Australian Government
Australian Taxation Office

SCHEDULE 34
PAY AS YOU GO (PAYG) WITHHOLDING

Tax table for superannuation income streams

FOR PAYMENTS MADE ON OR AFTER 1 JULY 2007.

For more information visit **www.ato.gov.au**

WHO SHOULD USE THIS TABLE?

Use this table if you make a payment of a superannuation income stream benefit, including a superannuation death benefit income stream.

TAX FILE NUMBER (TFN) DECLARATIONS

The amount to be withheld from payments you make to your payees is primarily determined by the answers given on their *Tax file number declaration* (NAT 3092). A *Tax file number declaration* applies to payments made after the declaration is provided to the payer. A later declaration provided by a payee overrides an earlier declaration.

If a payee does not give you a valid *Tax file number declaration* within **14 days** of starting a payer/payee relationship, you must fill in a *Tax file number declaration* with all available details of the payee and send it to the Tax Office.

If you have *Employment declarations* that were valid at 30 June 2000, they will continue to be valid under PAYG.

NO TFN PROVIDED

If a superannuation income stream payment is made to a payee and the payee **has not**:
- quoted their TFN
- claimed an exemption from quoting, or
- advised that they have applied for a TFN or have made an enquiry with the Tax Office

on their *Tax file number declaration*, you must withhold 46.5% for residents and 45% for foreign residents from the taxable component, ignoring any cents. However, if the payee is at least 60 years old, only withhold from the untaxed element of the taxable component.

If a payee states at question 1 of the *Tax file number declaration* that they have lodged a *Tax file number application or enquiry* with the Tax Office, the payee has **28 days** to give you their TFN.

If the payee has not provided their TFN at the end of this time, you must withhold 46.5% for residents and 45% for foreign residents from each superannuation income stream payment you make to the payee, ignoring any cents, unless the Tax Office tells you not to.

❶ Do not allow for any family tax benefit (FTB), tax offsets or Medicare levy adjustments. Do not add amounts for HELP or SFSS.

HOW TO WORK OUT WITHHOLDING AMOUNTS

This table is divided into three parts. Certain characteristics of the payee and the payment will determine which part is used to work out the withholding amount. If:
- the taxable component is comprised wholly of an element taxed in the fund – use **PART A**
- the taxable component contains an element untaxed in the fund – use **PART B**, or
- the payment is a superannuation death benefit income stream – use **PART C**.

❶ Each part of this table mentions tax offsets that are applicable to superannuation income streams. All of these offsets are detailed in the *Income Tax Assessment Act 1997*.

COMPONENTS OF A SUPERANNUATION INCOME STREAM

A superannuation income stream benefit paid on or after 1 July 2007 may comprise two components: the tax free component, and the taxable component.

For superannuation income streams that were being paid before 1 July 2007, the tax free component will generally comprise the return of the payee's own contributions made before 1 July 2007 for which they have not claimed a deduction.

For superannuation income streams that started being paid on or after 1 July 2007, the tax free component will comprise the crystallised segment and the contributions segment.

The tax free component of a superannuation income stream benefit is not assessable income and is not exempt income.

The taxable component of a superannuation income stream benefit is the amount of the income stream benefit minus the tax free component of the benefit.

The taxable component of a superannuation income stream benefit will generally comprise an element taxed in the fund where the income stream is paid from a taxed source – for example, where the income stream is funded from contributions and earnings that have been subject to tax in a superannuation fund.

The taxable component of a superannuation income stream benefit will generally comprise an element untaxed in the fund where the income stream is funded from an untaxed source – for example, some state and Commonwealth public sector superannuation schemes.

Please refer to *How to calculate the components of superannuation benefits* (NAT 71111) for more information.

PART A: THE TAXABLE COMPONENT IS COMPRISED WHOLLY OF AN ELEMENT TAXED IN THE FUND

Step 1 Use the following table to determine which elements of the taxable component are subject to withholding.

Age	Withholding applies to the following amount(s)
Below age 60	Taxable component
Aged 60 and over	No withholding

If the payee is aged 60 or over, stop here as no withholding is required.

If the payee is less than age 60, go to step 2.

Step 2 Use the appropriate PAYG withholding tax table to calculate the withholding amount relevant to the amount determined at step 1. The tax table you use depends on the period for which the income stream covers – that is, weekly, fortnightly or monthly.

> ❶ Some payees may be eligible to claim the senior Australians tax offset (SATO). If the payee gives you a *Withholding declaration* indicating that they wish to claim a SATO entitlement through PAYG withholding, you should use the *Special tax table for aged pensioners and low income aged persons (senior Australians)* (NAT 4466) to determine the amount to be withheld from the amount calculated in step 1.

Step 3 Use the appropriate formula to calculate the Medicare levy adjustment.

- If the payee's taxable component (on a weekly basis) is less than $321 – the payee's Medicare levy adjustment is nil.
- If the payee's taxable component (on a weekly basis) is greater than $320 but less than $378 – the Medicare levy adjustment = (taxable component – 321) × 0.10.
- If the payee's taxable component (on a weekly basis) is greater than or equal to $378 but less than $693 – the Medicare levy adjustment = taxable component × 0.015.
- If the payee's taxable component (on a weekly basis) is greater than $692 – the payee's Medicare levy adjustment is nil.

FORTNIGHTLY, MONTHLY AND QUARTERLY EQUIVALENTS FOR STEP 3

If you make a fortnightly, monthly or quarterly payment, use this table to substitute the appropriate amounts for the thresholds and formulas in step 3.

Weekly	Fortnightly	Monthly	Quarterly
320	641	1,390	4,172
321	642	1,391	4,173
378	756	1,638	4,914
692	1,385	3,002	9,008
693	1,386	3,003	9,009

Step 4 Some superannuation income streams may be eligible for a section 301-25 or 301-40 tax offset. Use the following table to calculate the tax offset amount for the payee.

Superannuation income stream – taxable component

Age	Tax offset (section 301-25)
Below preservation age	Nil
Preservation age to below age 60	Taxed element *multiplied by* 15%

Disability superannuation income stream – taxable component

Age	Tax offset (section 301-40 or 301-25)
Below preservation age	Taxed element *multiplied by* 15%
Preservation age to below age 60	Taxed element *multiplied by* 15%

Step 5 Calculate the notional amount to be withheld by first subtracting the tax offset per payment (step 4) from the withholding amount (step 2).

$$\text{Notional amount to be withheld} = \text{withholding amount} - \text{tax offset}$$

Then compare the notional amount to be withheld to the Medicare levy adjustment calculated at Step 3.

If the *notional amount to be withheld* is **less** than the amount calculated at step 3, withhold the amount calculated at step 3.

If the *notional amount to be withheld* is **more** than the amount calculated at step 3, withhold the *notional amount to be withheld*.

PART B: THE TAXABLE COMPONENT CONTAINS AN ELEMENT UNTAXED IN THE FUND

Step 1 Use the following table to determine which elements of the taxable component are subject to withholding.

Age	Taxable component of superannuation income stream contains		Withholding applies to the following amount(s)
	Untaxed element	Taxed element	
Below preservation age	Yes	Yes	Sum of untaxed and taxed elements
	No	Yes	Taxed element
	Yes	No	Untaxed element
Preservation age to below age 60	Yes	Yes	Sum of untaxed and taxed elements
	No	Yes	Taxed element
	Yes	No	Untaxed element
Aged 60 and over	Yes	Yes	Untaxed element
	No	Yes	No withholding
	Yes	No	Untaxed element

Step 2 Use the appropriate PAYG withholding tax table to calculate the withholding amount relevant to the amount determined at step 1. The tax table you use depends on the period for which the income stream covers – that is, weekly, fortnightly or monthly.

❗ Some payees may be eligible to claim the senior Australians tax offset (SATO). If the payee gives you a *Withholding declaration* indicating that they wish to claim a SATO entitlement through PAYG withholding, you should use the *Special tax table for aged pensioners and low income aged persons (senior Australians)* (NAT 4466) to determine the amount to be withheld from the amount calculated in step 1.

Step 3 Some superannuation income streams may be eligible for a section 301-25, 301-40 or section 301-100 tax offset. Use the following table to work out the tax offset amount for the payee.

Superannuation income stream

Age	Tax offset (section 301-25 and 301-100)
Below preservation age	Nil
Preservation age to below age 60	Taxed element *multiplied by* 15%
Aged 60 and over	Untaxed element *multiplied by* 10%

Disability superannuation income stream

Age	Tax offset (section 301-40, 301-25 and 301-100)
Below preservation age	Taxed element *multiplied by* 15%
Preservation age to below age 60	Taxed element *multiplied by* 15%
Aged 60 and over	Untaxed element *multiplied by* 10%

Step 4 Work out the amount to be withheld by subtracting the tax offset per payment (step 3) from the withholding amount (step 2).

Amount to be withheld   = withholding amount – tax offset

If the tax offset amount is greater than the withholding amount, the amount to be withheld is nil.

PART C: THE PAYMENT IS A SUPERANNUATION DEATH BENEFIT INCOME STREAM

Step 1 Use the following table to determine which elements of the taxable component are subject to withholding.

Superannuation death benefits paid to a dependant[1]

Age of deceased	Age of recipient	Taxable component of superannuation death benefit income stream contains		Withholding applies to the following amount(s)
		Untaxed element	Taxed element	
Below age 60	Below age 60	Yes	Yes	Sum of untaxed and taxed elements
		Yes	No	Untaxed element
		No	Yes	Taxed element
	Aged 60 and over	Yes	Yes	Untaxed element
		Yes	No	Untaxed element
		No	Yes	No withholding
Aged 60 and over	Any age	Yes	Yes	Untaxed element
		Yes	No	Untaxed element
		No	Yes	No withholding

[1]Dependants include all children of the deceased under the age of 18, any spouse of the deceased (including a former spouse and a current or former de facto spouse) and any person with whom the deceased had an interdependency relationship. An interdependency relationship includes a close personal relationship between two people who live together, where one or both provides for the financial and domestic support and personal care of the other. A dependant can also be a person who was financially dependent upon the deceased. Before accepting that a person is financially dependent, phone **13 10 20** for more information.

Step 2 Use the appropriate PAYG withholding tax table to find the withholding amount relevant to the amount determined to be subject to withholding at step 1. The tax table you use depends on the period for which the income stream covers – that is, weekly, fortnightly or monthly.

> ❗ Some payees may be eligible to claim the senior Australians tax offset (SATO). If the payee gives you a *Withholding Declaration* indicating that they wish to claim a SATO entitlement through PAYG withholding, you should use the *Special tax table for aged pensioners and low income aged persons (senior Australians)* (NAT 4466) to calculate the amounts to be withheld from the amounts determined in step 1.

Step 3 Some superannuation death benefit income streams may be eligible for a section 302-75 or 302-85 tax offset. Use the following table to work out the tax offset amount for the payee.

Superannuation death benefits paid to a dependant

Age of deceased	Age of recipient	Tax offset
Below age 60	Below age 60	Taxed element *multiplied by* 15%
	Aged 60 and over	Untaxed element *multiplied by* 10%
Aged 60 and over	Any age	Untaxed element *multiplied by* 10%

Step 4 Work out the amount to be withheld by subtracting the tax offset per payment (step 3) from the withholding amount (step 2).

Amount to be withheld   =   withholding amount   –   tax offset

If the tax offset amount is greater than the withholding amount, the amount to be withheld is nil.

Superannuation death benefits paid to a non-dependant
From 1 July 2007, a person who is not a dependant of the deceased is not able to receive a superannuation income stream. A superannuation death benefit income stream that was being paid to a non-dependant prior to 1 July 2007 is taxed in the same manner as a superannuation death benefit income stream paid to a dependant.

CASE A

Taxable component comprised wholly of an element taxed in the fund

Example 1

Courtney is 61 years old and is receiving monthly superannuation income stream benefits of $2,000.

The tax free component of Courtney's monthly superannuation income stream benefits is $500. The taxable component of the superannuation income stream benefit is $1,500.

Step 1: As Courtney is 61 years old and his taxable component is comprised wholly of a taxed element, no withholding is required.

Example 2

Maree is 56 years old and is receiving monthly superannuation income stream benefits of $2,000. Maree's preservation age is 55 years.

The tax free component of Maree's monthly superannuation income stream benefit is $500. The taxable component of Maree's superannuation income stream benefit is $1,500.

Step 1: As Maree is 56 years old, withholding applies to the taxable component.

Step 2: As Maree is being paid monthly, use NAT 1007 to determine the withholding required from the $1,500 taxed element. This is $165, assuming that Maree is claiming the tax-free threshold.

Step 3: Calculate Maree's monthly Medicare levy adjustment. As Maree's monthly payment is more than $1,390 but less than $1,638, her Medicare levy adjustment is calculated as:

$$\text{Medicare levy adjustment} = (\$1,500 - \$1,391) \times 0.10$$
$$= \$10.90$$
$$= \$11.00 \text{ per month}$$
(rounded to the nearest dollar)

So Maree's Medicare levy adjustment is $11 per month

Step 4: Maree is entitled to a section 301-25 tax offset.
$$\text{Tax offset} = \text{taxed element} \times 15\%$$
$$= \$1,500 \times 15\%$$
$$= \$225$$

Step 5: To calculate the notional withholding amount, reduce the withholding amount ($165 as worked out in step 3) by the value of the tax offset ($225 as worked out in step 4). That is:

$$\text{Notional withholding amount} = \$165 - \$225$$
$$= -\$60$$

Since the notional withholding amount is negative and less than the Medicare levy adjustment, the amount to be withheld from Maree's monthly superannuation income stream benefit is $11 – that is, the Medicare levy adjustment.

CASE B

Taxable component comprises an element taxed in the fund and an element untaxed in the fund

Ralph is 63 years old and receives fortnightly superannuation income stream benefits of $3,000.

The tax free component of Ralph's fortnightly superannuation income stream benefit is $900. The taxable component of his superannuation income stream benefit is $2,100.

Step 1: Ralph's $2,100 taxable component is comprised of a $600 taxed element and a $1,500 untaxed element. As Ralph is 63, no withholding will apply to the taxed element. Withholding will apply to the $1,500 untaxed element.

Step 2: Using the appropriate fortnightly tax table, determine the withholding required from the $1,500 untaxed element. This is $266, assuming that Ralph is claiming the tax-free threshold.

Step 3: Ralph is entitled to a section 301-100 tax offset.
$$\text{Tax offset} = \text{untaxed element} \times 10\%$$
$$= \$1,500 \times 10\%$$
$$= \$150$$

Step 4: Reduce the withholding amount ($266 as worked out in step 2) by the value of the tax offset ($150).
$$\text{Final withholding amount} = \text{withholding amount } \textit{minus} \text{ tax offset}$$
$$= \$266 - \$150$$
$$= \$116$$

CASE C

Superannuation death benefit income stream where the taxable component comprises an element taxed in the fund and an element untaxed in the fund

Harriet is 58 years old and her husband, aged 58, dies after 1 July 2007. As a result of her husband's death, Harriet receives a monthly superannuation income stream benefit of $2,000.

The tax free component of Harriet's superannuation death benefit income stream payments is $500. The taxable component of Harriet's superannuation death benefit income stream is $1,500.

Step 1: Harriet's $1,500 taxable component is comprised of a $500 taxed element and a $1,000 untaxed element. As Harriet is 58 and her husband was also under 60 years of age, withholding will apply to the full taxable component.

Step 2: Using the appropriate monthly tax table, determine the withholding required from the $1,500 taxable component. This is $165, assuming that Harriet is claiming the tax-free threshold.

Step 3: Harriet is entitled to a section 302-75 tax offset.
Tax offset = taxed element × 15%
= $500 × 15%
= $75

Step 4: Reduce the withholding amount ($165 as worked out in step 2) by the value of the tax offset ($75).

Final withholding amount = withholding amount *minus* tax offset
= $165 − $75
= $90

ROUNDING OF WITHHOLDING AMOUNTS

Withholding amounts calculated as a result of applying the formula should be rounded to the nearest dollar. Values ending in exactly 50 cents are rounded to the next higher dollar. Do this rounding directly – that is, do not make a preliminary rounding to the nearest cent. If a TFN is not provided, ignore cents when calculating withholding amounts.

Preservation age

Preservation age is determined using your payee's date of birth. The preservation table below will help with this:

Preservation table

Date of birth	Preservation age
Before 1/7/60	55
1/7/60 – 30/6/61	56
1/7/61 – 30/6/62	57
1/7/62 – 30/6/63	58
1/7/63 – 30/6/64	59
After 30/6/64	60

PAYG WITHHOLDING PUBLICATIONS

All PAYG withholding tax tables and other PAYG publications can be accessed quickly and easily from **www.ato.gov.au**

Copies of weekly and fortnightly tax tables are available from most newsagents. Newsagents also hold copies of the *Tax file number declaration* (NAT 3092) and the *Withholding declaration* (NAT 3093).

> **MORE INFORMATION**
> For more information:
> - visit **www.ato.gov.au**
> - phone **13 10 20** for superannuation and ETP enquiries
> - phone **13 28 66** for general PAYG enquiries or to order Tax Office forms or publications, or
> - write to us at:
>   Australian Taxation Office
>   PO Box 3578
>   ALBURY NSW 2640.
>
> If you do not speak English well and want to talk to a tax officer, phone the Translating and Interpreting Service on **13 14 50** for help with your call.
>
> If you have a hearing or speech impairment and have access to appropriate TTY or modem equipment, phone **13 36 77**.
>
> If you do not have access to TTY or modem equipment, phone the Speech to Speech Relay Service on **1300 555 727**.

OUR COMMITMENT TO YOU

We are committed to providing you with advice and information you can rely on.

If you feel this publication does not fully cover your circumstances, please seek help from the Tax Office or a professional adviser.

The information in this publication is current at May 2007. 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 a more recent version on our website at **www.ato.gov.au** or contact us.