



Tax on Employment Payments

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Income from salary or wages



Employment termination payments (ETPs)



Fringe benefits

Leave or temporary stand down payment

- Stand-down payment
- COVID-19 payment
- Pandemic allowance

ATO treats them the same as usual payments from your employer

Declare them as **wages and salary**



Lost and find a new job

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



Income from salary or wages



How much tax do i pay on a second job

More than one job

If you have more than one job at the same time, ATO requires that you only claim the tax-free threshold from one payer.

Your other payers are required to withhold tax at a higher rate. This rate is called the ‘no tax-free threshold’ rate. And it reduces the likelihood of you having a huge amount tax debt at the end of the year when you lodge your tax return.

Employment termination payments (ETPs)

If you have lost your job as a result of COVID-19, you may have received an **ETP**, which is generally taxed **at a lower rate** than your normal income, provided the payment is made **within 12** months of your termination.



ETPs	Not ETPs
Unused rostered days off (RDOs) 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
Severance pay	Salary, wages, allowances, bonuses
Non-genuine redundancy payments	Super 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 \times years of service)



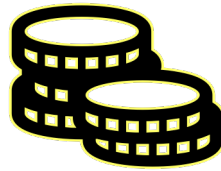
The base amount and service amount are indexed annually.

For 10 years' service, the tax-free limit for the year ending 30 June 2021 is:

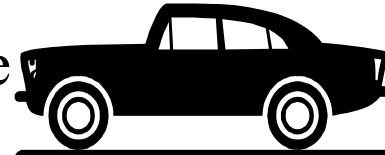
$$\$10,989 + (\$5,496 \times 10) = \$10,989 + \$54,960 = \$65,949$$

Fringe Benefits

- salary and wages
- shares purchased under approved employee share acquisition schemes
- employer contributions to complying super funds
- employment termination payment
- benefits provided to volunteers and contractors
- exempt fringe benefits
- etc.



- allowing an employee to use a work car for private purposes
- giving an employee a discounted loan



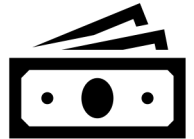
- paying an employee's gym membership
- providing entertainment by way of free tickets to concerts
- reimbursing an expense (school fees)
- etc.



Reportable fringe benefits



The reportable fringe benefits amount that will be reported for an income year is the grossed-up taxable value of the reportable benefits provided in the previous FBT year (1 April to 31 March).



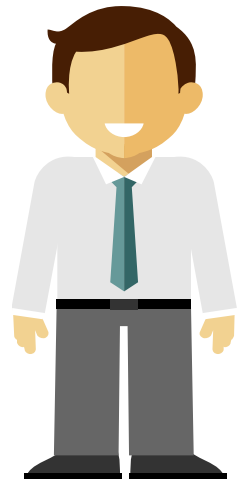
Even though a reportable fringe benefits amount (RFBA) is reported to the ATO and is shown in your tax return, **you do not:**



include it in your total income or loss amount



pay income tax or Medicare levy on it



Reportable fringe benefits

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