MOORE STEPHENS

Doing business in Australia

2018

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Australia at a glance

Language and currency

English

Australian Dollar

Education and workforce

over 99% literacy rate

Tertiary or vocational education competed by almost 53% of working age population

Economy and political system

Globally successful in 5 key industries;

- RESOURCES & ENERGY
- AGRIBUSINESS
- FINANCIAL SERVICES
- EDUCATION
- TOURISM

Geography

Australia is located in the Asia-Pacific region

- **Canberra** is the capital city
- **Sydney** is the largest city by population

6th largest nation in the world by area

59,736 km of total coast line

Climate

- tropical
- desert
- temperate

Population

24.75 million

39.5% live in Sydney and Melbourne

Geography and climate

Australia is situated in the Asia-Pacific region, with neighbouring countries including Indonesia to the north and New Zealand to the south-east. The capital city of Australia is Canberra and its largest city by population size is Sydney. It has a land area of 7,682,300 Km2.

Australia has a variety of climates, ranging from tropical areas in the north to desert areas in the centre and temperate areas along the south-east.

Population

Australia's population is over 24 million. Almost 40% of Australia's population reside in Sydney or Melbourne.

The majority of Australia's population is of British or Irish origin, although significant levels of immigration following World War II and in recent decades have resulted in many inhabitants with Italian, German, Chinese, Indian, Greek and Dutch origins. Australia's Indigenous population comprises around 3% of the total population. Australia is one of the most multicultural countries in the world, with around 20% of the country's population speaking a language other than English.

Similar to many other developed countries, Australia has an ageing population.

State	Population by State/Territory (millions)	Capital cities	Population by capital city (millions)
New South Wales	7.85	Sydney	4.8
Victoria	6.4	Melbourne	4.7
Queensland	5.0	Brisbane	2.4
Western Australia	2.6	Perth	2.1
South Australia	1.75	Adelaide	1.4
Tasmania	0.5	Hobart	0.3
Aust. Capital Territory	0.4	Canberra	0.5
Northern Territory	0.25	Darwin	0.2

Source - http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3218.02016-17

Political and legal system

Australia's political system is based on a constitutional monarchy with a separation of powers at the federal level between the legislature, the executive and the judiciary. The head of state is Elizabeth II, who is represented by a Governor-General at the federal level and Governors at the state level.

Both federal and state parliaments are bicameral and democratically elected, with federal parliament consisting of the House of Representatives and the Senate. The Federal Parliament is based in Canberra, Australian Capital Territory.

There are three levels of government in Australia, with the federal government being responsible for areas such as income tax, goods and services tax, defence, foreign affairs, foreign investment, immigration, trade and commerce. The state and territory governments are responsible for property taxes, payroll taxes, infrastructure, water, education, utilities and emergency services, while local governments focus primarily on local services, community facilities, town planning and development applications.

Australia's legal system is largely based on a common law system adopted from the United Kingdom. Legislation is made by federal and state parliaments and is supplemented by regulation made by various government bodies. An extensive court system also exists at the federal, state and local levels.

Language and currency

Australia's official language is English and its official currency is the Australian dollar. Its currency is based on a floating exchange rate system and the Australian dollar is one of the most traded currencies in the world. The Reserve Bank of Australia (RBA) is the country's central bank and the Australian Securities Exchange (ASX) is the primary securities exchange.

Education and workforce

Australia provides a comprehensive education system through a diverse range of educational institutions. It has a literacy rate of over 99% and is the world's third largest provider of educational services to foreign students.

Australia's workforce is highly educated, skilled and diverse, with almost 60% of Australia's working age population having completed either tertiary or vocational education.

Economy and foreign investment

Australia has one of the highest levels of GDP per capita in the world. Australia has not experienced a sustained economic recession since the early 1990s.

Australia's political, legal and tax systems present a high degree of transparency. Along with a sound financial system, a high degree of economic freedom and market stability, Australia is an attractive destination for business and investment.

Trade

Australia is a strong supporter of reductions to trade barriers as well as the concept of open and multilateral trading systems. The Federal Government actively supports the General Agreement on Tariffs and Trade (GATT).

Australia has entered into free trade agreements with a number of countries. The Foreign Investment Review Board (FIRB) is responsible for approving certain types of foreign investment in Australia, including property, significant investments in agricultural businesses and other businesses that affect the national interest.

Regulatory environment

Australia has a very transparent and efficient regularity environment. A number of regulatory bodies oversee various functions in Australia. These include:

Australian Securities and Investments Commission (ASIC)

ASIC is an independent Government body responsible for enforcing company and financial laws to ensure market integrity and consumer protection. It administers the Corporations Act 2001 and its function is to ensure fair play in the corporate and financial services industry, protecting investors and consumers and preventing corporate crime.

Australian Stock Exchange (ASX)

The ASX was formed in 1987 when six independent stock exchanges amalgamated. The ASX has five regional branches, situated in Sydney, Melbourne, Brisbane, Adelaide and Perth. In 1998 it was floated and listed on itself—a world first. It is Australia's primary national stock exchange for equities, derivatives and fixed interest securities. All trading of shares between ASX members is conducted by electronic trading using comprehensive, high quality, information technology systems.

Australian Taxation Office (ATO)

The ATO is the statutory authority responsible for administering Australia's federal taxation system.

The ATO administers the process of annual self-assessment and conducts random audits to verify assessments. The ATO also collects excise on tobacco, petrol and alcohol, administers the Higher Education Contribution Scheme and the Private Health Insurance Rebate, and has responsibility for the fiscal regulation of Australia's superannuation system.

Australian Prudential Regulation Authority (APRA)

Banking regulation is split between ASIC and APRA. All financial institutions are regulated by APRA and have to report to it on a periodic basis. Financial intermediaries on the other hand have to obtain licenses under the Corporations Act 2001 or other Commonwealth or State legislation. Most investment or merchant banks are registered under the Financial Corporations Act (1974).

APRA supervises the functions of the RBA as well as being responsible for prudential supervision of the other deposit taking institutions. This includes banks, building societies, credit unions and friendly societies, as well as life and general insurance companies and superannuation funds.

Australian Competition and Consumer Council (ACCC)

The ACCC is an independent statutory authority dealing with competition matters and responsible for enforcing the Trade Practices Act 1974 and the Prices Surveillances Act 1983 and associated legislation. Consumer protection measures are aimed at prohibiting unfair trade practices such as misleading or deceptive conduct, false representation and various advertising practices. These measures also cover conditions and warranties, product safety standards and information.

The Trade Practices Act 1974

This act prohibits and restricts business practices which may lessen competition in trade and commerce and applies to virtually all businesses in Australia. The Trade Practices Act 1974 covers anti-competitive and unfair market practices, mergers or acquisitions of companies, product safety/liability and third party access to facilities of national significance.

Banking and finance sector

The central bank in Australia is the RBA. It is responsible for setting Australia's official interest rate and for maintaining a stable and efficient monetary policy and framework. It is responsible for foreign exchange control, maintaining a general oversight of dealers in the foreign exchange market and setting conditions and prudential standards.

Until the mid 1980s, the RBA exercised greater powers over the activities of banks, limiting the range of financial intermediaries and services on offer. Deregulation of the financial markets has removed barriers between classes of institutions and enabled integration into world capital markets. This was accompanied by the virtual abolition of exchange controls and the floating of the Australian dollar.

The four major Australian trading banks are:

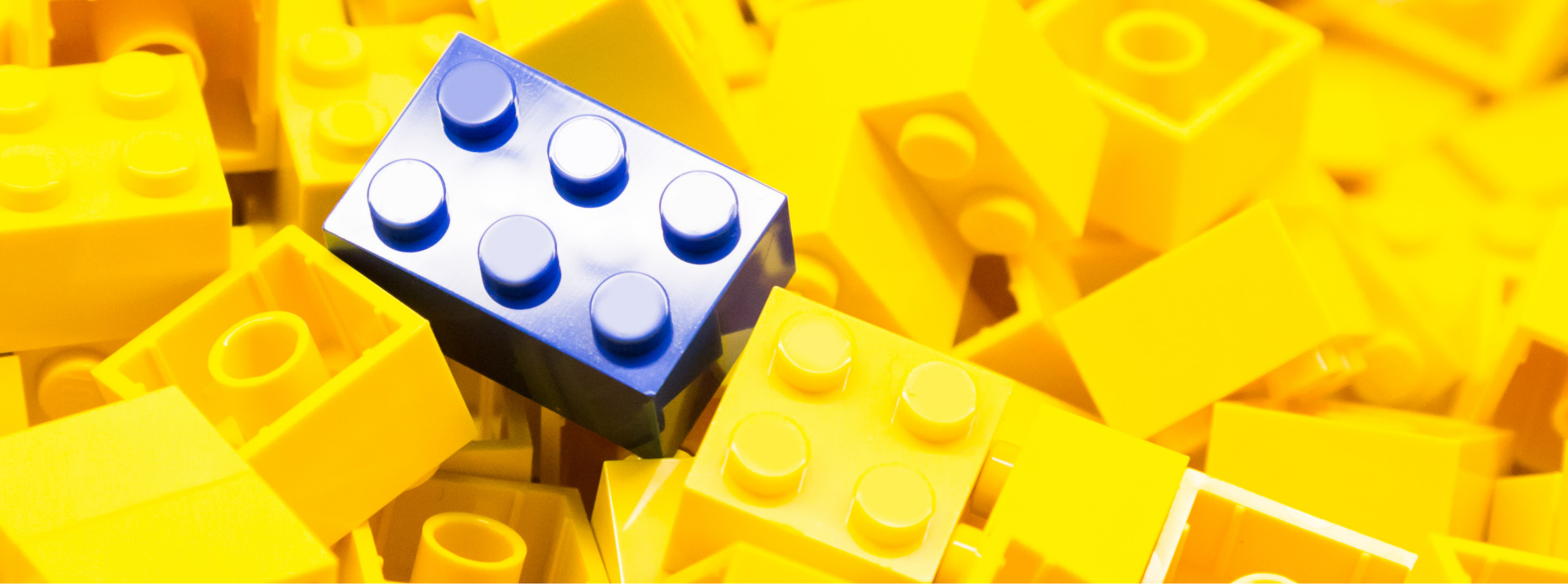
- Australia and New Zealand Banking Corporation (ANZ Bank)
- Commonwealth Bank of Australia (CBA)
- National Australia Bank (NAB)
- Westpac Banking Corporation (Westpac).

Collectively these banks have a majority share of banking business in Australia.

In addition to the trading banks, there is a comprehensive range of other sources of finance. These include smaller regional banks, merchant or investment banks, finance companies, building societies, credit operatives or unions, development banks and venture capital companies.

Exchange control

Almost all restrictions on foreign currency have been removed since the floating of the Australian dollar.



Business structures

A business in Australia may be operated by an individual, a trust, a company (public or private), a joint venture, a partnership (including limited partnerships in certain states) or a branch of a foreign company.

Each has different legal and taxation implications.

In order to transact business in Australia a foreign investor can:

- register as a foreign company
- enter into a joint venture
- acquire an Australian company
- establish a new business
- set up a branch operation.

In Australia, foreign enterprises most commonly conduct business through a company.

Registering as a foreign company

A foreign company or similar entity is able to carry on a business on its own account provided it has registered in Australia. Registering generally involves:

- appointing and authorising at least one local agent or director to act on its behalf
- maintaining a registered office in Australia
- lodging specific company documents and financial statements with ASIC
- identifying the business as a foreign company in written contracts and correspondence.

Entering into a joint venture

Foreign investors may also enter into a joint venture with an Australian business or organisation.

This has become a popular option in recent years particularly if the investment is in natural resources. As there is no legislation specifically regulating joint venture agreements, the investor, therefore, does not have to go through the process of:

- incorporating an Australian subsidiary
- registering as a foreign corporation.

The investor should however create a joint venture agreement with the other party. The participants are generally taxed on an individual basis.

Acquiring an Australian company or business

Alternatively investors can acquire the shares in or assets of an existing Australian company. This has to be undertaken in accordance with both takeover legislation and the Corporations Act 2001 (Corporations Act) as well as be in accordance with Australia's foreign investment policies. The acquisition of resources and know-how may allow the foreign enterprise to commence operations sooner and with more effectiveness than starting from scratch.

Establishing a new company or other structure

See below for further information on establishing companies and other entities.

Setting up a branch operation

An overseas company can operate through a branch office in Australia, referred to for tax purposes as a 'Permanent Establishment'. The overseas company registers with ASIC and the ATO and for tax purposes is treated like a company. The main advantage is the possible elimination of double taxation when compared to an Australian subsidiary company of a foreign parent.

Types of structures

Companies

Companies are an attractive option for many wishing to conduct business because they provide limited liability for their shareholders. This means that, in general, shareholders are only liable to the extent of their investment in the company. Once formed, a company is a separate legal entity with the same powers as an individual. The principal regulator of companies in Australia is ASIC.

There are essentially four types of companies:

- a company limited by shares (public or proprietary)
- a company limited by guarantee
- a company with unlimited liability and
- a no liability company (only available to mining companies).

A foreign enterprise looking to conduct business in Australia through a company would do so through a company limited by shares.

Other Structures

Branch of a foreign company

A branch of a foreign company can be established in Australia. Registration of the foreign company with ASIC is still required and the taxation treatment of a branch operation is very similar to that of an Australian company limited by shares.

Branches must lodge their financial statements with ASIC annually and have a local agent.

The reason a branch operation is often not chosen is the lead time for registration with ASIC due to identification requirements.

Trusts

A trust is a relationship that exists when property or income is held on trust by a trustee for the beneficiaries. Trusts may be public or private with the most common types of trust being discretionary, unit or hybrid trusts. Discretionary trusts are able to distribute income to the trustee's choice of beneficiary as set out in the trust deed, whereas a unit trust distributes its income to unitholders in proportion to their unitholdings. A hybrid trust is a combination of a unit trust and discretionary trust.

A trust generally does not pay income tax, it is a flow-through entity with the beneficiaries or unitholders being taxed on the trust income. The trustee of the trust may be required to withhold tax in certain circumstances such as where distributions are paid to non-resident beneficiaries. Trust structures may result in additional tax in some cases and may help to eliminate the incidence of double taxation in other cases. Whether a trust structure will be appropriate depends on factors such as the country of residency of the trust beneficiary or unitholder, the type of entity of the beneficiary or unitholder and the type of income derived by the trust.

Partnerships

A partnership is a relationship between two or more parties carrying on a business in common. Profits, losses and liability do not remain in the business but pass through to the partners themselves which is also where the income is taxed. Laws relating to the establishment of a partnership are found in the various State Acts.

Joint ventures

A joint venture results when two businesses combine together for a particular outcome. The joint venture agreement specifies each participant's proportional share in the assets, liabilities and results. There are no specific regulations governing the establishment of a joint venture.

Establishing and running a company

Establishing a company

A foreign enterprise can establish an Australian subsidiary by registering a new company with ASIC. A foreign company wishing to apply for registration should reserve the company's name to ensure that it is available in Australia and must lodge an application form with ASIC, together with a certified copy of the company's certificate of registration and constituent documents. The foreign company must have a registered office in Australia and appoint a local agent to represent the company in Australia. Once registered, unless the foreign company obtains an exemption, it is required to lodge copies of its financial statements and comply with various notification obligations under the Corporations Act.

Running a company

Australian companies are governed by the Corporations Act, their constitution and common law. Each company will also have its own "review date" which requires confirmation of corporate secretarial details and solvency. An annual review fee is payable to ASIC.

A registered foreign company must notify ASIC when company details change (such as a change in officeholders or registered address). ASIC must also be notified in circumstances where the foreign company ceases to carry on business in Australia, is wound up, dissolved or deregistered in its place of origin.

All Australian companies are required to disclose their ACN (Australian Company Number) or ARBN (Australian Registered Body Number) on all official documents. Companies controlled by, and foreign branches owned by, foreign enterprises may be required to lodge audited accounts with ASIC.

Appointment of officers and other particulars

The establishment of an Australian proprietary company requires the following:

- the appointment of at least one Australian resident director who is over 18 years of age
- the establishment of a Registered Office Address (usually an accountant's or lawyer's office) which acts as the contact address for all statutory correspondence
- the establishment of a Registered Business Address (can be same as Registered Office) and
- the issue of shares to shareholder(s).

A company's directors can be personally liable for company obligations incurred at a time when the company is insolvent or there are reasonable grounds for suspecting it is insolvent or would become insolvent by incurring a particular obligation.

In addition, the company must appoint a public officer who is a resident of Australia who acts as the Company's representative to the ATO.

ASIC agents and tax agents

Foreign companies will usually appoint their Australian accountants (or legal advisors) as their agent for electronic lodgements and dealings with ASIC. This is achieved by completing and lodging a Form 362 with ASIC through your selected agent.

It is also common to appoint a tax agent for the lodgement of monthly, quarterly and annual tax filings such as Business Activity Statements, Fringe Benefits Tax Returns and Income Tax Returns. This is done by the selected agent lodging an Appointment of Tax Agent Form directly to the ATO.

Reporting requirements

Companies must keep sufficient records of their operations. The Corporations Act requires these records to be kept for 7 years from the date of the transaction. The Act also states that these records must be maintained in English.

All companies (other than small proprietary companies and foreign companies that satisfy certain ASIC conditions of relief) must appoint auditors to have their annual financial statements audited. The directors of the company are responsible for the preparation and lodgement of the financial statements with ASIC within 4 months after the end of the company's financial year. The auditors must be 'registered company auditors' authorised to practice by ASIC.

The reporting requirements for proprietary (private) companies differ between small and large proprietary companies. A proprietary company is classified as "large" if two of the following conditions are satisfied:

- The consolidated gross operating revenue for the financial year of the company and the entities it controls is greater than $25 million.
- The value of the consolidated gross assets at the end of the financial year of the company and the entities it controls is greater than $12.5 million.
- The company and the entities it controls have more than 50 employees at the end of the financial year.

Subject to lodging certain documents and meeting certain conditions, a foreign owned small proprietary company is not required to lodge audited annual financial statements with ASIC.

Large proprietary companies must prepare and lodge annual audited financial statements with ASIC. The lodgement of the accounts with ASIC are on the public record and are available on request. The company may apply for audit relief where the requirement to have financial statements audited would result in an unreasonable burden on the company.

For the purposes of accounts presentation all companies must determine whether they are "reporting entities" or "non-reporting entities". Generally this is determined on the basis of segregation of ownership and control. Where the owners are not actively involved in the management and control of a company, it is likely that the company will be regarded as a "reporting entity". Other factors affecting whether a company will be a "reporting entity" include the scale of the company's operations and the existence of users dependent on the financial reports.

A reporting entity must comply with the Australian Accounting Standards and will be subject to the provisions of the Corporations Act where the entity is a company. Non-reporting entities are not required to comply with every accounting standard (so long as this is adequately disclosed in the notes to the financial statements). Family type businesses where the owners (shareholders) are also the directors are the most common type of non-reporting entities.

Australian Accounting Standards are based on International Financial Reporting Standards.

Trusts are generally not required to have their financial statements audited or to lodge financial statements with ASIC.

For taxation reporting requirements please refer to Tax Compliance on page 18.

Funding issues

Start-up (equity) funding

The initial funding for new companies in Australia is generally provided by the initial shareholders of the company. This can be by way of share capital or by shareholder loan. It is common business practice for initial funding to consist of a small amount of share capital and the balance as a loan from shareholders. This is in part due to the potential adverse tax consequences when returning capital to shareholders.

It may be more appropriate to fund by way of share capital in situations such as where a number of arm's length investors are providing funding or where a stronger balance sheet is required.

It is important that any loans are appropriately documented and classified in the accounts of the company. Of particular note are the Thin Capitalisation and Debt/Equity rules which may apply to deny tax deductions for interest payments and reclassify funding between debt and equity for taxation purposes.

The Thin Capitalisation rules apply where debt deductions exceed AUD$2 million and the Debt/Equity rules apply where turnover exceeds AUD$20 million.

Care should also be taken to ensure that any interest paid on loans to related parties overseas complies with the Transfer Pricing rules where applicable.

Early stage funding

Funding may be sourced from the issue of shares to seed capital investors. Obtaining seed capital often involves professionals such as those at Moore Stephens providing an introduction to High Net Worth Individuals who like to invest in early stage businesses.

Funds may also be raised by issuing shares to Venture Capital (VC) firms. VC funding will often be sourced at a later stage than seed capital investors and often involve an exit strategy such as a business sale or listing on a stock exchange.

Bank funding

Australian banks and other financial institutions provide foreign investors with access to credit in the same way as they do for domestic investors. Types of financial institution funding include overdrafts, fixed-term loans, bank bills, letters of credit, guarantees, and leases.

Equity funding

Listed public companies are able to raise substantial levels of equity funding either via a placement or entitlement offer (once listed). Australia's main stock exchange, the ASX, is an attractive place to list a company due to its comparably low threshold requirements, short time frame to list, time zone and proximity to Asia and Australia's credible regulatory and governance regime.

Unlisted companies with good cashflow, growth business plans and strong management teams are able to raise capital from a well-evolved Australian private equity investment market. This is supported by local and international banks. Key licensed professionals at Moore Stephens know these funds, the banks and other alternate funding sources establised in Australia

Government funding

Government programs include incentives for research and development, support for small businesses, tax and duty concessions, and assistance for industries in transition It supports invention and technology development in businesses by fostering collaboration between industry and researchers.

Other funding

There are numerous other sources of funding which can be utilised if bank funding is not preferred or available. These include debt factoring, crowdfunding, mezzanine debt and peer to peer lending. All these alternatives have their advantages and disadvantages and are generally more expensive alternatives to bank funding.

Foreign investment

Australia actively welcomes and encourages foreign investment and has a strong commitment to business development.

It is widely recognised that foreign investment fosters higher levels of economic activity and employment, brings access to new technology and skills and introduces new markets for trade and commerce.

To encourage foreign investment Australia has introduced a number of facilitating schemes including trade incentives, Government grants and tax concessions.

Foreign investors are generally held to be:

- a natural person not ordinarily resident in Australia
- any corporation, business or trust in which there is substantial foreign interest, regardless of whether such an entity is foreign controlled.

Reasons for investing in Australia

There are a large number of sound reasons for investing in Australia:

- Long term political stability.
- Sound economic management and growth.
- Low rates of inflation.
- Favourable location within the Asia Pacific region.
- Highly skilled, diverse workforce.
- Technologically advanced with a rapid uptake of communications technology.
- Innovative culture with a high proportion of research and development expenditure.
- Open and efficient regulatory systems.

Business efficiency and environment

Australia's political and regulatory system provides a sound foundation for foreign investment. Each year the World Bank Group releases a list of 'Doing Business' statistics on the ease of doing business in each country analysed. Per the table below, Australia is ranked 14 out of 190 economies as far as ease of doing business is concerned.

Key indicators of ease of doing business—2018

		Starting a Business			Dealing with Construction Permits			Getting Credit			Enforcing Contracts		
	Overall Ranking Out of 190 Economies	Rank	Procedures (number)	Time (days)	Rank	Procedures (number)	Time (days)	Rank	Strength of Legal Rights Index (0-12)	Depth of Credit Information Index (0-8)	Rank	Time (days)	Quality of Judicial Processes Index (0-18)
New Zealand	1	1	1	0.5	3	11	93	1	12	8	21	216	9.5
Singapore	2	6	3	2.5	16	10	54	29	8	7	2	164	15.0
Denmark	3	34	5	3.5	1	7	64	42	8	6	32	485	11.0
South Korea	4	9	2	4.0	28	10	28	55	5	8	1	290	14.5
Hong Kong SAR	5	3	2	1.5	5	11	72	29	8	7	28	385	10.0
USA	6	49	6	5.6	36	15.8	81	2	11	8	16	420	13.8
UK	7	14	4	4.5	14	9	86	29	7	8	31	437	15.0
Norway	8	19	4	4.0	21	11	111	77	5	6	8	400	11.0
Australia	14	7	3	2.5	6	11	121	6	11	7	3	402	15.5
Taiwan	15	16	3	10.0	4	10	93	90	2	8	10	510	14.0
Canada	18	2	2	1.5	54	12	249	12	9	8	114	910	9.5
Germany	20	113	9	10.5	24	9	126	42	6	8	22	499	11.0
Malaysia	24	11	9	18.5	11	14	78	20	8	8	44	425	12.0
Thailand	26	36	5	4.5	43	18	104	42	7	7	34	420	8.5
France	31	25	5	3.5	18	9	183	90	4	6	15	395	11.0
Japan	34	106	9	12.2	50	12	197	77	5	6	51	360	7.5
Italy	46	66	6	6.5	96	12	228	105	2	7	108	1,120	13.0
Vietnam	68	123	9	22.0	20	10	166	29	8	7	66	400	6.5
Indonesia	72	144	11	23.1	108	17	200	55	6	7	145	403	7.9
China	78	93	7	22.9	172	23	247	68	4	8	5	496	15.1
India	100	156	12	29.8	181	30.1	144	29	8	7	164	1,445	10.3
Philippines	113	173	16	28.0	101	23	122	142	1	5	149	962	7.5

Source: Austrade, 2018 'Why Australia Benchmark Report 2018', retrieved from https://www.austrade.gov.au/International/Invest/Resources/Benchmark-Report

Foreign Direct Investment inflows

Below is a table from the Austrade 'Why Australia Benchmark Report 2018' which details the main sources of Foreign Direct Investment (FDI) stock in Australia 2010 - 2016.

		A$ billion							% Share	% Change	% CAGR	Growth (A$ billion
		2010	2011	2012	2013	2014	2015	2016	2016	2015-16	2010-2016-	
1	USA	110.3	115.5	131.1	152.4	163.3	18.28	19.50	24.5	6.7	10.00	84.7
2	Japan	51.1	54.9	64.3	67.8	71.3	85.8	90.9	11.4	5.9	10.1	39.8
3	UK	53.7	66.1	72.9	79.3	78.4	64.7	67.9	8.5	4.9	4.0	14.2
4	Netherlands	27.6	29.7	30.0	29.7	40.1	47.8	50.4	6.3	5.3	10.5	22.8
5	China	12.9	14.5	16.5	23.4	31.9	36.2	41.9	5.3	15.7	21.7	29.0
6	Singapore	18.7	19.9	22.4	23.3	27.9	29.2	31.2	3.9	7.0	8.9	12.5
7	Canada	14.9	19.0	21.0	16.9	22.7	24.8	29.1	3.6	17.3	11.8	14.2
8	Bermuda	7.5	5.8	6.7	10.0	28.6	23.3	22.7	2.9	-2.4	20.4	15.3
9	British Virgin Islands	np	np	19.3	np	np	21.5	21.5	2.7	0.2	na	na
10	Germany	16.8	14.1	13.6	13.5	15.8	17.0	19.5	2.5	15.0	2.5	2.7
11	Hong Kong SAR	6.6	7.6	7.4	7.9	9.6	12.1	12.1	1.5	-0.4	10.5	5.5
12	Malaysia	3.7	np	7.1	9.1	9.6	10.8	11.4	1.4	5.1	20.8	7.7
13	Switzerland	20.9	22.9	22.5	19.0	7.9	9.1	9.5	1.2	4.2	-12.3	-11.4
14	New Zealand	6.4	5.3	4.3	5.1	5.1	5.6	7.2	0.9	28.8	1.9	0.8
15	Luxembourg	1.5	3.4	4.2	2.4	2.5	2.3	5.9	0.7	152.6	26.3	4.5
	FDI stock - All economies	518.6	546.4	591.2	641.7	685.1	733.5	796.1	100.0	8.5	7.4	277.5
	APEC	231.0	247.8	279.0	312.3	348.0	391.2	423.8	52.2	8.3	10.6	192.8
	ASEAN	25.8	28.0	32.7	37.1	42.1	41.9	43.9	5.5	4.8	9.3	18.1
	EU	133.8	138.0	144.3	148.2	154.5	153.9	164.8	20.7	7.1	3.5	31.0
	OECD	340.6	358.5	390.2	412.4	427.9	464.9	500.7	62.9	7.7	6.6	160.1

Source: Austrade, 2018 'Why Australia Benchmark Report 2018', retrieved from http://www.austrade.gov.au/International/Invest/Resources/Benchmark-Report

Foreign investor options

In order to transact business in Australia a foreign investor can:

- register as a foreign company
- enter into a joint venture
- acquire an Australian company
- establish a new business;
- set up a branch operation.

For more information on each of these options, please see the 'Business Structures' section of this guide on pages 6-8.

Legislation affecting foreign investment

While it recognises the important of foreign investments, Australia is also keenly aware of the importance of looking after its own affairs.

There is a natural apprehension about Australian assets being owned and controlled by foreign concerns, particularly in sensitive sectors such as the media and developed residential real estate.

Australia's foreign investment policy is accordingly designed to:

- encourage foreign investment
- ensure that foreign investment enhances Australia's economic development
- ensure that foreign investment is consistent with Australia's needs.

To ensure foreign investment proposals are consistent with Australia's national interest, the Australian Government reviews major foreign investment proposals on a case-by-case basis through the Foreign Investment Review Board (FIRB). The FIRB examines significant foreign investment applications that fall within the scope of Australia's foreign investment policy and the Foreign Acquisitions and Takeovers Act 1975 and makes recommendations to the Treasurer, on behalf of the government, on those proposals.

Detailed information on Australia's Foreign Investment Policy can be found on the FIRB website.

Austrade

The Australian Trade Commission (Austrade) encourages foreign investment by helping to provide practical advice, market intelligence and ongoing support in the development of export markets. This includes putting overseas investors in contact with Australian businesses as well as providing advice and guidance for joint venture opportunities.

Business migration to Australia

Australia has a strongly controlled migration regime with migration mainly regulated by the Migration Act 1958 and the Migration Regulations 1994.

At present approximately 190,000 permanent migrants are permitted into Australia each year. This total includes skilled and business migrants, refugees and family reunions and each category of migrant has a relevant visa.

Visa requirements

Australia actively encourages skilled and business migrants who make up the largest proportion of migrants. Skilled migrant visas are normally based on a points system with most points being awarded for occupation, education, age and English language ability.

Business migrant visas are granted to applicants with skills gained from working in their own business or to those who have been executives of large and non-government institutions.

From 1 July 2012 a new program for business skills was introduced, known as the Business Innovation and Investment Program. There are four streams in relation to the Business Innovation and Investment (Provisional) visa (subclass 188), each having particular requirements and all of which are State sponsored.

A permanent residence visa, known as a 'Business Talent Visa' (subclass 132), can be granted to migrants who meet particular business skills and qualifications. This visa has two streams:

- Significant Business History stream.
- Venture Capital Entrepreneur stream

Applications are by invitation only and require the applicant to submit an Expression of Interest (EOI).

In addition:

- the business must have attained a minimum level of assets and turnover
- the applicant must be under 55 years of age
- the applicant must be able to bring to Australia at least AUD 1.5 million or have obtained at least AUD 1 million in funding from an Australian venture capital firm.

The other business visas are provisional. They are granted to prospective business migrants not able to meet the Business Talent Visa requirements or to those who would prefer to take a Provisional to Permanent visa pathway due to, for example, tax planning opportunities.

For the Provisional pathway, the migrant is required to meet a reduced set of criteria both before arriving and once in Australia. This usually includes bringing a certain amount of capital into Australia and starting or purchasing a business (Business Innovation Stream). Once these criteria have been met, the migrant can then apply for a permanent visa with lower requirements than the Business Talent Visa.

The Investor Stream is for migrants willing to make a designated investment of at least AUD 1.5 million in an Australian State or Territory and maintain business and investment activity in Australia. The Significant Investor stream requires the migrant to make a complying investment of at least AUD 5 million. Both require the migrant to maintain business and investment activity in Australia and the Premium Investor Stream requires the migrant to make a complying investment of at least AUD 15 million.

The Significant Investor and Premium Investor streams have reduced English language and residency requirements. With regard to the Premium Investor stream, permanent residency can be applied for after 12 months.

Business visa requirements are complicated and the choice of business structure and how it is applied may have a critical impact on residency, taxation and commercial issues.

State and Territory sponsorship

The criteria and requirements vary from State to State with some States' requirements more onerous than others.

The areas that will impact most on the business migrant are the business proposal requirements, the amount of Australian dollars to be transferred to Australia, and employment requirements of the migrant's new Australian business.

Prospective migrants should be aware of the employment requirements as they may well determine the migrant's ability to conduct a successful business.

Prospective business migrants should investigate the requirements of the State they intend migrating to.

Submitting the application

Prospective migrants can choose to use a migration agent or opt to submit their visa applications themselves. However, because of the complexities of the different visas, it is recommended that business and skilled migrant applicants go through a reputable Registered Migration Agent based either overseas or in Australia. Visa approvals are often delayed or even refused due to minor errors made when completing the application form.

Applicants should ensure the migration agent is registered with the Migration Agents Registration Authority (MARA). This body was appointed to regulate the migration advice industry.

Taxation

Australia has a comprehensive tax system consisting of various taxes, duties and levies.

Income tax and Goods and Services Tax (GST) are collected and administered at the federal level by the ATO. State and territory government bodies are responsible for the collection and administration of various indirect taxes and duties, including transfer duty, payroll tax and land tax.

Residence and source

Australia imposes tax on the worldwide income of Australian resident taxpayers and the Australian sourced income of non-resident taxpayers.

A taxpayer will be considered an Australian resident if they satisfy one or more of the residency tests.

A company will be considered an Australian resident if it is incorporated in Australia or it carries on business in Australia and either has its central management and control exercised in Australia or its voting power controlled by Australian resident shareholders.

For an individual, there are several different tests which consider factors such as actual place of residence throughout an income year, country of domicile and permanent place of abode in order to determine whether the individual is an Australian resident.

Income will be considered Australian sourced income if it satisfies the source rules. There are different source rules for different types of income. For example, income derived from real property located in Australia will generally be considered Australian sourced income. The source of income from trading businesses will depend on all of the circumstances relating to the income.

The operation of the residence and source rules will be affected in some cases by the application of a Double Tax Agreement ('DTA').

Double Tax Agreements

Australia has signed DTAs with numerous countries with the aim of preventing the double taxation of taxpayers whose income would otherwise be taxable in both Australia and the foreign country. These countries comprise the majority of Australia's major trading partners, including China, Japan, Canada, New Zealand, the United States, the United Kingdom and various countries in South-East Asia and Europe.

DTAs allocate taxing rights over certain types of income to either Australia or the foreign country depending on the circumstances relating to the income.

In most of Australia's DTAs, business profits derived by a foreign entity that carries on business in Australia will only be taxable in Australia if the foreign entity carries on its business in Australia through a permanent establishment.

Income and Deductions

Income tax is levied based on a taxpayer's taxable income, being assessable income less any allowable deductions. Most forms of income, including business income, wages and salary, dividends, interest and royalties, are taxable and are required to be declared on a taxpayer's income tax return. Capital gains are also included in assessable income, although there are several exemptions and concessions which may apply.

Deductions are generally allowed for expenses incurred in the course of producing income or in carrying on a business. The final amount of tax payable will also be reduced by any available tax offsets, which are concessions available in specific circumstances, such as the foreign income tax offset and the research and development tax incentive.

Capital Gains Tax (CGT)

Australia has a comprehensive system for the taxation of capital gains. Capital gains resulting from the disposal of an assets, including land, business assets and intangible assets are generally subject to CGT. However, capital gains can also result from many transactions that do not involve the disposal of an asset, including certain trust distributions and the granting of options.

Where an asset subject to tax as a capital gain has been held for 12 months or longer, the taxable amount of the gain will generally be reduced by 50%. However, this concession is not available for assets that are held by a company or a non-resident.

The net amount of a capital gain after applying any applicable concessions and exemptions will be included in a taxpayer's assessable income for tax purposes. A taxpayer will pay tax on a net capital gain at their marginal rate of tax.

A taxpayer can also incur a capital loss if the disposal of an asset results in a loss for the taxpayer. A capital loss can only be offset against other capital gains made in the current year or future years and cannot offset income from other sources, such as trading income.

Foreign residents are generally only subject to CGT on disposals of taxable Australian property which includes direct holding in taxable Australian real property (TARP) and certain indirect Australian real property investment.

From 1 July 2016, purchasers of Australian property may need to withhold 12% from the sale proceeds. Property subject to this rule includes Australian real property, lease premiums relating to Australian real property, mining, quarrying or prospecting rights and interests in Australian entities whose assets mainly consist of the above assets. This rule will not apply to residential property with a value of less than $750,000.

Tax Compliance

All taxpayers that earn income and satisfy Australia's residence and source rules are generally required to lodge an annual income tax return. The income year for most taxpayers runs from 1 July of each calendar year to 30 June of the following calendar year. Taxpayers require approval from the ATO to lodge their income tax returns based on a substituted accounting period. Approval may be granted in circumstances where a foreign parent company prepares its financial statements based on a different accounting period.

All taxpayers require a Tax File Number ('TFN') in order to lodge an income tax return.

Most taxpayers are required to pay income tax progressively throughout the income year. Employers are required to withhold tax from payments made to employees and taxpayers receiving other forms of income are required to pay tax instalments, usually on a quarterly basis. Taxpayers receive a credit on their income tax return for any withholding tax or instalments paid during the income year.

Taxpayers may also be required to lodge quarterly or monthly Business Activity Statements ('BAS') for GST collected and paid, income tax installments and tax withheld from employee wages. Self-employed and business taxpayers will usually be required to lodge a BAS.

Non-resident entities receiving Australian sourced dividends, interest and royalties will generally have tax withheld from their payments. The rate of withholding will depend on whether the non-resident entity is a resident of a country that has signed a DTA with Australia. For residents of countries that have not signed a DTA with Australia, the withholding rates are 10% for interest, 30% for unfranked dividends and 30% for royalties. For residents of countries that have signed a DTA with Australia, the withholding rates will depend on the DTA but are generally nil to 10% for interest, 15% for unfranked dividends and 15% for royalties.

Corporate Tax

A company is treated as a separate entity for tax purposes and pays tax on its taxable income at the company tax rate, which is currently a flat rate of 30%. As of 1 July 2016, the tax rate for companies that are small business entities is 27.5%. Small business entities are "business" entities with income of no more than $10 million. The payment of Australian company tax by a company will generate franking credits which may be passed on to shareholders through the payment of dividends. Franking credits prevent double taxation of income that has already been taxed at the company level and is then distributed to shareholders as a dividend.

Where dividends are distributed by a company to Australian resident shareholders, those dividends will constitute assessable income of those shareholders. A company can frank a dividend by allocating franking credits to the dividend.

There are rules that limit the amount of franking credits that can be allocated to each dividend. If a company allocates the maximum allowable franking credits to a dividend, then that dividend is considered a fully franked dividend.

In the event that the dividend is fully or partially franked, the amount of the dividend to be included in the assessable income of the shareholder is grossed up to include the franking credit attaching to the dividend. Tax payable is then calculated based on the grossed up amount, individual or superannuation. Shareholders will also be entitled to a refundable tax offset equal to the amount of the franking credit included in the shareholder's assessable income.

A company shareholder receiving a franked dividend will pay tax on the dividend at the applicable corporate tax rate. However, as a company shareholder will also receive a tax offset equivalent to the franking credit, a company shareholder will pay no further tax on the dividend if the dividend is fully franked. Franking credits are not refundable for company shareholders. Company shareholders will also include a credit in their franking account for the franking credit attached to franked dividends received.

Non-resident shareholders are generally not entitled to franking credits on Australian dividends received, however, franked dividends are exempt from withholding tax. Unfranked dividends distributed to non-resident shareholders may be subject to withholding tax. The withholding tax rate will depend on whether a DTA applies.

Tax losses incurred by a company cannot be distributed to shareholders. However, they may be used to offset the company's future taxable income provided the company loss rules are satisfied.

For private companies, there are rules that deem loans and other payments made from a company to shareholders and related parties to be dividends in certain circumstances.

Trusts and Partnerships

Trusts and partnerships are required to lodge an income tax return but are not liable to pay tax on their taxable income.

In the case of trusts, unitholders, beneficiaries or the trustee will be liable to pay tax on their share of the trust income.

In the case of partnerships, the partners will be liable to pay tax on their share of the partnership income. Trust losses cannot be passed on to beneficiaries, while partnership losses can be passed on to partners.

Tax Consolidation

Where companies, partnerships and trusts are wholly-owned by the same corporate owner, the group may elect to consolidate for tax purposes. When a group elects to consolidate, the group will be assessed as a single entity for tax purposes and will lodge a single income tax return.

Consequently, any transactions occurring between the group members will be disregarded for tax purposes.

Additionally, losses incurred by a group member can generally be offset against income derived by other group members subject to certain loss rules.

Once a consolidated group is formed, there are complex rules which apply to determine the cost of each asset held by the group members. Furthermore, all group members are jointly and severally liable for the group's income tax liabilities in the event that the head company fails to satisfy these liabilities. A tax sharing agreement is often implemented to allocate tax liability amongst group members.

Transfer Pricing

Australia has strict transfer pricing rules that apply when an Australian taxpayer has transactions with related party foreign entities. The rules are designed to prevent Australian taxpayers from artificially shifting profits from Australia to its related foreign entities. The rules require that all transactions between Australian taxpayers and related foreign entities, such as payments to a foreign parent company for goods, services, intellectual property or financing transactions take place on an arm's length basis. The ATO has provided guidance on the methodologies and documentation that it will accept in determining the terms of an arm's length transaction.

If the ATO deems a transaction to have taken place on terms that do not reflect an arm's length basis, it has the power to assess the Australian taxpayer for tax as if the transaction did take place on an arm's length basis.

Importantly, there are documentation requirements in relation to the transfer pricing rules such that Australian entities that have transactions with related foreign entities are required to maintain contemporaneous and detailed records that provide evidence that the arm's length requirement is

satisfied. Concessional documentation rules are available for SME's that are considered low value or low risk.

Taxpayers with international related party dealings that exceed $2 million in an income year are also required to complete an International Dealings Schedule as part of their income tax return.

Thin Capitalisation

Taxpayers are generally allowed a deduction for interest paid on loans and others debts if they relate to income producing purposes. However, the thin capitalisation rules will limit a taxpayer's allowable interest deductions where the taxpayer is a foreign entity operating in Australia, an Australian subsidiary of a foreign parent or an Australian resident with foreign investments.

The rules are complex and there are a number of different methods for calculating the maximum level of debt allowed. The thin capitalisation rules need to be considered where an entity and its associates have debt deductions of greater than $2 million in an income year.

Conduit Foreign Income

Where an Australian resident company receives foreign sourced income which is then on-paid to a non-resident shareholder as an unfranked dividend, the income will not be assessable to either the company or the shareholder, provided the company declares the unfranked dividend to be Conduit Foreign Income.

Foreign Tax Credits

Australia has a system of foreign tax credits for the purpose of preventing double taxation on income that is taxed in both Australian and a foreign country. A taxpayer will be entitled to a foreign income tax offset where they have paid foreign tax on income that is also taxed in Australia. The offset cannot result in the taxpayer receiving a tax refund and generally cannot be carried forward to future income years.

Employee Share Schemes

Employees are generally subject to tax on shares received from their employer where the issue of shares relates to their employment in Australia and the amount that they paid their employer for the shares is less than the market value of the shares.

The taxable amount of any discount on the shares issued will be included in the employee's assessable income and the employee will be taxed at their marginal tax rate.

Concessional rules apply to the issue of shares in some circumstances. Shares issued in a start-up company and held for at least 3 years may be free of tax where issued at less than a 15% discount.

A reduction in taxable value of $1,000 may apply where the employee's income is less than $180,000 and the shares are held for more than 3 years.

Personal Tax

Individuals pay tax on their taxable income on a sliding scale. The table below provides a summary of the income tax that will be payable by Australian resident individual taxpayers based on their total income for the 2018/19 income year. The Medicare levy has not been included but is payable by most Australian resident individuals taxpayers at a rate of 2% of taxable income.

Taxable Income	Tax Payable
0 – $18,200	Nil
$18,201 – $37,000	19c for each $1 over $18,200
$37,001 – $90,000	$3,572 plus 32.5c for each $1 over $37,000
$90,001 – $180,000	$20,797 plus 37c for each $1 over $90,000
$180,001 and over	$54,0972 plus 47c for each $1 over $180,000

The table below provides a summary of the income tax that will be payable by non-resident individuals based on their total income for the 2018/19 income year. Non-resident individuals are not required to pay the Medicare levy.

Taxable Income	Tax Payable
0 – $90,000	32.5c for each $1
$90,001 – $180,000	$29,250 plus 37c for each $1 over $90,000
$180,001 and over	$62,50 plus 47c for each $1 over $180,000

Fringe Benefits Tax

Where benefits are provided by employers to employees that are not in the form of salary, wages or superannuation, the employer may be required to pay fringe benefits tax ('FBT'). Employees themselves are not taxed on fringe benefits. Common examples of such benefits include the provision of motor vehicles used for private purposes, car parking, reimbursement of private expenses and entertainment. There are several concessions and exemptions that apply to fringe benefits.

Employers that are liable for FBT are required to lodge an FBT

Rate (%)	Current tax thresholds From July 2018 Income range ($)	New tax thresholds From July 2022 Income Range ($)	New tax thresholds From 1 July 2024 Income range ($)
Tax free	0 – $18,200	0 – $18,200	0 – $18,200
19	$18,201 – $37,000	18,201 - 41,000	18,201 - 41,000
32.5	$37,001 – $90,000	41,001 - 120,000	41,001 - 200,000
37	$90,001 – $180,000	120,001 - 180,000	-
45	>$180,000	>180,000	>200,000
Low and middle income tax offset	Up to 530	-	
LITO	Up to 445	Up to 645	Up to 465

return for each year ending 31 March. The tax rate on fringe benefits is generally set at the highest marginal tax rate for individuals. Employers are able to claim a deduction for FBT that they have paid.

Tax Incentive for Research and Development

Australia provides a tax incentive for eligible companies that incur expenses as part of eligible research and development (R&D) activities. Eligible companies include Australian resident companies and non-resident companies that are resident in a country that has signed a DTA with Australia and carries on business in Australia through a permanent establishment. Taxpayers are required to submit their R&D claim within 10 months following the end of the income year.

Eligible taxpayers with annual turnover less than $20 million can claim a 43.5% refundable tax offset for R&D expenses, which is equivalent to a deduction of 145%. It has been proposed to reduce the refundable tax offset to 41%, with a $4 million annual cap on cash refunds. Clinical trials will be excluded from the annual cap.

Eligible taxpayers with annual turnover of greater than $20 million can claim a 38.5% non-refundable tax offset for R&D expenses, which is equivalent to a deduction of 128%. The tax offset can be carried forward to future income years if they are unable to be utilised in the current income year.

There is a limit of $100 million on expenses that can be claimed in an income year.

Eligible R&D activities must qualify as either core R&D activities or supporting R&D activities. Core R&D activities are experimental activities whose outcome is not known or cannot be determined in advance and can only be determined by applying a systematic progression of work based on scientific processes. Supporting R&D activities are activities that are directly related to core R&D activities and are usually necessary in order for the core R&D activities to be carried out.

Tax Incentives for Innovation

From 1 July 2016, several tax measures were introduced that are designed to encourage investment in eligible start-up companies, including the following:

- a 20% non-refundable tax offset for investment in an early stage investment company ('ESIC'), capped at $200,000 per investor per year
- a capital gains tax exemption for investment in an ESIC held for between 1 and 10 years.

A company will qualify as an ESIC if it satisfies the following criteria:

- had expenditure of $1,000,000 or less in the prior income year
- had assessable income of $200,000 or less in the prior income year
- is not listed on any securities exchange
- was incorporated in Australia in the last 3 years, unless certain other criteria are satisfied and
- is involved in innovation by satisfying certain criteria.

Tax incentives are also provided to eligible investors that invest in certain venture capital funds.

Investors in an Early Stage Venture Capital Limited Partnership ('ESVCLP') will receive a 10% non-refundable tax offset on capital invested. Distributions of profit or gains from the ESVCLP are exempt from tax. In order to qualify as an ESVCLP, approval is required from Innovation Australia and there are several requirements to be satisfied. Some of the requirements include being structured as a limited partnership, having committed capital of between $10 million and $200 million and only investing in Australian businesses with total assets of less than $50 million.

Export Market Development Grants

The Export Market Development Grants ('EMDG') scheme provides an incentive for small and medium sized Australian businesses to develop export markets by reimbursing up to 50% of eligible export promotion expenses above $5,000, provided total expenses are at least $15,000. Examples of eligible export promotion expenses include the cost of overseas representatives, marketing consultants, marketing visits, promotional materials and the registration of eligible intellectual property.

Goods and Services Tax (GST)

Australia has a broad-based consumption tax known as the goods and services tax ('GST'). Most sales (supplies) of goods and services in Australia are subject to GST which is levied at a flat rate of 10%. Entities that have paid GST on purchases that are acquired in the course of making taxable supplies are able to claim back GST as credits. The system of allowing credits is designed to ensure that GST is only levied on the value added at the last stage of the supply chain.

An entity is required to register for GST if its turnover for GST purposes is greater than AUD$75,000 per year, but may choose to register if below this threshold.

In order for a supply to be taxable in Australia it must be connected with Australia. The sale of goods in Australia by a foreign entity will generally be connected with Australia where the entity imports the goods or where goods are assembled in Australia. Where the customer imports the goods, the GST obligation will fall on the customer.

GST is payable on the importation of goods into Australia and is required to be paid before the goods will be released by Australian Customs. Importers that are registered for GST may be able to defer the payment of GST until the first BAS lodged after the goods are imported.

From 1 July 2017, supplies of digital goods and services from foreign suppliers to Australian consumers will also be subject to GST if the foreign supplier is required to be registered. Such supplies are not currently taxable as they lack the necessary connection with Australia.

While the GST covers the majority of supplies made to both businesses and consumers, there are exceptions for supplies that are GST-free or input-taxed. If a supply is GST-free, the supplier is not required to charge GST on the supply but is able to claim credits on purchases acquired in the course of making the supply. Input-taxed supplies include certain financial services, renting of residential property and sale of residential property, excluding new residential premises.

GST-free supplies include certain food, health, education and child care services and exports of goods. If a supply is input-taxed, the supplier is not required to charge GST on the supply and cannot claim credits on purchases acquired in the course of making the supply.

Effective from 1 July 2018, GST withholding applies to the sale of new residential premises and subdivided land. The purchaser pays the GST directly to the ATO on settlement of the new residential premises or subdivded land, and the seller must notify the buyer of the amount of GST, no longer than 14 days prior to settlement. Transitional relief applies to some sale contracts signed prior to 1 July 2018.

Other taxes

In addition to taxes collected at the federal level, the Australian states and territories also collect a range of taxes, duties and levies.

Transfer duty

Transfer duty is levied by most states and territories on the acquisition of various assets, including land, shares and business assets. The rate of duty varies amongst the different states and territories and is generally between 0.6% and 7% depending on the type and value of the asset being acquired. Transfer duty on shares and business assets have been abolished in some states and most of the remaining states are in the process of doing so, although duty may apply to shares where the company owns significant interests in land.

Payroll tax

Payroll tax is levied by most states and territories on payments to employees and certain contractors that exceed the payroll tax threshold. The threshold amount and tax rate vary amongst the different states and territories, with the threshold amount generally being between AUD$575,000 and AUD$2,000,000 and the tax rate between 4.75% and 6.85%.

Land tax

Land tax is levied by most states and territories on the unimproved value of land holdings that exceed a threshold amount at a rate between 0% and 3.7%. Exemptions may apply depending on the type of entity and the use of the land.

Excise and customs duties

Customs duties are levied on the majority of goods imported into Australia. The rate of duty depends on the type of good imported, but is usually 5%. Customs duties may not apply if a free trade agreement has been signed between Australia and the country of origin.

Industry Information

Major industry sectors in Australia include services, mining, manufacturing and agriculture.

Services

Australia has a diverse services industry, which contributes the largest portion of the country's GDP. Significant segments of the services industry include business, finance and insurance, property and construction and health and community services. Australia's services sector has steadily increased over time and is expected to increase further in the future.

Aged care is an example of an area within the services industry which has experienced considerable growth, with an expected annualised growth of 4.5% over the 5 years to 30 June 2016. The growth in aged care is positively affected by the growth in Australia's population over 70 years of age which is forecast to grow at an annualised 4.0% over the next 5 years.

Mining

Australia's mining industry forms a significant part of the economy and covers a range of minerals and resources, including iron ore, nickel, bauxite/aluminum, gold, uranium, opal, coal, petroleum and natural gas. While mining activity occurs in all areas of Australia, large concentrations are located in Western Australia and Queensland.

Manufacturing

Major segments within Australia's manufacturing industry include food and beverage manufacturing, metals and machinery.

Agriculture

Key product segments in Australia's agricultural industry include cattle, wheat, dairy, fruit and vegetables, wool, barley and poultry,

Proposed investments by foreign persons in agricultural land generally require approval from the Foreign Investment Review Board where the cumulative value of a person's agricultural land holdings exceed $15 million, with exceptions applying to investors from Australia's trade agreement partners (Chile, New Zealand, Singapore, Thailand and the United States). All acquisitions of interests in agricultural land by foreign persons regardless of whether they require approval and regardless of value must be notified to the ATO Register of Foreign Ownership.

A water license or other approval from the relevant state or territory regulator is generally required to extract water from rivers or aquifers to use for commercial purposes.

International trade

Australia's main export partners are China, Japan, the Republic of Korea, the United States and New Zealand. Its main import partners are China, the United States, Japan, Singapore and Germany.

Australia's main exports are iron ore, coal, natural gas, education and tourism. Its main imports are tourism, petroleum, motor vehicles and telecommunication equipment.

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