

BUSINESS

PAYERS

TAX TABLE

NAT 70981-05.2007

SEGMENT

AUDIENCE

FORMAT

PRODUCT ID



Australian Government

Australian Taxation Office

SCHEDULE 33

PAY AS YOU GO (PAYG) WITHHOLDING

Tax table for superannuation lump sums



**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 12–85(a) of Schedule 1.



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

WHO SHOULD USE THIS TABLE?

Use this table if you make a superannuation lump sum payment to an individual.

SUPERANNUATION LUMP SUMS

A superannuation lump sum payment includes lump sum payments paid on a member meeting a condition of release – for example, retirement or death.

The following lump sum payments from a superannuation fund, approved deposit fund, retirement savings account or any other superannuation product are subject to withholding:

- payments made to a person because they are a member of a superannuation fund or approved deposit fund, or own a retirement savings account or any other superannuation product
 - lump sum payments paid on the death of one person if paid to another person, and
 - a payment when a superannuation pension is exchanged for a lump sum.
- ❗ A superannuation lump sum paid after the death of a person to the trustee of the estate of the deceased is not subject to PAYG withholding.
- ❗ 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

1 If a payee has provided you with their tax file number (TFN)

If the payee has previously quoted their TFN to you, this is sufficient to authorise you to withhold an amount according to the rates set out in table A on page 3.

A superannuation lump sum can be made up of two components, a tax free component and a taxable component. You must withhold an amount from the taxable component, including death benefit lump sums paid to non-dependants, according to table A on page 3. However, you do not withhold from the tax free component.

- ❗ If the person entitled to receive the superannuation lump sum asks you to roll over their lump sum, you are generally not liable to withhold from any of the rolled over amount. However, you may be liable to withhold if the benefit being rolled over consists of an amount that is an untaxed element in the fund that exceeds the untaxed plan cap.
- ❗ A death benefit lump sum cannot be rolled over – whether paid to dependants or non-dependants.

2 If the payee has not provided you with their TFN

If the payee receiving the lump sum has not provided you with their TFN before the payment is made, you must withhold 46.5% from the taxable component.

If the payee is a foreign resident who has not provided you with their TFN, you must withhold 45% from the taxable component.

- ❗ Note: If the payee is over 60 years of age at the date the payment is received, and the lump sum does not contain an element untaxed in the fund, you are not required to withhold where the payee has not provided their TFN. If the lump sum does contain an element untaxed in the fund, you should withhold from this element at 46.5% for residents or 45% for foreign residents.

ROUNDING OF WITHHOLDING AMOUNTS

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

EXAMPLE

Superannuation lump sum made by a superannuation provider from a taxed element

Heather and Dean are members of the AAFund superannuation fund and are aged 56 and 61 respectively. They have decided to retire and take some of their superannuation as a lump sum. The preservation age for both of them is 55.

According to their entitlements, Heather and Dean will both receive a superannuation lump sum benefit of \$200,000 from AAFund. Each superannuation lump sum benefit has a tax free component of \$20,000 and a taxable component of \$180,000. AAFund is required to withhold an amount under the PAYG withholding system. Heather and Dean have previously provided their respective TFNs to AAFund.

AAFund does not need to withhold from the tax free component of \$20,000, but must withhold an amount from the taxable component of \$180,000. The taxable component of the superannuation lump sum benefit paid by AAFund is wholly made up of elements taxed in the fund.

a Amount to withhold for Heather:

- As Heather is over her preservation age, she is entitled to the low rate cap.

1 amount up to low rate cap (\$140,000 in the 2007–08 income year) = nil

2 amount above low rate cap
(\$180,000 - \$140,000 = \$40,000)

3 amount to withhold is 16.5% (from table A) of \$40,000 = \$6,600

Note: The low rate cap is indexed annually.

b Amount to withhold for Dean

- As Dean is aged 61, no part of his superannuation lump sum payment is subject to withholding.

PAYMENT SUMMARIES

Within 14 days of making a lump sum payment, you must provide a *PAYG payment summary – superannuation lump sum* (NAT 70947) to the recipient of the superannuation lump sum.

Payment summaries can also be printed using Tax Office approved software. For more details and specifications of Tax Office approved software, visit www.ato.gov.au/softwaredevelopers

TABLE A

Income component derived by the payee in the income year	Age of person at the date the payment is received	Component subject to PAYG withholding	Rate of withholding (including Medicare levy)
Member benefit – taxable component – taxed element	Below preservation age	Whole amount	21.5%
	Preservation age to age 59	Amount up to low rate cap ¹	Nil
		Amount above the low rate cap ¹	16.5%
Aged 60 and above	Whole amount	Nil	
Member benefit – taxable component – untaxed element	Below preservation age	Amount up to untaxed plan cap ²	31.5%
		Amount above untaxed plan cap ²	46.5%
	Preservation age to age 59	Amount up to low rate cap ¹	16.5%
		Amount above the low rate cap ¹ up to the untaxed plan cap ²	31.5%
		Amount above untaxed plan cap ²	46.5%
	Aged 60 and above	Amount up to untaxed plan cap ²	16.5%
Amount above untaxed plan cap ²		46.5%	
Death benefit lump sum benefit paid to non-dependants ⁴ – taxable component – taxed element	Any	Whole amount	16.5%
Death benefit lump sum benefit paid to non-dependants ⁴ – taxable component – untaxed element	Any	Whole amount	31.5%
Death benefit lump sum benefit paid to dependants ³ – taxable component – taxed and untaxed elements	Any	None	Nil
Rollover superannuation benefits – taxable component – taxed element	Any	Whole amount	Nil
Rollover superannuation benefits – taxable component – untaxed element	Any	Amount up to untaxed plan cap ²	Nil
		Amount above untaxed plan cap ²	46.5%
Superannuation lump sum benefits less than \$200	Any	None ⁵	Nil

¹For the 2007–08 income year, the low rate cap is \$140,000 and is indexed annually. The low rate cap in relation to superannuation lump sums paid to an individual who has reached their preservation age is the maximum amount of the taxable component that is given the lowest rate of tax. The low rate cap is a lifetime limit. That is, if a payee received a taxed and untaxed element in a lump sum, the total low rate cap allowed for that lump sum cannot exceed the low rate cap that applies. The low rate cap is allocated to the taxed element first before allocating the remaining low rate cap to the untaxed element.

²For the 2007–08 income year, the untaxed plan cap is \$1 million and is indexed annually.

Phone **13 10 20** or visit www.ato.gov.au/super for the low rate cap or the untaxed plan cap in later years.

³If the death benefit lump sum is being paid to an individual who was a dependant of the deceased, do not withhold amounts from that payment. Dependants include all children of the deceased under the age of 18, any spouse of the deceased (including a former spouse and a current or former de facto) or 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 just before the deceased died. Before accepting that a person is financially dependent, phone **13 10 20** for further information. If a lump sum is to be paid to the trustee of the deceased estate, an amount should not be withheld.

⁴*Tax Laws Amendment (2007 Measures No 3) Bill 2007* contains an amendment that will ensure that an individual is treated as a death benefits dependant of a deceased person 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*).

⁵There is no withholding required from the whole amount if it is paid as a superannuation lump sum and it is the payee's entire benefit in the plan.

Preservation age

Preservation age is determined using your payee's date of birth. The preservation table below will help with this:

Preservation table

Date of birth	Preservation age
Before 1/7/60	55
1/7/60 – 30/6/61	56
1/7/61 – 30/6/62	57
1/7/62 – 30/6/63	58
1/7/63 – 30/6/64	59
After 30/6/64	60

➤ MORE INFORMATION

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).

If you need more information about any of our PAYG withholding tax tables and other PAYG publications, you can:

- visit our website at **www.ato.gov.au**
- phone **13 10 20** for superannuation enquiries
- phone **13 28 66** for general PAYG enquiries or to order Tax Office forms or publications, or
- write to us at:

Australian Taxation Office
PO Box 3578
ALBURY NSW 2640

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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If you feel this publication does not fully cover your circumstances, please seek help from the Tax Office or a professional adviser.

The information in this publication is current at May 2007. We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for a more recent version on our website at www.ato.gov.au or contact us.