

## PAYG Instalments

PAYG instalments are used to collect amounts towards your expected income tax liability on your business and investment income during the income year.

Your actual tax liability is worked out at the end of the income year when you complete your annual tax return. Your PAYG instalments are credited against any tax payable to work out if you owe more tax or are owed a refund of some of the tax you have paid.

The Australian Tax Office (ATO) will write to tell you if you must pay PAYG instalments.

### When will I have to pay PAYG Instalments?

The ATO will notify you of an instalment rate if your latest tax return meets certain requirements.

Generally, individuals who have gross business or investment income of \$4,000 or more on their latest tax return will be notified of an instalment rate, unless one of the following applies:

- The adjusted balance of assessment on your most recent notice of assessment is less than \$1,000
- Your annual tax paid is less than \$500
- You are entitled to the seniors and pensioners tax offset.

### How often will I make instalments?

Your PAYG letter will tell you how often you need to pay – either monthly, quarterly, two instalments per year, or one annual instalment.

### What are the due dates for instalments?

Monthly instalments are due on or before the 21st day of the following month.

Quarterly payments are due on or before 28 November, 28 February, 28 April, and 28 July

### I have received a letter from the ATO telling me to pay PAYG Instalments. What's in the letter?

Your PAYG instalment rate

- if you choose to work out your PAYG instalment amounts yourself, you use your instalment rate
- this is a percentage figure that approximates the tax payable on your business and investment income

Your tax on business and investment income

- if you choose to pay one (annual) instalment per year, the ATO will advise you of the amount you can pay – your notional tax
- this is the tax that would have been payable on your business and investment income, excluding net capital gains, in the latest year your income tax has been assessed.

Your instalment amounts calculated by the ATO

- your instalment amounts are the amounts you must pay each period if you choose to pay the instalment amounts calculated by the ATO
- these amounts are based on your latest income tax assessment
- the instalment amount you actually pay will also depend on how often you pay instalments
- The amount the ATO calculates for you take into account likely growth in your business and investment income.

### More Information

For further information please contact us:

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