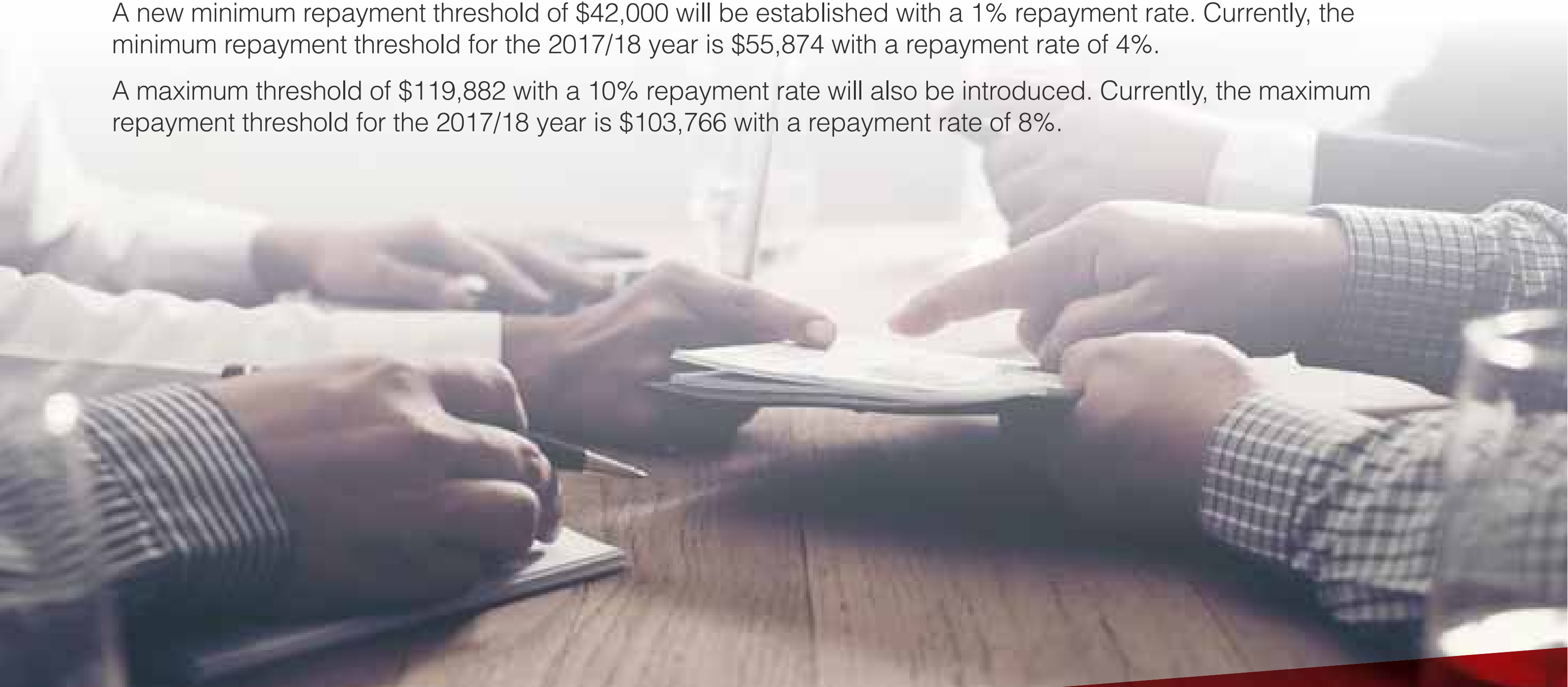
The child-student component of the income threshold for all families will increase to $3,356 (up from $3,306 for the 2015/16 year).

New HELP repayment thresholds and rates to be introduced

A new set of repayment thresholds and rates under the higher education loan program (HELP) will be introduced from 1 July 2018.

A new minimum repayment threshold of $42,000 will be established with a 1% repayment rate. Currently, the minimum repayment threshold for the 2017/18 year is $55,874 with a repayment rate of 4%.

A maximum threshold of $119,882 with a 10% repayment rate will also be introduced. Currently, the maximum repayment threshold for the 2017/18 year is $103,766 with a repayment rate of 8%.



Travel expenses related to residential rental properties disallowed

Deductions for travel expenses related to inspecting, maintaining or collecting rent for a residential rental property will be disallowed from 1 July 2017.

This is an integrity measure to address concerns that many taxpayers have been claiming travel deductions without correctly apportioning costs, or have claimed travel costs that were for private travel purposes.

This measure will not prevent investors from engaging third parties such as real estate agents for property management services. These expenses will remain deductible.

Depreciation deductions limited for residential rental properties

Plant and equipment depreciation deductions will be limited to outlays actually incurred by investors in residential real estate properties from 1 July 2017.

Plant and equipment items are usually mechanical fixtures or those which can be “easily” removed from a property such as dishwashers and ceiling fans. This is an integrity measure to address concerns that some plant and equipment items are being depreciated by successive investors in excess of their actual value. Acquisitions of existing plant and equipment items will be reflected in the cost base for capital gains tax purposes for subsequent investors.

These changes will apply on a prospective basis, with existing investments grandfathered. Plant and equipment forming part of residential investment properties as of 9 May 2017 (including contracts already entered into at 7:30pm (AEST) on 9 May 2017) will continue to give rise to deductions for depreciation until either the investor no longer owns the asset, or the asset reaches the end of its effective life.

Investors who purchase plant and equipment for their residential investment property after 9 May 2017 will be able to claim a deduction over the effective life of the asset. However, subsequent owners of a property will be unable to claim deductions for plant and equipment purchased by a previous owner of that property.

CGT discount increased for affordable housing investments

The CGT discount will be increased from 50% to 60% for Australian resident individuals investing in qualifying affordable housing.

The conditions to access the 60% discount are:

- the housing must be provided to low to moderate income tenants
- rent must be charged at a discount below the private rental market rate
- the affordable housing must be managed through a registered community housing provider, and
- the investment must be held for a minimum period of three years.

This measure will apply from 1 January 2018.

The higher discount will flow through to resident individuals investing in affordable housing via managed investment trusts as part of the tax measure enabling such trusts to invest in affordable housing (see the item "Managed investment trusts investing in affordable housing").

CGT main residence exemption removed for foreign and temporary residents

Individuals who are foreign or temporary tax residents will no longer have access to the CGT main residence exemption from 7.30pm (AEST) on 9 May 2017.

Existing properties held before this date will be grandfathered until 30 June 2019.

Expansion of foreign resident CGT withholding regime

The CGT withholding rate that applies to foreign tax residents will be increased from 10% to 12.5% from 1 July 2017.

Currently, the foreign resident CGT withholding obligation applies to Australian real property and related interests valued at $2m or more. This threshold will be reduced to $750,000 from 1 July 2017, increasing the range of properties and interests that will come within this obligation.

Small business

Small business CGT breaks to be tightened

Access to the small business CGT concessions will be tightened from 1 July 2017 to deny eligibility for assets which are unrelated to the small business.

The concessions assist owners of small businesses by providing relief from CGT on assets related to their business which helps them to re-invest and grow, as well as contribute to their retirement savings through the sale of the business. However, some taxpayers are able to access these concessions for assets which are unrelated to their small business, for instance through arranging their affairs so that their ownership interests in larger businesses do not count towards the tests for determining eligibility for the concessions.

The small business CGT concessions will continue to be available to small business taxpayers with aggregated turnover of less than $2m or business assets of less than $6m.

Instant asset write-off extended for 12 months

The $20,000 instant asset write-off for small business will be extended by 12 months to 30 June 2018, for businesses with an aggregated annual turnover of less than $10m.

Small businesses will be able to immediately deduct purchases of eligible depreciating assets costing less than $20,000 provided they are first used, or installed ready for use, by 30 June 2018. Only a few assets are ineligible (such as horticultural plants and in-house software).

Depreciating assets valued at $20,000 or more (which cannot be immediately deducted) can continue to be placed into the general small business pool (the pool) and depreciated at 15% in the first income year, and 30% for each income year thereafter. The pool can also be immediately deducted if the balance is less than $20,000 over this period (including existing pools).

The current “lock out” laws from the simplified depreciation rules will continue to be suspended until 30 June 2018. These rules prevent small businesses from re-entering the simplified depreciation regime for five years if they opt out.

From 1 July 2018, the immediate deductibility threshold, and the balance at which the pool can be immediately deducted, will revert to $1,000.

GST

Purchasers of new residential properties to remit GST

Purchasers of newly constructed residential properties or new subdivisions will be required to remit the GST directly to the ATO as part of settlement from 1 July 2018.

Under the current law (where the GST is included in the purchase price and the developer remits the GST to the ATO), some developers are failing to remit the GST to the ATO despite having claimed GST credits on their construction costs. The new measure is an integrity measure to strengthen compliance with the GST law.

Superannuation

LRBAs included in super balance and transfer balance cap

The use of limited recourse borrowing arrangements (LRBAs) will be included in a member's total superannuation balance and transfer balance cap from 1 July 2017.

LRBAs can be used to circumvent contribution caps and effectively transfer growth in assets from the accumulation phase to the retirement phase that is not captured by the transfer balance cap. The outstanding balance of an LRBA will now be included in a member's annual total superannuation balance and the repayment of the principal and interest of an LRBA from a member's accumulation account will be a credit in the member's transfer balance account.

Related party transactions to increase super reduced

Opportunities for members to use related party transactions on non-commercial terms to increase superannuation savings will be reduced from 1 July 2018.

The non-arm's length income provisions will be amended to ensure expenses that would normally apply in a commercial transaction are included when considering whether the transaction is on a commercial basis.

Super contributions from downsizing

A person aged 65 or over can make a non-concessional contribution into superannuation of up to $300,000 from the proceeds of selling their principal residence. They must have owned their principal residence for at least 10 years. This measure will apply from 1 July 2018 and is available to both members of a couple for the same home.

These contributions are in addition to existing rules and caps and are exempt from the age test, work test and the $1.6m total superannuation balance test for making non-concessional contributions.

Housing affordability measures

Access to super for first home deposit

Individuals will be able to make voluntary contributions into their superannuation of up to $15,000 per year and $30,000 in total, to be withdrawn subsequently for a first home deposit. The contributions can be made from 1 July 2017 and must be made within an individual's existing contribution caps.

From 1 July 2018 onwards, the individual will be able to withdraw these contributions and their associated deemed earnings for a first home deposit. The withdrawals will be taxed at an individual's marginal tax rate, less a 30% tax offset.

Under this new first home super saver scheme, both members of a couple can take advantage of this measure to buy their first home together. The scheme is intended to provide an incentive to enable first home buyers to build savings faster for a home deposit, by accessing the tax advantages of superannuation.

Managed investment trusts investing in affordable housing

Managed investment trusts (MITs) will be able to invest in affordable housing, allowing investors to receive concessional tax treatment.

MITs allow investors to pool funds to invest in primarily passive investments and cannot carry on or control an active trading business. Non-resident investors are generally subject to a 15% final withholding tax rate on fund payments from an MIT where they are resident of a country with which Australia has an effective exchange of information treaty. Resident investors are taxed at marginal rates and their capital gains are eligible for the CGT discount.

From 1 July 2017, MITs will be able to acquire, construct or redevelop property but must satisfy the following conditions:

- the MIT must derive at least 80% of its assessable income from affordable housing in an income year. Up to 20% of income may be derived from other eligible investment activities permitted under the existing MIT rules. If either of these requirements are not satisfied, non-resident investors will be liable to pay withholding tax at a rate of 30% of investment returns for that income year
- qualifying housing must be provided to low to moderate income tenants
- rent is to be charged at a discount below the private market rental rate, and
- the affordable housing must be available for rent for at least 10 years. If a property is not held for rent as affordable housing for at least 10 years, net capital gains arising on its disposal will attract a 30% withholding tax rate.

This measure will apply to income years starting on or after 1 July 2017 and is intended to increase private investment in affordable housing. It is estimated to have an unquantifiable cost to revenue over the forward estimates period and the ATO will be provided $1.5m to implement the measure.

Annual levy for foreign-owned vacant residential properties

Foreign owners of vacant residential property, or property that is not genuinely available on the rental market for at least six months per year, will be charged an annual levy of at least $5,000. The annual levy will be equivalent to the relevant foreign investment application fee imposed on the property when it was acquired.

The measure will apply to persons who make a foreign investment application for residential property from 7.30pm (AEST) on 9 May 2017.

Foreign ownership in new developments restricted to 50%

A 50% cap on foreign ownership in new developments will be introduced through a condition on new dwelling exemption certificates. The cap will be included as a condition on new dwelling exemption certificates where the application was made from 7:30pm (AEST) on 9 May 2017.

New dwelling exemption certificates are granted to property developers and act as a pre-approval allowing the sale of new dwellings in a specified development to foreign persons (without each foreign purchaser seeking their own foreign investment approval). The current certificates do not limit the amount of sales that may be made to foreign purchasers.

The measure will ensure that a minimum proportion of developments are available for Australians to purchase.

Integrity measure for foreign resident CGT regime

The principal asset test in Div 855 of the *Income Tax Assessment Act 1997* will be applied on an associate inclusive basis for foreign tax residents with indirect interests in Australian real property. The test is relevant to determine whether a foreign resident's asset is a taxable Australian property.

This measure will apply from 7.30pm (AEST) on 9 May 2017. It is intended to ensure that foreign tax residents cannot avoid a CGT liability by disaggregating indirect interests in Australian real property.

Tax integrity measures

Tax integrity package — multinational anti-avoidance law broadened

The government will extend the scope of the multinational anti-avoidance law (*Income Tax Assessment Act 1936 s 177DA)* to prevent the use of foreign trusts and partnerships in corporate structures to minimise Australian income tax.

With retrospective effect from its date of commencement on 1 January 2016, the multinational anti-avoidance law will be amended so that it applies to:

- corporate structures that involve the interposition of partnerships that have any foreign resident partners
- trusts that have any foreign resident trustees, and
- foreign trusts that temporarily have their central management and control in Australia.

The amendments will ensure the integrity of the original policy intent.

Tax integrity package — banks using hybrids for tax minimisation

Integrity rules will be introduced to clamp down on aggressive structures used by banks and financial institutions for tax minimisation. The new rules will apply OECD hybrid mismatch rules to hybrid tax mismatches that occur in cross-border transactions relating to regulatory capital known as additional Tier 1 (AT1) by:

- preventing returns on AT1 capital from carrying franking credits where such returns are tax deductible in a foreign jurisdiction, and
- where the AT1 capital is not wholly used in the offshore operations of the issuer, requiring the franking account of the issuer to be debited as if the returns were to be franked.

Subject to transitional arrangements, the measure will apply to returns on AT1 instruments paid from the later of 1 January 2018 or six months after assent.

Transitional arrangements will apply to AT1 instruments issued before 7.30pm (AEST) on 9 May 2017 such that the measure will not apply to returns paid before the next call date of the instrument occurring after 7.30pm (AEST) on 9 May 2017.

This measure will strengthen the integrity of Australia's tax system and seeks to implement the government's decision, announced in the 2016/17 Budget "Tax Integrity Package — implementing the OECD hybrid mismatch arrangement rules", in relation to regulatory capital.

Funding to address serious and organised tax crime

The government will provide $28.2m to the ATO to target serious and organised crime in the tax system. This extends an existing measure by a further four years to 30 June 2021. This measure is estimated to have a gain to revenue of $408.5m and a net gain to the budget of $380.3m over the forward estimates period.

The ATO's compliance work is currently funded to 30 June 2017.

Interim report into black economy

The Black Economy Taskforce has delivered an interim report to the government and the government has accepted the following recommendations for immediate action:

- extending the taxable payment reporting system (TPRS) to two high-risk industries — cleaning and couriers — to ensure payments made to contractors in these sectors are reported to the ATO
- banning the manufacture, distribution, possession, use or sale of sales suppression technology. This technology allows businesses to understate their income and has been identified as a threat to the integrity of the tax system, and
- providing funding for ATO audit and lodgment activities to better target black economy risks.

In addition, the government has agreed to a recommendation that government processes encourage good tax behaviour. The Taskforce will develop a proposal in conjunction with government agencies for the 2017/18 Mid-year Economic and Fiscal Outlook.

Payments reporting extended to couriers and cleaners

The government will extend the taxable payments reporting system (TPRS) to contractors in the courier and cleaning industries. The measure will have effect from 1 July 2018 and is estimated to have a gain to revenue of $318m in the forward estimates period.

The TPRS is a transparency measure and already operates in the building and construction industry, where it has resulted in improved contractor compliance. Under the TPRS, businesses are required to report payments they make to contractors (individual and total for the year) to the ATO.

This measure brings payments to contractors in the courier and cleaning industries into line with wages paid to similar workers, which are reported to the ATO. Businesses in these industries will need to ensure that they collect information from 1 July 2018, with the first annual report required in August 2019.

Sales suppression technology to be prohibited

The government will act to prohibit the manufacture, distribution, possession, use or sale of electronic point of sale (POS) sales suppression technology and software. The prohibition will have effect from the date of assent of the enabling legislation.

Sales suppression technology and software allow businesses to understate their income by deleting selected transactions from electronic records in POS equipment. Income earned from these transactions and tax owing from this income is not reported to the ATO. The revenue risks such technologies pose have been highlighted by the OECD. The government's action is in line with responses of other jurisdictions.

Black Economy Taskforce funding extended

The government will provide additional funds of $32m to extend the ATO's audit and compliance programs targeting black economy risks. This funding was to expire on 30 June 2017.

Under this measure, a further year of funding will be provided for the ATO's "Strengthening Foundations" and "Level Playing Field" programs. "Strengthening Foundations" focuses on businesses with a turnover between $2m and $15m that have disengaged from the tax system. The "Level Playing Field" program involves audit, review and intensive follow up and targets small businesses with turnover below $2m.

These programs are directed at changing black economy and related behaviours such as non-lodgment, omission of income and non-payment of employer obligations. The government will make decisions about the future of these programs beyond 2017/18 in light of the Black Economy Taskforce's final report, which is expected to be delivered in October 2017.

Other tax changes

Foreign investment framework to be clarified and simplified

The foreign investment framework will be clarified and simplified with effect from 1 July 2017. This will make foreign investor obligations clearer, and allow for more efficient allocation of Foreign Investment Review Board screening resources to higher risk cases.

The amended framework will allow the foreign investment framework to operate more efficiently by facilitating business investment and reducing unnecessary red tape by:

- refining the type of developed commercial property subject to the lower $55m threshold by removing low sensitivity applications from the meaning of "sensitive land"
- improving the treatment of residential applications by allowing failed off-the-plan purchases to be considered as "new"
- overcoming limitations with the existing exemption certificate system for individual residential real estate purchases and amending the treatment of residential land used for a commercial purpose
- streamlining and simplifying foreign investment business application fees, including legislating existing fee waiver arrangements
- introducing a new exemption certificate that applies to low risk foreign investors
- clarifying the treatment of developed solar and wind farms, and
- restoring the previous arrangement whereby companies with significant foreign custodian holdings (ie legal rather than equitable interest holders) are not subject to notification requirements.

These amendments are informed by stakeholder views and a public consultation process on options to improve the framework and make obligations clearer.

Major bank levy to be introduced

A major bank levy (the levy) will be introduced for authorised deposit taking institutions (ADIs), with licensed entity liabilities of at least $100b, from 1 July 2017.

The $100b threshold will be indexed to grow in line with nominal gross domestic product.

The levy will be calculated quarterly as 0.015% of an ADI's licensed entity liabilities as at each quarterly reporting date mandated by the Australian Prudential Regulation Authority (APRA). This equates to an annualised rate of 0.06%.

Liabilities subject to the levy will include items such as corporate bonds, commercial paper, certificates of deposit, and Tier-2 capital instruments. The levy will not apply to the following liabilities: additional Tier-1 capital, and deposits of individuals, businesses and other entities protected by the Financial Claims Scheme. It will not be levied on mortgages.

Superannuation funds and insurance companies will not be subject to the levy.

The levy is forecast to raise $6.2b over the forward estimates period, net of interactions with other taxes (principally corporate income taxes). The levy is designed to assist with budget repair and to provide a more level playing field for smaller banks and non-bank competitors. It complements prudential reforms being implemented by the government and APRA.

To facilitate the introduction of the levy, the Australian Competition and Consumer Commission (ACCC) will undertake a residential mortgage pricing inquiry until 30 June 2018. As part of this inquiry, the ACCC will be able to require relevant ADIs to explain changes or proposed changes to residential mortgage pricing, including changes to fees, charges, or interest rates by those ADIs.

Skilling Australians Fund levy introduced

Businesses that employ foreign workers on certain skilled visas will be required to pay a levy that will provide revenue for a new Skilling Australians Fund from March 2018.

Businesses with turnover of less than $10m per year will be required to make an upfront payment of $1,200 per visa per year for each employee on a Temporary Skill Shortage visa and make a one-off payment of $3,000 for each employee being sponsored for a permanent Employer Nomination Scheme (subclass 186) visa or a permanent Regional Sponsored Migration Scheme (subclass 187) visa.

Businesses with turnover of $10m or more per year will be required to make an upfront payment of $1,800 per visa per year for each employee on a Temporary Skill Shortage visa and make a one-off payment of $5,000 for each employee being sponsored for a permanent Employer Nomination Scheme (subclass 186) visa or a permanent Regional Sponsored Migration Scheme (subclass 187) visa.

The levy will replace the current training benchmark financial obligations for employers of workers on Temporary Work (Skilled) (subclass 457) visas, which are being abolished, and permanent Employer Nomination Scheme (subclass 186) Direct Entry stream visas.

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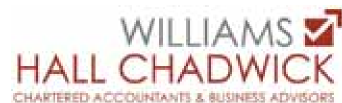

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