Print whole section

PAYG withholding

How to calculate, manage and report PAYG withholding tax, including for selected types of workers and foreign residents.

Payments you need to withhold from

Withholding amounts may be required for your workers, other businesses and other payees, and sent to us.

Paying and reporting PAYG withholding amounts to us

Due dates for paying and reporting PAYG withholding amounts depend on your withholding status.

PAYG withholding payment summaries

Check what type of payment summary you need to give your payees for the financial year.

PAYG withholding annual reports

You must lodge PAYG withholding annual reports at the end of each financial year.

PAYG withholding compliance

You may be ineligible for deductions or be charged penalties if you don't comply with your PAYG withholding obligations.

PAYG withholding for deceased employees

How to meet your tax, super and employment termination payment obligations when an employee dies.

Payroll governance for employers

Good payroll governance helps employers stay on top of their tax and super obligations.

Pay as you go withholding

Work out when and how to register for or how to cancel PAYG withholding.

Record keeping for business

Keep accurate and complete records helps you meet your tax, superannuation and employer obligations.

QC 27057

Payments you need to withhold from

Withholding amounts may be required for your workers, other businesses and other payees, and sent to us.

Last updated 11 June 2025

Withholding by employers

Your withholding obligations depend on whether your worker is an employee or independent contractor. If your worker is:

- an employee, you generally have to withhold amounts from payments you make to them
- an independent contractor, you generally do not withhold amounts from payments you make to them (unless they request withholding by entering into a voluntary agreement with you).

To check if your worker is an employee or independent contractor, you need to review the whole working arrangement. Our employee or independent contractor pages can help you determine the status of your worker.

The most common payments you withhold amounts from are those to:

- your employees
- your directors
- businesses that don't quote their ABN to you
- independent contractors who have a voluntary agreement with you.

If you operate your business as a sole trader or partnership and you draw amounts from the business, this is not a wage and you don't have to withhold from these drawings. Instead, you make some provision for your income tax liability through PAYG instalments.

Other payments that may need tax withheld

Payments, other than income from employment, may also need tax withheld, including:

- investment income to someone who does not provide their TFN
- dividends, interest and royalties paid to foreign residents
- payments to certain foreign residents for activities related to gaming, entertainment and sports, and construction
- payments to Australian residents working overseas

- super income streams and annuities
- payments made to beneficiaries of closely held trusts.

Payments to employees

Understand when and how to withhold payments from the different types of payments you make to employees.

Payments with special rules

Special rules apply when calculating the amount of tax to withhold for certain employees.

Payments to contractors under a voluntary agreement

Independent contractors must meet their own tax obligations unless you enter into a voluntary agreement to withhold tax.

Labour-hire firms and their workers

Labour-hire firms must withhold tax from payments to both employees and independent contractors.

Compensation, sickness and accident payments

You may need to withhold tax from compensation, sickness or accident payments you make to an individual.

Workplace giving programs

How to set up a workplace giving program and ask your employees to participate to donate to charities or organisations

Withholding from investment income

Amounts must be withheld from investment income if a tax file number or Australian business number has not been quoted.

Withholding from suppliers

If a business supplies you with goods or services, it should quote its Australian business number (ABN) to you.

QC 27059

Payments with special rules

Special rules apply when calculating the amount of tax to withhold for certain employees.

Last updated 11 June 2025

Aboriginal and Torres Strait Islander artists who live or work in isolated areas

If your business pays an Aboriginal or Torres Strait Islander artist for artistic works, the artist is not required to quote an Australian business number (ABN) if they work or live in an isolated area, known as a special or ordinary zone A geographic region.

You will not be required to withhold tax, even though the artist has not quoted an ABN.

Artistic works include:

- graphic work, photography, sculpture, painting or collage
- a work of artistic craftsmanship
- the performance or presentation by a person, or participation by a person in a musical performance, play, dance, entertainment,

display, exhibition or similar activity of a cultural nature.

Employees who work in a foreign country

If you make payments to Australian employees working overseas, you have the same tax obligations as if they were working in Australia. See Employees who work in a foreign country and PAYG payment summary for foreign employment.

Some payments for foreign services that relate to certain development projects, charitable activities or government activities are exempt from tax. You don't have to withhold amounts from these payments.

Non-cash payments

If you provide a non-cash payment (including property or services) in any form except money, you will still be required to meet your withholding obligations. The withholding provisions ensure that a similar outcome is achieved for payments made in cash or non-cash payment.

There is no requirement to withhold under pay as you go (PAYG) withholding if the payment is a fringe benefit or a share or right under the employee share scheme.

The amount you are required to withhold and send to us is the amount you would have been required to withhold if the payment had been in the form of money. You will need to:

- calculate the amount according to the current market value of the non-cash payment when the payment is provided
- use the relevant tax withholding rates applicable to your payee depending on whether they are an employee or contractor, as well as whether the payee has provided an ABN.

When to withhold

You must withhold and pay to us an amount **before** providing a non-cash payment in the same way you would have if the payment was in the form of money.

Example: non-cash benefit provisions

Nick is a building contractor who has entered into a voluntary agreement with Mike. Nick proposes to give Mike his old utility van as payment for work Mike has completed for him over a fortnight.

If the payment had been made in the form of money, Nick would be required to withhold an amount from the payment and send it to us. Under the non-cash benefit provisions, Nick is required to withhold an amount and send it to us before the benefit (the utility van) is provided to Mike.

Nick can recover the amount of withholding paid to us as a debt from Mike. Nick would be required to provide Mike with a payment summary and Mike will receive a credit for the amount that Nick has forwarded to us.

Nick may also offset the whole or part of Mike's debt (the amount of withholding paid by Nick to us) against any amount that is, or becomes, due and payable by Nick to Mike. This right to offset will assist to recover an amount owed by Nick that has been paid to us.

Example: no ABN withholding

Your business agrees to do cleaning worth $1,000 for an advertising business in exchange for $1,000 worth of advertising. If the advertising business does not quote their ABN to you, you must pay a withholding amount to us before you deliver the services or goods (see Withholding if ABN not provided).

In this situation, you would become a supplier to the advertising business. Unless you have an ABN and quote it to them, they would also need to pay a withholding amount to us before they supply the advertising to you.

Personal services income

Personal services income (PSI) is earned mainly by your personal efforts and skills.

If you operate a company, partnership or trust that does not pass the tests for a personal services business, some income your employees earn may be PSI.

When the PSI rules apply, your business will have additional PAYG obligations for the amount belonging to each individual who performed the services.

Foreign resident withholding

A foreign resident is not an Australian resident for tax purposes. This can include individuals, companies, partnerships and trusts. Learn more about:

- withholding from a foreign resident
- rates that apply to individuals who are foreign residents for tax purposes.

To work out the tax you need to withhold from payments to employees and other workers, including working holiday makers and PALM visa holders, use the tax withheld calculators.

Foreign resident entertainment, sports, construction and casino gaming activities

Payers are required to withhold prescribed amounts from specific payments made to foreign resident payees who work or take part in:

- entertainment or sports activities
- construction and related activities
- casino gaming junket activities.

Foreign resident payees include all foreign individual and non-individual entities (for example, companies, partnerships, trusts, government organisations and superannuation funds).

These special rules don't apply to payments made to foreign residents if:

- they are engaged as employees
- the payment is interest, dividends and royalties.

Find out more about foreign resident entertainment, sports, construction and casino gaming activities.

Payees in certain industries and occupations

Some industries and occupations may have different rules or conditions when calculating the amount to withhold. These include:

- employees of the Seasonal Worker Programme (SWP), Pacific Labour Scheme (PLS) or Pacific Australia Labour Mobility (PALM) scheme
- household employees
- performing artists doing promotional work
- religious practitioners.

There is also a different withholding rate for horticultural or shearing workers who are **not** part of the SWP, PLS or PALM scheme.

Foreign resident entertainment, sports, construction and gaming junket activities

PAYG withholding on payments to foreign residents for entertainment, sport, construction or gaming junket activities.

Seasonal Worker Program

How to withhold tax for workers in the Seasonal Worker Programme (SWP) or Pacific Labour Scheme (PLS).

Employers of PALM scheme workers

If you have workers in the PALM scheme you need to be an approved employer, withhold tax and provide income statements.

Household employees

Householders may have to withhold tax from payments to

Performing artists contracted to perform promotional activity

How to withhold tax from payments to Australian performing artists contracted to perform in a promotional activity.

Religious practitioners

If your business pays a religious practitioner or religious institution for their services, tax may need to be withheld.

Natural resource payments

You must withhold tax from natural resource payments to foreign residents unless we tell you that you don't need to.

QC 27071

Foreign resident entertainment, sports, construction and gaming junket activities

PAYG withholding on payments to foreign residents for entertainment, sport, construction or gaming junket activities.

Last updated 25 September 2025

You need to withhold amounts when making payments to foreign residents for entertainment, sports, construction or gaming junket activities.

To get help from our specialist team, email sportent.majorevents@ato.gov.au

Entertainment or sports activities

You may need to withhold amounts from payments for entertainment or sports activities.

- Payments and fees
- Entertainment activities
- Sports activities
- Sporting and entertainment groups
- United States payees.

Payments and fees

Payments and fees include:

- appearance payments
- player of the series awards
- bonuses
- endorsement fees
- expense reimbursements
- match payments
- preparation fees
- sponsorship payments
- performance fees
- fees for public speaking or providing sports commentary
- non-cash benefits, including the dollar value of significant prizes received such as a motor vehicle or holiday.

Entertainment activities

Entertainment activities include those of a performing artist using intellectual, artistic, musical, physical or other personal skills, by performing or presenting to an audience. These include:

- acting
- giving a musical performance

- performing in a play, film, tape, disc, television or radio broadcast
- daily allowances or payments intended to cover costs of living while in Australia
- dancing
- speaking publicly
- taking part in a display
- undertaking a promotional or similar type of activity.

Film industry

If film industry activities are undertaken in Australia, foreign resident withholding is required from payments to:

- a foreign agent of an actor
- individual members of the cast or crew.

Actors usually have a tax liability, regardless of the period of employment in Australia.

Foreign resident withholding also applies to payments made by foreign entities to people carrying out film industry work in Australia – for example, when a foreign company pays people associated with filming in Australia. The foreign entity has all of the obligations of a payer.

Withholding for foreign resident performers at festivals

Foreign acts often perform at Australian arts festivals or similar events. Many of these foreign performers are paid fees that are equal to or less than their total costs associated with the performance.

Generally, withholding is required from amounts paid to foreign resident performers for providing entertainment in Australia. To help festival organisers in managing visits by foreign performers, we will vary some of the withholding obligations that would generally apply.

Varying the withholding rate

A variation of the withholding rate to nil will be granted where we are satisfied a performer or act will have either no, or little tax to pay in Australia.

If a fee paid to a foreign resident company to perform at a festival in Australia is $10,000 or less per touring party member (including

support staff), a variation to nil will usually be granted. When applying for a variation on this basis you should provide details of the nature of the costs to be paid by the performers. There is no need to provide a detailed budget for the visit.

In some instances, variations are granted where the foreign performer's fees exceed $10,000.

Each case is considered on its merits. Where fees exceed $10,000 per touring party member (including support staff), you, the payee or their agent will be required to provide a detailed budget for the individual act.

Find out about withholding from when a variation is requested.

Australian business number for foreign resident performers

Where a withholding variation to nil is granted, there is no requirement to apply for an Australian business number (ABN). The variation notice we issue will remove the requirement to withhold where the payee does not quote an ABN.

Sports activities

Sports activities may include:

- athletics
- team sports
- individual sports
- other activities (including motor or horse racing).

A member of a sporting team is considered to be an employee of that team. If you (as the body which controls the team) make payments to a team member for participation in sporting events in Australia, you need to apply foreign resident withholding at the rates which apply to employees.

If you make payments to foreign residents who are not employees, and other entities for taking part in sports activities in Australia, you may also need to withhold tax from their payment. This may include payments to:

- individual players (including individuals providing services through their own corporate identity)

- sporting teams
- foreign sporting boards
- support staff and crew (including coaches, trainers and sports psychologists).

Foreign resident withholding does not apply to activities undertaken as a recreational pursuit or hobby.

Sporting and entertainment groups

Payments for entertainment or sports activities subject to foreign resident withholding also apply to sporting and entertainment groups including sporting teams, theatre companies, orchestras and touring bands.

Amounts may also have to be withheld from payments to individual foreign residents who provide their services through their own businesses.

Support staff and crew

You must withhold amounts from payments made to the foreign resident support staff and crew of foreign residents involved in sporting or entertainment activities unless they:

- are residents, for tax purposes, of a country with which Australia has an international tax agreement
- reside in Australia for no more than 183 days (6 months) in the financial year.

Entertainment support staff can include:

- directors
- producers
- photographers
- designers
- editors
- hairdressers
- choreographers
- bodyguards.

Sports support staff can include:

- coaches
- doctors
- personal trainers
- physiotherapists
- sports psychologists.

United States payees

You don’t need to withhold from payments made to an entertainer or sportsperson who is a resident of the United States if his or her gross income from working in Australia is less than US$10,000 in a financial year.

Construction and related activities

Construction works include the construction, installation and upgrading of buildings, plant and fixtures, and may include:

- dams
- mine site development
- natural resource infrastructure
- pipeline works
- railway or road works
- residential building
- resort development.

Related activities such as commissioning of infrastructure, training and support of personnel to operate infrastructure and supervision during the initial phase of operation are also included. For example:

- administration
- assembly
- design
- commissioning and operation of facilities

- engineering
- costing
- fabrication
- installation
- supervision and provision of personnel
- supply of plant and equipment.

Gaming junket activities

Businesses that arrange for foreign gamblers to come to Australia for the purpose of gaming at casinos are known as gaming junket tour operators (JTO). You may make payments to them in the form of:

- monetary payments
- incentives (flights, accommodation, food and beverage)
- non-cash benefits as a reward for bringing people to a casino to gamble.

Services provided by JTOs include:

- contracting with casinos and players
- recording player gambling statistics
- local funds management
- casino settlement and liaison
- repatriation of funds
- credit and debt management
- providing customer liaison services (including translating or interpreting).

Making payments to an agent

If you have to make payments to an agent on behalf of a foreign resident, you should withhold from payments as though the payment were made directly to the foreign resident – regardless of whether the agent is a resident in Australia.

If an agent receives a payment subject to foreign resident withholding on behalf of an overseas resident and an amount has not already been withheld from that payment by the payer, the agent must then withhold from the payment.

How much to withhold

The amount you withhold depends on:

- the type of activity undertaken
- whether the worker is an employee or not
- whether an ABN is provided or not.

For more information see:

- Withholding from entertainment or sports activities
- Withholding from construction and related activities
- Withholding from gaming junket activities
- Withholding when no ABN is supplied
- Withholding from when a variation is requested.

Withholding from entertainment or sports activities

If the payee is:

- a foreign resident company (ABN supplied), you should withhold at the company tax rate
- an individual foreign resident, you should withhold at the individual foreign resident income tax rate.

Film industry

Where the payment is to an individual foreign resident, you withhold at an average tax rate calculated on the total payment amount for the financial year.

Example: foreign resident actor

Christian is an individual foreign resident actor. As outlined in his contract, he will receive five payments over the Australian

income year, ending 30 June 2017, from his home country film company. These payments are for his personal performances while filming in Australia. The amounts are:

- $25,000
- $30,000
- $50,000
- $40,000
- $25,000.

The company adds the payments together to give the total amount that will be paid in that income year. It then applies the rates for non-resident individuals to determine the tax payable for the financial year:

Step 1 – Total payments for the financial year

$25,000 + $30,000 + $50,000 + $40,000 + 25,000 = **$170,000**

Step 2 – Amount to be withheld from $170,000

$28,275 + ($83,000 × 0.37) = **$58,985**

Step 3 – Average tax rate

To calculate the average tax rate, the company will need to divide the answer at Step **2** by the answer at Step **1**, and multiply by 100:

($58,985 ÷ $170,000) × 100 = **34.7%**

So, the rate the company would withhold on each of the 5 payments by the film company is the average rate of 34.7%.

- $25,000 × 0.347 = **$8,675**
- $30,000 × 0.347 = **$10,410**
- $50,000 × 0.347 = **$17,350**
- $40,000 × 0.347 = **$13,880**
- $25,000 × 0.347 = **$8,675**

Total amount withheld is **$58,990**.

Withholding from construction and related activities

For foreign residents you should withhold 5% of the total payment.

Withholding from gaming junket activities

For foreign resident businesses or individuals you should withhold 3% of the total payment.

The JTO is often entitled to have an Australian business number (ABN). If they are entitled to one but don't provide it, a Statement by supplier should not be used in its place.

Withholding when no ABN is supplied

If you have to withhold tax from a foreign resident involved in any of these activities, and they don't supply you with an ABN, you will need to withhold from payments at the top tax rate.

The withholding requirements where an ABN is not quoted takes precedence over the foreign resident withholding requirements. If you have withheld because an ABN was not quoted, you do not also withhold under foreign resident withholding rules.

Withholding from when a variation is requested

The withholding amount could be different if the payee requests a variation.

QC 17608

Seasonal Worker Programme and Pacific Labour Scheme

How to withhold tax for workers in the Seasonal Worker Programme (SWP) or Pacific Labour Scheme (PLS).

Last updated 11 June 2025

Transition to the Pacific Australia Labour Mobility scheme

The SWP, which started on 1 July 2012, and the PLS,, which started on 1 July 2018 are complementary schemes and apply to existing workers employed before 4 April 2022.

From July 2023, the SWP and the PLS have been consolidated under the Pacific Australia Labour Mobility (PALM) scheme. This scheme applies to new workers employed from that date. It is administered by the Department of Employment and Workplace Relations and the Department of Foreign Affairs and Trade. If you employ these workers, see Employers of PALM scheme workers.

The arrangements for existing workers employed under the SWP or PLS will continue to apply. If you employ these workers, use the information on this page.

Seasonal Worker Programme

If you have workers in the SWP, you must withhold tax at a flat rate of 15% on all payments made to them.

Workers under the SWP are non-residents of Australia for tax purposes. They may become a resident for tax purposes if they stay in Australia after they finish working on the program.

These workers are protected by Australian workplace laws, in the same way as Australian workers.

Pacific Labour Scheme

If you have PLS workers, you need to withhold tax at resident rates using regular tax tables.

PLS workers are considered to be Australian residents for tax purposes. They are protected by Australian workplace laws, in the same way as Australian workers.

Seasonal Worker Programme and visa class changes

Seasonal workers can continue to be taxed at the concessional rate of 15% even where their visa class changed due to COVID-19, and they:

- participated in the SWP on a subclass 403 visa
- continue to participate in the SWP on a different temporary visa (for example, subclass 408 visa) on or after 24 March 2020.

Reporting

Every time you pay SWP and PLS workers, you must report the amounts you pay and the tax you withhold using Single Touch Payroll (STP). At the end of each financial year, you will need to finalise your reporting through STP along with your reporting for all other employees (see End-of-year finalisation through STP).

If you have an exemption from STP reporting, at the end of each financial year you must provide payment summaries to seasonal and PLS workers. You will also need to include copies of these payment summaries – along with any other you have issued – when you lodge your pay as you go (PAYG) withholding payment summary annual report (see Annual reporting).

SWP workers are not required to lodge tax returns unless they have other Australian income outside of the program. Seasonal workers should not include their income from the SWP in their tax returns.

PLS workers are required to lodge tax returns and must include other income earned in Australia and outside of Australia.

Excess withholding tax from a SWP worker

If you realise you mistakenly withheld too much tax from a SWP worker within the same financial year, you can refund the tax to them.

If you have already paid the tax withheld amount to us and lodged an activity statement, you should revise your activity statement to receive a refund for the amounts incorrectly withheld and paid.

If you find out about the mistake after the end of the financial year, the worker must request a refund of the excess withholding tax from us. See Refund of excess withholding tax for a foreign resident PALM).

QC 25161

Employers of Pacific Australia Labour Mobility scheme workers

If you have workers in the PALM scheme you need to be an approved employer, withhold tax and provide income statements.

Last updated 24 April 2024

SWP and PLS consolidation

From July 2023 the Seasonal Worker Programme (SWP) and the Pacific Labour Scheme (PLS) have been consolidated under the Pacific Australia Labour Mobility (PALM) scheme.

While the PALM scheme consolidates the SWP and PLS, some of your workers might remain on these schemes for the duration of their visa.

You can continue to apply the SWP or PLS rules to workers who were issued their visa prior to 4 April 2022.

You can check your worker's visa status using the Visa Entitlement Verification Online system.

PALM scheme approved employer

You can apply to be a PALM scheme approved employer under the PALM scheme by going through the assessment process.

Tax file number

Once PALM scheme workers have entered Australia, they can apply for a tax file number (TFN) using their passport and visa details. They will need to provide you with their TFN. Their TFN can also be given to their super fund.

Withholding rate

If you are a PALM scheme approved employer, you must withhold tax at a flat rate of 15% on all payments made to PALM scheme workers who are foreign residents for tax purposes.

If you're not a PALM scheme approved employer, you must withhold tax at foreign resident rates for workers who are foreign residents for tax purposes. Your employee will need to lodge a tax return.

You should use our tax tables under 'Regular payments' to work out how much to withhold from payments you make to PALM scheme workers who are Australian residents for tax purposes.

Reporting

You must provide payment summaries (or income statements if reporting under Single Touch Payroll (STP)) to PALM scheme workers if you have withheld tax from payments. Foreign resident PALM scheme workers employed by a PALM scheme approved employer are not required to lodge tax returns unless they earn other Australian income outside of the program. They should not include their income from the PALM scheme in their tax returns.

At the end of each financial year, you will need to include these payment summaries, and any others that you have issued, when you lodge your pay as you go (PAYG) withholding payment summary annual report.

If you report under STP, the income statements for PALM scheme workers will need to be included along with all your other employees.

QC 69195

Household employees

Householders may have to withhold tax from payments to household employees such as nannies, gardeners or housekeepers.

Last updated 11 June 2025

You may need to withhold tax from payments you make to household employees for providing domestic services. This includes nannies,

carers, cleaners, gardeners, housekeepers or support workers directly employed by participants in the National Disability Insurance Scheme (NDIS).

Employee or contractor

Work out if your worker is an employee or contractor for tax and super purposes.

You do not need to withhold amounts if you pay a third party, such as a nanny agency, which provides and pays your household workers.

Register for PAYG withholding

If your workers are employees, you must apply to register for PAYG withholding before you make a payment to them.

You **don't** need an Australian Business Number (ABN) if you are only employing household employees for providing domestic services. Instead, we will issued you a withholding payer number (WPN).

Tax file number (TFN) and withholding declarations

Each household employee should complete a Tax file number declaration. This form will give you information to help you work out how much to withhold from your employees' payments.

An employee may also complete a Withholding declaration to tell you what adjustments to make to the standard amount of tax you withhold from their payment.

Amount to withhold

To work out the correct tax amount to withhold from payments you make to employees, use the information employees have given you in their TFN declaration form and withholding declaration form (if applicable).

You can then use the appropriate rates from the Tax tables to work out the PAYG withholding using the Tax withheld calculator.

Super requirements

You may be required to pay super guarantee contributions for your household workers.

Reporting and paying withheld amounts

Once you're registered for PAYG withholding, we'll send you an activity statement, usually on a quarterly basis, that you will need to complete and return to us.

Additionally, you will also need to:

- pay us the amounts withheld from your employees' payments
- provide your employees with a payment summary
- send us a completed annual report after the end of each financial year.

QC 16430

Performing artists contracted to perform promotional activity

How to withhold tax from payments to Australian performing artists contracted to perform in a promotional activity.

Last updated 11 June 2025

When to withhold tax

You may have to withhold an amount of tax from payments to performing artists who are Australian residents contracted to perform in a promotional activity.

You must withhold an amount from payments to performing artists who are both:

- Australian residents

- engaged under a contract to perform in a promotional activity that is
  - conducted for an audience
  - intended to be communicated to an audience by print, electronic or social media
  - for a film or tape
  - for a television or radio broadcast.

The requirement to withhold from performing artists only applies to payments made to individuals, including sole traders.

Performing artists

A performing artist is:

- a singer
- a dancer
- an actor (including extras)
- a model
- a musician or comedian, providing that they are endorsing or promoting goods or services, or appear in an advertisement
- an individual who is no longer an active sportsperson but is engaged in promotional activities because of their sporting reputation
- a similar individual who is engaged to use his or her intellectual, artistic, musical, physical or other personal skills.

It should be noted a music group or band is usually a partnership for income tax purposes.

Performing artists are not:

- individuals engaged primarily because they are well known as currently active sportspersons
- make-up artists, stylists and photographers who may help produce the promotional activity but are not regarded as performing

- musicians and comedians who are performing but not endorsing or promoting goods.

Promotional activity

A promotional activity is where a person:

- endorses or promotes goods or services
- appears or participates in an advertisement.

Promotional activities are communicated through:

- free-to-air and pay television (for example, infomercials and home shopping)
- the internet
- social media
- cinema
- outdoor advertising, such as billboards and television
- brochures
- digital media
- radio
- print media
- corporate videos
- 'in house' DVDs (if promoting goods and services)
- sponsorship or personal appearances
- point-of-sale material.

Example 1: Former sportsperson acting as a performing artist

ABC Advertising Pty Ltd contracts with Zacharie, a gold medallist sprinter who has retired from major sporting competitions but still competes in some local events.

> ABC Advertising Pty Ltd has contracted with Zacharie because of his reputation, rather than because he is an active sportsperson. Because Zacharie is not engaged primarily because he is a sportsperson he is considered to be engaged in promotional activities as a performing artist. Therefore, ABC Advertising Pty Ltd must withhold an amount from any payment made to Zacharie.

Other payments for promotional activities The following payments are also considered promotional activities and are subject to PAYG withholding:

- **Rollover payments** – these payments are sometimes paid to performing artists where a producer wishes to use a promotional activity longer than originally contracted. You will need to withhold from the payment regardless of when the rollover payment is made.
- **Payments for auditions and voiceover subs** – you must withhold tax from payments to the successful applicant. You do not withhold from payments to
  - unsuccessful applicants, as they have not participated in the final promotional activity
  - individuals who assist in the audition process, such as someone who reads a part to interact with the person auditioning. Their role is additional to the promotional activity, rather than central to it.
- **Payments for wardrobe calls** – you must withhold from payments for wardrobe calls made to a performing artist who has been engaged to perform in a promotional activity if the payments are made under a contract with the performing artist.

Withholding requirements

Unless there is a specific exception, payers need to:

- withhold 20% from all payments made to performing artists
- send the withheld amounts to us with any other withholding amounts.

Exceptions to this include if:

- the individual has not provided you with a TFN declaration
- the individual is under 18 years old
- you have received a notice from us to vary the amount to withhold.

The individual has not provided you with a TFN declaration

If the individual has not provided the payer with a TFN declaration, they will be required to withhold 47% from payments made to resident payees.

The individual is under 18 years old

The amount payers need to withhold from payments to a performing artist performing in a promotional activity will be varied to nil if the following 3 conditions are satisfied:

- the individual is under 18 years of age
- the individual has not provided you with a TFN declaration
- the amounts you pay to the individual do not exceed:
  - $350 where you pay the individual weekly
  - $700 where you pay the individual fortnightly
  - $1,517 where you pay the individual monthly.

Note: If you are making a single (one off) payment to the performing artist, apply the monthly threshold.

Payers will need to withhold 20% from all payments to a performing artist providing:

- the individual is under 18 years and payments exceed the above thresholds
- the individual has given the payer a completed TFN declaration.

Although payers do not need to withhold anything if the transaction satisfied the conditions outlined above, they still need to issue a payment summary to the individual and include the transaction on their PAYG annual report.

Otherwise, payers must withhold 47% from the payment for resident payees.

The individual has a downwards or upward variation in place

If we have granted the individual a variation to a rate less than 20%, the payer should:

- withhold at this rate for the period specified within the variation notice or until otherwise notified
- be provided with a copy of the official ATO variation notice by the individual.

The payer should withhold at a rate higher than 20% providing:

- the individual has completed a Withholding declaration
- the individual has requested an upwards variation
- both the payer and the individual agree.

Note: The payer must withhold at this higher amount for payments made from the date specified in the declaration.

The payer has a class variation in place

If the payer has had a class variation approved by us to withhold an amount from payments they make to performing artists at a rate of less than 20%, they should withhold at this rate from payments covered by the variation.

The performing artist's agent may withhold

If a performing artist is contracted to an agency, PAYG withholding and superannuation obligations are managed by that agency. You will simply make payment to the agent for the services of the performing artist.

If the performing artist has entered into a contract with you, the legal obligations relating to PAYG withholding and super contributions rests with you. However, if you and the performer's agent agree, the agent may carry out these functions on your behalf.

Whoever has the contract with the performer is responsible for meeting all withholding, superannuation and reporting obligations.

See SGR 2005/2 *Work arranged by intermediaries* for more information.

Reporting to us

You still need to report to us when engaging a performing artist as an individual.

You will still need to:

- obtain completed TFN declarations
- provide payment summaries
- complete activity statements
- complete annual reporting.

TFN declarations

A TFN declaration will need to be completed by a performing artist every time they enter into a contract to perform in a promotional activity. This will need to be done at the start of a relationship with each payer, before any payments are made.

A TFN declaration is valid for 12 months from the last payment made to the performing artist. If a performing artist enters into numerous contracts in a financial year with one payer, the performing artist only needs to complete one TFN declaration for that payer.

Providing payment summaries

You are required to provide each performing artist with a PAYG payment summary – business and personal services income form (NAT 72545). If you do not contract with the performing artist on a regular basis, you may choose to issue a part year payment summary at the time you make the payment rather than at the end of the income year.

Goods and services tax

A performing artist can only be registered for goods and services tax (GST) if they are conducting an enterprise. If a payment made to an artist is subject to withholding, the activity is not conducted as part of an enterprise.

No GST applies to payments subject to PAYG withholding. No input tax credits are available to an artist for GST incurred in connection with earning payments subject to PAYG withholding.

QC 16528

Religious practitioners

If your business pays a religious practitioner or religious institution for their services, tax may need to be withheld.

Last updated 11 June 2025

If your business pays a religious practitioner or religious institution for services they provide, tax may need to be withheld.

You may need to withhold tax from payments you make to a religious practitioner for services they perform:

- in pursuit of their vocation as a religious practitioner
- as a member of a religious institution.

Payments may include those you have made in the course or furtherance of any of your enterprises.

Definitions

A **religious practitioner** is a:

- minister of religion
- student at an institution who is undertaking a course of instruction in the duties of a minister of religion
- full-time member of a religious order
- student at a college conducted solely for training people to become members of religious orders.

A **religious institution** is a not-for-profit body that promotes religious purpose. The beliefs and practices of the members of that body constitute a religion.

Generally, private schools, private universities and residential colleges will not be considered religious institutions. However, Bible colleges,

seminaries and theological colleges may come within the definition of a religious institution.

For more information, see TR 2019/3: *Fringe benefits tax: benefits provided to religious practitioners*.

Types of payments

The type of payment will determine whether withholding is varied to nil.

Religious institution payments

These include payments made from a religious institution to a religious practitioner or another religious institution.

Locum services

If a religious institution pays a religious practitioner for providing locum services, the amount to withhold will depend on the number of days the service has been provided in a quarter.

A quarter is defined as a period of 3 months ending 31 March, 30 June, 30 September or 31 December.

Table: PAYG withholding for locum services payments

If a religious practitioner is engaged for:	The religious institution must withhold:
2 days or less in a quarter	Nil
2 days initially and then for a further period in the same quarter	Nil from the payment for the initial 2 days. Subsequent payments will be subject to withholding according to the tax tables.
More than 2 days continuous in the quarter	An amount from the whole payment according to the tax tables.

You still need to:

- issue payment summaries for these payments

- include details of the payments and any amounts withheld, including a nil amount, in your PAYG withholding payment summary annual report.

Example 1: locum payments

The minister of a church is on 8 weeks annual leave from 1 October 2013. The church engages 3 different religious practitioners to provide locum services:

- John is engaged for the first 2 Sundays
- Hilary is engaged for the next 2 Sundays
- Luke is engaged for the remaining 4 Sundays.

The church will not be required to withhold any amounts from payments made to John or Hilary, as the periods of engagement are not greater than 2 days in the quarter. Payments made to Luke will be subject to withholding.

The church will need to issue payment summaries to John, Hilary and Luke, showing the total amount of the payment and the amount withheld, including a nil amount.

Services performed by a different religious institution

If a religious institution makes payments for services performed by another religious institution, tax will not need to be withheld, provided the institution has quoted its ABN, or has an exemption from doing so.

However, in some instances GST may be applicable.

Non-religious institution payments

PAYG withholding from payments made by a non-religious institution for work or services performed by a religious practitioner (except for chaplaincy or counselling services) is nil.

This may include payments made to a religious practitioner by a:

- funeral director for the provision of funeral services
- wedding broker for a wedding.

If the religious practitioner performs chaplaincy or counselling services, tax will need to be withheld if the payment exceeds the following amounts:

- **On or before 30 June 2016**
  - $100, if paid weekly
  - $200, if paid fortnightly
  - $433, if paid monthly.
- **After 30 June 2016**
  - $150, if paid weekly
  - $300, if paid fortnightly
  - $650, if paid monthly.

Allowances

Allowances are separately identified payments made to a religious practitioner for:

- qualifications or special duties, for example first aid certificate or safety officer
- expenses they can't claim as a tax deduction, for example normal travel between home and work
- expenses that may be able to be claimed as a tax deduction by the religious practitioner, for example travel between services at two locations.

For more information, see:

- Calculating amount to withhold
- Paying and reporting withheld amounts

QC 16629

Natural resource payments

You must withhold tax from natural resource payments to foreign residents unless we tell you that you don't need to.

Last updated 11 June 2025

What is a natural resource payment?

A natural resource payment is:

- based wholly or partly on the value or quantity of a natural resource produced or recovered in Australia
- made to a foreign resident.

We can provide you with tailored technical assistance if you are not sure:

- whether a payment is a natural resource payment
- if there is an obligation to withhold an amount from the payment.

Example 1: Natural resource payment

A Malaysian geologist discovers an ore deposit in Western Australia. They are paid, by a mining company, $5 for every tonne produced from that ore deposit. The amount paid by the mining company is a natural resource payment.

Rate of withholding

You must withhold an amount from a natural resource payment unless you are notified otherwise by us.

Before making a natural resource payment, you must write to us to ask what amount you should withhold. When writing to us, include the following information:

- your name as the payer
- all payee names
- each payee's country of residence

- the amount of the natural resource payments expected to be made annually.

Send all requests to:

Australian Taxation Office
Locked Bag 50
PENRITH NSW 2740

Generally, we will:

- provide a certificate advising the withholding rate that must be applied to all payments
- notify you of any changes to the withholding rate.

Reporting and paying

Once you have commenced withholding from a natural resource payment, you will need to:

- pay those amounts to us
- report the payment and withholding amounts to both us and the payee.

Annual obligations

At the end of the financial year, you must:

- provide a payment summary to each of your payees
- lodge a payment summary annual report.

Payment summary

Any 'free format' payment summary, receipt or remittance advice is acceptable but it must include **all** of the following information:

- the title 'PAYG withholding from natural resource payments to foreign residents – payment summary'
- period covered – for example, 'Payment summary for the period 01/07/2016 – 30/06/2017'
- your business name (as it appears on your activity statement) and Australian business number (ABN)

- the name, overseas address, Australian tax file number (TFN) and ABN of your payee – if known
- the total gross amount paid and total amount withheld (in whole Australian dollars)
- the wording 'To be retained by the payee for tax purposes'
- the name of your contact person and their phone contact details
- the name of your authorised signing officer
- the wording 'For information about your privacy, go to ato.gov.au/privacy'

If you know the payee's TFN, you must also include the following statement:
The Taxation Administration Act 1953 authorises your payer to ask you to provide your tax file number (TFN). While it is not compulsory to provide your TFN to your payer, they may have withheld at a higher rate if you did not. We will use your TFN to identify you in our records.

You should send copies of these payment summaries to us.

Annual report

Your annual report must be lodged with us by 31 October each year.

It must be in the format of a letter containing the following information:

- the title 'PAYG withholding annual report – natural resource payments to foreign residents'
- the financial year
- your business name and ABN
- the total gross payments made and total amounts withheld for all your foreign resident payees (in whole Australian dollars)
- the name, overseas address, Australian TFN and ABN of each payee – if known
- the total gross amount paid and total amount withheld (in whole Australian dollars) for each payee
- the name of your contact person and their phone contact details
- the name of your authorised signing officer

- the wording 'For information about your privacy, go to ato.gov.au/privacy'

Send your annual report to:

Australian Taxation Office
Locked Bag 50
PENRITH NSW 2740

For more information about the privacy of the information reported, see Privacy notice – Natural resource payments.

QC 37343

Payments to contractors under a voluntary agreement

Independent contractors must meet their own tax obligations unless you enter into a voluntary agreement to withhold tax.

Last updated 11 June 2025

Overview of payments made to independent contractors

Usually, you don't have to withhold amounts for payments you make to independent contractors. However, you and a contract worker (payee) can enter into a voluntary agreement to withhold an amount of tax from each payment you make to them. It is a good way to help independent contractors meet their tax obligations.

Voluntary agreements **can't** be used where the payment is already covered by another PAYG withholding category, such as payments to employees or under labour hire arrangements.

A voluntary agreement can cover a specific task or apply to successive arrangements between you and the worker.

Either you or the contractor can end a voluntary agreement at any time by notifying the other in writing.

How to make a voluntary agreement

Use the Voluntary agreement for PAYG withholding form to make an agreement with a worker.

Alternatively, you can use any form of written agreement, including electronic, as long as all the information contained in the form is included. In addition, you need to include statements that:

- the payments made under the arrangement are subject to a voluntary agreement under section 12-55 of Schedule 1, Part 2-5 of the *Taxation Administration Act 1953*
- specify whether you are entitled to a full GST credit or not.

If an electronic agreement is used (for example, an email), you must have adequate computer system controls in place to ensure the security and accuracy of the agreement.

You don't need to send a copy of the voluntary agreement to us, however you and the worker should each keep a copy for your records for 5 years after the last payment is made under the agreement.

How much to withhold

The amount you must withhold under a voluntary agreement is either:

- the contractor's PAYG instalment rate, called the Commissioner's instalment rate (CIR), as notified by us
- a flat rate of 20% (if the instalment rate is not known or is less than 20%).

The payee is advised of their CIR after the lodgment of their most recent income tax return. They must disclose it to you or state that they don't have one.

To work out how much to withhold, you:

1. subtract any goods and services tax (GST) charged from the invoiced amount payable
2. multiply the result by the withholding rate specified in the voluntary agreement.

How long the voluntary agreement lasts

A voluntary agreement can cover a specific task or apply to successive arrangements between you and the payee.

When the payee is first advised of their CIR, or advised of a new CIR, you may need to enter into a new agreement after considering the withholding rate.

You and the payee can each end a voluntary agreement at any time by notifying the other party in writing. We do not need to be notified of the cancellation of the agreement or any changes made to the voluntary agreement.

GST

If a payee is not registered for GST, they:

- can't include GST in the price of the goods or services they supply
- aren't entitled to GST credits.

However, if the payee is registered for GST, they can claim GST credits for any GST paid on items they buy and use in performing the work under the voluntary agreement.

The payee can only charge GST on any goods or services they supply under a voluntary agreement if the payer isn't entitled to a full GST credit. If the payer is normally entitled to a full GST credit, the payee can't charge GST.

Example: Payer entitled to full GST credit

Tony is a self-employed bricklayer, registered for GST. He wins a contract with Housebuilders Inc. to complete all of the bricklaying for them for their current property development. Tony and Housebuilders Inc. agree to enter into a voluntary agreement so that Housebuilders Inc. withholds amounts from Tony's payments.

As Housebuilders Inc. is entitled to a full GST credit, Tony:

- can't include GST in the price he charges for the bricklaying services

- can claim GST credits for any GST paid on goods or services he buys or uses in performing the work.

Example: Payer not entitled to full GST credit

Jim runs a computer programming business and contracts with Big Bank Inc. to help develop an internet banking program. Jim and Big Bank Inc. agree to enter into a voluntary agreement so that Big Bank Inc. withholds amounts from Jim's payments.

As Big Bank Inc. makes financial supplies it is not entitled to claim GST credits for the things it buys, including Jim's services, that relate to the supply of financial services.

Because Jim is registered for GST he:

- must include GST in the price he charges Big Bank Inc
- can claim GST credits for any GST paid on goods or services he buys or uses in performing the work.

QC 27073

Labour-hire firms and their workers

Labour-hire firms must withhold tax from payments to both employees and independent contractors.

Last updated 11 June 2025

About labour-hire firms

You operate a labour-hire firm if:

- you arrange for workers to perform work or services directly for clients
- the client pays you for this service

- you pay the worker for the performed work or services provided to the client
- the worker is not an employee of the client
- you may or may not employ the worker.

Labour-hire can be called different names, including:

- on-hire
- employment agent/agency
- contract management
- recruitment services
- group training organisations (where your business is referred to as the host employer).

Regardless of how the activity is described, if you supply workers to another business or individual, you must withhold from payments you make to individual workers.

Amount to withhold

It is important to remember that you need to withhold tax from individual workers under a labour-hire arrangement whether they are an employee or independent contractor.

All your workers need to provide you with their tax file number (TFN), regardless of whether they also have an Australian business number (ABN) or an instalment rate to vary the rate of tax.

You can use our tax calculator or tax tables to work out how much to withhold, which will depend on whether your worker provides you with their TFN. Any requests from your worker to vary the withholding rate will need to be lodged with us.

Withholding provisions for payment types

There are priority rules for working out which withholding provisions you apply to a certain payment:

- Payments for work or services (for example, payment of salary or wages to an employee) will take priority over payments under a labour-hire arrangement.

- Retirement payments, employment termination payments (ETPs) or annuities will take priority over payments under a labour-hire arrangement.
- Payments under a labour-hire arrangement will take priority over payments under a voluntary withholding agreement.

Employee or independent contractor

You must withhold an amount from payments made to individual workers who perform work or services directly for your clients, regardless of whether the individual worker is an:

- employee
- independent contractor.

To determine the correct classification of your worker for tax and super purposes, we have provided some helpful information on our Employee or independent contractor page.

If you withhold from withholding payments, you must:

- provide payment summaries to workers
- lodge annual withholding reports to us.

Employees

If your worker is an employee, you must withhold tax from salary and wages payments, and pay the withheld amounts to us.

Independent contractor

If your worker is an independent contractor, you withhold tax from payments if your business wholly or partially involves arranging people to perform work or services for your clients.

Workers who are independent contractors:

- don't need to quote an ABN
- are not entitled to register for GST as they do not meet the definition of enterprise.

You do **not** report the payments you made to independent contractors in the Taxable payments annual report.

Example: labour-hire arrangement subject to withholding

Staffprovider Ltd keeps a database of skilled people willing to provide their services to third parties. Corporate Pty Ltd asks Staffprovider for a computer programmer. Staffprovider contracts Jane to provide her services to Corporate.

Staffprovider contracts Corporate to provide programming staff (Jane).

There is no contract between Jane and Corporate. Staffprovider pays and withholds tax from Jane's payments for her services to Corporate.

Example: activities incidental to your other business activities not subject to withholding

A solicitor arranging for a barrister to perform work for the solicitor's client would be incidental to the solicitor's other business activities. Withholding would not be required in relation to the payments the solicitor makes to the barrister.

Example: payments by a primary contractor to a subcontractor not subject to withholding under the labour-hire provisions

Paul is a builder and contracts with Susan to build her a house. Paul has contracted to perform the work for Susan and to produce a finished house – he has not contracted to provide her with the services or the labour of others.

Paul subcontracts Bruce to do the plumbing work on Susan's house.

No withholding is required unless Bruce doesn't provide an ABN.

It's not a labour-hire arrangement as Paul has contracted to do the work for Susan, not just to provide her with the services or labour of others.

Worker contracts through an interposed entity

An interposed entity is a third-party (individual, company, partnership or trust) that contracts with the labour-hire firm on behalf of the

worker.

If your work contracts through a third-party, you don't need to withhold tax, unless they don't quote an ABN on an invoice or other documents relating to the supply of work or service.

If the interposed entity is registered for GST, they will charge GST on taxable supplies made to you.

Voluntary agreements

Workers aren't able to enter into voluntary agreements when working under labour-hire arrangements. Withholding under voluntary agreements only applies if there are no withholding provisions.

Personal services income

Personal services income (PSI) rules do not affect your obligation to withhold from payments to individual workers. However, they do affect how a worker reports their income in their own tax returns and the deductions they can claim.

QC 27074

Compensation, sickness and accident payments

You may need to withhold tax from compensation, sickness or accident payments you make to an individual.

Last updated 11 June 2025

You need to withhold when you make a compensation, sickness or accident payment to an individual if it is **both**:

- made because of that individual's or another person's incapacity for paid work
- calculated at a periodical rate.

Withholding does not apply to payments made by an insurer to the owner of a relevant policy.

When withholding applies

Withholding applies if, for example:

- weekly compensation payments are made by you to an injured employee
- weekly payments are made by you to the spouse of an injured employee
- a lump sum payment is made by you or your insurer, covering an employee for 4 weeks absence from work at the legislated or insured rate, calculated on a per week basis
- weekly compensation payments are made by an insurer to an injured worker made under a policy held by you
- weekly payments are made to cover loss of earnings for a worker who is unable to attend work due to injuries suffered in a local cricket match, when the amount is paid directly by the worker's cricket club or by an insurer under a policy held by the club.

When withholding doesn't apply

Withholding doesn't apply if, for example:

- a lump sum compensation payment is made by you or an insurer for pain and suffering
- a lump sum compensation payment is made by you or an insurer following the death of an employee
- weekly compensation payments are made by an insurer to an injured self-employed worker, made under a policy held by that worker.

Working out the withholding amount

You can use our online tax withheld calculator or tax tables to work out how much to withhold. If you are making any payments arrears or back pay, tax will also need to be withheld.

QC 50695

Workplace giving programs

How to set up a workplace giving program and ask your employees to participate to donate to charities or organisations.

Last updated 11 June 2025

About workplace giving programs

As an employer you can set up a workplace giving program and ask your employees if they want to participate. It's an effective way for employees to regularly donate to charities or organisations. Both you and the employee must agree to participate.

Workplace giving is an optional, simple and effective way for employees to regularly donate to charities or organisations that are entitled to receive tax deductible donations.

Employee workplace giving information is subject to privacy laws. You cannot release information to participating charities without the express written permission of each employee.

An employee who donates on a regular basis you estimate the tax benefit they will receive.

Selecting charities or organisations

If you decide to start a workplace giving program, you will need to select the charities you want involved in your program – you can choose one or several charities.

To participate in the program, each charity or organisation (such as a library or university) must have deductible gift recipient (DGR) status. If you know the charity's Australian business number (ABN), you can check its DGR status by:

- visiting the Australian Business Register website
- phoning our Non-profit organisations area.

If the charity or organisation has DGR status, you can invite them to participate in your workplace giving program and ask them for account deposit details so you can make lump sum deposits.

Employee participation

To find out if your employees want to participate, provide them with advice on:

- the list of the charities you have selected to be involved in your workplace giving program
- whether there will be a minimum donation amount per pay for each participating employee
- whether you will reduce the amount of tax you withhold from the participating employees' salaries to account for the amount donated each pay. Small donations will result in no or little change to the amount of tax to be withheld.

Employees who would like to participate then need to provide you with details of how much they will donate each pay and which charities they would like to donate to (from those you have selected).

You can start deducting the agreed donation amount from the income you pay to each participating employee and forward it to the relevant charity as a lump sum.

The workplace giving program does not affect the way your employees' gross income, super guarantee payments or fringe benefits are worked out.

Keep your employees informed

You will need to keep records of the amount donated on behalf of each employee and advise them in writing of the total amount donated at the end of the financial year. You can notify them by a letter or email or through their payment summary.

Letter or email

If you choose to provide this information to your employees in a letter or email, it must include:

- your name and ABN
- the employee's name
- the total amount donated for the year
- that the amount was donated to a charity
- the financial year in which the donation was made.

Payment summary

You may choose to provide the information in the employees' payment summaries.

ATO payment summaries have a 'Workplace giving' section where you can include the total amount of donations for the year.

Self-print payment summaries will need a new line of text in the deductions and to include 'Workplace giving' and the total amount of donations for the year. See PAYG payment summaries – forms and guidelines for more information.

There is no need to list each charity.

When your employees complete their tax returns

Your employees' individual tax returns are not affected by workplace giving.

Donations made under a workplace giving arrangement and donations made direct to charities are reported in the same way on the tax return (see Income and deductions for individuals). This is regardless of whether you reduced the amount of withholding or not.

Working out withholding

The way you work out withholding for donations depends on whether the donations are regular or an occasional donation.

Regular donations

When you set up a workplace giving program, you need to decide whether or not to reduce the amount of tax you withhold from the

salaries of your participating employees to account for the amount donated each pay.

To work out the reduced amount of tax to withhold from participating employees who make regular donations, you reduce the gross earnings by the total donation amount and use this reduced earnings figure to calculate the amount to withhold.

In some circumstances, small donation amounts will result in no or minimal change to the amount of tax to be withheld.

Using a software payroll package

If you use a software payroll package, you will need to check whether it is able to calculate these deductions automatically for each pay period.

If your payroll software can't reduce the amount of tax withheld each pay period, you can still set up a workplace giving program but will not be able to reduce the withholding tax; each participating employee will be able to claim a deduction when lodging their tax return at the end of the income year (see Income and deductions for individuals).

Occasional donations

You can vary the amount of tax you withhold from the salary of an employee who makes donations to a charity under an occasional workplace giving arrangement.

This variation should be used when donations are not made under a regular planned arrangement, for example:

- a one-off donation of $250 to Make a Wish Foundation in March
- a one-off donation of $500 to Cancer Foundation in May.

Employees receive the tax benefit of the donation at the time they make the donation, instead of waiting until the end of the financial year when lodging their tax return.

Working out withholding for occasional donations

To work out the amount of tax to withhold when occasional payroll donations are made:

1. Calculate the amount of withholding required from the employee's gross earnings for the relevant pay period (before deducting the donation).

2. Multiply the amount of the donation by 0.32, and then subtract from the withholding figure calculated at (1).

If the resulting withholding amount is zero or negative, there is no amount to withhold.

For more information, see our:

- Tax withheld calculator
- Tax tables

QC 17036

Withholding from investment income

Amounts must be withheld from investment income if a tax file number or Australian business number has not been quoted.

Last updated 17 September 2026

When withholding is required

Withholding is required from investment income if the investor has **not**:

- quoted a tax file number (TFN) or Australian business number (ABN) before the payment became payable, including if the TFN/ABN quoted can't be found by us
- informed the investment body that they are exempt from quoting either a TFN or ABN.

For investments held in a business capacity, either a TFN or an ABN may be quoted.

Investment bodies are required to report withheld amounts in the Annual investment income report (AIIR).

For more information see Investment income and royalties paid to foreign residents.

When withholding isn't required

The withholding provisions don't apply if the:

- payment is a fully franked dividend from a public company
- income paid for the whole financial year is less than the withholding threshold.

Note: An investor's exemption from the Medicare levy is not a matter for investment bodies to consider when withholding amounts from investment income.

Investors deemed not to have quoted a TFN or ABN

If we can't find the TFN or ABN quoted for an investor on our client register, the investor is 'deemed not to have quoted'. We will contact these investors and advise them to quote their correct TFN or ABN to the investment body to avoid having withholding imposed.

The investment body is required to withhold at the top rate of tax from future payments of investment income that are subject to withholding. This rate applies to all investors, including companies.

Investor quotes TFN or ABN after withholding occurs

The withholding will cease if the investor either:

- quotes a TFN or ABN in relation to the investment
- claims an exemption from quoting.

If amounts have been withheld before the investor quoting a TFN or ABN, don't repay them to the investor. They can claim a credit for amounts withheld in their income tax return.

If, due to an error, amounts have been withheld subsequent to the investor quoting a TFN or ABN, repay them to the investor if the investor requests a repayment before the end of the financial year in which the deduction was made, and provides any required information.

Otherwise, they can claim a credit for amounts withheld in their income tax return.

Franked dividends

Don't withhold from fully franked dividends from public companies, even if the investor has failed to provide a TFN or ABN or claim an exemption.

If a dividend is partly franked and the income is unattributed, you should withhold from the unfranked portion of the dividend using the calculation:

(Amount of payment – franked amount) × top tax rate

Unit trusts that pass franked dividends from investments in companies onto their unit holders should withhold from the total income payment made where a TFN or ABN has not been quoted, regardless of franking credits.

Joint accounts

If 2 or more people hold an investment jointly, at least 2 of the investors must either:

- quote a TFN or ABN
- claim an exemption.

If an account is held jointly by a resident and non-resident:

- the TFN/ABN withholding provisions apply to the total amount of interest or dividends payable to the joint account if the resident does not quote a TFN or ABN or claim an exemption
- non-resident withholding applies to the total amount of interest or dividends paid if the resident satisfies their TFN/ABN obligations.

Tax deferred distributions (capital)

TFN/ABN withholding is not required if the distribution consists only of tax deferred amounts, even if the investor did not quote their TFN or ABN or claim an exemption.

However, withholding is required if the payment consists includes both tax deferred amounts and ordinary or statutory income, and the investor has not quoted their TFN or ABN or claimed an exemption.

Exemptions for investors

In some circumstances an investor is not required to quote, or may choose not to quote, a TFN or ABN.

Details of investors who have claimed an exemption from quoting a TFN or ABN for an investment must be included in the Annual investment income report (AIIR), together with the relevant income information.

- Completing your AIIR.

Types of exemptions

Investors may claim one of the following exemptions from quoting a TFN or ABN:

- Children under 16
- Interest bearing accounts and interest bearing deposits
- Entities not required to lodge an income tax return
- Non-resident investors
- Pension and benefit recipients

Children under 16

Investment bodies are not required to withhold tax where a TFN or ABN hasn't been provided for investments (other than shares in a public company) held by children under 16 years of age, provided that the:

- investment body has records indicating that the investor was under 16 years of age on 1 January before the date on which the payment is made
- payment is less than $420 for the financial year (if the payment is not for the whole financial year, the $420 threshold is pro-rated).

Interest bearing accounts and interest bearing deposits

Investment bodies are not required to withhold from interest bearing deposits and accounts with a financial institution where a TFN or ABN hasn't been quoted, provided that the payment is less than $120 for the financial year (if the payment is not for the whole financial year, the $120 threshold is pro-rated). See Children's savings accounts for more information.

Entities not required to lodge an income tax return

An entity that doesn't have a TFN, because it's not required to lodge an income tax return, won't have tax withheld providing an eligible representative supplies the investment body with the:

- name and address of the entity
- the reason why the entity doesn't have to lodge an income tax return.

In these circumstances the entity is treated as if it had quoted a TFN to the investment body.

An entity may be:

- a body corporate
- an unincorporated association
- a charitable, social and other non-profit organisation
- a non-profit company earning small amounts of income.

Non-resident investors

Non-resident investors will generally have non-resident withholding tax withheld from their investment income. This is a final tax. If this is the non-resident investor's only assessable income, they won't need to:

- lodge an income tax return
- have a TFN.

In these instances, the non-resident investor is treated as if they quoted a TFN for the investment. This will ensure they pay tax at the non-resident withholding tax rate.

Non-residents who become residents of Australia must advise the investment body within a month of becoming a resident. The non-resident exemption will then cease to apply.

For more information see Investment income and royalties paid to foreign residents .

Pension and benefit recipients

Investment bodies are not required to withhold amounts from the recipients of certain pensions and benefit payments, if the applicable exemption code is quoted. These payments are the:

- age pension
- disability support pension
- wife pension
- carer payment
- widow B pension
- parenting payment single
- special benefit
- special needs pension
- age, invalidity or partner service pension from Veterans' Affairs
- Defence Force income support allowance from Veterans' Affairs.

New start allowance and sickness allowance are **not** eligible benefits for exemption purposes.

An investor who receives a superannuation pension isn't exempt unless they also receive one of the above payments.

Completing the AIIR

The amount to be withheld, and therefore reported in the AIIR, is the whole dollar amount – do not include cents. However, if cents have been withheld incorrectly, the cents need to be included in the AIIR.

AIIR codes

When completing the Annual investment income report, use the appropriate code from this table in place of the TFN.

Exemption codes for AIIR form

Type	Code to report
Child under 16	333333333 **Note:** The recipient's date of birth must also be reported.
Pensioner receiving a Centrelink (age or disability support) or Service (veteran's) pension	444444441
Recipient of another eligible Centrelink pension or benefit, such as parenting payment or widow allowance	444444442
Entity not required to lodge an income tax return	555555555
Investors in the business of providing consumer or business finance	666666666
Non-residents	888888888
Quoted TFN contains alphabetic characters or has more than nine characters (and is not an ABN)	987654321
Investor has either: • both not quoted a TFN and not claimed an exemption from quoting • has quoted an ABN at the **Investor Australian business number** field.	000000000

Investment income and royalties paid to foreign residents

You may be required to withhold tax from investment income and

QC 18524

Withholding from suppliers

If a business supplies you with goods or services, it should quote its Australian business number (ABN) to you.

Last updated 11 June 2025

If a business supplies you with goods or services it should quote its ABN.

If it doesn't, you generally:

- withhold the top rate of tax from the payment you make to them
- send the withheld amount to us.

Documents quoting supplier's ABN

Suppliers with an Australian business number should quote it to you to avoid having tax withheld from payments.

Checking an ABN

If you suspect that an ABN quoted to you is not correct, you can check it online or by phoning our self-help service.

Withholding if ABN is not provided

If a supplier doesn't provide an ABN, you generally withhold the top rate of tax from the payment and pay it to us.

Payments you don't withhold from

You don't have to withhold tax from some payments from suppliers regardless of whether an ABN is provided or not.

QC 27075

Documents quoting supplier's ABN

Suppliers with an Australian business number should quote it to you to avoid having tax withheld from payments.

Last updated 11 June 2025

Quoting an ABN

Suppliers can provide you with invoices. Other electronic or paper documents that quote an ABN and relate to the supply are also acceptable.

You can also record a supplier's ABN if it is displayed on their website and keep it with your record of the transaction.

You should check an ABN if you suspect that it might not be genuine or that it does not belong to the supplier who quoted it.

Phone orders

If you order supplies by credit card over the phone, before placing the order ask the supplier for their ABN. If they don't have an ABN, do not authorise the supplier to charge the whole amount to your credit card as you will need to withhold tax from the payment.

Internet orders

If the supplier:

- is based in Australia, you will need their ABN, otherwise you will have to withhold

- is not carrying on an enterprise in Australia, they will not need to quote an ABN and you will not need to withhold from payments you make to them
- the website URL doesn't identify the supplier as having an Australian connection, the supplier may not have a permanent establishment in Australia, so you won't need to withhold. You should retain a record of the reason for not withholding.

Overseas order

Foreign resident suppliers generally do not need to provide you with an ABN unless they are carrying on an enterprise in Australia which includes an agent or a branch office in Australia.

Example: ordering goods from overseas

John orders goods for his business from an overseas business. The supplier doesn't need an ABN and John does not need to withhold. John may need to pay GST and customs duty when the goods are imported into Australia.

John also orders goods for his business from a different overseas business. The goods are delivered and John is invoiced by their agent in Australia. If the agent doesn't quote their ABN on the invoice or any other document, John will need to withhold.

Regular suppliers

Regular suppliers can periodically quote their ABN to you to cover all the supplies they make to your business for a specified period, such as a financial year.

You must keep records that can verify the supplier, the supplier's ABN and the payments made in relation to the supplies.

At least once a year, you should check that the ABN quotation is correct and up to date.

If a regular supplier provides you with an ABN that is different from one previously quoted, check with the supplier – they may have

accidentally quoted the wrong ABN. Alternatively, you can check the ABN's validity.

Corporate group

If you are part of a corporate group, you don't have to get or quote an ABN every time you pay or charge another group member for supplies as long as every member of the group:

- keeps a register of the ABN of all the other members that supply it
- is able to link each transaction to the correct ABN.

QC 51681

Checking an ABN

If you suspect that an ABN quoted to you is not correct, you can check it online or by phoning our self-help service.

Last updated 11 June 2025

Generally, you do not need to check if the ABN quoted to you by a supplier is correct. If it looks reasonable, you can accept it.

However, if you have reason to suspect that it might not be genuine or that it does not belong to the supplier who quoted it, you should check it out.

Things that may alert you include:

- an incorrect number – note that
  - an ABN has 11 digits
  - there are no letters in an ABN
  - the first digit of an ABN will never be zero (0)
  - branches of entities will have an additional 3 digit GST or PAYG registration number that is a separate identification number for tax purposes

- sequential numbers, repeating numbers or unusual number patterns
- invoice details that don't match the details of the person you believed was supplying you or the type of supplies you are receiving.

If the ABN quoted on the invoice is not valid or the details do not match the supplier, you **must** withhold from the payment at the top tax rate.

You can use ABN Lookup to check an ABN. If the ABN you have been provided is wrong, you can report it to us using our self-help services.

QC 51686

Withholding if ABN is not provided

If a supplier doesn't provide an ABN, you generally withhold the top rate of tax from the payment and pay it to us.

Last updated 11 June 2025

If the supplier does **not** provide an ABN and the total payment for goods and services is more than $75 (excluding GST) you generally withhold the top rate of tax from the payment and pay it to us. **Refer to** Statement by supplier – not quoting an ABN.

If a supplier has **applied for an ABN** you can offer to hold payment until they have obtained and quoted their ABN. This is a matter for you and your supplier to work out. However, you must **not** make full payment to the supplier on the understanding that an ABN will be quoted later.

As you can't claim the GST input tax credit for payments you have withheld from, you should keep records of these transactions separate from other payment records.

There are some payments from suppliers that you don't have to withhold tax from, regardless of whether an ABN is provided or not. However, you must have sufficient records to show the reason for not withholding.

For more information, see TR 2002/9 *Income tax: withholding from payments where recipient does not quote ABN*.

Payment summary

If you withhold tax from a supplier's payment you must complete a payment summary and give it to them at the same time you pay them the net amount or as soon as possible after.

You can get PAYG payment summary – withholding where ABN not quoted forms from our online ordering service. Alternatively, you can create your own as long as it contains the same content.

Keep a copy of the payment summary to help prepare your annual report for PAYG withholding where no ABN is quoted.

Paying a supplier with goods or services

If you agree to provide a supplier with goods or services instead of paying money, withholding will still apply if no ABN is provided. See Non-cash payments for more information.

QC 51682

Payments you don't withhold from

You don't have to withhold tax from some payments from suppliers regardless of whether an ABN is provided or not.

Last updated 11 June 2025

If you are unsure if any of the following conditions apply, ask the supplier to give you a written statement that the supply of goods or services is excluded. The supplier may:

- use the Statement by a supplier not quoting an ABN form
- create a statement containing the same information as the form.

You must have sufficient records to show the reason for not withholding. This includes keeping any statement you receive for 5 years.

If you have reason to believe the statement is false or misleading you must withhold the top tax rate from the total payment.

Total payment is $75 or less

When the payment for the full supply is $75 or less (excluding GST) you don't have to:

- get an invoice with an ABN
- get a tax invoice
- withhold tax.

However, you should have evidence to support claims for input tax credits relating to these supplies.

You can't avoid having to withhold by choosing to break down a larger supply into $75 or less amounts, but a series of small supplies of under $75 would not require withholding where no ABN was quoted.

Example: total payment $75 or less

Ana has her shop sign painted. The painter invoices her for $150 and does not have an ABN. Ana cannot turn this into two $75 transactions and avoid withholding.

Ana has flowers delivered for the counter once a week and she is invoiced $40 each time. As these are separate transactions, Ana would not need to withhold if the florist does not quote an ABN.

Supply isn't a business transaction

You do not need to withhold tax from supplies that aren't considered a business transaction. Examples include:

- the supplier is an individual and not in business as a partnership, company or trust
- it is a private or domestic supply for the supplier, for example, another business person sells your business a second-hand computer that has only been used at home for private purposes and is not part of their trading stock or business equipment

- the supply is made as part of a private recreational pursuit or hobby, for example, you buy a picture to hang in your public business office from an artist who paints as a hobby.

The supplier should provide you with a written statement using a Statement by a supplier not quoting an ABN form. Alternatively, they can create their own statement as long as it includes the same information as the form.

The statement can be on the invoice. If it is separate, you must be able to link it to your transaction records so that you can show why you did not withhold.

If your business is a partnership, company or trust, and the supply is made through your business, this exception will not apply. You will have to withhold if the supplier doesn't quote their ABN.

Entire payment is exempt income for the supplier

You do not have to withhold from payments to suppliers whose income is exempt from tax, whether or not they provide an ABN. Common types of bodies exempt from income tax include:

- religious institutions
- schools, pre-schools, colleges, universities and other public educational institutions
- community service organisations, such as sports clubs, community centres, youth groups, community arts or theatres and other associations that have community service purposes
- public hospitals and non-profit private hospitals
- charities, whose income is exempt.

The supplier should provide you with a written statement using a Statement by a supplier not quoting an ABN form. Alternatively, they can create their own statement as long as it includes the same information as the form, and also includes a statement that its income is exempt from tax under subdivision 50A of the *Income Tax Assessment Act 1997*.

The statement can be on the invoice. If separate, keep the statement with your transaction records so you can show why you did not withhold.

The supplier does not need to provide proof of the income tax exempt status of the payment. You can accept the statement unless you have reasonable grounds to believe it is false, in which case you must withhold if no ABN is quoted.

The supplier is not carrying on an enterprise

If your supplier claims that they are not carrying on an enterprise and do not need or is not entitled to an ABN, you don't have to withhold tax.

The definition of enterprise is very broad and most activities would be enterprises if they are not:

- private or domestic
- private recreational pursuits
- hobbies

However, some activities may not be considered to be an enterprise and the operator would not be entitled to an ABN. Such activities are usually quite small and may be operated from home.

Example: owner provides services for a body corporate

No enterprise carried on

Daphne is a pensioner who each month tends the front garden of the unit complex in which she owns a unit. For this work, the body corporate gives Daphne a $100 discount off her levies. Daphne doesn't have an ABN. The supply of her services would be considered to be in the course of a hobby or private recreational pursuit. Therefore, the body corporate would not be required to withhold from the discount given to Daphne.

Enterprise carried on

Patrick carries on a gardening business. He is asked by the body corporate to perform garden maintenance services for the body corporate, of which he is also a member. Patrick invoices the body corporate for $250 but does not quote his ABN. Because Patrick is carrying on an enterprise, but did not quote his ABN, body corporate must withhold the top rate of tax from the payment to Patrick.

Other conditions

Other examples of payment you would not withhold from are:

- the supplier is an individual under 18 years of age and your payments to that person are $350 or less each week
- the goods or services are supplied through an agent who has quoted their ABN on an invoice or some other document relating to the supply
- the goods or services supplied are wholly input taxed under GST.

QC 51683

Paying and reporting PAYG withholding amounts to us

Due dates for paying and reporting PAYG withholding amounts depend on your withholding status.

Last updated 21 November 2025

Withheld tax amounts

If you have withheld tax amounts from payments you make to your payees, you need to:

- provide the withheld amounts to us

- report those amounts to us via Single Touch Payroll (STP)
- finalise your STP reporting in your payroll software for all amounts reported in STP
- provide payment summaries, detailing total payments and withholding, to each of your payees you haven't reported through STP, and
- lodge an annual report confirming your total withholding you haven't reported and finalised through STP.

You won't need to do payment summaries nor lodge an annual report for amounts you reported and finalised through STP. For more information, see STP and activity statements.

PAYGW withholding cycles

The pay as you go (PAYG) withholding cycle determines how often you need to report and pay the withholding amounts to us.

Where an employer's annual withholding amount is:

- $25,000 or less (small withholder status) – you are required to notify and pay quarterly
- more than $25,000 and up to $1 million (medium withholder status) – you are required to notify and pay monthly
- more than $1 million (large withholder status) – you are required to pay electronically within 6 to 8 days of a withholding event taking place, such as when staff are paid.

Paying and reporting PAYG withholding amounts for small and medium withholders

How to pay and report PAYG withholding amounts if you're a small and medium withholder.

Paying and reporting PAYG withholding amounts for large withholders

How to pay and report PAYG withholding amounts if you're a large withholder.

Changing a withholding cycle

This information will help you understand the pay as you go (PAYG) withholding cycle changes.

QC 27076

Paying and reporting PAYG withholding amounts for small and medium withholders

How to pay and report PAYG withholding amounts if you're a small and medium withholder.

Last updated 21 November 2025

When to report and pay on activity statements

Small and medium withholders need to report on activity statements. The activity statements received will show the date on which the completed form and payment must be submitted to us.

For more information see How to pay

What are small withholders

Small withholders are those who withhold $25,000 or less per financial year. They:

- pay withholding amounts to us each quarter
- report withholding on activity statements received each quarter
- can arrange to receive monthly activity statements by phoning our business services number.

What are medium withholders

Medium withholders are those who withhold $25,001 to $1 million per financial year. They:

- pay withholding amounts to us each month
- report withholding on activity statements received each month.

QC 51685

Paying and reporting PAYG withholding amounts for large withholders

How to pay and report PAYG withholding amounts if you're a large withholder.

Published 30 March 2026

What are large withholders

Large withholders are either:

- an entity that withheld amounts totalling more than $1 million in a previous financial year.
- part of a company group that has withheld more than $1 million in a previous financial year.

They:

- are issued a unique Payment Reference Number (PRN) to be used when making the payment to us.
- pay withholding amounts electronically within 6 – 8 days from the day the amount is withheld, such as when paying staff, using their PRN / Electronic Funds Transfer (EFT) code 70.
- don't report PAYG withholding on activity statements.

If you don't know your PRN, you will need to call **1800 815 886** between 8 am to 6 pm, Monday to Friday.

If you pay using an incorrect PRN, your payment will not be recognised as a PAYG withholding payment. See payroll governance for more information.

When to pay PAYG withholding amounts

The amounts withheld are paid to us, twice a week.

The date for payment depends upon the day withholding took place, as shown in the following table.

Withholding dates for payment

If you withhold an amount on:	You must pay the withheld amount to us on:
Monday or Tuesday	the following Monday
Wednesday	second Thursday after that day
Thursday or Friday	the following Thursday
Saturday or Sunday	second Monday after that day

Note: When the due date is a public holiday, you may pay on the next working day.

For more information see How to pay

Large withholder's discretionary extensions to payments

From time to time, you may make payments of small amounts outside your regular payment cycle.

You may delay payment to us until the next regular payment date if the amount is the lesser of either:

- 0.5% of the amount you withheld in the previous financial year
- $50,000.

If the total amount is more, the total amount must be paid by the relevant due date, unless you apply to the Commissioner in writing to extend the due date for payment of an amount that exceeds the threshold.

The request needs to state the reasons why the extension should be allowed. It will be assessed on its own merits, however these requests will only be granted in rare circumstances. For more information, see Dedicated contact services.

Large withholders that are unable to pay withheld amounts

If you're unable to pay the withheld amount to us or need to correct a payment, you or your registered tax or BAS agent can notify us by either:

- submitting a form online through the secure mail options of either Online services for business or Online services for agents
  - select **Communication** then **Secure mail**
  - select the **Pay as you go** topic
  - select the subject **Withholding amendment requests by payer**
  - complete the relevant fields and attach any relevant spreadsheets
- call us on **1300 728 060**.

For each withheld amount that you are unable to pay or need to correct, we need to know the:

- amount owed
- date the withholding applies to
- reason you are unable to pay that amount by the due date, or
- reason for correction.

Large withholders may offset a net GST credit against a PAYG withholding liability

If you have a net GST credit for a tax period, it can be offset against your PAYG withholding liability. GST credits can only be offset against one withholding liability in any GST reporting period.

To ensure your entitlement to GST credits is recorded on your account, you must:

- complete a PAYG withholding liability notification form (NAT 3302), telling us how much withholding you will be liable to pay one working day before your withholding due date.
- lodge the form at least 48 hours before lodging your BAS by either
  - faxing it to us at **1300 134 791**
  - emailing it to us at largeDAN@ato.gov.au.
- lodge your BAS on or before the due date – it will establish your entitlement to a GST credit.
- pay the amount owing to us by the due date. If any credit remains after the offset, it will be offset against other tax liabilities or refunded to you. We can't refund any amount unless you have lodged all required activity statements.

Our Large business specialists can provide you with further information or assistance, including enquiries about debt and lodgment obligations.

QC 105873

Changing a withholding cycle

This information will help you understand the pay as you go (PAYG) withholding cycle changes.

Last updated 11 June 2025

PAYG withholding cycle

The pay as you go (PAYG) withholding cycle determines how often you need to report and pay the withholding amounts to us.

Where an employer's annual withholding amount is:

- $25,000 or less (small withholder status) – you are required to notify and pay quarterly
- more than $25,000 and up to $1 million (medium withholder status) – you are required to notify and pay monthly
- more than $1 million (large withholder status) – you are required to pay electronically within 6 to 8 days of a withholding event taking place, such as when staff are paid. Large withholders are also issued with a unique payment reference number (PRN).

The quickest way to change a withholding cycle is to make the request online through Online services for business or Online services for agents.

Requesting a change

You or your registered tax or BAS agent can request a change to your withholding cycle if your annual withholding amounts change. You can:

- send your request online through the Online services for business or Online services for agents secure mail options
  - select **Communication**, **Secure mail** then **New**
  - select **Pay as you go** from the topic list
  - select the relevant subject
- phone us so we can discuss your circumstances with you.

If you don't have access to our online services, you can apply in writing, giving detailed reasons to support the request, and send it to:

Australian Taxation Office
PO Box 3373
PENRITH NSW 2740

When you write to us we will consider your request and send you a notice advising you of the outcome of your request.

If your request is not approved, you can object to this decision.

Cycle change as a result of compliance activity

We may change your withholding cycle as a result of an audit or other compliance activity.

We consider the following matters when making a determination:

- The total amounts you are likely to withhold in the next 12 months.
- The extent, if any, to which you make or receive withholding payments that were previously made or received by another entity.
- Any failure to comply with obligations under the withholding rules.
- Any other matter considered relevant.

If we make a determination to upgrade your withholding cycle, we will issue a written notice advising you of the change and the date it will come into effect.

If you do not agree, you can object to the determination to upgrade your withholding cycle.

ATO annual review

We will review your withholding payments each financial year to check if your withholding cycle needs to be changed.

We will write to you to upgrade your withholding cycle if your annual withholding payments have increased. Your new withholding cycle will be determined by your new withholder status (medium or large).

We will allow time for you to change to the new payment cycle before your first payment is due for the new financial year.

You can't object to this notice. However, if you disagree with our decision to upgrade your cycle, you can ask to remain on a lower withholding cycle if you estimate your future year's withholding amount to be within your withholding status threshold.

You or your registered agent need to send your request to us within 21 days of receiving our letter.

Request to remain on a lower withholding cycle

We **may approve** a request to remain on a lower withholding cycle if you meet any of the following circumstances. You:

- are a not-for-profit organisation with limited resources, such as a small parish within a religious institution
- are involved in seasonal work, for example, fishing or farming activities that only occur for part of each year
- will cease trading during the next financial year
- only make withholding payments for part of the year, and for the majority of the year you have nil withholding amounts to notify and pay
- have fluctuations in income due to uncertainty of contracts in certain industries
- need to make a one-off royalty payment for the year under consideration
- are currently affected by a natural disaster.

We **will not approve** a request to remain on a lower withholding due to:

- the remote locality of the business
- cash flow difficulties caused by the change to a more frequent reporting and payment cycle
- additional costs for administration, including set-up costs and ongoing costs
- you only having one payee
- the person that completes the activity statement travelling frequently
- computer or systems incompatibility.

Submit a request

Download Request to remain on a lower withholding cycle (ATO initiated PAYG withholding cycle change) form (NAT 75075) (PDF, 127KB).

- Complete the form, making sure that you provide
  - your estimated PAYG withholding amount for the next financial year

  - details, and supporting information, for why you are requesting to remain on a lower withholding cycle. If this is not provided your request may not be considered.

- Submit the form online through the secure mail options of either Online services for business or Online services for agents:
  - select **Communication** then **Secure mail**
  - select the **Pay as you go** topic
  - select the subject **Withholding – ATO cycle change letter received – request to remain on current cycle**
  - complete the relevant fields and attach the completed form.

If you don't have access to our online services you can:

- fax your completed form to **1300 730 298**
- apply in writing and send it to

Australian Taxation Office
PO Box 1129
PENRITH NSW 2740

Note: When you apply in writing or fax, the form must be placed as the front page.

If you experience difficulty lodging your activity statement or paying amounts by the due date, you should contact us immediately to discuss your options.

For more information see Help with paying.

QC 17220

PAYG withholding payment summaries

Check what type of payment summary you need to give your payees for the financial year.

Last updated 11 June 2025

You must give each of your payees a payment summary showing how much you paid them for the financial year and how much you withheld from the payments.

You may have to complete various types of payment summaries depending on the types of payments you've made throughout the financial year.

You do not need to provide your employees with payment summaries for information you report and finalise through Single Touch Payroll (see, End-of-year finalisation through STP).

End of financial year payments to employees

If salary and wages are accrued in the current financial year (prior to 30 June) but paid in the following financial year (on or after 1 July), the full amount of the payment will be taxed at the following financial year's tax rates and included in the following financial year's payment summary.

Example 1: Pay period over 2 financial years

XYZ Company pays their employees each Thursday. The final payment for the 2014–15 financial year is on 25 June 2015. The amount that is accrued following this date will be paid to the employees on 2 July 2015 and be included in the 2015–16 payment summary. Withholding on the whole amount will be at the rates that apply for the 2015–16 financial year.

Electronic payments

When payments are made electronically, the payment date is either the date stipulated in the electronic transaction or, if no date is stipulated, the date on which the payment is intended to be made into that bank account.

Example 2: Date of electronic payments

ABC Company instructs their bank to pay their employees' salary by EFT on 30 June 2008. The company specifies that the payments should be credited to the employees' bank account on 1 July. As the payment is instructed to be made on 1 July, these payments must be included in the 2008–09 payment summary and withholding on the whole amount will be at the rates that apply for that year.

Types of payment summaries

The type of payment summary you give each of your payees will be determined by the type of payment you made as well as when it was paid.

Find out about

- Payment summaries for workers
- Payment summaries where no ABN was quoted
- Electronic payment summaries
- Part-year payment summaries
- Paper payment summaries

Payment summaries for workers

Generally, you must give each of your workers a payment summary by 14 July each year, even if the withheld amount is nil.

Some of the most common payment summaries used for workers are:

- PAYG payment summary – individual non-business (NAT 0046)
- PAYG payment summary – business and personal services income (NAT 72545)
- PAYG payment summary – superannuation lump sum (NAT 70947)

The payment summary should show each payee how much you paid them in the financial year, and how much you withheld from the payments.

If you have paid an employment termination payment (ETP) to a worker you must give them a PAYG payment summary – employment termination payment (NAT 70868) within 14 days of making the payment.

You may have to complete various types of payment summaries depending on the types of payments you've made throughout the financial year.

Payment summaries where no ABN was quoted

If you have withheld tax from a payment because another business didn't quote an ABN to you, you must give them a payment summary showing details of the payment.

You can use our form PAYG payment summary – withholding where ABN not quoted or prepare your own, as long as you include all the necessary details.

You need to provide this payment summary at the time you make the payment or as soon as practicable afterwards.

See Withholding from suppliers for more information.

Electronic payment summaries

If you lodge your PAYG withholding reports online, you can give your workers their payment summaries electronically. They must be:

- non-editable
- able to be printed in high quality so they are easy to read.

You will need to:

- give your payees the option to receive either an electronic or paper payment summary
- tell your payees when the payment summaries are available and how to access and print them
- make sure the method you choose to distribute electronic payment summaries is secure enough to protect their tax file numbers and other personal information.

You can provide the following payment summaries electronically:

- PAYG payment summary – individual non-business (NAT 0046)

- PAYG payment summary – foreign employment (NAT 73297)
- PAYG payment summary – business and personal services income (NAT 72545)
- PAYG payment summary – employment termination payment (NAT 70868)
- PAYG payment summary – superannuation lump sum (NAT 70947)
- PAYG payment summary – superannuation income stream (NAT 70987)
- PAYG payment summary – where ABN not quoted (NAT 3283).

You can also print the individual payment summaries and provide them to your employees. However, do **not** send printed copies of your employee's electronic payment summaries to us. Our systems cannot process payment summaries printed in this format.

You can find out more about the requirements for producing self-print and electronic payment summaries from Software developers – electronic reporting specifications summary.

Part-year payment summaries

A worker can ask for a part-year payment summary. It must be in writing and made before 9 June (21 days before the end of the financial year).

You must provide your worker with a copy of their payment summary within 14 days of their request unless the worker has received a reportable fringe benefits tax (which can only be calculated at the end of the fringe benefits tax year).

Part-year payment summaries provide details of withholding payments made from either:

- 1 July of that financial year to the date of issue of the payment summary
- the date of issue of any previous part-year payment summary to the date of issue of the current one.

If you have provided a worker with a part-year payment summary, their end of financial year payment summary should only include details for the period from the date of issue of the last part-year payment

summary to 30 June. See PAYG payment summaries: forms and guidelines for more information.

Paper payment summaries

You can order paper payment summaries from us using our Online publication ordering service for business. These are triplicate forms – you give one copy to each worker, keep a copy for your records and send the ATO original to us as part of your annual reporting.

Restructure of government organisations

How government organisations restructuring, merging, or changing their name can meet their PAYG withholding obligations.

QC 27082

Restructure of government organisations

How government organisations restructuring, merging, or changing their name can meet their PAYG withholding obligations.

Last updated 11 June 2025

When a government organisation undergoes a restructure, merger or change of name at short notice, it's often difficult to change systems to quickly reflect this new structure.

Where staff have moved between entities, continue to perform essentially the same role, and no reportable fringe benefits are involved, the following guidelines apply:

- **Tax file number, withholding declarations** and **withholding variations** don't need to be renewed, and remain valid with the new employing entity.

- **Payment summaries** and **annual reports** may be prepared for the first year by
  - the new employing entity, covering all payments for the year
  - the old entity, covering all payments for the year, or
  - separately by both old and new entities, covering payments made by each.

Reportable fringe benefits should be shown on payment summaries from the entity that reported them. However, if this isn't practical, the total value of reportable fringe benefits can be shown on a single payment summary subject to the correct application of the two thresholds relevant to both employing entities. In this instance, the payment summary should also report the full year's wages and tax withheld.

Correct systems and reporting needs to be put in place for the following income year.

For more information, see:

- GST and machinery of government changes
- GST and machinery of government – frequently asked questions

QC 25432

PAYG withholding annual reports

You must lodge PAYG withholding annual reports at the end of each financial year.

Last updated 11 June 2025

About annual reports

At the end of each financial year you must lodge a PAYG withholding annual report for all payments **not** reported and finalised through Single Touch Payroll (STP).

The report must include:

- all non-STP reported payments you made to payees during the financial year
- the amounts you withheld from those payments.

When to lodge

Lodge your PAYG withholding payment summary annual report as soon as you provide payment summaries to your employees. This makes it easier for them to lodge their tax returns. We use the information you provide to pre-fill their tax returns.

The pre-filling service is available to:

- people who prepare their tax returns online
- tax agents.

You may have to lodge more than one annual report type. This table shows what payments you need to report on and when they are required to be lodged with us.

Payments you need to report on

What to report	Annual report type	Report by
Wages, salaries and other work-related payments you paid	PAYG payment summary annual report You can lodge online using our Online services for business.	14 August
Payments to and amounts withheld from businesses that did not quote their ABN to you	PAYG withholding where ABN not quoted – annual report (NAT 3448) You can lodge online using the Online services for business Secure mail option.	By 31 October each year
Interest, dividend and royalty payments to non-	PAYG withholding from interest, dividend and	31 October

residents, and amounts withheld from those payments	royalty payments paid to non-residents – annual report (NAT 7187) You can lodge online using the Online services for business Secure mail option.	
Payments to foreign residents, and amounts withheld from those payments	PAYG withholding annual report – payments to foreign residents (NAT 12413)	
Information about payments you made and amounts withheld from an investment where a payee did not quote their TFN (or in some cases, their ABN)	Annual Investment Income Report (AIIR)	
Information and amounts withheld from super payments paid to a temporary resident, permanently departing Australia	Departing Australia superannuation payment – withholding and reporting	
Information about payments you made and amounts withheld from natural resource payments to foreign residents	Natural resource payments	
Contractor payments	These are lodged using the Taxable payments annual report.	28 August

How to lodge your payment summary annual report

Information about how to lodge your pay as you go (PAYG) withholding annual reports online.

QC 27086

How to lodge your payment summary annual report

Information about how to lodge your pay as you go (PAYG) withholding annual reports online.

Last updated 11 June 2025

You can lodge your payment summary annual report electronically or using paper forms.

You do not need to lodge a payment summary annual report for amounts you report and finalise through Single Touch Payroll (see End-of-year finalisation through STP).

Reporting online

If your payroll software meets our specifications, you can lodge specific payment summary annual reports online using:

- Online services for agents
- Online services for business – select **Lodgments** and then **File transfer**.
- Standard Business Reporting enabled software – secure online lodgment direct from your financial accounting or payroll software. To check whether your software is able to lodge online, view the SBR Product Register or talk to your digital service provider.

File format

To lodge online, you must use a file format that is supported by our systems.

You **can't** lodge files with the extensions .pdf, .doc, .xls, .jpg or tif.

Common errors when lodging online

Some common errors (and their solution) include:

- The annual report file can't be found on the hard drive (EMPDUPE, NOABN or FRW) – You must use a complying payroll software product to generate the annual report file.
- Income amount fields with invalid characters – Remove blanks or non-numeric characters.
- Tax withheld amount not accepted – The tax withheld amount must be less than or equal to the sum of the income fields.
- Amendment indicator – The Amendment indicator field must contain either **A** or **O**.
- Supplier contact details – These are the details of the person lodging the report. The supplier contact name and contact phone number fields must be completed. Refer to the manual for your software product to find out where to enter the supplier information into the payroll product.

If you still can't fix the error, contact your digital service provider and give them the full error report.

For more information, see:

- SBR Product Register
- File transfer
- PAYG payment summaries

Reporting using paper forms

Your *PAYG payment summary annual report* is made up of:

- the PAYG withholding payment summary statement
- the 'ATO original' copies of all the payment summaries you issued for the financial year.

Your payment summary statement must include the total amount of all **payments made** and all **amounts withheld** for all your workers, including:

- employees
- contractors under voluntary agreements
- workers under labour-hire arrangements
- employment termination payments (ETP)
- personal services income (PSI) you have attributed.

Your report for the year ending 30 June generally needs to reach us by 14 August.

Make sure you keep a copy of your records for at least 5 years.

Do **not** send us payment summaries printed from your payroll software – we cannot process summaries in this format.

How to get this form

To get a printed copy of the form :

- download the form from the PAYG payment summary statement page and print it in A4 size
- use our automated self-help Publications ordering service at any time – you need to know the full title of the publication to use this service
- phone our Publications ordering service on **1300 720 092** between 8.00am and 6.00pm Monday to Friday. Before you phone, check whether there are other publications you may need – this will save you time and help us. You need the full title for each publication you order.

Lodge amended payment summary annual report online

If your original report was lodged online and your payroll product is able to generate amended files, you can lodge an amended payment summary annual report online. See Lodging your amendments for more information.

If you need to correct a payment summary annual report, the method depends on the type of correction required. See correcting PAYG withholding payment summaries for more information.

QC 51684

PAYG withholding for deceased employees

How to meet your tax, super and employment termination payment obligations when an employee dies.

Last updated 11 June 2025

Death of an employee

Generally, you should not withhold amounts from salary or wages paid after the death of an employee. This applies to income that was earned before their death but paid afterwards.

Similarly, you should not withhold amounts from payments for unused annual leave or unused long service leave paid after their death.

You may need to withhold from a death benefit employment termination payment (death benefit ETP). This represents any amount that would have been an paid in ETP if the employee was alive at the time of payment. Examples of payments in a death benefit ETP can include:

- unused sick leave
- unused rostered days off
- a payment for redundancy or retirement (a 'golden handshake').

Payer guide

The following table provides a step-by-step guide for payments made to a deceased employee.

If you report through Single Touch Payroll, you can choose whether to provide a payment summary. For more information, see Single Touch Payroll.

Guide for payments made to a deceased employee

Step	Action
1	Prepare a payment summary for payments made to the employee in the current financial year before the date of death showing: • gross payments • amounts withheld.
2	Prepare the employee's entitlement including: • payments for work or services (including retrospective pay and bonus or commission payments) accrued but not paid before the death of the employee. If an estate tax return is required these payments **are included** in assessable income. • payments for unused annual and long service leave which are tax-free. If an estate tax return is required these payments are **not included** in assessable income. **Do not:** • withhold an amount from these payments • include details of these payments in the employee's payment summary.
3	Calculate the amount of death benefit ETP. Withhold the required amount as listed in Schedule 11 – Tax table for employment termination payments.
4	Payments for work or services made after the death of the employee are made to either the: • estate of the deceased employee • person entitled to the money under the relevant law, industrial award or agreement. These amounts must **not** be shown on the deceased employee's payment summary. However, the payer may wish to provide the estate, trustee or executor of the

> deceased employee with a statement about these payments to assist in completion of the income tax return for the deceased estate.

QC 27088

Payroll governance for employers

Good payroll governance helps employers stay on top of their tax and super obligations.

Last updated 28 October 2025

Importance of payroll governance

Having good payroll governance helps you ensure that you meet your employer tax, reporting, and super obligations, including:

- Pay as you go (PAYG) withholding
- Single Touch Payroll (STP)
- Fringe benefits tax (FBT)
- Super guarantee (SG).

It also helps your employees receive the right information they need to lodge their income tax return.

Ensure your payroll governance measures are effective and fit for purpose. This means they are appropriate for your structure, size, complexity and industry.

To help stay on track, you should follow these steps regularly to see if anything has been missed or needs improvement.

Good payroll governance checklist

1. Clear roles and responsibilities

- Understand your obligations as an employer. See Fair Work Ombudsman and Obligations when people work for you.
- Document your payroll governance framework.
- Clearly define and document roles and responsibilities including who is accountable for payroll administration in your business.
- Ensure payroll and accounting staff have the right skills and knowledge.
- Maintain good record-keeping practices.
- If you use a third-party provider to submit your payroll data or pay super, you still need to ensure all reporting and payments are accurate and on time.

2. Set up correctly from the start

- Determine if each individual worker is an employee or an independent contractor.
- Use up-to-date STP-enabled payroll software – see How to report Single Touch Payroll data.
- Register for PAYG withholding and FBT.
- Collect accurate employee details including super fund choices – see Hiring a new worker.
- Ensure your payroll setup aligns with your reporting and payment obligations.

3. Document processes and procedures

- Appropriate processes and procedures are documented to ensure you:
  - use the correct Australian business number (ABN) when reporting and correct payment reference number (PRN) when paying
  - manage your cash flow so you can pay your tax and super obligations on time, as they fall due – see Cash Flow Kit
  - assess and mitigate risks such as employee fraud and cybercrime

  - make timely corrections when you find an error.

4. Review regularly

- Keep your payroll software, policies and procedures up to date to reflect any changes that impact your business.
- Check your STP pay codes setup in your STP-enabled software to make sure your workers have the right information for lodging their tax returns and when interacting with other government agencies – see News, events and resources.
- Review your records to make sure that you have reported all your PAYG withholding correctly through STP and the BAS and paid the ATO the amounts you owe.
- Keep employee details up to date such as full name, address, super fund details and tax file number (TFN). If you've used a TFN exemption code, update it with the correct TFN as soon as you have it.
- Take action to stay compliant when your circumstances change, including
  - software or employees' Payroll ID changes
  - updates to authorised contacts and STP contact details in STP pay event reports
  - when you no longer hire workers.

Common payroll mistakes to avoid

We have observed these common mistakes which can result in payments being rejected, unexpected liabilities and costly penalties as well as extra paperwork.

Incorrect employee details

Incorrect employee full names, date of birth, TFN or super fund account information can cause payments you make to be rejected and reporting errors. See Stay up to date with changes.

Incorrect use of TFN exemption code for employee

Using a TFN exemption code incorrectly for your employee, affects their access to the information they need to lodge their tax returns or may require you to withhold more in PAYG withholding.

You should regularly review your use of TFN exemption codes. For example, when your employee turns 18 years old, you can no longer use 333333333.

See Stay up to date with changes.

Incorrect employer details

Using the wrong ABN, branch, PRN or electronic funds transfer (EFT) code to report and pay your employer obligations can lead to reporting errors, especially when:

- consolidated groups are restructured, or government entities are grouped
- an employer becomes a large withholder with a new PRN that ends in '70'.

See Document processes and procedures.

Payroll Service Providers (PSP)

If you are using a third-party provider to submit your payroll data, ensure that

- they report under your ABN and not their own
- report and pay PAYG withholding on time
- maintain clear communication and accountability.

See Clear roles and responsibilities.

Discrepancies between PAYG withholding amounts paid and reported

Where PAYG withholding amounts are unpaid:

- it can quickly become a significant debt amount owing to the ATO
- shortfall penalty may be raised
- general interest charge (GIC) may apply.

Ensure you undertake a year-end reconciliation when you do your STP finalisation declaration.

QC 71079

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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