Tax table for superannuation lump sums

FOR PAYMENTS MADE ON OR AFTER 1 JULY 2010.

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 12-85(a) of Schedule 1.

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

Australian Government
Australian Taxation Office

NAT 70981-05.2010

WHO SHOULD USE THIS TABLE?

Use this table if you make a superannuation lump sum payment to an individual.

SUPERANNUATION LUMP SUMS

A superannuation lump sum payment includes lump sum payments paid to an individual who has satisfied a condition of release. For example, retirement or death and lump sum payments to the trustee of a deceased estate.

The following lump sum payments from a superannuation fund, approved deposit fund, retirement savings account or any other superannuation product are subject to withholding:

- payments made to a person because they are a member of a superannuation fund, a depositer of an approved deposit fund, or a holder of a retirement savings account or any other superannuation product
- lump sum payments paid on the death of one person if paid to another person, and
- a payment when a superannuation pension is exchanged for a lump sum.

A superannuation lump sum paid to the trustee of a deceased estate after the death of a person is not subject to PAYG withholding.

! Lump sum payments from a complying superannuation fund made to individuals who are suffering from a terminal medical condition do not have an amount withheld from the payment.

! Do not allow for any tax offsets or Medicare levy adjustments. Do not add amounts for Higher Education Loan Program (HELP) or Student Financial Supplement Scheme (SFSS).

HOW TO WORK OUT WITHHOLDING AMOUNTS

1 **If a payee has provided you with their tax file number (TFN)**

This is sufficient to authorise you to withhold an amount according to the rates set out in Table A on page 3.

A superannuation lump sum can be made up of two components – a tax-free component and a taxable component. You must withhold an amount from the taxable component, including lump sum death benefit paid to non-dependants, according to Table A on page 3. Do not withhold from the tax-free component.

If the person entitled to receive the superannuation lump sum asks you to roll over their lump sum, you are generally not liable to withhold from any of the rolled over amount. However, you may be liable to withhold if the benefit being rolled over consists of an amount that is an untaxed element in the fund that exceeds the untaxed plan cap.

! A lump sum death benefit cannot be rolled over – whether paid to dependants or non-dependants.

2 **If the payee has not provided you with their TFN**

If the payee receiving the lump sum has not provided you with their TFN before the payment is made, you must withhold at the top rate of tax plus the Medicare levy from the taxable component.

If the payee is a prescribed foreign resident who has not provided you with their TFN, you must withhold at the top rate of tax from the taxable component.

! If the payee is over 60 years of age at the date the payment is received, and the lump sum does not contain an element untaxed in the fund, you are not required to withhold where the payee has not provided their TFN. If the lump sum contains an element untaxed in the fund, you should withhold from this element at 46.5% for residents or 45% for foreign residents.

ROUNDING OF WITHHOLDING AMOUNTS

Withholding amounts calculated by applying this table should be rounded to the nearest dollar. Values of 50 cents or higher are rounded upwards. If a TFN is not provided, ignore cents when calculating withholding amounts.

EXAMPLE

Superannuation lump sum made by a superannuation provider from an element taxed in the fund.

Heather and Dean are members of the AAFund superannuation fund and are aged 56 and 61 respectively. They have decided to retire and take some of their superannuation as a lump sum. The preservation age for both of them is 55.

According to their entitlements, Heather and Dean will both receive a superannuation lump sum benefit of $200,000 from AAFund. Each superannuation lump sum benefit has a tax-free component of $20,000 and a taxable component of $180,000. AAFund is required to withhold an amount under the PAYG withholding system. Heather and Dean have previously provided their respective TFNs to AAFund.

AAFund does not need to withhold from the tax-free component of $20,000, but must withhold an amount from the taxable component of $180,000.The taxable component of the superannuation lump sum benefit paid by AAFund is wholly made up of elements taxed in the fund.

a Amount to withhold for Heather:

- As Heather is over her preservation age, she is entitled to the low rate cap.
  1 amount up to low rate cap ($160,000 in the 2010–11 income year) = nil
  2 amount above low rate cap ($180,000 – $160,000) = $20,000
  3 amount to withhold from $20,000 is 16.5% (from Table A) = $3,300

Note: The low rate cap is indexed annually.

b Amount to withhold for Dean

- As Dean is aged 61, no part of his superannuation lump sum payment is subject to withholding.

PAYMENT SUMMARIES

Within **14 days** of making a lump sum payment, you must provide a *PAYG payment summary – superannuation lump sum* (NAT 70947) to the recipient of the superannuation lump sum.

Payment summaries can also be printed using Australian Taxation Office (ATO) approved software.

For more details and specifications of ATO approved software, visit **www.ato.gov.au/softwaredevelopers**

TABLE A

Income component derived by the payee in the income year	Age of person at the date the payment is received	Component subject to PAYG withholding	Rate of withholding (including Medicare levy)
Member benefit – taxable component – element taxed in the fund	Below preservation age	Whole amount	21.5%
	Preservation age to age 59	Amount up to low rate cap[1]	Nil
		Amount above the low rate cap[1]	16.5%
	Aged 60 and above	Whole amount	Nil
Member benefit – taxable component – element untaxed in the fund	Below preservation age	Amount up to untaxed plan cap[2]	31.5%
		Amount above untaxed plan cap[2]	46.5%
	Preservation age to age 59	Amount up to low rate cap[1]	16.5%
		Amount above the low rate cap[1] up to the untaxed plan cap[2]	31.5%
		Amount above untaxed plan cap[2]	46.5%
	Aged 60 and above	Amount up to untaxed plan cap[2]	16.5%
		Amount above untaxed plan cap[2]	46.5%
Lump sum death benefit paid to non-dependants[4] – taxable component – element taxed in the fund	Any	Whole amount	16.5%
Lump sum death benefit paid to non-dependants[4] – taxable component – element untaxed in the fund	Any	Whole amount	31.5%
Lump sum death benefit paid to dependants[3] – taxable component – elements taxed and untaxed in the fund	Any	None	Nil
Rollover superannuation benefits – taxable component – element taxed in the fund	Any	Whole amount	Nil
Rollover superannuation benefits – taxable component – element untaxed in the fund	Any	Amount up to untaxed plan cap[2]	Nil
		Amount above untaxed plan cap[2]	46.5%
Superannuation lump sum benefits less than $200	Any	None[5]	Nil
Superannuation lump sum benefit (terminally ill recipient)	Any	None	Nil

1 For the 2010–11 income year, the low rate cap is $160,000 and is indexed annually. The low rate cap in relation to superannuation lump sums paid to an individual who has reached their preservation age is the maximum amount of the taxable component that is given the lowest rate of tax. The low rate cap is a lifetime limit. That is, if a payee received an element taxed in the fund and an element untaxed in the fund in a lump sum, the total low rate cap allowed for that lump sum cannot exceed the low rate cap that applies. The low rate cap is allocated to the element taxed in the fund first before allocating the remaining low rate cap to the element untaxed in the fund.

2 For the 2010–11 income year, the untaxed plan cap is $1,155,000 and is indexed annually.

Phone **13 10 20** or visit **www.ato.gov.au/super** for the low rate cap or the untaxed plan cap in later years.

3 If the lump sum death benefits are being paid to an individual who was a dependant of the deceased, do not withhold amounts from that payment. A dependant includes both child and spouse of the deceased. Child of the deceased includes all of the following:

- an adopted child, stepchild or ex-nuptial child
- a child of the deceased's spouse
- someone who is a child of the deceased within the meaning of the *Family Law Act 1975* (for example, a child who is considered to be a child of a person under a state or territory court order giving effect to a surrogacy agreement).

Spouse of the deceased includes all of the following:

- another person (whether the same sex or opposite sex):
  - with whom the deceased was in a relationship that was registered under a law of a prescribed state or territory law
  - who lived with the deceased on a genuine domestic basis in a relationship as a couple.

A dependant includes 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 a dependent of the deceased just before the latter died. Before accepting that a person is financially dependent, phone **13 10 20** for more information.

If the superannuation death benefit is to be paid to the trustee of a deceased estate, an amount should not be withheld.

4 As a result of an amendment to the *Income Tax Assessment Act 1997*, an individual is treated as a death benefits dependant of a deceased person if the deceased died in the line of duty as a member of the defence force, a member of the Australian Federal Police or the police force of a state or territory, or a protective service officer (as defined in the *Australian Federal Police Act 1979*).

5 There is no withholding required from the whole amount if it is paid by a regulated superannuation fund, complying approved deposit fund or retirement savings account provider as a superannuation lump sum and it is the payee's entire benefit.

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

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).

If you need more information about any of our PAYG withholding tax tables and other PAYG publications, you can:

- visit our website at **www.ato.gov.au**
- phone **13 10 20** for superannuation enquiries
- phone **13 28 66** for general PAYG enquiries
- phone **1300 720 092** to order ATO forms or publications, or visit **www.ato.gov.au/onlineordering**
- write to us at:
  Australian Taxation Office
  PO Box 3578
  ALBURY NSW 2640

If you do not speak English well and need help from us, 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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