


IT 2534A - Addendum - Income tax: taxation treatment of directors fees, bonuses, etc

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Addendum

Taxation Ruling

Income tax: taxation treatment of directors fees, bonuses, etc

This Addendum amends Taxation Ruling IT 2534 to reflect the changes to the law caused by the repeal of inoperative provisions and the introduction of the Pay As You Go (PAYG) withholding system.

Taxation Ruling IT 2534 is amended as follows:

1. Paragraph 6

Omit the paragraph; substitute:

6. From 1 July 2000, a company must withhold an amount from:
- salary, wages, commission, bonuses or allowances it pays to an individual as an employee under section 12-35 of Schedule 1 to the *Taxation Administration Act 1953* (TAA); and
 - a payment of remuneration it makes to an individual as a director of the company under section 12-40 of Schedule 1 to the TAA.

The obligation to withhold from these amounts arises at the time the amounts are paid or otherwise made available to the director or employee.

The amount withheld is worked out in accordance with the relevant withholding schedule or regulation: section 15-10 of Schedule 1 to the TAA. The Commissioner may vary the amount to be withheld in special circumstances: section 15-15 of Schedule 1 to the TAA.

If a tax file number has not been quoted, withholding will occur at the highest marginal tax rate plus Medicare levy.

This Addendum applies on and from 27 February 2008.

IT 2534

Page 2 of 2

Commissioner of Taxation

27 February 2008

ATO references

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