

LI 2024/18 -



Taxation Administration (Withholding Schedules) Instrument 2024

I, Emma Rosenzweig, Deputy Commissioner of Taxation, make the following instrument.

Dated 30 May 2024

Emma Rosenzweig
Deputy Commissioner of Taxation

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1 Name

This instrument is the *Taxation Administration (Withholding Schedules) Instrument 2024*.

2 Commencement

- (1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. The whole of this instrument	1 July 2024.	1 July 2024.

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

- (2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under section 15-25 in Schedule 1 to the TAA.

4 Definitions

In this instrument:

ATO means the Australian Taxation Office.

Quick code means an alphanumeric code beginning with ‘QC’ that can be used to navigate to a specific page on the ATO website, by typing the code into the website search bar.

Note: The ATO website is www.ato.gov.au. This instrument contains quick code references to help people to navigate to specific pages on that website.

TAA means the *Taxation Administration Act 1953*.

5 Repeals

- (1) The whole of the *Taxation Administration Withholding Schedules 2023* is repealed.
- (2) The whole of the *Taxation Administration Act 1953 - Pay as you go withholding - Tax table for additional amounts to withhold as a result of an agreement to increase withholding* is repealed.

6 Schedules

The Schedules to this instrument contain withholding schedules that specify the amounts, formulas and procedures to be used for working out the amount to be withheld by an entity from a withholding payment covered by Subdivision 12-B, 12-C or 12-D in Schedule 1 to the TAA. Each item in a Schedule has effect according to its terms.

7 Guide to Schedules

The Schedules to this instrument deal with the matters specified in the following table and can be found on the ATO website using the corresponding quick code.

Number	Quick code	Title
1	QC102416	Schedule 1—Statement of formulas for calculating amounts to be withheld
2	QC102417	Schedule 2—Tax table for individuals employed in the horticultural or shearing industry
3	QC102418	Schedule 3—Tax table for actors, variety artists and other entertainers
4	QC102419	Schedule 4—Tax table for return to work payments
5	QC102438	Schedule 5—Tax table for back payments, commissions, bonuses and similar payments
6	QC102420	Schedule 6—Tax table for annuities
7	QC102421	Schedule 7—Tax table for unused leave payments on termination of employment
8	QC102422	Schedule 8—Statement of formulas for calculating study and training support loans components
9	QC102423	Schedule 9—Tax table for seniors and pensioners
10	QC102424	Schedule 10—Tax table for payments made under voluntary agreements
11	QC102425	Schedule 11—Tax table for employment termination payments

Number	Quick code	Title
12	QC102426	Schedule 12—Tax table for superannuation lump sums
13	QC102439	Schedule 13—Tax table for superannuation income streams
14	QC102427	Schedule 14—Tax table for additional amounts to withhold as a result of an agreement to increase withholding
15	QC102428	Schedule 15—Tax table for working holiday makers

8 Guide to other relevant documents and links

The Schedules to this instrument refer to other documents or links in italics that are specified in the following table and can be found on the ATO website using the corresponding quick code.

Quick code	Title
QC102413	Fortnightly tax table
QC25766	Interdependency relationship
QC102435	Medicare levy adjustment weekly tax table
QC17088	Medicare levy variation declaration
QC26159	PAYG payment summary – employment termination payment
QC22557	PAYG payment summary – foreign employment
QC21978	PAYG payment summary – individual non-business
QC19550	PAYG payment summary – superannuation income stream
QC35966	PAYG payment summary – superannuation lump sum
QC27073	Payments under a voluntary agreement
QC19282	Request for determination of the deductible amount of UPP of an Australian pension or annuity
QC102431	Study and training support loans fortnightly tax table
QC102430	Study and training support loans monthly tax table
QC102429	Study and training support loans weekly tax table
QC16161	Tax file number declaration
QC27134	Tax file number – application or enquiry for individuals
QC16945	Tax tables
QC102434	Tax table for daily and casual workers

Quick code	Title
QC26218	Taxation of termination payments
QC16223	Voluntary agreement for PAYG withholding
QC102414	Weekly tax table
QC16347	Withholding declaration
QC18292	Withholding declaration – short version for seniors and pensioners
QC51680	Withholding for allowances
QC16601	Withholding from leave payments for continuing employees

Schedule 1 – Statement of formulas for calculating amounts to be withheld

This schedule applies to withholding payments covered by Subdivisions 12-B (except sections 12-50 and 12-55), and 12-D of Schedule 1 to the TAA.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

About this schedule

Amounts to be withheld from payments made weekly, fortnightly, monthly and quarterly, as set out in the relevant PAYG withholding tax table at ato.gov.au/taxtables, can be calculated using the formulas and coefficients contained in this schedule.

Using this schedule

If you develop your own payroll or accounting software package, this schedule provides the formulas and coefficients you will need to calculate the amounts to be withheld from payments made on a weekly, fortnightly, monthly or quarterly basis.

Separate scales apply to:

- foreign residents
- employees who have claimed or not claimed the tax-free threshold
- employees claiming a full or half-exemption from the Medicare levy.

To assist employers who don't have a software package, our website ato.gov.au provides the following tools which are based on the formulas in this schedule:

- tax withheld calculator

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- tax tables.

Payments covered include:

- salary, wages, allowances and leave loading paid to employees
- paid parental leave
- directors' fees
- salary and allowances paid to office holders (including members of parliament, statutory office holders, defence force members and police officers)
- payments to labour-hire workers
- payments to religious practitioners
- government pensions
- government education or training payments
- compensation, sickness or accident payments that are calculated at a periodical rate and made because a person is unable to work (unless the payment is made under an insurance policy to the policy owner).

Do not use this schedule for payments made to individuals employed under a working holiday makers visa. You must use Schedule 15 - Tax table for working holiday makers for all payments made to them, including lump sum payments.

Software

Payroll or accounting software written in accordance with the formulas in this schedule should be tested for accuracy against the 'Sample data' section in this schedule.

The results obtained when using the coefficients in this schedule may differ slightly from the sums of the amounts shown in the PAYG tax tables at ato.gov.au/taxtables. The differences result from the rounding of components. Withholding calculated using either method is accepted.

Other statements of formulas

Statements of formulas for other classes of payees are also available. These include:

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- Schedule 8 - Statement of formulas for calculating study and training support loans components
 - Schedule 2 - Tax table for individuals employed in the horticultural or shearing industry
 - Schedule 3 - Tax table for actors, variety artists and other entertainers
 - Schedule 9 - Tax table for seniors and pensioners
 - Schedule 15 - Tax table for working holiday makers.

Coefficients for calculation of amounts to be withheld (withholding amounts) from weekly payments

Where the tax-free threshold is not claimed in *Tax file number declaration* – Scale 1

Weekly earnings (x) less than \$	a	b
150	0.1600	0.1600
371	0.2117	7.7550
515	0.1890	-0.6702
932	0.3227	68.2367
2,246	0.3200	65.7202
3,303	0.3900	222.9510
3,303 & over	0.4700	487.2587

Where the employee claimed the tax-free threshold in *Tax file number declaration* – Scale 2

Weekly earnings (x) less than \$	a	b
361	–	–
500	0.1600	57.8462
625	0.2600	107.8462
721	0.1800	57.8462
865	0.1890	64.3365
1,282	0.3227	180.0385
2,596	0.3200	176.5769
3,653	0.3900	358.3077
3,653 & over	0.4700	650.6154

Foreign residents – Scale 3

Weekly earnings (x) less than \$	a	b
2,596	0.3000	0.3000
3,653	0.3700	181.7308
3,653 & over	0.4500	474.0385

Where a tax file number (TFN) was not provided by employee – Scale 4

Earnings	Tax rate
Resident \$1 & over	0.4700
Foreign resident \$1 & over	0.4500

**Where the employee claimed the FULL exemption from Medicare levy in
Medicare levy variation declaration – Scale 5**

Weekly earnings (x) less than \$	a	b
361	–	–
721	0.1600	57.8462
865	0.1690	64.3365
1,282	0.3027	180.0385
2,596	0.3000	176.5769
3,653	0.3700	358.3077
3,653 & over	0.4500	650.6154

**Where the employee claimed the HALF exemption from Medicare levy in
*Medicare levy variation declaration – Scale 6***

Weekly earnings (x) less than \$	a	b
361	–	–
721	0.1600	57.8462
843	0.1690	64.3365
865	0.2190	106.4962
1,053	0.3527	222.1981
1,282	0.3127	180.0385
2,596	0.3100	176.5769
3,653	0.3800	358.3077
3,653 & over	0.4600	650.6154

Notes

1. Scale 1 contains a negative value for one of the b coefficients. This is intentional.

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2. If you have 27 fortnightly, or 53 weekly pays in a financial year, refer to withholding additional amounts from employee earnings section.
 3. Scales 1, 2, 3, 5 and 6 may be applied only where employees have provided their TFN.
 4. For scale 4 no coefficients are necessary. To calculate withholding, apply the tax rate to earnings, ignoring any cents in earnings and in the withholding result.
 5. Scale 1 and 2 apply whether or not the employee is entitled to any leave loading.
 6. Tax offsets may be allowed only where scales 2, 5 or 6 are applied.
 7. Scale 1, 2, 4 and 6 incorporate the Medicare levy. Scale 4 incorporates the Medicare levy for residents only.
 8. For scale 2 no Medicare levy is payable by a person whose taxable income for the year is \$26,000 (\$500 per week) or less. Where the taxable income exceeds \$26,000 but is less than \$32,500 (\$625 per week), the levy is shaded in at the rate of 10% of the excess over \$26,000. Where a person's taxable income is \$32,501 (\$625 per week) or more, Medicare is levied at the rate of 2% of total taxable income.
 9. The Medicare levy is also shaded in for scale 6. The Medicare levy parameters for scales 2 and 6 are as follows:

Medicare levy parameters

Parameter	Scale 2	Scale 6
Weekly earnings threshold	500	843
Weekly earnings shade-in threshold	625	1,053
Medicare levy family threshold	43,846	43,846
Weekly family threshold divisor	52	52
Additional child	4,027	4,027
Shading out point multiplier	0.1000	0.0500
Shading out point divisor	0.0800	0.0400
Weekly levy adjustment factor	500.0000	843.1900

Medicare levy	0.0200	0.0100
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Using a formula

Overview

The formulas comprise linear equations of the form $y = ax - b$, where:

- **y** is the weekly withholding amount expressed in dollars
- **x** is the number of whole dollars in the weekly earnings plus 99 cents
- **a** and **b** are the values of the coefficients for each set of formulas for each range of weekly earnings (or, in the case of fortnightly, monthly or quarterly earnings, the weekly equivalent of these amounts – see 'Working out the weekly earnings').

The formulas relate only to the calculation of withholding amounts before any tax offsets and Medicare levy adjustments are allowed. For instructions on the treatment of tax offsets and Medicare levy adjustments, refer to the sections on 'Tax offsets' and 'Medicare levy adjustment' in this schedule.

Sample data to verify that the software program is calculating the correct withholding amounts and Medicare levy adjustments has been provided in this schedule.

Withholding amounts calculated using these formulas may vary slightly to those calculated using the method set out in the footnote to the appropriate PAYG withholding tax table at ato.gov.au/taxtables. This applies if earnings exceed \$3,400 weekly or \$6,800 fortnightly.

Rounding of withholding amounts

Withholding amounts calculated as a result of applying the above formulas are rounded to the nearest dollar. Values ending in 50 cents are rounded to the next higher dollar. Do this rounding directly – that is, do not make a preliminary rounding to the nearest cent.

Use these rounding rules across all scales except scale 4 (where employee does not provide a TFN). For scale 4, cents are ignored when applying the tax rate to earnings and when withholding amounts are calculated.

When there are 53 pays in a financial year

In some years, you may have 53 pays instead of the usual 52. As this schedule is based on 52 pays, the extra pay may result in insufficient amounts being withheld. You should let your employees know when this occurs so if they are concerned about a shortfall in tax withheld, they can ask you to withhold the additional amount in the table below.

Extra withholding amount, 53 pays

Weekly earnings \$	Additional withholding \$
875 to 2,574	3
2,575 to 3,649	6
3,650 & over	12

When there are 27 pays in a financial year

In some years, you may have 27 pays instead of the usual 26. As this schedule is based on 26 pays, the extra pay may result in insufficient amounts being withheld. You should let employees know when this occurs so if they are concerned about a shortfall in tax withheld, they can ask you to withhold the additional amounts in the table below.

Extra withholding amount, 27 pays

Fortnightly earnings \$	Additional withholding \$
1,750 to 5,149	12
5,150 to 7,249	26
7,250 & over	47

Working out the weekly earnings

The method of working out the weekly earnings (x) for the purpose of applying the formulas is as follows:

Example
Weekly income
\$467.59

Add allowance subject to withholding	\$9.50
Total earnings (ignore cents)	\$477.00
Add 99 cents	\$0.99
Weekly earnings	\$477.99

Calculating withholding fortnightly, monthly or quarterly amounts

First calculate the weekly equivalent of fortnightly, monthly or quarterly earnings. If you pay:

- **fortnightly** – divide the sum of the fortnightly earnings and the amount of any allowances subject to withholding by two. Ignore any cents in the result and then add 99 cents.
- **monthly** – obtain the sum of the monthly earnings and the amount of any allowances subject to withholding (if the result is an amount ending in 33 cents, add one cent), multiply this amount by three and then divide by 13. Ignore any cents in the result and then add 99 cents.
- **quarterly** – divide the sum of the quarterly earnings and the amount of any allowances subject to withholding by 13. Ignore any cents in the result and then add 99 cents.

Then calculate fortnightly, monthly or quarterly withholding amounts as follows:

- **fortnightly** – work out the rounded weekly withholding amount applicable to the weekly equivalent of earnings, before any adjustment for tax offsets. Multiply this amount by two.
- **monthly** – work out the rounded weekly withholding amount applicable to the weekly equivalent of earnings, before any adjustment for tax offsets. Multiply this amount by 13, divide the product by three and round the result to the nearest dollar.

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- **quarterly** – work out the rounded weekly withholding amount applicable to the weekly equivalent of earnings, before any adjustment for tax offsets. Multiply this amount by 13.

Bi-monthly payments

For payers who make bi-monthly payments, obtain the sum of payments made for the month. Then calculate withholding using the monthly steps outlined above. Divide the monthly withholding amount by two to determine the bi-monthly withholding amount.

Tax offsets

The withholding amount calculated using scales 2, 5 or 6 of the formulas is reduced as follows:

- **weekly** – 1.9% of the total amount claimed at the tax offsets questions on the *Withholding declaration*, rounded to the nearest dollar
- **fortnightly** – 3.8% of the total amount claimed at the tax offsets questions on the *Withholding declaration*, rounded to the nearest dollar
- **monthly** – 8.3% of the total amount claimed at the tax offsets questions on the *Withholding declaration*, rounded to the nearest dollar
- **quarterly** – 25% of the total amount claimed at the tax offsets questions on the *Withholding declaration*, rounded to the nearest dollar.

Medicare levy adjustment

A Medicare levy adjustment is not allowed where withholding amounts have been calculated using Scales 1, 3, 4 or 5. The amount obtained using Scales 2 or 6 (after allowing for any tax offsets) is reduced by any amount of Medicare levy adjustment applicable.

When an employee is entitled to an adjustment

To claim the Medicare levy adjustment (available in certain situations), your employee must lodge a *Medicare levy variation declaration* with their *Tax file number declaration*.

Some employees may be liable for an increased rate of the Medicare levy surcharge as a result of the income for surcharge purposes tests. They can lodge a *Medicare levy variation declaration*, asking you to increase the amount to be withheld from their payments.

An employee who has lodged both a completed *Tax file number declaration* and a *Medicare levy variation declaration* may be entitled to a Medicare levy adjustment if they have weekly earnings of one of the following:

- \$500 or more where scale 2 is applied
- \$843 or more where scale 6 is applied.

To claim the adjustment, the employee must answer **yes** to question 10 and **yes** to question 9, and/or question 12 on the *Medicare levy variation declaration*.

Calculating the Medicare levy adjustment

To calculate the Medicare levy adjustment, your software package will need to be able to distinguish those employees who have answered **yes** to question 9 and **no** to question 12 on the *Medicare levy variation declaration*.

Where employees have answered **yes** to question 12, the software must be able to store the number of dependants shown at this question on the declaration.

You will need to calculate the weekly family threshold and shading out point (SOP) before calculating the weekly levy adjustment for employees with weekly earnings of one of the following:

- \$625 or more where Scale 2 is applied
- \$1,053 or more where Scale 6 is applied.

Values used in the calculations may be regarded as variables.

Weekly family threshold (WFT)

Where scale 2 or scale 6 is applied

- Where an employee has answered **yes** to question 9 and **no** to question 12 on the *Medicare levy variation declaration*:

WFT = \$843.19 (43,846 ÷ 52) (rounded to the nearest cent).

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- Where an employee has answered **yes** to question 12 on the *Medicare levy variation declaration*, you need to:
 - a. multiply the number of children shown at question 12 by 4,027 and add the result to 43,846
 - b. divide the result of (a) by 52
 - c. round the result of (b) to the nearest cent.

Example:

If the employee has shown two dependent children at question 12:

$$\text{WFT} = ([4,027 \times 2] + 43,846) \div 52$$

$$\text{WFT} = 998.0769 \text{ or } \$998.08 \text{ (rounded to the nearest cent)}$$

Shading out point (SOP)

The SOP relative to an employee's WFT is calculated as follows:

Multiply WFT by 0.1 and divide the result by 0.0800. Ignore any cents in the result.

Example:

Employee has shown six dependent children at question 12 and scale 2 is applied:

$$\text{WFT} = ([4,027 \times 6] + 43,846) \div 52$$

$$\text{WFT} = 1,307.8462 \text{ or } \$1,307.85 \text{ (rounded to the nearest cent)}$$

$$\text{SOP} = (\text{WFT} \times 0.1) \div 0.0800$$

$$\text{SOP} = (\$1,307.85 \times 0.1) \div 0.0800$$

$$\text{SOP} = 1,634.8125 \text{ or } \$1,634 \text{ (ignoring cents)}$$

Weekly levy adjustment (WLA)

Where Scale 2 is applied

Where weekly earnings are \$500 or more but less than the SOP, the WLA is derived by applying the weekly earnings (**x**) expressed in whole dollars plus an amount of 99 cents (refer to the section 'Working out the weekly earnings' in this schedule), in the following formulas:

1. If **x** is less than \$625, $\text{WLA} = (\mathbf{x} - 500) \times 0.1$
2. If **x** is \$625 or more but less than WFT, $\text{WLA} = \mathbf{x} \times 0.0200$

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3. If x is equal to or greater than WFT and less than the SOP, WLA =
 $(\text{WFT} \times 0.0200) - ([x - \text{WFT}] \times 0.0800)$

Where Scale 6 is applied

Where weekly earnings are \$843 or more but less than the SOP, the WLA is derived by applying the weekly earnings (x) expressed in whole dollars plus an amount of 99 cents (refer to the section 'Working out the weekly earnings' in this schedule), in the following formulas:

1. If x is less than \$1,053, WLA = $(x - 843.19) \times 0.05$
2. If x is \$1,053 or more but less than WFT, WLA = $x \times 0.0100$
3. If x is equal to or greater than WFT and less than the SOP, WLA =
 $(\text{WFT} \times 0.0100) - ([x - \text{WFT}] \times 0.0400)$

In each case, WLA should be rounded to the nearest dollar.

Values ending in 50 cents should be rounded to the next higher dollar.

Examples

Example 1:

Employee's weekly earnings are \$535.33 and Scale 2 is applied.

$$x = 535.99$$

As x is less than \$625, WLA is calculated using formula (1):

$$\begin{aligned} \text{WLA} &= (535.99 - 500) \times 0.1 \\ &= 3.5990 \text{ or } \$4.00 \text{ (rounded to the nearest dollar)} \end{aligned}$$

Example 2:

Employee's weekly earnings are \$1,064.25 and the number of children claimed at question 12 is three. Scale 6 is applied.

$$x = 1,064.99$$

$$\begin{aligned} \text{WFT} &= ([4,027 \times 3] + 43,846) \div 52 \\ &= 1,075.5192 \text{ or } \$1,075.52 \text{ (rounded to the nearest cent)} \end{aligned}$$

As x is greater than \$1,053 and less than WFT, WLA is calculated using formula (2):

$$\begin{aligned} \text{WLA} &= 1,064.99 \times 0.01 \\ &= 10.6499 \text{ or } \$11.00 \text{ (rounded to the nearest dollar)} \end{aligned}$$

Example 3:

Employee's weekly earnings are \$1,200.47 and the number of children claimed at question 12 is four. Scale 2 is applied.

$$x = 1,200.99$$

$$\text{WFT} = ([4,027 \times 4] + 43,846) \div 52$$

$$= 1,152.9615 \text{ or } \$1,152.96 \text{ (rounded to the nearest cent)}$$

$$\text{SOP} = (1,152.96 \times 0.1) \div 0.08$$

$$= 1,441.2000 \text{ or } \$1,441 \text{ (ignoring cents)}$$

As x is greater than WFT and less than SOP, WLA is calculated using formula (3):

$$\text{WLA} = (1,152.96 \times 0.020) - ([1,200.99 - 1,152.96] \times 0.0800)$$

$$= 19.2168 \text{ or } \$19.00 \text{ (rounded to the nearest dollar)}$$

Fortnightly levy adjustment

Multiply rounded weekly levy adjustment by two.

Example:

Employee's fortnightly earnings are \$1,887.52 and the number of children claimed at question 12 is one. Scale 2 is applied.

$$\text{Equivalent weekly earnings} = \$1,887.52 \div 2$$

$$= \$943.76$$

$$x = 943.99$$

$$\text{WFT} = ([4,027 \times 1] + 43,846) \div 52$$

$$= 920.6346 \text{ or } \$920.63 \text{ (rounded to the nearest cent)}$$

$$\text{SOP} = (920.63 \times 0.1) \div 0.08$$

$$= 1,150.7875 \text{ or } \$1,150 \text{ (ignoring cents)}$$

As x is greater than WFT and less than SOP, formula (3) is used:

$$\text{WLA} = (920.63 \times 0.020) - ([943.99 - 920.63] \times 0.0800)$$

$$= 16.5438 \text{ or } \$17.00 \text{ (rounded to the nearest dollar)}$$

The fortnightly levy adjustment is therefore \$34.00 ($\17.00×2).

Monthly levy adjustment

Multiply rounded weekly levy adjustment by 13 and divide the result by three. The result should be rounded to the nearest dollar.

Example:

Employee's monthly earnings are \$2,800.33 and has a spouse but no children.

Scale 2 is applied.

Equivalent weekly earnings = $(\$2,800.33 + 0.01) \times 3 \div 13$

= \$646.23

$x = 646.99$

WFT = \$843.19

As x is greater than \$625 and less than WFT, formula (2) applies:

WLA = $646.99 \times 0.0200 = 12.9398$ or \$13.00 (rounded to the nearest dollar)

The monthly adjustment is therefore \$56.00 ($\$13.00 \times 13 \div 3$, rounded to the nearest dollar).

Quarterly levy adjustment

Multiply rounded weekly levy adjustment by 13.

General examples

Example 1:

Employee's weekly earnings are \$1,333.45. Employee has completed a *Tax file number declaration* claiming the tax-free threshold. The employee has also provided a *Medicare levy variation declaration* with five children shown at question 12.

Therefore, Scale 2 is applied.

$x = 1,333.99$

Weekly withholding amount (y)

= $(a \times x) - b$

= $(0.3200 \times 1,333.99) - 176.5769$

= 250.2999 or \$250.00 (rounded to nearest dollar)

Levy adjustment: weekly earnings are greater than WFT (\$1,230.40) and less than the SOP (\$1,538) appropriate to an employee with five children. Formula (3) applies.

$$\begin{aligned} &= (1,230.40 \times 0.0200) - ([1,333.99 - 1,230.40] \times 0.0800) \\ &= 24.6080 - 8.2872 \\ &= 16.3208 \text{ or } \$16.00 \text{ (rounded to nearest dollar)} \\ \text{Net weekly withholding amount} \\ &\$250.00 - \$16.00 = \$234.00 \end{aligned}$$

Example 2:

Employee's fortnightly earnings are \$1,299.30. Employee resides in zone B, has provided a *Tax file number declaration* that claims the tax-free threshold and a *Withholding declaration* that claims zone and tax offsets at the tax offsets questions that totals \$1,645. The employee has also lodged a *Medicare levy variation declaration* claiming a full exemption from the Medicare levy.

Therefore, Scale 5 is applied.

$$\begin{aligned} \text{Convert to weekly equivalent} \\ &= (1,299.30 \div 2) \\ &= 649.65 \text{ or } \$649 \text{ (ignore cents)} \\ \mathbf{x} &= 649.99 \\ \text{Weekly withholding amount (y)} \\ &= (\mathbf{a} \times \mathbf{x}) - \mathbf{b} \\ &= (0.1600 \times 649.99) - 57.8462 \\ &= 46.1522 \text{ or } \$46.00 \text{ (rounded to nearest dollar)} \\ \text{Fortnightly withholding amount} \\ &\$46.00 \times 2 = \$92.00 \\ \text{Tax offsets claimed at the tax offsets questions on the } &\textit{Withholding declaration} \\ &= 3.8\% \text{ of } \$1,645 \\ &= 62.5100 \text{ or } \$63.00 \text{ (rounded to nearest dollar)} \\ \text{Net fortnightly withholding amount} \\ &\$92.00 - \$63.00 = \$29.00 \end{aligned}$$

Example 3:

Employee's monthly earnings are \$5,400.33. Employee has provided a *Tax file number declaration* claiming the tax-free threshold and claimed a total tax offset of \$1,365 at the tax offsets question on the *Withholding declaration*. The employee has one child but is not eligible for a Medicare levy adjustment. The weekly equivalent of the employee's earnings exceeds the Medicare levy SOP of \$1,150 appropriate to an employee with one child.

Therefore, Scale 2 is applied.

Convert to weekly equivalent

$$= (\$5,400.33 + 0.01) \times 3 \div 13$$

$$= 1,246.2323 \text{ or } \$1,246 \text{ (ignore cents)}$$

$$x = 1,246.99$$

Weekly withholding amount (**y**)

$$= (a \times x) - b$$

$$= (0.3227 \times 1,246.99) - 180.0385$$

$$= 222.3652 \text{ or } \$222.00 \text{ (rounded to nearest dollar)}$$

Monthly withholding amount

$$\$222.00 \times 13 \div 3 = \$962.00 \text{ (rounded to nearest dollar)}$$

Tax offset claimed

$$= 8.3\% \text{ of } \$1,365$$

$$= 113.2950 \text{ or } \$113.00 \text{ (rounded to nearest dollar)}$$

Net monthly withholding amount

$$\$962.00 - \$113.00 = \$849.00$$

Calculating withholding amounts for payments made on a daily or casual basis

The withholding amounts shown in the *Tax table for daily and casual workers* can be expressed in a mathematical form, using the formulas and coefficients provided.

To work out withholding amounts using the formulas:

1. Multiply earnings (ignoring any cents) by five to work out the weekly equivalent. Add 99 cents to the result.
2. Calculate the weekly amount by applying the coefficients at Scale 2 where an employee is claiming the tax-free threshold. (The employee must have claimed the tax-free threshold to use the *Tax table for daily and casual workers*.)
3. Round the result to the nearest dollar.
4. Divide this amount by five to convert it to the daily equivalent.
5. Round the daily withholding amount to the nearest dollar.

Where the employee is entitled to the seniors and pensioners tax offset, replace with the appropriate coefficients from Schedule 9 - Tax table for seniors and pensioners.

Sample data

Withholding amounts

Weekly withholding amounts

Amounts to be withheld, weekly

Weekly earnings \$	Scale 1 No tax-free threshold \$	Scale 2 With tax-free threshold \$	Scale 3 Foreign resident \$	Scale 5 Full Medicare exemption \$	Scale 6 Half Medicare exemption \$
116	19.00	0.00	35.00	0.00	0.00
117	19.00	0.00	35.00	0.00	0.00
149	24.00	0.00	45.00	0.00	0.00
150	24.00	0.00	45.00	0.00	0.00
249	45.00	0.00	75.00	0.00	0.00
250	45.00	0.00	75.00	0.00	0.00
360	69.00	0.00	108.00	0.00	0.00

361	69.00	0.00	108.00	0.00	0.00
370	71.00	2.00	111.00	2.00	2.00
371	71.00	2.00	111.00	2.00	2.00
499	95.00	22.00	150.00	22.00	22.00
500	95.00	22.00	150.00	22.00	22.00
514	98.00	26.00	154.00	25.00	25.00
515	98.00	26.00	154.00	25.00	25.00
624	133.00	55.00	187.00	42.00	42.00
625	134.00	55.00	187.00	42.00	42.00
720	164.00	72.00	216.00	58.00	58.00
721	165.00	72.00	216.00	58.00	58.00
842	204.00	95.00	253.00	78.00	78.00
843	204.00	95.00	253.00	78.00	78.00
864	211.00	99.00	259.00	82.00	83.00
865	211.00	99.00	259.00	82.00	83.00
931	233.00	121.00	279.00	102.00	107.00
932	233.00	121.00	280.00	102.00	107.00
1,052	271.00	160.00	316.00	139.00	149.00
1,053	272.00	160.00	316.00	139.00	150.00
1,281	345.00	234.00	384.00	208.00	221.00
1,282	345.00	234.00	385.00	208.00	221.00
1,844	525.00	414.00	553.00	377.00	395.00
1,845	525.00	414.00	553.00	377.00	396.00
2,119	613.00	502.00	636.00	459.00	481.00

2,120	613.00	502.00	636.00	460.00	481.00
2,245	653.00	542.00	673.00	497.00	520.00
2,246	653.00	542.00	674.00	498.00	520.00
2,490	749.00	621.00	747.00	571.00	596.00
2,491	749.00	621.00	747.00	571.00	596.00
2,595	789.00	654.00	778.00	602.00	628.00
2,596	790.00	655.00	779.00	603.00	629.00
2,652	812.00	676.00	800.00	623.00	650.00
2,653	812.00	677.00	800.00	624.00	650.00
2,736	844.00	709.00	831.00	654.00	682.00
2,737	845.00	710.00	831.00	655.00	682.00
2,898	908.00	772.00	891.00	714.00	743.00
2,899	908.00	773.00	891.00	715.00	744.00
3,302	1,065.00	930.00	1,040.00	864.00	897.00
3,303	1,066.00	930.00	1,041.00	864.00	897.00
3,652	1,230.00	1,066.00	1,170.00	993.00	1,030.00
3,653	1,230.00	1,067.00	1,170.00	994.00	1,030.00

Fortnightly withholding amounts

Amounts to be withheld, fortnightly

Fortnightly earnings \$	Scale 1 No tax-free threshold \$	Scale 2 With tax-free threshold \$	Scale 3 Foreign resident \$	Scale 5 Full Medicare exemption \$	Scale 6 Half Medicare exemption \$
232	38.00	0.00	70.00	0.00	0.00
234	38.00	0.00	70.00	0.00	0.00
298	48.00	0.00	90.00	0.00	0.00

300	48.00	0.00	90.00	0.00	0.00
498	90.00	0.00	150.00	0.00	0.00
500	90.00	0.00	150.00	0.00	0.00
720	138.00	0.00	216.00	0.00	0.00
722	138.00	0.00	216.00	0.00	0.00
740	142.00	4.00	222.00	4.00	4.00
742	142.00	4.00	222.00	4.00	4.00
998	190.00	44.00	300.00	44.00	44.00
1,000	190.00	44.00	300.00	44.00	44.00
1,028	196.00	52.00	308.00	50.00	50.00
1,030	196.00	52.00	308.00	50.00	50.00
1,248	266.00	110.00	374.00	84.00	84.00
1,250	268.00	110.00	374.00	84.00	84.00
1,440	328.00	144.00	432.00	116.00	116.00
1,442	330.00	144.00	432.00	116.00	116.00
1,684	408.00	190.00	506.00	156.00	156.00
1,686	408.00	190.00	506.00	156.00	156.00
1,728	422.00	198.00	518.00	164.00	166.00
1,730	422.00	198.00	518.00	164.00	166.00
1,862	466.00	242.00	558.00	204.00	214.00
1,864	466.00	242.00	560.00	204.00	214.00
2,104	542.00	320.00	632.00	278.00	298.00
2,106	544.00	320.00	632.00	278.00	300.00
2,562	690.00	468.00	768.00	416.00	442.00

2,564	690.00	468.00	770.00	416.00	442.00
3,688	1,050.00	828.00	1,106.00	754.00	790.00
3,690	1,050.00	828.00	1,106.00	754.00	792.00
4,238	1,226.00	1,004.00	1,272.00	918.00	962.00
4,240	1,226.00	1,004.00	1,272.00	920.00	962.00
4,490	1,306.00	1,084.00	1,346.00	994.00	1,040.00
4,492	1,306.00	1,084.00	1,348.00	996.00	1,040.00
4,980	1,498.00	1,242.00	1,494.00	1,142.00	1,192.00
4,982	1,498.00	1,242.00	1,494.00	1,142.00	1,192.00
5,190	1,578.00	1,308.00	1,556.00	1,204.00	1,256.00
5,192	1,580.00	1,310.00	1,558.00	1,206.00	1,258.00
5,304	1,624.00	1,352.00	1,600.00	1,246.00	1,300.00
5,306	1,624.00	1,354.00	1,600.00	1,248.00	1,300.00
5,472	1,688.00	1,418.00	1,662.00	1,308.00	1,364.00
5,474	1,690.00	1,420.00	1,662.00	1,310.00	1,364.00
5,796	1,816.00	1,544.00	1,782.00	1,428.00	1,486.00
5,798	1,816.00	1,546.00	1,782.00	1,430.00	1,488.00
6,604	2,130.00	1,860.00	2,080.00	1,728.00	1,794.00
6,606	2,132.00	1,860.00	2,082.00	1,728.00	1,794.00
7,304	2,460.00	2,132.00	2,340.00	1,986.00	2,060.00
7,306	2,460.00	2,134.00	2,340.00	1,988.00	2,060.00

Monthly withholding amounts

Amounts to be withheld, monthly

Monthly earnings \$	Scale 1 No tax-free	Scale 2 With tax-free	Scale 3 Foreign	Scale 5 Full Medicare	Scale 6 Half Medicare
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	threshold \$	threshold \$	resident \$	exemption \$	exemption \$
502.67	82.00	0.00	152.00	0.00	0.00
507.00	82.00	0.00	152.00	0.00	0.00
645.67	104.00	0.00	195.00	0.00	0.00
650.00	104.00	0.00	195.00	0.00	0.00
1,079.00	195.00	0.00	325.00	0.00	0.00
1,083.33	195.00	0.00	325.00	0.00	0.00
1,560.00	299.00	0.00	468.00	0.00	0.00
1,564.33	299.00	0.00	468.00	0.00	0.00
1,603.33	308.00	9.00	481.00	9.00	9.00
1,607.67	308.00	9.00	481.00	9.00	9.00
2,162.33	412.00	95.00	650.00	95.00	95.00
2,166.67	412.00	95.00	650.00	95.00	95.00
2,227.33	425.00	113.00	667.00	108.00	108.00
2,231.67	425.00	113.00	667.00	108.00	108.00
2,704.00	576.00	238.00	810.00	182.00	182.00
2,708.33	581.00	238.00	810.00	182.00	182.00
3,120.00	711.00	312.00	936.00	251.00	251.00
3,124.33	715.00	312.00	936.00	251.00	251.00
3,648.67	884.00	412.00	1,096.00	338.00	338.00
3,653.00	884.00	412.00	1,096.00	338.00	338.00
3,744.00	914.00	429.00	1,122.00	355.00	360.00
3,748.33	914.00	429.00	1,122.00	355.00	360.00
4,034.33	1,010.00	524.00	1,209.00	442.00	464.00

4,038.67	1,010.00	524.00	1,213.00	442.00	464.00
4,558.67	1,174.00	693.00	1,369.00	602.00	646.00
4,563.00	1,179.00	693.00	1,369.00	602.00	650.00
5,551.00	1,495.00	1,014.00	1,664.00	901.00	958.00
5,555.33	1,495.00	1,014.00	1,668.00	901.00	958.00
7,990.67	2,275.00	1,794.00	2,396.00	1,634.00	1,712.00
7,995.00	2,275.00	1,794.00	2,396.00	1,634.00	1,716.00
9,182.33	2,656.00	2,175.00	2,756.00	1,989.00	2,084.00
9,186.67	2,656.00	2,175.00	2,756.00	1,993.00	2,084.00
9,728.33	2,830.00	2,349.00	2,916.00	2,154.00	2,253.00
9,732.67	2,830.00	2,349.00	2,921.00	2,158.00	2,253.00
10,790.00	3,246.00	2,691.00	3,237.00	2,474.00	2,583.00
10,794.33	3,246.00	2,691.00	3,237.00	2,474.00	2,583.00
11,245.00	3,419.00	2,834.00	3,371.00	2,609.00	2,721.00
11,249.33	3,423.00	2,838.00	3,376.00	2,613.00	2,726.00
11,492.00	3,519.00	2,929.00	3,467.00	2,700.00	2,817.00
11,496.33	3,519.00	2,934.00	3,467.00	2,704.00	2,817.00
11,856.00	3,657.00	3,072.00	3,601.00	2,834.00	2,955.00
11,860.33	3,662.00	3,077.00	3,601.00	2,838.00	2,955.00
12,558.00	3,935.00	3,345.00	3,861.00	3,094.00	3,220.00
12,562.33	3,935.00	3,350.00	3,861.00	3,098.00	3,224.00
14,308.67	4,615.00	4,030.00	4,507.00	3,744.00	3,887.00
14,313.00	4,619.00	4,030.00	4,511.00	3,744.00	3,887.00
15,825.33	5,330.00	4,619.00	5,070.00	4,303.00	4,463.00
15,829.67	5,330.00	4,624.00	5,070.00	4,307.00	4,463.00

Medicare level adjustment – Scale 2

Weekly Medicare levy adjustment

Adjustment amount, weekly

Weekly earnings \$	Spouse only \$	1 child \$	2 children \$	3 children \$	4 children \$	5 children \$
499	0.00	0.00	0.00	0.00	0.00	0.00
500	0.00	0.00	0.00	0.00	0.00	0.00
561	6.00	6.00	6.00	6.00	6.00	6.00
562	6.00	6.00	6.00	6.00	6.00	6.00
624	12.00	12.00	12.00	12.00	12.00	12.00
625	13.00	13.00	13.00	13.00	13.00	13.00
656	13.00	13.00	13.00	13.00	13.00	13.00
657	13.00	13.00	13.00	13.00	13.00	13.00
688	14.00	14.00	14.00	14.00	14.00	14.00
689	14.00	14.00	14.00	14.00	14.00	14.00
720	14.00	14.00	14.00	14.00	14.00	14.00
721	14.00	14.00	14.00	14.00	14.00	14.00
752	15.00	15.00	15.00	15.00	15.00	15.00
753	15.00	15.00	15.00	15.00	15.00	15.00
784	16.00	16.00	16.00	16.00	16.00	16.00
785	16.00	16.00	16.00	16.00	16.00	16.00
816	16.00	16.00	16.00	16.00	16.00	16.00
817	16.00	16.00	16.00	16.00	16.00	16.00

848	16.00	17.00	17.00	17.00	17.00	17.00
849	16.00	17.00	17.00	17.00	17.00	17.00
880	14.00	18.00	18.00	18.00	18.00	18.00
881	14.00	18.00	18.00	18.00	18.00	18.00
912	11.00	18.00	18.00	18.00	18.00	18.00
913	11.00	18.00	18.00	18.00	18.00	18.00
944	9.00	16.00	19.00	19.00	19.00	19.00
945	9.00	16.00	19.00	19.00	19.00	19.00
976	6.00	14.00	20.00	20.00	20.00	20.00
977	6.00	14.00	20.00	20.00	20.00	20.00
1,008	4.00	11.00	19.00	20.00	20.00	20.00
1,009	4.00	11.00	19.00	20.00	20.00	20.00
1,040	1.00	9.00	17.00	21.00	21.00	21.00
1,041	1.00	9.00	16.00	21.00	21.00	21.00
1,072	0.00	6.00	14.00	21.00	21.00	21.00
1,073	0.00	6.00	14.00	21.00	21.00	21.00
1,104	0.00	4.00	11.00	19.00	22.00	22.00
1,105	0.00	4.00	11.00	19.00	22.00	22.00
1,136	0.00	1.00	9.00	17.00	23.00	23.00
1,137	0.00	1.00	9.00	17.00	23.00	23.00
1,168	0.00	0.00	6.00	14.00	22.00	23.00
1,169	0.00	0.00	6.00	14.00	22.00	23.00
1,200	0.00	0.00	4.00	11.00	19.00	24.00
1,201	0.00	0.00	4.00	11.00	19.00	24.00
1,232	0.00	0.00	1.00	9.00	17.00	24.00

1,233	0.00	0.00	1.00	9.00	17.00	24.00
1,440	0.00	0.00	0.00	0.00	0.00	8.00
1,441	0.00	0.00	0.00	0.00	0.00	8.00
1,537	0.00	0.00	0.00	0.00	0.00	0.00
1,538	0.00	0.00	0.00	0.00	0.00	0.00

Fortnightly Medicare levy adjustment

Adjustment amount, fortnightly

Fortnightly earnings \$	Spouse only \$	1 child \$	2 children \$	3 children \$	4 children \$	5 children \$
998	0.00	0.00	0.00	0.00	0.00	0.00
1,000	0.00	0.00	0.00	0.00	0.00	0.00
1,122	12.00	12.00	12.00	12.00	12.00	12.00
1,124	12.00	12.00	12.00	12.00	12.00	12.00
1,248	24.00	24.00	24.00	24.00	24.00	24.00
1,250	26.00	26.00	26.00	26.00	26.00	26.00
1,312	26.00	26.00	26.00	26.00	26.00	26.00
1,314	26.00	26.00	26.00	26.00	26.00	26.00
1,376	28.00	28.00	28.00	28.00	28.00	28.00
1,378	28.00	28.00	28.00	28.00	28.00	28.00
1,440	28.00	28.00	28.00	28.00	28.00	28.00
1,442	28.00	28.00	28.00	28.00	28.00	28.00
1,504	30.00	30.00	30.00	30.00	30.00	30.00
1,506	30.00	30.00	30.00	30.00	30.00	30.00

1,568	32.00	32.00	32.00	32.00	32.00	32.00
1,570	32.00	32.00	32.00	32.00	32.00	32.00
1,632	32.00	32.00	32.00	32.00	32.00	32.00
1,634	32.00	32.00	32.00	32.00	32.00	32.00
1,696	32.00	34.00	34.00	34.00	34.00	34.00
1,698	32.00	34.00	34.00	34.00	34.00	34.00
1,760	28.00	36.00	36.00	36.00	36.00	36.00
1,762	28.00	36.00	36.00	36.00	36.00	36.00
1,824	22.00	36.00	36.00	36.00	36.00	36.00
1,826	22.00	36.00	36.00	36.00	36.00	36.00
1,888	18.00	32.00	38.00	38.00	38.00	38.00
1,890	18.00	32.00	38.00	38.00	38.00	38.00
1,952	12.00	28.00	40.00	40.00	40.00	40.00
1,954	12.00	28.00	40.00	40.00	40.00	40.00
2,016	8.00	22.00	38.00	40.00	40.00	40.00
2,018	8.00	22.00	38.00	40.00	40.00	40.00
2,080	2.00	18.00	34.00	42.00	42.00	42.00
2,082	2.00	18.00	32.00	42.00	42.00	42.00
2,144	0.00	12.00	28.00	42.00	42.00	42.00
2,146	0.00	12.00	28.00	42.00	42.00	42.00
2,208	0.00	8.00	22.00	38.00	44.00	44.00
2,210	0.00	8.00	22.00	38.00	44.00	44.00
2,272	0.00	2.00	18.00	34.00	46.00	46.00
2,274	0.00	2.00	18.00	34.00	46.00	46.00
2,336	0.00	0.00	12.00	28.00	44.00	46.00

2,338	0.00	0.00	12.00	28.00	44.00	46.00
2,400	0.00	0.00	8.00	22.00	38.00	48.00
2,402	0.00	0.00	8.00	22.00	38.00	48.00
2,464	0.00	0.00	2.00	18.00	34.00	48.00
2,466	0.00	0.00	2.00	18.00	34.00	48.00
2,880	0.00	0.00	0.00	0.00	0.00	16.00
2,882	0.00	0.00	0.00	0.00	0.00	16.00
3,074	0.00	0.00	0.00	0.00	0.00	0.00
3,076	0.00	0.00	0.00	0.00	0.00	0.00

Monthly Medicare levy adjustment

Adjustment amount, monthly

Monthly earnings \$	Spouse only \$	1 child \$	2 children \$	3 children \$	4 children \$	5 children \$
2,162.33	0.00	0.00	0.00	0.00	0.00	0.00
2,166.67	0.00	0.00	0.00	0.00	0.00	0.00
2,431.00	26.00	26.00	26.00	26.00	26.00	26.00
2,435.33	26.00	26.00	26.00	26.00	26.00	26.00
2,704.00	52.00	52.00	52.00	52.00	52.00	52.00
2,708.33	56.00	56.00	56.00	56.00	56.00	56.00
2,842.67	56.00	56.00	56.00	56.00	56.00	56.00
2,847.00	56.00	56.00	56.00	56.00	56.00	56.00
2,981.33	61.00	61.00	61.00	61.00	61.00	61.00
2,985.67	61.00	61.00	61.00	61.00	61.00	61.00

3,120.00	61.00	61.00	61.00	61.00	61.00	61.00
3,124.33	61.00	61.00	61.00	61.00	61.00	61.00
3,258.67	65.00	65.00	65.00	65.00	65.00	65.00
3,263.00	65.00	65.00	65.00	65.00	65.00	65.00
3,397.33	69.00	69.00	69.00	69.00	69.00	69.00
3,401.67	69.00	69.00	69.00	69.00	69.00	69.00
3,536.00	69.00	69.00	69.00	69.00	69.00	69.00
3,540.33	69.00	69.00	69.00	69.00	69.00	69.00
3,674.67	69.00	74.00	74.00	74.00	74.00	74.00
3,679.00	69.00	74.00	74.00	74.00	74.00	74.00
3,813.33	61.00	78.00	78.00	78.00	78.00	78.00
3,817.67	61.00	78.00	78.00	78.00	78.00	78.00
3,952.00	48.00	78.00	78.00	78.00	78.00	78.00
3,956.33	48.00	78.00	78.00	78.00	78.00	78.00
4,090.67	39.00	69.00	82.00	82.00	82.00	82.00
4,095.00	39.00	69.00	82.00	82.00	82.00	82.00
4,229.33	26.00	61.00	87.00	87.00	87.00	87.00
4,233.67	26.00	61.00	87.00	87.00	87.00	87.00
4,368.00	17.00	48.00	82.00	87.00	87.00	87.00
4,372.33	17.00	48.00	82.00	87.00	87.00	87.00
4,506.67	4.00	39.00	74.00	91.00	91.00	91.00
4,511.00	4.00	39.00	69.00	91.00	91.00	91.00
4,645.33	0.00	26.00	61.00	91.00	91.00	91.00
4,649.67	0.00	26.00	61.00	91.00	91.00	91.00
4,784.00	0.00	17.00	48.00	82.00	95.00	95.00

4,788.33	0.00	17.00	48.00	82.00	95.00	95.00
4,922.67	0.00	4.00	39.00	74.00	100.00	100.00
4,927.00	0.00	4.00	39.00	74.00	100.00	100.00
5,061.33	0.00	0.00	26.00	61.00	95.00	100.00
5,065.67	0.00	0.00	26.00	61.00	95.00	100.00
5,200.00	0.00	0.00	17.00	48.00	82.00	104.00
5,204.33	0.00	0.00	17.00	48.00	82.00	104.00
5,338.67	0.00	0.00	4.00	39.00	74.00	104.00
5,343.00	0.00	0.00	4.00	39.00	74.00	104.00
6,240.00	0.00	0.00	0.00	0.00	0.00	35.00
6,244.33	0.00	0.00	0.00	0.00	0.00	35.00
6,660.33	0.00	0.00	0.00	0.00	0.00	0.00
6,664.67	0.00	0.00	0.00	0.00	0.00	0.00

Medicare half-levy adjustment – Scale 6

Weekly Medicare half-levy adjustment

Adjustment amount, weekly half-levy

Weekly earnings \$	1 child \$	2 children \$	3 children \$	4 children \$	5 children \$
842	0.00	0.00	0.00	0.00	0.00
843	0.00	0.00	0.00	0.00	0.00
947	5.00	5.00	5.00	5.00	5.00
948	5.00	5.00	5.00	5.00	5.00
1,052	10.00	10.00	10.00	10.00	10.00

1,053	4.00	8.00	11.00	11.00	11.00
1,071	3.00	7.00	11.00	11.00	11.00
1,072	3.00	7.00	11.00	11.00	11.00
1,090	2.00	6.00	10.00	11.00	11.00
1,091	2.00	6.00	10.00	11.00	11.00
1,109	2.00	6.00	9.00	11.00	11.00
1,110	2.00	5.00	9.00	11.00	11.00
1,128	1.00	5.00	9.00	11.00	11.00
1,129	1.00	5.00	9.00	11.00	11.00
1,147	0.00	4.00	8.00	11.00	11.00
1,148	0.00	4.00	8.00	11.00	11.00
1,166	0.00	3.00	7.00	11.00	12.00
1,167	0.00	3.00	7.00	11.00	12.00
1,185	0.00	2.00	6.00	10.00	12.00
1,186	0.00	2.00	6.00	10.00	12.00
1,204	0.00	2.00	6.00	9.00	12.00
1,205	0.00	2.00	6.00	9.00	12.00
1,223	0.00	1.00	5.00	9.00	12.00
1,224	0.00	1.00	5.00	9.00	12.00
1,242	0.00	0.00	4.00	8.00	12.00
1,243	0.00	0.00	4.00	8.00	12.00
1,261	0.00	0.00	3.00	7.00	11.00
1,262	0.00	0.00	3.00	7.00	11.00
1,280	0.00	0.00	3.00	6.00	10.00
1,281	0.00	0.00	2.00	6.00	10.00

1,299	0.00	0.00	2.00	6.00	10.00
1,300	0.00	0.00	2.00	6.00	9.00
1,318	0.00	0.00	1.00	5.00	9.00
1,319	0.00	0.00	1.00	5.00	9.00
1,337	0.00	0.00	0.00	4.00	8.00
1,338	0.00	0.00	0.00	4.00	8.00
1,356	0.00	0.00	0.00	3.00	7.00
1,357	0.00	0.00	0.00	3.00	7.00
1,375	0.00	0.00	0.00	3.00	6.00
1,376	0.00	0.00	0.00	3.00	6.00
1,394	0.00	0.00	0.00	2.00	6.00
1,395	0.00	0.00	0.00	2.00	6.00
1,413	0.00	0.00	0.00	1.00	5.00
1,414	0.00	0.00	0.00	1.00	5.00
1,440	0.00	0.00	0.00	0.00	4.00
1,441	0.00	0.00	0.00	0.00	4.00
1,537	0.00	0.00	0.00	0.00	0.00
1,538	0.00	0.00	0.00	0.00	0.00

Fortnightly Medicare half-levy adjustment

Adjustment amount, fortnightly half-levy

Fortnightly earnings \$	1 child \$	2 children \$	3 children \$	4 children \$	5 children \$
1,684	0.00	0.00	0.00	0.00	0.00

1,686	0.00	0.00	0.00	0.00	0.00
1,894	10.00	10.00	10.00	10.00	10.00
1,896	10.00	10.00	10.00	10.00	10.00
2,104	20.00	20.00	20.00	20.00	20.00
2,106	8.00	16.00	22.00	22.00	22.00
2,142	6.00	14.00	22.00	22.00	22.00
2,144	6.00	14.00	22.00	22.00	22.00
2,180	4.00	12.00	20.00	22.00	22.00
2,182	4.00	12.00	20.00	22.00	22.00
2,218	4.00	12.00	18.00	22.00	22.00
2,220	4.00	10.00	18.00	22.00	22.00
2,256	2.00	10.00	18.00	22.00	22.00
2,258	2.00	10.00	18.00	22.00	22.00
2,294	0.00	8.00	16.00	22.00	22.00
2,296	0.00	8.00	16.00	22.00	22.00
2,332	0.00	6.00	14.00	22.00	24.00
2,334	0.00	6.00	14.00	22.00	24.00
2,370	0.00	4.00	12.00	20.00	24.00
2,372	0.00	4.00	12.00	20.00	24.00
2,408	0.00	4.00	12.00	18.00	24.00
2,410	0.00	4.00	12.00	18.00	24.00
2,446	0.00	2.00	10.00	18.00	24.00
2,448	0.00	2.00	10.00	18.00	24.00
2,484	0.00	0.00	8.00	16.00	24.00
2,486	0.00	0.00	8.00	16.00	24.00

2,522	0.00	0.00	6.00	14.00	22.00
2,524	0.00	0.00	6.00	14.00	22.00
2,560	0.00	0.00	6.00	12.00	20.00
2,562	0.00	0.00	4.00	12.00	20.00
2,598	0.00	0.00	4.00	12.00	20.00
2,600	0.00	0.00	4.00	12.00	18.00
2,636	0.00	0.00	2.00	10.00	18.00
2,638	0.00	0.00	2.00	10.00	18.00
2,674	0.00	0.00	0.00	8.00	16.00
2,676	0.00	0.00	0.00	8.00	16.00
2,712	0.00	0.00	0.00	6.00	14.00
2,714	0.00	0.00	0.00	6.00	14.00
2,750	0.00	0.00	0.00	6.00	12.00
2,752	0.00	0.00	0.00	6.00	12.00
2,788	0.00	0.00	0.00	4.00	12.00
2,790	0.00	0.00	0.00	4.00	12.00
2,826	0.00	0.00	0.00	2.00	10.00
2,828	0.00	0.00	0.00	2.00	10.00
2,880	0.00	0.00	0.00	0.00	8.00
2,882	0.00	0.00	0.00	0.00	8.00
3,074	0.00	0.00	0.00	0.00	0.00
3,076	0.00	0.00	0.00	0.00	0.00

Monthly Medicare half-levy adjustment

Adjustment amount, monthly half-levy

Monthly earnings \$	1 child \$	2 children \$	3 children \$	4 children \$	5 children \$
3,648.67	0.00	0.00	0.00	0.00	0.00
3,653.00	0.00	0.00	0.00	0.00	0.00
4,103.67	22.00	22.00	22.00	22.00	22.00
4,108.00	22.00	22.00	22.00	22.00	22.00
4,558.67	43.00	43.00	43.00	43.00	43.00
4,563.00	17.00	35.00	48.00	48.00	48.00
4,641.00	13.00	30.00	48.00	48.00	48.00
4,645.33	13.00	30.00	48.00	48.00	48.00
4,723.33	9.00	26.00	43.00	48.00	48.00
4,727.67	9.00	26.00	43.00	48.00	48.00
4,805.67	9.00	26.00	39.00	48.00	48.00
4,810.00	9.00	22.00	39.00	48.00	48.00
4,888.00	4.00	22.00	39.00	48.00	48.00
4,892.33	4.00	22.00	39.00	48.00	48.00
4,970.33	0.00	17.00	35.00	48.00	48.00
4,974.67	0.00	17.00	35.00	48.00	48.00
5,052.67	0.00	13.00	30.00	48.00	52.00
5,057.00	0.00	13.00	30.00	48.00	52.00
5,135.00	0.00	9.00	26.00	43.00	52.00
5,139.33	0.00	9.00	26.00	43.00	52.00
5,217.33	0.00	9.00	26.00	39.00	52.00
5,221.67	0.00	9.00	26.00	39.00	52.00
5,299.67	0.00	4.00	22.00	39.00	52.00

5,304.00	0.00	4.00	22.00	39.00	52.00
5,382.00	0.00	0.00	17.00	35.00	52.00
5,386.33	0.00	0.00	17.00	35.00	52.00
5,464.33	0.00	0.00	13.00	30.00	48.00
5,468.67	0.00	0.00	13.00	30.00	48.00
5,546.67	0.00	0.00	13.00	26.00	43.00
5,551.00	0.00	0.00	9.00	26.00	43.00
5,629.00	0.00	0.00	9.00	26.00	43.00
5,633.33	0.00	0.00	9.00	26.00	39.00
5,711.33	0.00	0.00	4.00	22.00	39.00
5,715.67	0.00	0.00	4.00	22.00	39.00
5,793.67	0.00	0.00	0.00	17.00	35.00
5,798.00	0.00	0.00	0.00	17.00	35.00
5,876.00	0.00	0.00	0.00	13.00	30.00
5,880.33	0.00	0.00	0.00	13.00	30.00
5,958.33	0.00	0.00	0.00	13.00	26.00
5,962.67	0.00	0.00	0.00	13.00	26.00
6,040.67	0.00	0.00	0.00	9.00	26.00
6,045.00	0.00	0.00	0.00	9.00	26.00
6,123.00	0.00	0.00	0.00	4.00	22.00
6,127.33	0.00	0.00	0.00	4.00	22.00
6,240.00	0.00	0.00	0.00	0.00	17.00
6,244.33	0.00	0.00	0.00	0.00	17.00
6,660.33	0.00	0.00	0.00	0.00	0.00

6,664.67	0.00	0.00	0.00	0.00	0.00
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Employee declarations

Tax file number (TFN) declarations

The answers your employees provide on their *Tax file number declaration* determine the amount you need to withhold from their payments. A *Tax file number declaration* applies to any payments made after you receive the declaration. If you receive an updated declaration from an employee, it will override the previous one.

If an employee does not give you a valid *Tax file number declaration* within 14 days of starting an employer/employee relationship, you must complete a *Tax file number declaration* with all available details of the employee and send it to us.

When a TFN has not been provided

You must withhold 47% from any payment you make to a resident employee and 45% from a foreign resident employee, (ignoring any cents) if all of the following apply:

- they have not quoted their TFN
- they have not claimed an exemption from quoting their TFN
- they have not advised you that they have applied for a TFN or have made an enquiry with us.

If an employee states at question 1 of the *Tax file number declaration* they have lodged a *Tax file number – application or enquiry for individuals* with us, they have 28 days to provide you with their TFN.

If the employee has not given you their TFN within 28 days, you must withhold 47% from any payment you make to a resident employee and 45% from a foreign resident employee (ignoring any cents) unless we tell you not to.

Do not allow for any tax offsets or Medicare levy adjustments. Do not withhold any amount for study and training support loans.

When your employee is a foreign resident

If your employee has answered that they are a foreign resident on their *Tax file number declaration*, you will need to use the foreign resident tax rates.

There are two ways you can withhold from a foreign resident's earnings:

- If they have given you a valid TFN, use Scale 3
- If they have not given you a valid TFN, use Scale 4.

Foreign residents cannot claim tax offsets to reduce withholding. If your foreign resident employee has claimed a tax offset on the *Withholding declaration*, don't make any adjustments to the amount you withhold.

Withholding declarations

An employee may use a *Withholding declaration* to advise you of a tax offset they choose to claim through reduced withholding from you.

Employees can also use a *Withholding declaration* to advise you of any changes to their situation that may affect the amount you need to withhold from their payments.

Changes that may affect the amount you need to withhold include:

- becoming or ceasing to be an Australian resident for tax purposes
- claiming or discontinuing a claim for the tax-free threshold
- advising of a HELP, VSL, FS, SSL or AASL debt, or changes to them
- entitlement to a seniors and pensioners tax offset.

When your employee provides you with a *Withholding declaration* it will take effect from the next payment you make. If you receive an updated declaration from an employee, it will replace the previous one.

An employee must have provided you with a valid *Tax file number declaration* before they can provide you with a *Withholding declaration*.

Claiming tax offsets

If your employee chooses to claim their entitlement to a tax offset through reduced withholding, they must provide you with a *Withholding declaration*.

To work out the employee's annual tax offset entitlement into a weekly, fortnightly, monthly or quarterly amount, refer to the section on 'Tax offsets' in this schedule.

Do not allow for any tax offsets if any of the following apply:

- where no tax-free threshold is claimed
- you are using foreign resident rates
- when an employee does not provide you with their TFN.

When your employee has a study and training support loan debt

If your employee has a HELP, VSL, FS, SSL or AASL debt, you may need to withhold additional amounts from their payments. Your employee will need to notify you of this on their *Tax file number declaration* or *Withholding declaration*.

Next step:

To calculate additional withholding amounts for:

- HELP, VSL, FS, SSL or AASL debts, refer to either:
 - *Study and training support loans weekly tax table*
 - *Study and training support loans fortnightly tax table*
 - *Study and training support loans monthly tax table*
- Statement of formulas, refer to Schedule 8 – Statement of formulas for calculating study and training support loans components.

Employees who are entitled to a reduction of Medicare levy, or do not have to pay the Medicare levy because of low family income, will not have to make a compulsory HELP, VSL, FS, SSL or AASL repayment for that year. The exemption from making a compulsory study and training support loans repayment may be claimed on the *Medicare levy variation declaration*.

Allowances, leave and other payments

Allowances

Generally, allowances are added to normal earnings and the amount to withhold is calculated on the total amount of earnings and allowances.

For more information on when to withhold and report on allowances, refer to *Withholding for allowances*.

Leave loading

If you pay leave loading as a lump sum, use Schedule 5 - Tax table for back payments, commissions, bonuses and similar payments to calculate withholding.

If you pay leave loading on a pro-rata basis, add the leave loading payment to earnings for that period to calculate withholding.

Holiday pay, long service leave and employment termination payments

Employees who continue working for you

You must include holiday pay (including any leave loading) and long service leave payments as part of normal earnings, except when they are paid on termination of employment.

For more information, see *Withholding from leave payments for continuing employees*.

Employees who stop working for you

This schedule does not cover any lump sum payments made to an employee who stops working for you.

If an employee has unused annual leave, leave loading or long service leave, refer to Schedule 7 - Tax table for unused leave payments on termination of employment.

Any other lump sum payments may be employment termination payments, refer to Schedule 11 - Tax table for employment termination payments.

Do not withhold any amount for study and training support loans debt from lump sum termination payments.

Schedule 2 – Tax table for individuals employed in the horticultural or shearing industry

This schedule applies to withholding payments covered by section 12-35 of Schedule 1 to the TAA.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

Using this schedule

Use this schedule if you make payments to individuals in the horticultural industry who:

- work in any process associated with the production, cultivation or harvest of a horticultural crop
- perform the process on the grower's property
- do not work for the same grower for a continuous period exceeding six months
- have given you a valid *Tax file number declaration* and have claimed the tax-free threshold.

Also, use this schedule if you make payments to individuals in the shearing industry such as shearers, crutchers, wool classers, cooks, shed hands and pressers who:

- have given you a valid *Tax file number declaration* and have claimed the tax-free threshold
- do not work for the same employer for a continuous period exceeding six months.

For all other circumstances, use the relevant PAYG withholding weekly or fortnightly tax table at ato.gov.au/taxtables.

If you employ individuals under a working holiday makers visa, you must use Schedule 15 - Tax table for working holiday makers.

If you employ individuals under a Seasonal Worker Programme, Pacific Labour Scheme or Pacific Australia Labour Mobility scheme, this schedule does not apply.

Working out the withholding amount

To work out the amount you need to withhold you must:

1. Input your employee's total earnings (ignoring any cents) into the *Withholding lookup tool*.
2. Use the appropriate column to find the correct amount to withhold:
 - **Column 2** if the resident employee has given you a TFN
 - **Column 3** if the resident employee has not given you a TFN
 - **Column 4** if the foreign resident employee has given you a TFN
 - **Column 5** if the foreign resident employee has not given you a TFN.

Note: When using this schedule do not:

- withhold an amount for study and training support loans, or
- adjust the withholding amount for a payee who is claiming a Medicare levy exemption or reduction, or a tax offset.

These adjustments do not apply to this schedule.

Example:

An employee has earnings of \$231.50.

To work out the correct amount to withhold, ignore cents, input \$231 into the *Withholding lookup tool*.

If the employee is:

- a resident employee and has given you a TFN, use column 2 to find the correct amount to withhold (\$30)
- a resident employee and has not given you a TFN, use column 3 to find the correct amount to withhold (\$108)

-
- a foreign employee and has given you a TFN, use column 4 to find the correct amount to withhold (\$69)
 - a foreign employee and has not given you a TFN, use column 5 to find the correct amount to withhold (\$103).

Resident employees

The standard rate of withholding of 13% applies if an employee has given you a valid TFN and you withhold amounts using the figures shown in column 2 of the *Withholding lookup tool*.

If the employee has not given you a valid TFN, you must withhold amounts using the figures shown in column 3 of the *Withholding lookup tool*.

When your employee is a foreign resident

If your employee has answered that they are a foreign resident for tax purposes on their *Tax file number declaration*, you will need to use the foreign resident tax rates.

There are two ways you can withhold from a foreign resident's earnings:

- If they have given you a valid TFN, you must withhold amounts using the figures shown in column 4 of the *Withholding lookup tool*.
- If they have not given you a valid TFN, you must withhold at 45% using the figures in column 5 of the *Withholding lookup tool*.

Pay period

The rates in this schedule apply irrespective of the pay period.

Using a formula

The withholding amounts shown in this schedule can be expressed in mathematical form.

If you have developed your own payroll or accounting software package, use the formulas and coefficients outlined below.

The formulas comprise linear equations of the form $y = ax$, where:

- y is the amount to be withheld expressed in dollars
- x is earnings for the pay period, ignoring any cents
- a is the value of the coefficient as shown in Table A.

Table A: Resident or foreign resident rate

Has the employee provided their TFN?	Resident (a)	Foreign resident (a)
Tax file number provided	0.13	0.30
Tax file number not provided	0.47	0.45

Rounding of withholding amounts

The withholding amounts calculated as a result of applying the above formulas should be rounded to the nearest dollar. Results ending in 50 cents are rounded to the next higher dollar. Do this rounding directly – that is, do not make a preliminary rounding to the nearest cent. Where an employee has not provided a TFN, ignore any cents in the result.

Software

Payroll or accounting software written in accordance with the formulas in this schedule should be tested for accuracy against the *Withholding lookup tool*. The results obtained when using the coefficients in this schedule may differ slightly from the *Withholding lookup tool*. The differences result from the rounding of components. Withholding calculated using either method is accepted.

Tax file number (TFN) declarations

The answers your employees provide on their *Tax file number declaration* determine the amount you need to withhold from their payments. A *Tax file number declaration*

applies to any payments made after you receive the declaration. If you receive an updated declaration from an employee, it will override the previous one.

If an employee does not give you a valid *Tax file number declaration* within 14 days of starting an employer-employee relationship, you must complete a *Tax file number declaration* with all available details of the employee and send it to us.

When a TFN has not been provided

You must withhold 47% from any payment you make to a resident employee and 45% from a foreign resident employee (ignoring any cents), if all of the following apply:

- they have not quoted their TFN
- they have not claimed an exemption from quoting their TFN
- they have not advised you that they have applied for a TFN or have made an enquiry with us.

If an employee states at question 1 of the *Tax file number declaration* that they have lodged a *Tax file number – application or enquiry for individuals* with us, they have 28 days to provide you with their TFN.

If the employee has not given you their TFN within 28 days, you must withhold 47% from any payment you make to a resident employee and 45% from a foreign resident employee (ignoring any cents) unless we tell you not to.

Do not allow for any tax offsets or Medicare levy adjustment. Do not withhold any amount for study and training support loans.

Varying your PAYG withholding

If your employee believes that, for their circumstances, the amount you withhold will be too much, they may apply to us for a variation to reduce the amount of withholding.

Schedule 3 – Tax table for actors, variety artists and other entertainers

This schedule applies to withholding payments covered by section 12-35 of Schedule 1 to the TAA.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

Using this schedule

Use this schedule if you make payments to employees who are actors, variety artists or other entertainers who receive payments for their performances.

Do not use this schedule if you make payments to employees, or other individuals engaged under a contract, to perform in a promotional activity that is any one of the following:

- conducted in the presence of an audience
- intended to be communicated to an audience by print or electronic media
- for a film or tape
- for a television or radio broadcast.

For these types of payments, the Commissioner has varied the rate of withholding to 20% of the payment.

If you employ individuals under a working holiday makers visa, you must use Schedule 15 - Tax table for working holiday makers for all payments made to them, including lump sum payments.

For all other employees who are paid on a regular basis, use the applicable tax table at ato.gov.au.

Do not use this schedule for payments made to foreign residents engaged as contractors. These payments are subject to foreign resident withholding.

When using this schedule, do NOT withhold an amount for:

- Higher Education Loan Program (HELP) debts
- VET Student Loan (VSL) debts
- Financial Supplement (FS) debts
- Student Start-up Loan (SSL) debts, or
- Australian Apprenticeship Support Loan (AASL) debts.

When using this schedule, do NOT adjust the withholding amount for an employee who is claiming a Medicare levy exemption or reduction. Medicare levy variations do not apply to this schedule.

Working out the withholding amount

The *Withholding lookup tool* and tables in this schedule are only applicable to those who have three performances per week and have claimed the tax-free threshold. If the number of performances per week is different, or the employee has not claimed the tax-free threshold, use the formulas in this schedule to calculate withholding amounts.

To work out the amount you need to withhold using the *Withholding lookup tool*:

1. Input the employee's daily earnings (ignoring any cents) into the *Withholding lookup tool* and refer to the corresponding amount to be withheld in column 2.
2. If the employee has claimed any tax offsets, see the section 'Claiming tax offsets' in this schedule to work out the daily value of the amount claimed. Subtract the daily value of the tax offsets from the amount found in step 1.

Example:

An employee has claimed the tax-free threshold, earns \$279.35 daily, works three performances this week and claims tax offsets of \$500. Ignoring cents,

input \$279 into the *Withholding lookup tool* and refer to the corresponding amount to be withheld in column 2 of \$21.00. Reduce this amount by the daily value of the tax offsets of \$3.00 ($\$500 \div 52 \div 3$ rounded to the nearest dollar).

The amount to withhold is \$18.00 ($\$21.00 - \3.00).

Using a formula

The withholding amounts shown in this schedule can be expressed in a mathematical form.

If you have developed your own payroll or accounting software package, use the formulas and the coefficients outlined in Table A and Table B.

This section should be read with Schedule 1 - Statement of formulas for calculating amounts to be withheld.

The formulas comprise linear equations of the form $y = ax - b$ where:

- **y** is the weekly withholding amount expressed in dollars
- **x** is the weekly earnings rounded down to whole dollars plus 99 cents, and
- **a** and **b** are the values of the coefficient for the formulas as shown in tables A and B.

Table A: Employee has claimed the tax-free threshold

Coefficients where tax-free threshold claimed

Weekly earnings (x) less than	a	b
\$451	-	-
\$625	0.1280	57.8462
\$781	0.2080	107.8462

\$901	0.1440	57.8462
\$1,081	0.1512	64.3365
\$1,602	0.2582	180.0385
\$3,245	0.2560	176.5769
\$4,567	0.3120	358.3077
\$4,567 & over	0.3760	650.6154

Table B: Employee has not claimed the tax-free threshold

Coefficients where tax-free threshold not claimed

Weekly earnings (x) less than	a	b
\$187	0.1280	0.1280
\$463	0.1694	7.7550
\$644	0.1512	-0.6702
\$1,165	0.2582	68.2367
\$2,807	0.2560	65.7202
\$4,129	0.3120	222.9510
\$4,129 & over	0.3760	487.2587

To work out withholding amounts using the formulas, you must:

1. Ignore any cents, multiply the per performance earnings by the number of performances for the week to derive the weekly equivalent. Add 99 cents to the result.
2. Calculate the weekly amount by applying the relevant coefficients from table A or B above, rounding to the nearest dollar.

-
3. Divide this amount by the number of performances for the week to work out the per performance withholding amount. Multiply this amount by the number of performances per day to convert it to the daily earnings equivalent. Round the daily withholding amount to the nearest dollar.

If you pay your employees daily, rather than per performance, the amount to withhold (including reductions for tax offsets) should be worked out on a daily basis.

Example:

Sandra has two performances for the week, one on Thursday and one on Saturday. Sandra earns \$500.35 for each performance. She has claimed the tax-free threshold.

1. $\$500 \times 2 = \$1,000$. Add 99 cents to the result = $\$1,000.99$.
2. $\$1,000.99 \times 0.1512 - 64.3365 = \87.0132 . Round to the nearest dollar = $\$87$.
3. $\$87 \div 2 = \43.50 . Round to the nearest dollar = $\$44$.

Therefore, the amount to withhold from each performance is \$44. As there is only one performance per day, the daily withholding amount is the same as the per performance withholding amount.

Software

Payroll or accounting software written in accordance with the formulas in this schedule should be tested for accuracy against the *Withholding lookup tool*. The results obtained when using the coefficients in this schedule may differ slightly from the lookup tool. The differences result from the rounding of components. Withholding calculated using either method is accepted.

Tax file number (TFN) declarations

The answers your employees provide on their *Tax file number declaration* determine the amount you need to withhold from their payments. A *Tax file number declaration* applies to any payments made after you receive the declaration. If you receive an updated declaration from an employee, it will override the previous one.

If an employee does not give you a valid *Tax file number declaration* within 14 days of starting an employer-employee relationship, you must complete *Tax file number declaration* with all available details of the employee and send it to us.

When a TFN has not been provided

You must withhold 47% from any payment you make to a resident employee and 45% from a foreign resident employee (ignoring any cents), if all of the following apply:

- they have not quoted their TFN
- they have not claimed an exemption from quoting their TFN
- they have not advised you that they have applied for a TFN or have made an enquiry with us.

If an employee states at question 1 of the *Tax file number declaration* they have lodged a *Tax file number – application or enquiry for individuals* with us, they have 28 days to provide you with their TFN.

If an employee has not given you their TFN within 28 days, you must withhold 47% from any payment you make to a resident employee and 45% from a foreign resident employee (ignoring any cents) unless we tell you not to.

Do not allow for any tax offsets or Medicare levy adjustment. Do not withhold any amount for study and training support loans.

When your employee is a foreign resident

If your employee has answered that they are a foreign resident for tax purposes on their *Tax file number declaration*, you will need to use the foreign resident tax rates.

There are two ways you can withhold from a foreign resident's earnings:

- if they have not given you a valid TFN, you need to withhold 45% for each \$1 of earnings (ignoring any cents)
- if they have given you a valid TFN, you need to withhold the amount calculated using the foreign resident tax rates, rounding any cents to the nearest dollar.

Foreign resident tax rates

Weekly tax rates

Weekly earnings \$	Weekly rate
0 to 2,595	30 cents for each dollar of earnings
2,596 to 3,652	\$779 plus 37 cents for each \$1 of earnings over \$2,595
3,653 & over	\$1,170 plus 45 cents for each \$1 of earnings over \$3,652

Foreign residents cannot claim tax offsets to reduce withholding. If your foreign resident employee has claimed a tax offset on the *Withholding declaration*, don't make any adjustments to the amount you withhold.

Withholding declarations

Employees can use a *Withholding declaration* to advise you of any changes to their situation that may affect the amount you need to withhold from their payments.

Changes that may affect the amount you need to withhold include:

- becoming or ceasing to be an Australian resident for tax purposes
- claiming or discontinuing a claim for the tax-free threshold
- advising of a HELP, VSL, FS, SSL or AASL debt, or changes to them.

An employee may also use a *Withholding declaration* to advise you of a tax offset they choose to claim through reduced withholding from you. For more information, see the section in this schedule on 'Claiming tax offsets'.

When your employee provides you with a *Withholding declaration* it will take effect from the next payment you make. If you receive an updated declaration from an employee, it will replace the previous one.

An employee must have provided you with a valid *Tax file number declaration* before they can provide you with a *Withholding declaration*.

Claiming tax offsets

If your employee chooses to claim their entitlement to a tax offset through reduced withholding, they must provide you with a *Withholding declaration*.

If your employee claims a tax offset, reduce the amount to be withheld from their earnings per performance by the value of the tax offset. The per performance value is the tax offset amount claimed divided by 52, divided by the number of performances per week. Round the result to the nearest dollar.

Do NOT allow for any tax offsets if any of the following apply:

- when no TFN has been provided
- you are using foreign resident rates
- the payee has not claimed the tax-free threshold.

Schedule 4 – Tax table for return to work payments

This schedule applies to withholding payments covered by section 12-50 of Schedule 1 to the TAA.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

Using this schedule

Use this schedule if you pay an individual to resume working for, or providing services to, you or any other entity.

If you employ individuals under a working holiday makers visa you must use Schedule 15 - Tax table for working holiday makers for all payments made to them, including return to work payments.

We have a calculator to help you work out the correct amount of tax to withhold from payments to most employees.

Working out the withholding amount

To work out the amount you need to withhold, multiply the amount of the return to work payment by 32%. This rate applies to residents and non-residents.

Example:

George previously worked for IT Services Pty Ltd. Due to a shortage in IT personnel, IT Services Pty Ltd offered George a position if he would return to work for it.

He was paid \$18,000 to start work, in addition to his salary.

The total amount IT Services Pty Ltd must withhold from the return to work payment is 32% of \$18,000 = \$5,760.

Rounding of withholding amounts

Withholding amounts calculated should be rounded to the nearest dollar. Results ending in 50 cents are rounded to the next higher dollar.

Tax file number (TFN) declarations

The answers your employees provide on their *Tax file number declaration* determine the amount you need to withhold from their payments. A *Tax file number declaration* applies to payments made after you receive the declaration. If you receive an updated declaration from an employee, it will override the previous one.

If an employee does not give you a valid *Tax file number declaration* within 14 days of starting an employer/employee relationship, you must complete a *Tax file number declaration* with all available details and send it to us.

When a TFN has not been provided

You must withhold 47% from any payment you make to a resident employee and 45% from a foreign resident employee (ignoring any cents) if all of the following apply:

- they have not quoted their tax file number (TFN)
- they have not claimed an exemption from quoting their TFN
- they have not advised you that they have applied for a TFN or made an enquiry with us.

If an employee states at question 1 of the *Tax file number declaration* they have lodged a *Tax file number – application or enquiry for individuals*, they have 28 days to give you their TFN.

If the employee has not given you their TFN within 28 days, you must withhold 47% from any payment made to a resident employee and 45% from any payment made to a foreign resident employee (ignoring any cents) unless we tell you not to.

Schedule 5 – Tax table for back payments, commissions, bonuses and similar payments

This schedule applies to certain withholding payments covered by Subdivisions 12-B (except sections 12-50 and 12-55), 12-C (except sections 12-85 and 12-90) and 12-D of Schedule 1 to the TAA paid as a lump sum.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

Using this schedule

Use this schedule if you make a payment of salary or wages which is:

- a back payment (including lump sum payments in arrears)
- a commission
- a bonus or similar payment.

If you employ individuals under a working holiday makers visa you must use Schedule 15 - Tax table for working holiday makers for all payments made to them, including back payments, commissions and bonuses or similar payments.

Other payments you should use this schedule for

These payments include back payments of:

- compensation or sickness or accident payments for an incapacity for work that are not tax exempt
- Australian Government education or training payments – for example, Austudy or ABSTUDY
- assessable pensions, benefits and allowances under the *Social Security Act 1991* or the *Veterans' Entitlements Act 1986*, or similar payments made under a law of a foreign country, state or province.

Back payments (including lump sums in arrears)

A back payment is a payment that was meant to have been made in a prior period. For example:

- your employee's wages were underpaid due to an error or oversight
- an allowance you were due to pay in July was overlooked and you made the payment in December.

A back payment is distinct from a bonus, which is a payment made for recognition of performance including past performance. A bonus (or similar payment) can only be considered a back payment if you paid the bonus later than the time that it should have been paid.

If you normally process payments in a pay period later than when the work is performed – for example, overtime payments paid with a time lag of one pay period – they are not considered back payments. These payments are treated as part of the normal pay cycle when paid and withholding is calculated on total earnings for that period. An overtime payment is only considered a back payment if it was meant to have been made in a prior pay period.

Commissions

Commissions are typically payments made as recognition of performance or service and may be calculated as a percentage of the proceeds from a particular transaction or series of transactions.

Bonuses and similar payments

A bonus is usually made to an employee in recognition of performance or services and may be calculated as a percentage of the proceeds from a particular business transaction. These payments may not necessarily be related to a particular period of work.

A payment will be treated as similar to a bonus if it is of a one-off nature that does not relate to work performed in a particular period. Examples include:

-
- a once-only payment made to a payee as compensation for a changed work location
 - an amount paid as a sign-on bonus to a payee entering a workplace agreement
 - any lump sum allowance.

Leave loading

Payment of leave loading can also be regarded as a payment similar to a bonus, if it is made as a lump sum and not on a pro-rata basis as leave is taken. If you pay leave loading on a pro-rata basis, add it to earnings for the period to calculate withholding using the standard tax tables at ato.gov.au/taxtables.

Terms we use

Additional payments

Additional payments include back payments (including lump sum payments in arrears), commissions, bonuses and similar payments.

Normal earnings

Normal earnings are gross taxable earnings and include all salary and wage income, taxable allowances, and overtime earnings for the current financial year. This includes any back payments previously made using Method B(i).

At the start of a financial year, an employee's normal earnings can be based on the last full pay period worked in the previous financial year.

If an employee's pay fluctuates significantly, you can use an average of gross taxable earnings for the current financial year (or, if applicable, the previous financial year).

If an employee has no current or past normal earnings (for example, the employee is newly employed), you can include expected future earnings in your calculations. This can be based on the employee's contracted or expected salary for the financial year.

For the purposes of this table, normal earnings do not include employment termination payments or unused leave payments made on termination of employment.

Average total earnings

Average total earnings are the sum of all normal earnings paid in the current financial year, including current pay, plus any current year back payments if Method B(i) is used to calculate withholding. Then divide the total earnings by the number of pay periods to date (including the current pay period).

Pay periods per financial year

Pay periods per financial year refers to a total of 52 pay periods if paid weekly, 26 pay periods if paid fortnightly or 12 pay periods if paid monthly. No adjustments are required for a 53 week / 27 fortnight year.

Tax file number (TFN) declarations

The answers your employees provide on their *Tax file number declaration* determine the amount you need to withhold from their payments. A *Tax file number declaration* applies to any payments made after you receive the declaration. If you receive an updated declaration from an employee, it will override the previous one.

If an employee does not give you a valid *Tax file number declaration* within 14 days of starting an employer-employee relationship, you must complete a *Tax file number declaration* with all available details of the employee and send it to us.

When a TFN has not been provided

You must withhold 47% from any payment you make to a resident employee and 45% from a foreign resident employee (ignoring any cents), if all of the following apply:

- they have not quoted their TFN
- they have not claimed an exemption from quoting their TFN
- they have not advised you that they have applied for a TFN or have made an enquiry with us.

If an employee states at question 1 of the *Tax file number declaration* they have lodged a *Tax file number – application or enquiry for individuals* with us, they have 28 days to provide you with their TFN.

If the employee has not given you their TFN within 28 days, you must withhold 47% from any payment you make to a resident employee and 45% from a foreign resident employee (ignoring any cents) unless we tell you not to.

Do not allow for tax offsets or Medicare levy adjustment. Do not withhold any amount for study and training support loans.

Working out the withholding amount

Available methods

To work out the amount you need to withhold from an additional payment, you must use either Method A or Method B.

Using Method B is more complex but produces a withholding amount that more closely approximates the actual tax payable.

Calculations made using either method are acceptable to work out the withholding amount. If your calculation using either method results in a negative amount, treat the result as nil.

Using Method A

Use this method for any additional payments made, regardless of the financial year the additional payment applies to. This includes all back payments, commissions, bonuses or similar payments.

This method calculates withholding by apportioning additional payments made in the current pay period over the number of pay periods in a financial year and applying that average amount to the gross earnings in the current pay period.

If you are paying a commission, bonus or similar payment for a defined period of less than 12 months, you can choose to calculate withholding by using the number of pay periods the payment relates to at step 3. For example, if a commission relates to four

weeks and the employee is paid weekly, you divide the commission by four pay periods at step 3, rather than 52 pay periods.

Method A instructions

Step	Instruction
1	Work out your employee's gross earnings excluding any additional payments for the current pay period. Ignore any cents.
2	Use the relevant tax table to find the amount to be withheld from your employee's gross earnings in step 1.
3	Add any additional payments to be made in the current pay period together and divide the total by the number of pay periods in the financial year (that is, 52 weekly pay periods, 26 fortnightly pay periods or 12 monthly pay periods). Ignore any cents.
4	Add the amount at step 3 to the gross earnings at step 1.
5	Use the relevant tax table to find the amount to be withheld from the amount at step 4.
6	Subtract the amount at step 2 from the amount at step 5.
7	Multiply the amount at step 6 by the number of pay periods used in step 3.
8	Multiply the additional payment being made in the current pay period by 47%.
9	Use the lesser amount of step 7 and step 8 for the withholding on the additional payment. Ignore any cents.
10	Work out the total PAYG withholding for the current pay period by adding the withholding on the additional payment (step 9) to the withholding on the gross earnings (step 2).

Using Method B

Use Method B(i) for any back payments applied to specific periods in the current financial year.

Use Method B(ii) for either:

- back payments that relate to a prior financial year
- any additional payments (including commissions, bonuses or similar payments) that don't relate to a single pay period, regardless of the financial year the additional payment applies to.

If you are making back payments applying to current and previous financial years, apportion the back payment between those years and then use the applicable method for each component to calculate withholding.

If you are making multiple additional payments:

- in the current pay period, you first need to calculate withholding on the total of any current financial year back payments (including lump sum in arrears) then calculate the withholding on any other additional payments
- in the current financial year (that is, you made an additional payment to the employee in a previous pay period), do not recalculate the withholding for the additional payment previously made.

B(i) Back payments applied to specific periods in the current financial year

This method recalculates withholding for each pay period the back payment applies.

Method B(i) instructions

Step	Instruction
1	Work out how much of the back payment applied to each earlier pay period in the current financial year.

2	For the first affected pay period, add the back payment relevant to that period to the normal earnings previously paid to get total earnings for that period.
3	Use the relevant tax table to find the amount to be withheld from the total earnings for that period.
4	Subtract the amount previously withheld for the period from the amount at step 3.
5	Repeat steps 2–4 for each pay period affected. Total the amounts calculated in step 4 for each pay period for the withholding on the back payment.
6	Use the relevant tax table to find the amount to be withheld from your employee's gross earnings (excluding additional payments) for the current pay period.
7	Work out the total PAYG withholding for the current pay period by adding the withholding on the back payment (step 5) to the withholding on the gross earnings (step 6).

B(ii) Additional payments applied over the whole financial year

This method calculates withholding by averaging all additional payments made in the current financial year over the number of pay periods in a financial year and applying that to the average total earnings to date.

Method B(ii) instructions

Step	Instruction
1	Calculate the average total earnings paid to your employee over the current financial year to date. Ignore any cents.
2	Use the relevant tax table to find the amount to be withheld from the average total earnings in step 1.

3	Add all additional payments made in the current financial year if Method B(ii) was used to calculate the withholding, to the additional payment in current pay. Then divide by the number of pay periods in the financial year (that is, 52 weekly pay periods, 26 fortnightly pay periods or 12 monthly pay periods). Ignore any cents.
4	Add the amount at step 3 to the average total earnings at step 1.
5	Use the relevant tax table to find the amount to be withheld from the amount at step 4.
6	Subtract the amount at step 2 from the amount at step 5.
7	Multiply the amount in step 6 by the number of pay periods used in step 3.
8	Subtract any amounts previously withheld from additional payments in the current financial year if Method B(ii) was used, from the amount at step 7.
9	Multiply the additional payment being made in the current pay period by 47%.
10	Use the lesser amount of step 8 and step 9 for the withholding on the additional payment. Ignore any cents.
11	Use the relevant tax table to find the amount to be withheld from your employee's gross earnings (excluding additional payments) for the current pay period.
12	Work out the total PAYG withholding for this pay period by adding the withholding on the additional payment (step 10) to the withholding on the gross earnings (step 11).

Withholding limit

If your employee has a Higher Education Loan Program (HELP), VET Student Loan (VSL), Financial Supplement (FS), Student Start-up Loan (SSL) or Australian Apprenticeship Support Loan (AASL) debt, see the section on 'Study and training support loans and additional payments' in this schedule.

If you use Method A or Method B(ii), the amount of tax to be withheld from an additional payment is limited to a maximum of 47% of the additional payment.

If the withholding amount calculated (including a study and training support loan component) using Method A or Method B(ii) exceeds 47% of the additional payment being made, then the amount is reduced to be equal to 47% of that payment. The withholding limit applies to the additional payment only and not to normal earnings for the current pay period.

For some employees, the withholding limit may result in their withholding amounts not being sufficient to cover their end-of-year tax liability, as their total earnings for the financial year may exceed the study and training support loan repayment threshold or attract a higher rate of tax. Under these circumstances, your employee can arrange an upwards variation by entering into an agreement with you to vary the rate or amount of withholding.

Commissions, bonuses or similar payments

If a commission, bonus or similar payment relates to work your employee performed for more than one pay period (or for an undefined period), calculate withholding by applying either Method A or Method B(ii).

Do not use this schedule for payments for a single pay period.

If the commission, bonus or similar payment relates to work your employee performed in a single pay period (for example, a week, a fortnight or a month) the amount is added to all their other earnings for the current period. Withholding is then calculated using the standard PAYG withholding tax tables at ato.gov.au/taxtables.

Study and training support loans and additional payments

If your employee has advised you they have a Higher Education Loan Program (HELP), VET Student Loan (VSL), Financial Supplement (FS), Student Start-up Loan (SSL) or Australian Apprenticeship Support Loan (AASL) debt on their *Tax file number declaration* or *Withholding declaration*, you must also withhold from the additional payment using the relevant study and training support loans tax tables.

Calculate the amounts you need to withhold from additional payments for study and training support loans by using the same method you used to calculate the PAYG withholding amount from the additional payment.

For example, if you calculate the amount to be withheld from the additional payment using Method A, use the same method to calculate the amounts to be withheld for study and training support loans purposes.

How to calculate withholding on the additional payment if it is calculated separately to the study and training support loans components

If you calculate withholding separately, you need to make sure that the withholding limit in Method A and Method B(ii) applies to the combined total calculated for the additional payment and the study and training support loans components. For example, at step 9 in Method A, you must combine the amounts from the two separate calculations used for step 7 before comparing it to the amount calculated at step 8.

Next step:

You can use Schedule 8 – Statement of formulas for calculating study and training support loans components to combine PAYG withholding with study and training support loan instead of repeating the calculation separately for each component.

The results obtained when using the coefficients in the above schedule may differ slightly from the sums of the amounts shown in the PAYG tax tables. Either calculation is acceptable.

Variations

If your employee has a withholding variation in place for the current financial year, use one of the following to work out the amount of withholding from additional payments:

- the varied rate – if the relevant income is specified in the variation notice
- this tax table – if the relevant income is not specified in the variation notice.

If your employee had a withholding variation in place at the time the additional payment accrued but the withholding variation is no longer in effect when the additional payment is made, it does not apply when working out the amount to withhold.

Leave without pay

For the purposes of this table, any periods where your employee has taken leave without pay do not affect the calculations outlined in each of the methods.

For example, for Method A and Method B(ii), you are still required at step 3 to apportion all additional payments made by the total number of pay periods in a financial year (that is, 52 weekly pay periods, 26 fortnightly pay periods or 12 monthly pay periods).

Superannuation income streams

To work out the amount you need to withhold from the taxable component of back payments of super income streams (pensions and annuities), including lump sum payments in arrears, use either Method A or B.

End-of-year reporting

You must record back payments in a pay event when reporting under Single Touch Payroll (STP), or on your employee's or super payment recipient's payment summary if you are a non STP reporter. What payment summary you use depends on whether the back payments relate to a superannuation income stream or previous period of assessable foreign service. Use:

- *PAYG payment summary – individual non-business* for all back payments except those for super income streams or if they were related to a previous period of assessable foreign service
- *PAYG payment summary – superannuation income stream* for super income stream payments

-
- *PAYG payment summary – foreign employment* for payments related to a previous period of assessable foreign service.

Note: For the purposes of the lump sum E reporting under STP or payment summaries, multiple payments are aggregated when calculating the \$1,200 payment threshold.

Completing the individual non-business payment summary

For payments accrued in the current financial year, include the total:

- gross amount of all payments at 'Gross payments'
- amount withheld at 'Total tax withheld'.

Salary and wage income (including allowances) accrued before the current financial year

For each payment accrued in a prior financial year, but not more than 12 months before the date of payment include the total:

- gross amount of the payment at 'Gross payments' or 'Allowances'
- amount withheld at 'Total tax withheld'.

For each payment accrued more than 12 months before the date of payment of less than \$1,200, include the total:

- gross amount of the payment at 'Gross payments' or 'Allowances'
- amount withheld at 'Total tax withheld'.

For each payment accrued more than 12 months before the date of payment of \$1,200 or more, include the total:

- gross amount of the payment (including allowances) at 'Lump sum E'
- amount withheld at 'Total tax withheld'.

For each payment that accrued before and after 12 months, apportion the payment between the two periods. If the portion of the payment that accrued after 12 months from the date of payment is \$1,200 or more, include the:

- gross amount of the payment at 'Lump sum E'
- amount withheld at 'Total tax withheld'.

Other amounts accrued before the current financial year

These other amounts are described in the section above in this schedule 'Other payments you should use this schedule for'.

For each payment accrued in a prior financial year of less than \$1,200, include the total:

- gross amount of the payment at 'Gross payments'
- amount withheld at 'Total tax withheld'.

For each payment accrued in a prior financial year of \$1,200 or more, include the total:

- gross amount of the payment at 'Lump sum E'
- amount withheld at 'Total tax withheld'.

Employee letter

You must also provide your employee with a letter specifying:

- the financial years over which the amount accrued, and
- the gross amount that accrued each financial year.

Completing the superannuation income stream payment summary

For payments accrued in the current financial year, include:

-
- the component amounts at both:
 - 'Taxable component' (both taxed and untaxed elements if applicable)
 - 'Tax-free component'
 - the amount withheld at 'Total tax withheld'.

For payments accrued prior to the current financial year, include:

- the component amounts at both:
 - 'Lump sum in arrears – taxable component' (both taxed and untaxed elements if applicable)
 - 'Lump sum in arrears – tax-free component'
- the amount withheld at 'Total tax withheld'.

Payee letter

You must also provide your payee with a letter specifying:

- the financial years over which the amount accrued, and
- the gross amount that accrued each financial year.

Completing the foreign employment payment summary

Note: For the foreign employment payment summary, the gross payments amount is assessable foreign employment income, which includes total allowances.

For salary and wage payments accrued in the current financial year, include the total:

- gross amount of all payments at 'Gross payments'
- amount withheld and paid to a foreign tax jurisdiction (if applicable) at 'Foreign tax paid'
- amount withheld for Australian tax purposes at 'Total Australian tax withheld'.

For each salary and wage payment accrued in a prior financial year, but not more than 12 months before the date of payment, include the total:

-
- gross amount of the payment at 'Gross payments'
 - amount withheld and paid to a foreign tax jurisdiction (if applicable) at 'Foreign tax paid'
 - amount withheld for Australian tax purposes at 'Total Australian tax withheld'.

For each salary and wage payment accrued more than 12 months before the date of payment of less than \$1,200, include the total:

- gross amount of the payment at 'Gross payments'
- amount withheld and paid to a foreign tax jurisdiction (if applicable) at 'Foreign tax paid'
- amount withheld for Australian tax purposes at 'Total Australian tax withheld'.

For each salary and wage payment accrued more than 12 months before the date of payment of \$1,200 or more, include the total:

- gross amount of the payment at 'Lump sum E'
- amount withheld and paid to a foreign tax jurisdiction (if applicable) at 'Foreign tax paid'
- amount withheld for Australian tax purposes at 'Total Australian tax withheld'.

Employee letter

You must also provide your employee with a letter specifying:

- the financial years over which the amount accrued, and
- the gross amount that accrued each financial year.

Examples

Example 1: Withholding from a bonus payment using Method A

Jarrold, who has an accumulated HELP debt, is due to receive an annual bonus of \$900. Jarrold earns \$1,400 per week. Using Method A, calculate the withholding amount for the current pay period as follows:

PAYG withholding component – for Example 1

Step	Instruction	Result
1	Work out Jarrold's gross earnings for the current pay period.	\$1,400
2	Use the relevant tax table to find the amount to be withheld from Jarrold's gross earnings in step 1.	\$272
3	Divide the additional payment by the number of pay periods in the financial year. = $\$900 \div 52$	\$17
4	Add the amount at step 3 to the gross earnings at step 1. $\$1,400 + \17	\$1,417
5	Use the relevant tax table to find the amount to be withheld from the amount at step 4.	\$277
6	Subtract the amount at step 2 from the amount at step 5. = $\$277 - \272	\$5
7	Multiply the amount at step 6 by the number of pay periods in the financial year for the withholding on the additional payment. = $\$5 \times 52$	\$260

As Jarrold has an accumulated HELP debt, his employer also needs to calculate a withholding amount from the bonus payment for HELP. They use the same method that they used to calculate withholding for the bonus payment in the first part of this example.

HELP component – for Example 1

Step	Instruction	Result
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1	Work out Jarrod's gross earnings for the current pay period.	\$1,400
2	Use the relevant tax table to find the amount to be withheld for HELP from Jarrod's gross earnings in step 1.	\$42
3	Divide the additional payment by the number of pay periods in the financial year. = $\$900 \div 52$	\$17
4	Add the amount at step 3 to the gross earnings at step 1. = $\$1,400 + \17	\$1,417
5	Use the relevant tax table to find the amount to be withheld for HELP from the amount at step 4.	\$43
6	Subtract the amount at step 2 from the amount at step 5. = $\$43 - \42	\$1
7	Multiply the amount at step 6 by the number of pay periods in the financial year for the HELP withholding on the additional payment. = $\$1 \times 52$	\$52

Withholding limit (including HELP component) – for Example 1

Step	Instructions	Result
8	Multiply the additional payment being made in the current pay period by 47%. = $\$900 \times 47\%$	\$423
9	Use the lesser amount of step 7 (combined) and step 8 for the withholding on the additional payment. Ignore any cents. Combine two step 7 results $\$260 + \52 = $\$312$. This amount is used as it's less than step 8.	\$312
10	See below	–

Calculate the total PAYG withholding amount for the current pay period (step 10)

Add the amounts to be withheld:

- PAYG withholding on gross earnings in the current pay period = \$272
- HELP withholding on gross earnings in the current pay period = \$42
- PAYG withholding on additional payment = \$260
- HELP withholding on additional payment = \$52

The total PAYG withholding is \$626 ($\$272 + \$42 + \$260 + \52).

Example 1 uses both:

- *Study and training support loans weekly tax table* effective from 1 July 2024
- Schedule 1 - Statement of formulas for calculating amounts to be withheld (containing the amounts, formulas and procedures that were last updated on 1 July 2024). The calculations are made using scale 2, with tax-free threshold.

Example 2: Withholding from a missed payment using Method B(i)

Robyn, who has an accumulated HELP debt, is due to receive a back payment relating to the current financial year following a pay rise. Since the first pay period of the current financial year and up until period 8, Robyn has earned \$1,100 per week. From pay period 9 (her current pay period), Robyn will earn \$1,200 per week.

Robyn's back payment, which covers the first eight pay periods of the current financial year, will be paid to her in pay period 9. Therefore, Robyn will receive a back payment of \$800 along with her normal gross earnings of \$1,200.

Using Method B(i), calculate the withholding amount for the current pay period 9 as follows:

PAYG withholding component – for Example 2

Step	Instruction	Result
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1	Work out how much of Robyn's additional payment applied to each earlier pay period in the current financial year. In this example it is \$800 over eight pay periods. = $\$800 \div 8$	\$100
2	For the first affected pay period, add the additional payment relevant to that period to the normal earnings previously paid to get the total earnings for that period. = $\$1,100 + \100	\$1,200
3	Use the relevant tax table to find the amount to be withheld from Robyn's total earnings for that period.	\$208
4	Subtract the amount previously withheld for the period from the amount at step 3. = $\$208 - \175	\$33
5	Repeat steps 2–4 for each pay period affected. Total the amounts calculated in step 4 for each pay period for the withholding on the additional payment. As it is the same amount for each pay period in this example, it will be $8 \times \$33$.	\$264
6	Use the relevant tax table to find the amount to be withheld from Robyn's gross earnings for the current pay period.	\$208
7	Add the withholding on the additional payment (step 5) to the withholding on Robyn's gross earnings (step 6) to work out the total withholding for the current pay period. = $\$208 + \264	\$472

As Robyn has an accumulated HELP debt, her employer also needs to calculate a withholding amount from the back payment for HELP. They use the same method as they used to calculate withholding for the back payment in the first part of this example.

Study and training support loan (HELP) component – for Example 2

Step	Instruction	Result
1	Work out how much of Robyn's additional payment applied to each earlier pay period in the current financial year. In this example it is \$800 over eight pay periods. = $\$800 \div 8$	\$100
2	For the first affected pay period, add the additional payment relevant to that period to the normal earnings previously paid to get total normal earnings for that period. = $\$1,100 + \100	\$1,200
3	Use the relevant tax table to find the amount to be withheld for HELP from Robyn's total normal earnings for that period.	\$12
4	Subtract the amount previously withheld for the period from the amount at step 3. = $\$12 - \11	\$1
5	Repeat steps 2–4 for each pay period affected. Total the amounts calculated in step 4 for each pay period for the HELP withholding on the additional payments. As it is the same amount for each pay period in this example, it will be $8 \times \$1$.	\$8
6	Use the relevant tax table to find the amount to be withheld for HELP from Robyn's gross earnings for the current pay period.	\$12
7	Add the HELP withholding on the additional payment (step 5) to the withholding on Robyn's gross earnings (step 6) to work out the withholding for HELP for the current period. = $\$12 + \8	\$20

Calculate the total PAYG withholding amount for the current pay period.

Add the amounts to be withheld:

- PAYG withholding on gross earnings in the current pay period = \$208

- HELP withholding on gross earnings in the current pay period = \$12
- PAYG withholding on additional payment = \$264
- HELP withholding on additional payment = \$8

The total PAYG withholding is \$492 (\$208 + \$12 + \$264 + \$8).

Example 2 uses:

- *Study and training support loans weekly tax table* effective from 1 July 2024
- Schedule 1 - Statement of formulas for calculating amounts to be withheld (containing the amounts, formulas and procedures that were last updated on 1 July 2024). The calculations are made using scale 2, with tax-free threshold.

Example 3: Withholding from a lump sum payment in arrears using Method B(ii)

Laura is employed by Minercorp Pty Ltd and receives a fortnightly salary of \$1,800. She is entitled to an allowance from her employer when working in remote areas. In 2022, Laura worked in a remote area for six months, but she was not paid this allowance. The total allowance that she should have been paid for this period was \$2,480. Her employer discovers their oversight and agrees to pay her the \$2,480 as a lump sum payment in arrears on 10 November 2024. Her gross earnings for pay period 10 is \$1,800.

Laura has received normal earnings (year to date) of \$18,000 including the current pay. The amount Laura's payer must withhold from this payment is calculated using Method B(ii) as follows:

Method B(ii) instruction – for Example 3

Step	Instruction	Result
1	Calculate Laura's average total earnings over the current financial year to date (including current pay). = \$18,000 ÷ 10	\$1,800

2	Use the relevant tax table to find the amount to be withheld from Laura's average total earnings in step 1.	\$222
3	Add all additional payments made to Laura in the current financial year if Method B(ii) was used to calculate the withholding, to the additional payment in the current pay. Laura's additional payment of \$2,480 is then divided by the number of pay periods in the financial year. = $\$2,480 \div 26$	\$95
4	Add the amount at step 3 to the average total earnings at step 1. = $\$1,800 + \95	\$1,895
5	Use the relevant tax table to find the amount to be withheld from the amount at step 4.	\$252
6	Subtract the amount at step 2 from the amount at step 5. = $\$252 - \222	\$30
7	Multiply the amount in step 6 by the number of pay periods used in step 3. = $\$30 \times 26$	\$780
8	Subtract any amounts previously withheld from additional payments in the current financial year if Method B(ii) was used, from the amount at step 7 for the withholding on the additional payment. = $\$780 - \0	\$780
9	Multiply the additional payment being made in the current pay period by 47%. = $\$2,480 \times 47\%$	\$1,165
10	Use the lesser amount of step 8 and step 9 for the withholding on the additional payment. Ignore any cents. = \$780. This amount is used as it's less than step 9.	\$780

11	Use the relevant tax table to find the amount to be withheld from Laura's gross earnings (excluding additional payments) for the current pay period.	\$222
12	Work out the total PAYG withholding for this pay period by adding the withholding on the additional payment (step 10) to the withholding on the gross earnings (step 11). = \$780 + \$222	\$1,002

Example 3 uses Schedule 1 - Statement of formulas for calculating amounts to be withheld (containing the amounts, formulas and procedures that were last updated on 1 July 2024). The calculations are made using scale 2, with tax-free threshold.

Example 4: Withholding using Method B(i) and Method B(ii)

Bradley, who has an accumulated Financial Supplement debt, is employed by Macropayers Pty Ltd. On 1 September 2024, he received a salary increase of \$5 an hour, taking his gross monthly salary from \$4,600 to \$5,400. His employer agreed that the increase would be backdated to 1 August 2023 and paid at the end of September 2024.

This means that the back payment of salary covers 13 pay periods. The total back payment of salary is \$10,400. To work out the total amount to be withheld from the back payment to Bradley, his employer will need to calculate the amount accrued in both:

- the current financial year (2 pay periods from 1 July to 31 August 2024) = \$1,600
- a prior financial year (11 pay periods from 1 August 2023 to 30 June 2024) = \$8,800.

You don't need to complete some steps if both Methods B(i) and (ii) are used in the calculations.

Method B(i) – PAYG withholding component – for Example 4

Step	Instruction	Result
1	Work out how much of Bradley's additional payment applied to each earlier pay period in the current financial year. In this example it is \$1,600 over two pay periods. = $\$1,600 \div 2$	\$800
2	For the first affected pay period, add the additional payment relevant to that period to the normal earnings previously paid to get total earnings for that period. = $\$4,600 + \800	\$5,400
3	Use the relevant tax table to find the amount to be withheld from Bradley's total earnings for that period.	\$962
4	Subtract the amount previously withheld for the period from the amount at step 3. = $\$962 - \706	\$256
5	Repeat steps 2–4 for each pay period affected. Total the amounts calculated in step 4 for each pay period for the withholding on the additional payment. As it is the same amount for each pay period in this example, it will be $2 \times \$256$.	\$512
6	This step is not required as withholding is also calculated using Method B(ii).	–
7	This step is not required as withholding is also calculated using Method B(ii).	–

As Bradley has an accumulated Financial Supplement (FS) debt, his employer will need to calculate a withholding amount from the back payment for FS. They use the same method as they used to calculate withholding for the back payment in the first part of this example.

Method B(i) – FS component – for Example 4

Step	Instruction	Result
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1	Work out how much of Bradley's additional payment applied to each earlier pay period in the current financial year. In this example it is \$1,600 over two pay periods. = \$1,600 ÷ 2	\$800
2	For the first affected pay period, add the additional payment relevant to that period to the normal earnings previously paid to get total normal earnings for that period. = \$4,600 + \$800	\$5,400
3	Use the relevant tax table to find the amount to be withheld for FS from Bradley's total normal gross earnings for that period.	\$108
4	Subtract the amount previously withheld for the period from the amount at step 3. = \$108 – \$48	\$60
5	Repeat steps 2–4 for each pay period affected. Total the amounts calculated in step 4 for each pay period for the FS withholding on the additional payment. As it is the same amount for each pay period in this example, it will be 2 × \$60.	\$120
6	This step is not required as withholding is also calculated using Method B(ii).	–
7	This step is not required as withholding is also calculated using Method B(ii).	–

Method B(ii) – PAYG withholding component – for Example 4

Step	Instruction	Result
1	Calculate Bradley's average total earnings, which in this example is = (salary earnings to date + current financial year additional payments to date) ÷ number of pay periods	\$5,400

	$= [(\$4,600 + \$4,600 + \$5,400) + \$1,600] \div 3$ $= \$16,200 \div 3$	
2	Use the relevant tax table to find the amount to be withheld from Bradley's average total earnings in step 1.	\$962
3	<p>Add all additional payments made to Bradley in current financial year where Method B(ii) was used to calculate the withholding, to the additional payment in current pay. Then divide by the number of pay periods in the financial year.</p> $= \$8,800 \div 12$	\$733
4	<p>Add the amount at step 3 to the average total earnings at step 1.</p> $= \$5,400 + \733	\$6,133
5	Use the relevant tax table to find the amount to be withheld from the amount at step 4.	\$1,200
6	<p>Subtract the amount at step 2 from the amount at step 5.</p> $= \$1,200 - \962	\$238
7	<p>Multiply the amount in step 6 by the number of pay periods used in step 3.</p> $= \$238 \times 12$	\$2,856
8	<p>Subtract any amounts previously withheld from additional payments in the current financial year if Method B(ii) was used, from the amount at step 7 for the withholding on the additional payment.</p> $= \$2,856 - \0	\$2,856
9	This step is not required as final calculations for withholding limit and total withholding will be made after FS component is calculated.	–
10	This step is not required as final calculations for withholding limit and total withholding will be made after FS component is calculated.	–

11	This step is not required as final calculations for withholding limit and total withholding will be made after FS component is calculated.	–
12	This step is not required as final calculations for withholding limit and total withholding will be made after FS component is calculated.	–

As Bradley has an accumulated Financial Supplement debt his employer will need to calculate the withholding amount from the back payment for FS. They use the same method as they used to calculate withholding for the back payment in the first part of this example.

Method B(ii) – FS component – for Example 4

Step	Instruction	Result
1	Calculate Bradley's average total earnings, which in this example is: = (salary earnings to date + current financial year additional payments to date) ÷ number of pay periods = [(\$4,600 + \$4,600 + \$5,400) + \$1,600] ÷ 3 = \$16,200 ÷ 3	\$5,400
2	Use the relevant tax table to find the amount to be withheld for FS on Bradley's average total earnings in step 1.	\$108
3	Add all additional payments made to Bradley in current financial year where Method B(ii) was used to calculate the withholding, to the additional payment in current pay. Then divide by the number of pay periods in the financial year. = \$8,800 ÷ 12	\$733
4	Add the amount at step 3 to the average total earnings at step 1. = \$5,400 + \$733	\$6,133

5	Use the relevant tax table to find the amount to be withheld for FS from the amount at step 4.	\$182
6	Subtract the amount at step 2 from the amount at step 5. = \$182 – \$108	\$74
7	Multiply the amount in step 6 by the number of pay periods used in step 3. = \$74 × 12	\$888
8	Subtract any amounts previously withheld from additional payments in the current financial year if Method B(ii) was used, from the amount at step 7 for the withholding for FS on the additional payment. = \$888 – \$0	\$888

Withholding limit (including FS component) – for Example 4

Step	Instruction	Result
9	Multiply the additional payment being made using Method B(ii) in the current pay period by 47%. = \$8,800 × 47%	\$4,136
10	Use the lesser amount of step 8 (combined) and step 9 for the withholding on the additional payment. Ignore any cents. Combine the two step 8 results. = \$2,856 + \$888 = \$3,744 This amount is used as it's less than step 9.	\$3,744
11	This step is not applicable as total withholding for the current pay period will need to include amounts calculated in Method B(i).	–
12	This step is not applicable as total withholding for the current pay period will need to include amounts calculated in Method B(i).	–

Calculate the total PAYG withholding amount for the current pay period

Add the amounts to be withheld:

Withholding on gross earnings current pay period

- PAYG withholding on gross earnings in the current pay period = \$962
- FS withholding on gross earnings in the current pay period = \$108

Method B(i) withholding

- PAYG withholding on additional payment for current financial year = \$512
- FS withholding on additional payment for current financial year = \$120

Method B(ii) withholding

- PAYG withholding on additional payment for prior financial year = \$2,856
- FS withholding on additional payment for prior financial year = \$888

Total PAYG withholding is \$5,446
(\$962 + \$108 + \$512 + \$120 + \$2,856 + \$888).

Example 4 uses both:

- *Study and training support loans monthly tax table* effective from 1 July 2024
- Schedule 1 - Statement of formulas for calculating amounts to be withheld (containing the amounts, formulas and procedures that were last updated on 1 July 2024). The calculations are made using scale 2, with tax-free threshold.

Schedule 6 – Tax table for annuities

This schedule applies to withholding payments covered by paragraph 12-80(b) of Schedule 1 to the TAA.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

Using this schedule

Use this schedule if you pay an annuity that was purchased with non-superannuation money, for example, an initial capital investment of personal cash.

For annuities purchased using money rolled over from a super fund or super income stream payments, use Schedule 13 - Tax table for superannuation income streams.

Working out the withholding amount

To work out the withholding amount for an annuity payment purchased with non-superannuation money, you must:

1. Work out the amount of income to withhold from using the following formula:

Annuity payment – [Deductible amount / Number of instalments]

In this formula:

- deductible **amount** represents the amount of the annuity payment that is exempt from tax. This amount is calculated using the formula found in section 27H of the *Income Tax Assessment Act 1936*.
 - Where the annuity is held in only one person's name, the following formula is used:
(Undeducted purchase price of the annuity – Residual capital value) / Term of annuity or life expectation factor

The undeducted purchase price is generally the amount of the initial capital investment.

- Where the annuity is held or payable to 2 or more people, the deductible amount is apportioned depending on the amount each person received.
- **number of instalments** is the number of instalments of the annuity payable in the income year.

The recipient of the annuity may request the ATO to calculate the deductible amount of their annuity using *Request for determination of the deductible amount of UPP of an Australian pension or annuity*.

2. Use the corresponding PAYG withholding tax table at ato.gov.au/taxtables to find the withholding amount. The tax table you use depends on the period which the annuity is paid – for example, weekly or fortnightly.

Some payees may be eligible to claim the seniors and pensioners tax offset (SAPTO). If your payee gives you a *Withholding declaration* indicating that they want to claim a SAPTO entitlement through PAYG withholding, use the Schedule 9 - Tax table for seniors and pensioners to work out the amount to withhold from the income amount calculated in step 1.

Rounding of withholding amounts

Withholding amounts calculated using the above formulas should be rounded to the nearest dollar. Results ending in 50 cents are rounded to the next higher dollar. Do this rounding directly – that is, do not make a preliminary rounding to the nearest cent.

Examples

These examples use the PAYG withholding tax tables at ato.gov.au/taxtables that apply from 1 July 2024.

Example 1:

Barbara has an annuity she purchased following the sale of a property. She receives annuity payments of \$1,000 a week. The deductible amount for the 2024–25 income year is \$5,200.

1. The amount of income to withhold tax from:
Annuity payment – [Deductible amount / Number of instalments]
= \$1,000 – [\$5,200 / 52]
= \$1,000 – \$100
= \$900
2. Barbara is not eligible for SAPTO, so the payer will use the *Weekly tax table* to work out how much tax to withhold from \$900. If Barbara is claiming the tax-free threshold, the amount of tax to be withheld is \$111.

Example 2:

Kenneth will receive fortnightly annuity payments on the 7th and 21st day of the month from 7 February 2025. For the remainder of the income year, the annuity will be \$850 per fortnight. The annuity is indexed annually, and the higher indexed amount is paid in the next financial year.

Kenneth's deductible amount for a whole income year is \$2,600. However, for the part of the current income year (2024–25) that he is to receive an annuity, his deductible amount is \$1,000 (for the period 7 February 2025 to 30 June 2025).

For the current income year, Kenneth will receive ten annuity instalments.

1. The amount of income to withhold tax from:
Annuity payment – [Deductible amount / Number of instalments]
= \$850 – [\$1,000 / 10]
= \$850 – \$100
= \$750
2. Kenneth is not eligible for SAPTO, so the payer will then use the *Fortnightly tax table* to work out how much tax to withhold from \$750. If Kenneth is claiming the tax-free threshold, the amount of tax to be withheld is \$4.

Tax file number (TFN) declarations

The answers your payees provide on their *Tax file number declaration* determine the amount you need to withhold from their payments. A *Tax file number declaration*

applies to any payments made after you receive the declaration. If you receive an updated declaration from a payee, it will override the previous one.

If a payee does not give you a valid *Tax file number declaration* within 14 days of starting a payer-payee relationship, you must complete a *Tax file number declaration* with all available details of the payee and send it to us.

When a TFN has not been provided

You must withhold 47% from any payment you make to a resident payee and 45% from any payment you make to a foreign resident payee (ignoring any cents), if it is an annuity payment that is not a superannuation income stream and all of the following apply:

- they have not quoted their TFN
- they have not claimed an exemption from quoting their TFN
- they have not advised you that they have applied for a TFN or have made an enquiry with us.

If a payee states at question 1 of the *Tax file number declaration* they have lodged a *Tax file number – application or enquiry for individuals* with us, they have 28 days to provide you with their TFN.

If the payee has not given you their TFN within 28 days, you must withhold 47% for any annuity payment you make to a resident payee and 45% for any annuity payment you make to a foreign resident payee (ignoring any cents) unless we tell you not to.

When a TFN has not been provided do not allow for tax offsets or Medicare levy adjustments. Do not withhold any amount for study and training support loans.

Payment summaries

You must issue a *PAYG payment summary – individual non-business* to the payee by 14 July following the end of the financial year in which you made payments to

them. However, if your payee requests a payment summary from you during the financial year, you must provide it within 14 days of receiving their request.

Schedule 7 – Tax table for unused leave payments on termination of employment

This schedule applies to withholding payments covered by section 12-90 of Schedule 1 to the TAA.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

Using this schedule

Use this schedule if you pay an amount to an employee for unused leave on the termination of their employment or office.

Unused leave payments on termination of employment or office include:

- annual leave
- holiday pay
- leave loading
- leave bonuses
- long service leave.

Before calculating the amount to be withheld, you must work out if the payments are being made as a result of a genuine redundancy, invalidity or an early retirement scheme.

If you employ individuals under a working holiday makers visa, you must use Schedule 15 - Tax table for working holiday makers for all payments made to them, including unused leave payments on termination of employment.

Working out the withholding amount

When a TFN is provided

The amount to withhold is calculated using the table below.

If the post-17 August 1993 lump sum payment from normal termination is less than \$300, you must withhold the lesser of the following:

- the amount worked out using the table below
- 32% of the payment.

Withholding amounts for long service leave, annual leave and annual leave loading

Payment type	Reason	Accrual dates	Withholding rates	Payment summary label or equivalent in STP
Long service leave	Normal termination (e.g. voluntary resignation, employment terminated due to inefficiency, retirement)	Pre-16 August 1978	5% of total at marginal rates	B
		16 August 1978 to 17 August 1993	32%	A
		Post-17 August 1993	Marginal rates	Include in salary/wages
	Termination because of genuine redundancy,	Pre-16 August 1978	5% of total at marginal rates	B

	invalidity or early retirement scheme	16 August 1978 to 17 August 1993	32%	A
		Post-17 August 1993	32%	A
Annual leave	Normal termination (e.g. voluntary resignation, employment terminated due to inefficiency, retirement)	Pre-18 August 1993	32%	A
		Post-17 August 1993	Marginal rates	Include in salary/wages
	Termination because of genuine redundancy, invalidity or early retirement scheme	Any date	32%	A
Annual leave loading	Normal termination (e.g. voluntary resignation, employment terminated due to inefficiency, retirement)	Pre-18 August 1993	32%	A
		Post-17 August 1993	Marginal rates	Include in salary/wages
	Termination because of genuine redundancy,	Any date	32%	A

	invalidity or early retirement scheme			
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Rounding of withholding amounts

Withholding amounts calculated using this table are rounded to the nearest dollar. Results ending in 50 cents or higher are rounded upwards. If a TFN is not provided, ignore cents when calculating withholding amounts.

Marginal rate calculation

To work out the marginal rate, you must:

1. Using the relevant PAYG withholding tax table at ato.gov.au/taxtables, work out the amount to withhold from your employee's normal gross earnings for a regular pay period.
2. Divide the amount of the payment by the number of normal pay periods in 12 months (12 monthly payments, 26 fortnightly payments or 52 weekly payments).
3. Ignore any cents.
4. Add the amount at step 3 to the normal gross earnings for a single pay period.
5. Use the same PAYG withholding tax tables used at step 1 to work out the amount to withhold for the amount at step 4.
6. Subtract the amount at step 1 from the amount at step 5.
7. Multiply the amount obtained at step 6 by the number of normal pay periods in 12 months (12 monthly payments, 26 fortnightly payments or 52 weekly payments).

Do not withhold any amount for study and training support loans.

Normal gross earnings

Normal gross earnings are all payments, except those relating to termination payments, received in the last full pay period of employment. This includes taxable allowances, overtime and bonuses. Therefore, your employee's normal gross earnings should be taken to be the earnings relating to the last full pay period worked.

Where your employee's pay fluctuates significantly over a number of pay periods, we will accept an average of gross taxable earnings for the financial year to date over the number of pays received.

The following example uses the *Weekly tax table* at ato.gov.au, effective from 1 July 2024.

Example:

Sandra retires on 31 December 2024. She qualified for long service leave after 10 years of service, with further leave accruing on each completed year of service.

She is not leaving because of genuine redundancy, invalidity or under an early retirement scheme.

Sandra also receives her normal weekly earnings of \$1,155. She has quoted her TFN and has claimed the tax-free threshold. Therefore, the amount withheld is calculated using column 2 of the *Weekly tax table*.

Details of payment for long service leave:

- Pre-16 August 1978 component = \$3,690.00
- 16 August 1978 to 17 August 1993 component = \$7,700.00
- Post-17 August 1993 component = \$10,890.00

Amounts to be withheld:

- Pre-16 August 1978 component subject to withholding
= \$3,690.00 × 5% = \$184.50

The marginal rate calculation is used to work out the amount to be withheld from the pre-16 August 1978 component.

- 16 August 1978 to 17 August 1993 component
= \$7,700.00 × 32% = \$2,464.00

The post-17 August 1993 component of \$10,890.00 is also to be withheld at the marginal rate. To simplify the marginal rate calculation for this employee, the pre-16 August 1978 component and the post-17 August 1993 component are added together first: $\$184.50 + \$10,890.00 = \$11,074.50$

Now apply the marginal rate calculation to the sum of the two components.

Marginal rate calculation

Step	Instruction	Result
1	Amounts to be withheld from normal gross earnings (\$1,155)	\$193
2	Divide the amount of the payment by the number of normal pay periods in 12 months ($\$11,074.50 \div 52$)	\$212.97
3	Disregard any cents	\$212
4	Add the amount at step 3 to normal gross earnings for a single pay period ($\$1,155 + \212)	\$1,367
5	Work out the amount to be withheld from the amount at step 4 ($\$1,367$)	\$261
6	Subtract the amount at step 1 from the amount at step 5 ($\$261 - \193)	\$68
7	Multiply the amount at step 6 by the number of normal pay periods in 12 months ($\$68 \times 52$)	\$3,536

The amount to be withheld from the three components of Sandra's unused long service leave payments is \$6,000 ($\$2,464 + \$3,536$). See the section in this schedule above 'Rounding of withholding amounts'.

The total amount to be withheld from payments made to Sandra upon her retirement in her final pay week is \$6,193 ($\193 withholding from normal earnings plus $\$6,000$ withholding from unused long service leave).

Withholding variations

If an employee has a withholding variation in effect when unused leave payments are made, the rate specified on the variation notice will only apply to the unused leave payments if the notice includes unused leave payments. Otherwise, the rates in this schedule apply. This includes using the regular tax table per pay period for the marginal rate calculation, and not the varied withholding rate.

When a TFN has not been provided

If your employee who is receiving the unused leave payments has not provided you with their TFN before the payment is made, you must withhold 47% from the payment.

If your employee is a foreign resident who has not provided you with their TFN, you must withhold 45% from the payment.

If your employee believes that for their circumstances the amount you withhold will be too much, they may apply for a variation to reduce the amount of withholding.

Tax file number (TFN) declaration

Any *Tax file number declaration* your employee provides while they were working for you will only be effective:

- for the period that they were working for you, or
- 12 months after you make the last payment.

Schedule 8 – Statement of formulas for calculating study and training support loans components

This schedule applies to withholding payments covered by Subdivisions 12-B (except sections 12-50 and 12-55), 12-C (except sections 12-85 and 12-90) and 12-D of Schedule 1 to the TAA.

The coefficients in this schedule should be used together with Schedule 1 - Statement of formulas for calculating amounts to be withheld.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024 and apply to payments made from 1 July 2024 to 30 June 2025.

Using this schedule

Use this schedule if you develop your own payroll or accounting software package. Formulas and coefficients are used for calculating weekly withholding amounts for employees who have a:

- Higher Education Loan Program (HELP) debt
- VET Student Loan (VSL) debt
- Financial Supplement (FS) debt
- Student Start-up Loan (SSL) debt (includes ABSTUDY SSL debts), or
- Australian Apprenticeship Support Loan (AASL) debt (- formerly Trade Support Loan debt).

Using a formula

The withholding amounts for employees who have a study and training support loans debt can be expressed in a mathematical form.

If you have developed your own payroll or accounting software package, use the formulas and component rates outlined below.

The formulas comprise linear equations of the form $y = ax$, where:

- y is the weekly study and training support loans component
- x is the weekly earnings – or weekly equivalent of earnings – rounded down to whole dollars plus 99 cents
- a is the value of the component rate as shown in the following tables.

Study and training support loans component rates

Tax-free threshold claimed or foreign resident

Weekly earnings (x) \$	Component rate (a) %
0 – 1,045.99	-
1,046.00 - 1,207.99	1.0
1,208.00 - 1,280.99	2.0
1,281.00 - 1,357.99	2.5
1,358.00 - 1,438.99	3.0
1,439.00 - 1,524.99	3.5
1,525.00 - 1,616.99	4.0
1,617.00 - 1,713.99	4.5
1,714.00 - 1,816.99	5.0
1,817.00 - 1,925.99	5.5
1,926.00 - 2,041.99	6.0
2,042.00 - 2,163.99	6.5
2,164.00 - 2,293.99	7.0

2,294.00 - 2,431.99	7.5
2,432.00 - 2,577.99	8.0
2,578.00 - 2,731.99	8.5
2,732.00 - 2,895.99	9.0
2,896.00 - 3,069.99	9.5
3,070.00 & over	10.0

No tax-free threshold claimed

Weekly earnings (x) \$	Component rate (a) %
0 – 695.99	-
696.00 - 857.99	1.0
858.00 - 930.99	2.0
931.00 - 1,007.99	2.5
1,008.00 - 1,088.99	3.0
1,089.00 - 1,174.99	3.5
1,175.00 - 1,266.99	4.0
1,267.00 - 1,363.99	4.5
1,364.00 - 1,466.99	5.0
1,467.00 - 1,575.99	5.5
1,576.00 - 1,691.99	6.0
1,692.00 - 1,813.99	6.5
1,814.00 - 1,943.99	7.0
1,944.00 - 2,081.99	7.5
2,082.00 - 2,227.99	8.0
2,228.00 - 2,381.99	8.5

2,382.00 - 2,545.99	9.0
2,546.00 - 2,719.99	9.5
2,720.00 & over	10.0

Calculating fortnightly, monthly or quarterly withholding amounts

First calculate the weekly equivalent of fortnightly, monthly or quarterly earnings. If you pay:

- **fortnightly** – divide the sum of the fortnightly earnings and the amount of any allowances subject to withholding by 2. Ignore any cents in the result and then add 99 cents.
- **monthly** – obtain the sum of the monthly earnings and the amount of any allowances subject to withholding (if the result is an amount ending in 33 cents, add one cent). Multiply this amount by 3 and then divide by 13. Ignore any cents in the result and then add 99 cents.
- **quarterly** – divide the sum of the quarterly earnings and the amount of any allowances subject to withholding by 13. Ignore any cents in the result and then add 99 cents.

Then calculate fortnightly, monthly or quarterly withholding amounts as follows:

- **fortnightly** – determine the rounded weekly withholding amount applicable to the weekly equivalent of earnings before any adjustment for tax offsets. Multiply this amount by 2.
- **monthly** – determine the rounded weekly withholding amount applicable to the weekly equivalent of earnings before any adjustment for tax offsets. Multiply this amount by 13, divide the product by 3 and round the result to the nearest dollar.

-
- quarterly – determine the rounded weekly withholding amount applicable to the weekly equivalent of earnings before any adjustment for tax offsets. Multiply this amount by 13.

When to work out the study and training support loans component

You will need to calculate the study and training support loans component when your employee has given you a *Tax file number declaration* or *Withholding declaration* and has:

- answered **yes** to the question on whether they have a:
 - Higher Education Loan Program (HELP) debt
 - VET Student Loan (VSL) debt
 - Financial Supplement (FS) debt
 - Student Start-up Loan (SSL) debt (including ABSTUDY SSL debts) or
 - Australian Apprenticeship Support Loan (AASL) debt (formerly Trade Support Loan debt)
- not completed a *Medicare levy variation declaration* claiming a reduction or exemption in the Medicare levy for having a spouse or dependants and low family income
- claimed the tax-free threshold or is a foreign resident with earnings of one of the following:
 - \$1,046 or more if paid weekly
 - \$2,092 or more if paid fortnightly
 - \$4,532.67 or more if paid monthly
 - \$13,598 or more if paid quarterly.

If your employee has not claimed the tax-free threshold, the study and training support loans component is calculated on earnings of:

- \$696 or more if paid weekly

-
- \$1,392 or more if paid fortnightly
 - \$3,016.00 or more if paid monthly
 - \$9,048 or more if paid quarterly.

You must withhold the study and training support loans component from all your employee's earnings, including taxable allowances, bonuses and commissions.

Example 1: weekly earnings

Employee has claimed the tax-free threshold and has weekly earnings of \$1,095.84.

Ignoring cents and adding 99 cents, the STSL component = $\$1,095.99 \times 1\% = \11.00 rounded to the nearest dollar.

Example 2: fortnightly earnings

Employee has claimed the tax-free threshold and has fortnightly earnings of \$2,455.78.

Weekly equivalent of \$2,455.78 = \$1,227.99 ($\$2,455.78 \div 2$, ignoring cents and adding 99 cents).

Weekly STSL component = $\$1,227.99 \times 2\% = \25.00 rounded to the nearest dollar.

Fortnightly STSL component = \$50.00 ($\25.00×2).

Example 3: monthly earnings

Employee has claimed the tax-free threshold and has monthly earnings of \$5,688.45.

Weekly equivalent of \$5,688.45 = \$1,312.99.
($\$5,688.45 \times 3 \div 13$, ignoring cents and adding 99 cents).

Weekly STSL component = $\$1,312.99 \times 2.5\% = \33.00 rounded to the nearest dollar.

Monthly STSL component = $\$143.00$ ($\$33.00 \times 13 \div 3$, rounded to the nearest dollar).

Do not withhold any amount for study and training support loans debts from lump sum termination payments.

Coefficients to work out the weekly amounts to withhold

Your employee's total withholding, including the study and training support loans component, can be calculated using the formula and coefficients stated below.

Using a formula

The formulas comprise linear equations of the form $y = ax - b$, where:

- **y** is the weekly withholding amount expressed in dollars
- **x** is the number of whole dollars in the weekly earnings plus 99 cents
- **a** and **b** are the values of the coefficients for each set of formulas for each range of weekly earnings (or, in the case of fortnightly, monthly or quarterly earnings, the weekly equivalent of these amounts).

If two employees are taxed using a particular scale (for example, scale 2) but only one of them has a study and training support loans debt, you will need to set up two separate scales in your payroll system. One scale will need to incorporate the study and training support loans component and one will not – for example, name one 'scale 2' and the other 'scale 22'.

The study and training support loans component **does not** apply if the employee has not provided a tax file number (TFN).

For scales without the study and training support loans component, refer to Schedule 1 - Statement of formulas for calculating amounts to be withheld.

Where tax-free threshold not claimed in *Tax file number declaration* – scale 1

With study and training support loans debt

Weekly earnings (x) less than \$	a	b
150	0.1600	0.1600
371	0.2117	7.7550
515	0.1890	-0.6702
696	0.3227	68.2367
858	0.3327	68.2367
931	0.3427	68.2367
1,008	0.3450	65.7202
1,089	0.3500	65.7202
1,175	0.3550	65.7202
1,267	0.3600	65.7202
1,364	0.3650	65.7202
1,467	0.3700	65.7202
1,576	0.3750	65.7202
1,692	0.3800	65.7202
1,814	0.3850	65.7202
1,944	0.3900	65.7202

2,082	0.3950	65.7202
2,228	0.4000	65.7202
2,246	0.4050	65.7202
2,382	0.4750	222.9510
2,546	0.4800	222.9510
2,720	0.4850	222.9510
3,303	0.4900	222.9510
3,303 & over	0.5700	487.2587

Note: Scale 1 contains a negative value for one of the 'b' coefficients. This is intentional.

Where employee has claimed the tax-free threshold in *Tax file number declaration* – scale 2

With study and training support loans debt

Weekly earnings (x) less than \$	a	b
361	-	-
500	0.1600	57.8462
625	0.2600	107.8462
721	0.1800	57.8462
865	0.1890	64.3365
1,046	0.3227	180.0385
1,208	0.3327	180.0385

1,281	0.3427	180.0385
1,358	0.3450	176.5769
1,439	0.3500	176.5769
1,525	0.3550	176.5769
1,617	0.3600	176.5769
1,714	0.3650	176.5769
1,817	0.3700	176.5769
1,926	0.3750	176.5769
2,042	0.3800	176.5769
2,164	0.3850	176.5769
2,294	0.3900	176.5769
2,432	0.3950	176.5769
2,578	0.4000	176.5769
2,596	0.4050	176.5769
2,732	0.4750	358.3077
2,896	0.4800	358.3077
3,070	0.4850	358.3077
3,653	0.4900	358.3077
3,653 & over	0.5700	650.6154

Foreign residents – scale 3

With study and training support loans debt

Weekly earnings (x) less than \$	a	b
1,046	0.3000	0.3000
1,208	0.3100	0.3000
1,281	0.3200	0.3000
1,358	0.3250	0.3000
1,439	0.3300	0.3000
1,525	0.3350	0.3000
1,617	0.3400	0.3000
1,714	0.3450	0.3000
1,817	0.3500	0.3000
1,926	0.3550	0.3000
2,042	0.3600	0.3000
2,164	0.3650	0.3000
2,294	0.3700	0.3000
2,432	0.3750	0.3000
2,578	0.3800	0.3000
2,596	0.3850	0.3000
2,732	0.4550	181.7308
2,896	0.4600	181.7308
3,070	0.4650	181.7308
3,653	0.4700	181.7308

3,653 & over	0.5500	474.0385
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Where employee claimed FULL exemption from Medicare levy in *Medicare levy variation declaration* – scale 5

With study and training support loans debt

Weekly earnings (x) less than \$	a	b
361	-	-
721	0.1600	57.8462
865	0.1690	64.3365
1,046	0.3027	180.0385
1,208	0.3127	180.0385
1,281	0.3227	180.0385
1,358	0.3250	176.5769
1,439	0.3300	176.5769
1,525	0.3350	176.5769
1,617	0.3400	176.5769
1,714	0.3450	176.5769
1,817	0.3500	176.5769
1,926	0.3550	176.5769

2,042	0.3600	176.5769
2,164	0.3650	176.5769
2,294	0.3700	176.5769
2,432	0.3750	176.5769
2,578	0.3800	176.5769
2,596	0.3850	176.5769
2,732	0.4550	358.3077
2,896	0.4600	358.3077
3,070	0.4650	358.3077
3,653	0.4700	358.3077
3,653 & over	0.5500	650.6154

Where employee claimed HALF exemption from Medicare levy in *Medicare levy variation declaration* – scale 6

With study and training support loans debt

Weekly earnings (x) less than \$	a	b
361	-	-
721	0.1600	57.8462
843	0.1690	64.3365
865	0.2190	106.4962

1,046	0.3527	222.1981
1,053	0.3627	222.1981
1,208	0.3227	180.0385
1,281	0.3327	180.0385
1,358	0.3350	176.5769
1,439	0.3400	176.5769
1,525	0.3450	176.5769
1,617	0.3500	176.5769
1,714	0.3550	176.5769
1,817	0.3600	176.5769
1,926	0.3650	176.5769
2,042	0.3700	176.5769
2,164	0.3750	176.5769
2,294	0.3800	176.5769
2,432	0.3850	176.5769
2,578	0.3900	176.5769
2,596	0.3950	176.5769
2,732	0.4650	358.3077
2,896	0.4700	358.3077
3,070	0.4750	358.3077
3,653	0.4800	358.3077

3,653 & over	0.5600	650.6154
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Rounding of withholding amounts

Withholding amounts calculated as a result of applying the formulas are rounded to the nearest dollar. Values ending in 50 cents are rounded to the next higher dollar. Do this rounding directly – that is, do not make a preliminary rounding to the nearest cent.

Software

Payroll or accounting software written in accordance with the formulas in this schedule should be tested for accuracy against the sample data provided at ato.gov.au/taxtables. The results obtained when using the coefficients in this schedule may differ slightly from the sums of the amounts shown in the pay as you go (PAYG) tax tables. The differences result from the rounding of components. Withholding calculated using either method is accepted.

Schedule 9 – Tax table for seniors and pensioners

This schedule applies to withholding payments covered by Subdivisions 12-B (except sections 12-50 and 12-55), and 12-D of Schedule 1 to the TAA.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

Using this schedule

Use this schedule if you make payments to:

- seniors and pensioners who, at the end of the relevant financial year, are 67 years of age or older (for example, to be eligible for the year ending 30 June 2025, a payee must be born on or before 30 June 1958)
- veterans receiving a service pension and/or war widows/widowers receiving an income support supplement from the Department of Veterans' Affairs who are at least 60 years of age.

This schedule applies to weekly payments including:

- salary, wages, allowances and leave loading paid to employees
- directors' fees
- payments to labour-hire workers
- compensation, sickness or accident payments that are calculated at a periodical rate and made because a person is unable to work (unless the payment is made under an insurance policy to the policy owner)
- a non-super income stream
- a super income stream.

This schedule can only apply if the payee has provided you with either:

-
- a *Withholding declaration* indicating that they are an Australian resident for tax purposes at question 4 and answered **yes** to questions 5 and 8
 - a *Withholding declaration – short version for seniors and pensioners* indicating that they are an Australian resident for tax purposes at question 4 and answered **yes** to questions 5 and 6.

For super income stream payments, you must also use Schedule 13 - Tax table for superannuation income streams to calculate withholding.

Working out the withholding amount

To work out the withholding amount:

1. Calculate your payee's total weekly earnings, add any allowances and irregular payments that will be included in this week's pay to the normal weekly earnings, ignoring any cents.
2. Using the applicable tab in the *Withholding lookup tool* at ato.gov.au/taxtables, input the amount from step 1 as per instructions in the tool.
3. Use the appropriate column to find the correct amount to withhold. If your payee is:
 - single, use column 2
 - a member of an illness-separated couple, use column 3
 - a member of a couple, use column 4.
4. If your payee is entitled to a tax offset or a Medicare levy adjustment, subtract its weekly value from the withholding amount found in step 3.

Example:

A payee has weekly earnings of \$662.95 and has not claimed a Medicare levy exemption. To work out the correct amount to withhold use the first tab in the *Withholding lookup tool*, ignore cents and input \$662.

If the payee is:

- single, use column 2 to find the correct amount to withhold (\$5.00)
- a member of an illness-separated couple, use column 3 to find the correct amount to withhold (\$11.00)

-
- a member of a couple, use column 4 to find the correct amount to withhold (\$26.00).

Calculating fortnightly or monthly withholding amounts

First calculate the weekly equivalent of fortnightly or monthly earnings. If you pay:

- **fortnightly** – divide the sum of the fortnightly earnings and the amount of any allowances subject to withholding by two. Ignore any cents in the result and then add 99 cents.
- **monthly** – obtain the sum of the monthly earnings and the amount of any allowances subject to withholding (if the result is an amount ending in 33 cents, add one cent). Multiply this amount by three and then divide by 13. Ignore any cents in the result and then add 99 cents.

Then calculate fortnightly or monthly withholding amounts as follows:

- **fortnightly** – work out the rounded weekly withholding amount applicable to the weekly equivalent of earnings, before any adjustment for tax offsets. Multiply this amount by two.
- **monthly** – work out the rounded weekly withholding amount applicable to the weekly equivalent of earnings, before any adjustment for tax offsets. Multiply this amount by 13, divide the product by three and round the result to the nearest dollar.

Using a formula

The withholding amounts shown in this schedule can be expressed in a mathematical form.

You should read this section with Schedule 1 - Statement of formulas for calculating amounts to be withheld.

If you have developed your own payroll or accounting software package, use the following formulas and the coefficients outlined below.

The formulas comprise linear equations of the form $y = ax - b$, where:

- **y** is the withholding amount expressed in dollars
- **x** is the weekly earnings rounded down to whole dollars plus 99 cents
- **a** and **b** are the values of the coefficients for the formulas shown in the relevant 'Values of the coefficients a and b for each set of formulas' tables.

Note: Additional scales have been provided where the payee has claimed a FULL or HALF Medicare levy exemption.

Values of the coefficients a and b for each set of formulas

Scale 1 - Payee is single:

Weekly earnings (x) less than	a	b
\$629	-	-
\$671	0.1600	100.7308
\$721	0.2850	184.6707
\$790	0.2940	191.1611
\$865	0.3940	270.1784
\$987	0.5277	385.8803
\$1,014	0.4477	306.8630
\$1,282	0.3227	180.0385
\$2,596	0.3200	176.5769
\$3,653	0.3900	358.3077

\$3,653 & over	0.4700	650.6154
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Scale 2 - Payee is a member of an illness-separated couple:

Weekly earnings (x) less than	a	b
\$606	-	-
\$648	0.1600	97.0769
\$721	0.2850	178.1635
\$790	0.2940	184.6538
\$865	0.3940	263.6712
\$962	0.5277	379.3731
\$987	0.4027	259.0558
\$1,282	0.3227	180.0385
\$2,596	0.3200	176.5769
\$3,653	0.3900	358.3077
\$3,653 & over	0.4700	650.6154

Scale 3 - Payee is a member of a couple:

Weekly earnings (x) less than	a	b
\$554	-	-
\$596	0.1600	88.6538
\$721	0.2850	163.1587
\$790	0.2940	169.6490
\$842	0.3940	248.6663

\$865	0.2690	143.3538
\$987	0.4027	259.0558
\$1,282	0.3227	180.0385
\$2,596	0.3200	176.5769
\$3,653	0.3900	358.3077
\$3,653 & over	0.4700	650.6154

Scale 4 - Payee is single and is claiming a FULL Medicare levy exemption:

Weekly earnings (x) less than	a	b
\$629	-	-
\$671	0.1600	100.7308
\$721	0.2850	184.6707
\$865	0.2940	191.1611
\$1,014	0.4277	306.8630
\$1,282	0.3027	180.0385
\$2,596	0.3000	176.5769
\$3,653	0.3700	358.3077
\$3,653 & over	0.4500	650.6154

Scale 5 - Payee is a member of an illness-separated couple and is claiming a FULL Medicare levy exemption:

Weekly earnings (x) less than	a	b
\$606	-	-
\$648	0.1600	97.0769

\$721	0.2850	178.1635
\$865	0.2940	184.6538
\$962	0.4277	300.3558
\$1,282	0.3027	180.0385
\$2,596	0.3000	176.5769
\$3,653	0.3700	358.3077
\$3,653 & over	0.4500	650.6154

Scale 6 - Payee is a member of a couple and is claiming a FULL Medicare levy exemption:

Weekly earnings (x) less than	a	b
\$554	-	-
\$596	0.1600	88.6538
\$721	0.2850	163.1587
\$842	0.2940	169.6490
\$865	0.1690	64.3365
\$1,282	0.3027	180.0385
\$2,596	0.3000	176.5769
\$3,653	0.3700	358.3077
\$3,653 & over	0.4500	650.6154

Scale 7 - Payee is single and is claiming a HALF Medicare levy exemption:

Weekly earnings (x) less than	a	b
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\$629	-	-
\$671	0.1600	100.7308
\$721	0.2850	184.6707
\$865	0.2940	191.1611
\$1,014	0.4277	306.8630
\$1,099	0.3027	180.0385
\$1,282	0.3527	235.0365
\$1,374	0.3500	231.5750
\$2,596	0.3100	176.5769
\$3,653	0.3800	358.3077
\$3,653 & over	0.4600	650.6154

Scale 8 - Payee is a member of an illness-separated couple and is claiming a HALF Medicare levy exemption:

Weekly earnings (x) less than	a	b
\$606	-	-
\$648	0.1600	97.0769
\$721	0.2850	178.1635
\$865	0.2940	184.6538
\$962	0.4277	300.3558
\$1,099	0.3027	180.0385
\$1,282	0.3527	235.0365
\$1,374	0.3500	231.5750

\$2,596	0.3100	176.5769
\$3,653	0.3800	358.3077
\$3,653 & over	0.4600	650.6154

Scale 9 - Payee is a member of a couple and is claiming a HALF Medicare levy exemption:

Weekly earnings (x) less than	a	b
\$554	-	-
\$596	0.1600	88.6538
\$721	0.2850	163.1587
\$842	0.2940	169.6490
\$865	0.1690	64.3365
\$1,099	0.3027	180.0385
\$1,282	0.3527	235.0365
\$1,374	0.3500	231.5750
\$2,596	0.3100	176.5769
\$3,653	0.3800	358.3077
\$3,653 & over	0.4600	650.6154

Medicare levy parameters

	With Medicare levy	Half Medicare levy
Weekly earnings threshold	790	1,099
Weekly earnings shade-in threshold	987	1,374

Medicare levy family threshold	57,198	57,198
Weekly family threshold divisor	52	52
Additional child	4,027	4,027
Shading out point multiplier	0.1000	0.0500
Shading out point divisor	0.0800	0.0400
Weekly levy adjustment factor	790.1700	1,099.9600
Medicare levy	0.0200	0.0100

Rounding of withholding amounts

Withholding amounts calculated as a result of applying the formulas are rounded to the nearest dollar. Results ending in 50 cents are rounded to the next higher dollar.

If no TFN is provided, ignore cents when you calculate withholding amounts.

Software

Payroll or accounting software written in accordance with the formulas in this schedule should be tested for accuracy against the withholding amounts obtained using the *Withholding lookup tool* at ato.gov.au/taxtables. You should only use such software if it produces the exact amounts.

Tax file number (TFN) declarations

The answers your payees provide on their *Tax file number declaration* determine the amount you need to withhold from their payments. A *Tax file number declaration* applies to any payments made after you receive the declaration. If you receive an updated declaration from a payee, it will override the previous one.

If a payee does not give you a valid *Tax file number declaration* within 14 days of starting a payer-payee relationship, you must complete a *Tax file number declaration* with all available details of the payee and send it to us.

When a TFN has not been provided

You must withhold 47% from any payment you make to a resident payee and 45% from a foreign resident payee (ignoring any cents), if all of the following apply:

- they have not quoted their TFN
- they have not claimed an exemption from quoting their TFN
- they have not advised you that they have applied for a TFN or have made an enquiry with us.

If a payee states at question 1 of the *Tax file number declaration* they have lodged a *Tax file number – application or enquiry for individuals* with us, they have 28 days to provide you with their TFN.

If the payee has not given you their TFN within 28 days, you must withhold 47% from any payment you make to a resident payee and 45% from a foreign resident payee (ignoring any cents) unless we tell you not to.

Do not allow for any tax offsets or Medicare levy adjustment. Do not withhold any amount for study and training support loans.

When your payee has a study and training support loan debt

If your payee has a HELP, VSL, FS, SSL or AASL debt, you may need to withhold additional amounts from their payments. Your payee will need to notify you of this on their *Tax file number declaration* or *Withholding declaration*.

Allowances

Generally, allowances are added to normal earnings and the amount to withhold is calculated on the total amount of earnings and allowances.

For more information on when to withhold and report on allowances, refer to *Withholding for allowances*.

Leave loading

If you pay leave loading as a lump sum, you need to use Schedule 5 - Tax table for back payments, commissions, bonuses and similar payments to calculate withholding.

If you pay leave loading on a pro-rata basis, add the leave loading payment to the earnings for that period to calculate withholding.

Withholding declarations

A payee can use the *Withholding declaration* to advise you of a tax offset they choose to claim through reduced withholding. For more information on tax offsets, refer to the section in this schedule 'Claiming tax offsets'.

Payees can also use a *Withholding declaration* to advise you of changes to their situation that may vary the amount you need to withhold.

Changes that may affect the amount you need to withhold include:

- becoming or ceasing to be an Australian resident for tax purposes
- claiming or discontinuing a claim for the tax-free threshold
- advising of a HELP, VSL, FS, SSL or AASL debt (or changes to them)
- entitlement to a seniors and pensioners tax offset.

When your payee provides you with a *Withholding declaration*, it will take effect from the next payment you make. If you receive an updated declaration from a payee, it will replace the previous one.

A payee must have provided you with a valid *Tax file number declaration* before they can provide you with a *Withholding declaration*.

Claiming tax offsets

The seniors and pensioners tax offset (SAPTO) is incorporated into this schedule. If your payee chooses to claim their entitlement to other tax offsets through reduced withholding, they must give you a *Withholding declaration*.

To work out your payee's annual tax offset entitlement into a weekly value, use the Ready reckoner for tax offsets below. Deduct this amount from the amount shown in column 2, 3 or 4 of the applicable tab in the *Withholding lookup tool* at ato.gov.au/taxtables.

Ready reckoner for tax offsets

Tax offset entitlement – weekly value

Amount claimed \$	Weekly value \$
1	–
2	–
3	–
4	–
5	–
6	–
7	–
8	–
9	–
10	–
20	–

30	1
40	1
50	1
57	1
60	1
70	1
80	2
90	2
100	2
200	4
300	6
338	6
400	8
500	10
600	11
700	13
800	15
900	17
1,000	19
1,173	22
1,200	23
1,400	27

1,600	30
1,800	34
2,000	38
2,200	42
2,400	46
2,600	49
2,800	53
3,000	57
3,200	61
3,400	65
3,600	68
3,800	72
4,000	76

If the exact tax offset amount claimed is not shown in the ready reckoner, add the values for an appropriate combination.

Example:

Tax offsets of \$422 claimed. Add values of \$400, \$20 and \$2

= \$8 + \$0 + \$0

= \$8

Therefore, reduce the amount to be withheld by \$8.

Medicare levy exemptions

To claim the Medicare levy FULL or HALF exemption, a payee must lodge a *Medicare levy variation declaration* with their *Tax file number declaration*.

If using the formulas to calculate withholding, use the applicable scale where the payee has claimed a FULL or HALF Medicare levy exemption. If using the *Withholding lookup tool*, choose the tab applicable to FULL or HALF Medicare levy exemption.

Medicare levy adjustments

To claim the Medicare levy adjustment (available to some low income earners with dependants), a payee must lodge a *Medicare levy variation declaration* with their *Tax file number declaration*.

For instructions on how to work out the Medicare levy adjustment, refer to *Medicare levy adjustment weekly tax table* at ato.gov.au/taxtables.

Schedule 10 – Tax table for payments made under voluntary agreements

This schedule applies to withholding payments covered by section 12-55 of Schedule 1 to the TAA.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

Using this schedule

Use this schedule if you make payments to an individual under a voluntary agreement to withhold.

How to work out the withholding amount

To work out the withholding amount, you need to assess whether the payee has informed you of their Commissioner's instalment rate (CIR) and whether the amount includes GST.

For more information, refer to *Payments under a voluntary agreement*.

If the payee has informed you of their CIR

If the payee has informed you of their CIR, use the following to work out how much to withhold:

- If the payee's CIR is greater than or equal to 20% – withhold the amount worked out by multiplying the amount of the payment by the CIR.

-
- If the payee's CIR is less than 20% – withhold the amount worked out by multiplying the amount of the payment by 20%. However, if your voluntary agreement with the payee states that their CIR will apply, you must withhold the amount worked out by multiplying the amount of the payment by the CIR.

If the payee has informed you that they don't have a CIR

You must withhold 20% of the amount of the payment.

If the payment includes an amount for GST

If the payment includes an amount for GST, you exclude this GST amount when calculating the appropriate rate to withhold.

Example:

Francesca is a marketing consultant who receives income from many sources. She has a voluntary agreement to withhold with Ashfield Accounting (her largest payer) and they have agreed to use her CIR of 16.44%.

Ashfield Accounting calculates the amount to be withheld by multiplying the amount of each payment (excluding any GST component) by 16.44%.

If Francesca and Ashfield Accounting did not have an agreement to use her CIR, the rate of withholding would be 20%.

Rounding of withholding amounts

Withholding amounts calculated by applying this schedule should be rounded to the nearest dollar. Results ending in 50 cents are rounded to the next higher dollar.

Schedule 11 – Tax table for employment termination payments

This schedule applies to withholding payments covered by paragraph 12-85(b) of Schedule 1 to the TAA.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

Using this schedule

Use this schedule if you pay an individual an amount that is either:

- an employment termination payment (ETP)
- a delayed termination payment – that is, a payment that would be an ETP but was paid more than 12 months after the relevant termination of employment.

If you employ individuals under a working holiday makers visa, you must use Schedule 15 - Tax table for working holiday makers for all payments made to them, including employment termination payments.

Employment termination payments

An ETP is a lump sum payment you make:

- to an employee when their employment is terminated (referred to as a 'Life benefit' ETP)
- to an employee's estate because their employment has been terminated due to death (referred to as a 'Death benefit' ETP).

ETPs include lump sum payments paid upon resignation, retirement or death. A payment from a super fund is not an ETP.

A payment must generally be made within 12 months of termination to qualify as an ETP. A payment made outside of 12 months is a delayed termination payment, unless we have given approval for the payment to be treated as an ETP.

Tax treatment of ETPs

ETPs can have two different components:

- a tax-free component
- a taxable component.

You only withhold tax from the taxable component.

Depending on the type of ETP, the concessional tax treatment may be limited to the smaller of:

- the ETP cap
- the whole-of-income cap.

The top rate of tax applies to amounts paid in excess of these caps.

The ETP cap amount for the 2024-25 income year is \$245,000. This amount is indexed annually.

The whole-of-income cap amount for the 2024-25 income year is \$180,000. This amount is not indexed. This cap is reduced by any other taxable income payments your employee receives in the income year – for example, salary or wages you have paid to your employee.

In some cases, you may need to include an ETP in the taxable payments when working out the whole-of-income cap.

The ETP payment summary has an ETP code that you use to describe the type of ETP and which cap has been applied to it.

ETP caps

The following table lists the types of ETPs that are subject to withholding and the applicable cap for each type of payment.

For payments in column 2, both caps are considered, and the smaller cap applies. Withholding will be required to be made at the top rate of tax on the amount over the smaller of the two caps.

Applicable caps for ETPs subject to withholding

Column 1 ETP cap only applies to:	Column 2 Smaller of the ETP cap or whole-of-income cap applies to:
a payment made under an early retirement scheme that exceeds the tax-free limit (see Note 1) – only the amount in excess of the limit is an ETP	a 'golden handshake' whether paid under: <ul style="list-style-type: none"> • contract • industrial award obligation • recognition of prior service
a genuine redundancy payment that exceeds the tax-free base limit and for each complete year of service limit (see Note 1) – only the amount in excess of the limit is an ETP	a non-genuine redundancy payment
a payment made because of the employee's permanent disability	severance pay
compensation payment for personal injury	a gratuity
compensation for unfair dismissal	a payment in lieu of notice

compensation for harassment	a payment for unused sick leave
compensation for discrimination	a payment for unused rostered days off
lump sum payments paid on the death of an employee.	an ETP not covered in column 1.

Note 1: The tax-free base limit for the 2024-25 income year is \$12,524 plus \$6,264 for each completed year of service.

Steps to work out smallest cap

Follow these steps to work out the smaller of the ETP cap and whole-of-income cap:

1. Add up all taxable payments you made to your employee (excluding the ETP).
2. Subtract the step 1 result amount from \$180,000.
3. The result from step 2 is the calculated whole-of-income cap.
4. Compare the calculated whole-of-income cap from step 3 and the ETP cap amount of \$245,000 for 2024-25 (or the balance of ETP cap if a payment component has already applied to the ETP cap where there have been multiple payments for the same termination).
5. If both caps are equal, use the whole-of-income cap. The smaller of the two caps at step 4 is the cap to apply to the ETP taxable component.

Multiple payments for same termination

For various reasons, ETPs may be made in more than one instalment. Payments made after the initial payment subject to the ETP cap, will attract a lower ETP cap. This is because the cap amount is reduced by the amount of all previous payments for the same termination.

Lump sum payments that are not ETPs may also be subject to PAYG withholding. Use the applicable tax table to work out the amount to be withheld from these payments.

Do not allow for any tax offsets or Medicare levy adjustments.

Do not withhold any amount for study and training support loans.

Death benefit ETPs

A death benefit termination payment is received by a person after another person's death, in consequence of termination of the other person's employment. The amount to withhold depends on a number of factors including whether the payment is made:

- directly to a dependant of the deceased
- directly to a non-dependant of the deceased
- to the trustee of the deceased estate.

Use Table A in this schedule to work out how much to withhold.

Working out the withholding amount

An ETP can be made up of a tax-free component and taxable component. You must withhold an amount from the taxable component, including death benefit ETPs.

Do not withhold from the tax-free component of the ETP.

If your employee who is receiving an ETP has given you their tax file number (TFN) on a *Tax file number declaration*, use Table A in this schedule to work out how much to withhold.

A *Tax file number declaration* remains effective for 12 months after you make the last payment to them.

Withholding amounts calculated by applying Table A are rounded to the nearest dollar. Results ending in 50 cents are rounded upwards.

If the payment is to be made to a foreign resident, you will need to check if there is a tax treaty with their country of residence. The full list of our tax treaties is maintained by Treasury and can be found at 'Australian Tax Treaties' in your internet search engine. If the ETP is assessable only in the other country because of the treaty, then no withholding is required.

If a foreign resident's ETP is assessable in Australia, you are required to withhold from the payment. Adjust the rates set out in Table A to exclude the Medicare levy of 2%.

When a TFN has not been provided

You must withhold 47% from the taxable component of an ETP you make to a resident employee and 45% from a foreign resident employee (ignoring any cents) who has not given you their TFN.

Examples

Example 1: ETP cap

Lloyd is an employee of BigBiz Pty Ltd and is 41 years old. His preservation age is 60. He is made redundant from his position at BigBiz and receives an ETP of \$45,000. This is the taxable amount remaining after Lloyd received a genuine redundancy payment. (The amount that exceeds the tax-free base limit and for each complete year of service limit is an ETP.)

The ETP has no tax-free component.

BigBiz is required to withhold from the ETP. Lloyd has previously provided his TFN to BigBiz and claimed the tax-free threshold.

BigBiz classifies the payment as a genuine redundancy and, using Table A, works out that only the ETP cap applies.

As Lloyd is under preservation age and his entire ETP fits within the ETP cap amount, BigBiz withholds \$14,400 from Lloyd's ETP. This is 32% of Lloyd's taxable component of \$45,000.

Example 2: Whole-of-income cap – payment less than cap

Jane is an employee of SmallBiz Pty Ltd and is 58 years old. Jane's preservation age is 60. Jane resigns from SmallBiz to start a new business.

Up until Jane's date of resignation, SmallBiz paid Jane salary and wages totalling \$84,000. Under her employment contract, Jane will receive a 'golden handshake' of \$10,000 from SmallBiz. This payment is an ETP and has a tax-free component of \$2,000 (relating to service before July 1983) and a taxable component of \$8,000.

SmallBiz is required to withhold an amount under the PAYG withholding system. Jane had previously provided her TFN to SmallBiz. SmallBiz does not withhold from the tax-free component of \$2,000 but must withhold an amount from the taxable component of \$8,000.

SmallBiz classifies the payment as a 'golden handshake'. Using Table A and the following steps, SmallBiz works out which cap to apply and the withholding rate:

Step	SmallBiz action	Result
1	Adds up all taxable payments (excluding the ETP) paid to Jane.	\$84,000
2	Subtracts the step 1 amount from \$180,000. This is the calculated whole-of-income cap.	\$96,000
3	Determines the smallest cap by comparing the result from step 2 against the ETP cap amount of \$245,000.	Whole-of-income cap is smallest
4	Uses table A to determine the withholding rate on amounts up to the calculated whole-of-income cap of \$96,000, remembering Jane is under preservation age.	32%
5	Uses table A to determine the withholding rate on amounts above the whole-of-income cap of \$96,000. As the whole \$8,000 ETP is under cap, no further calculation is required.	Nil

SmallBiz withholds \$2,560 from Jane's ETP of \$10,000. This is 32% of Jane's taxable component of \$8,000.

Example 3: Whole-of-income cap – payment greater than cap

Chris is younger than his preservation age. He has his employment terminated by MediumBiz in January. His employment termination does not meet the criteria of a genuine redundancy.

MediumBiz paid Chris \$50,000 in leave entitlements as a lump sum and \$50,000 in salary and wages before his termination. In addition to this income, Chris is also paid \$130,000 as an ETP comprising of a \$100,000 taxable component and has a tax-free component of \$30,000 (relating to service before July 1983).

As the ETP is not a genuine redundancy, MediumBiz classifies the payment as a 'golden handshake'. Using Table A and the following steps, MediumBiz works out which cap to apply and the withholding rate:

Step	MediumBiz action	Result
1	Adds up all taxable payments (excluding the ETP) paid to Chris.	\$100,000
2	Subtracts the step 1 amount from \$180,000. This is the calculated whole-of-income cap.	\$80,000
3	Determines the smallest cap by comparing the result from step 2 against ETP cap amount of \$245,000.	Whole-of-income cap is smallest
4	Uses table A to determine the withholding rate on amounts up to the calculated whole-of-income cap of \$80,000, remembering Chris is under preservation age.	32%
5	Uses table A to determine the withholding rate on amounts over the calculated whole-of-income cap of \$80,000. An ETP of \$100,000 less the cap amount \$80,000 gives \$20,000 over the cap.	47%

MediumBiz withholds \$35,000 from Chris's ETP of \$130,000. This is \$25,600 ($\$80,000 \times 32\%$) plus \$9,400 ($\$20,000 \times 47\%$) of Chris's taxable component of \$100,000.

Example 4: ETP subject to both ETP cap and whole-of-income cap

Alec, 30, is made redundant by MacroBiz after 5 years of service and receives a termination payment of \$65,678 that is part genuine redundancy (\$44,678) and part gratuity (\$21,000). Until his redundancy, Alec had received \$140,000 in salary and wages for the income year.

In this situation, the part of the payment that is subject to the ETP cap only is always dealt with first.

Alec's employer calculates the genuine redundancy amount over the tax-free limit (see Note 2) as \$834. This is calculated as follows:

\$44,678 less \$43,844 due to the 5 years of service [$\$12,524$ base limit plus $\$31,320$ ($5 \times \$6,264$)]. The amount of \$834 is an ETP.

Using Table A, his employer works out that only the ETP cap applies. Alec is under preservation age, so MacroBiz withholds \$267 (32% of \$834).

Using Table A and the following steps, MacroBiz then works out which cap to apply and the withholding rate on Alec's \$21,000 gratuity part of the ETP.

Step	MacroBiz action	Result
1	Adds up all taxable payments, salary and wages paid to Alec.	\$140,000
2	Subtracts the step 1 amount from \$180,000. This is the calculated whole-of-income cap.	\$40,000

3	Determines the smallest cap by comparing the result from step 2 against the ETP cap of \$244,166 (ETP cap \$245,000 for 2024-25 less the \$834 ETP).	Whole-of-income cap is smallest
4	Uses table A to determine the withholding rate on amounts up to the calculated whole-of-income cap of \$40,000 remembering Alec is under preservation age.	32%
5	Uses table A to determine the withholding rate on amounts over the calculated whole-of-income cap of \$40,000. As the \$21,000 gratuity is under the cap, no further calculation is required.	Nil

MacroBiz withholds \$267 from the \$834 part of the ETP for genuine redundancy and \$6,720 from the \$21,000 gratuity part of the ETP. MacroBiz must issue Alec with two separate ETP payment summaries covering each part of the payment.

Note 2: For more information about calculating the tax-free portion of a genuine redundancy payment, refer to *Taxation of termination payments*.

Table A: Withholding rates for ETPs

Table A: Withholding rates for ETPs

Income component derived by your employee in the income year	Age of person at the end of the income year that the payment is received	Component subject to PAYG withholding	Rate of withholding	Cap to apply
Life benefit ETP – taxable component	Under preservation age	Up to the ETP cap amount	32%	ETP cap
	Preservation age or over	Up to the ETP cap amount	17%	ETP cap

<ul style="list-style-type: none"> • early retirement scheme • genuine redundancy • invalidity • compensation for personal injury, unfair dismissal, harassment or discrimination. 	All ages	Amount above the ETP cap amount	47%	ETP cap
<p>Life benefit ETP – taxable component</p> <p>Payment is:</p> <ul style="list-style-type: none"> • a ‘golden handshake’ • non-genuine redundancy payment • severance pay • a gratuity • in lieu of notice • for unused sick leave • for unused rostered days off. 	Under preservation age	Up to the relevant cap amount	32%	Smallest of ETP cap and whole-of-income cap
	Preservation age or over	Up to the relevant cap amount	17%	Smallest of ETP cap and whole-of-income cap
	All ages	Amount above the relevant cap amount	47%	Smallest of ETP cap and whole-of-income cap

Death benefit ETP paid to non-dependants – taxable component	All ages	Up to the ETP cap amount	32%	ETP cap
		Amount above the ETP cap amount	47%	ETP cap
Death benefit ETP paid to dependants – taxable component	All ages	Up to the ETP cap amount	Nil	ETP cap
		Amount above the ETP cap amount	47%	ETP cap
Death benefit ETP paid to a trustee of a deceased estate	–	–	Nil	–

Additional information

The **ETP cap amount** for the 2024-25 income year is \$245,000. The amount is indexed annually.

The **whole-of-income cap** amount for the 2024-25 income year and future years is \$180,000. This amount is not indexed.

A **death benefit dependant** for taxation purposes includes:

- spouse of the deceased
- child of the deceased under 18 years old
- a person who had an interdependency relationship with the deceased
- a person who was a dependant of the deceased just before the latter died.

A **spouse of the deceased** includes another person (of any sex) who:

-
- was in a relationship with the deceased as registered under a prescribed state or territory law
 - lived with the deceased on a genuine domestic basis in a relationship as a couple, although not legally married.

A **child of the deceased** includes:

- an adopted child, stepchild or ex-nuptial child
- a child of the deceased's spouse
- a child of the deceased within the meaning of the *Family Law Act 1975* (for example, a child who is considered to be a child of a person under a state or territory court order giving effect to a surrogacy agreement).

An **interdependency relationship** includes:

- a close personal relationship between two people who live together, where one or both provides for the financial and domestic support and personal care of the other
- a close personal relationship between two people who live together but do not satisfy one or more of the requirements mentioned in the previous dot point due to either or both of them suffering from a physical, intellectual or psychiatric disability.

For further information on interdependency relationships and before accepting that a person is financially dependent, refer to *interdependency relationship*.

If an ETP will be paid to the **trustee of a deceased estate**, no amount should be withheld.

Rounding of withholding amounts

Withholding amounts calculated by applying this schedule are rounded to the nearest dollar. Results of 50 cents or higher are rounded upwards. If a TFN is not provided, ignore cents when calculating withholding amounts.

Delayed termination payments

Generally, a payment must be made within 12 months of termination to qualify as an ETP. A payment made after 12 months is a delayed termination payment unless we have given approval for the payment to be treated as an ETP.

A delayed termination payment is not treated as an ETP. It must be reported in:

- 'Gross payments' in Single Touch Payroll (STP), or
- *PAYG payment summary – individual non-business* for those not reporting through STP.

If your employee has given you their TFN, withhold an amount equal to 32% from the delayed termination payment. Withholding amounts are rounded to the nearest dollar once calculated. Results ending in 50 cents are rounded to the next higher dollar.

If your employee has not given you a TFN, you must withhold 47% from the delayed termination payment you make to a resident employee and 45% from a foreign resident employee. Ignore any cents in the result.

Preservation age

The withholding amount varies depending on whether the employee has reached their preservation age by the end of the income year in which the payment is made.

Preservation age is determined using your employee's date of birth. For example, if your employee was born on 1 October 1964, they reach their preservation age of 60 on 1 October 2024.

The table below outlines the transitional period where the preservation age increased progressively from 55 to 60. As the transitional period has been completed, for the 2024-25 and future income years the preservation age is 60 for all employees born after 30 June 1964. For those employees born before that date, they have already reached their preservation age.

Preservation age

Date of birth	Preservation age
---------------	------------------

Before 1/7/1960	55
1/7/1960–30/6/1961	56
1/7/1961–30/6/1962	57
1/7/1962–30/6/1963	58
1/7/1963–30/6/1964	59
After 30/6/1964	60

ETP reporting

You must provide your employee with one or more *PAYG payment summary – employment termination payment forms* within 14 days of making an ETP, or report the ETP in the pay event if using Single Touch Payroll (STP).

An ETP code is used to describe the type of payment, and determines which cap, ETP cap or whole-of-income cap is applied. The tables below shows the type of ETPs and which code applies:

Life benefit ETP

Code	Description
R	<p>ETP because of:</p> <ul style="list-style-type: none"> • early retirement scheme • genuine redundancy • invalidity • compensation for: <ul style="list-style-type: none"> - personal injury - unfair dismissal - harassment - discrimination.

O	Other ETP not described by R , for example, golden handshake, gratuity, payment in lieu of notice, payment for unused sick leave, payment for unused rostered days off.

Multiple payments for same termination

Code	Description
S	<p>This is a code R payment. You made one of the following payments to your employee in a previous income year for the same termination:</p> <ul style="list-style-type: none"> • a code R payment • a code O payment • a transitional termination payment.
P	<p>This is a code O payment and you made one of the following payments to your employee in a previous income year for the same termination:</p> <ul style="list-style-type: none"> • a code R payment • a code O payment • a transitional termination payment.

Death benefit ETP

Code	Description
D	Death benefit ETP paid to a dependant of the deceased.
B	Death benefit ETP paid to a non-dependant of the deceased. You made a termination payment to the non-dependant in a previous income year for the same termination .
N	Death benefit ETP paid to a non-dependant of the deceased.
T	Death benefit ETP paid to a trustee of the deceased estate.

Transitional termination payments were certain ETPs paid to an employee under an employment contract entered into before 10 May 2006. They were taxed concessionally if paid before 1 July 2012.

Schedule 12 – Tax table for superannuation lump sums

This schedule applies to withholding payments covered by paragraph 12-85(a) of Schedule 1 to the TAA.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

Using this schedule

Use this schedule if you make a super lump sum payment to an individual.

This schedule also provides information on the withholding requirements when an untaxed element of super interest is rolled over.

Super lump sums

A super lump sum payment includes a:

- lump sum member benefit paid to an individual where a condition of release has been satisfied – for example, retirement, terminal medical condition, severe financial hardship, or compassionate grounds
- lump sum death benefit paid to an individual following the death of the member or account holder
- commutation of a super income stream (part or all of a super income stream is exchanged for a lump sum).

A super lump sum may be paid from a super fund, approved deposit fund (ADF) or a retirement savings account (RSA).

Components of a super lump sum

Before you can work out the withholding amount, you must calculate the components of the super lump sum.

A super lump sum may have two components:

- a tax-free component
- a taxable component which can include an:
 - element taxed in the fund (taxed element)
 - element untaxed in the fund (untaxed element).

You **do not** withhold from the tax-free component.

Working out the withholding amount

You must calculate the amount to withhold by applying the rates set out in Table A in this schedule if your payee:

- is an Australian resident
- receives a taxable component of a super lump sum
- has provided you with their TFN.

These rates include the Medicare levy of 2%.

If the payment is to be made to a foreign resident, you will need to check if there is a tax treaty with their country of residence. The full list of our tax treaties is maintained by Treasury and can be found in the Australian Tax Treaties table. If, because of the treaty, the super lump sum is assessable only in the other country, then no withholding is required.

If a foreign resident's super lump sum is assessable in Australia, you are required to withhold from the payment. Adjust the rates set out in Table A to exclude the Medicare levy of 2%.

Different withholding rates apply for temporary residents who request a departing Australia superannuation payment.

Payments not subject to PAYG withholding

The following super lump sums are **not** subject to PAYG withholding:

- a payment made to a person who is suffering from a terminal medical condition
- a payment made to a dependant after the death of the member or account holder
- an amount paid to the trustee of a deceased estate after the death of the member.

When a TFN has not been provided

Different withholding rates apply where the payee of the super lump sum has not provided you with their TFN before the payment is made.

Paid to an Australian resident

- Under 60 years of age:
 - Taxable component (taxed element and untaxed element) withhold 47% (ignoring cents)
- 60 years of age or over:
 - Taxable component
 - o taxed element – no amount is required to be withheld
 - o untaxed element – withhold 47% (ignoring any cents).

Paid to a foreign resident

Check if there is a tax treaty with the payee's country of residence. If the super lump sum is assessable in the other country, no withholding is required.

If the super lump sum is assessable in Australia, use the following withholding rates:

-
- Under 60 years of age:
 - Taxable component (taxed element and untaxed element) withhold 45% (ignoring cents)
 - 60 years of age or over:
 - Taxable component
 - taxed element – no amount is required to be withheld
 - untaxed element – withhold 45% (ignoring any cents).

Do not allow for any tax offsets or Medicare levy adjustments. Do not withhold any amount for study and training support loans.

Rollovers

If the person entitled to receive the super lump sum asks you to roll over their benefit, you are generally not required to withhold from any of the rolled-over amount.

However, if the rollover benefit consists of a taxable component - untaxed element that exceeds the untaxed plan cap you are required to withhold at the following rates:

- amount of the untaxed element up to the untaxed plan cap – no amount required to be withheld
- amount of the untaxed element above the untaxed plan cap – withhold 47%.

A super lump sum death benefit cannot be rolled over – whether paid to dependants or non-dependants.

Example: Rollover contains an untaxed element

Tom asks his fund to roll over his super interest of \$1.820 million which consists wholly of a taxable component - untaxed element. The untaxed plan cap amount for 2024-25 is \$1.780 million.

These are the amounts required to be withheld:

- up to the untaxed plan cap = \$1,780,000 (no withholding required)
- above the untaxed plan cap = \$40,000 (\$1,820,000 – \$1,780,000)
- from \$40,000 = \$18,800 (\$40,000 × 47%).

The net rollover of \$1,801,200 (\$1,820,000 – \$18,800) is required to be reported to the receiving fund within 3 days to meet the SuperStream data and payments standard. You are also required to provide a statement to the member with 30 days of the rollover.

Table A: Withholding rates for super lump sums

Table A: Withholding rates for super lump sums

Type of payment and tax component	Age of person at the date the payment is received	Amount subject to PAYG withholding	Rate of withholding
Member benefit – taxed element of the taxable component	Under preservation age	Whole amount	22%
	60 years and above	Whole amount	Nil
Member benefit – untaxed element of the taxable component	Under preservation age	Amount up to untaxed plan cap	32%
		Amount above untaxed plan cap	47%

	60 years and above	Amount up to untaxed plan cap	17%
		Amount above untaxed plan cap	47%
Member benefit – total of preserved benefits is less than \$200	Any age	Nil – amount is non-assessable, non-exempt income	n/a
Member benefit – terminal medical condition payment	Any age	Nil – amount is non-assessable, non-exempt income	n/a
Death benefit paid to a dependant – taxed and untaxed elements of the taxable component	Any age	Nil – amount is non-assessable, non-exempt income	n/a
Death benefit paid to a non-dependant – taxed element of the taxable component	Any age	Whole amount	17%
Death benefit paid to a non-dependant – untaxed element of the taxable component	Any age	Whole amount	32%
Death benefit paid to the trustee of the deceased estate	Any age	None	Nil

Additional information

Untaxed plan cap: For the 2024-25 income year, the untaxed plan cap is \$1,780,000 and is indexed annually.

Lump sum less than \$200: There is no withholding required from the whole amount if it is paid by a regulated super fund, complying ADF or RSA provider as a super lump sum and it is the payee's entire benefit.

A **terminal medical condition** exists if:

- two registered medical practitioners have certified, jointly or separately, that the member suffers from an illness, or has incurred an injury, that is likely to result in the member's death within 24 months of the date of certification
- at least one of the registered medical practitioners is a specialist practicing in an area related to the member's illness or injury
- the certification period has not ended for each of the certificates.

The certification period is 24 months from the date of certification.

A **death benefit dependant** for taxation purposes includes:

- spouse of the deceased
- child of the deceased under 18 years old
- a person who had an interdependency relationship with the deceased
- a person who was a dependant of the deceased just before the latter died
- any individual who is paid a lump sum death benefit if the deceased died in the line of duty as a member of the defence force, a member of the Australian Federal Police or the police force of a state or territory, or a protective service officer (as defined in the *Australian Federal Police Act 1979*).

A **spouse of the deceased** includes another person who:

- was in a relationship with the deceased that was registered under a law of a prescribed state or territory
- lived with the deceased on a genuine domestic basis in a relationship as a couple, although not legally married.

A **child of the deceased** includes:

- an adopted child, stepchild or ex-nuptial child
- a child of the deceased's spouse
- a child of the deceased within the meaning in the *Family Law Act 1975* (for example, somebody who is considered to be a child of a person under a state or territory court order giving effect to a surrogacy agreement).

An **interdependency relationship** includes:

- a close personal relationship between two people who live together, where one or both provides for the financial and domestic support and personal care of the other
- a close personal relationship between two people who live together but do not satisfy one or more of the requirements mentioned in the previous dot point due to either or both of them suffering from a physical, intellectual or psychiatric disability.

For further information on interdependency relationships and before accepting that a person is financially dependent refer to *interdependency relationship*.

Rounding of withholding amounts

Withholding amounts calculated by applying this schedule are rounded to the nearest dollar. Results of 50 cents or higher are rounded upwards. If a TFN is not provided, ignore cents when calculating withholding amounts.

Example: Super lump sum made by a super provider from an untaxed element.

Chloe is 62 years of age and a member of AAFund super fund. She has decided to retire and take some of her super as a lump sum. As Chloe is over 60 years of age, she is over the preservation age.

According to her entitlements, Chloe will receive a super lump sum of \$300,000 from AAFund. The super lump sum has a tax-free component of \$30,000 and a taxable component of \$270,000. Chloe has previously provided her TFN to AAFund.

AAFund does not withhold from the tax-free component of \$30,000 but must withhold an amount from the taxable component of \$270,000. The taxable component of the super lump sum paid by AAFuan comprises of a taxed element of \$190,000 and untaxed element of \$80,000.

Amount to withhold:

1. Amount up to untaxed plan cap = \$1,780,000 (2024-25 income year cap amount)
2. Super lump sum taxable component = \$270,000 (\$300,000 – \$30,000)
3. Untaxed element of taxable component = \$80,000 (\$270,000 - \$190,000)
4. Amount to withhold from \$300,000 = \$13,600 (17% of \$80,000)

Note: The untaxed plan cap is indexed annually.

Preservation age

The withholding amount varies depending on whether the payee has reached their preservation age when the payment is made.

Preservation age is determined using your payee’s date of birth. For example, if a member was born on 1 October 1964, they reach their preservation age of 60 on 1 October 2024.

The table below outlines the transitional period where the preservation age increased progressively from 55 to 60. As the transitional period has been completed, for the 2024-25 and future income years the preservation age is 60 for all payees born after 30 June 1964. For those payees born before that date, they have already reached their preservation age.

Preservation age

Date of birth	Preservation age
Before 1/7/1960	55
1/7/1960–30/6/1961	56
1/7/1961–30/6/1962	57

1/7/1962–30/6/1963	58
1/7/1963–30/6/1964	59
After 30/6/1964	60

Payment summaries

You must provide a *PAYG payment summary – superannuation lump sum* to the recipient of the super lump sum within **14 days** of making a lump sum payment.

Payment summaries can also be printed using software that conforms to ATO reporting specifications.

Schedule 13 – Tax table for superannuation income streams

This schedule applies to withholding payments covered by paragraph 12-80(a) of Schedule 1 to the TAA.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

About this schedule

Using this schedule

Use this schedule if you make a payment of a super income stream, including:

- account-based super income streams – including death benefit income streams
- capped defined benefit income streams – including death benefit income streams
- transition to retirement income streams
- temporary or permanent disability super income streams.

Super income streams

A super income stream is a series of regular payments from a superannuation provider when the payee has satisfied a condition of release. These regular payments can be paid weekly, fortnightly, monthly, quarterly or annually.

A super income stream may be:

- an account-based super income stream
- a capped defined benefit income stream which includes a:
 - lifetime pension, regardless of when it started
 - lifetime annuity that existed prior to 1 July 2017
 - life expectancy pension or annuity that existed prior to 1 July 2017

-
- market-linked pension or annuity that existed prior to 1 July 2017
 - reversionary death benefit income stream.

Note: A commutation of an income stream is not a super income stream payment. It is a super lump sum. Refer to Schedule 12 – Tax table for superannuation lump sums.

Defined benefit income cap

The general defined benefit income cap for the 2024-25 financial year is \$118,750. The defined benefit income cap may be reduced depending on the payee's circumstances.

Components of a super income stream

Before you can work out the withholding amount, you must calculate the components of the super income stream.

A super income stream may have two components:

- taxable component, which can include either or both of an:
 - element taxed in the fund (taxed element)
 - element untaxed in the fund (untaxed element)
- tax-free component.

Tax file number (TFN) declarations

Receiving and applying TFN declarations

The answers your payees provide on their *Tax file number declaration* determine the amount you need to withhold from their payments. A *Tax file number declaration* applies to any payments made after you receive the declaration. If you receive an updated declaration from a payee, it will override the previous one.

If a payee does not give you a valid *Tax file number declaration* within 14 days of starting a payer/payee relationship, you must complete a *Tax file number declaration* with all available details of the payee and send it to us.

When a TFN has not been provided

You must withhold 47% for residents and 45% for foreign residents (ignoring any cents), if a super income stream payment is made to your payee and they:

- have not quoted their TFN
- have not claimed an exemption from quoting their TFN
- have not advised you they have applied for a TFN, or have made an enquiry with us.

If a payee states at question 1 of the *Tax file number declaration* that they have lodged a *Tax file number application or enquiry for individuals* with us, they have 28 days to provide you with their TFN.

If the payee has not given you their TFN within 28 days, you must withhold 47% from any payment you make to a resident payee and 45% from a foreign resident payee from the relevant element(s) of the taxable component of the super income stream payment (ignoring any cents) unless we tell you not to.

Do not allow for any tax offsets, or Medicare levy adjustments. Do not withhold any amount for study and training support loans.

When not to apply the no-TFN withholding rate

Do not apply the no-TFN withholding rate to:

- the tax-free component, or taxed element of a capped defined benefit income stream, where the payee is 60 years of age or over and the total of these amounts is below their defined benefit income cap
- the taxed element of an account-based super income stream where the payee is 60 years or over.

In these circumstances no withholding is required.

Example:

Heather is 85 and is in receipt of a capped defined benefit income stream from a fully funded defined benefit fund for the full year. Heather's super fund does not have her TFN. As Heather is receiving an income stream from a fully funded defined benefit fund with an annual entitlement of \$80,000, her super fund does not apply the no-TFN withholding rate.

Working out the withholding amount

Factors to consider

Factors to consider when working out the withholding amount include:

- whether the payee is an Australian resident or foreign resident for tax purposes
- the age of the payee
- the frequency of the super income stream payments – for example, weekly, fortnightly or monthly
- whether the payee is claiming the tax-free threshold
- whether the payee is claiming the seniors and pensioners tax offset
- whether the payee is receiving a disability super income stream
- whether the super income stream includes an untaxed element (generally payments from state and Commonwealth public sector super schemes)
- the type of super income stream
- whether the total of the taxed elements and tax-free component is greater or less than the defined benefit income cap (the cap)
- whether the defined benefit income cap should be reduced
- whether the income stream is a super death benefit income stream.

Payments to Australian residents

This schedule is divided into five parts. The amount required to be withheld from a super income stream depends on the type of super income stream you pay:

- account-based super income stream – use part A of this schedule
- capped defined benefit income stream and:
 - payee is under 60 years of age at any time during the financial year, including:
 - disability super income streams
 - death benefit (including reversionary) income streams where the deceased was aged less than 60 – use part A
(**note:** where the payee turns 60 during the year you will need to complete part E for post 60 income stream payments)
 - payee turns 60 years of age during the financial year or starts their super income stream part way through the year at age 60 or older – use part E for post 60 income stream payments
 - payee is 60 years of age or over for the full financial year:
 - a taxable component – taxed element and or a tax-free component – use part B
 - a taxable component – untaxed element only – use part C
 - a mixture of the above components – use part D
 - payee is under 60 years of age, and is in receipt of a reversionary death benefit income stream and the deceased was 60 years of age or older at the time of death – use part E.

Payments to foreign residents

If the super income stream is to be made to a foreign resident, you will need to check if there is a tax treaty with their country of residence. If the super income stream is assessable in the other country because of the treaty, no withholding is required.

If a foreign resident's super income stream is assessable in Australia, you are required to withhold from the payment.

Rounding of withholding amounts

Ignore any cents in an income stream before using any of the steps in this schedule to calculate withholding. Withholding amounts calculated using the steps are rounded to the nearest dollar. Results ending in exactly 50 cents are rounded to the next highest dollar. Do this rounding directly – do not make a preliminary rounding to the nearest cent. Where no TFN has been provided, cents are ignored when withholding amounts are calculated.

Part A

Use this part where the payee is:

- below 60 years of age and is receiving a super income stream including a death benefit income stream
- 60 years of age or over and is receiving a super income stream that is not a capped defined benefit income stream with an untaxed element.

Note: If the payee turns 60 during the financial year and is in receipt of a capped defined benefit income stream, then you will also need to complete part E for post-60 income stream payments.

Taxable component contains taxed and untaxed elements

Withholding steps

Step 1: Use the following table to work out which elements of the taxable component withholding applies to.

How to apply withholding when taxable component contains untaxed element

Age of the payee	Taxable component of super income stream contains		Withholding applies to the following element(s)
	Untaxed element	Taxed element	

Below 60	Yes	Yes	Sum of untaxed and taxed elements
Below 60	No	Yes	Taxed element
Any age	Yes	No	Untaxed element

Note: Do not withhold where the payee is receiving an account-based super income stream with a taxed element and tax-free component and is aged 60 years or older.

Step 2: Use the appropriate PAYG withholding tax table at ato.gov.au/taxtables to calculate the withholding amount relevant to the amount worked out in step 1. The tax table you use depends on the period the super income stream covers – that is, weekly, fortnightly or monthly.

Note: Some payees aged 60 years or over may be eligible to claim the seniors and pensioners tax offset (SAPTO). If the payee gives you a *Withholding declaration* indicating they want to claim a SAPTO entitlement through PAYG withholding, you should use Schedule 9 - Tax table for seniors and pensioners to work out the amount to withhold from the amount calculated in step 1.

Step 3: Some payees may be eligible for a tax offset. Use the following table to work out the tax offset amount for the payee.

Super income stream – taxable component

Age of payee	Tax offset
Below preservation age	Nil
60 years or over	Untaxed element × 10%

Super death benefits paid to a dependant

Age of deceased	Age of recipient	Tax offset
Below 60 years	Below 60	Taxed element × 15%
Below 60 years	60 and over	Untaxed element × 10%
60 years or over	Any age	Untaxed element × 10%

Disability super income stream – taxable component

Age of payee	Tax offset
Below preservation age	Taxed element × 15% Untaxed element = Nil
60 years or over	Untaxed element × 10%

Step 4: For some payees, the application of the offset from step 3 leads to under withholding for their Medicare levy. An offset adjustment is required where the tax offset calculated in step 3 is greater than zero. Use the applicable formulas below to calculate the offset adjustment amount. You will need to calculate the weekly equivalent of the taxable component or untaxed element if making fortnightly, monthly or quarterly payments. If an offset adjustment is not required, set the offset adjustment to zero.

Adjustment amounts per taxable component amount

Equivalent amount (on a weekly basis)	Offset adjustment amount	
	Under 60 years of age	60 years of age or over
Less than the Medicare levy threshold for singles	Nil	Nil
Greater than the Medicare levy threshold for singles, but less than the Medicare levy shade out point (SOP) for singles	(Taxable component – Medicare levy threshold for singles) × 0.10	(Untaxed element – Medicare levy threshold for singles) × 0.10
Greater than or equal to the Medicare levy SOP for singles, but less than \$1,181	Taxable component × 0.02	Untaxed element × 0.02
Greater than \$1,180	Nil	Nil

Medicare levy parameters are contained in Schedule 1 - Statement of formulas for calculating amounts to be withheld.

Step 5: Calculate the notional amount to withhold by first subtracting the tax offset per payment (step 3) from the withholding amount (step 2).

Notional amount to withhold = withholding amount – tax offset

Then compare the notional amount to withhold with the offset adjustment amount calculated at step 4.

If the notional amount to withhold is:

- **less** than the amount calculated at step 4, withhold the amount calculated at step 4
- **more** than the amount calculated at step 4, withhold the notional amount to be withheld.

Tax-free component

If the super income stream is being paid to a payee under 60 years of age, you do not need to consider their tax-free component when calculating their withholding.

Example: Case A - Payee is under 60 years of age

This example uses the PAYG withholding tax tables that apply from 1 July 2024.

Veronica, 58, receives a fortnightly disability super income stream of \$1,400 comprising:

- a tax-free component of \$300
- a taxable component – taxed element of \$1,100.

Veronica's preservation age is 60.

Step 1: Veronica is 58 years of age therefore withholding applies to the taxable component.

Step 2: As Veronica is paid fortnightly, use the *Fortnightly tax table* at ato.gov.au/taxtables to work out the withholding required from the \$1,100 taxed element. This amount is \$70, if Veronica is claiming the tax-free threshold.

Step 3: Since Veronica is below her preservation age and is receiving a disability super income stream, she is entitled to a tax offset.

Tax offset = taxed element × 15%

= \$1,100 × 15%

= \$165

Step 4: Calculate Veronica's fortnightly offset adjustment amount. As Veronica's fortnightly payment is more than \$1,000 (the Medicare levy threshold for singles, on a fortnightly basis) but less than \$1,250 (the Medicare levy SOP for singles, on a fortnightly basis), her offset adjustment amount is calculated as:

Offset adjustment amount = (Taxable component – Medicare levy threshold for singles) × 0.10

= (\$1,100 – \$1,000) × 0.10

= \$10.00

= \$10 per fortnight (round to the nearest dollar)

Veronica's offset adjustment amount is \$10 per fortnight.

Step 5: To calculate the notional withholding amount, reduce the withholding amount (\$70 as worked out in step 2) by the value of the tax offset (\$165 as worked out in step 3). That is:

Notional withholding amount = \$70 – \$165 = –\$95

Since the notional withholding amount is negative and less than the offset adjustment amount, the amount to be withheld from Veronica's fortnightly super income stream is \$10. This is the offset adjustment amount which will cover the Medicare levy payable.

Part B

Use this part if the payee is receiving a capped defined benefit income stream during the year and is:

- 60 years of age or over and
- their super income stream is made up of:
 - tax-free component
 - taxable component – taxed element
 - tax-free component and the taxable component – taxed element.

Withholding steps

Step 1: Convert the super income stream components the payee received for the period to an annualised amount and use the following table to work out whether withholding applies, and if so, what amount it applies to.

Income stream components	Does withholding apply?
Sum of the annualised tax-free component and taxable element is less than the defined benefit income cap	No withholding applies. No further steps are necessary.
Sum of annualised tax-free component and taxable element is greater than the defined benefit income cap	Withholding applies to 50% of the amount over the cap. Go to step 2.

Step 2: Calculate the weekly, fortnightly or monthly equivalent of the amount from step 1 in excess of the cap. For example, if you pay the payee weekly, divide the excess by 52. If you pay fortnightly, divide the excess by 26. If you pay monthly, divide the excess by 12 (ignore cents in the result).

Step 3: Divide the amount calculated at step 2 by two (ignore cents in the result).

Step 4: Use the appropriate PAYG withholding tax table at ato.gov.au/taxtables to calculate the withholding amount relevant to the amount worked out in step 3. The tax table you use depends on the period the income stream covers – that is, weekly, fortnightly or monthly.

These examples use the PAYG withholding tax tables that apply from 1 July 2024.

Example: Case B (i) - Capped defined benefit income stream where the annual entitlement is under the cap

Courtney, 61, receives a fortnightly capped defined benefit income stream of \$2,000 comprising:

- a tax-free component of \$200
- a taxable component – taxed element of \$1,800.

Courtney is entitled to the full defined benefit income cap amount of \$118,750 as there are no factors present that reduce this cap. The annual equivalent of Courtney's fortnightly super income stream (\$52,000) is less than the defined benefit income cap of \$118,750. As Courtney is over 60 years of age and her capped defined benefit income stream is comprised wholly of a taxed element and tax-free component of less than \$118,750 for the financial year, no withholding is required.

Example: Case B (ii) - Capped defined benefit income stream where the annual entitlement exceeds the cap

Bill, 63, receives a fortnightly capped defined benefit income stream of \$6,550 comprising:

- a tax-free component of \$750
- a taxable component – taxed element of \$5,800.

Bill is entitled to the full defined benefit income cap amount of \$118,750 as there are no factors present that reduce this cap.

Step 1: The annual equivalent of Bill's fortnightly capped defined benefit income stream is made up of an annualised tax-free component of \$19,500 and annualised taxed element of \$150,800 totalling \$170,300, which is greater than the defined benefit income cap of \$118,750. Withholding applies to 50% of the amount over the cap. Go to step 2.

Step 2: Calculate the fortnightly equivalent of the amount in excess of the cap.

$$\$170,300 - \$118,750 = \$51,550$$

$$\$51,550 \div 26 = \$1,982 \text{ (ignoring cents)}$$

Step 3: Divide the amount calculated at step 2 by two.

$$\$1,982 \div 2 = \$991 \text{ (ignoring any cents)}$$

Step 4: Use the *Fortnightly tax table* at ato.gov.au/taxtables to calculate the withholding amount relevant to the amount worked out in step 3.

As Bill has claimed the tax-free threshold the withholding amount is \$44.

Part C

Use this part if the payee is receiving a capped defined benefit income stream and:

- is 60 years of age or over, and
- their income stream is only made up of a taxable component – untaxed element.

Withholding steps

Step 1: Use the appropriate PAYG withholding tax table at ato.gov.au/taxtables to calculate the withholding amount relevant to this pay period's taxable component – untaxed element. The tax table you use depends on the period the income stream covers – that is, weekly, fortnightly or monthly.

Note: Some payees may be eligible to claim the seniors and pensioners tax offset (SAPTO). If the payee gives you a *Withholding declaration* indicating they want to claim a SAPTO entitlement through PAYG withholding, you should use the Schedule 9 - Tax table for seniors and pensioners to work out the amount to withhold from the amount calculated in step 1.

Step 2: Determine the tax offset for the payment.

Convert the untaxed element the payee received this period to an annualised amount. Use the following table to work out the amount of tax offset that applies.

Untaxed element – annualised amount	Tax offset
Equal to or greater than the defined benefit income cap	Tax offset is capped at 10% of the cap.
Less than the defined benefit income cap	Tax offset is calculated at 10% of the untaxed element.

Step 3:

If the annualised amount from step 2 is less than the cap, then:

$$\text{Tax offset} = \text{untaxed element for the payment} \times 10\%$$

If the annualised amount from step 2 is greater than the cap, then the annual tax offset is capped at 10% of the cap. Therefore, the tax offset for the payment is reduced to the weekly, fortnightly or monthly equivalent of the capped tax offset amount.

Step 4: Work out the amount to withhold by subtracting the tax offset per payment (step 3) from the withholding amount (step 1).

$$\text{Amount to withhold} = \text{withholding amount} - \text{tax offset}$$

If the tax offset amount is greater than the withholding amount, the amount to withhold is nil.

Example: Case C - Capped defined benefit income stream comprised of a taxable component – untaxed element only

This example uses the PAYG withholding tax tables that apply from 1 July 2024.

Vera, 68, receives a weekly super income stream of \$2,500 comprised only of a taxable component – untaxed element.

Step 1: Using the *Weekly tax table* at ato.gov.au/taxtables the withholding amount relevant to the taxable component – untaxed element for \$2,500 is \$624 (Vera has claimed the tax-free threshold).

Step 2: The annual equivalent of Vera's weekly super income stream untaxed element ($\$2,500 \times 52 = \$130,000$) is greater than the defined benefit income cap of $\$118,750$. Therefore, Vera's tax offset is capped at $\$11,875$ for the financial year.

Step 3: As Vera is over 60 years of age she is eligible for a 10% tax offset of the untaxed element.

The weekly tax offset amount is capped at $\$11,875 \div 52 = \228 (ignore cents)

This weekly offset amount exceeds this cap ($\$13,000 \div 52 = \250). Therefore, the weekly tax offset is reduced to $\$228$.

Step 4: Work out the amount to withhold by subtracting the tax offset per payment (step 3) from the withholding amount (step 1).

Amount to withhold = withholding amount – tax offset

Amount to withhold = $\$624 - \228

Amount to withhold = $\$396$

Part D

Use this part where the payee is receiving a capped defined benefit income stream and:

- is 60 years of age or over, and
- their income stream is made up of one or more of:
 - tax-free component and/or taxable component – taxed element
 - taxable component – untaxed element.

Withholding steps

Work out the amount subject to withholding

Step 1: Convert all of the components of the whole income stream the payee received during this period to an annualised amount.

Then add together all the annualised components that make up the income stream. Use the table below to determine whether you go to step 2 or part C.

Income stream components			Sum of components	Next step
Tax-free	Taxed element	Untaxed element		
Yes	Yes	Yes	Equal to or greater than the defined benefit income cap	Go to step 2
Yes	Yes	Yes	Less than the defined benefit income cap	Go to part C (untaxed component)

Step 2: Add the annualised tax-free component and annualised taxed element. Subtract the cap from this amount. If this is less than the cap, go to step 5.

Step 3: Calculate the weekly, fortnightly or monthly equivalent of the amount at step 2. For example, if you pay the payee weekly, divide the excess by 52. If you pay fortnightly, divide the excess by 26. If you pay monthly, divide the excess by 12 (ignore cents in the result).

Step 4: Divide the amount calculated at step 3 by two (ignore cents in the result). The result is the amount subject to withholding.

Step 5: Calculate the weekly, fortnightly or monthly equivalent of the untaxed element and add this to the amount calculated at step 4 (if applicable).

Step 6: Use the appropriate PAYG withholding tax table at ato.gov.au/taxtables to calculate the withholding amount relevant to the amount worked out in step 5. The

tax table you use depends on the period the income stream covers – that is, weekly, fortnightly or monthly.

Calculate the tax offset applicable

Step 7: If the sum of the annualised tax-free component and the annualised taxed element is equal or greater than the cap, then the payee is not entitled to a tax offset.

If the sum of the annualised tax-free component and the annualised taxed element is less than the cap, the payee is entitled to a reduced tax offset. Subtract from the cap the sum of the tax-free component and the taxed element from step 2 and apply 10% to this amount. The result is the annual tax offset amount.

Calculate the weekly, fortnightly or monthly equivalent of this tax offset. For example, if you pay the payee weekly, divide the amount by 52. If you pay fortnightly, divide the amount by 26. If you pay monthly, divide the amount by 12 (ignore cents in the result).

Work out the amount to withhold

Step 8: Subtract the tax offset per payment (step 7) from the withholding amount (step 6).

Amount to withhold = withholding amount – tax offset

These examples use the PAYG withholding tax tables that apply from 1 July 2024.

Example: Case D (i) - Payee is over 60 years old and receives all elements of a capped defined benefit income stream

Nancy, 75, receives a capped defined benefit income stream for the financial year of \$212,000 comprising of the annualised:

- taxable component – taxed element \$120,000
- taxable component – untaxed element \$62,000
- tax-free component \$30,000.

Nancy is paid weekly and claims the tax-free threshold.

Work out the amount subject to withholding

Step 1: Add together all the annualised components.

$$\$120,000 + \$62,000 + \$30,000 = \$212,000$$

As the sum is over the \$118,750 cap, proceed to step 2.

Step 2: Add together the tax-free component and taxed element. Subtract the \$118,750 cap from this amount.

Sum of tax-free component and taxed element

$$\$120,000 + \$30,000 = \$150,000$$

Amount in excess of cap

$$\$150,000 - \$118,750 = \$31,250$$

Step 3: Calculate the weekly equivalent of the amount in excess of \$118,750 calculated at step 2.

$$\$31,250 \div 52 = \$600 \text{ (ignore any cents)}$$

Step 4: Divide the amount calculated at step 3 by two.

$$\$600 \div 2 = \$300 \text{ (ignore any cents)}$$

Step 5: Calculate the weekly equivalent of the untaxed element of the taxable component \$1,192 ($\$62,000 \div 52$) and add it to the amount calculated at step 4 (\$300).

$$\$1,192 + \$300 = \$1,492$$

Step 6: Using the *Weekly tax table* at ato.gov.au/taxtables the withholding amount relevant to the amount calculated in step 5 is \$301.

Calculate the tax offset applicable

Step 7: Determine any entitlement to the tax offset. As the sum of Nancy's taxed element and tax-free component is over \$118,750, she is no longer eligible for a tax offset for the untaxed element.

Work out the amount to withhold

Step 8: Amount to withhold = withholding amount (step 6) – tax offset (step 7)
= \$301 – 0

Total amount to withhold is \$301.

Example: Case D (ii) - Payee is over 60 years of age and receives all elements of a capped defined benefit income stream

Fred, 68, receives a capped defined benefit income stream (annualised) for the full financial year of \$135,000 comprising:

- taxable component – taxed element \$92,000
- taxable component – untaxed element \$33,000
- tax-free component \$10,000.

Fred is paid fortnightly and claims the tax-free threshold.

Work out the amount subject to withholding

Step 1: Add together all the components.

$\$92,000 + \$33,000 + \$10,000 = \$135,000$

As the sum is over the \$118,750 cap, proceed to step 2.

Step 2: Add together the tax-free component and taxed element. Subtract the \$118,750 cap from the result.

Sum of tax-free component and taxed element.

$\$10,000 + \$92,000 = \$102,000$

Amount in excess of cap.

$\$102,000 - \$118,750 = -\$16,750$

As \$102,000 is less than \$118,750 there is no excess amount.

Step 3 and Step 4: These steps are not necessary as no excess amount was calculated at step 2.

Step 5: Add the untaxed element of the taxable component \$1,269 (ie. fortnightly equivalent of \$33,000) to the amount calculated at step 4 (Nil).

$$\$1,269 + \text{Nil} = \$1,269$$

Step 6: Using the *Fortnightly tax table* at ato.gov.au/taxtables the withholding amount relevant to the amount calculated in step 5 is \$112.

Calculate the tax offset applicable

Step 7: As Fred's tax-free component and taxed element is less than the \$118,750 cap, he is entitled to a tax offset limited to the amount up to the cap.

$$\text{Tax offset} = (\$118,750 - \text{amount at step 2}) \times 10\%$$

$$(\$118,750 - \$102,000) \times 10\% = \$1,675$$

The tax offset amount is capped at \$1,675.

As Fred is being paid on a fortnightly basis divide the offset by 26.

$$\$1,675 \div 26 = \$64 \text{ (ignore any cents).}$$

Work out the amount to withhold

Step 8: Amount to withhold = withholding amount (step 6) – tax offset (step 7)

$$= \$112 - \$64$$

Total amount to withhold is \$48.

Example: Case D (iii) - Payee is over 60 years old and receives some elements of a capped defined benefit income stream

Bob, 70, receives a capped defined benefit income stream (annualised) for the full financial year of \$210,000 comprising of:

- taxable component – taxed element \$0
- taxable component – untaxed element \$180,000
- tax-free component \$30,000.

Bob is paid weekly and claims the tax-free threshold.

Work out the amount subject to withholding

Step 1: Add together all the components.

$$\$0 + \$180,000 + \$30,000 = \$210,000$$

As the sum is over the \$118,750 cap, proceed to step 2.

Step 2: Add together the tax-free component and taxed element. Subtract the \$118,750 cap from this amount.

$$\$30,000 + \$0 = \$30,000$$

$$\$30,000 - \$118,750 = -\$88,750$$

As \$30,000 is less than the \$118,750 cap, there is no excess amount.

Step 3 and Step 4: These steps are not necessary as no excess amount was calculated at step 2.

Step 5: Add the untaxed element of the taxable component \$3,461 (that is, weekly equivalent of \$180,000) to the amount calculated at step 4 (Nil).

$$\$3,461 + \text{Nil} = \$3,461$$

Step 6: Using the *Weekly tax table* at ato.gov.au/taxtables the withholding amount relevant to the amount calculated in step 5 is \$992.

Calculate the tax offset applicable

Step 7: As Bob's tax-free component is less than the \$118,750 cap, then he is entitled to a tax offset limited to the amount up to the cap.

$$\text{Tax offset} = (\$118,750 - \text{amount at step 2}) \times 10\%$$

$$(\$118,750 - \$30,000) \times 10\% = \$8,875$$

The tax offset amount is capped at \$8,875.

As Bob is paid weekly divide the offset by 52.

$$\$8,875 \div 52 = \$170 \text{ (ignore cents)}$$

Work out the amount to withhold

Step 8: Amount to withhold = withholding amount (step 6) – tax offset (step 7)

$$= \$992 - \$170$$

Total amount to withhold is \$822.

Part E

Use this part if the payee:

- was 60 years or older for the full financial year and they started their capped defined benefit income stream for the first time part-way during the year [complete step 1(a)], or
- turned 60 during the financial year and are in receipt of a capped defined benefit income stream [complete step 1(b)], or
- was aged 59 years or younger for the full financial year and has a capped defined benefit income stream that is a reversionary death benefit income stream where the deceased was aged 60 or over at the time of death [complete step 1(c)].

Note: If the payee is in receipt of multiple capped defined benefit income streams (maybe from multiple sources) or where the payee is in receipt of their own income stream at the same time as they are receiving a reversionary death benefit income stream, then the reduction of the cap may not be correct in all circumstances.

Steps to reduce the defined benefit income cap

Step 1	<p>Use whichever is applicable to the payee's circumstances:</p> <ul style="list-style-type: none"> • Work out the number of days from when you first paid a super income stream to 30 June 2025. • Work out the number of days from your payee's birthday to 30 June 2025. • Work out the number of days from when you first started to pay the reversionary income stream to 30 June 2025. <p>Note: Make sure you include the day they turned 60 or the day the income stream starts in your calculations.</p> <p>These steps are illustrative for the 2024-25 financial year.</p>
Step 2	Days worked out from step 1 as a percentage of the year (number of days ÷ 365 × 100)
Step 3	Multiply the general defined benefit income cap (\$118,750) by step 2. The result is the payee's reduced defined benefit income cap.
Step 4	Work out the withholding amount using the reduced defined benefit income cap. Refer to the examples for guidance.

These examples use the PAYG withholding tax tables that apply from 1 July 2024.

Examples: Case E (i): Turning 60 during the financial year

On 1 July 2024 Loraine was 59 years of age receiving a capped defined benefit income stream for the full year. Loraine turns 60 on 12 September 2024. Loraine's income stream paid to her prior to turning 60 will be taxed according to part A.

The character of this income changes when Loraine turns 60, therefore she will be subject to a different tax treatment on the income she receives after she turns 60.

To calculate withholding on any payment made on or after Loraine's birthday, apply the steps outlined in this example.

Loraine receives a fortnightly income stream of \$5,200 for the full year, made up of the following:

- a tax-free component of \$400
- a taxable component – taxed element of \$4,800.

A. Work out Loraine's reduced defined benefit income cap for the 2024-25 financial year as follows:

- **Step 1:** Number of days from Loraine's birthday to 30 June 2025 is 292
- **Step 2:** Step 1 result expressed as a percentage of the year: $292 \div 365 = 80\%$
- **Step 3:** Multiply the general defined benefit cap by step 2 result: $\$118,750 \times 80\%$

Loraine's reduced defined benefit income cap is \$95,000.

B. Annualise the components that make up Loraine's super income stream:

- a fortnightly tax-free component of \$400. Annualised amount \$10,400 ($\$400 \times 26$)
- a taxable component - taxed element of \$4,800. Annualised amount \$124,800 ($\$4,800 \times 26$)

C. Add the annualised amounts of each component $\$10,400 + \$124,800 = \$135,200$

D. Work out the amount of income Loraine earned after she turned 60.

Multiply the annual equivalent (step C) of Loraine's fortnightly super income stream by the percentage worked out at step 2. $\$135,200 \times 80\% = \$108,160$

E. Work out the remaining fortnights in the financial year from when Loraine turned 60 that withholding applies: $292 \text{ days} \div 14 \text{ days} = 20$

F. Work out the withholding rate as follows:

(i) Calculate the fortnightly equivalent of the amount in excess of her reduced cap of \$95,000.

$\$108,160 - \$95,000 = \$13,160$

Loraine is paid fortnightly, therefore:

$\$13,160 \div 20$ (remaining fortnights) = \$658 (ignoring cents)

(ii) Divide the amount calculated at (i) by two.

$\$658 \div 2 = \329 (rounded to the nearest dollar)

(iii) Use the *Fortnightly tax table* at ato.gov.au/taxtables to calculate the withholding amount relevant to the amount worked out in (ii).

As Loraine has claimed the tax-free threshold the withholding amount is \$0.

Note: You will need to provide a *PAYG payment summary – superannuation income stream* for payments made to the payee before turning 60 and a separate payment summary for payments made to the payee after turning 60, even if the withholding amount is zero.

If a payee only had an untaxed element or a combination of all three elements then you will need to go to part C or part D respectively to work out the withholding after determining the reduced defined benefit income cap. However, the following changes to certain steps in each of these parts will be required:

- Multiply step 2 of part C or step 1 of part D (the annualised amount) by the percentage of the financial year the payee is 60 years or over (the figure from step 2 in the 'Steps to reduce the defined benefit income cap' section). Use this figure in the relevant steps in part C or part D instead of the annualised amount.
- In step 2 of part B or step 3 and step 5 of part D, divide the relevant excess amount by the number of the relevant periods in the financial year since the payee turned 60 to the end of the financial year.
- In step 3 of part C and step 7 of part D, divide the relevant capped offset amount by the number of relevant periods in the financial year since the payee turned 60 to the end of the financial year.

Case E (ii): Turning 60 during the financial year – income stream made up of other components

Using Loraine's circumstances from the previous example, if Loraine receives fortnightly income of \$6,000 which was made up of \$2,000 tax-free component, \$3,000 taxed element and \$1,000 untaxed element. Loraine turns 60 on the 12 September 2024.

Step 1: Convert all the components of the income stream to an annualised amount. Total income stream $\$6,000 \times 26 = \$156,000$

Taxed element $\$3,000 \times 26 = \$78,000$

Untaxed element $\$1,000 \times 26 = \$26,000$

Tax-free component $\$2,000 \times 26 = \$52,000$

Step 2: Apply the percentage that Loraine was over 60 to the whole of the annualised income stream $\$156,000 \times 80\% = \$124,800$

Step 3: From step 2 in part D, add together the annualised tax-free component and taxed element that has been reduced by applying the percentage Loraine was over 60. $\$41,600 + \$62,400 = \$104,000$

Step 4: Subtract Loraine's reduced cap of \$95,000 from \$104,000. Result is \$9,000

Step 5: Divide the result in step 4 by the remaining fortnights $\$9,000 \div 20 = \450 (ignore cents)

Step 6: Divide the amount at step 5 by two. $\$450 \div 2 = \225 . Add Loraine's fortnight untaxed element amount \$1,000. This totals \$1,225. Using the *Fortnightly tax table* at ato.gov.au/taxtables the withholding amount for \$1,225 is \$104.

As Loraine's annualised tax-free component and taxed element is above her cap (as per step 4 above) no tax offset is applicable.

Examples: Case E (iii): Starting an income stream during the financial year

Sarah is 65 years of age and she first starts her capped defined benefit income stream on 30 December 2024.

Sarah's reduced defined benefit income cap for the 2024-25 financial year is worked out as follows:

Step 1: Number of days from Sarah's first income stream payment to 30 June 2025 = 183

Step 2: Step 1 result expressed as a percentage of the year: $183 \div 365 = 50.137\%$

Step 3: Multiply the general defined benefit cap by step 2 result: $\$118,750 \times 50.137\%$

Sarah's reduced defined benefit income cap is \$59,538 (rounded to the nearest dollar).

Sarah's income stream for the period between 30 December 2024 and 30 June 2025 comprises:

- taxable component – taxed element: \$49,400
- taxable component – untaxed element: \$19,500
- tax-free component: \$14,950

Sarah's total income stream payments from 30 December 2024 is \$83,850.

Sarah is paid fortnightly and claims the tax-free threshold.

As Sarah is paid fortnightly, you will need to work out the remaining fortnights that withholding applies in the financial year from when the income stream commenced to be paid: $183 \text{ days} \div 14 \text{ days} = 13$

Work out the amount subject to withholding

Step 1: Add together all the components.

$\$49,400 + \$19,500 + \$14,950 = \$83,850$

As the sum is over the \$59,538 reduced cap, proceed to step 2.

Step 2: Add together the tax-free component and taxed element. Subtract the \$59,538 reduced cap from this amount.

Sum the tax-free component and taxed element

$$\$49,400 + \$14,950 = \$64,350$$

Amount in excess of cap

$$\$64,350 - \$59,538 = \$4,812$$

Step 3: Calculate the fortnightly equivalent of the amount in excess of \$59,538 calculated at step 2 by using the number of remaining fortnights in the financial year from when the income stream commenced.

$$\$4,812 \div 13 = \$370 \text{ (ignore cents)}$$

Step 4: Divide the amount calculated at step 3 by two.

$$\$370 \div 2 = \$185 \text{ (ignore cents)}$$

Step 5: Calculate the fortnightly equivalent of the untaxed element of the taxable component using the remaining fortnights in the financial year from when the income stream started and add it to the amount calculated at step 4.

$$(\$19,500 \div 13) = \$1,500$$

$$\$1,500 + \$185 = \$1,685$$

Step 6: Using the *Fortnightly tax table* at ato.gov.au/taxtables the withholding amount relevant to the amount calculated in step 5 is \$190.

Calculate the tax offset applicable

Step 7: Determine any entitlement to the tax offset. As the sum of Sarah's taxed element and tax-free component is over \$59,538, she is no longer eligible for a tax offset for the untaxed element.

If Sarah were eligible, you would apply the following:

-
- If the sum of the tax-free component and taxed element is less than the reduced cap, the payee is entitled to a reduced tax offset. Subtract from the reduced cap the sum of the tax-free component and the taxed element from step 2 and apply 10% to this amount. The result is the tax offset amount the payee is entitled to for the financial year.
 - Calculate the weekly, fortnightly or monthly equivalent of this tax offset amount for the remaining weeks, fortnights or months that withholding applies in the financial year from when the income stream commenced to be paid. For example, if the income stream started on 30 December 2024 and you pay the payee weekly divide the amount by 26. If you pay fortnightly, divide the amount by 13. If you pay monthly, divide the amount by 6 (ignore cents in the result).

Work out the amount to withhold

Step 8: Amount to withhold = withholding amount (step 6) – tax offset (step 7)
= \$190 – 0

Total amount to withhold is \$190.

Case E (iv): Starting an income stream during the financial year – income stream does not include all components

If Sarah only had a tax-free component and/or a taxable component - taxed element or an untaxed element, then you will need to go to part B or part C respectively to work out the withholding after determining the reduced defined benefit income cap. However, the following changes to certain steps in each of these parts will be required:

- In step 1 of part B and step 2 of part C instead of converting the income stream payment to an annualised amount, use the 'Conversion table' below in this schedule for income streams commencing during current financial year to work out the converted amount of the super income stream. Use this figure in the relevant steps in part B or part C instead of the annualised amount.
- In step 2 of part B, divide the relevant excess amount by the number of remaining periods in the financial year since the income stream started or the payee turned 60 to the end of the financial year. Use the 'Conversion table'

for income streams commencing during current financial year to work out the appropriate date.

- In step 3 of part C, divide the relevant capped offset amount by the number of remaining periods in the financial year since the income stream started or the payee turned 60 to the end of the financial year. Use the 'Conversion table' for income streams commencing during current financial year to work out the appropriate date.

Example: Case E (v): Reversionary death benefit income where the payee is under 60 years of age and the deceased was at least aged 60

Freya, 57, receives a defined benefit income stream in her own right, and her income stream is taxed under part A of this schedule.

Freya's partner died on 27 February 2025; Freya's partner was aged 61 at the time of death and was in receipt of a defined benefit income stream with both tax-free components and taxable components. Freya is now entitled to a reversionary death benefit income stream.

As Freya has an existing capped defined benefit income stream, Freya's reversionary death benefit income stream will be subject to additional taxation arrangements.

Freya's reduced defined benefit income cap for the 2024-25 financial year is worked out as follows, based on her reversionary death benefit income stream:

- **Step 1:** Number of days from Freya's first income stream payment to 30 June 2025 is 124
- **Step 2:** Step 1 result expressed as a percentage of the year: $124 \div 365 = 33.973\%$
- **Step 3:** Multiply the general defined benefit cap by step 2 result: $\$118,750 \times 33.973\%$

Freya's reduced defined benefit income cap is \$40,342.

Freya was also receiving a defined benefit income stream in her own right, her defined benefit income cap will be further reduced by the defined benefit income she received from the date of death of her partner.

Freya is paid fortnightly and her own super income for the financial year is \$70,000, which comprises:

- taxable component – taxed element \$60,000
- taxable component – untaxed element \$0
- tax-free component \$10,000.

Her own income stream is taxed under part A of this schedule.

Freya's defined benefit income cap is reduced further by the amount of her personal super income for this period of time: $\$40,342 - (0.33973 \times \$70,000)$.

Freya's reduced defined benefit cap is now \$16,561 (rounded to the nearest dollar).

Freya's reversionary death benefit income stream comprises:

- taxable component – taxed element \$30,000
- taxable component – untaxed element \$10,000
- tax-free component \$10,000.

Freya's total reversionary income stream payment from 28 February 2025 is \$50,000.

Reversionary income in excess of the reduced cap of \$16,561 is \$33,439.

Calculate Freya's withholding on her reversionary income stream

Use part C to work out Freya's withholding amount, however you will need to work out the remaining fortnights in the financial year from when the income stream started, to apply the correct withholding as per previous examples.

Step 1: Calculate the fortnightly tax-free component and taxed element in excess of the reduced cap.

$$\$40,000 - \$16,561 = \$23,439$$

Freya is paid fortnightly from 28 February 2025, therefore:

$\$23,439 \div 8 = \$2,929$ (ignoring cents)

Step 2: Divide the amount calculated at step 1 by two.

$\$2,929 \div 2 = \$1,464$ (ignoring cents)

Step 3: Convert the untaxed element into fortnightly payments.

$\$10,000 \div 8 = \$1,250$

Step 4: Add the amounts calculated at step 2 and step 3

$\$1,464 + \$1,250$

$= \$2,714$

Step 5: Use the *Fortnightly tax table* at ato.gov.au/taxtables to calculate the withholding amount relevant to the amount worked out in step 4.

Freya recognises that she has multiple taxable income streams and, therefore, has not claimed the tax-free threshold on her reversionary income stream payment. Therefore, the withholding amount on \$2,714 is \$738.

Step 6: As the reversionary income stream tax-free and taxed element components totalled more than Freya's reduced defined benefit income cap, she is not entitled to a tax offset.

PAYG payment summary reporting

Freya will receive two *PAYG payment summaries – superannuation income stream*:

(1) PAYG payment summary – superannuation income stream

(personal income stream)

Applicable dates: 01/07/2024 – 30/06/2025

Tax withheld \$988

Taxable component – taxed element \$60,000

Taxable component – untaxed element \$0

Tax-free component \$10,000

Tax offset \$9,000

(2) PAYG payment summary – superannuation income stream

(reversionary death benefit income stream)

Applicable dates: 28/02/2025 – 30/06/2025

Tax withheld \$5,904

Taxable component – taxed element \$30,000

Taxable component – untaxed element \$10,000

Tax-free component \$10,000

As the source of this income stream was from an income stream that was subject to concessional tax treatment, no tax offset should be provided on the payment summary. Any entitlement to a tax offset will be calculated upon assessment.

If Freya's circumstances were different:

You would not reduce Freya's defined benefit income cap and you would follow the steps in part B, part C or part D (as applicable) to calculate the withholding amount if:

- Freya was 60 years or over for the full financial year and was receiving the reversionary income stream for the full financial year, whether her partner died before or after he was 60, or
- Freya turns 60 during the financial year and her partner died aged 60 or over, and she was in receipt of the reversionary death benefit income stream for the full financial year.

If Freya was under 60 for the full financial year and Freya's partner had died before he turned 60, you would not reduce the defined benefit income cap and you would follow the steps in part A to calculate the withholding amount.

If Freya turns 60 during the financial year and her partner died aged under 60, and she was in receipt of the reversionary death benefit income stream for the full financial year, you reduce the defined benefit income cap based on the date she turned 60 years of age, and you would follow the relevant steps that are set out in the Loraine examples to calculate the withholding amount.

If Freya was 60 or over for the full financial year or turns 60 during the financial year, and she received the reversionary death benefit income stream for part of the year you would reduce the defined income cap based on either the day she turned 60 or the start of the income stream. You would follow the steps in part B, part C or part D (as applicable) to calculate the withholding amount. However, the following changes to certain steps in each of these parts will be required:

- In step 1 of part B and step 2 part C or part D, instead of converting the income stream payment to an annualised amount, use the 'Conversion table' below this schedule for income streams commencing during current financial year to work out the converted amount of the super income stream. Use this figure in the relevant steps in part B, part C or part D instead of the annualised amount.
- In step 2 of part B or step 3 and step 5 of part D, divide the relevant excess amount by the number of remaining periods in the financial year since the income stream started or the payee turned 60 to the end of the financial year. Use the 'Conversion table' for income streams commencing during current financial year to work out the appropriate date.
- In step 3 of part C or step 3 and step 5 in part D, divide the relevant capped offset amount by the number of remaining periods in the financial year since the income stream started or the payee turned 60 to the end of the financial year. Use the 'Conversion table' for income streams commencing during current financial year to work out the appropriate date.

Super death benefits

Dependants

Dependants include all children of the deceased under 18 years old, any spouse of the deceased (including a former spouse and a current or former de facto spouse), and any person with whom the deceased had an interdependency relationship.

An interdependency relationship includes a close personal relationship between two people who live together, where one or both provides for the financial and domestic support and personal care of the other.

A dependant can also be a person who was financially dependent on the deceased.

Non-dependants

A person who is not a dependant of the deceased is not able to receive a super income stream from the deceased. A super death benefit income stream that was being paid to a non-dependant prior to 1 July 2007 is taxed in the same manner as a super death benefit income stream paid to a dependant.

Reversionary income streams

A death benefit income stream can either be reversionary or non-reversionary. A reversionary death benefit income stream is a super income stream that reverts to the entitled beneficiary automatically upon the member's death, if the death benefit payment is not a reversionary income stream then it is treated as if it was the member's income stream.

Supporting information

Defined benefit income cap

The defined benefit income cap is relevant if the payee is either:

- 60 years of age or over

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- Under 60 years of age and a death benefits dependant, where the deceased died aged 60 or over.

The defined benefit income cap applies if the payee receives one or more superannuation income stream benefits that are 'defined benefit income' to which 'concessional tax treatment' applies. The defined benefit income cap does not have taxation consequences outside of these circumstances.

The defined benefit income cap is an annual cap that is reset, and may be reduced, each year. From 1 July 2017, the 'defined benefit income cap' limits the amount of tax-free income the payee can receive from a capped defined benefit income stream (pension or annuity).

For the 2024-25 financial year, the defined benefit income cap is \$118,750 (the \$1.9 million general transfer balance cap divided by 16).

Preservation age

The withholding amount varies depending on whether the payee has reached their preservation age when the payment is made.

Preservation age is determined using your payee's date of birth. For example, if a member was born on 1 October 1964, they reach their preservation age of 60 on 1 October 2024.

The table below outlines the transitional period where the preservation age increased progressively from 55 to 60. As the transitional period has been completed, for the 2024-25 and future financial years the preservation age is 60 for all payees born after 30 June 1964. For those payees born before that date, they have already reached their preservation age.

Preservation age by date of birth range

Date of birth	Preservation age
Before 1/7/1960	55
1/7/1960–30/6/1961	56

1/7/1961–30/6/1962	57
1/7/1962–30/6/1963	58
1/7/1963–30/6/1964	59
After 30/6/1964	60

Cap conversion table

The full year cap on defined benefit income streams is \$118,750 as of 1 July 2024, and is subject to indexation. The cap may also need to be reduced – see part E.

The table below converts the \$118,750 cap into the weekly, fortnightly or monthly equivalent

Total income stream	Annual amount less than \$118,750	Annual amount \$118,750 or greater
Weekly equivalent	\$1 to \$2,283	\$2,284 or greater
Fortnightly equivalent	\$1 to \$4,567	\$4,568 or greater
Monthly equivalent	\$1 to \$9,895	\$9,896 or greater

Conversion table for income streams commencing during current financial year

The table below can be used to determine the period to use for calculating withholding for income streams that start during the financial year:

Age of payee	If reversionary death benefit income stream	When income stream started	Calculate portion of income stream for the following period
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Over 60 years for full financial year	Any age for deceased	Any time during the year	Start of income stream to end of financial year
Turns 60 years during financial year	Not a reversionary death benefit income stream (ie. payee's own income stream)	Before payee turns 60	Day payee turns 60 to end of year
		After payee turns 60	Start of income stream to end of financial year
	Deceased was less than 60 years	Before payee turns 60	Day payee turns 60 to end of year
		After payee turns 60	Start of income stream to end of financial year
	Deceased was 60 years or more	Before Payee turns 60	Start of income stream to end of financial year
		After payee turns 60	Start of income stream to end of financial year
Under 60 years for full financial year	Deceased was 60 years or more	At any time during the year	Start of income stream to end of financial year

Payment summaries

You must issue a *PAYG payment summary – superannuation income stream* to the payee for the total of the payments made in the financial year. This must be provided by 14 July. This date may be earlier if the payee requests it.

For 'account-based' income streams, you are only required to provide a payment summary to the payee where there is a requirement to withhold. You do not need to provide a payment summary for the period after the payee turns 60.

Example:

Sue turns 60 on 1 March 2025. You are required to provide a payment summary to Sue for the period 1 July 2024 to 1 March 2025. No payment summary is required for the period 2 March 2025 to 30 June 2025.

For 'capped defined benefit' income streams, where a payee turns 60 during the year you must issue two separate payment summaries – one for the period prior to the payee turning 60 and one for the period from the payee's 60th birthday.

A payment summary is required to be issued to a payee in receipt of a super income stream even if no tax was withheld.

Payment summaries can also be printed using software that conforms to our reporting specifications.

Schedule 14 - Tax table for additional amounts to withhold as a result of an agreement to increase withholding

This schedule applies to withholding payments covered by Subdivision 12-B, 12-C and 12-D of Schedule 1 to the TAA.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

Using this schedule

Use this schedule if a payee has asked you to withhold a higher amount from their payments than would normally be required.

A payee's request to have additional amounts withheld should be in writing but can be in any format that suits your business. For example, an email request could be used, or you may design a paper or computer-based form for this purpose.

Your agreement to the arrangement will be indicated by withholding in accordance with the payee's request. No additional record is required.

The total amount to withhold is the normal amount calculated on the payee's earnings (based on the applicable withholding schedule or regulation) plus the additional amount requested by the payee.

How to work out the withholding amount

To work out the amount to withhold, you must:

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1. Use the appropriate tax table at ato.gov.au/taxtables to look up the normal amount of withholding for the period using instructions in that tax table.
 2. Work out the additional amount the payee wants withheld in accordance with their written request.
 3. Add the amount from step 1 to the amount from step 2.

Example:

A payee's weekly earnings are \$563.00. The payee and the payer have agreed that the payer will withhold an additional \$50 a week from the payee's earnings. The payer uses the tax withheld calculator to find the base amount to withhold of \$39 (for a payee claiming the tax free threshold in the 2024-25 income year). The total amount to withhold is $\$39 + \$50 = \$89$.

Schedule 15 – Tax table for working holiday makers

This schedule applies to withholding payments covered by section 12-35 of Schedule 1 to the TAA.

The amounts, formulas and procedures in this schedule were last updated on 1 July 2024.

Using this schedule

This schedule applies to payments to individuals – including backpackers – who are working in Australia and hold at the time of the payment either a:

- a. working holiday makers visa (subclass 417)
- b. work and holiday makers visa (subclass 462)
- c. bridging visa permitting the individual to work in Australia if:
 - i. the bridging visa was granted under the *Migration Act 1958* in relation to an application for a visa of a kind described in paragraph a. or b., and
 - ii. the Minister administering that Act is still to make a decision in relation to the application, and
 - iii. the most recent visa, other than a bridging visa, granted under that Act to the individual was a visa of a kind described in paragraph a. or b.

This schedule applies to all payments made to working holiday makers, including:

- salary and wages
- allowances
- termination payments (taxable component only)
- unused leave
- return to work payments

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- back payments, commissions, bonuses and similar payments
 - payments to actors and entertainers.

If you employ individuals under the Seasonal Worker Programme and Pacific Labour Scheme, or Pacific Australia Labour Mobility scheme, the tax table for working holiday makers does not apply.

If you made an employment termination payment to a working holiday maker, withholding does not apply to the tax-free component.

Generally, allowances are added to normal earnings and the amount to withhold using this schedule is calculated on the total amount of earnings and allowances. The withholding treatment and reporting requirements for various allowance types outlined in *Withholding for allowances* also applies to working holiday makers.

Working out the withholding amount

To work out the amount you need to withhold, you must:

- input the total payments you will make to your employee for the pay period into the Working holiday makers *Withholding lookup tool* at ato.gov.au/taxtables
- use the appropriate column to find the correct amount to withhold:
 - **column 2** if you are registered and total payments you have made to the employee for the income year prior to this payment are less than \$45,001 and the employee has given you a tax file number (TFN)
 - **column 3** if you are registered and total payments you have made to the employee for the income year prior to this payment are from \$45,001 to \$135,000 and the employee has given you a TFN
 - **column 4** if you are registered and total payments you have made to the employee for the income year prior to this payment are from \$135,001 to \$190,000 and the employee has given you a TFN

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- **column 5** if you are registered and total payments you have made to the employee for the income year prior to this payment are more than \$190,000 and the employee has given you a TFN
 - **column 6** if you are registered and the employee has **not** given you a TFN.

Example: using the withholding lookup tool

A foreign resident employee is working in Australia under a working holiday makers visa (subclass 417) and has earnings for the week of \$680.70. They have provided their TFN on a *Tax file number declaration*. The total payments you have made to them do not exceed \$45,000 for the 2024-25 income year.

To work out the correct amount to withhold, input \$680 into column 1 in the Working holiday makers *Withholding lookup tool*.

The tool will automatically calculate the withholding result of \$102 in column 2. This is the amount you withhold, as a registered employer, where the employee has given you a TFN.

Registered employer

You need to register with us before you employ a working holiday maker. If you are registered, you will be able to withhold at a flat rate of 15% up to \$45,000 in total payments made to each individual working holiday maker within an income year.

Where total payments exceed \$45,000, see Table A in this schedule for the applicable withholding rate.

Unregistered employer

If you have not registered with us to withhold at working holiday maker tax rates, you are required to withhold at foreign resident rates. These are specified in the tax tables for weekly, fortnightly or monthly payments at ato.gov.au/taxtables.

Using a formula

If you have developed your own payroll or accounting software package, use the formulas and coefficients outlined below to calculate the withholding amount.

The formulas comprise linear equations of the form $y = ax$, where:

- y is the amount to be withheld expressed in dollars
- x is total payment made to the employee for the pay period, ignoring any cents
- a is the value of the coefficient as shown in Table A.

Table A: Working holiday makers income tax rates

Table A: Working holiday makers income tax rates for 2024-25

Taxable income	Tax rate	Value (a)
\$0 – \$45,000	15% on each \$1 up to \$45,000	0.15
\$45,001 – \$135,000	30% on each \$1 over \$45,000 to \$135,000	0.30
\$135,001 – \$190,000	37% on each \$1 over \$135,000 to \$190,000	0.37
\$190,001 & over	45% on each \$1 over \$190,000	0.45

If no TFN is provided you must withhold at 45% on total payments made. If using formulas, the value of 'a' is 0.45.

Example 1: using the formula

A foreign resident employee is working in Australia under a work and holiday makers visa (subclass 462) and has earnings for the month of \$2,825.75.

They have provided their TFN on a *Tax file number declaration*, and total payments you have made to them for the income year do not exceed \$45,000.

$x = 2,825$ (ignoring cents)

Withholding amount (y)

$= (a \times x)$

$= 0.15 \times 2,825$

$= 423.75$ or \$424 (rounded to nearest dollar).

Example 2: when payments exceed \$45,000

A foreign resident employee is working in Australia under a working holiday makers visa (subclass 417). They have earnings for the month of May 2025 of \$8,173.20.

They have provided their TFN on a *Tax file number declaration* and the total payments you have made to them from January 2025 to April 2025, in the 2024–25 income year, is \$47,000. Last month's payment resulted in total payments exceeding \$45,000. Therefore, from the next pay you must withhold at the foreign resident tax rates specified in Table A.

Withholding is calculated at 30 cents for every dollar of earnings over \$45,000 (to \$135,000).

Current pay = \$8,173.20

The value of 'a' in the formula is 0.30.

Withholding = $0.30 \times 8,173$

$= 2,451.90$ or \$2,452 (rounded to the nearest dollar).

Note: Working holiday makers cannot claim Medicare levy adjustments or tax offsets to reduce withholding. If your working holiday maker has claimed a Medicare levy adjustment on a *Medicare levy variation declaration* or a tax offset on a *Withholding declaration*, don't make any adjustments to the amount you withhold.

Any working holiday maker who is an Australian resident for tax purposes will be able to claim Medicare levy adjustments and tax offsets that they are entitled to when they lodge their income tax return.

Rounding of withholding amounts

The withholding amounts calculated as a result of applying the above rates and formula are rounded to the nearest dollar. Values ending in 50 cents and higher are rounded to the next higher dollar. Do this rounding directly – that is, do not make a preliminary rounding to the nearest cent.

Where withholding is calculated on the top marginal rate of tax or when no TFN is provided, ignore cents in the withholding result.

Software

Payroll or accounting software written in accordance with the formulas in this schedule should be tested for accuracy against the Working holiday makers *Withholding lookup tool* at ato.gov.au/taxtables. The results obtained when using the coefficients in this schedule may differ slightly from the tool. The differences result from the rounding of components. Withholding calculated using either method is accepted.

TFN declarations

Your employee may indicate that they are a working holiday maker in their TFN declaration.

Even if they don't, you will need to withhold amounts using the rates shown in Table A (provided they have given you a valid TFN).

This applies to either:

- a. working holiday makers visa (subclass 417)
- b. work and holiday makers visa (subclass 462)
- c. bridging visa permitting the individual to work in Australia if:

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- i. the bridging visa was granted under the *Migration Act 1958* in relation to an application for a visa of a kind described in paragraph a. or b., and
 - ii. the Minister administering that Act is still to make a decision in relation to the application, and
 - iii. the most recent visa, other than a bridging visa, granted under that Act to the individual was a visa of a kind described in paragraph a. or b.

To confirm the visa status of a working holiday maker, go to the 'Department of Immigration and Border Protection's Visa Entitlement Verification Online' (VEVO) webpage. This is where you can check visa details and conditions.

Working holiday makers cannot claim tax offsets. If they have claimed a tax offset on the *Tax file number declaration*, do not adjust the amount you withhold.

Working holiday makers cannot have a Higher Education Loan Program (HELP), VET Student Loan (VSL), Financial Supplement (FS), Student Start-up Loan (SSL) or Australian Apprenticeship Support Loan (AASL) debt.

Working holiday makers cannot receive Community Development Employment Projects (CDEP) payments or Lump sum B payments.

If a TFN has not been provided

You must withhold 45% from payments to a working holiday maker (ignoring cents), if:

- they have not quoted their TFN
- they have not claimed an exemption from quoting their TFN
- they have not advised you that they have applied for a TFN or have made an enquiry with us.

If an employee states at Question 1 of the *Tax file number declaration* that they have lodged a *Tax file number – application or enquiry for individuals* with us, they have 28 days to provide you with their TFN.

If the employee has not given you their TFN within 28 days, you must withhold 45% from any payment you make unless we tell you not to.

A working holiday maker who has not quoted a TFN must still be provided with an income statement (or payment summary) with a payment type code 'H'.