



What do the PAYG withholding labels on my BAS mean?

If your business is registered to collect GST, you will have to lodge an annual, quarterly or monthly Business Activity Statement (BAS) form. The frequency of lodgement depends on your business turnover and the Australian Taxation Office ATO will contact you when your BAS is due.

There are sections on the BAS form that will need to be accurately and clearly recorded. These calculations determine how much GST and Pay As You Go (PAYGW) withholding you will need to pay to the ATO. PAYG is the total salary, wages and other payments you have paid as well as amounts of tax you withheld during the determined business period.

Pro Tax Tip: The ATO does not need amounts with a decimal point. You can round up or down to complete your BAS

What is included in the PAYG section of the BAS form?

As an employer, you are obligated to meet your employees' tax obligations. This is done through PAYG and paid to the ATO on behalf of your employee. It's not just employees that you'll need to set money aside for.

You'll also need to collect money for:

- employees, company directors and office holders

- workers under labour hire arrangements
- voluntary agreements such as contractors
- businesses that didn't quote their Australian Business Number (ABN).

A few things to remember:

- Don't forget to register for PAYG withholding before you withhold any money
- Cancel a PAYG withholding registration if your employee leaves you
- Check that a worker is legally allowed to work in Australia
- Understand that PAYG withholding is different to Payroll tax

What do you need to fill out?

Below are the sections on your BAS that will need to be filled out in the PAYG tax withheld section.

PAYG tax withheld	
Total salary, wages and other payments	W1 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Amount withheld from payments shown at W1	W2 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Amount withheld where no ABN is quoted	W4 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Other amounts withheld (excluding any amount shown at W2 or W4)	W3 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Total amounts withheld (W2 + W4 + W3)	W5 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Write the W5 amount at 4 in the Summary section below	

What do the PAYG withholding labels on my BAS mean?

W1 – Total salary, wages and other payments

This is the gross payments that you have been required to withhold. This total includes:

- payments to employees for example, salary, wages, allowances and bonuses
- payments made by a labour hire firm to individual workers under a labour hire arrangement
- payments to religious practitioners
- payments made under voluntary agreement
- gross attributed personal services income for an individual.

Do not include:

- salary sacrifice arrangements
- super contributions
- departing Australia superannuation payments
- payments withheld because an ABN was not quoted
- an investment distribution withheld for non-quotation of a tax file number
- interest, dividends or royalty payments from which you withheld an amount for a payment to a foreign resident
- payments to foreign residents for entertainment, sports, construction and casino gaming junket activities.

If you did not make any payments, leave the boxes blank.

W2 – Amounts withheld from salaries or wages and other payments shown at W1.

Enter the total amount you withheld from any payments shown at W1.

W4 – Amounts withheld where no ABN is quoted

If you've made payments to suppliers who have not given their ABN to you, you must withhold 47% of the invoice amount and enter this number at W4.

W3 – Other amounts withheld (excluding W2 or W4)

This is where you enter any other type of withholding, such as:

- interest, dividends, unit trust or other investment distributions you made, where the person you are paying has not filled in a tax file number (TFN) declaration form or otherwise provided you with a TFN (includes a foreign resident)
- interest, dividends or royalty payments you made to a foreign resident
- any departing Australia superannuation payments you made
- any payments you made to foreign residents, for
 - o entertainment and sport activities
 - o construction and related activities
 - o arranging casino gaming junket activities.

If you have nothing to report, leave W3 blank.

W5 – Total amounts withheld (W2 + W4 + W3)

Add together the totals for W2 + W4 + W3. Do not include W1 in your W5 total.

Copy the total at W5 to 4 in the 'Summary' section of your activity statement. If you don't have this section in your BAS, don't worry, this won't be applicable to you.

Your total withholding will be reported at 9 in the 'Payment or refund' section of your activity statement.

Pro Tax Tip: For your BAS lodgement to go smoothly, it's best to keep on top of your bookkeeping and keep your tally as you go. Set money aside for GST and PAYG so that you don't have a shortfall when it comes time to lodge your BAS.

If you hired a registered tax practitioner or BAS agent to complete your BAS for you, they can lodge your statement for you.

There's no need to be overwhelmed. ITP The Income Tax Professionals help Australian business with their bookkeeping and business accounting needs. Whether it's one day a week or five, we tailor our service to suit your unique needs. Call a Professional today to discuss how we can help.