Instalment Activity Statement

What are activity statements?

- Activity statements are issued by the ATO so that businesses can report and pay a number of tax liabilities on the one form at the one time.

- There are two types of activity statements – an instalment activity statement (IAS) and a business activity statement (BAS).

What is an Instalment Activity Statement (IAS)?

- On the IAS, the ATO tells you what your GST instalment amount is and where applicable what your PAYG instalment amount is.

- A form similar to the BAS but without GST if registered for quarterly/annual reporting and some other taxes.

- Businesses that are not registered for GST, and individuals who are required to pay PAYG instalments or PAYG withholding (such as self-funded retirees), use this form to pay PAYG.

PAYG Instalment (PAYGI)

PAYG Instalments are the advance income taxes on your business and investment income that you pay in instalments which lessens the burden of having a large bill when you lodge your tax return at the end of the financial reporting period.

If you don’t register for GST, use the IAS form to lodge PAYGI.

PAYG Withholding (PAYGW)

PAYG Withholding is the amount you deduct from the payments given to your employees and other workers, which will then be paid directly to the ATO on their behalf.

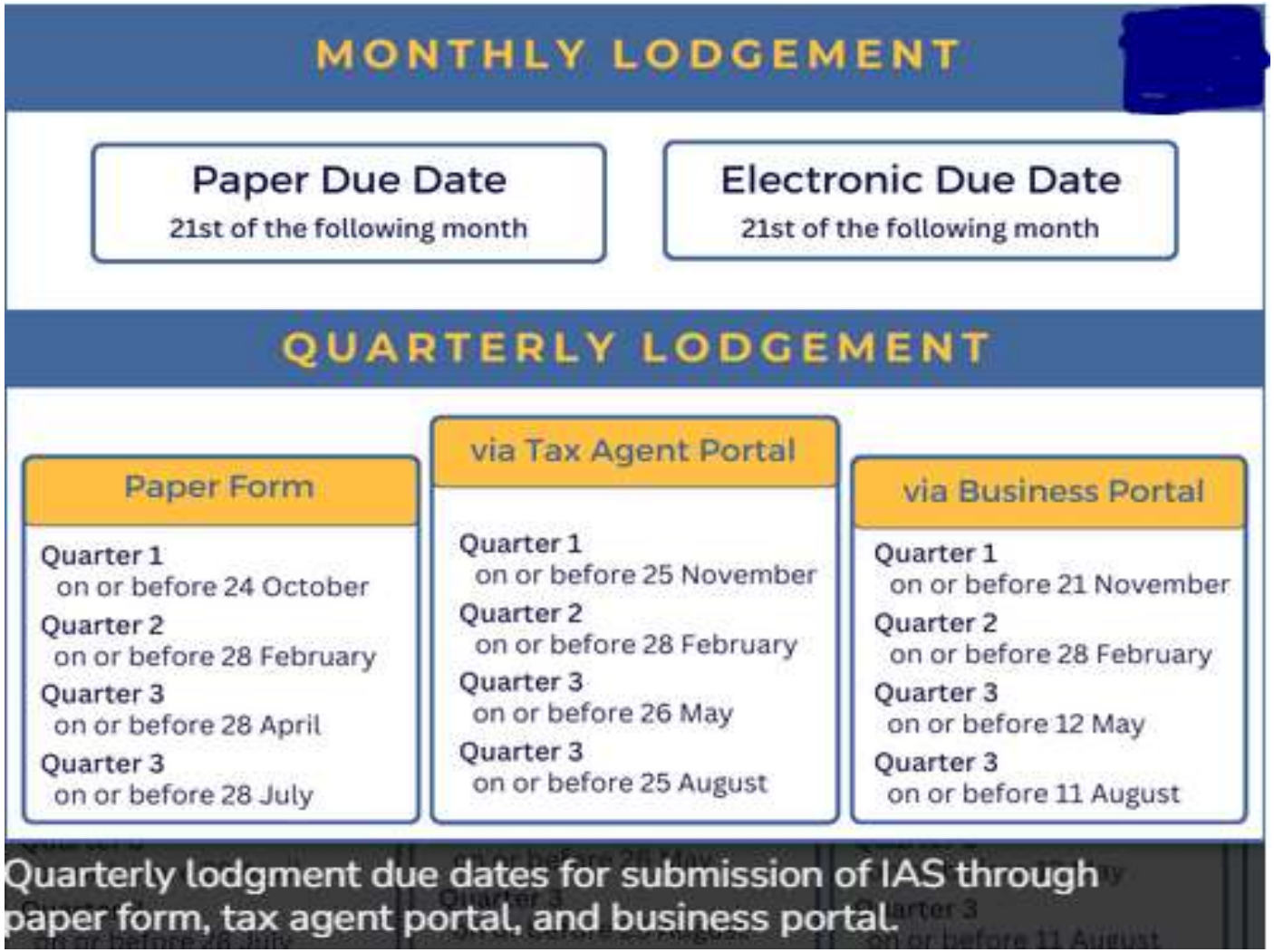
If you're not registered for GST and need to report PAYG withholding, you must use IAS.

In addition, if you withhold more than $25,000 to $1 million a year, even though you are GST-registered and preparing BAS quarterly, you must lodge IAS for the month's interval.

Size and Reporting Period

Small Withholder	Business withholds $25,000 or less a year Pays withholding amounts to ATO each quarter Reports withholding on activity statements received each quarter
Medium Withholder	Business that withholds $25,000 to $1million a year Pays withholding amounts to ATO each month Reports withholding on activity statements received each month
Large Withholder	An individual or business that withheld amounts totaling more than $1 million in a previous financial year, or is part of a company group that has withheld more than $1 million in a previous financial year Amounts withheld are paid, and sent electronically to us, twice a week

When to Lodge IAS's

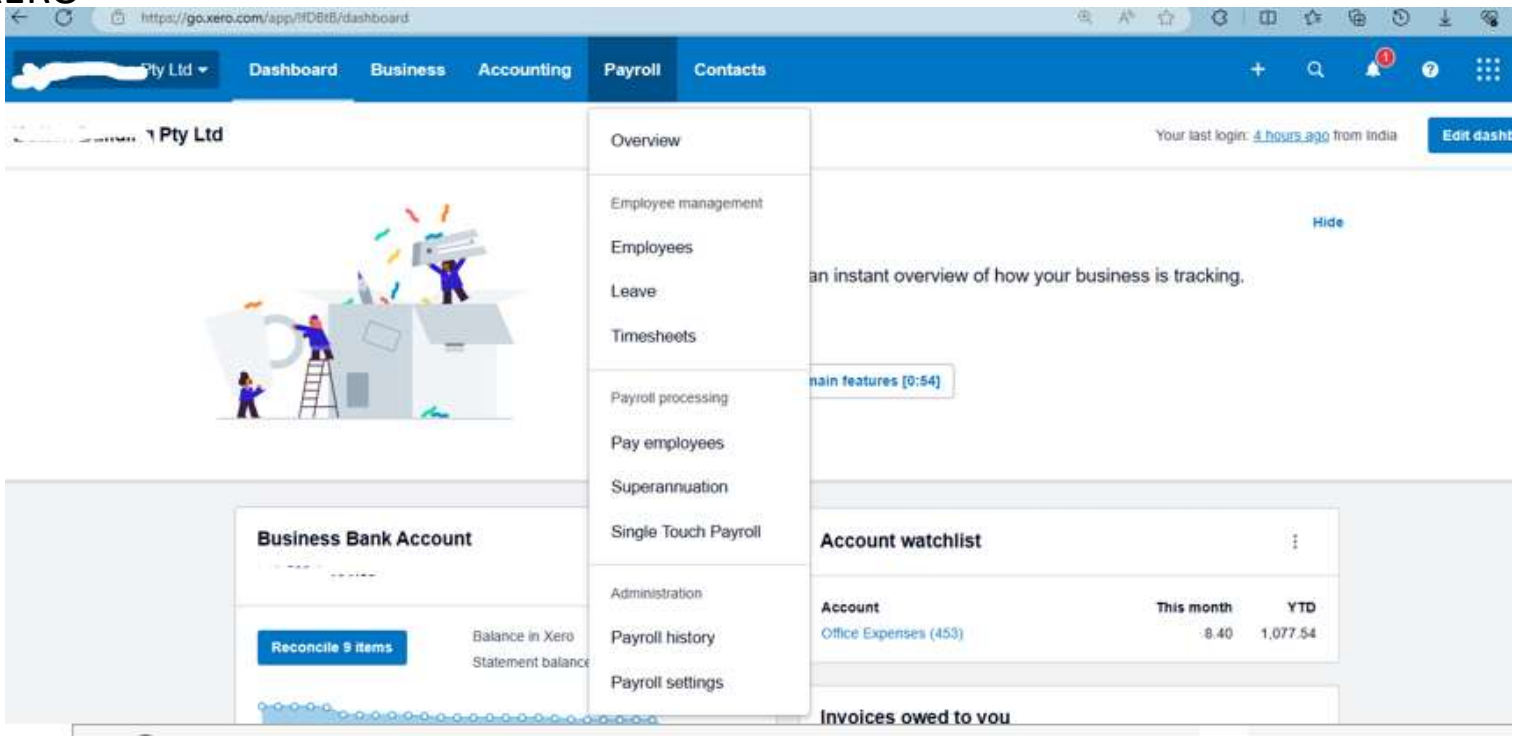


What should we do if client receive an IAS Form?

- The ATO has a comprehensive record of information about Australian companies and individuals, such as business or physical address, date of birth, spouse details, and other relevant information in their system database.
- With this, the ATO can prefill personal details in the IAS form and even provide with the instalment amounts, in the case of PAYG and FBT Instalments.
- Ensure essential information concerning about company is updated before completing any ATO forms.
- Each form required by the ATO must be submitted on or before the due date to avoid late fees, so be sure that it is completed ahead since they also give the IAS forms in advance.

How to prepare IAS

- Since you have PAYG Instalment amount calculated by ATO, it will be prefilled, or we can obtain the amount of Instalment calculated by ATO through IAS prefill report from ATO portal.
- For reporting PAYGW we need to check pay run for the lodgment month has been processed correctly and without missing pay runs in client accounting software.
- To check whether pay runs has been processed periodically, we need to check in Payroll tab by selecting Pay employee's tab (might differ as per software is used). Below are the examples from XERO



- Usually, pay runs will be made either weekly or fortnightly based on when client do IAS (apart from these two, there are yearly pay runs as well)

- We need to check whether the payroll has been completed to report wages and PAYG withholding. If not check with the client for payroll as most of the client's payroll will be completed by bookkeeping or payroll team.

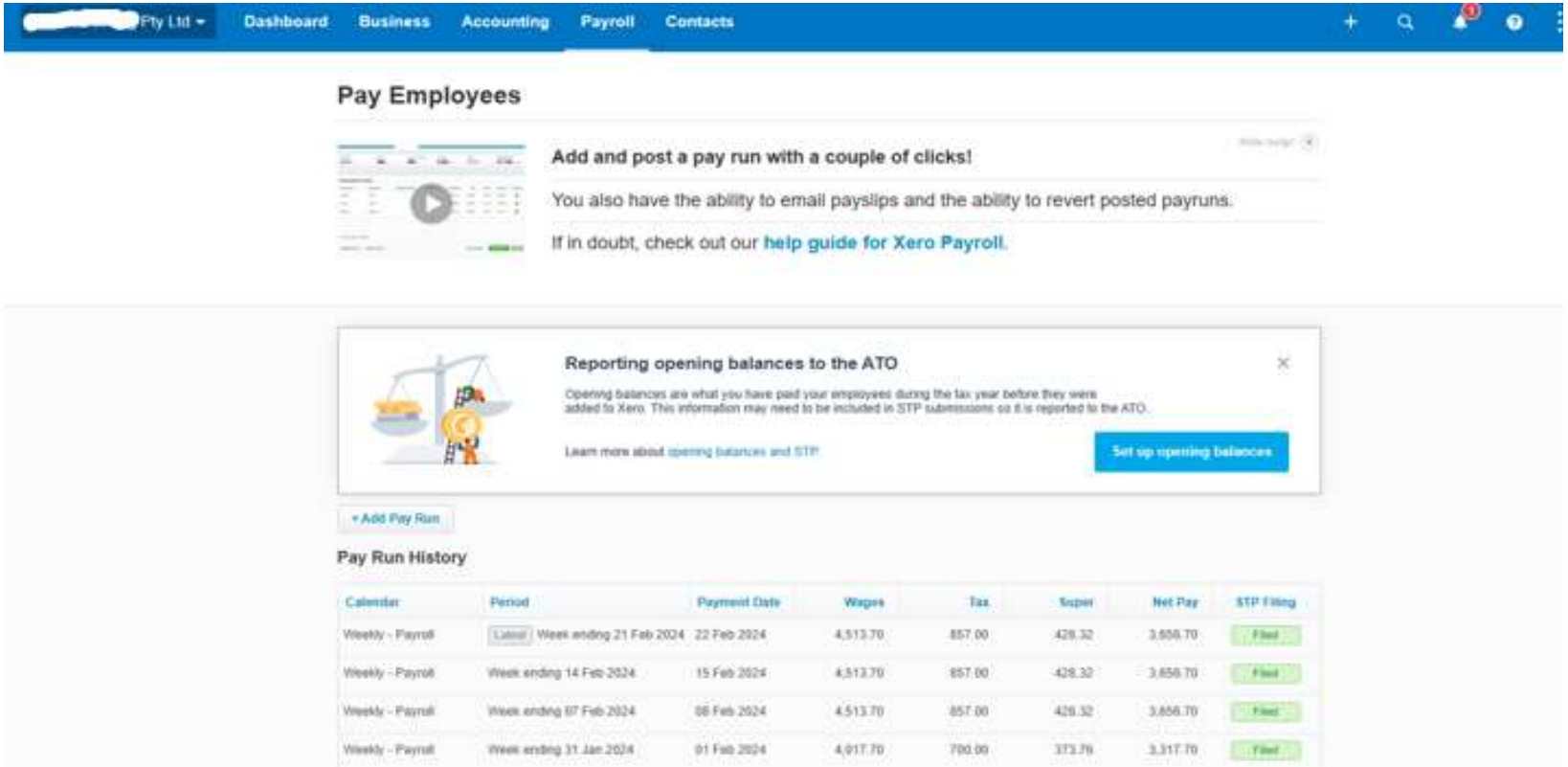
- If client wishes us to prepare then request the payroll details like Wages or hourly rates (based on the entity and employee contract) for employees to prepare payroll in the specific software. With the available details the PAYG WH and superannuation will be calculated or recorded as per ATO Guidelines (ATO rates and details).

- Also, if STP Filing status shows not filed or STP filing has not been filed, we will have to inform the client to file the same before finalization of the IAS

- What is STP? STP is how employers report their employees' salaries and wages, super contributions and pay as you go (PAYG) withholding to the ATO. With STP-enabled payroll or accounting software, employers submit this information to the ATO automatically each time they process payroll.

- In the below example client runs payroll on weekly basis. So, we need to check whether it has been processed every week for a month.

- Now let’s assume that January month is the IAS cycle we are working on. We need to check any period has been left out or not. As per below screenshot for January we can see 5 pay runs has been processed.



+ Add Pay Run

Pay Run History

Calendar	Period	Payment Date	Wages	Tax	Super	Net Pay	STP Filing
Weekly - Payroll	Latest Week ending 21 Feb 2024	22 Feb 2024	4,513.70	857.00	428.32	3,656.70	Filed
Weekly - Payroll	Week ending 14 Feb 2024	15 Feb 2024	4,513.70	857.00	428.32	3,656.70	Filed
Weekly - Payroll	Week ending 07 Feb 2024	08 Feb 2024	4,513.70	857.00	428.32	3,656.70	Filed
Weekly - Payroll	Week ending 31 Jan 2024	01 Feb 2024	4,017.70	700.00	373.76	3,317.70	Filed
Weekly - Payroll	Week ending 24 Jan 2024	25 Jan 2024	3,273.70	612.00	291.92	2,661.70	Filed
Weekly - Payroll	Week ending 17 Jan 2024	18 Jan 2024	3,273.70	841.00	291.92	2,432.70	Filed
Weekly - Payroll	Week ending 10 Jan 2024	11 Jan 2024	3,207.50	598.00	352.82	2,609.50	Filed
Weekly - Payroll	Week ending 03 Jan 2024	04 Jan 2024	3,996.76	831.00	439.64	3,165.76	Filed
Weekly - Payroll	Week ending 27 Dec 2023	28 Dec 2023	3,955.53	816.00	435.11	3,139.53	Filed
Weekly - Payroll	Week ending 20 Dec 2023	21 Dec 2023	3,893.84	795.00	428.32	3,098.84	Filed

- For December, pay run has been processed for the week ending 27th of Dec 2023. After that, on 3rd of Jan it was made which is correct. Then the pay run has been processed on 10th of Jan which was the pay run period.

- After that it was processed correctly after a week and upto 31st of Jan, it has been processed. This indicates pay run has been processed in correct periodic basis and details available in the pay run can be check against with the client documents.

- We also need to check with the Payroll Activity Summary for the said month and make sure it matches with total of specific period pay runs

- Sometimes the client may miss any of the pay run (how we can arrive this, by counting the weeks correctly). In this case let's say we are doing IAS for Feb, and we can see only three pay runs are made and fourth one has not been made. Then we can confirm with the client to run the same.

- Also, there will be cases where client will forget to include one of his/her employees' payroll in the respective pay run which we may not know, that they have missed, and the IAS has been also lodged. Then in the upcoming month's IAS, we can add the left out or newly add payroll details that were missed while lodging for the said period and give a note that we have included this much salary and withheld for the salary of the said employee.

Payroll Activity Summary

REPORT ON

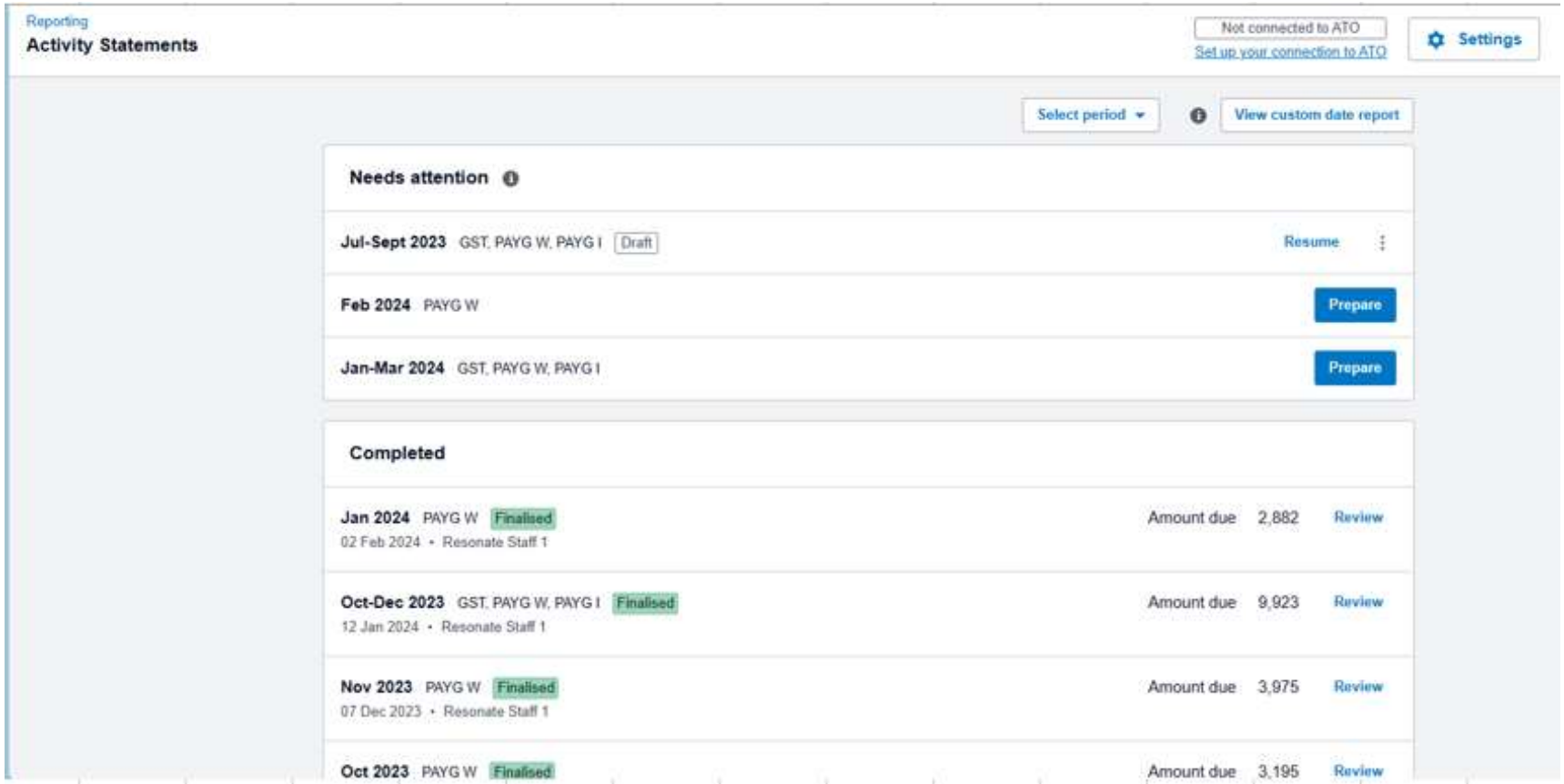
Employees: All

Date Range: Last Month

Update

Pay Item Type	Pay Item	Activity Statement	Units	Amount
Earnings	Ordinary Hours	W1	418.80	12,569.70
Earnings	Personal/Carer's Leave	W1	38.40	1,107.32
Earnings	Tool Allowance - Hourly Rate	W1	76.00	74.64
Total Earnings:				**13,751.66**
Tax	PAYG	W2	0.00	2,882.00
Total Tax:				**2,882.00**
Super	Superannuation Guarantee Contribution (SGC)		0.00	1,376.30
Total Super:				**1,376.30**
Net Pay	Net Pay		0.00	10,869.66
Total Net Pay:				**10,869.66**
Payment	Payment		0.00	10,869.66
Total Payment:				**10,869.66**

After finalizing the above points, we can prepare the IAS in accounting and tax software



Not connected to ATO
Set up your connection to ATO

January 2024 Finalised

ABN: 88609544676 • GST accounting method: Cash

2,882
Amount payable

PAYG tax withheld

Jan 2024

W1	Total salary, wages and other payments	13,751
W2	Amounts withheld from payments at W1	2,882
W4	Amounts withheld where no ABN is quoted	
W3	Other amounts withheld (excluding shown at W2 or W4)	
W5	Total withheld W2 + W3 + W4	**2,882**

Amounts you owe the Tax Office

4	PAYG tax withheld	2,882
8A	Total owed to the ATO	**2,882**

Amounts you owe the Tax Office

4	PAYG tax withheld	2,882
8A	Total owed to the ATO	**2,882**

Amounts the Tax Office owes you

8B	Total owed by the ATO	**0**

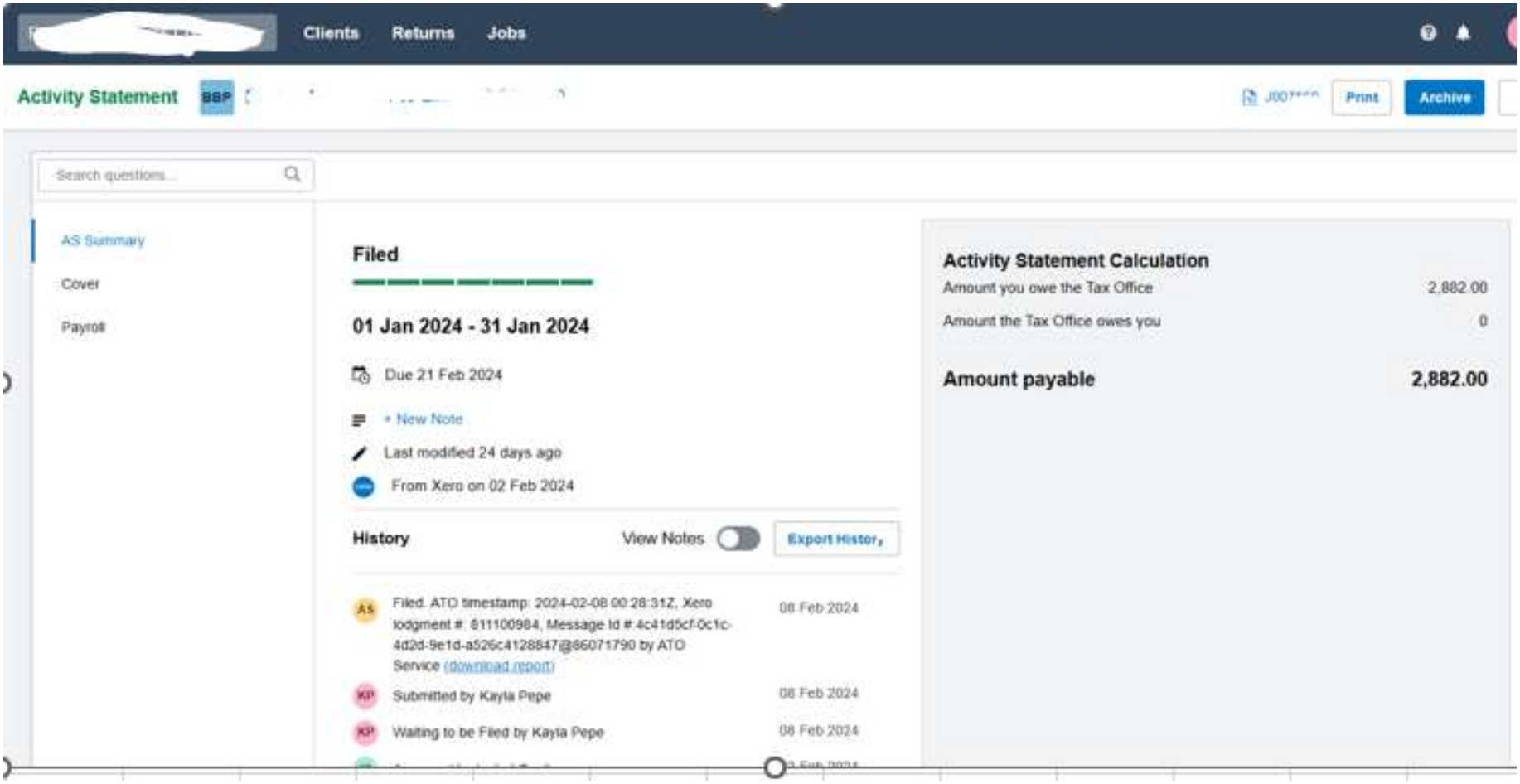
Payment

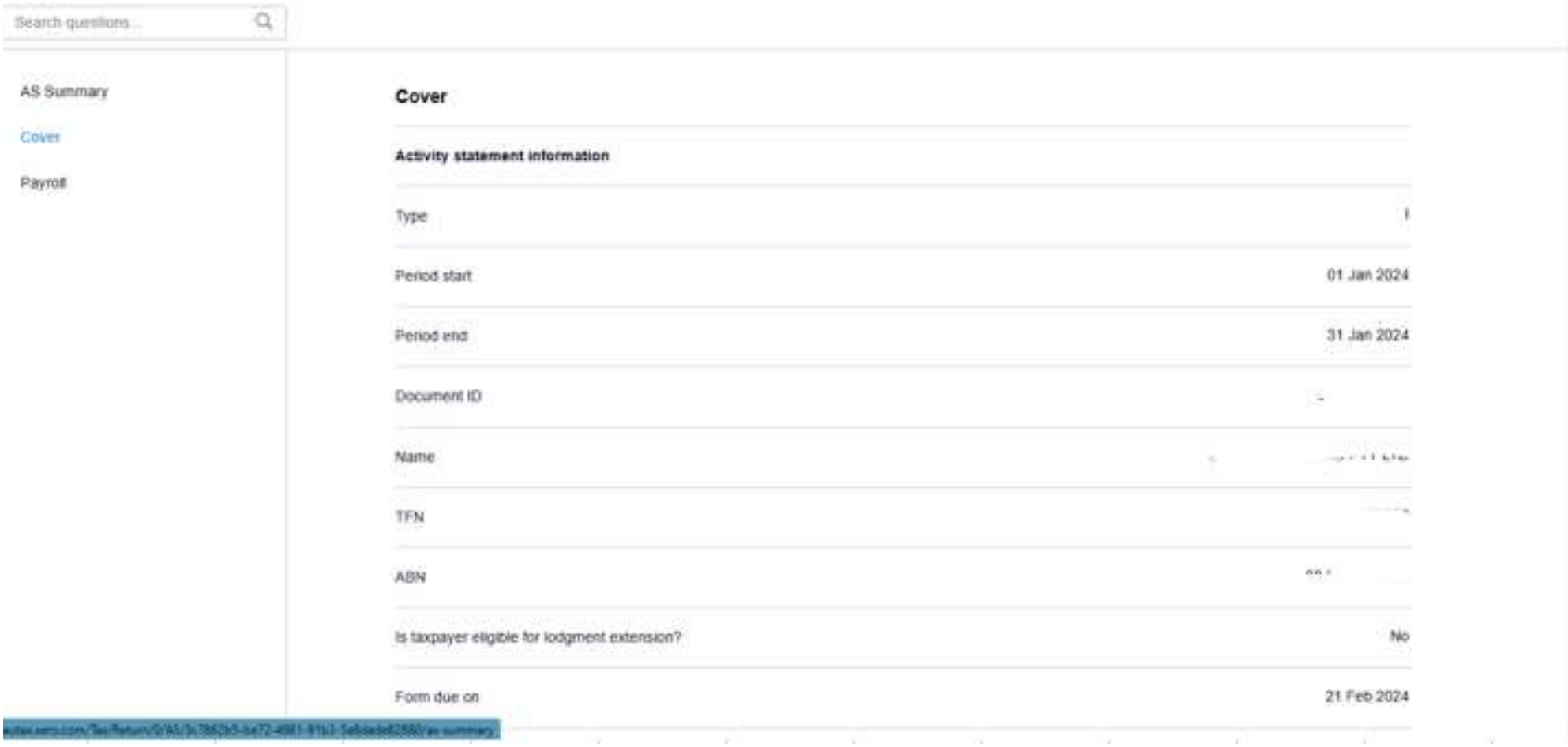
9	Your payment amount	**2,882**

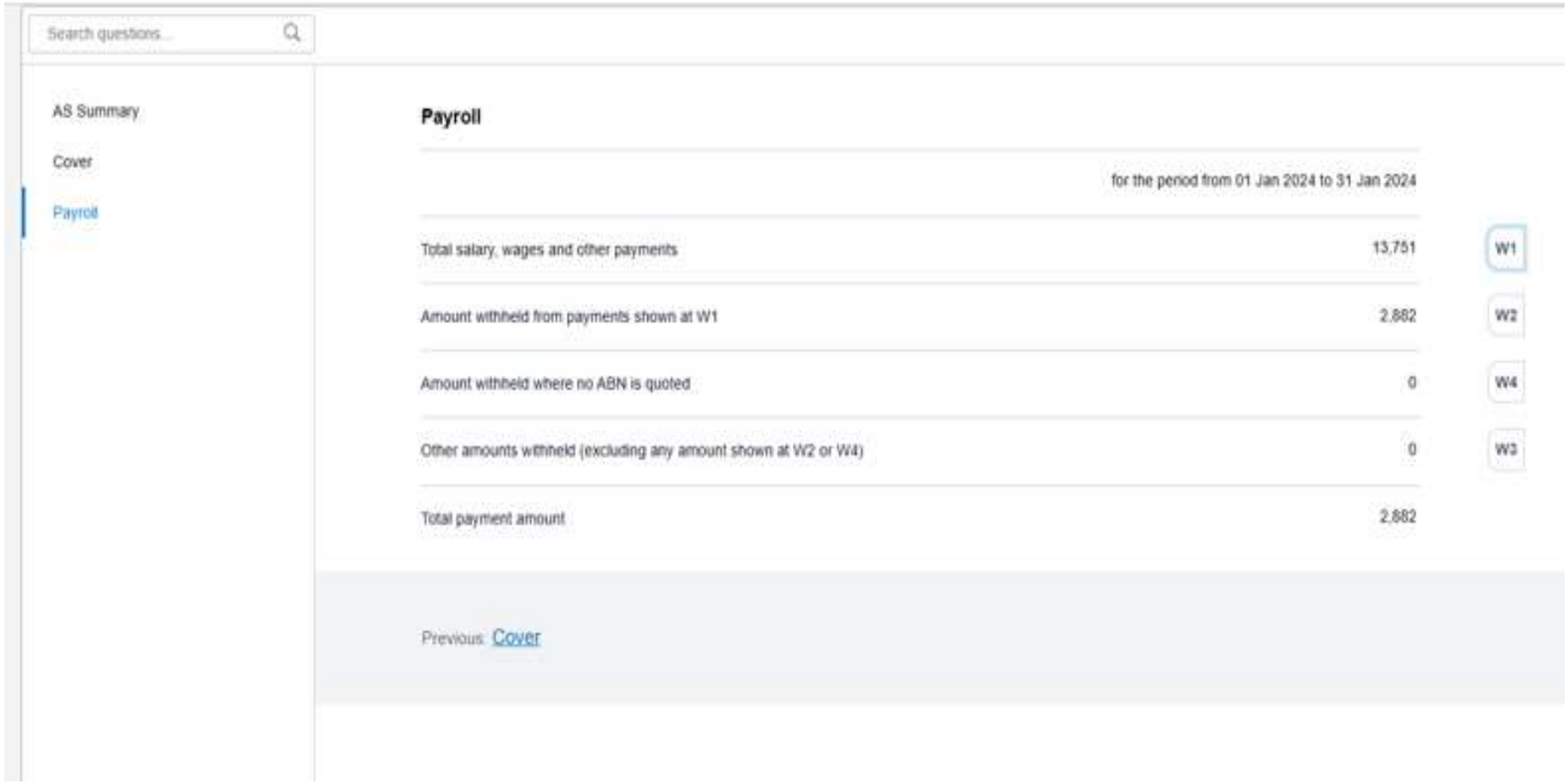
Export ▾ Delete

Hide History (1) ^

After finalizing in accounting software update in tax software to lodge the IAS




Search questions
AS Summary
Cover
Payroll
Cover
Activity statement information
Type
I
Period start
01 Jan 2024
Period end
31 Jan 2024
Document ID
Name
TFN
ABN
Is taxpayer eligible for lodgment extension?
No
Form due on
21 Feb 2024



Make sure that the information are correctly input in their respective cells, and we can save the return.

IAS FORMS

IAS B – Instalment activity statement	Taxpayers with a PAYG income tax instalment obligation only. Typical users include partners in partnerships and other individual taxpayers – who may elect the amount or rate, report the instalment income, vary the amount or rate and pay the PAYG income tax instalment quarterly.
IAS I – Instalment activity statement	Taxpayers with a PAYG tax withheld obligation only (quarterly, monthly or annually). Note: Taxpayers may receive this form for the first two months and a quarterly activity statement for the final month of the quarter.
IAS J – Quarterly instalment activity statement	Taxpayers with PAYG income tax instalment, PAYG tax withheld and FBT obligations. Use this document for your record keeping purposes.
IAS N – Annual instalment activity statement	Taxpayers who have elected to pay an annual PAYG income tax instalment that may also involve reporting the instalment income or varying the instalment amount.