

Tax Facts - PAYG Withholding

Pay as you go (PAYG) withholding is a system for withholding amounts from payments to employees and businesses. An entity will have withholding obligations if the entity:

- has employees, including company directors and officeholders
- has other workers such as contractors, and voluntarily agrees to withhold tax from payments to them
- makes payments to other businesses, if they don't quote an Australian business number (ABN) to the entity

If you are an employer or run a business and withhold amounts from payments, you need to:

- register for PAYG withholding
- withhold amounts from wages and other payments
- lodge activity statements and pay the withheld amounts to the Australian Taxation Office (ATO)
- provide payment summaries to employees and other payees
- provide the ATO with an annual report once each income year has ended.