



Flood levy information for individuals

What is the flood levy?

The government has introduced a Temporary Flood and Cyclone Reconstruction Levy (flood levy) applying to income for the 2011-12 year only.

It is designed to assist affected communities to recover from the recent floods by providing additional funding to rebuild essential infrastructure - for example, roads, bridges and schools.



The flood levy will only apply from 1 July 2011 to 30 June 2012.

Who will have to pay the flood levy?

Individual taxpayers, both residents and non-residents, who have a taxable income over \$50,000 in the 2011-12 financial year will have to pay the flood levy.

If you earn salary and wages (pay as you go withholding system), the flood levy will automatically be included in the tax taken out of your salary and wages by your employer.

If you pay instalments towards your expected tax liability, the flood levy will automatically be included in your instalment rate. For example, this includes self-employed and investors, or self-funded retirees (pay as you go instalments system).

Who is exempt from the flood levy?

You are exempt from paying the flood levy if you:

- have a taxable income of \$50,000 or less - you will not need to do anything
- fall into **one** of the three exemption classes described below.

Class 1 - Australian Government Disaster Recovery Payment recipient

You were eligible for an Australian Government Disaster Recovery Payment for a natural disaster that occurred during the 2010-11 financial year and you received the payment before 30 June 2012.



For more information on the Australian Government Disaster Recovery Payment, contact Centerlink:

- visit www.centrelink.gov.au
- phone **180 22 66**

Class 2 - Natural Disaster Relief and Recovery Arrangements (NDRRA)

You were affected by an event that occurred during 2010-11 declared as a natural disaster under the Natural Disaster Relief and Recovery Arrangements, and all of the following four requirements are satisfied:

1. you were not eligible for an Australian Government Disaster Recovery Payment as a result of the disaster
2. you were 16 years old or older at the time of the disaster or were receiving a social security payment from Centrelink
3. you were an Australian resident for social security purposes at the time of the disaster
4. you meet at least **one** of the following conditions
 - you were seriously injured
 - you are the immediate family member of an Australian killed as a direct result of the disaster
 - your principal place of residence was destroyed
 - your principal place of residence sustained major damage
 - you were unable to gain access to your principal place of residence for at least 24 hours
 - you were stranded in your principal place of residence for at least 24 hours
 - your principal place of residence was without electricity, water, gas, sewerage services or another essential service for at least 48 hours
 - you are a principal carer of a dependent child to whom any of the above points (listed under item 4) applied.



A list of declared natural disasters can be found at www.disasterassist.gov.au

Class 3 - New Zealand citizens holding a special category visa who are not eligible for Australian Government Disaster Recovery Payment

You received an ex-gratia payment from Centrelink before 30 June 2012 because:

- you are a New Zealand citizen who arrived in Australia after 26 February 2001 under a special category (subclass 444) visa
- you were not eligible to receive an Australian Government Disaster Recovery Payment for a disaster that occurred in 2010-11 because you were not an Australian resident for social security purposes, and
- you, or your spouse or parent, lodged an income tax return for any of the following years 2007-08, 2008-09 or 2009-10.

What do you have to do if you are exempt?

There are some steps you will need to take to let us know that you are exempt from paying the flood levy, depending on your circumstance.

What should you do if you are exempt, and earn a salary or wage?

Step 1

You can ask your employer to lower your regular tax payments by completing a [Flood levy exemption declaration](#) form and giving it to your employer.



If you don't complete the form, to vary your tax amount downward to exclude the flood levy, your employer will include the flood levy when they calculate how much to deduct from your pay.

See Step 2 to make sure you are refunded the flood levy that you have paid throughout the year.

Step 2

When you lodge your 2012 tax return you need to tell us that you were exempt from paying the flood levy.

We will refund you any flood levy overpayment you may have made during the year and the flood levy will not be included in your tax payable amount.

This means that you will receive a larger refund, or a lower amount payable, than would otherwise have been the case.



For more information go to [Pay as you go withholding - home](#).

Example

Mark was affected by the Brisbane floods and received an Australian Government Disaster Recovery Payment from Centrelink. He knows he will be exempt from the levy in 2011-12 and does not want the levy reducing his take-home pay.

In July 2011, Mark completes a *Flood levy exemption declaration* form informing his employer that he is exempt from the levy. Mark submits the form to his employer and Mark's employer does not deduct the levy from his pay.

In October 2012, when Mark completes his 2012 tax return, he confirms that he was exempt from the flood levy. We will not include the flood levy when calculating his tax.



A special *Flood levy exemption declaration* form for individuals who are exempt from paying the flood levy will be available on our website from June 2011. If you have received an Australian Government Disaster Recovery Payment we will mail you a copy of the *Flood levy exemption declaration* from June 2011.

What should you do if you are exempt and you are an instalment payer?

Step 1

If you have received an Australian Government Disaster Recovery Payment in the 2010-11 income year, we will not include the flood levy in your instalment rate for the next year.

Step 2

You will still need to confirm that you were exempt from the flood levy in your 2012 income tax return. When you lodge your 2012 return, there will be a section for you to complete to tell us that you were exempt from paying the flood levy.

Example

Jared is an investor and pays his income tax through the pay as you go (PAYG) instalment system. Jared was directly affected by a natural disaster and claimed an Australian Government Disaster Recovery Payment from Centrelink.

At the beginning of the 2011-12 income year, we send Jared a letter informing him of his PAYG instalment rate. We receive information from Centrelink on Australian Government Disaster Recovery Payment recipients and therefore we do not include the flood levy in Jared's instalment rate.



You can [vary your instalment rate](#) at any time.

How much will you pay and how?

Taxable income	Flood levy on this income
\$0 to \$50,000	Nil
\$50,001 to \$100,000	Half a cent for each \$1 over \$50,000
Over \$100,000	\$250 plus 1c for each \$1 over \$100,000



You only pay flood levy on that part of your income over \$50,000.

How do salary and wage earners pay the flood levy?

For most people, your employer withholds an amount from your regular pay for tax purposes. From your first pay, as of 1 July 2011, your employer will take out an additional amount from each pay for the flood levy.

If you earn over \$50,000 the tax taken out of your pay will increase from July 2011 to include the flood levy.

Example

Lloyd has a taxable income of \$80,000. Lloyd does not pay the flood levy on his first \$50,000 of income. Lloyd will only pay the flood levy on \$30,000 of his income (\$80,000 - \$50,000) and will pay a flood levy of \$150.00. As Lloyd is paid weekly, he will have an additional \$2.88 taken out of his weekly pay to cover the flood levy.

The table below shows an estimate of the additional weekly amount that will be taken out of your pay by your employer.

Your taxable income for 2010-11	Estimated levy amount payable per week	Estimated levy amount for 2010-11
\$50,000	\$0	\$0
\$55,000	\$0.48	\$24.96
\$60,000	\$0.96	\$49.92
\$65,000	\$1.44	\$74.88

\$70,000	\$1.92	\$99.84
\$75,000	\$2.40	\$124.80
\$80,000	\$2.88	\$149.76
\$90,000	\$3.85	\$200.20
\$100,000	\$4.81	\$250.12
\$110,000	\$6.73	\$349.96
\$120,000	\$8.65	\$449.80
\$130,000	\$10.58	\$550.16
\$140,000	\$12.50	\$650.00
\$150,000	\$14.42	\$749.84
\$160,000	\$16.35	\$850.20
\$170,000	\$18.27	\$950.04
\$180,000	\$20.19	\$1049.88
\$200,000	\$24.04	\$1250.08
\$250,000	\$33.65	\$1749.80
\$300,000	\$43.27	\$2250.04



From your first pay, as of 1 July 2011, your employer will take out an additional amount from each pay for the flood levy.

Instalment payers (for example self-employed, investors or self-funded retirees)

How do instalment taxpayers pay the flood levy?

Some people use the [PAYG instalments system](#) to pay instalments towards their expected tax liability.

From 1 July 2011, we will include the flood levy in your PAYG instalment for the 2011-12 income year if you earn over \$50,000 in taxable income.

Example 1

Jodi is self-employed, has a taxable income of \$60,000 and pays income tax through the PAYG instalment system. Jodi is not exempt from paying the flood levy. We will send Jodi a letter at the beginning of the 2011-12 income year advising her of her PAYG instalment rate for the 2011-12 income year. This rate includes the flood levy.

Example 2

Tom is self-employed and pays his tax during the year through the PAYG instalment system. Tom lodges a tax return which means he will receive a letter from us in 2011-12 notifying him of his new instalment amount and instalment rate. His new instalment will automatically include the flood levy.

Tom's taxable income is worked out on an estimated taxable income of \$100,000. This means the flood levy Tom will pay is \$250 for the year. Tom receives quarterly instalment activity statements so each activity

statement includes a flood levy amount of \$62.50.

What type of income does the levy apply to?

The flood levy applies to [taxable income](#). This means the levy will be applied to the income you include in your individual income tax return, such as salary and wages, investment income and business income.

The levy will not apply to income which is [exempt from income tax](#). For example, some superannuation benefits paid to a person over the age of 60 years.

Some other withholding rules, such as tax file number amounts withheld, will continue to apply tax at the rate of 46.5% as they are not applied to taxable income. The levy only applies to taxable income.

[Employment termination payments](#) and certain [superannuation benefits](#) paid to you, if they are income, will also be included. The following tables will help you work out which payments are included:

- [Superannuation lump sums](#)
- [Employment termination payments](#)
- [Superannuation income streams \(taxed\)](#)
- [Superannuation income streams \(untaxed\)](#)

Example

In the 2011-12 income year Bob, aged 59, receives a superannuation lump sum. His lump sum is made up of a \$50,000 tax-free component and a \$100,000 taxable component paid from an element taxed in the fund. Bob has no other income.

Bob pays the flood levy on his superannuation benefits received in the year, as follows:

- no levy (or tax) is payable on the \$50,000 tax-free component as this is exempt income
- the levy is payable on the amount of the element taxed in the fund at the rate of 0.5%.

Therefore, Bob pays \$250 flood levy on the \$100,000 taxable component.

Other payments

Employment termination payments and certain superannuation benefits paid to you, if they are income, will also be included. The following tables will help you work out which payments are included by indicating which payments the flood levy applies to, and the percentage of that payment that is included.

Super lump sums and the flood levy

Payment type	Age at the date payment is received	Amount subject to tax	Tax applied (not including flood levy)	Will the flood levy apply to this payment?
Member benefit - taxable component - taxed element	Under preservation age	Whole amount	21.5%	Yes
	At or above preservation age and under 60	Amount up to the low rate cap amount	Nil	Yes
		Amount above the low rate cap amount	16.5%	Yes
	Aged 60 or above	Nil - amount is non-assessable and non-exempt income	N/A	No
Member benefit - taxable component -	Under preservation	Amount up to untaxed plan cap	31.5%	Yes

untaxed element	age	amount		
		Amount above untaxed plan cap amount	46.5%	Yes
	At or above preservation age and under 60	Amount up to the low rate cap amount	16.5%	Yes
		Amount above the low rate cap amount and up to the untaxed plan cap amount	31.5%	Yes
		Amount above the untaxed plan cap amount	46.5%	Yes
	Aged 60 or above	Amount up to the untaxed plan cap amount	16.5%	Yes
Amount above the untaxed plan cap amount		46.5%	Yes	
Death benefit lump sum benefit paid to non-dependants - taxable component - taxed element	Any	Whole amount	16.5%	Yes
Death benefit lump sum benefit paid to non-dependants - taxable component - untaxed element	Any	Whole amount	31.5%	Yes
Death benefit lump sum benefit paid to dependants - taxable component - taxed and untaxed elements	Any	None	Nil	No
Rollover super benefits - taxable component - taxed element	Any	Nil - amount is non-assessable and non-exempt income	N/A	No
Rollover super benefits - taxable component - untaxed element	Any	Amount up to the untaxed plan cap amount is non-assessable income and is non-exempt income	N/A	No
		Amount above the untaxed plan cap amount	46.5%	No
Super lump sum benefits less than \$200	Any	None	Nil	No

Super lump sum benefit (terminally ill recipient)	Any	None	Nil	No
Departing Australia superannuation payment - taxable component and untaxed element. The whole benefit is non-assessable income and is non-exempt income, however, income tax is payable at a set rate.	Any	Taxable component	35%	No
		Untaxed element	45%	No



Some lump sum payments have a zero rate of tax but the flood levy is still applied as these amounts are taxable income.


Employment termination payments

Payment type	Age at the date payment is received	Amount subject to tax	Tax applied (not including flood levy)	Will the flood levy apply to this payment?
Employment termination payment (life benefit) - taxable component	Under preservation age	Amount up to the ETP cap amount	31.5%	Yes
		Amount above the ETP cap amount	46.5%	Yes
	At or above preservation age	Amount up to ETP cap amount	16.5%	Yes
		Amount above the ETP cap amount	46.5%	Yes
Employment termination payment (death benefit) - paid to a dependant - taxable component	Any	Amount up to the ETP cap amount	31.5%	Yes
		Amount above the ETP cap amount	46.5%	Yes
Employment termination payment (death benefit) - paid to a dependant - taxable component	Any	Amount up to the ETP cap amount - amount is non-assessable income and is non-exempt income	Nil	No
		Amount above the ETP cap amount	46.5%	Yes
Unused long service leave payment	Any	Pre 18/08/93 period and post 17/08/78 period	31.5% or marginal tax rates	Yes
		Pre 16/08/78 period	5% of the payment is assessable income at marginal tax rates	Yes
Unused annual leave		Tax offset on the	31.5% or marginal	

payment	Any	whole amount	tax rates	Yes
---------	-----	--------------	-----------	-----


Superannuation income streams (taxed)


Age of recipient	Income stream	Will the flood levy apply to this payment?
Age 60 or above	Not assessable, not exempt income	No
At or above preservation age and under 60	Taxed at marginal tax rates Tax offset of 15% is available	Yes
Under preservation age	Taxed at marginal tax rates, with no tax offset Tax offset of 15% is available if a disability super benefit	Yes

 Medicare levy (1.5%) will apply if amounts are assessable.

Super income streams (untaxed)

Age of recipient	Income stream	Will the flood levy apply to this payment?
60 years old or over	Taxed at marginal rates, with a 10% tax offset	Yes
At or above preservation age and under 60	Taxed at marginal rates, with no tax offset	Yes
Under preservation age	Taxed at marginal rates, with no tax offset	Yes

 Medicare levy (1.5%) will apply to assessable amounts.

 For more information on superannuation see [Guide to superannuation for individuals](#).

For definitions of terms used in the above table, see [Super terms explained](#).

What is a declared natural disaster?

 For information about the government's disaster response and what disasters have been declared go to www.disasterassist.gov.au

For declared disasters look under the current disaster assistance heading on the first page.

More information

For more information about:

- the flood levy on taxable income - phone us on **13 28 61** between 8.00am and 6.00pm, Monday to Friday
- Australian Government Disaster Recovery Payments - contact Centrelink
 - visit www.centrelink.gov.au
 - phone **180 22 66**.

Last Modified: Monday, 30 May 2011

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

Copyright

© Commonwealth of Australia

This work is copyright. You may download, display, print and reproduce this material in unaltered form only (retaining this notice) for your personal, non-commercial use or use within your organisation. Apart from any use as permitted under the *Copyright Act 1968*, all other rights are reserved.

Requests for further authorisation should be directed to the Commonwealth Copyright Administration, Copyright Law Branch, Attorney-General's Department, Robert Garran Offices, National Circuit, BARTON ACT 2600 or posted at <http://www.ag.gov.au/cca>.