

April 24, 2015
2015-055

flash Alert

A Publication for Global Mobility and Tax Professionals by KPMG's Global Mobility Services Practice

Australia – 457 Visa Rules Altered Based on 457 Integrity Review Recommendations

by KPMG, Australia (a KPMG
International member firm)

This article is excerpted, with permission, from ["Implementation of 457 Integrity Review Recommendations,"](#) in *Migration Newsflash* (21 April 2015), a publication of the KPMG International member firm in Australia

The Australian government has implemented the first of the changes to the subclass 457 visa recommended in the 457 Integrity Review¹, including longer notification periods for sponsored employees ceasing employment, new requirements around English-language skills and market salary rates, and extended sponsorship terms for approved employers. The changes were foreshadowed in a government announcement of 18 March by Assistant Minister for Immigration and Border Protection, Senator Michaelia Cash, who commissioned the review². She announced at the time that the changes "... struck the right balance between strengthening necessary integrity measures whilst removing unnecessary red-tape."

Why This Matters

The changes to the Australian 457 visa program will help streamline the processing of visas, facilitate the administration for employers around sponsorship obligations, and simplify the requirements for eligible employees.

Some of the proposed changes, however, will strengthen existing integrity provisions and failure to comply may result in sanctions.

Below we highlight the changes that took effect on 18 April 2015.

Extended Sponsorship Terms

The government has extended sponsorship terms for:

- standard business sponsorships to five (5) years commencing from the date of approval; and
- start-up businesses from twelve (12) months to eighteen (18) months.

KPMG Note

This change should reduce red tape for sponsors and allow start-up businesses more time to show they can meet on-going sponsorship obligations.

Notification Period for Sponsoring Employers

Sponsors under the subclass 457 visa program now have 28 calendar days to notify the Department of Immigration and Border Protection of:

- a sponsored employee ceasing employment, or changing tasks and duties; and
- any payment of overseas travel costs.

KPMG Note

This timeframe is now in-line with reporting obligations for other government agencies and means that sponsors will be able to review and simplify their notification processes.

457 English Language Requirements Amended

The government has amended the English language requirements:

- Applicants will be able to provide an overall score with minimum scores for each test component. For example, using an International English Language Testing System (IELTS) test, applicants will need an overall test score of 5 (with no less than 4.5 in any of the components) instead of requiring a minimum test score of 5 in each component (reading, writing, speaking, and listening).
- Applicants who have previously been required to fulfil a five-year consecutive study requirement are now allowed to demonstrate that they have studied in English over five years in total.
- The acceptable tests for evidencing English language ability under the 457 visa program are increasing. In addition to the IELTS and the Occupational English Test (OET), the following tests are now acceptable forms of evidence under the 457 visa program:
 - Test of English as a Foreign Language internet-based test (TOEFL iBT) (total band score 36);
 - Pearson Test of English Academic (PTE) (overall band score 36); and
 - Cambridge English: Advanced test (CAE) (overall band score 154) – the test must have been completed on or after 1 January 2015.

KPMG Note

The expansion of alternative test providers will allow greater choice to potential visa holders and perhaps alleviate delays in booking with current providers in particular locations. Overall, the amended requirements could help ensure a better focus on English ability and less focus on test results.

Evidence of Market Salary Rates for High-Income Earners

A further change implementing the Integrity Review recommendations sees the salary threshold for exemption from the market rate requirement reduced to AUD 180,000 from AUD 250,000.

KPMG Note

This change should mean less red tape for high-income earners and sponsors.

KPMG Note – Next Steps

Sponsors should consider what changes may be required to internal processes to keep them up to date.

Further changes are expected to be implemented over the next six months. We will endeavor to keep readers informed of any relevant developments.

Footnotes:

1 For more information on the 457 Integrity Review, see: <https://www.immi.gov.au/public/Pages/reviews-and-inquiries/independent-review-457-programme.aspx?heading=releaseoftheindependentreviewintointegrityinthesubclass457programme> .

2 For the assistant minister's 18 March 2015 press release, see: <http://www.minister.immi.gov.au/michaeliacash/2015/Pages/457-reforms-boost-integrity.aspx> .

For further information or assistance, please contact your local GMS or People Services professional, or one of the following professionals with the KPMG International member firm in Australia:

New South Wales and Australian Capital Territory

Michael Wall (Immigration)
Tel. +61 2 9335 8625
mwall2@kpmg.com.au

Andy Hutt (Tax)
Tel. +61 2 9335 8655
ahutt@kpmg.com.au

Victoria, South Australia, and Tasmania

James Hyett (Immigration)
Tel. +61 8 9263 7722
jhyett@kpmg.com.au

Ben Travers (Tax)
Tel. +61 3 9288 5279
btravers1@kpmg.com.au

John Unger (Immigration)
Tel. +61 3 9288 5725
junger@kpmg.com.au

Western Australia

Tim Sandow (Tax)
Tel. +61 8 8236 3234
tsandow@kpmg.com.au

Dan Hodgson (Tax)
Tel. +61 8 9278 2053
dghodgson@kpmg.com.au

Ivan Hoe (Immigration)
Tel. +61 8 9263 7181
ihoe@kpmg.com

Rachel Williamson (Immigration)
Tel. +61 8 9263 7455
rwilliamson@kpmg.com.au

Queensland and Northern Territory

Stephen Abbott (Immigration)
Tel. +61 7 3233 9554
sabbott@kpmg.com.au

Philip Duncan (Immigration)
Tel. +61 7 3434 9196
pduncan1@kpmg.com.au

The information contained in this newsletter was submitted by the KPMG International member firm in Australia. The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

Flash Alert is a GMS publication of KPMG LLP's Washington National Tax practice. To view this publication or recent prior issues online, please click [here](#). To learn more about our GMS practice, please visit us on the Internet: click [here](#) or go to <http://www.kpmg.com>.