



Tax on Employment Payments



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Income from salary or wages



Employment termination payments (ETPs)



Fringe benefits

Income from salary or wages - most common type of employment income



Salary and wage payments you need to declare in your tax return include, but may not be limited to:

- your normal weekly, fortnightly or monthly pay
- commissions
- bonuses, including retention bonuses to remain with your employer
- money for part-time or casual work
- Parental Leave Pay (Paid Parental Leave scheme)
- payments from
 - an income protection insurance policy
 - a sickness or accident insurance policy
 - a workers compensation scheme
- pay and allowances for continuous full-time service in the Australian Naval, Army or Air Force Reserve (may not have to declare salary and allowances while deployed overseas)
- income you receive in connection with a joint space and defence project – unless exempted
- foreign employment income – unless exempted.





How much tax do i pay on a second job

Income from more than one job

If you have more than one job at the same time, claim the tax-free threshold from only one payer. The law provides one tax-free threshold per individual.

For your other payers, you should not claim the tax-free threshold. They will withhold at a higher rate, because all that income is taxed without the threshold. This helps reduce the chance of a tax bill when you lodge your return.



Finding a new job

You are entitled to claim the tax-free threshold to reduce the amount of tax that is withheld from your pay.

Your new employer will ask you to complete a Tax file number declaration.



If you change jobs part-way through the financial year:

Jobs overlap (two payers at once): Do not claim the tax-free threshold with the new employer. Ask them to withhold at the no-threshold rate. From 1 July next year, update your details to claim the threshold with the employer you keep.

No overlap (old job ends before the new one starts): You may claim the tax-free threshold with the new employer.

Lump sum payments



A lump sum payment is a **one-time payment** that is taxed and reported differently to your salary and wage income. You include lump sum payments as assessable income in your tax return in the income year you receive the payment.

You may receive a lump sum payment:

- when you leave a job, such as
 - [an employment termination payment \(ETP\)](#)
 - [a genuine redundancy payment](#)
 - an [approved early retirement scheme](#) payment that exceeds the tax-free limit
- for unused annual leave, long service leave or special leave you are entitled to when you leave a job
- in arrears (known as back pay or lump sum payments in arrears) for money your employer owes you from an earlier income year.

Employment termination payments (ETPs)

When you leave or change jobs, you may receive several lump sums and one may be an **ETP**, which is generally taxed **at a lower rate** than your normal income if it's paid **within 12 months** of termination.



ETPs	Not ETPs
Payments for unused rostered days off (RDOs) or unused sick leave	Accrued leave payments
Genuine redundancy or early retirement scheme payments above the tax-free limit	Genuine redundancy or early retirement scheme payments up to the tax-free limit
Payments in lieu of notice	Salary, wages, allowances, bonuses
compensation for loss of job or wrongful dismissal	Superannuation benefits (a lump sum from super)
A gratuity or golden handshake Etc.	Employee share scheme payments Etc.

Genuine redundancy amounts

A genuine redundancy occurs when the job no longer exists, and the employer terminates the employee's employment.

The tax-free limit is:

Base amount + (service amount × years of service)

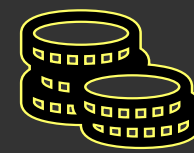


The base amount and service amount are indexed annually.

For 10 years' service, the tax-free limit for the year ending 30 June 2025 is:

$$\$12,524 + (\$6,264 \times 10) = \$12,524 + \$62,640 = \$75,164$$

Tip: See the ETP resource for additional details.



Fringe Benefits

A fringe benefit is a non-cash benefit provided to an employee in respect of employment. FBT is paid by the employer, not the employee.

Examples include:

- Allowing an employee to use a work car for private purposes
- Discounted loan
- Gym membership
- Entertainment (free tickets)
- reimbursing an expense (school fees)
- etc.

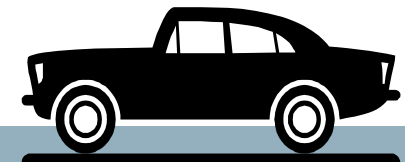


Examples not include:

- Salary and wages
- Shares purchased under approved employee share acquisition schemes
- Employer contributions to complying super funds
- Employment termination payments
- Benefits provided to volunteers and contractors
- Exempt fringe benefits
- etc.



Note: New plug-in hybrid (PHEV) cars are not eligible if the arrangement starts on or after 1 April 2025. If the PHEV arrangement started before 1 April 2025, it can keep the exemption until that arrangement ends.



Reportable fringe benefits



You will have a reportable fringe benefits amount (RFBA) when:



- certain fringe benefits are provided to you (or your associate in connection with your employment)
- the total non-grossed-up taxable value exceeds \$2,000 in a fringe benefits tax (FBT) year (1 April to 31 March).



Even though a reportable fringe benefits amount (RFBA) is reported to the ATO and is shown in your tax return, **you do not:**



include it in your total income or loss amount, pay income tax or Medicare levy on it.



Reportable fringe benefits (1)

Reportable fringe benefits amount is used for:

- ☑ Calculating your liability to the Medicare levy surcharge
- ☑ Determining your entitlement to the private health insurance rebate
- ☑ Determining your eligibility for the low-income super tax offset for concessional (before tax) super contributions you or your employer pays into your super fund
- ☑ Determining whether you are liable for Division 293 tax for superannuation contributions

Reportable fringe benefits (2)

Reportable fringe benefits amount is used for:

- ☑ Determining whether you can offset your business loss against other income (non-commercial losses)
- ☑ Determining your child's adjusted taxable income, which affects whether they are considered a dependent for Medicare levy purposes
- ☑ Determining your eligibility for the government co-contribution for personal super co-contributions you made
- ☑ Etc.



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