

PAYG Instalments

Pay As You Go (PAYG) instalments is a system for paying instalments during the income year towards your expected tax liability on your business and investment income. Your actual tax liability is worked out at the end of the income year when your annual income tax return is assessed. Your PAYG instalments for the year are credited against your assessment to determine whether you owe more tax or are owed a refund.

The Tax Office will write to companies required to pay PAYG instalments, notifying them of an instalment rate, which has been calculated based on information in the company's last assessed income tax return.

PAYG instalments are generally paid quarterly, however some taxpayers pay two instalments a year and some have an annual instalment option. The annual instalment is a single, lump sum payment of your PAYG liability for the year. If your company is not eligible to pay an annual instalment, it can pay PAYG instalments quarterly. Each quarter the Tax office will send you an activity statement. The due date for lodging the activity statement and paying any amounts due will be printed on your company's activity statement. This is also the case if you choose the two-instalment option, however this only applies to some primary and special professionals (eg sports professionals and authors).

Some companies pay an instalment amount calculated by the Tax Office, but most companies work out their own instalment amount based on their instalment rate multiplied by their business and investment income. The main advantage of working out your own instalment amount is that your instalments are based on your income as you earn it, instead of a projection based on your previous tax situation.

FURTHER INFORMATION: For more information see the [PAYG Instalments](#) section of the ATO website

URL: <https://www.ato.gov.au/General/PAYG-instalments/>