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PAYG withholding variation application – senior Australians only

Senior Australians with multiple payers can use this form to vary or reduce the amount of PAYG tax withheld (NAT 5424).

Last updated 7 November 2024

Complete an application to vary or reduce your amount of pay as you go (PAYG) withheld if you are a senior Australian.

When to use this application

Complete this application when you want to vary or reduce the amount of pay as you go (PAYG) withholding from payments made to you in the application year. Complete this form if you:

- are a senior Australian, and
- receive payments from multiple payers.

Don't use this form if you're a veteran or war widow or war widower and under 60 years old for the full income year. Instead, complete a **PAYG withholding variation application** (NAT 2036) using reason codes 10A0 and 11A0.

The main purpose of **varying or reducing the amount of withholding** is to make sure that the amount 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.

Processing times

The processing time for an application depends on the method you use to lodge your application. If you lodge:

- online – we aim to process within 28 days unless we need further information from you
- by paper – we aim to process within 56 days unless we need further information from you.

How to lodge

We have made changes to the way you lodge online.

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

- ATO
- Tax
- Manage
- PAYG withholding variation.

To lodge online for **tax agents**, go to **Online services for tax 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 5424
- phoning our automated self-help ordering service on **13 28 65** and asking for the NAT number you need.

Important information

We will process your application only if you:

- have lodged all required tax returns, or notified us in writing if you were not required to lodge tax returns in prior years
- don't have any outstanding tax debt owing to the Australian Government
- don't have any outstanding debts under any Acts administered by us.

We may seek more information from you before or after your application is processed. If you fail to provide this, your application may not be approved.

We process your application based on the information you provide. It is 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. If you need help to complete the application, phone **1300 360 221**.

Your new withholding rate or amount

Using the information you provide on your application, we will calculate a new rate or amount of withholding for you. (This rate or amount may be zero, which means your payer should not be withholding tax from your payments.) We will send a letter to you confirming your new rate of withholding. We will also send a notice of withholding variation to all payers that you list on your application to advise them of your new rate of withholding.

If your new rate or amount of withholding is nil, and your taxable income is below the income threshold, you and your payer (or payers) may be advised that this new rate or amount will remain in force indefinitely. If this is the case, you won't have to send any more *PAYG withholding variation applications* to us.

If your new rate or amount of withholding is not in force indefinitely, your letter will include an expiry date. This means that your new rate or amount of withholding will be valid only up to and including this date. To continue to get a reduced amount of tax withheld from your payments after this expiry date, you will have to send another *PAYG withholding variation application* to us. New applications should be lodged at least 6 weeks before the expiry date.

Starting and finishing dates

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

Any amount withheld before the variation comes into effect will generally not be refunded. If the amount withheld is not refunded by your payer, you will need to lodge a tax return to get any refund due.

Your variation finishes on the expiry date shown on the letter you receive from us. It is your responsibility to reapply for a future variation if your circumstances change.

Our **privacy notice** contains information about how your personal information may be used.

You can also phone us on **1300 360 221**. 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.

Instructions for your variation application

The following instructions will help you complete your application.

Section A: Your details

A1 Tax file number (TFN)

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

A7 Authorised contact person who completed the form

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 **13 28 61**.

A10 Status

Select the category that applies to you.

Section B: Payer details

Payer 1

Complete all applicable items for payers who are withholding tax from your payments (for example, Comsuper).

B1 Australian business number (ABN)

The implementation of your variation may be delayed if you don't provide a correct ABN. Leave blank if you don't know your payer's ABN.

B2 Payer name

Provide your payer's business name.

B4 Pay office postal address

Provide your payer's pay office postal address.

B5 Pay office direct phone number

Leave blank if you don't know your pay office phone number.

B6 Payroll ID, payee ID or policy number

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

B7 Gross per pay

Provide the amount you are receiving each pay before tax is withheld.

B8 Tax withheld per pay

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

B9 Pay frequency

Select the applicable box to indicate how often you are paid.

B10 Dates of last pay and next pay

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

B11 Gross payments received since 1 July

Provide the total amount of payments you have received since 1 July of the application year.

B12 Tax withheld since 1 July

Provide the total amount of tax withheld from your payments since 1 July of the application year.

Payer 2

Don't include exempt income in this section. For a list of exempt income, see Exempt Australian Government pensions, allowances and payments.

Complete B1 and B2 for payers who are not withholding tax from your payments (for example, Centrelink or Department of Veterans' Affairs).

B1(a) and (b) Annual gross income and annual tax

Provide the total annual gross income you expect to receive from this payer at B1(a) **Annual gross income** and insert zero at B1(b) **Annual tax**.

B2 Payer name

Provide your payer's business name.

If you have more than 2 payers and you are lodging a paper application, attach a separate page for any additional payers. Make sure all these required details are included.

Section C: Annual income and tax offsets

The estimates you provide on your application should be the amounts you expect to provide on your tax return.

We can calculate your rate or amount of withholding (which may be zero) only if you provide all the required information at these items.

When estimating the amounts in C2 and C3, include any increases you expect to receive during the period 1 July to 30 June of the application year.

C2 Australian government pensions and allowances

Provide the total amount of any of the following:

- annual amount of pension you expect to receive from Centrelink (leave the **pension code** box blank as we will fill this in for you)
- annual amount of pension or benefit you expect to receive from the Department of Veterans' Affairs.

C3-4 Australian superannuation income streams and lump sums

Only include the untaxed element from super income stream and lump sums that are paid from an untaxed source. If you're uncertain, check with your fund.

Provide any tax offset amount that applies to this income at C10 Tax offsets.

For more information about super income, refer to **Australian annuities and superannuation income streams** or phone us on **13 10 20**.

C5 Australian non-superannuation annuities

Include the gross income from all Australian non-super annuities.

C8 Other income

Include the total amount of other income and provide an explanation of the amounts in the box provided. Other income includes:

- gross income from UK or other foreign-sourced pension you expect to receive (provide the name of the pension)
- income you expect to receive from your rental properties
- partnership or trust income or partnership losses
- net income or loss from business.

If the amount is a loss, write 'L' in the **loss** box.

C10 Tax offsets

There are tax offsets available for some super income stream payments.

You can claim 10% of the untaxed element of the taxable component of these income streams if you are 60 years or more.

If you're not sure you can claim this offset or the amount of the offset, contact your super provider.

Calculating the amount of your senior Australian and pensioner tax offset

You don't have to work out your tax offset. We will work it out for you from the information you provide on your application.

However, if you want to calculate how much of a tax offset you are entitled to, you can use the **Beneficiary tax offset and seniors and pensioners tax offset calculator**.

The amount of the offset available to you depends on your personal circumstances and the amount of your rebate income. If you have a spouse, the calculation of your actual entitlement is based on your individual rebate income, even though eligibility for the tax offset is dependent on you and your spouse's combined rebate income.

The tax offset reduces by 12.5 cents for every dollar that your taxable income exceeds the relevant income tax threshold.

C11 Spouse's rebate income

Rebate income is the total amount of taxable income plus the following amounts if they apply:

- adjusted fringe benefits amount reportable employer super contributions
- deductible personal super contributions
- net financial investment loss (the amount by which deductions attributable to financial investments exceeded total financial investment income)
- net rental property loss (the amount by which deductions attributable to rental property exceeded rental property income).

C12 If the amount at C11 includes a government pension, provide the following:

The type and amount of pension in the applicable boxes.

C14 Medicare

If you are in one of the exemption categories for the full year, show the number of days you want to claim the exemption and the applicable category.

Section D: Annual deductions

D1-3

Read the notes at these items on the application form before completing them. For more information relating to claimable deductions, refer to **rental expenses to claim** and **deductions you can claim**.

D5 Taxable income

Calculate by taking your Total deductions in Section **D** away from your Total income in Section **C**. If the amount is a loss, write 'L' in the LOSS box.

Lodging tax returns

If you're unsure if you are required to lodge tax returns, you can use the **Do I need to lodge a tax return?** calculator or phone **13 28 61**.

Exempt Australian Government pensions, allowances and payments

Pensions

- Carer payment where both the carer and either the care receiver or all of the care receivers are under age-pension age, or the carer is under age-pension age and any of the care receivers has died.
- Disability support pension paid by Centrelink to a person who hasn't reached age-pension age.
- Invalidity service pension where the veteran is underage-pension age.
- Partner service pension where both the partner and the veteran are underage-pension age and the veteran receives an invalidity service pension, or the veteran has died and received an invalidity service pension at the time of death.
- Veterans' Affairs disability pension and allowances, war widows and war widowers' pension.
- Wife pension where both the recipient and partner are under age-pension age or the recipient is under age-pension age and the partner has died.

Pensions and payments made under the *Superannuation Act 1976* and *Defence Forces Retirement Benefits Act 1948*

are taxable Other payments

This is not a complete list of exempt payments – refer to the Individual tax return for a full list.

- Carer allowance paid under the *Social Security Act 1991*
- Disaster recovery payment
- Pensioner education supplement and fares allowance paid by Centrelink
- Lump sum pension bonus paid under the *Social Security Act 1991* Mobility allowance paid under the *Social Security Act 1991*
- Pharmaceutical allowances paid under the *Social Security Act 1991*
- Remote area allowance
- Rent assistance
- Phone allowance paid under the *Social Security Act 1991*
- Loss of earnings allowance paid under the *Veterans' Entitlements Act 1986*.

QC 21683

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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