

Tax table for superannuation income streams

! FOR PAYMENTS MADE ON OR
AFTER 1 JULY 2012

From 1 July 2012, the temporary flood and cyclone reconstruction levy (flood levy) will no longer apply.

WHO SHOULD USE THIS TABLE?

You should use this table if you make a payment of a super income stream benefit, including a super death benefit income stream to your payee.

➔ For a full list of tax tables, visit our website at www.ato.gov.au/taxtables

! This document is a withholding schedule made by the Commissioner of Taxation in accordance with sections 15-25 and 15-30 of schedule 1 to the *Taxation Administration Act 1953*. It applies to withholding payments covered by paragraph 12-80 (a) of schedule 1.



TAX FILE NUMBER (TFN) DECLARATIONS

The answers your payees provide on their *Tax file number declaration* (NAT 3092) determines the amount you need to withhold from their payments. A *Tax file number declaration* applies to any payments made after you receive the declaration. If you receive an updated declaration from a payee, it will override the previous one.

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

What if a TFN has not been provided?

You must withhold 46.5% for residents and 45% for foreign residents from the taxable component, ignoring any cents if a super income stream payment is made to your payee and one of the following applies:

- they have not quoted their TFN
- they have not claimed an exemption from quoting their TFN
- they have not advised you that they have applied for a TFN or have made an enquiry with us.

However, if your payee is aged 60 years or above, only withhold from the untaxed element of the taxable component.

If a payee states at question 1 of the *Tax file number declaration* they have lodged a *Tax file number – application or enquiry for individuals* (NAT 1432) with us, they have **28 days** to provide you with their TFN.

If the payee has not given you their TFN within **28 days**, you must withhold 46.5% from any payment you make to a resident payee and 45% from a foreign resident payee from the relevant element(s) of the taxable component of the super income stream payment (ignoring any cents) unless we tell you not to.

- ❗ Do not allow for any tax offsets or Medicare levy adjustments. Do not withhold any amount for:
- Higher Education Loan Program (HELP) debts
 - Financial Supplement (FS) debts.

HOW TO WORK OUT THE WITHHOLDING AMOUNT

This table is divided into the following three parts. Certain characteristics of your 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**
- the payment is a super death benefit income stream – use **part C**.

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

WHAT ARE THE COMPONENTS OF A SUPER INCOME STREAM BENEFIT?

A super income stream benefit paid on or after 1 July 2007 may comprise of two components:

- the tax-free component
- the taxable component.

For super income streams that started to be 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 super income streams that started to be 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 super income stream benefit is not assessable income and is not exempt income.

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

The taxable component of a super 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 super fund.

The taxable component of a super 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 super schemes.

➤ For more information, refer to *Calculating the components of a super benefit* (NAT 71111).

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

Step 1 Use the following table to work out 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 your payee is aged 60 years of age or over, no withholding is required.

If your payee is less than age 60 years of age, go to step 2.

Step 2 Use the appropriate PAYG withholding tax table to calculate the withholding amount relevant to the amount worked out 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 seniors and pensioners tax offset (SAPTO). If the payee gives you a *Withholding declaration* (NAT 3093) indicating that they want to claim a SAPTO entitlement through PAYG withholding, you should refer to *Tax table for seniors and pensioners* (NAT 4466) to work out the amount to withhold from the amount calculated in step 1.

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

- If your payee’s taxable component (on a weekly basis) is less than the Medicare levy threshold for singles, their Medicare levy adjustment is nil.
- If your payee’s taxable component (on a weekly basis) is greater than the Medicare levy threshold for singles, but less than the Medicare levy shade out point (SOP) for singles, their Medicare levy adjustment = (taxable component – Medicare levy threshold for singles) x 0.10.
- If your payee’s taxable component (on a weekly basis) is greater than or equal to the Medicare levy SOP for singles, but less than \$934, their Medicare levy adjustment = taxable component x 0.015.
- If your payee’s taxable component (on a weekly basis) is greater than \$933, their Medicare levy adjustment is nil.

Fortnightly, monthly and quarterly equivalents for step 3

If you make a fortnightly, monthly or quarterly payment, use the instructions contained in *Statement of formulas for calculating amounts to be withheld* (NAT 1004) to calculate the appropriate amounts for the thresholds and formulas in step 3.

Step 4 Some super 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 your payee.

Super income stream – taxable component

Age	Tax offset (section 301-25)
Below preservation age	Nil
Preservation age to below 60 years of age	Taxed element x 15%

Disability super income stream – taxable component

Age	Tax offset
Below preservation age	Taxed element x 15%
Preservation age to below 60 years of age	Taxed element x 15%

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

Notional amount to withhold = withholding amount – tax offset

Then compare the notional amount to withhold with the Medicare levy adjustment calculated at step 3.

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

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

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

Step 1 Use the following table to work out 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 60 years of age	Yes	Yes	Sum of untaxed and taxed elements
	No	Yes	Taxed element
	Yes	No	Untaxed element
60 years of age 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 worked out in step 1. The tax table you use depends on the period for which the income stream covers – that is, weekly, fortnightly or monthly.

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

$$\text{Amount to withhold} = \text{withholding amount} - \text{tax offset}$$

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

! Some payees may be eligible to claim the SAPTO. If the payee gives you a *Withholding declaration* indicating they want to claim a SAPTO entitlement through PAYG withholding, you should use the *Tax table for seniors and pensioners* (NAT 4466) to work out the amount to withhold from the amount calculated in step 1.

Step 3 Some super 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.

Super income stream – taxable component

Age	Tax offset (section 301-25)
Below preservation age	Nil
Preservation age to below 60 years of age	Taxed element × 15%
60 years of age and over	Untaxed element × 10%

Disability super income stream – taxable component

Age	Tax offset (section 301–25 or 301–40)
Below preservation age	Taxed element × 15%
Preservation age to below 60 years of age	Taxed element × 15%
60 years of age and over	Untaxed element × 10%

PART C: PAYMENT IS A SUPER DEATH BENEFIT INCOME STREAM

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

Super death benefits paid to a dependant¹

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 60 years of age	Below 60 years of age	Yes	Yes	Sum of untaxed and taxed elements
		Yes	No	Untaxed element
		No	Yes	Taxed element
	60 years of age and over	Yes	Yes	Untaxed element
		Yes	No	Untaxed element
		No	Yes	No withholding
Aged 60 years of age and over	Any age	Yes	Yes	Untaxed element
		Yes	No	Untaxed element
		No	Yes	No withholding

Step 2 Use the appropriate PAYG withholding tax table to calculate the withholding amount relevant to the amount worked out in 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 SAPTO. If the payee gives you a *Withholding declaration* indicating they want to claim a SAPTO entitlement through PAYG withholding, you should use the *Tax table for seniors and pensioners* (NAT 4466) to work out the amount to withhold from the amount calculated in step 1.

Step 3 Some super 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.

Super death benefits paid to a dependant

Age of deceased	Age of recipient	Tax offset
Below 60 years of age	Below 60 years of age	Taxed element × 15%
	60 years of age and over	Untaxed element × 10%
60 years of age and over	Any age	Untaxed element × 10%

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

Amount to withhold = withholding amount – tax offset

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

Super 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 super income stream. A super 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.

¹ Dependents 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 on the deceased. Before accepting that a person is financially dependent. For more information, phone us on **13 10 20**.

EXAMPLES

These examples use the PAYG withholding tax tables that apply from 1 July 2012.

CASE A

Taxable component comprised wholly of an element taxed in the fund

EXAMPLE 1

Courtney is age 61 and is receiving fortnightly super income stream benefits of \$1,000.

The tax-free component of Courtney's fortnightly super income stream benefits is \$200.

The taxable component of the super income stream benefit is \$800

Step 1: As Courtney is 61 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 fortnightly super income stream benefits of \$1,200. Maree's preservation age is 55 years.

The tax-free component of Maree's fortnightly super income stream benefit is \$300. The taxable component of Maree's super income stream benefit is \$900.

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

Step 2: As Maree is paid fortnightly, use *Fortnightly tax table* (NAT 1006) to work out the withholding required from the \$900 taxable element. This is \$48 assuming that Maree is claiming the tax-free threshold.

Step 3: Calculate Maree's fortnightly Medicare levy adjustment. As Maree's fortnightly payment is more than \$790 (the Medicare levy threshold for singles, on a fortnightly basis) but less than \$928 (the Medicare levy SOP for singles, on a fortnightly basis), her Medicare levy adjustment is calculated as:

$$\begin{aligned}\text{Medicare levy adjustment} &= (\$900 - \$790) \times 0.10 \\ &= \$11 \\ &= \$11 \text{ per fortnight} \\ &\text{(rounded to the nearest dollar)}\end{aligned}$$

Therefore, Maree's Medicare levy adjustment is \$11 per month.

Step 4: Maree is entitled to a section 301-25 tax offset.

$$\begin{aligned}\text{Tax offset} &= \text{taxed element} \times 15\% \\ &= \$900 \times 15\% \\ &= \$135\end{aligned}$$

Step 5: To calculate the notional withholding amount, reduce the withholding amount (\$48 as worked out in step 2) by the value of the tax offset (\$135 as worked out in step 4). That is:

$$\begin{aligned}\text{Notional withholding amount} &= \$48 - \$135 \\ &= -\$87\end{aligned}$$

Since the notional withholding amount is negative and less than the Medicare levy adjustment, the amount to be withheld from Maree's fortnightly super income stream benefit is \$11. This is the Medicare levy adjustment amount.

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 super income stream benefits of \$3,000.

The tax-free component of Ralph's fortnightly super income stream benefit is \$900. The taxable component of his super 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 *Fortnightly tax table* (NAT 1006), work out the withholding required from the \$1,500 untaxed element. This is \$184, assuming that Ralph is claiming the tax-free threshold.

Step 3: Ralph is entitled to a section 301-100 tax offset.

$$\begin{aligned}\text{Tax offset} &= \text{untaxed element} \times 10\% \\ &= \$1,500 \times 10\% \\ &= \$150\end{aligned}$$

Step 4: Reduce the withholding amount (\$184 as worked out in step 2) by the value of the tax offset (\$150).

$$\begin{aligned}\text{Final withholding amount} &= \text{withholding amount} \\ &\text{less tax offset} \\ &= \$184 - \$150 \\ &= \$34\end{aligned}$$

CASE C

Super 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 on 10 July 2012. As a result of her husband's death, Harriet receives a fortnightly super income stream benefit of \$2,000.

The tax-free component of Harriet's super death benefit income stream payments is \$400. The taxable component of Harriet's super death benefit income stream is \$1,600.

Step 1: Harriet's \$1,600 taxable component is comprised of a \$600 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 *Fortnightly tax table* (NAT 1006), work out the withholding required from the \$1,600 taxable component. This is \$218, 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 x 15%
= \$600 x 15%
= \$90

Step 4: Reduce the withholding amount (\$218 as worked out in step 2) by the value of the tax offset (\$90).

Final withholding amount = withholding amount
less tax offset
= \$218 - \$90
= \$128

ROUNDING OF WITHHOLDING AMOUNTS

Withholding amounts calculated as a result of applying the formulas should be rounded to the nearest dollar. Results 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. Where no TFN has been provided, cents are ignored when withholding amounts are calculated.

PRESERVATION AGE

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

Date of birth	Preservation age
Before 1/7/1960	55
1/7/1960 – 30/6/1961	56
1/7/1961 – 30/6/1962	57
1/7/1962 – 30/6/1963	58
1/7/1963 – 30/6/1964	59
After 30/6/1964	60

MORE INFORMATION

For more information:

- visit our website at **www.ato.gov.au**
- phone us on **13 10 20** for superannuation enquiries
- phone us on **13 28 66** for general PAYG enquiries
- phone our Publications Distribution Service on **1300 720 092** to order our forms or publications, or visit **www.ato.gov.au/onlineordering**
- write to us at
Australian Taxation Office
PO Box 3524
ALBURY NSW 2640

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 us 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 **www.relayservice.com.au** and ask for the ATO number you need.

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

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PUBLISHED BY

Australian Taxation Office, Canberra, May 2012
JS 22954

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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 **www.ato.gov.au** or contact us.

This publication was current at **May 2012**.