Tax-free threshold

How to claim the tax-free threshold and what to do if you have a second job or other income.

How to claim the tax-free threshold

What is the tax-free threshold and how to claim it, including if you're an Australian resident for part of the year.

Multiple jobs or change of job

When to claim the tax-free threshold if you have multiple jobs or payers, or change job during the income year.

Paying tax on multiple sources of income

How to avoid unexpected tax bills if you have income from multiple sources.

QC 102465

How to claim the tax-free threshold

What is the tax-free threshold and how to claim it, including if you're an Australian resident for part of the year.

Published 18 March 2025

What is the tax-free threshold

The tax-free threshold is the amount of income you can earn before you pay tax. Most Australian residents can claim tax-free threshold on the first $18,200 of the income they earn in the income year.

Claiming the tax-free threshold reduces the amount of tax withheld from your income.

The tax-free threshold is equivalent to earning:

- $350 a week
- $700 a fortnight
- $1,517 a month.

How to claim

Your income may be from one or more payers, such as an employer or government agency or work you do under an Australian business number.

If you're an **Australian resident for tax purposes** you can claim the tax-free threshold each income year.

You can choose to claim or not claim the tax-free threshold on the **tax file number (TFN) declaration** you give to your payer (including Centrelink).

If you choose to do so:

- you won't pay tax where your income is under $18,200
- your payer will withhold tax when you earn above $18,200.

Find out what to do if you have **multiple jobs or change jobs** during the income year.

If you're an Australian resident for part of the year

If you're an Australian resident for tax purposes during the income year, you'll receive a part-year tax-free threshold.

The part-year tax-free threshold has 2 components:

- a flat amount of $13,464
- an additional amount up to $4,736 pro-rated – we work on the number of months you were in Australia during the income year, including the month you arrived.

If you're a non-resident for the full income year, you can't claim the tax-free threshold. This means you pay tax on every dollar of income you earn in Australia. Find out about the **Tax-free threshold for newcomers to Australia.**

QC 103970

Multiple jobs or change of job

When to claim the tax-free threshold if you have multiple jobs or payers, or change job during the income year.

Last updated 9 June 2025

On this page

> Tax withheld from all income sources

Your income and the tax-free threshold

Your income may come from one or more payers at the same time. Payers include employers, government agencies, or work you do as a sole trader.

You can choose to claim or not claim the **tax-free threshold** ($18,200) on the income you earn.

If you claim the tax-free threshold:

- you won't pay tax where your income is $18,200 or less.
- your payer will withhold tax when you earn above $363 per week, $726 per fortnight or $1,573 per month.

When to claim the tax-free threshold

If you have more than one payer at the same time, generally, you only claim the tax-free threshold from one payer. Usually, you claim the tax-free threshold from the payer who pays you the highest salary or wage.

You may receive your income from 2 or more payers at the same time, if you:

- have a second job or more than 2 jobs
- have a regular part time job and also receive a taxable pension or government allowance
- are working under an ABN as a contractor, sole trader or other business structure.

Second job or payer

Where you have more than one payer and expect to earn above $18,200 from all sources, you should advise your other payers to withhold tax from your income at a higher rate. This is the 'no tax-free threshold' rate.

You may need to complete and lodge a **PAYG withholding variation application**. Your request should be in writing but you can send it as an email request, a paper or online form.

Doing this reduces the chance of you having a tax debt (tax bill) at the end of the income year. See, **Why you may receive a tax bill**.

Change of job during the income year

If you change jobs during the income year your previous employer stops paying you, and this means you will no longer claim the tax-free threshold from them. You can claim the tax-free threshold from your new payer even if you have claimed it from your previous employer.

To choose whether to claim the tax-free threshold from your new employer complete a tax file number (TFN) declaration. Your payer will work out how much tax to withhold from their payments to you.

We will work out your total tax payable at the end of the income year when you lodge your tax return.

Example: changing jobs

Hamid has just completed his university degree and has found a job as a graduate in the public service. During December and January Hamid keeps working at his part time job in a café until he starts in a graduate position in February.

He has claimed the tax-free threshold from his café job from July to January. When he quits his café job and starts his graduate position he claims the tax-free threshold from his new employer from February.

Tax withheld from all income sources

When you lodge your tax return, we assess all the income you earn and the tax withheld amount. Sometimes the total tax withheld may be more or less than the amount you need to meet your end-of-year tax liability, if:

- your income is $18,200 or less, you can claim the tax-free threshold

- too much tax is withheld, it may result in a tax refund
- too little tax is withheld, you may receive a tax bill to pay the difference.

Depending on your circumstances, you can request a change to the amounts of tax withheld from your income. This will help you to match your end-of-year tax liability more closely.

If your income is $18,200 or less

If you're certain your total income for the income year from all your payers will be $18,200 or less, you can choose to claim the tax-free threshold from each payer.

If you do this and your total income later increases to above $18,200, you'll need to provide one of your employers with a **withholding declaration**. The withholding declaration will advise them you want to stop claiming the tax-free threshold from that payer.

Example: income of $18,200 or less

During the 2024–25 income year Jeff has a:

- taxable pension of $384.61 per fortnight ($10,000 for the income year)
- part-time job earning $307.69 per fortnight ($8,000 for the year).

Jeff claims the tax-free threshold on his pension and no tax is withheld during the year.

If Jeff doesn't claim the tax-free threshold through his employer for his part-time job, $50 per fortnight would be withheld.

Assuming that Jeff doesn't have other income, his taxable income for the income year will be $18,000. His tax payable at the end of the income year would be nil ($0). He would receive a refund of the total tax withheld when he lodges his 2025 tax return.

If Jeff expects to receive the same income for the next income year, he could choose to claim the tax-free threshold for his part-time job as well through his employer, so that no tax is withheld from payments made to him. He can do this by completing a withholding declaration and providing it to his employer.

If too much tax is withheld

If your income is more than $18,200 and too much tax was withheld in the income year, you can apply to reduce the amount of tax withheld from your payments.

You will need to complete and lodge a **PAYG withholding variation application**. Your request should be in writing but you can send it as an email request, a paper or online form.

When we receive your application, we'll calculate the variation amount and provide your payers with new instructions for withholding your tax.

You should only apply for this variation if you're certain of your income amounts and are disadvantaged by the current withholding rates.

Example: too much tax withheld during the year

Sue has 2 jobs during the 2024–25 income year. As a part-time retail sales assistant, she earns $615.38 per fortnight ($16,000 for the income year). She also works in a restaurant earning on average $384.62 per fortnight ($10,000 for the income year).

Sue claims the tax-free threshold from her retail employer and has no tax withheld.

As Sue doesn't claim the tax-free threshold from her restaurant employer, $66 per fortnight is being withheld. In total $1,716 was withheld for the income year.

Since Sue doesn't have any other income, her tax payable or refundable when she lodges her tax return would be calculated as follows:

Taxable income	$26,000
Income tax payable on $26,000	$1,248
Less, Low income tax offset	$700

Plus, Medicare levy	$0
Total tax and Medicare levy	**$548**
Credit for total tax withheld	$1,716
Tax refund due to Sue	**$1,168**

The tax refund of $1,168 arises because too much tax was withheld from Sue's income from her employers during the income year.

If this situation is likely to continue, Sue can apply to us for a withholding variation to reduce the amounts of tax withheld. So, Sue will receive extra net pay during the income year, rather than receiving a large tax refund at the end of the income year.

If too little tax is withheld

Sometimes the total tax withheld from your payments may be too little to cover your tax liability for the income year.

To avoid an end-of-year tax debt, you can ask one or more of your payers to **increase the amount they withhold** from your payments. You will need to complete and lodge a **PAYG withholding variation application**. Your request should be in writing but you can send it as an email request, a paper or online form.

Example: too little tax withheld

Pierre receives a taxable pension and has a part-time job. Over the course of the 2024–25 income year, he receives:

- $30,000 from the pension – Pierre's payer applies the tax-free threshold to his fortnightly payments
- $30,000 from the part-time job – Pierre's employer applies no tax-free threshold to his fortnightly payments.

Pierre's tax withheld is:

Income type	Taxable annual	Fortnightly income	Fortnightly tax withheld

	income		
Pension	$30,000	$1,153.84	$84.00
Part-time job	$30,000	$1,153.84	$236.00
Total	$60,000	$2,307.68	**$320.00**

At the end of the income year, the total tax withheld from Pierre's income will be $8,320 ($320 × 26).

When Pierre lodges his tax return for the income year, the actual amount of income tax he has to pay, or tax refundable to him, will be calculated as follows:

Taxable income	$60,000
Income tax payable on $60,000	$8,788
Less, Low income tax offset	$100
Plus, Medicare levy (2% of $60,000)	$1,200
Total tax and Medicare levy	**$9,888**
Credit for total tax withheld	$8,320
Tax payable	**$1,568**

Pierre will have a tax debt of $1,568 as insufficient tax was withheld during the income year.

Pierre can ask one or both of his payers to withhold extra tax to cover the shortfall. Alternatively, he can put money aside to ensure that he can pay his tax bill when it falls due.

Paying tax on multiple sources of income

How to avoid unexpected tax bills if you have income from multiple sources.

Last updated 26 March 2025

On this page

Multiple employers and tax-free threshold

If you receive **income from more than one job**, you should only claim the tax-free threshold from one employer. A common mistake is to claim the tax-free threshold from multiple employers.

Any income you earn, whether from an employer, government agency or work you do under an Australian business number (ABN), counts towards your tax-free threshold.

If you are an Australian resident for tax purposes, you're entitled to the tax-free threshold of $18,200. This means you can earn up to $18,200 each year without paying tax.

In some situations, your employer will not withhold tax from your income because they don't expect you to earn over $18,200 from what they pay you throughout the year.

If you have more than one employer in an income year, your combined income may be more than the tax-free threshold.

Claiming the tax-free threshold from multiple employers

You may not have had enough tax withheld throughout the year if:

- your total income is above $18,200 from all employers, and
- you have claimed the tax-free threshold from more than one employer.

This means you may receive a tax bill to pay the difference. This will be due as a lump sum payment at the end of the financial year.

How to avoid a possible tax bill

To avoid the possibility of having to pay tax at the end of the financial year, you should only claim the tax-free threshold from one employer. If you need to let an employer know that you would like to discontinue applying the tax-free threshold from your pay, advise them by completing a **Withholding declaration** form.

You can set aside extra tax if you don't have enough tax withheld during the year by asking your employer to withhold additional tax and entering into a written agreement with them. You can also choose to prepay tax by entering into the **PAYG instalments** system.

Study or training support loan with multiple employers

If you change or have multiple jobs during the financial year, you need to tell your employer about your study and training support loan.

You will have compulsory repayments if:

- you have a study loan when you lodge your tax return, and
- your repayment income is above the minimum repayment threshold.

We calculate this automatically when you lodge.

To help reduce the likelihood of an unexpected tax bill, make sure your employer is withholding additional amounts from your salary and wages to cover your compulsory repayment. If they're not, complete a **Withholding declaration** form to let them know to withhold these amounts.

Your **study and training support loan** repayment is based on:

- your taxable income (including income from all jobs), plus
- any total net investment loss
- total reportable fringe benefits amounts
- reportable super contributions
- exempt foreign employment income.

Your employer calculates your repayments based on their expectation of your income. If your income significantly differs from their expectations, your repayment rate may be higher and will be due as a lump sum payment at the end of tax time. This may be the case if you are working multiple jobs or have other income.

Making voluntary repayments

You can make **voluntary repayments** to reduce your loan amount at any time. However, you will still have a compulsory repayment or overseas levy to pay if:

- you still have a debt, and
- your repayment income is above the minimum repayment threshold.

Earning salary or wages and income as a sole trader or on online platforms

You can take steps to avoid an unexpected tax bill if you earn salary or wages (from an employer), and you also:

- run a business as a sole trader (self-employed), or
- provide services through an online platform.

How to prepay tax on business income

If you are an employee, your employer will withhold tax each payday and send it to us. If you are self-employed, you are responsible for the tax you owe on your self-employed income.

To avoid an unexpected tax bill, you can prepay tax on this income throughout the year using pay as you go (PAYG) instalments. If you don't use PAYG instalments, you will be required to pay the entire amount as a lump sum at tax time.

Example: not prepaying tax from sole trader income

Martin works at a supermarket during the week and carries on a business running a market stall selling handmade dog collars on Sundays.

The supermarket withholds money from his pay and sends it to us. While Martin reports the income from his market stall at tax time, he doesn't prepay the tax owing on it.

This means he will have a lump sum tax bill owing from the income he earned from his market stall at tax time.

Example: prepaying tax on sole trader income

Shelly works at a shoe shop during the week. She also carries on a business of selling handmade jewellery online as a sole trader. The shoe shop withholds tax every payday and sends it to us.

Shelly has requested to start paying voluntary PAYG instalments and enters the PAYG instalment system. She makes regular payments to us based on her expected income from selling her jewellery online.

If Shelly earns less than she has estimated from selling jewellery, we will refund the excess PAYG instalments she has made throughout the year.

If she makes what she expects from selling jewellery, then she will have paid enough tax. If she earns more, she will need to pay extra at tax time, but her tax bill will be smaller and more manageable than if she had not made PAYG instalments.

Benefits of prepaying tax

Taking steps to prepay tax throughout the year can help you smooth out your cashflow and avoid a large tax bill. You can prepay your tax through PAYG instalments.

Study or training support loan with employment and self-employment

You need to make **compulsory repayments** if:

- you have a study loan when you lodge your tax return, and
- your repayment income is above the minimum repayment threshold.

Repayment income is calculated based on:

- your taxable income (including all income from employment and from self-employment), plus
- any total net investment loss
- total reportable fringe benefits amount
- reportable super contributions
- exempt foreign employment income.

Any additional income you earn from self-employment activities will increase the amount of your compulsory payment at tax time. The amount your employer is withholding from your salary and wage income to pay compulsory repayments will not account for this.

Example: study and training support loan

Tony works at a hardware store throughout the week and earns $65,000 annually. He also creates online content for a video sharing platform. He expects to earn $20,000 from these activities this financial year.

Tony has a study and training support loan. His employer withholds money each payday and sends it to us. He is required to repay 2.5% (or $1,625) of the $65,000 he earns towards his loan from his employment income.

Tony does not make any withholding arrangements for the income that he earns from his online content. At tax time, Tony will owe tax on the $20,000 and need to pay more based on his combined income.

With the additional earnings, his repayment income is $85,000. This has a higher repayment rate of 5% (or $4,250). Tony will be required to make a higher compulsory repayment towards his study and training support loan when his tax return is processed.

If you have not made arrangements to prepay tax on your self-employed income:

- your repayment income may be higher
- the amount withheld from your salary and wages by your employer won't cover the additional compulsory repayment amount.

This will increase your compulsory repayment, and you will be required to pay a larger amount when your tax return is calculated.

Include study and training support loan on PAYGI

Your **study and training support loan** can be included when you organise to prepay your tax on your self-employment income through **PAYG instalments**. This will help you avoid a large tax bill when you lodge your tax return.

Medicare levy

The Medicare levy is paid in addition to the tax you pay on your taxable income. It is 2% of your **taxable income**.

We calculate your **Medicare levy** when you lodge your income tax return. The amount of tax your employer withholds from your salary or wages usually includes an amount to cover the Medicare levy.

However, if you have not made arrangements to prepay tax on your self-employment income:

- your taxable income may be higher
- the amount withheld for Medicare levy from your salary and wages by your employer won't cover the additional Medicare levy payable.

This means you will need to pay some of your Medicare levy as a lump sum when your tax return is calculated.

If you voluntarily enter **PAYG instalments** or you are required to pay PAYG instalments, the instalment amount will help reduce any additional Medicare levy you are liable to pay.

Earning income from investments

Investing in crypto assets

Transactions involving **crypto assets** are usually subject to the same tax rules as other assets.

The most common use of crypto is as an investment. If you receive earnings from your crypto assets from staking rewards, airdrops and DeFi arrangements (similar to bank interest), you need to declare this income, even if you still hold the crypto asset.

When you dispose of your crypto assets, you need to convert your crypto into Australian dollars before calculating your capital gain or loss.

Capital Gains Tax (CGT) is the tax you pay on profits from **disposing of assets** like shares and crypto assets. If you meet certain conditions, a **CGT discount** may apply.

A capital gain or a capital loss from the disposal of a crypto asset needs to be included in your tax return. Taxpayers who do not keep good records or consider the tax implications of their crypto transactions could be unprepared for an unexpected bill when their tax return is processed.

How to work out and report CGT on crypto

Watch our video on **How to work out and report CGT on crypto**.

Other investments

You need to be aware of your tax obligations if you earn income or make a capital gain or loss through the sale of other **investments** such as:

- a rental property
- shares
- exchange traded funds (ETFs).

ETFs provide investors with a standard distribution statement (SDS) that details what needs to be declared on their tax return. When an investor disposes of units, the SDS will show the capital gains or losses made from the sale of the units which also need to be included in their tax return.

Managed funds also provide investors with a statement with details of what needs to be declared on their tax return.

You must show any income or credits you receive from any trust investments on your tax return. Your distribution advice or statement from the trust will show what you need to include on your tax return.

You can organise to prepay the tax on your investment income through **PAYG instalments**. This will help you avoid a large tax bill when you lodge your tax return.

Authorised by the Australian Government, Canberra.

QC 102121

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.