

OVERVIEW

For the 2011–12 financial year:

- pay as you go withholding liabilities totalled \$141.2 billion, an increase of 8.3% from 2010–11
- large pay as you go withholders accounted for 70.1% of all withholding liabilities
- pay as you go instalment liabilities totalled \$80.6 billion, an increase of 13.5% from 2010–11.

INTRODUCTION

This chapter provides a general description of pay as you go withholding (PAYG(W)) and pay as you go instalment (PAYG(I)) liabilities reported to the ATO.

PAYG(W) applies generally to payments made, or non-cash benefits provided, on or after 1 July 2000. The most common payments and transactions subject to withholding are: payments to employees such as salaries, wages, or allowances; payments to company directors; payments to businesses that do not quote their ABN; and payments to contractors who have a voluntary withholding agreement.

PAYG(I) are instalments paid by certain taxpayers during the income year which go towards the taxpayer's expected tax liability. At the end of each income year when a taxpayer's tax return has been lodged and tax payable is assessed, PAYG(I) for the year is credited against the taxpayer's assessment to determine whether the taxpayer owes additional tax or is entitled to a refund. Most taxpayers pay their instalments on a quarterly basis.

PAY AS YOU GO WITHHOLDING

The amount of PAYG(W) increased by \$11.7 billion during 2011–12, to a total of \$141.2 billion. Public Administration and Safety had the highest amount withheld by any industry, a total of \$18.6 billion, despite a decrease in the number of withholders during the year.

TABLE 16.1: Pay as you go withholding, by industry, 2010–11 and 2011–12 financial years

Industry ²	2010–11 ¹		2011–12 ¹	
	No.	\$m	No.	\$m
Agriculture, forestry and fishing	50,656	1,152	48,181	1,201
Mining	3,499	6,123	3,405	7,796
Manufacturing	48,184	11,702	44,677	12,370
Electricity, gas, water and waste services	2,545	2,279	2,367	2,521
Construction	117,957	8,940	109,518	10,021
Wholesale trade	37,282	7,078	35,104	7,592
Retail trade	73,080	5,982	66,441	6,121
Accommodation and food services	50,826	2,607	44,608	2,960
Transport, postal and warehousing	36,065	6,252	33,169	6,485
Information media and telecommunications	6,803	3,024	6,288	3,188
Financial and insurance services	36,186	12,028	35,087	12,792
Rental, hiring and real estate services	29,147	2,564	27,316	2,700
Professional, scientific and technical services	100,075	13,795	93,552	15,626
Administration and support services	32,756	7,854	29,954	8,878
Public administration and safety	4,782	16,865	4,383	18,599
Education and training	14,620	5,340	14,014	5,885
Health care and social assistance	50,405	10,464	48,544	10,354
Arts and recreation services	10,833	1,077	10,162	1,146
Other services	58,325	3,413	54,416	3,618
Other ³	8,204	959	10,044	1,321
Total⁴	772,230	129,497	721,230	141,172

1 Data for the 2010–11 and 2011–12 financial years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

2 The industry groups are classified based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes on the Australian Business Register.

3 Includes entities that did not state their industry type and 'ATO use only' codes.

4 Totals may differ from the sum of the components, due to rounding.

PAY AS YOU GO WITHHOLDERS

The entity making the withholding payment is responsible for withholding amounts from payments to others, and for sending the amounts to the ATO. Entities are required to register for pay as you go withholding before they can withhold from any payments.

Despite the number of withholders falling by 6.6% during 2011–12, the total amount withheld increased by 9.0%. The amount of PAYG(W) liabilities reported by companies increased by 10.4% to \$100.9 billion, during 2011–12.

TABLE 16.2: Pay as you go withholding, by entity type, 2010–11 and 2011–12 financial years

Entity type	2010–11 ¹		2011–12 ¹	
	No.	\$m	No.	\$m
Companies	427,521	91,419	399,892	100,916
Government	4,028	24,270	3,941	25,712
Trusts	160,999	10,082	151,888	10,733
Partnerships	85,293	2,423	76,918	2,437
Individuals	87,116	784	81,212	769
Super funds	7,273	520	7,373	605
Total²	772,230	129,497	721,230	141,172

¹ Data for the 2010–11 and 2011–12 financial years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

² Totals may differ from the sum of the components, due to rounding.

TYPE OF WITHHOLDER

Pay as you go withholding entities are classified into three types:

- **small withholders** – generally have total annual withholdings of up to \$25,000 and are required to report and send the amount withheld quarterly through their business activity statements
- **medium withholders** – generally have total annual withholdings of \$25,001 to \$1 million and are required to report and send the amount withheld monthly through their business activity statements
- **large withholders** – generally have total annual withholdings exceeding \$1 million, and are required to report and send the amount withheld up to twice a week. Instead of large withholders using their business activity statements, the ATO provides them with separate arrangements for notifying and sending amounts withheld.

Small withholders represent 64.2% of all entities engaged with pay as you go withholding, yet they only account for 5.3% of the total amounts withheld. Large withholders account for only 1.8% of all withholders but account for 70.1% of withholding.

TABLE 16.3: Pay as you go withholding, by type of withholder, 2010–11 to 2011–12 financial years

Type of withholder	2010–11 ¹		2011–12 ¹	
	No.	\$m	No.	\$m
Small	506,753	7,661	463,367	7,533
Medium	252,911	33,140	245,180	34,696
Large	12,566	88,696	12,683	98,944
Total²	772,230	129,497	721,230	141,172

¹ Data for the 2010–11 and 2011–12 financial years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

² Totals may differ from the sum of the components, due to rounding

PAY AS YOU GO INSTALMENTS

The amount of pay as you go instalments increased by 13.5% during 2011–12, to \$80.6 billion. The financial and insurance services sector accounted for 31.1% of all instalments.

TABLE 16.4: Pay as you go instalments, by industry, 2010–11 and 2011–12 financial years

Industry ²	2010–11 ¹		2011–12 ¹	
	No.	\$m	No.	\$m
Agriculture, forestry and fishing	41,562	765	43,721	872
Mining	2,484	9,912	2,454	13,636
Manufacturing	37,424	4,253	36,621	4,121
Electricity, gas, water and waste services	2,164	439	2,099	491
Construction	200,894	3,002	199,576	3,078
Wholesale trade	27,370	5,516	27,676	6,448
Retail trade	44,705	3,026	44,761	3,288
Accommodation and food services	17,614	486	18,185	826
Transport, postal and warehousing	48,814	1,270	48,384	1,148
Information media and telecommunications	8,353	2,175	8,401	2,383
Financial and insurance services	412,531	23,918	398,080	25,037
Rental, hiring and real estate services	76,010	1,880	77,240	2,156
Professional, scientific and technical services	141,904	4,000	142,603	4,568
Administration and support services	45,229	736	46,027	860
Public administration and safety	4,318	94	4,279	102
Education and training	18,945	217	19,137	229
Health care and social assistance	71,409	2,675	74,358	3,104
Arts and recreation services	23,107	493	23,335	506
Other services	50,211	612	50,803	671
Other ³	640,898	5,598	711,557	7,108
Total⁴	1,915,946	71,068	1,979,297	80,632

1 Data for the 2010–11 and 2011–12 financial years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

2 The industry groups are classified based on the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006 codes on the Australian Business Register.

3 Includes entities that did not state their industry type and 'ATO use only' codes.

4 Totals may differ from the sum of the components, due to rounding.

PAY AS YOU GO INSTALMENT PAYERS

An entity making an instalment payment is making a payment to the ATO with respect to a future tax obligation. Entities paying instalments generally pay on a quarterly basis, although certain taxpayers may be eligible to either choose to pay instalments annually, or pay two instalments annually.

In 2011–12, the pay as you go instalments paid by individuals accounted for 72.0% of the total number of instalments by all entities, but only contributed 21.1% of the total amount paid. Companies were responsible for 17.1% of the number of instalments paid, but accounted for 69.1%, or \$55.7 billion, of the total amount of instalments.

TABLE 16.5: Pay as you go instalments, by entity type, 2010–11 and 2011–12 financial years

Entity type	2010–11 ¹		2011–12 ¹	
	No.	\$m	No.	\$m
Individuals	1,347,117	14,298	1,424,657	17,026
Companies	339,571	49,233	338,364	55,726
Super funds	222,422	7,473	210,405	7,806
Trusts	6,836	64	5,871	74
Total²	1,915,946	71,068	1,979,297	80,632

¹ Data for the 2010–11 and 2011–12 financial years includes data processed up to 31 October 2011 and 31 October 2012 respectively.

² Totals may differ from the sum of the components, due to rounding.

SOURCE OF PAY AS YOU GO STATISTICS

Statistics in this chapter are mainly sourced from activity statements, payment summaries and annual payment summary statements for the 2010–11 and 2011–12 financial years processed by 31 October 2011 and 31 October 2012 respectively. The statistics are not necessarily complete as not all returns are processed by 31 October each year.

Copies of the *Business activity statement* and *Instalment activity statement* are in the appendix – you can view or download them in PDF file format from the attached CD-ROM, or from the online version of this publication on our website at ato.gov.au.

PAY AS YOU GO CHAPTER TABLES

The pay as you go chapter tables are on the attached CD-ROM and included in the online version of this publication on our website – you can view or download all the chapter tables in Excel.

LIST OF PAY AS YOU GO DETAILED TABLES

The following detailed tables on pay as you go withholding liabilities are on the attached CD-ROM and included in the online version of this publication on our website – you can view or download all the detailed tables as PDF or Excel files.

Table 1: PAYG withholding, by entity type, 2000–01 to 2011–12 financial years

This table shows PAYG withholding amounts reported to the ATO, broken down by entity type for multiple financial years.

Table 2: PAYG withholding, by industry, 2000–01 to 2011–12 financial years

This table shows PAYG withholding amounts reported to the ATO from different industry groups for multiple financial years.

Table 3: PAYG instalments, by entity type, 2000–01 to 2011–12 financial years

This table shows PAYG instalment amounts reported to the ATO, broken down by entity type for multiple financial years.

Table 4: PAYG instalments, by industry, 2000–01 to 2011–12 financial years

This table shows PAYG instalment amounts reported to the ATO from different industry groups for multiple financial years.