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Taxation changes to departing Australia superannuation payment (DASP) for working holiday makers

Eligible former temporary residents (FTR) who have worked in Australia and accumulated superannuation can currently access their super benefits early (prior to reaching preservation age) by applying for a departing Australia superannuation payment (DASP).

To be eligible to claim a DASP, the former temporary resident's visa must have ceased to be in effect (for example, it has expired or been cancelled), they must have departed Australia and they cannot be an Australian or New Zealand citizen or permanent resident. A DASP is subject to a final withholding tax to recoup the tax concessions provided to the temporary resident's super.

In December 2016, as part of the working holiday maker reform package, legislation was passed to increase the tax rate applied to the taxed and untaxed elements of the taxable component of a DASP for working holiday makers (WHM) to 65% from 1 July 2017.

This information is to help super funds apply the correct withholding tax to a DASP made on and after 1 July 2017.

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New tax rate for working holiday makers

A working holiday maker (WHM) is an individual who holds a working holiday visa (subclass 417) or a work and holiday visa (subclass 462). A WHM may also be an individual who holds a bridging visa granted in relation to an application for a subclass 417 or 462 visa.

From 1 July 2017, super funds will need to withhold tax from a DASP paid to a former WHM at a higher rate, if the DASP includes amounts attributable to super contributions made while the person was a WHM. The rate of withholding tax on that DASP rises to 65% if the DASP is paid on or after 1 July 2017.

Super funds will need additional details from DASP applicants (that is, visa information) to determine whether to apply the higher tax rate to any DASP applications received.

DASP tax rates that apply from 1 July 2017

Super components	DASP ordinary tax rate for non-WHM	DASP WHM tax rate for WHM with super contributions attributable while on a WHM visa
Tax free component	0%	0%

Taxed element	35%	65%
Untaxed element	45%	65%

See also:

- [Change in tax rate for super payments to working holiday makers \(/individuals/super/accessing-your-super/working-holiday-makers/?=redirected\)](#)

What super funds need to do

Funds need to process DASP applications as follows.

Before 1 July 2017

Situation	Action
If you receive and process a DASP application from a former WHM and make a payment before 1 July 2017	DASP applications from a former WHM received and processed before 1 July 2017 where the payment is made before that date will be subject to the existing withholding tax rates applying to all DASPs before 1 July 2017.
If you receive a DASP application from a former WHM, but do not process it in time to make a payment before 1 July 2017	The new withholding tax rate applies for DASPs paid on or after 1 July 2017. Applications received before 1 July 2017, but not processed before then, will need visa information for the appropriate DASP tax rate to be applied.

From 1 July 2017

Situation	Action
If you receive a DASP application from a former WHM on or after 1 July 2017	The new withholding tax rate applies for DASPs paid on or after 1 July 2017. From 26 June 2017, the DASP online application system will be updated to enable members to provide visa information. You will see visa information if WHM have entered it in the DASP application. This information will enable you to process applications and withhold tax at the appropriate DASP tax rate. You will need to use the visa information provided in the application and match super contributions against the WHM visa periods to determine whether the DASP includes amounts attributable to super contributions made while the person was a WHM. If there were such attributable amounts, apply the DASP WHM tax rates referred to in the above table. If there were not, apply the ordinary DASP tax rates.
If you receive a DASP application from a non-WHM on or after 1 July 2017	The DASP ordinary tax rates will apply to a DASP for a non-WHM. You can continue to apply your current processes to these DASP applications.

<p>If you process a DASP application on or after 1 July 2017 that was submitted before 1 July 2017</p>	<p>The new withholding tax rate applies for DASPs paid on or after 1 July 2017. DASP applications submitted before 1 July 2017 will not include visa information that will enable you to determine applicants who are a WHM and applicants who are not a WHM. Funds will need visa information for these applications to determine the appropriate DASP tax rate to withhold.</p> <p>To minimise the impact for funds, we have updated the DASP online application system from 26 June 2017. This update will enable applicants to enter visa information so funds will have the required details in the DASP applications received.</p> <p>We will also support funds by working with the Department of Immigration and Border Protection (DIBP) to provide visa information for outstanding DASP applications. Funds will get the information they need to process DASP applications and apply the appropriate tax rate.</p>
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Attributable super contributions

Super funds will need to determine whether the DASP includes amounts attributable to superannuation contributions made while the person was a WHM.

This means considering the dates superannuation contributions were made against the period for which the WHM and any WHM Bridging visas were held.

If there were superannuation contributions made while the person held a WHM visa or WHM Bridging visa, then the DASP does include amounts attributable to superannuation contributions made while the person was a WHM, and the DASP will be taxed at the DASP WHM tax rate.

If there were no superannuation contributions made during the period they held the WHM visa, then the DASP does not include such attributable amounts, and the DASP will be taxed at the DASP ordinary tax rates.

Visa Information

Visa information on DASP online applications

FTR applying for DASP via the DASP Online application system will be asked to provide visa details if they have ever held a WHM visa. FTRs have up to 40 rows to enter visa information.

FTR who have more than 40 visas issued are advised to provide the additional visas information directly to you (their super fund).

FTRs providing their own visa information is a temporary measure. The ATO is working on getting this information directly from the DIBP.

Visa information on paper applications

The [Application for Departing Australia Superannuation Payment \(/assets/0/104/188/217/e09721f3-0b19-481b-80ef-16ad4c4db9a3.pdf\)](/assets/0/104/188/217/e09721f3-0b19-481b-80ef-16ad4c4db9a3.pdf) (NAT 7204) has been updated to ask for visa information from WHM. Superannuation providers with their own paper application will need to update their version of the paper form. A FTR who has applied for the Immigration Certificate from DIBP is not required to provide visa information on the paper form as visa information will be supplied by DIBP on the Certificate. The Immigration Certificate from DIBP will only have WHM and WHM Bridging visas, non-WHM visas will not be included.

Bridging visa

As outlined in paragraph 3A(1)(c) of the Income Tax Rates Act 1986, the definition of a WHM extends to any individual who holds certain bridging visas.

DASP applicants may not know whether the bridging visa they held is considered a WHM bridging visa. Therefore, if visa information comes from the applicant (via DASP online and paper applications), superannuation providers need to look at the visa information provided and assess whether the bridging visa they held is of a kind that made them a WHM (a WHM bridging visa).

Guidance for when a bridging visa is considered a WHM Bridging visa

Visa issued immediately before bridging visa	Bridging visas (any bridging visa issued)	Visa issued immediately after bridging visa	Bridging visa type
Subclass 417 or 462	Bridging visa	Subclass 417 or 462	WHM Bridging
Subclass 417 or 462	Bridging visa	None	WHM Bridging
Subclass 417 or 462	Bridging visa	Any other visa that is not 417 or 462	Bridging
None	Bridging visa	Subclass 417 or 462	Bridging
Any other visa that is not 417 or 462	Bridging visa	Any visa (including 417 or 462)	Bridging

There are several subclasses of bridging visa that may have been issued to a person. All of these subclasses are capable of being considered a WHM Bridging Visa when held in the sequence described in Table 3 above. This means superannuation providers will have to include the WHM Bridging visa period when checking superannuation contributions made on behalf of a DASP applicant.

If visa information comes from the DIBP (via DASP Online and the Immigration certificate), a WHM Bridging visa will be clearly listed as such, hence superannuation providers will not need to carry out the above assessment.

Administration of DASP

Reissuing of DASP

DASP applications processed and paid by 30 June 2017 by super funds are considered complete and final. If for some reason, the payment was returned and the superannuation provider had to issue the payment again on or after 1 July 2017, the superannuation provider may re-issue the payment.

Note: re-issue is not the same as paying an unprocessed DASP application. Applications that are not paid by 30 June 2017 will require visa information from 1 July 2017 to determine the appropriate tax rate to apply.

DASP payment summaries

We will be issuing DASP payment summaries with an indicator from 1 July 2017 for WHM. This is to inform FTRs of the relevant DASP tax rate applied.

Review rights

There are no formal review rights if the applicant is dissatisfied with the DASP WHM rate(s) applied by a superannuation provider.

We don't anticipate many requests for reviews of why the DASP WHM tax rate applied. This is because super providers should be applying the DASP ordinary tax rates if the provider cannot be satisfied, and have no reasonable basis for concluding that the DASP includes amounts attributable to super contributions made while the person was a WHM.

Currently, if the super provider has made an error in withholding an amount from the DASP, the DASP recipient may request a refund from the fund under section 18-65 of Subdivision 18-B of Schedule 1 to the TAA, or the Commissioner of Taxation under section 18-70 (depending on the timing of the request).

If the fund becomes aware of the error or the recipient of the DASP applies to the fund for a refund of the amount withheld in error before the end of the financial year in which the amount of tax is withheld from the DASP by the fund, the request must be actioned by the fund. After this time, the superannuation provider can direct the recipient to contact the ATO.

Examples of applying the correct tax rate

Example 1: Marco – working holiday visa (subclass 417)

Marco's DASP application states that he held a working holiday visa (subclass 417). Marco submitted his DASP application on 1 July 2017, and his fund viewed his application on the same day.

As only a WHM visa was listed in Marco's application, and information held by the fund showed that super contributions were made for Marco while he was a WHM, the fund applies the DASP WHM tax rate to Marco's DASP.

Example 2: Camille – work and holiday visa (subclass 462) and another visa type

Camille's DASP application states that she held a work and holiday visa (subclass 462) from 1 July 2014 to 30 June 2015, and another visa type from 1 July 1998 to 30 June 2012.

Camille's super account was opened on 1 July 1998. A contribution of \$1,500 was paid to the fund on 1 May 2012.

Camille submitted her DASP application on 2 July 2017, and her fund viewed her application on 3 July 2017.

As Camille's DASP application stated that she'd held both a WHM visa and another visa type, her fund needs to check whether the DASP includes amounts attributable to super contributions made while she was a WHM between 1 July 2014 and 30 June 2015.

As the last contribution was made on 1 May 2012, it is reasonable to conclude that the DASP did not include contributions made while Camille held the 462 work and holiday visa. The fund applies the DASP ordinary tax rates to Camille's DASP.

Example 3: Jun-seo – work and holiday visa (subclass 462) and two other visa types

Jun-seo's DASP application states that he held a work and holiday visa (subclass 462) from 1 July 2013 to 30 June 2014.

Jun-seo also held a different visa type from 1 July 1998 to 30 June 2001, and another visa type from 1 July 2004 to 30 June 2010.

Jun-seo's super account was opened on 1 July 1998: The following contributions were paid to the fund:

- \$1,500 on 10 April 2000
- \$1,000 on 28 April 2010
- \$800 on 30 October 2013.

Jun-seo submitted his DASP application on 1 July 2017, and his fund viewed his application on 10 July 2017.

As Jun-seo's DASP application stated that he'd held a WHM visa and two other visa types, his fund needs to check whether the DASP includes amounts attributable to super contributions made while he was a WHM between 1 July 2013 and 30 June 2014.

As there was a contribution made on 30 October 2013, it is reasonable to conclude the DASP did include contributions made while Jun-seo held his work and holiday visa.

The DASP WHM tax rate applies to Jun-seo's DASP, even though the DASP is not wholly comprised of amounts attributable to those contributions.

Example 4: Hanako – no visa information

Hanako's DASP application does not include any visa information.

Hanako's super account was opened on 1 July 2011. A contribution of \$1,500 was paid to Hanako's account on 28 January 2013, and a contribution of \$1,000 was paid on 15 December 2015.

Hanako submitted her DASP application on 24 June 2017, and her fund viewed her application on 7 July 2017. Hanako's application does not include any visa information, as it was submitted before the DASP online system was updated. This means that her fund will now need visa information to process her application.

The fund found out from the ATO that Hanako held a:

- working holiday visa (subclass 417) from 1 October 2015 to 30 October 2016
- other visa type from 1 July 2011 to 30 June 2014.

As Hanako held a WHM visa and another visa type, her fund needs to check whether the DASP includes amounts attributable to super contributions made while she was a WHM between 1 October 2015 to 30 October 2016.

As there was a contribution made on 15 December 2015, it is reasonable to conclude the DASP did include contributions made while Hanako held her working holiday visa.

The DASP WHM tax rate applies to Hanako's DASP, even though the DASP is not wholly comprised of amounts attributable to these contributions.

Example 5: Priya – work and holiday visa (subclass 462) and another visa type

Priya's DASP application states that she held a working holiday visa (subclass 417) from 5 January 2016 to 4 January 2017, and another visa type from 17 March 2013 to 20 May 2015.

Priya's super account was opened on 12 October 2016 with a balance of \$9,000 from a rollover. The fund has not received any contributions since the account was opened. It does not have dates for the contribution of the rollover balance.

Priya's fund viewed her application on 7 July 2017. As Priya's DASP application stated that she'd held both a WHM visa and another visa type, her fund needs to check whether the DASP includes amounts attributable to super contributions made while she was a WHM between 5 January 2016 and 4 January 2017.

The balance was a rollover and Priya's fund does not have the dates of when the original contributions were made, so it is unclear to the fund whether the rollover includes contributions made while Priya held her working holiday visa.

In this case, Priya's fund cannot reasonably conclude that the DASP includes amounts attributable to contributions made while Priya held her working holiday visa. The fund applies the DASP ordinary tax rate to Priya's DASP.

Last modified: 03 Jul 2017

QC 51936

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