

Question:

Why does the tax withheld for an employee on the *Tax Free Threshold Not Claimed* tax scale, who also has an SFSS or a HELP Debt, sometimes not agree with the ATO withholding figures from 2006/07?

Answer:

The ATO now assumes that employees who have not claimed the tax free threshold have already earned \$16,500 via their prime source of employment. This can affect the calculation of SFSS and HELP Debt withholding. The next release of Payroll Premier will include tax rates to reflect this decision.

In the meantime, the payroll administrator needs to create PAYG Tax scales and make changes to employee records for any employees who:

- have not claimed the tax free threshold, and
- are likely to earn \$411 or more per week in any pay, and
- have either a HELP or an SFSS debt, or both.

To calculate the correct tax for these employees, new tax scales are required that combine the thresholds and rates for the *Tax Free Threshold Not Claimed* tax scale, and SFSS/HELP Debt or both.

The scales required should be set up as in the tables below, so that upgrading to next years version is simple. To open the *Tax Scales List*, choose **Lists menu > Tax Scales**.

To set up each new tax scale:

1. Right-click in the list and choose *New*.
2. Enter the details from the appropriate tax scale below.
3. Click **OK**.

Tax Rate: 51 Last Update: 1/07/2006
Description TFT Not Claimed With HELP

Threshold	Multiplier	Subtract
163	0.1650	0.1650
411	0.3150	24.6842
495	0.3550	24.6842
578	0.3600	24.6842
625	0.3650	24.6842
696	0.3700	24.6842
781	0.3750	24.6842
839	0.3800	24.6842
956	0.3850	24.6842
1040	0.3900	24.6842
1125	0.3950	24.6842
2567	0.4950	137.1842
Over 2567	0.5450	265.5496

Edit Employee - Dean Hamp

History	Insurer	Compensation	Next-Of-Kin	Notes	FBT	Custom Fields				
Personal	Company	Dates	Pay Rates	Deductions	Allowances	Taxation	Super	Banking	Leave	
Tax File Number:	111111111					<input type="checkbox"/>	Exclude Pays From Payroll Tax			
ABN No:						<input type="checkbox"/>	Exclude From Payment Summary			
Tax Scale:	<div style="border: 1px solid black; padding: 2px;"> TFT Not Claimed with HELP 35% Voluntary Agreement TFT Not Claimed with HELP TFT Not Claimed With SFSS TFT Not Claimed With HELP & SFSS Flat 15% No ABN No Supplied </div>					<input type="checkbox"/>	Labour Hire			
WorkCover:						<input type="checkbox"/>	CDEP Funding			
Payment Summary:						<input type="checkbox"/>	SFSS Repayment			
						<input checked="" type="checkbox"/>	HELP Debt			
Extra Tax (+) Or Rebate (-)	0.00					<div style="border: 1px solid gray; padding: 2px; display: inline-block;"> untick these boxes </div>				
						<div style="border: 1px solid gray; padding: 2px; display: inline-block;"> select the combined tax scale </div>				

Notes:

- Under this method, the HELP amount for affected employees will not be displayed on the HELP Debt report. HELP and SFSS amounts will not be displayed if you zoom into tax amounts for these employees.
- In previous years the onus was on these employees to request the employer to take out extra tax.