

Appendix – tax treatment of payments

Payment	Tax payable in 2018/19
Genuine redundancy payment	Tax-free up to a maximum of \$10,399 ¹ + (\$5,200 ² x each completed year of service)
Employment Termination Payment² <ul style="list-style-type: none"> ▪ Tax-free component³ ▪ Taxable component <ul style="list-style-type: none"> - If under preservation age⁴ - If preservation age⁵ or over 	<ul style="list-style-type: none"> ▪ Nil - First \$205,000⁵ taxed at 32%⁶ and excess taxed at 47%⁷ - First \$205,000⁶ taxed at 17%⁷ and excess taxed at 47%⁷
Accrued annual leave	100% of payment taxed at maximum rate of 32% ⁷
Accrued long service leave⁷ <ul style="list-style-type: none"> ▪ To 15/08/1978 service ▪ From 16/08/1978 service 	<ul style="list-style-type: none"> ▪ 5% of payment taxed at your marginal rate ▪ 100% of payment taxed at maximum rate of 32%⁷
Final pay	100% of payment taxed at your marginal rate

Important information and disclaimer

This document has been published by Hub Wealth Solutions Pty Ltd ABN 91 161 445 745 which is an Authorised Representative of AIW Dealer Services Pty Ltd AFSL 414256.

Any advice in this publication is of a general nature only and has not been tailored to your personal circumstances. Accordingly, reliance should not be placed on the information contained in this document as the basis for making any financial investment, insurance or other decision. Please seek personal advice prior to acting on this information.

Information in this publication is accurate as at July 2018. While it is believed the information in this publication is accurate and reliable, the accuracy of that information is not guaranteed in any way. Opinions constitute our judgement at the time of issue and are subject to change.

Any general tax information provided in this publication is intended as a guide only and is based on our general understanding of taxation laws. It is not intended to be a substitute for specialised taxation advice or an assessment of your liabilities, obligations or claim entitlements that arise, or could arise, under taxation law, and we recommend you consult with a registered tax agent.

¹ This threshold is indexed on 1 July of each year.

² A different tax treatment may apply to ETPs received when leaving an employer voluntarily or where a redundancy is not considered as genuine.

³ Since 1 July 2012, if you receive an ETP that reasonably could be expected to be received as a result of a voluntary termination of employment and that payment causes your income to exceed \$180,000 (the 'whole of income' cap), the part of the ETP that causes your income to exceed \$180,000 will not be subject to a tax offset and will be taxed at 47% including the Medicare Levy.

⁴ For those born before 1 July 1960, preservation age is 55. For those born on or after 1 July 1960, your preservation age will depend on your date of birth. For more information see the ATO website (www.ato.gov.au)

⁵ This is the ETP cap. This cap is current for 2018/19 and is an annual limit that applies to all ETPs received as a result of a genuine redundancy or other involuntary terminations of employment in a financial year (or related to that year).

⁶ Includes Medicare Levy.

⁷ In some cases, you'll need to have worked for your employer for at least 10 years to qualify for long service leave. However, some employers have a statutory obligation to pay pro-rated long service leave if you are made redundant after five years of service.