

Schedule 10 – Tax table for Joint Petroleum Development Area

QC: 25953

Content revised: Yes

Abstract revised: No

Abstract:

Use this table for payments to workers and service providers in the Joint Petroleum Development Area.

For payments made on or after 1 July 2014

This document is a withholding schedule made by the Commissioner of Taxation in accordance with sections 15-25 and 15-30 of Schedule 1 to the *Taxation Administration Act 1953* (TAA). It applies to withholding payments covered by Subdivision 12-B of Schedule 1 to the TAA.

Using this table

You should use this table if you make payments to individuals for work or services performed in the Joint Petroleum Development Area (JPDA) where:

- the payment is covered by Subdivision 12-B of schedule 1 to the TAA
- your employee has provided you with a valid [Tax file number declaration](#) (NAT 3092).

For a full list of tax tables, refer to [Tax tables](#).

Working out the withholding amount

If the employee is an Australian resident for tax purposes

The Australian tax amount to withhold is the amount:

- that would be withheld in Australia under the relevant PAYG withholding tax table. *less*
- the amount of tax paid or payable to Timor-Leste for services performed in the JPDA (JPDA income) for the relevant period.

The amount subject to tax in Timor-Leste may include super and other benefits.

Example

An Australian resident receives a fortnightly payment of \$5,000 for work in the JPDA and an additional amount of \$500 is paid into a super fund for the payee.

The amounts withheld for Australian tax would be based on \$5,000, while the tax paid to Timor-Leste would be based on \$5,500.

The rate of tax levied by Timor-Leste is currently 20%. Since 90% of the JPDA income is subject to tax in Timor-Leste, the effective rate is 18% (that is, $90\% \times 20\% = 18\%$).

If your employee is a Timor-Leste resident for tax purposes

The Australian tax amount to be withheld from each payment depends on whether the payment is wholly JPDA income or if it also includes other income that is subject to withholding (non-JPDA income).

If the payment:

- is JPDA income only, the amount to withhold from each payment is 3.25% (that is, 10% of the minimum foreign resident tax rate of 32.5%) of the gross amount of the payment.
- includes JPDA and non-JPDA income, the amount to withhold from each payment is worked out using the following formula:

$(\text{tax at foreign resident tax rates} \div \text{total income}) \times (10\% \text{ of JPDA income} + \text{non-JPDA income})$

If your employee is not a resident of either Australia or Timor-Leste

The Australian tax amount to be withheld from each payment depends on whether the payment is wholly JPDA income or if it also includes other income that is subject to withholding (non-JPDA income).

If the payment:

- is JPDA income only, the amount to withhold from each payment is 10% of the amount which would otherwise be withheld from that payment
- includes JPDA and non-JPDA income, the amount to withhold from each payment is worked out using the following formula:

$(\text{tax at foreign resident tax rates} \div \text{total income}) \times (10\% \text{ of JPDA income} + \text{non-JPDA income})$

Example 1: Australian resident

An employee receives \$5,000 for a particular fortnight, including \$4,000 of JPDA income. The employee also has \$500 paid into a super fund of which 80% relates to the period in Timor-Leste. The employee is claiming the tax-free threshold on their *Tax file number declaration*, and has not lodged a *Withholding declaration*.

The amount to be withheld is \$1,488 using the *Fortnightly tax table* (NAT 1006), effective from 1 July 2014. The tax payable to Timor-Leste is \$792, that is, 18% of \$4,400 (the total entitlement of the employee which includes the JPDA income of \$4,000 plus the super payment of \$400).

The amount to be withheld and paid to us is \$696 (\$1,488 – \$792).

Example 2: Timor-Leste resident and payment is all JPDA income

An employee receives \$5,000 for a particular fortnight. The amount to be withheld and paid to us is \$163 (\$5,000 × 3.25%).

Example 3: Timor-Leste resident and payment is JPDA and non-JPDA income

An employee receives \$5,000 for a particular fortnight, including \$4,000 of JPDA income. The amount to be withheld is \$1,712, using the foreign resident tax rates included in *Fortnightly tax table* (NAT 1006), effective from 1 July 2014. After rounding cents, the amount to withhold and paid to us is \$479 $([\$1,712 \div \$5,000] \times [\$400 + \$1,000])$.

Example 4: Not a resident of Australia or Timor-Leste and payment is all JPDA income

An employee receives \$5,000 for a particular fortnight. The amount to withhold is \$1,712, using the foreign resident tax rates included in the *Fortnightly tax table* (NAT 1006), effective from 1 July 2014. After rounding cents, the amount to be withheld and paid to us is \$171 ($\$1,712 \times 10\%$).

Example 5: Not a resident of Australia or Timor-Leste and payment is JPDA and non-JPDA income

An employee receives \$4,500 for a particular fortnight, including \$3,750 of JPDA income. The amount to withhold is \$1,527, using the foreign resident tax rates included in the *Fortnightly tax table* (NAT 1006), effective from 1 July 2014. After rounding cents, the amount to withhold and paid to us is \$382 ($(\$1,527 \div \$4,500) \times [\$375 + \$750]$).

Rounding of withholding amounts

Any withholding amount calculated using this table should be rounded to the nearest dollar. Results ending in 50 cents should be rounded upwards.

If you receive payment for working or providing services in the JPDA

You must lodge an Australian tax return so your Australian tax can be correctly assessed.

Get it done

To help you complete your tax return and calculate your tax offsets for foreign tax paid to Timor-Leste, refer to [Timor Sea Treaty – Joint Petroleum Development Area instructions](#) (NAT 8277).

PAYG withholding publications

You can access all PAYG withholding tax tables and other PAYG withholding publications quickly and easily from our website. For more information:

- visit [PAYG withholding](#)
- refer to [Tax tables](#).

Copies of weekly and fortnightly tax tables are available from most newsagents. Newsagents also hold copies of the following:

- [Tax file number declaration](#) (NAT 3092)
- [Withholding declaration](#) (NAT 3093).

If you need more information about the correct amount of tax to withhold, phone us on either:

- **13 28 61** if you are an individual
- **13 28 66** if you are an employer or payer.