

BUSINESS

PAYERS

TAX TABLE

NAT 3350-05.2007

SEGMENT

AUDIENCE

FORMAT

PRODUCT ID



Australian Government

Australian Taxation Office

SCHEDULE 31

PAY AS YOU GO (PAYG) WITHHOLDING

Tax table for non-superannuation income streams



**FOR PAYMENTS MADE ON
OR AFTER 1 JULY 2007.**



This document is a withholding schedule made by the Commissioner of Taxation in accordance with sections 15–25 and 15–30 of Schedule 1 to the *Taxation Administration Act 1953*. It applies to withholding payments covered by paragraph 12–80(b) of Schedule 1.



For more information visit **www.ato.gov.au**

WHO SHOULD USE THIS TABLE?

Use this table if you make a payment of an annuity that is not a superannuation income stream. For superannuation income stream payments, refer to *PAYG withholding – Tax table for superannuation income streams* (NAT 70982).

TAX FILE NUMBER (TFN) DECLARATIONS

The amount to be withheld from payments you make to your payees is primarily determined by the answers given on their *Tax file number declaration* (NAT 3092). A *Tax file number declaration* applies to payments made after the declaration is provided to the payer. A later declaration provided by a payee overrides an earlier declaration.

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

If you have *Employment declarations* that were valid at 30 June 2000, they will continue to be valid under PAYG.

NO TFN PROVIDED

If an annuity payment that is not a superannuation income stream is made to a payee and the payee **has not**:

- quoted their TFN
- claimed an exemption from quoting, or
- advised that they have applied for a TFN or have made an enquiry with the Tax Office

on their *Tax file number declaration*, you must withhold 46.5% for residents and 45% for foreign residents, ignoring any cents.

If a payee states at question 1 of the *Tax file number declaration* that they have lodged a *Tax file number application or enquiry* with the Tax Office, the payee has **28 days** to give you their TFN.

If the payee has not provided their TFN at the end of this time, you must withhold 46.5% for residents and 45% for foreign residents from each annuity payment you make to the payee, ignoring any cents, unless the Tax Office tells you not to.

- ❗ Do not allow for any family tax benefit (FTB), tax offsets or Medicare levy adjustments. Do not add amounts for HELP or SFSS.

HOW TO WORK OUT WITHHOLDING AMOUNTS

Use the following steps to work out the amount to withhold from a payment of an annuity that is not a superannuation income stream.

- 1 Work out the amount to withhold from using the following formula:

$$\text{Annuity payment} - \left[\frac{\text{Deductible 27H amount}}{\text{Number of instalments}} \right]$$

In this formula:

- **deductible 27H amount** is the calculated amount under section 27H of the *Income Tax Assessment Act 1936* in respect of the annuity.
 - **number of instalments** is the number of instalments of the annuity payable in the income year.
- ❗ If you do not know the deductible 27H amount, the Tax Office will calculate it for you. To arrange this, the annuitant must send the information set out in *TaxPack 2007* at question D9 to the Tax Office with a request to have the amount calculated for them.

Such requests should be sent to:

Australian Taxation Office
PO Box 3578
ALBURY NSW 2640.

- 2 Use the corresponding PAYG withholding tax table to find the withholding amount. The tax table you use depends on the period which the annuity is paid – that is, weekly, fortnightly or monthly.

❗ Some payees may be eligible to claim the senior Australians tax offset (SATO). If the payee gives you a *Withholding declaration* indicating that they wish to claim a SATO entitlement through PAYG withholding, you should use the *Special tax table for aged pensioners and low income aged persons (senior Australians)* (NAT 4466) to determine the amount to be withheld from the amount calculated in step 1.

EXAMPLE 1

These examples use the PAYG withholding tax tables that apply from 1 July 2007.

Barbara has an annuity that is not a superannuation income stream that pays \$1,000 a week. The Tax Office has informed Barbara that her deductible 27H amount for the 2007–08 income year is \$5,200.

- 1 The amount to withhold from is:

$$\begin{aligned} \text{Annuity payment} &- \left[\frac{\text{Deductible 27H amount}}{\text{Number of instalments}} \right] \\ &= \$1,000 - \left[\frac{\$5,200}{52} \right] \\ &= \$1,000 - \$100 \\ &= \$900 \end{aligned}$$

- 2 Barbara's payer will then use the *PAYG withholding – Weekly tax table* (NAT 1005) to work out how much to withhold from the amount of \$900. The amount to be withheld on \$900 is \$181, assuming Barbara is claiming the tax-free threshold.

EXAMPLE 2

Kenneth will receive a monthly annuity that is not a superannuation income stream, paid on the 15th day of the month commencing on 15 February 2008. For the remainder of the income year, the annuity will be \$1,200 per month. The annuity is indexed annually and the higher indexed amount is paid from 15 July 2008.

Kenneth has written to the Tax Office requesting that his deductible 27H amount be calculated. The Tax Office has informed Kenneth that his deductible 27H amount for a whole income year is \$2,400 and for the part of the current income year that he is to receive an annuity, his deductible amount is \$1,000.

For the current part of the income year, Kenneth will receive five annuity instalments.

1 The amount to withhold from is:

$$\begin{aligned} \text{Annuity payment} & - \left[\frac{\text{Deductible 27H amount}}{\text{Number of instalments}} \right] \\ & = \$1,200 - \left[\frac{\$1,000}{5} \right] \\ & = \$1,200 - \$200 \\ & = \$1,000 \end{aligned}$$

2 Kenneth's payer will then use the *PAYG withholding – Monthly tax table* (NAT 1007) to work out how much to withhold from the amount of \$1,000. The amount to be withheld on \$1,000 is \$78, assuming Kenneth is claiming the tax-free threshold.

ROUNDING OF WITHHOLDING AMOUNTS

Withholding amounts calculated as a result of applying the above formulas should be rounded to the nearest dollar. Values terminating in exactly 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. If a TFN is not provided, ignore cents when calculating withholding amounts.

PAYG WITHHOLDING PUBLICATIONS

All PAYG withholding tax tables and other PAYG publications can be accessed quickly and easily from www.ato.gov.au

Copies of weekly and fortnightly tax tables are available from most newsagents. Newsagents also hold copies of the *Tax file number declaration* (NAT 3092) and the *Withholding declaration* (NAT 3093).

MORE INFORMATION

For more information:

- visit www.ato.gov.au or
- phone **13 28 66** for general PAYG enquiries or to order Tax Office forms or publications.

If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.

If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**.

If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

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PUBLISHED BY

Australian Taxation Office
Canberra
May 2007
JS 7908

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