

PAYG instalments – how to complete your activity statement



For more information
visit www.ato.gov.au

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 www.ato.gov.au or contact us.

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

➤ MORE INFORMATION

For a copy of any of the publications referred to in these instructions, or for more information about PAYG instalments or completing your activity statement:

- visit our website at www.ato.gov.au
- phone **13 28 66**.

Other activity statement instructions:

- *PAYG withholding – how to complete your activity statement* (NAT 7394)
- *Wine equalisation tax – how to complete your activity statement* (NAT 7390)
- *Luxury car tax – how to complete your activity statement* (NAT 7391)
- *Guide to activity statements*.

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 www.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

INTRODUCTION

Pay as you go (PAYG) instalments is a system for paying amounts towards your expected end of year income tax liability. We work out your actual income tax liability when we assess your annual income tax return. To make sure your income tax assessment takes into account the instalments you've paid through the year, you must finalise your PAYG instalments before you lodge your income tax return.

➤ For more information about PAYG instalments, refer to *Introduction to pay as you go (PAYG) instalments* (NAT 4637).

The dates given in these instructions are based on a balancing date of 30 June, which is when the majority of taxpayers in Australia balance their accounts.

PARTNERSHIPS AND ACTIVITY STATEMENTS

If you are a partner in a partnership, you may receive more than one activity statement. For example, if your partnership is registered for goods and services tax (GST):

- you'll receive an activity statement for the partnership to report GST, and
- each partner may also receive an activity statement to pay their own PAYG instalment.

➤ If you are a partner in a partnership or a beneficiary of a trust, there are special rules to work out the amount to include in your individual instalment income. These rules are explained in:

- *PAYG instalments income – partnerships* (NAT 3494), and
- *PAYG instalments income – trusts* (NAT 3495).

YOUR ACTIVITY STATEMENT

Below is an example of a quarterly activity statement.
Your activity statement will contain all of your reporting requirements and may not look exactly like this example.

EXAMPLE: Business activity statement – front

This bar code is used by our electronic scanners to identify your activity statement.

The document ID is a unique identifier for each activity statement you receive.

Your Australian business number (ABN) or tax file number (TFN).

This is the option you complete if you are paying a PAYG instalment amount notified by us.

This is the option you complete if you pay your PAYG instalment by calculating your *instalment income x instalment rate*.

This is where you sign and date your activity statement.

B

Michael Jones
123 Lower Mountains Road
MT PLEASANT NSW 2222

Office use only

Document ID 12 123 123 123

TFN 999 999 999

Form due on 28 Oct 2012

Payment due on 28 Oct 2012

41920404

When completing this form:

- print clearly using a black pen
- round down to whole dollars (do not show cents)
- if reporting a zero amount, print '0' (do not use NIL)
- leave boxes blank if not applicable (do not use N/A, NIL)
- do not report negative figures or use symbols such as +, -, /, \$.

PAYG income tax instalment

For the QUARTER from 1 Jul 2012 to 30 Sep 2012

Complete Option 1 OR 2 (indicate one choice with an X)

☐ Option 1: Pay a PAYG instalment amount quarterly

ATO instalment amount T7 \$ 5400 From XXXX amended assessment

Write the T7 amount at 5A. If varying the T7 amount, see over.

OR

☐ Option 2: Calculate PAYG instalment using income times rate

PAYG instalment income T1 \$

ATO instalment rate T2 10.25% National tax of \$800,000,000 from your XXXX amended assessment

Write the result of T1 x T2 at 5A. If varying the T2 rate, see over.

Amounts you owe the ATO

PAYG income tax instalment 5A \$

Deferred company/fund instalment 7 \$

5A + 7 8A \$

Amount the ATO owes you

Credit from PAYG income tax instalment variation 5B \$

Payment or refund?

Is 8A more than 5B? ☐ Yes, then write the result of 8A minus 5B at 9. This amount is payable to the ATO.

☐ No, then write the result of 5B minus 8A at 9. This amount is refundable to you (or offset against any other tax debt you have).

Declaration I declare that the information given on this form is true and correct, and that I am authorised to make this declaration.

Signature _____ Date / /

Return this completed form to
Australian Taxation Office
Locked Bag 1793
PENRITH NSW 1793

Activity statement instructions are available from www.ato.gov.au or can be ordered by phoning 13 28 66. The ATO is authorised by the tax laws to collect this information to administer these laws and may pass information to other government agencies. More information about privacy and access to your tax information is available from www.ato.gov.au NAT 4192-416 2011 (US 210201)

This is the reporting period that the activity statement covers. It's usually a month or a quarter.

These are important dates. They indicate when you have to lodge your activity statement and when you have to make a payment.

These are your contact details. We use this information to contact you if there is a problem with your activity statement.

This is the section where you summarise your reporting obligations and calculate whether you are due a refund or you need to pay.

This is the payment advice that you use when making a payment.

PAYMENT ADVICE - 59

ATO code 0000 0156 03

ABN 97 999 999 999

Amount paid

EFT code 97999 999 999 9999

Australian Taxation Office
Locked Bag 1793
PENRITH NSW 1793

- ⚠ To make sure we scan your activity statement correctly:
- use a black pen
 - leave boxes blank if they don't apply to you, unless we ask you to write '0'
 - round down to whole dollars (don't show cents)
 - don't report negative figures or use symbols such as +, -, /, \$, and
 - don't write any additional information on your activity statement – contact us if your details have changed.

EXAMPLE: Business activity statement – rear

Variation codes (T4)
Reason for varyingT4 code

Change in investments21

Current business structure not continuing22

Significant change in trading conditions23

Internal business restructure24

Change in legislation or product mix25

Financial market changes26

Use of income tax losses27

Option 1: PAYG instalment amount

If varying the T7 amount, complete T8, T9, T4

Estimated tax for the yearT8\$

Varied amount payable for the quarterT9\$

Reason code for variationT4

Option 2: PAYG instalment rate

If varying the T2 rate, complete T3, T11, T4

New varied rateT3%

T3 x T1T11\$

Reason code for variationT4

Methods of payment

BSB

PAY

BSB: contact your financial institution to make this payment from your cheque or savings account. Quote biller code 75555 and your EFT code (shown on the front of the payment slip) as the customer reference number.

Credit card:

payments can be made online or by phone, a card payment fee applies. Go to www.ato.gov.au/howtopay or phone 1300 898 089.

Direct credit:

you can electronically transfer funds to the ATO's direct credit bank account using online banking facilities. Use BSB 093 003, Account number 316 385 and your EFT code. Phone 1800 815 886 for assistance if required.

Direct debit:

have your payment deducted from your financial institution account (not credit cards). Phone 1800 802 306 to organise a direct debit or to get further information.

Mail payments:

mail the payment slip together with your cheque or money order using the envelope provided. Please do not use pins or staples. Do not send cash. See below for cheque information.

Post office:

payments can be made at any post office by cash, cheque or EFTPOS (where available and subject to daily limits). A \$3,000 limit applies to cash payments. Your payment slip must be presented with your payment.

Cheques/money orders

should be for amounts in Australian dollars and payable to 'Deputy Commissioner of Taxation'. Cheques should be crossed 'Not Negotiable'. Payments cannot be made in person at any ATO site or shopfront.

You also need to complete these details if you want to vary the PAYG instalment amount notified by us.

You also need to complete these details if you want to vary the PAYG instalment rate notified by us.

REPORTING OPTIONS

This section outlines the options for reporting PAYG instalments.

Generally, if you have business or investment income, you will pay PAYG instalments quarterly or annually.

You must choose your reporting option by the due date of your first activity statement for the income year. You cannot change that option until the first quarter of the next income year.

If you have already chosen an option, there will be a pre-printed **X** in the box next to that option.

If you have not made a valid choice by the due date, the default option will apply. If you paid PAYG instalments last year, you will default to the same option you used last year (assuming you are still eligible for it). If this is the first year that you are paying PAYG instalments, you will default to option 1 (paying an instalment amount) if you are eligible for it.

REPORT AND PAY A PAYG INSTALMENT ANNUALLY

If you choose to pay an annual PAYG instalment, your choice remains in place indefinitely unless your circumstances change or you tell us that you no longer wish to pay annually.

➤ For more information on annual reporting, refer to *Paying your annual PAYG instalment* (NAT 9411) or contact us on **13 28 66**.

REPORT AND/OR PAY PAYG INSTALMENTS QUARTERLY

Eligible quarterly PAYG instalment payers can choose from the two reporting options outlined below. Your quarter one activity statement will contain a box next to each of the options available to you. Place an **X** in the box next to the option you choose. If you have already chosen an option, there will be a pre-printed **X** in the box next to that option.

Option 1: Pay a PAYG instalment amount quarterly

Option 1 is available to:

- all individuals
- companies and superannuation funds with business or investment income of \$2 million or less in their last income tax return, and
- companies and superannuation funds that are eligible to pay an annual PAYG instalment.

Under option 1, we calculate the amount you need to pay based on the business and investment income shown on your most recent income tax return (adjusted by a gross domestic product (GDP) amount). You don't need to know how much income you are earning to work out your instalment amount. This is a good option if you have difficulty gathering information in time

to calculate your quarterly instalment amount. This option also means you will know the amount of your instalment each quarter, which may help you to plan and budget for the payment.

Varying your instalment amount

If you think that using the pre-printed amount at **T7** will result in you paying more (or less) than your expected tax liability for the year, you can vary it.

⚠ You may be liable to pay the general interest charge if you vary your PAYG instalment amount down, and end up paying less than 85% of the actual tax that you should have paid on your business and investment income.

Primary producers and special professionals (such as sports professionals and authors)

Eligible primary producers and special professionals who choose option 1 pay only two instalments instead of four. Under this arrangement you generally pay 75% of your annual PAYG instalment liability with your activity statement for quarter three (January to March) and the remainder with your quarter four activity statement (April to June).

➤ For more information, refer to *PAYG instalments for primary producers and special professionals* (NAT 4352).

Option 2: Calculate PAYG instalment using income times rate

This option is available to all taxpayers.

Under option 2, the amount you pay is based on your actual business and investment income for the quarter, instead of an estimate based on your previous tax situation. This may help your cash flow because instalments go up and down in line with fluctuations in your actual income.

Varying your instalment rate

If you think that using the pre-printed rate at **T2** will result in you paying more (or less) than your expected tax liability for the year, you can vary it.

⚠ You may be liable to pay the general interest charge if you vary your PAYG instalment amount down, and end up paying less than 85% of the actual tax that you should have paid on your business and investment income.

PAYG INSTALMENT OPTION 1 LABELS

☐ **Option 1: Pay a PAYG instalment amount quarterly**

T7	\$	
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Write the T7 amount at 5A. If varying the T7 amount, see over.

T7
ATO INSTALMENT AMOUNT

If you choose option 1, **T7** will show an amount worked out by us. If you want to pay this amount, copy it to **5A** (PAYG income tax instalment) on your activity statement.

If you think that using the pre-printed amount will result in you paying more (or less) tax than your expected tax for the year, you can vary it. To vary your instalment amount, you must fill in **T8, T9 and T4**.

T7 could also be your most recent varied amount if you have varied the instalment amount in a previous quarter in the same income year.

! In some cases, we may send you an instalment notice rather than an activity statement. If you do not wish to vary the pre-printed instalment amount(s), you only need to pay the amount shown by the due date and you do not need to lodge the notice.

The instalment notices are:

- quarterly PAYG instalment notice (identified by an **R** in the top left hand corner)
- quarterly GST and PAYG instalment notice (identified by a **T** in the top left hand corner), and
- annual PAYG instalment notice (identified by an **N** in the top left hand corner).

If varying the T7 amount, complete T8, T9, T4

[illegible]

Varied amount payable T9 \$ [] [] , [] [] , [] [] , [] [] .00
for the quarter

Write the T9 amount at 5A on the front

Reason code for variation **T4**

T8 ESTIMATED TAX FOR THE YEAR

If you want to vary your PAYG instalment amount, you must first estimate the tax you expect to pay on your business and investment income for the year. Write this figure at **T8**.

T9
VARIED AMOUNT FOR THE QUARTER

Use the following **Four instalments annually** table to calculate the amount at **T9**.

Eligible primary producers and special professionals who pay two instalments should use the **Two instalments annually – eligible primary producers and special professionals** table.

If the result is a positive amount, write it at **T9**. If it's a negative amount or zero, write '0' at **T9**.

! If it's a negative amount, you may wish to claim a credit at **5B** – Credit from PAYG income tax instalment variation.

Four instalments annually

If the instalment quarter is:	Your varied instalment amount is:
The first in the income year for which you must pay an instalment	25% of your estimated tax from T8 for the income year.
Your second for that income year	50% of your estimated tax from T8 for the income year, less the amount of your first quarter instalment.
Your third for that income year	75% of your estimated tax from T8 for the income year, less the amount of your first and second quarter instalments, plus any credit you claimed for the second instalment (amounts reported at 5B on a previous activity statement).
Your fourth for that income year	100% of your estimated tax from T8 for the income year, less the amount of your first, second and third quarter instalments, plus any credit you claimed for the second and third instalments (amounts reported at 5B on a previous activity statement).

! if you are subtracting a previous quarter instalment as part of your calculation:

- use the varied instalment amount if that quarter was varied, and
- subtract the amount whether you have paid the instalment or not.

If the instalment is due in: Your varied instalment amount is:

April	75% of your estimated tax for the income year.
July	100% of your estimated tax from the income year, less the amount of your April instalment.

❗ If we first notify you of an instalment rate during the second, third or fourth quarters of the income year and you choose to vary your instalment amount, you will need to exclude the earlier quarters when you work out your varied instalment amount. This will result in a lesser amount. Refer to *How to vary pay as you go (PAYG) instalments* (NAT 4159) for further information.

If you've varied your PAYG instalment amount, you must tell us why. Choose the reason from the table below that best describes why and write the corresponding code at **T4**.

Reason	Code
Change in investments	21
Current business structure not continuing	22
Significant change in trading conditions	23
Internal business restructure	24
Change in legislation or product mix	25
Financial market changes	26
Use of income tax losses	27
Consolidations	33

PAYG income tax instalment **5A** \$ [] [] , [] [] , [] [] , [] [] , [] [] .00

Copy the amount at **T7** (or **T9** if you are varying) to **5A** on your activity statement. This is the total amount of your PAYG instalment for the quarter.

If your only obligation is PAYG instalments, you can write '0' at **5A** if your instalment amount for the period covered by the activity statement is \$50 or less.

[illegible]

If you decided to vary your instalment amount and the amount of the instalment worked out at **T9** is negative, you may be entitled to a credit from earlier instalments for the same income year.

We offset this credit against your other liabilities on your activity statement. We include it in your net obligations amount at **9** in the 'Payment or refund?' section of your activity statement.

If the instalment you are varying is your first for the income year, you can't claim a credit.

! Even if you are entitled to a credit, you don't have to claim it in your activity statement. If your total instalments for the year are more than the tax on your business and investment income, we will credit you with the overpayment when we assess your annual income tax return.

To claim a credit where the amount worked out at **T9** is negative, copy the amount at **T9** to **5B**.

➤ If you think you may be entitled to a credit and wish to claim it on your activity statement, refer to *How to vary pay as you go (PAYG) instalments* (NAT 4159).

PAYG INSTALMENT OPTION 2 LABELS

☐ **Option 2: Calculate PAYG instalment using income *times* rate**

PAYG instalment income T1 \$

T2 %

Write the result of T1 x T2 at 5A. If varying the T2 rate, see over.

T1
PAYG INSTALMENT INCOME

Work out your instalment income for the quarter and write this at **T1**. If you don't have any instalment income for the period, write '0'.

Include at **T1** all ordinary income you earned from your business or investment activities for the quarter (excluding GST) such as:

- goods or services that you sell or supply
- interest received or credited to your bank account
- gross rent
- dividends paid or reinvested on your behalf (do not include imputation credits)
- royalties
- gross amount of income where tax has been withheld because you did not provide your tax file number or Australian business number
- foreign pensions that are assessable in Australia
- your proportion of any partnership or trust income,
- withdrawals from farm management deposits (if you make a farm management deposit, your instalment income for that period is reduced)
- fuel tax credits and
- Taxation of financial arrangements (TOFA) made up of total TOFA gains less TOFA losses but only include if this is a positive amount.

- For more information, refer to:
 - *PAYG instalments – partnerships* (NAT 3494), and
 - *PAYG instalments – trusts* (NAT 3495).

Don't include at **T1**:

- Capital gains
- GST, wine equalisation tax or luxury car tax you collected
- input tax credits
- any income (such as salary, wages or income subject to a PAYG voluntary agreement) where amounts have been withheld or should have been withheld (other than income that an amount has been withheld from because you did not provide your tax file number or Australian business number)

- loans received
- owner's capital
- grants under the product stewardship (oil) benefit and the cleaner fuels grant scheme
- amounts transferred between accounts
- imputation (franking) credits
- interest or other earnings credited to a first home saver account that you hold or a payment to you from such an account, or
- government contributions paid under the *First Home Saver Account Act 2008*.

Don't reduce your instalment income by any allowable deductions that you incur in deriving the income. The allowable deductions that you claimed in your most recently assessed income tax return will be reflected in your instalment rate calculated by us. You can vary your instalment rate if you think that using the rate provided will result in you paying more (or less) than your expected tax for the income year.

T2 INSTALMENT RATE

The rate pre-printed at **T2** will be either:

- the instalment rate worked out by us, or
- your most recent varied rate if you have varied the instalment rate in a previous quarter in the same income year.

If you want to use the rate pre-printed at **T2**, multiply the amount shown at **T1** by this rate. Write the result at **T11**.

To vary the instalment rate, you must fill in **T3** and **T4**.

[illegible]

T3 NEW VARIED RATE

If you want to vary your instalment rate, write your new rate at **T3**.

➤ For more information, refer to *How to vary pay as you go (PAYG) instalments* (NAT 4159).

T4
REASON CODE FOR VARIATION

If you vary your instalment rate, choose a reason from the list below that best describes why and write the appropriate code at T4.

Reason	Code
Change in investments	21
Current business structure not continuing	22
Significant change in trading conditions	23
Internal business restructure	24
Change in legislation or product mix	25
Financial market changes	26
Use of income tax losses	27
Consolidations	33

There is no need to vary just because your income has gone up or down since your last quarter. The instalment rate is a percentage, so the amount you pay will go up or down in keeping with your income. For example, if your investment and business income for the quarter is zero, the amount you pay will also be zero, regardless of your instalment rate.

T11
T1 x T2 (OR T1 x T3)

Multiply the amount at T1 by either:

- the instalment rate pre-printed at T2, or
- if you vary the rate, your new varied rate that you wrote at T3.

Write the result at T11.

Amounts you owe the ATO

PAYG income tax instalment 5A \$

5A
PAYG INCOME TAX INSTALMENT

Copy the amount at T11 to 5A on your activity statement. This is the amount of your PAYG instalment for the quarter.

You can write '0' at 5A instead of your instalment amount if:

- your instalment amount for the period covered by the activity statement is \$50 or less
- you are not claiming a credit at 5B, and
- PAYG instalments is your only obligation.

EXAMPLE

In the first quarter of the income year, you are offered a choice of options. You decide to use option 2 and you place an X in the option 2 box.

Your income for the quarter is:

- total sales of \$22,000 (including \$2,000 GST), and
- interest and dividends received of \$100.

Your instalment income is \$20,100 (that is \$22,000 less \$2,000 GST plus \$100 other income). Write the figure 20,100 at T1.

Our calculated instalment rate pre-printed on your activity statement at T2 is 1.7%.

You calculate the instalment amount to pay as follows:

T1 x T2 = \$20,100 x 1.7% = \$341.70

Write the figure 341 at T11. Copy the figure 341 to 5A.

X

Option 2: Calculate PAYG instalment using income times rate

PAYG instalment income T1 \$

T2 1.7 %

Write the result of T1 x T2 at 5A. If varying the T2 rate, see over.

Option 2: PAYG instalment rate

If varying the T2 rate, complete T3, T11, T4

New varied rate T3 %

T3 x T1 T11 \$

Write the T11 amount at 5A on the front

Reason code for variation T4

PAYG income tax instalment 5A \$

Amount the ATO owes you

Credit from
PAYG income
tax instalment
variation

5B

[illegible]

5B CREDIT FROM PAYG INCOME TAX INSTALMENT VARIATION

If you have decided to use a varied instalment rate and your varied instalment rate at **T3** is less than the instalment rate pre-printed at **T2**, you may be entitled to a credit from earlier instalments for the same income year.

A credit will only be available if the earlier instalments were worked out using a higher instalment rate.

We offset this credit against any other tax liabilities on your activity statement. This is included in your net tax payment or refund amount at **9** in the 'Payment or refund?' section of your activity statement.

If the instalment you are varying is your first for the income year, you can't claim a credit.



📌 Even if you are entitled to a credit, you don't have to claim it in your activity statement. If your total instalments for the year are more than the tax on your business and investment income, we will credit you with the overpayment when we assess your annual income tax return.

If you are entitled to a credit for a previous instalment and wish to claim it on your activity statement, write the credit amount at **5B**.

EXAMPLE

We notify you that your instalment rate will be 10% for the first quarter. You multiply this rate by your instalment income of \$1,000, resulting in an instalment payment of \$100.

For the second quarter you choose to vary the instalment rate to 5%. You multiply your current instalment income of \$1,000 by the varied rate, resulting in an instalment payment of \$50.

You then decide to claim a credit to put you in the position that you would have been in if your instalment rate had always been 5%.

Use the following table to calculate the amount of credit you can claim at **5B**.

1	Add up your earlier instalments (the amounts reported at 5A) even if you haven't paid all of them	\$100
2	Add up any credits claimed in previous quarters (amounts reported at 5B on a previous activity statement)	\$0
3	Subtract the amount at step 2 from step 1	\$100
4	Add up instalment income for all earlier quarters of the income year	\$1,000
5	Multiply the amount at step 4 by the varied instalment rate	$\$1,000 \times 5\%$ =\$50
6	Subtract the amount at step 5 from the amount at step 3	$\$100 - \50 =\$50
7	If the result is a positive amount, this is the amount of credit that may be claimed at 5B	\$50



➤ If you think you may be entitled to a credit and wish to claim it on your activity statement, refer to *How to vary pay as you go (PAYG) instalments* (NAT 4159).

LODGING AND PAYING

The due date for lodging and paying is pre-printed at the top right hand corner of your activity statement. You can lodge and pay electronically, by mail or in person, but you need to do it on time to avoid interest and penalties. Even if you have no amounts to report for the period, or are having difficulty paying, it's still important to make sure we receive your activity statement by the due date.

HOW TO LODGE

Electronically

You can lodge electronically using one of the following:

- Business Portal
- standard business reporting (SBR)
- electronic commerce interface (ECI) over the internet, or
- your registered agent.

➤ For more information on electronic lodgment, visit:

- www.ato.gov.au/online services or phone us on **13 28 66** for business tax enquiries or **13 28 61** for personal tax enquiries
- www.ato.gov.au/sbr the SBR website.

By mail

Mail your original, completed activity statement with your cheque using the pre-addressed envelope provided.

If you misplace the envelope, you can send your activity statement to:

VIC, TAS, WA, SA, NT

NSW, QLD, ACT

Australian Taxation Office
Locked Bag 1936
ALBURY NSW 1936

Australian Taxation Office
Locked Bag 1793
PENRITH NSW 1793

⚠ It's important that you send your original activity statement, not a copy or a version generated from a commercial software package. If you do use a commercial package, make sure you copy the information onto your original statement.

HOW TO PAY

We offer you a range of convenient payment options

BPAY®

Make a payment directly from your cheque or savings account to us using your financial institution's telephone or internet banking service. Use Biller code **75556**. The BPAY reference number is the EFT code on your activity statement.

Credit card

Make a credit card payment – conditions apply.

You can make credit card payments on line or over the phone. To pay on line go to www.ato.gov.au/howtopay, to pay over the phone call **1300 898 089**. To make credit card payments you will need to supply your EFT or PRN from your payment slip.

Direct Credit

Transfer your payment to us online from your cheque or savings account. You can transfer funds directly to the ATO using internet banking or a computer based banking software package.

Direct debit

Have your payment automatically deducted from your cheque or savings account. You will need to complete a direct debit request to have your payment electronically deducted from your nominated bank account.

Mail

Mail your payment slip together with a cheque or money order to us.

You can send a cheque using the pre-addressed envelope provided. Be sure to include the original payment advice slip if you have lodged your activity statement electronically.

Make cheques payable to the 'Deputy Commissioner of Taxation' and cross them 'Not negotiable'. Don't attach your cheque with pins or staples and don't send cash.

Australia Post

Pay by cash (up to \$3,000), cheque or EFTPOS at your Post Office (subject to daily limits). Your original payment slip must be presented with your payment.

➤ To order additional or replacement payment slips, phone **13 72 26**.

⚠ If you make a payment at Australia Post, or you pay electronically, you must still send your completed activity statement to us either by mail or electronically, unless we advise you otherwise on the form.

➤ For more information about direct credit, credit card or BPAY:

- phone **1800 815 886** between 8.00am and 6.00pm, Monday to Friday, or
- email **payment@ato.gov.au**

For more information about BPAY, contact your financial institution.

For more information about direct debit:

- phone **1800 802 308** between 8.00am and 6.00pm, Monday to Friday, or
- email **eft-information@ato.gov.au**

WHAT IF I CAN'T LODGE AND PAY ON TIME?

You must phone us on **13 72 26** to check whether alternative arrangements can be made.

You must still lodge your activity statement by the due date, even if you can't pay on time.

The general interest charge will apply to any amount not paid by the due date. A penalty may also apply if you fail to lodge on time.

EXPECTING A REFUND?

Generally, if you have an Australian business number (ABN), we can only pay refunds directly into your properly nominated financial institution account, so it's essential that we have your correct account and branch (BSB) numbers. Your nominated account must be at a branch of the institution in Australia. Generally this account must be held by you or you and another taxpayer or your registered agent.

➤ Contact us on **13 28 66** if you need to change your financial institution account details. You will need to provide proof of identity. This includes either your tax file number, ABN or name and specific identifiers (such as information from a previously generated tax notice).

If you don't have an ABN, we will pay your refund by cheque.

We may not issue a refund if you have not lodged a previous activity statement or if you have provided incorrect bank details.

If you are due a refund, we may apply it to offset any taxation debt (regardless of whether it is due and payable) and/or any other due and payable Australian Government debt that you may have, such as a Child Support Agency debt.

CHECKLIST

Have you:

- filled in the PAYG instalment boxes that apply to you? ☐
- checked your calculations? ☐
- copied amounts correctly between boxes? ☐

You may need to:

- complete any other sections that apply to you and copy the totals to the summary section ☐
- calculate whether you must make a payment or if you're entitled to a refund ☐
- complete the payment or refund details, and/or ☐
- contact us to update your address (refer to How do I update my address?). ☐

You must:

- sign and date your activity statement ☐
- lodge your original activity statement by the due date, and ☐
- pay any amounts you owe by the due date. ☐

RECORD KEEPING

You should keep a copy of your activity statement, and the records you used to prepare it, for five years after they are prepared, obtained or the transactions completed (whichever is the later). These records must be in writing and in English.

Information stored on magnetic tape or computer disk is not in a written form such records must be in a form that is readily accessible and easily converted into English.

If you do not have access to a photocopier, you can download a copy of the form from www.ato.gov.au, copy the information from your original activity statement onto this form and file it for your records.

FREQUENTLY ASKED QUESTIONS

DO I STILL NEED TO LODGE AN ANNUAL INCOME TAX RETURN?

Yes. PAYG instalments is a system for paying amounts towards your expected end-of-year income tax liability. We work out your actual tax liability when we assess your annual income tax return. We credit your PAYG instalments for the year against your assessment and work out whether you owe more tax or are due a refund.



To make sure you receive the correct amount of credit in your assessment, you must finalise your PAYG instalments before you lodge your tax return.

HOW DO I WORK OUT MY INSTALMENT INCOME AT T1?

This amount should include all ordinary income earned from business or investment activities for the quarter (excluding GST). For details of what instalment income includes, refer to **T1 – PAYG instalment income**.

DO I INCLUDE AMOUNTS I RECEIVED FROM FUEL GRANTS IN MY INSTALMENT INCOME AT T1?

No. You don't include these amounts at **T1**.

WHAT IS THE INSTALMENT RATE PRINTED AT T2?

If this is your first PAYG instalment for the income year, we calculate an instalment rate for you and pre-print it at **T2**.

If this is not your first PAYG instalment for the income year, the instalment rate at **T2** will be either:

- the instalment rate calculated by us, or
- the varied instalment rate you notified on a previous activity statement.

I WAS TOLD I COULD GET A CREDIT FOR PREVIOUS INSTALMENTS IF MY INSTALMENT RATE CHANGES. IS THIS CORRECT?

You may be entitled to a credit from earlier instalments in the same income year if you have varied your instalment rate and the rate you have written at **T3** is less than the instalment rate pre-printed at **T2**.

You can only claim credits if you have varied your instalment rate and your earlier instalments in that income year were based on a higher instalment rate.

You may also be entitled to a credit if you use option **1** and vary your instalment amount. For more information, refer to 5B – Credit from PAYG income tax instalment variation.

WHY HAVE I RECEIVED AN INSTALMENT RATE WHEN MY BUSINESS IS NO LONGER TRADING?

Your instalment rate is based on your most recently assessed income tax return.

Generally, if you are an individual and your last income tax return showed \$2,000 or more of income from business or investments and you had a tax debt of \$500 or more (disregarding any voluntary payments or PAYG instalment credits that were applied), you will be given an instalment rate.

Most companies and superannuation funds must pay instalments, unless they have lodged a final return.

If you are using the option **1** instalment amount and your business is no longer trading, you may wish to vary your instalments to reflect the tax you expect to pay on your business and investment income for the year. You can vary to zero if you think you will have no business or investment income this year.

If you are using the instalment income x rate (option **2**) to work out your instalments and your business is no longer trading, your instalment income for the period is likely to be zero. As a result, your instalment will be also be zero.

You will be removed from the PAYG instalments system after lodgment of the final income tax return for your business.

CAN I MAKE A VOLUNTARY PAYMENT?

Yes. But you don't make voluntary payments on your activity statement. If you have an electronic funds transfer (EFT) code, you can make a voluntary payment by BPAY or by direct credit. If you don't have an EFT code, phone us on **1800 815 886** for help.

Alternatively, you can mail your payment to:

VIC, TAS, WA, SA, NT

NSW, QLD, ACT

Australian Taxation Office

Australian Taxation Office

Locked Bag 1936

Locked Bag 1793

ALBURY NSW 1936

PENRITH NSW 1793



It's very important that you include the following information with your voluntary payment:

- payment type – for example, PAYG instalment payment
- your ABN or tax file number
- your full name and address (as shown on the front of your activity statement), and
- a contact phone number, including the area code.

WHAT IF I MAKE A MISTAKE?

You can correct a mistake by striking it out in black pen. Write the new information as close as possible to the boxes for the label. You can also use tape whiteout to correct errors. Do not use liquid whiteout – this causes problems with scanning which will delay the processing of your activity statement.

WHAT IF I ONLY REALISED THE MISTAKE AFTER LODGING MY ACTIVITY STATEMENT?

Usually, you need to lodge a revised activity statement – phone us on **13 28 66** to obtain a revised activity statement form. Revised activity statements are also available from the Business Portal, if you are a registered user.

HOW DO I UPDATE MY ADDRESS?

To ensure you receive the correct mail for each of your tax obligations in a timely manner, we encourage you to ensure the address details we have for you are correct.

To update your address for receiving activity statements, you can phone us on **13 28 66** or log on to the Business Portal.

To register for the Business Portal, or for more information, visit **www.ato.gov.au/online services** or phone us on **13 28 61** for Personal Tax enquiries or **13 28 66** for Business Tax enquiries.

