

How much tax to take out of wages

When you pay employees, you need to withhold tax from their pay and send these amounts to the Australian Taxation Office regularly via your Activity Statements.

For each new employee, you will need to:

- give them a *Taxfile number declaration (NAT3092)* to complete and return to you
- complete Section B of your employee's **Tax file number declaration**
- register for PAYG withholding (if you haven't already)
- forward the completed original of the **Tax file number declaration** to the ATO within 14 days of the employee's start date or submit your TFN Declaration electronically through your payroll software
- keep records of all hours worked, gross wages paid, tax deducted and the superannuation due to the employee.
- At the end of the financial year, employers need to advise the employee and the Australian Taxation Office of the gross wages and withholding tax.
- employers are transitioning to Single Touch Payroll – this will mean no requirement to produce physical "Group Certificates" or "Payment Summaries"

Single Touch Payroll requires an employer to maintain their payroll in an approved payroll software product, and each pay run, payroll data is lodged with the ATO.

At the end of the financial year, after reconciling payroll, the step known as "Finalisation" is required, and the payroll data is submitted.

Employees will then access their "Income Statement" via their My Gov account or should they see a Tax Agent for their Taxation affairs, their payroll. Information will be flagged as "tax ready" and accessible by their Accountant

Tax file number declaration

- Use the information provided in the *Taxfile number declaration (NAT3092)* to work out how much tax to withhold from payments made to your employee.
- The *Taxfile number declaration (NAT 3092)* is made up of two parts:
 - the first part is the instructions
 - the second part is the form you need completed by your employee.
- You can obtain extra paper copies of the *Taxfile number declaration (NAT 3092)*, including both the instructions and form:
 - through online ordering: <https://www.ato.gov.au/forms/tfn-declaration/>
 - by phoning **1300 720 092**
- Take note of the name *Taxfile number declaration (NAT3092)* before ordering the product.

As noted above, it may be more efficient to have some blank copies (not necessarily the duplicated format) and submit the TFN Declaration electronically via a payroll system.

Be sure to check that the TFN Declaration being used is up to date – there is now reference to "Working Holiday Makers", which requires a further registration process by employers, if engaging working holiday makers for the first time.



You must withhold tax from employees' pay and send it to the ATO.

Tax tables for regular payments

The Australian Taxation Office produce a range of tax tables to help you work out how much to withhold from payments you make to your employees.

A tax withheld calculator that calculates the correct amount of tax to withhold is also available on ATO website.

Weekly tax table – for employees who are paid weekly, including instructions for calculating monthly and quarterly withholding	NAT 1005
Fortnightly tax table – for employees who are paid fortnightly	NAT 1006
Monthly withholding table – for employees who are paid monthly	NAT 1007
Tax table for daily and casual workers	NAT 1024

Taxation of wages for working holiday makers – such workers are taxed at a flat rate of 15%, providing their earnings are below the prescribed limit.

Note: the taxation requirements in respect to **working holiday makers is under review in 2020**.

With all aspects of withholding tax, it is strongly recommended that you **seek professional advice** as to the tax obligations for such employees

How to obtain copies of these tables

You can download a printable version of these tax tables (NAT 1005, NAT 1006, NAT 1007, NAT 1024) in Portable Document Format (PDF).

If you cannot view this PDF publication for any reason (for example, if you use screen reader software), use the Tax withheld calculator. It provides an accessible alternative for most situations.

If you don't have access to the internet, or need more information about the correct amount of tax to withhold, phone the Australian Taxation office on 13 28 66.

Tax withheld calculator

ato.gov.au/Calculators-and-tools/Tax-withheld-calculator

The **Tax withheld calculator** helps employers work out the tax you need to withhold from payments you make to employees. To use the calculator, you need the information your workers supply in their **Tax file number declaration** (NAT 3092).