

Tax Guide 2023–24

This guide will help you to complete your 2023–24 tax return using your 2023–24 PAYG payment summary, and to also help you understand your 2024–25 Pension Payment Information Statement from Colonial First State.

This guide helps you in three ways

- 1 Explains how to include income from your Colonial First State account-based pension (including pre-retirement pensions) in your personal tax return.
- 2 Explains how to understand the terms used in your Pension Payment Information Statement.
- 3 Answers some 'Frequently asked questions' that might save you a phone call. See page 4 of this guide.

Please refer to the *Individual tax return instructions 2024* for further information on whether you may need to lodge a tax return.

To use this guide, you will need

- ☐ your PAYG payment summary, and the payment summaries from any other income sources
- ☐ a copy of the ATO Individual tax return instructions 2024
- ☐ a copy of the ATO Tax return for individuals 2024.

You may wish to give this guide to your accountant or tax agent. This guide is to be used for Australian resident individuals only.

**This guide contains general information and is not tax advice.
Please contact your tax agent or accountant about personal tax matters.**

For general enquiries about your Colonial First State investments, please refer to 'Frequently asked questions' on page 4, or call Investor Services on 13 13 36, Monday to Friday, 8:30am to 6pm (Sydney time). Please note that Investor Services cannot provide tax advice, even if it is general in nature. You can view this guide by clicking on 'Find a Form' at cfs.com.au and selecting the 'Tax Guides' tab.

Please refer to the ATO *Tax return for individuals 2024*, and follow the instructions below. For your Colonial First State account-based pension you generally only need to complete questions **7**, **8**, **T1** and **T2**.

Question **7**

Did you receive income from any Australian annuity and/or superannuation income stream?

If yes go to **Action** below. If you did not receive any such income, go to the next question in the Tax return.

Action

From your PAYG payment summary, enter the total tax withheld (if this amount is zero write '0'), in the **'Tax withheld'** box at Question **7**.

Enter the amount of **Taxable component – Taxed element** from your PAYG payment summary in box **J** at Question **7** if you were under the age of 60 during 2023–24 and not in receipt of a **capped defined benefit income stream**.¹

Enter the amount of **Taxable component – Untaxed element** from your PAYG payment summary in box **N** at Question **7** (if you have more than one superannuation pension you will need to combine these amounts).

If you were aged 60 or over for all of 2023–24 and receiving a **capped defined benefit income stream**¹, you will need to add up all of your taxed elements, tax free components and lump sum in arrears, and subtract \$118,750² (your defined benefit income cap). If the answer is less than or equal to '\$1', then write 0 in box **M** at Question **7**, otherwise divide the answer by 2 then write the answer in box **M** at Question **7**.

Enter the amount of **Lump sum in arrears – taxable component (taxed element)** from your PAYG payment summary in box **Y** at Question **7**.

Enter the amount of **Lump sum in arrears – taxable component (untaxed element)** from your PAYG payment summary in box **Z** at Question **7**.

Refer to the *Individual tax return instructions 2024* published by the ATO on how to calculate this reduction, or seek advice from your Tax Adviser.

Question **8**

Did you receive any Australian superannuation lump sum payments or super death benefit payments while under age 60?

If yes, go to **Action** below. If you did not receive any lump sum payments, go to the next question in the Tax return.

Action

You will need your PAYG payment summary – superannuation lump sum sent to you at the time of receiving the payment. If you no longer have this, contact the payer.

Using your **PAYG Payment Summary – superannuation lump sum**, record the date of payment, Payer's ABN, total Tax Withheld and Taxable Component-Taxed element or Untaxed element in the relevant sections of Question **8** of your Tax return.

Question **T1**

If applicable to you, record the appropriate Seniors and Pensioners tax offset code in box **N** at Question **T1** or appropriate veteran code in box **Y** at Question **T1**. You may also need to complete the spouse details of your tax return.

Action

Follow the instructions in the *Individual tax return instructions 2024* in order to claim any available seniors and pensioners tax offset (SAPTO).

¹ Capped defined benefit income streams includes lifetime pensions, lifetime annuities that existed prior to July 2017, life expectancy pensions and annuities that existed prior to 1 July 2017 and term allocated pensions and annuities that existed prior to 1 July 2017.

² This cap reduces if you were:

- Age 60 or older for all of 2023–24 and you started a capped defined benefit income stream part way during the year;
- Receiving a capped defined benefit income stream and you turned 60 during 2023–24; or
- Under 60 years old and have a capped defined benefit income stream which is a death benefit income stream where the deceased died aged 60 or over.

For more information on how to calculate your defined benefit income cap amount in these situations, please contact your tax agent or accountant or see the ATO Law Companion Ruling: LCR 2017/1.

Question T2

Did you receive income from an Australian superannuation income stream?

If so, you may be entitled to a tax offset. This will only be available if pension payments were received before you reached the age of 60.

- The amount of tax offset to which you are entitled depends on:
- your age
 - whether you have a taxed element or an untaxed element of any taxable component (refer to your PAYG payment summary – superannuation income stream) and
 - if you are totally and permanently disabled, or whether the pension was commenced due to the death of another person.

Action

We have calculated this figure for you. It is shown in the PAYG payment summary as **'Tax offset amount'**. This should be entered into box **S** at Question **T2** of your tax return.

If you have more than one superannuation pension you will need to combine these amounts.

For your information, the tax offset calculation procedure is explained in Question **T2** in the *Individual tax return instructions 2024*.

You have now completed all the questions relevant to your Colonial First State account-based pension.

Please ensure you have included the relevant details for any other Australian annuities or pensions you hold.

Will you need to lodge an Australian tax return in the future?

Yes ☐ Don't know ☐ No ☐ FINAL TAX RETURN

Your date of birth

If you were under 18 years old on 30 June 2024, you must complete question A1.

Electronic funds transfer (EFT)

We need your financial institution details to pay any refund owing to you, even if you have provided them to us before.

Write the BSB number, account number and account name below.

BSB number (must be 6 digits)

Account number

Account name (for example, JO Citizen. Do not show the account type, such as cheque, savings, mortgage offset)

Income

1 Salary or wages

Your main salary and wage occupation

Provide Australian business number

Two separate components (show cents)

Indefinite – do not show cents

2 Allowances, earnings, tips, director's fees etc

3 Employer lump sum payments

4 Employment termination payments (ETP)

5 Australian Government allowances and payments like Newstart, Youth Allowance, JobSeeker and Austudy payments

6 Australian Government pensions and allowances

7 Australian annuities and superannuation income streams

Taxable component

Untaxed element

Assessable amount from capped defined benefit income stream

Lump sum in arrears – taxable component

Taxable element

Untaxed element

Tax offsets

T1 Seniors and pensioners (includes self-funded retirees)

T2 Australian superannuation income stream

TOTAL TAX OFFSETS

PAYG payment summary - superannuation income stream

Payment summary for the year ending 30 June 2024

If you are amending a payment summary you have already sent, place X in this box

Section A: Payee details

Tax file number

123456789

Surname or family name

CITIZEN

Given name(s)

JANE

Residential address

1 SAMPLE STREET

Suburb/town/locality

SYDNEY

State/territory

NSW

Postcode

2000

Date of Birth (if known)

11/12/1965

Death benefit (Reversionary income stream)

Is the payee under 60 years of age and a death benefits dependant, where the deceased died at 60 years or over?

Yes ☐ No ☒

Section B: Payment details

Period during which payments were made

01/07/2023

To

30/06/2024

TOTAL TAX WITHHELD

\$ 0.00

Taxable component

Taxed element

\$ 13,133.00

Untaxed element

\$ 0.00

Tax-free component

\$ 3,248.00

Tax offset amount

\$ 1,970.00

Lump sum in arrears - taxable component

Taxed element

\$ 0.00

Untaxed element

\$ 0.00

Lump sum in arrears - tax-free component

\$ 0.00

Section C: Payer details

Australian business number (ABN) or withholding payer number (WPN)

2645829857

Branch number

Colonial First State FirstChoice Wholesale Account-Based Pension

Privacy - For information about your privacy visit the ATO website at ato.gov.au/privacy

DECLARATION - I declare that the information given on this form is complete and correct.

Signature of authorised person

Yolande Rozanic

Date

30/06/2024

Frequently asked questions – Account-Based Pensions (including pre-retirement pensions)

How much income can I get paid from my ABP each year?

You are required to be paid a minimum pension amount each year from your Account Based Pension (ABP), which is calculated by multiplying your pension's account balance on 1 July (or commencement date of your pension if commenced part-way through the year) by the minimum annual percentage that relates to your age at that date.

For example, if you were age 63 on 1 July 2024, your minimum pension payment for the 2024-25 year is 4% of your account balance on that date. The table below shows the minimum annual payment (as a percentage of your account balance) that you are required to be paid for the 2024–25 financial year.

If you commence your pension account part way through a financial year, you are required to receive at least a pro rata minimum pension payment based on the number of days remaining in the financial year – unless you commenced your pension on or after 1 June, in which case no minimum pension payment is required to be paid for the year.

There is no maximum pension payment limit that applies. However, if you have a pre-retirement pension, the maximum pension payment you can receive is limited to 10% of your account balance on 1 July (or commencement date of your pension if commenced part-way through the year).

Age	Minimum annual percentage for 2024–25
Under 65	4%
65–74	5%
75–79	6%
80–84	7%
85–89	9%
90–94	11%
95 and over	14%

How are my pension payments taxed?

Your Account Based Pension payments are generally taxed according to your age, as follows:

- **You are aged 60 or over** – the whole amount of your pension payments are tax-free
- **You are under age 60 but over preservation age** – the taxable portion of your pension payments will be taxed at marginal tax rates less a 15% tax offset

Alternatively, if you are under age 60 and are receiving the pension due to the death of another person or due to being totally and permanently disabled, your pension will be taxed as follows:

- **You are under age 60 and you are receiving the pension due to the death of another person who was age 60 or over when they died** – the whole of the amount of your pension payments are tax free
- **You are under age 60 and are receiving the pension because you are totally and permanently disabled or due to the death of another person who was under age 60 when they died** – the taxable portion of your pension payments will be taxed at marginal tax rates less a 15% tax offset.

How are my lump sum withdrawals taxed?

If you withdraw (commute) a lump sum from your ABP during the year, the lump sum will be tax free where you are age 60 or over.

Note, you cannot withdraw (commute) a lump sum from a pre-retirement pension unless the pension has reverted to you after the death of someone else, you have satisfied a condition of release, such as retirement or turning 65¹, or your pension has sufficient unrestricted non-preserved benefits.

If you are under age 60 and withdraw (commute) a lump sum, the taxable portion of the lump sum may be subject to lump sum benefits tax unless it is paid from an ABP you are receiving due to the death of someone else, in which case it will generally be tax-free.

¹ Other conditions of release include permanent incapacity and suffering a terminal medical condition.

How is tax deducted from my pension payments?

Where tax is payable on your ABP pension payments, Colonial First State will deduct PAYG withholding tax in a similar way as an employer would deduct tax from an employee's salary. The amount of tax deducted depends on information you provided in your Application form and Tax Declaration form, such as:

- notification of a valid TFN
- your country of residence for tax purposes
- the level of pension payment chosen
- whether the tax-free component is claimed
- whether there is a tax-free amount and
- entitlement to a tax offset on the taxable component.

I am turning 60 during the coming year – how does this affect my pension payments?

If you are under age 60 and tax applies to your pension payments, Colonial First State will withhold the appropriate amount of PAYG tax from your pension payments up until you turn 60. Pension payments received after you turn 60 are tax free.

Why has the level of tax deducted from my pension payments changed?

If you are under 60 and tax is being deducted from your pension payments, the amount of tax may vary due to changes in:

- the level of pension payments received
- any notification of change in your country of residence for tax purposes
- the information you supplied in your Tax File Number Declaration form and/or
- the Pay As You Go withholding tax legislation.

Can I claim a tax deduction for the management fees and expenses of the funds?

You can't claim a tax deduction for management fees as they are paid by the fund and not you personally.

If I want to make a partial withdrawal from my pension, is it treated as a lump sum or a pension payment?

When you make a partial withdrawal from your pension, you need to advise us before the payment is processed whether it is to be treated as a lump sum withdrawal (commutation) or an additional pension payment.

If you don't advise us, Colonial First State will not be able to process the payment until you clarify how it should be treated.

Please note, how a payment is treated could have significant taxation, transfer balance cap and/or social security implications depending on your circumstances. For further information, please refer to your tax adviser or financial adviser.

Definitions – Account-Based Pensions

The new allowable minimum is the minimum income you are required to receive for the 2024–25 financial year.

Selected annual pension is the income you have elected to receive for the 2024–25 financial year.

PAYG tax is a tax we withhold from your pension payment.

Your investment options for pension payments tells you the investment options from which your pension will be drawn.

Colonial First State FirstChoice Wholesale Account-Based Pension Pension Payment Information Statement for 2024/25

Jane Citizen

Account Number: 051 000000000

Information relating to your 2024/25 pension payment

Your **new** allowable minimum

\$ 9,500.00

Your **selected** annual pension

\$ 9,500.00

None of your pension payments are subject to tax.

Projected schedule of pension payments

Frequency of pension payments

Monthly

First payment date

25/07/2024

Gross pension \$

791.66

PAYG tax *\$

0.00

Net amount \$

791.66

* PAYG tax includes any applicable offsets and levies

Your net pension amounts were calculated taking into account your current tax arrangements with us.

Drawdown on pension payments

Your pension payments will be drawn from the following investment options, as you nominated previously.

FSI Strategic Cash

50.00%

FirstChoice Fix Int

50.00%

If you have selected an amount below the required minimum pension payment, this will be adjusted to the legislated minimum. The following table shows the relevant percentage based on your age at the beginning of the financial year or at commencement of your account-based pension if your payments began part-way through the year.

Age on 1 July	Minimum annual percentage factor
Under 65	4%
65 – 74	5%
75 – 79	6%
80 – 84	7%
85 – 89	9%
90 – 94	11%
95+	14%

If you would like to change your pension payment amount, please speak with your financial adviser or call us on 13 13 36 Monday to Friday 8:30am to 6pm Sydney time.

Want more information?

For enquiries about your personal tax matters, please talk to your financial adviser or accountant.

For general enquiries about your Colonial First State account, please call Investor Services on 13 13 36, Monday to Friday, 8:30am to 6pm, Sydney time.

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