

What is a PAYG Instalment?

PAYG (Pay As You Go) instalments are required by the ATO if you meet certain criteria from the last individual tax return that you have lodged. The instalment is a payment in advance for the next tax year that will be lodged. Once the instalment is paid, it will add as a credit to your tax return when it is completed.

How the ATO identifies who is required to pay an instalment

In determining which taxpayers qualify for instalments and the amount the ATO considers

- 1 Your instalment income (business and investment income excluding capital gains)
- 2 Your tax payable on the last return you lodged and
- 3 The effective notional tax payable on instalment income

Links to your ABN (if applicable)

The Instalment Activity Statements may not necessarily be linked to ABN/business activity if you have income from sources but if you have an ABN, this will be printed on the forms.

How you will be advised of an instalment amount

If applicable, the ATO will advise you of an instalment requirement or updated instalment amount after they have processed your annual tax return (this can take a few months from lodgment).

The PAYG instalment is requested via an Instalment Notice that is issued at the end of each quarter (September, December, March, and June).

The instalment notice will be sent to you directly via MyGov if you have your ATO account linked or by paper.

If you have a business online services account or SBR reporting with the ATO

When payments are due



All instalments are due on the 28th day of the month following the end of the quarter, except for the December quarter which gives another month.


The end of the Quarters	Due Dates
September Quarter	Due 28 October
December Quarter	Due 28 February
March Quarter	Due 28 April
June Quarter	Due 28 July

In cases where the estimated tax is under a prescribed threshold and other criteria are met the instalment can be varied to an annual instalment. This is due by 28 October each year.

Varying your instalment

If you know that **your income has changed since your last tax return** that the instalment is based on (for example you have stopped your business or sold your investments) you can vary your instalment to an amount that is a better representation of the tax that you will have to pay.

-  Varying the instalment must be done by the due date on the notice and can be done via MyGov (with your linked ATO account), via your online business accounts or by paper if you received a paper form.
-  When you vary your instalment, it is important not to underestimate your PAYG instalment amount, income, or rate.

 The ATO compare your instalments to the total tax payable on your instalment income for the financial year when you lodge your return. If the value of your varied instalments is less than 85% of that total, you may be subject to a general interest charge (GIC) on the difference, as well as penalties.