

Withholding declaration

WHO SHOULD COMPLETE THIS DECLARATION?

You should complete this declaration if you want:

- your payer to adjust the amount withheld from payments made to you
- to advise your payer of a change to information you previously provided in a *Tax file number declaration* (NAT 3092).

⚠ These instructions are current to **30 June 2014**.

You must lodge a new declaration if either:

- you leave your current payer and start to receive payments from a new payer
- your circumstances change.

⚠ If you give the wrong information, insufficient amounts could be withheld from your payments and this may result in a significant tax debt at the end of the financial year.

Is this the right declaration for you?

Complete this declaration if one of the following applies:

- you are starting a payer/payee relationship – for example, starting employment and you want to claim tax offsets by reducing the amount withheld from payments made to you. You must also provide, or have previously provided, a *Tax file number declaration* (NAT 3092) to this payer
- you have completed a *Tax file number declaration* (or *Employment declaration* or *Annuity and superannuation pension declaration* before 1 July 2000) with your current payer and you now want to
 - advise your payer that you have become, or ceased to be, an Australian resident for tax purposes
 - claim or discontinue claiming the tax-free threshold
 - advise your payer of your Higher Education Loan Program (HELP) or Financial Supplement repayment obligations, or make changes to them
 - claim your entitlement, or vary your entitlement to a tax offset (including the seniors and pensioners tax offset [SAPTO])
 - increase the rate or amount to be withheld.



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 in this publication and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we must still apply the law correctly. If that means you owe us money, we must ask you to pay it but we will not charge you a penalty. Also, if you acted reasonably and in good faith we will not charge you interest.

If you make an honest mistake in trying to follow our information in this publication and you owe us money as a result, we will not charge you a penalty. However, we will ask you to pay the money, and we may also charge you interest. If correcting the mistake means we owe you money, we will pay it to you. We will also pay you any interest you are entitled to.

If you feel that this publication does not fully cover your circumstances, or you are unsure how it applies to you, you can seek further assistance from us.

We regularly revise our publications to take account of any changes to the law, so make sure that you have the latest information. If you are unsure, you can check for more recent information on our website at ato.gov.au or contact us.

This publication was current at **July 2013**.

PRIVACY

We are authorised by the *Taxation Administration Act 1953* (TAA 1953) to collect your tax file number (TFN). You are not required by law to provide your TFN. However, quoting your TFN reduces the risk of administrative errors and having extra tax withheld.

We are authorised to collect information on this declaration by one or more of the following acts:

- *Income Tax Assessment Act 1936*
- *Income Tax Assessment Act 1997*
- *Higher Education Funding Act 1988*
- *Higher Education Support Act 2003*
- *Social Security Act 1991*
- *Student Assistance Act 1973*
- *Taxation Administration Act 1953*.

The information you provide will help us to administer these acts and other tax laws.

Where we are authorised by law to do so, we may give this information to other government agencies. These agencies include the departments of Human Services, Families, Housing, Community Services and Indigenous Affairs; Veterans' Affairs; and Education, Employment and Workplace Relations.

If you need more information about how the tax laws protect your personal information, or have any concerns about how we have handled your personal information, phone us on **13 28 61** between 8.00am and 6.00pm, Monday to Friday.

HOW TO COMPLETE THIS FORM

SECTION A: PAYEE'S DECLARATION

Questions 1 and 2

Complete with your personal information.

Question 3

What is your tax file number (TFN)?

It is not an offence if you do not quote your TFN. However, your payer must withhold the top rate of tax plus the Medicare levy, or the top rate of tax if you are not an Australian resident for tax purposes, from all payments made to you if you do not either:

- quote your TFN
- claim an exemption from quoting your TFN.

How do you find your TFN?

You can find your TFN on any of the following:

- your income tax notice of assessment
- correspondence we send you
- a payment summary issued to you by your payer.

If you have a tax agent, they may also be able to give you your TFN.

If you still can't find your TFN, you can:

- phone us on **13 28 61** between 8.00am and 6.00pm, Monday to Friday
- visit your nearest shopfront (phone us on **13 28 61** to make an appointment)
- complete a *Tax file number – application or enquiry for individuals* (NAT 1432).

If you phone or visit us we need to confirm we are talking to the correct person before discussing your tax affairs. We will ask you for details only you, or your authorised representative, would know.

Print **X** in the appropriate box if you:

- have lodged a *Tax file number – application or enquiry for individuals* (NAT 1432) or made a phone enquiry or enquiry in person to obtain your TFN
- are claiming an exemption from quoting a TFN. You are exempt from quoting your TFN if you meet any of the following conditions:
 - you are under 18 years old and do not earn enough to pay tax
 - you receive certain Centrelink pensions, benefits or allowances or a service pension from the Department of Veterans' Affairs – however, you must quote your TFN if you receive Austudy, Newstart, sickness or parenting allowance
 - you receive benefits from the Military Rehabilitation and Compensation Commission.

➤ For more information about privacy and TFNs, see 'Privacy' on opposite page.

Question 4

Are you an Australian resident for tax purposes?

Generally, we consider you an Australian resident for tax purposes if you:

- have always lived in Australia or you have come to Australia and now live here permanently
- are an overseas student doing a course that takes more than six months to complete
- have been in Australia continuously for six months or more and for most of that time you worked in the one job and lived at the same place
- will be or have been in Australia for more than half of the financial year (unless your usual home is overseas and you do not intend to live in Australia).

➤ To check your Australian residency status for tax purposes or for more information:

- visit our website at ato.gov.au/residency
- phone us on **13 28 61** between 8.00am and 6.00pm, Monday to Friday.

! FOREIGN RESIDENT TAX RATES ARE DIFFERENT

A higher rate of tax applies to a foreign resident's taxable income and foreign residents are not entitled to a tax-free threshold.

Generally, you are not entitled to claim tax offsets if you are not an Australian resident for tax purposes.

However, there is an exception with zone or overseas forces tax offsets.

Answer **no** to this question if you are not an Australian resident for tax purposes. You must also answer **no** to question 5.

Question 5

Are you claiming or do you want to claim the tax-free threshold from this payer?

The tax-free threshold (\$18,200 as at 1 July 2013) is the amount of income you can earn each financial year that is not taxed.

Answer **yes** if you want to claim the tax-free threshold, you are an Australian resident for tax purposes and one of the following applies:

- you are not claiming the tax-free threshold from another payer
- you are claiming the tax-free threshold from another payer and your total income from all sources will be \$18,200 or less.

Answer **no** if one of the following applies:

- you answered **no** at question 4
- you have claimed the tax-free threshold from another payer and your total income from all sources will be more than \$18,200
- you do not want to claim the tax-free threshold.

➤ For more information about claiming the tax-free threshold or which payer you should claim it from, refer to *When you have income from two payers* (NAT 7473) available on our website at ato.gov.au

Question 6(a)

Do you have an accumulated Higher Education Loan Program debt?

Answer **yes** if you have an accumulated Higher Education Loan Program (HELP) debt.

Answer **no** if you either:

- do not have an accumulated HELP debt
- have repaid your HELP debt in full.

❗ For more information about HELP debts:

- visit our website at ato.gov.au/higheredloans
- phone us on **13 28 61** between 8.00am and 6.00pm, Monday to Friday.

Question 6(b)

Do you have an accumulated Financial Supplement debt?

Answer **yes** if you have an accumulated Financial Supplement debt.

Answer **no** if you either:

- do not have an accumulated Financial Supplement debt
- have repaid your Financial Supplement debt in full.

➤ For more information about Financial Supplement debts:

- visit our website at ato.gov.au/higheredloans
- phone us on **13 28 61** between 8.00am and 6.00pm, Monday to Friday.

Question 7

Do you want to claim or vary your tax offset entitlement by reducing the amount withheld from payments made to you?

There are three categories of tax offset you can claim at this question:

- a** dependent spouse tax offset
- b** zone or overseas forces tax offset
- c** dependant (invalid or carer) tax offset.

➤ For more information about calculating your tax offset entitlement:

- visit our website at ato.gov.au/withholdingdecs
- phone us on **13 28 61** between 8.00am and 6.00pm, Monday to Friday.

❗ Overestimating your entitlement to any of these benefits may result in a tax debt at the end of the financial year. Similarly, underestimating may lead to a tax refund.

If you cannot estimate your entitlement to certain benefits for the year, you can claim it at the end of the financial year on your tax return.

Question 8

Do you want to claim or vary the seniors and pensioners tax offset entitlement by reducing the amount withheld from payments made to you?

Answer **no** if you are either:

- not eligible for the seniors and pensioners tax offset (SAPTO)
- eligible and want to claim your entitlement to the tax offset as a lump sum in your end-of-year income tax assessment.

Answer **yes** if you are eligible and you choose to receive the SAPTO by reducing the amount withheld from payments made to you during the year.

CLAIM THE TAX OFFSET FROM ONLY ONE PAYER

You are not entitled to claim tax offsets from more than one payer at the same time.

If your income comes from more than one source, do not complete this question for any of your payers.

For more information about eligibility for SAPTO:


- visit our website at ato.gov.au/withholdingdecs
- phone us on **13 28 61** between 8.00am and 6.00pm, Monday to Friday.

Question 9

Do you want to increase the rate or amount withheld from payments made to you?

You can agree with your payer to have the rate or amount of withholding increased to suit your individual circumstances.

You may want to do this if, for example, you need to cover the tax payable on other income (such as interest or rent), or where you have more than one job and an accumulated HELP or Financial Supplement debt.

 If you complete this question, you will also need to fill out the *Upwards variation agreement*. This agreement authorises your payer to increase the amount of withholding from payments to you, starting from the date you specify.

Declaration

Make sure that you have signed and dated the declaration. Give your completed declaration to your payer.

SECTION B: PAYER'S DECLARATION

This section is to be completed by the payer.

Payer obligations

If you withhold amounts from payments, or are likely to withhold amounts, your payee may give you this form with section A completed. A *Withholding declaration* applies to payments made after the declaration is provided to you. The information provided on this form is used to work out the amount of tax to withhold from payments based on the PAYG withholding tax tables we publish. If your payee gives you another declaration, it overrides the previous one.

UPWARDS VARIATION AGREEMENT

The *Upwards variation agreement* must be completed by you and your payer to increase the amount withheld from payments made to you. You must answer **yes** to question 9 on the *Withholding declaration* and complete this agreement. Once the declaration and agreement are signed, your payer will return the agreement to you for your records.

Ending an upwards variation agreement

You can end an Upwards variation agreement at any time. All you have to do is notify your payer in writing that the amount of withholding from future payments will be based on the PAYG withholding tax tables or at a rate specified by regulation, and not at the increased rate.

How do you reduce the amount withheld?

You can apply to reduce the rate or amount of withholding to suit your individual circumstances. To apply for a reduced amount of withholding, you must complete a *PAYG withholding variation application 2014 (NAT 2036)* and send it to us.

➤ MORE INFORMATION

Useful products

You can get the following forms and publications from our website at ato.gov.au/onlineordering or by phoning **1300 720 092** (some of these products are also available from selected newsagents):

- *Tax file number declaration* (NAT 3092)
- *Medicare levy variation declaration* (NAT 0929)
- *Withholding declaration – upwards variation* (NAT 5367)
- *Withholding declaration – short version for seniors and pensioners* (NAT 5072)
- *Repaying your HELP debt 2013–14* (NAT 3913)
- *Repaying your Financial Supplement debt 2013–14* (NAT 2789)
- *Tax file number – application or enquiry for individuals* (NAT 1432)
- *Tax file numbers* (NAT 1753)
- *PAYG withholding variation application 2014* (NAT 2036).

For more information about income tests for a number of tax offsets and government benefits, refer to *Income tests: an overview* (NAT 72974).

Phone

For personal tax enquiries, phone us on **13 28 61** between 8.00am and 6.00pm, Monday to Friday. You can:

- get help to complete this form
- receive information about
 - HELP and Financial Supplement debts
 - claiming the tax-free threshold, Australian residency, zones or special areas
 - qualifying for overseas forces tax offset, entitlement to housekeeper or child-housekeeper tax offset, seniors and pensioners tax offset
 - varying your withholding amounts upwards.

For PAYG withholding variation enquiries, phone us on **1300 360 221** between 8.00am and 6.00pm, Monday to Friday. If you have income from more than one source, we can also give you information about claiming the tax offset.

Other services

If you do not speak English well and need help from the ATO, phone the Translating and Interpreting Service on **13 14 50**.

If you are deaf, or have a hearing or speech impairment, phone the ATO through the National Relay Service (NRS) on the numbers listed below:

- TTY users, phone **13 36 77** and ask for the ATO number you need
- Speak and Listen (speech-to-speech relay) users, phone **1300 555 727** and ask for the ATO number you need
- internet relay users, connect to the NRS on relayservice.com.au and ask for the ATO number you need.

If you would like further information about the NRS, phone **1800 555 660** or email helpdesk@relayservice.com.au

Other agencies

Department of Human Services

For help working out your eligibility for a Centrelink pension:

- visit humanservices.gov.au
- phone **13 23 00** between 8.30am and 5.00pm, Monday to Friday.

For advice on how to claim your family tax benefit:

- visit familyassist.gov.au
- phone **13 61 50** between 8.00am and 8.00pm, Monday to Friday.

Department of Veterans' Affairs

If you are a veteran and not sure whether you are eligible for a payment:

- visit dva.gov.au
- phone **13 32 54** between 8.30am and 5.00pm, Monday to Friday.



Withholding declaration

Complete this declaration to authorise your payer to adjust the amount withheld from payments made to you.

You must provide, or have previously provided, your payer with a completed *Tax file number declaration* (NAT 3092) (or *Employment declaration* or *Annuity and superannuation pension declaration* completed before 1 July 2000), quoting your tax file number or claiming an exemption from quoting it, before you can make a *Withholding declaration*.

! The information in the completed *Withholding declaration* form must be treated as sensitive.

- Refer to the Instructions to help you complete this declaration.
- Print neatly in BLOCK LETTERS and use a black or dark blue pen.
- Print in the appropriate boxes.

Section A: Payee's declaration

➤ To be completed by payee.

1 What is your name? Title: Mr Mrs Miss Ms Other

Family name

Given names

2 What is your date of birth? Day / Month / Year

➤ For more information, see 'Privacy' inside the front cover of the instructions.

3 What is your tax file number (TFN)?

If you have not provided your TFN, indicate if any of the following reasons apply:

- I have lodged a TFN application. I am claiming an exemption because I am a pensioner. I am claiming an exemption because I am under 18 years of age and do not earn enough to pay tax.

4 Are you an Australian resident for tax purposes? Yes No You must answer **no** at question 5.

5 Are you claiming or do you want to claim the tax-free threshold from this payer? Yes No You must answer **no** at questions 7 and 8 unless you are a foreign resident claiming a seniors and pensioners, zone or overseas forces tax offset.

6 (a) Do you have an accumulated Higher Education Loan Program debt? Yes No

(b) Do you have an accumulated Financial Supplement debt? Yes No

7 Do you want to claim or vary your tax offset by reducing the amount withheld from payments made to you? Yes No
Insert your estimated total tax offset amount. **\$**

8 Do you want to claim or vary the seniors and pensioners tax offset entitlement by reducing the amount withheld from payments made to you? Yes No
Are you: single a member of an illness-separated couple a member of a couple

9 Do you want to increase the rate or amount withheld from payments made to you? Yes No

You need to complete the *Upwards variation agreement*.
As stated in the agreement, I elect that my payer will:

(a) withhold amounts from payments made to me at the rate of . %
OR

(b) increase the amount that would otherwise be withheld by \$, . per payment.

This applies to payments made to me from the / / pay period.


I understand that the varied rate or increased amount will apply only to the payments made to me starting from the date indicated above, when it results in a higher amount being withheld than would otherwise apply under the PAYG withholding tax tables or by regulation for the relevant withholding event.

DECLARATION BY PAYEE

I declare that the information I have given on this form is true and correct.

Signature of payee

Date / /

 The tax laws impose heavy penalties for giving false or misleading statements.

Section B: Payer's declaration

 The information in the completed *Withholding declaration* form must be treated as sensitive.

 To be completed by payer.

YOUR DETAILS

1 What is your Australian business number (ABN) (or your withholding payer number if you are not in business)?

2 What is your registered business name or trading name (or your individual name if you are not in business)?

HOW MUCH SHOULD YOU WITHHOLD?

The payee's answers to questions 4 and 5 will indicate which of the weekly, fortnightly or monthly tax tables you should use as the base rate of withholding.

A **yes** answer at question 6 will require an amount to be withheld as specified in the HELP tax tables or Student Financial Supplement Scheme tax tables.

A **yes** answer at question 7 or 8 will generally require a variation of the rate of withholding specified in the tax tables.

A **yes** answer at question 9 may require a higher rate or amount of withholding than may otherwise apply under the PAYG withholding tax tables or by regulation for the relevant withholding event.

WITHHOLDING AGREEMENT

As elected by my payee, I agree to:

(a) withhold amounts from payments made to them at the rate of . %
OR

(b) increase the amount that would otherwise be withheld by \$, . per payment.

This applies to payments made from the / / pay period.


DECLARATION BY PAYER

I declare that the information I have given on this form is true and correct.

I agree to increase the amount withheld from payments made, as indicated at either (a) or (b).

Signature of payer

Date / /

 The tax laws impose heavy penalties for giving false or misleading statements.

WRITTEN NOTICE

This declaration will constitute written notice under section 15-15 of schedule 1 to the *Taxation Administration Act 1953* (TAA 1953) of the Commissioner's approval to vary the amount required to be withheld where:

- the payments specified in section B, at (a) or (b) in the form, are covered by Subdivision 12-B, 12-C or 12-D in schedule 1 to the TAA 1953
- the payee has given a completed *Tax file number declaration* (or *Employment declaration* or *Annuity and superannuation pension declaration*) to the payer, or they have entered into a voluntary agreement with the payer
- the payee has notified the payer of the varied rate of withholding in writing on this approved form at section A
- the varied rate of withholding or increased amount of withholding results in a higher amount of withholding than would otherwise apply under the PAYG withholding tax tables or by regulation for the relevant withholding event.

STORING AND DISPOSING OF WITHHOLDING DECLARATIONS

The information in the completed *Withholding declaration* form must be treated as sensitive. Once you have completed, signed and dated the declaration, file the declaration form. If the declaration is accompanied by a completed *Upward variation agreement*, return the signed agreement to the payee for their records. **Do not send the declaration or agreement to us.**

Under the TFN guidelines in the *Privacy Act 1988*, you must use secure methods when storing and disposing of TFN information. Under tax laws, if a payee submits a new *Withholding declaration* or leaves your employment, you must still keep this declaration for the current and next financial year.

 Do not send this declaration form to us.

Sensitive (when completed)



Upwards variation agreement

Complete this agreement if you want to increase the amount withheld from payments made to you. You must answer **yes** to question 9 on the *Withholding declaration*.

- Refer to the Instructions to help you complete this agreement.
- Print neatly in **BLOCK LETTERS** and use a black or dark blue pen.

! The information in the completed *Upwards variation agreement* must be treated as sensitive.

Step 1: Election by payee

➤ To be completed by the payee.

I elect that the payer will:

(a) withhold amounts from payments made to me at the rate of . %

OR

(b) increase the amount that would otherwise be withheld by \$, . per payment.

This applies to payments made to me from the ^{Day} / ^{Month} / ^{Year} pay period.

I understand that the varied rate or increased amount will apply only to the payments made to me starting from the pay period indicated above, when it results in a higher amount being withheld than would otherwise apply under the PAYG withholding tax tables or by regulation for the relevant withholding event.

Step 2: Declaration by payee

⊖ The tax laws impose heavy penalties for giving false or misleading statements.

I declare that the information I have given on this agreement is true and correct.

Signature of payee

Date ^{Day} / ^{Month} / ^{Year}

Name of payee

Step 3: Complete the *Withholding declaration* form

➤ Complete the *Withholding declaration* form on the previous page and give this agreement and the declaration to your payer. Your payer will sign both the agreement and declaration, retain the declaration and return this agreement to you for your records.

Step 4: Declaration by payer

➤ To be completed by the payer.

I agree to increase the amount withheld from payments made as indicated at (a) or (b).

Signature of payer

Date ^{Day} / ^{Month} / ^{Year}

Australian business number (ABN) or withholding payer number (WPN)

Registered business name or trading name (or individual name if not in business)

➤ PAYER: RETURN THE COMPLETED AGREEMENT TO YOUR PAYEE

