



Interest we pay

We pay you interest on certain tax liabilities when you pay early, overpay or there's a delay in us paying your refund.

Interest on early payments

When we pay interest on early payments you make 14 days or more before the due date and how we calculate the interest

Interest on overpayments

Check which overpayments we pay interest on and how to calculate the interest amount.

Delayed refund interest

Check what refund amounts we pay interest on if they are not paid within 14 days.

Credit interest rates and calculation

Calculation and interest rates for interest we pay on early payments, overpayments and delay in paying your refund.

Interest on early payments

When we pay interest on early payments you make 14 days or more before the due date and how we calculate the interest

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Payments eligible for IEP

Interest on early payments (IEP) is interest we pay when you make a payment towards any of the following tax liabilities **more than 14 days before the due date**:

- income tax (including Medicare levy and Medicare levy surcharge)
- compulsory Higher Education Loan Program (HELP) repayments
- compulsory Vocational Education and Training Student Loan (VETSL) repayments
- Student Financial Supplement Scheme (SFSS) assessment debts
- compulsory Student Start-up Loan (SSL) repayments
- compulsory ABSTUDY Student Start-up Loan (SSL) repayments
- compulsory Australian Apprenticeship Support Loans (AASL) debt repayments
- interest on distributions from non-resident trust estates

- shortfall interest charge (SIC).

Payments not eligible for IEP

The following payments are **not eligible** for IEP:

- pay as you go (PAYG) withholding amounts including
 - amounts withheld from interest, dividends and royalties
 - amounts withheld by payers (including those withheld for the purpose of repaying contributions or debts for HELP, VETSL SFSS, AASL, SSL or ABSTUDY SSL)
- PAYG instalments
- self-managed super fund (SMSF) supervisory levy payments
- any part of a payment that exceeds the amount that is due and payable.

Payment of IEP

We have automated the calculation and payment of IEP entitlements for eligible early payments. This process applies to amounts you have paid us since **1 July 2021**.

We calculate and pay IEP after the due date of the tax debt has passed. We only pay IEP if your interest amount is \$0.50 or more and it may be used to offset income tax and other debts.

IEP is paid directly to your nominated bank account, so make sure your financial institution account details are up to date.

If your financial institution account (FIA) details are not up to date, we will hold the IEP credit on your account for a maximum of 12 months provided the amount has not been:

- offset against an outstanding tax debt
- paid to you with another credit.

If after 12 months we don't have any FIA details we will then allow an IEP cheque to issue.

If you update your FIA details within the 12-month period, then the IEP credit will be paid directly to your nominated bank account after the

12 months have passed.

Payment of an IEP credit retained on an account can be requested:

- through practice mail in **Online services for agents**
- through secure mail in **Online services for business**
- in writing.

Registered agents

IEP amounts will be paid to a client's nominated bank account, that can be either their:

- personal bank account
- tax agent's trust account.


Clients should check their bank account details are up to date. This is to ensure they receive their IEP entitlements as soon as possible.

If your client has nominated your practice trust account for refunds, we'll pay IEP to that account. You will need to forward or transfer the amount to your client.

You can access an **EFT Reconciliation Report** to view any IEP entitlements paid to your trust account on behalf of your client.

Statement of Account

A Statement of Account (SoA) will be sent when the IEP credit is refunded or offset against an existing debt. For:

- individuals – use [myGov](#)  to view your SoA
- businesses – use **Online services for business (OSB)** to view your SoA
- tax professionals – use **Online services for agents** to view your clients SoA.

How we calculate IEP

Interest is payable on the amount of the early payments you make. The period for which the interest is payable is calculated according to your circumstances.

For individuals and trusts, interest is payable:

- from the later of
 - the date of issue on your notice setting out the amount of tax, debt or interest you need to pay
 - the date you make the payment
- until and including the payment due date.

Individuals and taxable trusts can use the **interest on early payment calculator** to calculate the amount of your entitlement.

For companies and super funds, interest is payable from the date you make the payment up to and including the due date for payment.

Interest on early payments is **not payable**:

- on amounts that exceed the value of your tax debt
- for any period after we refund your early payment.

You can also check the **formula we use to calculate credit interest and the rates**.

How to claim IEP

To claim IEP for payments made before 1 July 2021, you can:

- use practice mail in **Online Services for agents**
- use secure mail in **Online Services for Business**
- **write to us**.

You will need to provide details of your entitlement including:

- payment amounts
- payment dates
- the specific debt (including income year) the payments were made towards.

Alternatively, you can include it as a **Credit for early payments** in your tax return for the income year in which the interest entitlement arises. If you've already lodged that tax return, you'll need to calculate your entitlement and **lodge an amendment**.

How we treat IEP

Interest on early payments is assessable income. Include any IEP in your tax return in either the:

- income year you receive the interest payment
- income year it is offset against another tax debt you had with us.

QC 67821

Interest on overpayments

Check which overpayments we pay interest on and how to calculate the interest amount.

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When we pay interest on overpayments

We will pay interest on overpayments (IOP) if any of the following occurs:

- We take 30 days or more after you lodge your tax return to issue a notice of assessment if that assessment results in a refund of tax – the 30 day period starts from the date we receive all the required information.
- You claim certain credits after an assessment has been made because the assessable amount should be reported in a different income year.

- Your assessment is amended after you paid it and the amendment reduces your tax liability.
- You request a refund of all or part of a payment you made to
 - an income tax account
 - certain income tax penalties such as those we impose for making a false or misleading statement
 - a compulsory Higher Education Loan Program (HELP), VET Student Loan (VSL), Student Start-up Loan (SSL) or Australian Apprenticeship Support Loans (AASL) repayment amount
 - a Student Financial Supplement Scheme assessment debt.
- You request a remission of certain interest amounts you have paid and we refund it to you 30 days or more after you made the request, such as
 - general interest charge (GIC)
 - shortfall interest charge (SIC).

How we calculate IOP

We automatically calculate IOP amounts for you and pay you the interest amount with your overpayment. If you have outstanding tax or super debts, we may offset these credits against those debts.

The IOP will go directly to the bank account you nominate, make sure your financial institution details are up to date.

You can check the rates we use to calculate credit interest for overpayments.

How we treat IOP

Interest on overpayments is assessable income. Include any IOP in your tax return in the income year you receive it or the income year it offsets against another tax debt you had with us. Report the amount at **Gross Interest**.

Delayed refund interest

Check what refund amounts we pay interest on if they are not paid within 14 days.

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When we pay delayed refund interest

We will pay delayed refund interest (DRI) if we do not pay the following types of refunds within 14 days:

- a surplus on a running balance account (RBA) reflecting the allocation of a business activity statement (BAS) amount to the RBA (a BAS amount is any credit or debt that arises directly under the BAS provisions, which include goods and services tax [GST], wine equalisation tax, luxury car tax, PAYG withholding, PAYG instalments, and instalments of fringe benefits tax.)
- a surplus on a RBA arising from the remission of a penalty that relates to a BAS amount, that you requested to be remitted
- a surplus on a RBA that you requested to be refunded that reflects a voluntary payment made for an anticipated tax debt under a BAS provision.

DRI will start accruing 14 days after you:

- lodge all outstanding activity statements with all required information

- give us all the information necessary for your activity statements to be processed
- give us the financial institution account details where we can pay the refund.

How we calculate DRI

We will automatically calculate DRI amounts for you and pay you the DRI with your delayed refund. The interest can be used to offset another tax debt you have with us.

You can check the rates we use to calculate your DRI.

How we treat DRI

DRI is assessable income. Include any DRI in your tax return in the income year you receive it or the income year it offsets against another tax debt you had with us. Report the amount at **Gross Interest**.

QC 68010

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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