



# PAYG withholding variation application

How to complete a PAYG withholding variation application to vary the amount of PAYG withheld from income paid to you.

**Last updated** 5 November 2025

## Why vary or reduce withholding amounts

The main purpose of varying or reducing the amount of pay as you go (PAYG) withholding is to make sure that the amount of tax withheld during the income year best meets your end-of-year tax liability. For example, you may want to apply for a variation if the normal rate of withholding leads to a large credit at the end of the income year because your tax-deductible expenses are higher than normal.

You can lodge your application during the year. The last date for lodgment is **30 April** of the application year.

This application is valid for one financial year. If you apply in May or June, the variation will apply to the next financial year starting from 1 July.

## When not to use this application

Don't complete this application if you want to:

- claim a study and training support loan (STSL) overpayment in May and June for the current financial year, as the last date of lodgment is 30 April
  - you will need to lodge your tax return and claim a credit for any over withheld amounts

- cease additional amounts withheld from your payer for your STSL, for example, if you have fully repaid your STSL debt
  - you will need to advise your employer you no longer need extra amounts withheld by completing a **Withholding declaration**
- vary your pay as you go (PAYG) instalments
  - this application only applies to varying amounts withheld on income paid to you by your payer.

For more information on STSL, see **Study and training support loans**.

We won't process applications for:

- losses in relation to contract for difference (CFD), share trading or cryptocurrency
- small business or partnership losses in the first year of trading
- donations that haven't been made.

## Processing times

The processing time for an application depends on how you lodge your application. If you lodge:

- online – we aim to process within 28 days
- by paper – we aim to process within 56 days.

We may take longer if we need further information from you.

## How to lodge

To lodge online for **individuals**, sign in to myGov and select:


- **ATO**
- **Tax**
- **Manage**
- **PAYG withholding variation.**

To lodge online for **tax agents**, log in to Online services for agents and select:

- **Lodgments**

- **Client forms**
- **PAYG withholding variation.**

If you can't lodge online, you will need to order a paper application by either:

- visiting [online ordering](#)  and searching for NAT 2036
- phoning our automated self-help ordering service on **13 28 65** and asking for NAT 2036.

## Important information

We will process your application only if you:

- have lodged all required tax returns and activity statements, or notified us in writing if you were not required to lodge tax returns in prior years
- didn't receive a debit assessment on your last tax assessment (if you also had an approved withholding variation for that year)
- don't have any outstanding tax debt owing to the Australian Government
- don't have any outstanding debts under any other Acts administered by us.

## Further information you may need to provide

We may seek more information from you before or after your application is processed. If you fail to provide this or there is some doubt of entitlement to a deduction, we may not be able to grant a variation.

We may ask you for copies of receipts, invoices or other documentary evidence substantiating each amount claimed.

We may request the following information or supporting documents from you:

- Work related expenses
  - employment details including employment contracts
  - logbooks

- phone and internet bills.
- Rental property expenses
  - bank statements or loan contracts
  - rates and insurance notices
  - owner statements
  - depreciation schedules
  - a description of any repairs or maintenance.
- Investment expenses
  - details of the company or trust you've invested in
  - bank statements or loan contracts.
- Other expenses
  - income protection insurance policies
  - receipts for donations – you can only claim an amount for donations when the amount has been made.

We process your application based on the information you provide. It's your responsibility to make sure this information is adequate to allow us to calculate a withholding rate to meet your end-of-year tax liability.

For more information on record keeping, see **Records you need to keep**.

If you're granted a variation, this doesn't mean we have accepted the tax treatment of the income and deductions on your application. Your actual tax liability will be determined after you lodge your tax return.

For more information, you can:

- phone us on **1300 360 221** between 8:00 am and 6:00 pm Monday to Friday
- if you are a tax agent, phone **13 72 86**, Fast Key Code **1 2 3** between 8:00 am and 6:00 pm Monday to Friday.

## Change in circumstances

You must complete a new application and advise us of any change in your circumstances during the income year. This includes:

- when you sell a rental property
- your annual income will be higher than the amount included on your application
- you receive an additional bonus or commission payment
- your deductible expenses change
- when you change payers and want your new payer to vary or reduce your withholding.

## Starting and finishing dates

If your application is approved, the varied or reduced amount of withholding will start from the next available pay day after your pay office receives the notice of withholding variation from us.

Your variation finishes on the date shown on the letter you receive from us. To continue to have varied or reduced tax withheld from payments after this date, you must lodge another **variation application**.

Applications can be lodged for the next financial year from 1 May before the new financial year starts.

## Common errors to avoid when completing your application

**Before you complete your PAYG withholding variation application, check with your payer that they have your correct tax file number (TFN).**

Avoid these common errors when completing your application:

- Payer details
  - including spaces in your payer's Australian business number (ABN) – you must enter the ABN without spaces when completing the online form
  - providing the incorrect postal address for your payers pay office
    - the payroll address may not be the same location you work in –

if you provide the incorrect address, it may delay the implementation of your new rate.

- Annual income payments
  - not including all annual income you expect to receive from all payers for the full financial year, not just the payer you want the variation to apply to
  - not including all income payment types that you receive – if you don't include all payment types, your payer may not be able to implement your variation
  - if you receive an allowance payment and don't include it on your application, the variation won't be applied to this payment – (for more information on allowances, see **Employment allowances**)
  - not providing the correct or most recent gross and tax payment amounts
  - incorrectly including year to date gross or tax amounts when completing the application before the start of the applicable financial year
  - entering '0' at income payment fields that you don't receive from your payer, you must leave the field blank
  - not including a description if you include an amount that includes a **Specify details** field.
- Tax offsets
  - incorrectly claiming deductions as a **tax offset**
  - incorrectly claiming a **tax offset** for income payments that a tax offset doesn't apply to
- Rental details
  - not listing all owned rental properties – you need to provide all rental details for each property you own (even if you've received an approved variation previously)
  - incorrectly completing or not providing the following details
    - date you purchased the property
    - is the property under construction
    - percentage owned

- year building constructed.

## Working holiday makers

PAYG withholding is applied at a rate of 15% for **working holiday makers** (WHM). If you think too much tax has been withheld for the year, you'll need to lodge a tax return to receive a refund if eligible.

If too much tax is being withheld, you may want to apply for a variation.

If you are a working holiday maker who is both an Australian resident for tax purposes and from a **non-discrimination article (NDA) country**, you can apply for a PAYG variation.

To do this you need to show evidence that you:

- are from an NDA country
- have been treated by the Commissioner of Taxation as being an Australian resident for tax purposes in one of the following ways
  - being assessed, following the lodgment of your tax return, as a resident on the same basis as a resident Australian citizen for one of the 2 most recent income years
  - quoting the authorisation number of a relevant **private ruling**.

The PAYG variation process is not a pathway to determine your residency status. If you would like help to determine your residency status you can apply for a private ruling.

## Processing your PAYG withholding variation application as a working holiday maker

To be able to process your PAYG withholding variation application you will need to include the following when lodging:

- select reason code 12A2 other reasons – excess withholding
- in the free text field, input 'WHM' and information about your residency – for example, 'residency based on prior income tax assessment' or input 'private ruling' and provide the authorisation number.

If you change employers, you will need to complete a new PAYG withholding variation application. This is because the variation only

applies to the income from that particular employer for the financial year.

## **Instructions for your variation application**

The following instructions will help you complete your variation application:

- Section A: Your details
- Section B: Payer details
- Section C: Rental details
- Section D: Investment details
- Section E: Annual income and tax offsets
- Section F: Annual deductions.

### **Section A: Your details**

#### **A1 Tax file number (TFN)**

If you choose not to provide your TFN, your application may be delayed.

Check you've provided a valid TFN to your payer before you complete the application.

#### **A7 Authorised contact person**

By completing this item you are authorising us to deal with this person as the first point of contact.

#### **A8 Australian resident for tax purposes**

Select your correct residency status. If you're unsure of your residency status or if you need more information:

- refer to **Work out your tax residency**
- phone us on **13 28 61**.

#### **A10 Reason codes**

There is a list of reason codes on page 2 of the *PAYG withholding variation application*.



It is important to use the correct reason code. If your reason code begins with 05, you must select only one code. If your reason code begins in the range 08–17, you can select more than one code within these ranges – for example, 2 or more payers 11A0 and Negative gearing 08A0.

## **Section B Payer details**

If your reason code begins in the range 05, you need to only complete B12 and B13. If your reason code begins in the range 08 to 17, you need to complete all applicable fields in B1 to B13. If you have more than 2 payers, attach a separate page with the required details.

B1 Payer 1 – Variation will apply to this payer.

You must select only one payer type for each payer. Select the applicable box for:

1. Income paid as an employee or contractor
2. Superannuation income, or
3. Compensation or insurance income.

### **B2 Australian business number (ABN)**

The implementation of your variation may be delayed if you don't provide a correct ABN.

### **B3 Payer name**

Provide your payer's business name.

### **B4 Will you be receiving payments from this payer for the full year?**

If you will be receiving income from this payer for the full year, select **Yes**.

If you will be receiving payments from this payer for part of the year, select **No**. Include the total income received and tax withheld to date for your current and all previous payers at B12 and B13.

### **B5 Pay office postal address**

Provide your payer's pay office postal address. This address may not be the same location you work in.

**B6 Pay office direct phone number**

Provide your pay office phone number.

**B7 Payroll ID, payee ID or policy number**

Provide your payroll ID, payee ID or policy number. Your payer uses this information for identity purposes.

**B8 Gross per pay**

Provide the amount you are receiving each pay before tax is withheld. Don't include irregular payments in your gross per pay, for example, a one-off bonus or commission payment.

**B9 Tax withheld per pay**

Provide the amount of tax your payer is withholding from each pay.

**B10 Pay frequency**

Select the applicable box to indicate how often you are paid

**B11 Dates of last pay and next pay**

Provide the date you were last paid and the date you next expect to be paid.

**B12 Gross pay received since 1 July**

Provide the total amount of gross payments you have received from current and all previous payers since 1 July of the application year. Include any bonus payments received.

**B13 Tax withheld since 1 July**

Provide the total amount of tax withheld from current and all previous payers since 1 July of the application year. Include tax withheld from any bonus payments. Don't include foreign tax paid.

**Section C Rental details**

Provide details for each property you own even if you have applied for a withholding variation previously. Also refer to **Deductions for vacant land** to see if the changes in legislation affect deductions you can claim.

**Percentage owned**

Joint tenants and tenants in common must divide the income and expenses in accordance with their legal interest in the property.

With joint tenancy, each tenant holds an equal interest in the property. For example, if you and your spouse are the only names listed on the title deed and you are listed as joint tenants, show 50% at the percentage owned item. A partnership agreement, either oral or in writing, can't change this.

## Section D Investment details

You must complete this section if your reason code begins in the range 09, 16 or 17. You must also declare any deductions relating to this investment at F2.

## Section E Annual income and tax offsets

You must complete **at least one** item at E1 to E5.

If your employer reports to us through Single Touch Payroll (STP), you can check your income statements for the payment types you receive.

To access your income statements online, you need to link your myGov account to the Australian Taxation Office (ATO).

Sign in to myGov and go to your linked services, then select:

- **ATO**
- **Employment**
- **Income statements.**

You can also lodge your PAYG withholding variation application online via ATO online services. Sign in to myGov and go to your linked services, then select:

- **ATO**
- **Tax**
- **Manage**
- **PAYG withholding variation.**

## E1 Payments for work and services

Don't include any reportable fringe benefits or pre-salary sacrifice amounts at this field.

Don't include payments for employment termination (ETP). Include ETP payments at E5(a) Employment termination payments.

### **E1(a)(iii) Bonus payments**

Provide details of bonus payments. For bonus payments you have already received, then:

- include bonus payment at B12
- include tax withheld from bonus payments at B13.

For bonus payments not yet received, and you want:

- your variation to apply to your bonus payments, you must
  - enter the bonus payment amount at E1a(iii)
  - select the 'Varied rate to apply to bonuses' box at E1(a)(iii)
- normal tax to be taken out of your bonus payments (that is, your new varied rate will not apply to your bonuses), you must
  - enter the bonus payment amount at E1a(iii)
  - select the 'Normal tax to be taken out of bonuses' box at E1(a)(iii)
  - include the bonus payment amount and the expected tax withheld from the bonus payments at 'Annual gross income' and 'Annual tax' in **Non-varied payers** screen.

### **E4 Australian annuities and superannuation income streams**

Do you receive more than \$100,000 (see [note](#)), including tax-free amounts, from your combined superannuation income streams – Yes or No.

#### **If you answered No to this question:**

- If you are 60 years or over for the entire income year – only include the taxable components you expect to receive if they comprise an element that is untaxed in the fund (paid from an untaxed source). Show the amount of any tax offset that applies to this income at E13 Tax offsets.
- If you turn 60 in the income year and your income is from a taxed source – only show the taxed element of the taxable component for any benefits you expect to receive before you turn 60. If your super

income stream has an element that is untaxed in the fund, show the total amount for the year.

- If you are between preservation age and under 60 for the full income year – show the total amount of the taxable components for any super income stream benefits you expect to receive from any payer(s). Show the amount of any tax offset that applies to this income at E13 Tax offsets.

**If you answered Yes to this question:**

From 1 July 2017, income from certain defined benefit pensions will be subject to additional income tax rules.

There are 3 components of a pension that must be taken into consideration:

- tax-free component
- taxed element of the taxable component
- untaxed element of the taxable component.

When an individual has more than one capped defined benefit income stream, the taxation consequences will be calculated based on the sum of each of the components across all income streams.

Before 1 July 2017:

- the tax-free component and taxed element of the taxable component are tax free to recipients 60 years and over
- the untaxed component is included in an individual's assessable income
- those who are 60 years and over are entitled to claim a 10% tax offset.

From 1 July 2017:

- 50% of any income in excess of the **defined benefit income cap**, (see [note](#)) from these combined sources will be included in the individual's assessable income to which no tax offset applies
- defined benefit income received in excess of the defined benefit income cap doesn't attract the offset
- the offset is capped at a maximum of 10% (see [note](#))

- show the amount of any offset that applies to this income at E13 Tax offsets.

From 1 July 2017, where the defined benefit pension payment includes the 3 components previously listed, different rules will apply when calculating the 10% offset:

- The taxed element and tax-free amount of the payment is counted towards the defined benefit income cap first.
- The untaxed element is then counted towards the defined benefit income cap. However, the tax offset is limited to 10% of the untaxed element that is counted towards the defined benefit income cap.
- Your super income stream will be paid from an untaxed source primarily because it is paid, at least in part, from a super scheme that is not subject to tax, such as a public sector super scheme. If you are not sure, check with your fund.

**Note:** The defined benefit income cap will be reduced where either:

- you first become entitled to concessional tax treatment for defined benefit income part-way through a financial year (for example, if you turn 60 years old during the year)
- a person becomes entitled to other defined benefit income that is not subject to concessional tax treatment (for example, death benefits and other member benefits in certain circumstances).

For more information, see **Transfer balance cap – capped defined benefit income streams**.

## **E5 Employment related payments**

(a) Employment termination payments (ETP). There are different types of employment termination payments (ETPs). For more information, refer to **Employment termination payments for employees**.

If your current approved variation doesn't include ETP details, and you will be receiving an ETP, your payer must withhold at normal withholding rates for the ETP. For reduced withholding to apply to the ETP, you need to lodge an amended application and include the ETP details.

(b) Payment for unused annual and long service leave. For more information, refer to **Withholding from unused leave payments on termination of employment**.

## **E6 Partnership or trust income or partnership loss**

If you have a partnership loss, complete Section H on the PAYG withholding variation supplement.

## **E7 Net income or loss from business**

If you have net income or loss from business, complete Section G on the PAYG withholding variation supplement.

**Don't** include income or losses derived from an investment in a managed investment scheme that also has a product ruling or a private binding ruling. Income from this source is to be shown at E8, E10 or E11 and the deductions at F2.

### **Non-commercial losses**

If you have a net loss from a business activity you carry on as an individual, either as a sole trader or in partnership, the non-commercial loss rules will apply.

These rules determine if you can use your business loss to offset income from other sources. You can only offset your loss against assessable income from other sources if one or more of the following applies:

- you meet one of the exceptions for primary production or professional arts businesses
- you meet the income requirement and satisfy one of the 4 tests (profits test, assessable income test, other assets test or real property test)
- we have exercised the Commissioners discretion to allow you to claim the loss.

If you don't satisfy the criteria, you must defer the loss to a future year when both of the following apply:

- the business activity is continuing
- you meet the income requirement and satisfy one of the tests (profits test, assessable income test, other assets test or real property test).

## **E9 Gross rent**

Only include your portion of the rental income. If the title deed shows that you are only a part owner of the property, include only your share of the rent – for example, if you own 50% of the property, you should show 50% of the rent. Don't put a negative amount. Only include gross rent and claim the deduction at F3.

## **E14 Income tests**

There are **income tests** for working out your eligibility to receive certain tax offsets and claim certain deductions.

To apply these income tests, we need your:

- reportable fringe benefits
- reportable employer super contributions
- exempt foreign employment income.

## **E15 Spouse's adjusted taxable income or rebate income**

Your spouse's adjusted taxable income affects your entitlement to any dependant tax offset.

Use our **Income tests calculator** to work out your spouse's adjusted taxable income.

## **E16 Medicare**

An exemption from the Medicare levy is claimable in certain circumstances. For more information, refer to **Medicare levy**.

## **Section F Annual deductions**

Provide details of deductions for expenses incurred in earning your assessable income.

### **F1 Work-related expenses**

For more information, refer to **How to claim deductions**.

### **F2 Investment deductions**

If you are claiming investment deductions, you must complete the investment details in section D. Income from the investment is to be provided at E8, E10 or E11.

### **F3 Expenses related to rental property**



Provide only rental expenses at this item. If the title deed shows that you are only a part owner of the property, include only your share of the rental expenses – for example, if you own 50% of the property, you should show only 50% of the rental expenses. For more information, refer to How to claim rental expenses.

#### **F4 Tax losses of earlier income years claimed this income year**

You can't claim a tax loss from an earlier income year if your taxable income last year was more than zero.

#### **F5 Personal superannuation contributions (deductible)**

For more information, see Super.

### **Aggressive tax planning**

In the past, promoters of managed investment schemes, and tax-effective investment products or arrangements, have encouraged their clients to apply for withholding variations to produce immediate tax savings.

Promoters often imply that the granting of a variation supports the tax deductibility of the investment and indicates our acceptance that the arrangement complies with the relevant income tax laws.

If you want more certainty about the tax treatment of an arrangement, ask the promoter if they have a product ruling from us.

If the answer is:

- yes – ask for a copy and read it, or have an independent tax professional read it and explain how it applies to you
- no – ask why they don't have a product ruling for the project and apply to us for a private binding ruling or consult a tax professional who is not involved in promoting the investment.

If you have concerns about a promoter or a tax scheme, you can report schemes and promoters.

### **Your privacy**

Your privacy is protected by the *Privacy Act 1988* and the strict secrecy provisions of the *Income Tax Assessment Act 1936*, the

*Taxation Administration Act 1953 and other tax laws.*

You can also view [our privacy policy](#), as well as information on protections available for [tax whistleblowers](#) and [your privacy if you make a tip-off](#).

QC 21682

## **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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