

What is PAYG (Pay as You Go) withholding?



People who earn an income might need to pay some of it as income tax to the Australian Government (through the Australian Taxation office [ATO]).

As an employer, you have a responsibility to make sure your employees' tax is paid to the ATO. You do this by holding on to certain amounts from each payment you make to your employee. You then send this money to the ATO during the year. This is a tax called Pay as You Go (PAYG) withholding.



Be A Boss



How do I do this as a private individual employing workers?

You will need to either have a WPN (Withholding Payer Number) or an ABN branch for PAYG purposes.

A WPN is like a non-business identification number with the ATO that identifies you as an employer.

How do I get a WPN?

You apply to the ATO for a WPN either by completing an application form (NAT 3377 to open a PAYG withholding account with the ATO) and sending the form in or ringing the ATO and applying over the phone 13 28 61.



www.ato.gov.au/forms/application-to-register-a-payg-withholding-account



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Disclaimer: This information sheet is provided as general information only. It is not legal advice. Please consult a professional advisor (for example, a lawyer or accountant) if you require legal or financial advice in relation to your own individual circumstances.



What if I already have an Australian Business Number (ABN)?

You cannot get a WPN if you already have an ABN. The ATO does not allow one person to have both.

If you already have an ABN that is not related to you privately employing your own workers, you can apply for a branch just for PAYG. This keeps the PAYG tax you are withholding for your workers separate from your business activities.



www.ato.gov.au/forms/register-gst-or-payg-withholding-branch



ABN

Activity Statements and transferring Tax

Once you have either an ABN PAYG branch or WPN, the ATO will send you Activity Statements (quarterly or monthly). You will need to fill in the amount of wages you have paid your employees and how much tax you have withheld from their wages.

You then transfer the amount of tax you withheld to the ATO when you send in the Activity Statement.

You may have access to the ATO through your MyGov account so you can lodge your Activity Statements electronically or you may receive a paper Activity Statement to complete and post to the ATO.

Please note that this requirement may change when you start using Single Touch Payroll (STP) to report to the ATO. This will be mandatory for people with WPNs from 1 July 2023. Most ABN holders with employees already need to use STP.