

ATO INCOME LABELS 1 TO 5

Label 1 – Income from salary or wages



What we need to declare here?



Income from salary or wages where tax was withheld,

Income from salary or wages include:

- Salary or wages
- Commission
- Bonus
- Income from part time or casual work
- Parental leave pay
- Dad and partner pay

Amount shown on an income statement or payment summary for lost salary or wages paid under:

- Income protection policy
- A sickness or accidence insurance policy
- Worker compensation scheme

Other incomes like:

- Amount shown on income statement or payment summary for special payment results from COVID 19
- Foreign employment (if you are Australian government agency employee)



Proof to check



Prefill statement

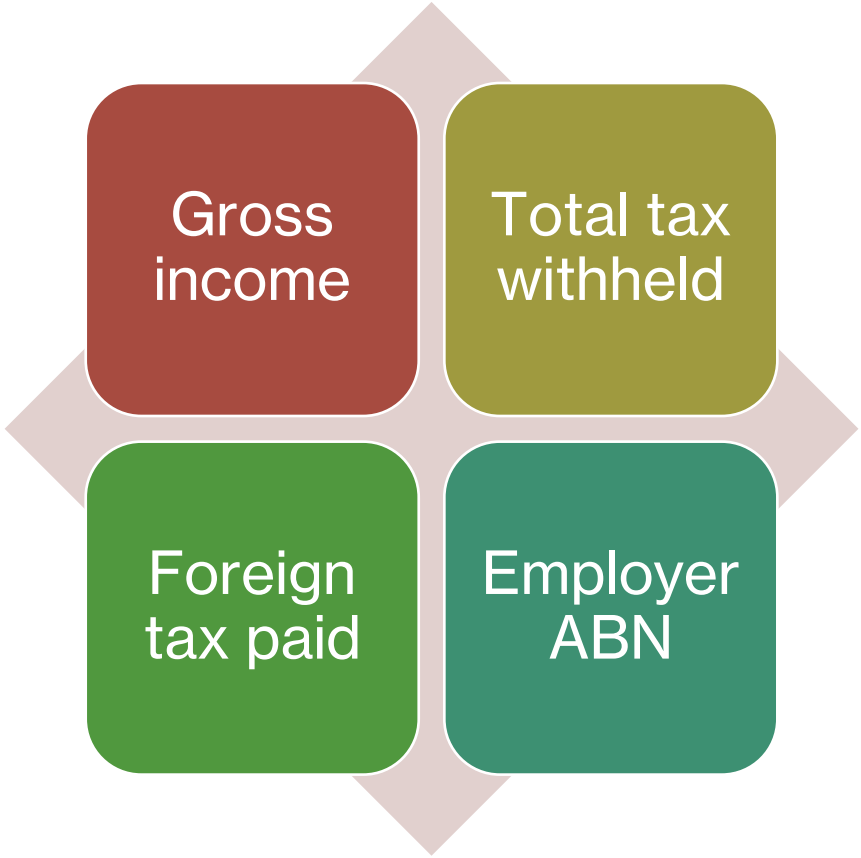


Income statement



PAYG payment summary

Contains of income statement



(Tit – Bites)
What is ABN??

Australian business number (ABN) mandatory for operating business in australia

Similar to TAN/ CIN in India

Question Time!!

Mr. Raju is an student currently studying in austrine university in australia and he worked part time 5 hours everyday for the part of the Financial year, do he need to declare his income ???

Income statement contains gross or net income???

Answers!!

All income earned in Australia must be declared, even if:

He is a student

He works part-time

He works only a few hours per day

An income statement under ATO **primarily contains gross income**, along with tax withheld and other details.

Label 2 – Allowances, earnings, tips, director fees etc

Allowances

Director fees

Tips

(Tit- Bites) Difference between salary and allowances

Salary – Fixed income

Allowances – Additional benefits provided by employer to cover certain expenses

Payment from which tax was not withheld



Salary or wages or commission



Part time or casual work



Consultation fees

Types of allowances



Car, travel and transport allowance



Tool, clothing and laundry allowances



Meal and entertainment allowances



Award Transport Payments



Dirt, Height, Site, First Aid and Risk Allowances

Not to include this type of allowances:

- You received travel or overtime meal allowance paid under an industrial law,award or agreement
- It was not shown on income statement
- Spend whole amount on deductible expenses
- It does not exceed commissioner Reasonable allowable amount

Proof to check



Income statement



PAYG Payment summary

Question Time!!

Ms.priya received overtime allowance and spend her whole allowance income on deductible expenses, do she needs to declare her income??

Karthik received parental leave in which tax was not withheld, where it needs to be declared – label 1 or label 2???

Answers!!

Yes, Ms. Priya must declare her income, even if she spent all of it on deductible expenses.

Even if tax was not withheld, Karthik must still declare the parental leave pay at **Label 1 (Salary or wages)**.

Label 3 – Employer Lumpsum payment

When to declare

When you receive lump sum payment from your employer for unused annual leave or unused long service leave

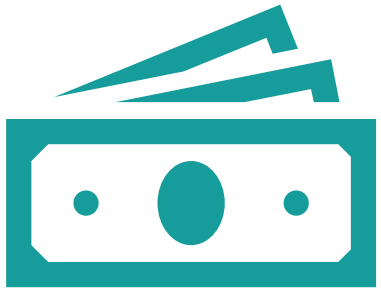
Do not include:

Lumpsum payment due to early retirement

Employer lump sum payment in arrear

Label 4- Employment termination payment

When to declare



When you receive income due to employment terminated

Types of ETP



Gratuity or golden handshake



Early retirement scheme above tax free limit



Unused sick leave



Compensation for wrongful dismissal provided it is paid within 12 months of actual termination of employment

Do not include:

Foreign termination payment were not exempt from income tax of foreign country

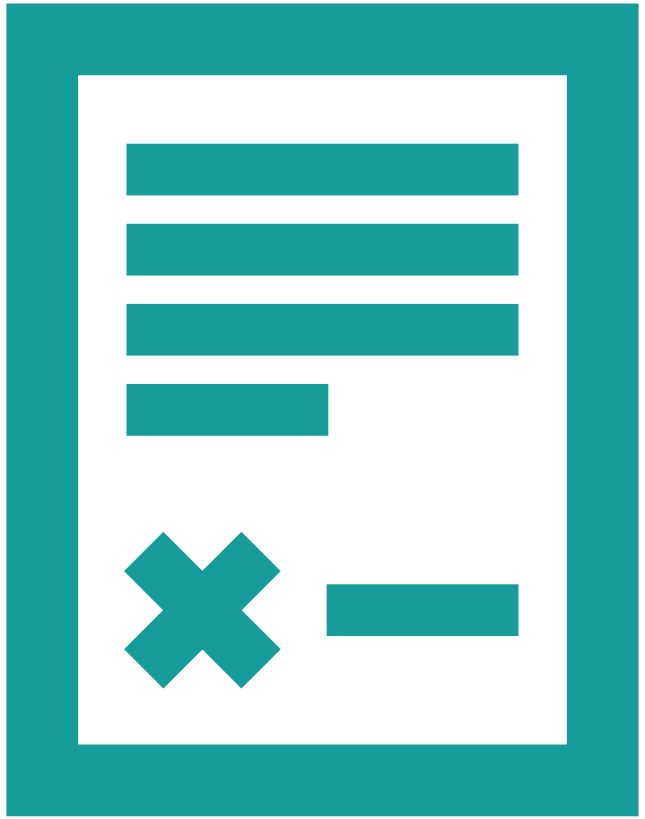
ETP received as trustee of deceased trust

(Tit – Bites) what is deceased trust and who it’s beneficiary???

- A deceased trust is created when a person dies and their money/assets are temporarily managed by the executor before being given to family or others.
- The beneficiaries are the people who will receive the money or assets from the deceased person’s estate.

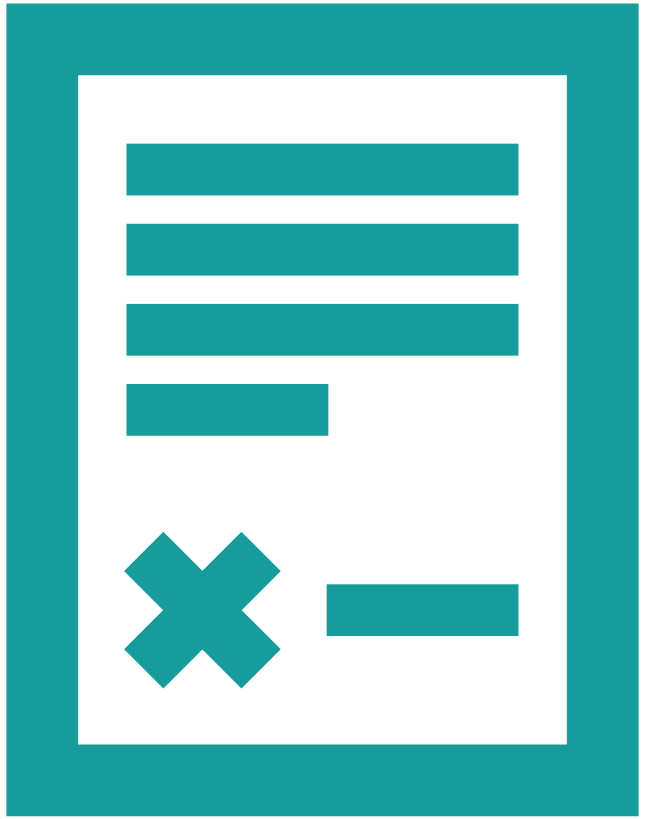
Question Time!!!

- Mr.vijay received employment termination payment from India which is taxable there, now the question is in which label it will be taxable label 3 or label 4 ???



Answer!!!

- If the amount was already taxed in India and qualifies as a foreign termination payment, then it may not be taxable in Australia and may not need to be shown in the tax return.



Label 5 : Australian government allowances and payment

- Various types of Australian government allowances:
- Jobseeker payment
- Youth allowance
- Austudy allowances
- Parenting allowances
- Farm household allowances
- Education payment of any of following allowances when you are 16 years or more,
- ABStudy living allowance
- Payment under veteran children education scheme
- Disability recovery allowances
- Youth disability supplement as a component of:
- Youth allowance
- ABStudy living allowance

Exemptions on certain type of government allowances where we do not need to pay taxes

- carer payment where either:
  - both the carer and the care receiver are under age-pension age
  - the carer is under age-pension age and any of the care receivers has died.
- disability support pension paid by Centrelink, if you are under age-pension age
- invalidity service pension, if the veteran is under age-pension age
- partner service pension where either
  - the partner and the veteran are under the age-pension age and the veteran is receiving an invalidity service pension
  - the partner is under age-pension age, the veteran has died and was receiving an invalidity service pension at the time of death.



Beneficiary tax offset

- Tax offset reduce the amount of tax you have to pay, For that we generally use ATO calculator



Proof to check



PAYG PAYMENT SUMMARY



A Letter from the agency that Paid youth allowance or payment stating amount you received

Prefill Statement

Australian Government
Australian Taxation Office

Pre-filling report 2025

Report created: 25/02/2026

ⓘ **You should not rely exclusively on this report** but use it to assist you in preparing your client's income tax return. For more information refer to www.ato.gov.au/prefilling. (https://www.ato.gov.au/prefilling)

TAXPAYER DETAILS

Tax file number	
Title	MR
Given names	
Family name and suffix	
Australian resident as at 25/02/2026	Yes
Postal address	
Residential address	
Date of birth	14/02/1959

2024-25 PAYG PAYMENT SUMMARIES as at 3 July 2025

Type of payment summary:	INB payment summary
Single Touch Payroll Status:	Finalised
Available for pre-filling:	03/07/2025
ABN:	25004579239/1
Employer's name:	BARTON'S WASTE COLLECTION PTY. LTD. (Type S)
Period from:	01/07/2024
Period to:	30/06/2025

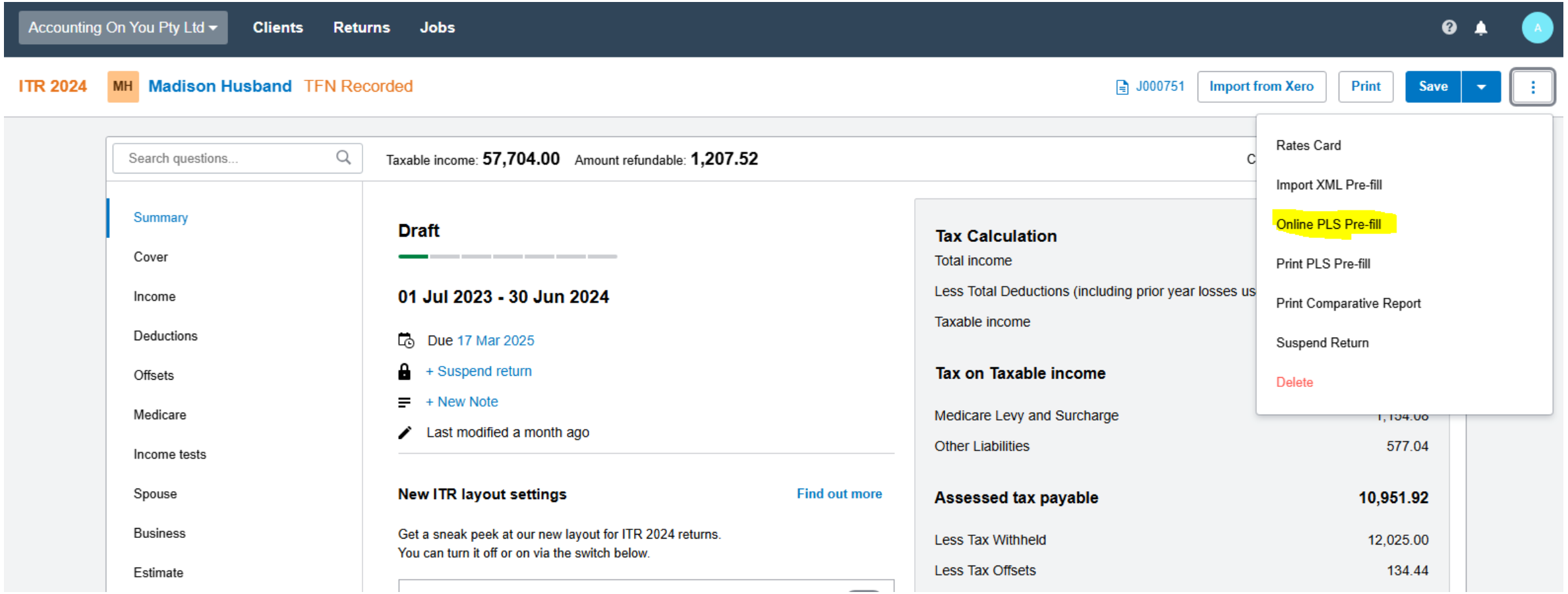
Description	Type	Tax withheld	Income	Label
Gross payments			$39,000.00	1
Total tax withheld		$4,056.00		1

2024-25 DIVIDEND INCOME as at 2 July 2025

- You may wish to check Pre-fill availability (http://www.ato.gov.au/prefillAvailability) to see if your client's company has reported dividend income data to the ATO.

Description	Gross	Apportioned	Label
TOTAL UNFRANKED DIVIDENDS	$18.97	$18.97	11S

Xero online prefill



Unfinalized STP

Australian Government
Australian Taxation Office

Pre-filling report 2024

Report created: 17/03/2025

You should not rely exclusively on this report but use it to assist you in preparing your client's income tax return. For more information refer to www.ato.gov.au/prefilling. (https://www.ato.gov.au/prefilling)

TAXPAYER DETAILS

Tax file number	974655392
Title	MS
Given names	MADISON ROSE
Family name and suffix	HUSBAND
Australian resident as at 17/03/2025	Yes
Postal address	109 JAMES LANE BISHOPS BRIDGE NSW 2326
Residential address	109 JAMES LANE BISHOPS BRIDGE NSW 2326
Date of birth	12/03/2001

2023-24 PAYG PAYMENT SUMMARIES as at 16 September 2024

Type of payment summary:	INB payment summary
Single Touch Payroll Status:	Finalised
Available for pre-filling:	16/09/2024
ABN:	65630048896/2
Employer's name:	AMET-SOLUTIONS PTY LTD (Type S)
Period from:	01/07/2023
Period to:	30/06/2024

Description	Type	Tax withheld	Income	Label
Gross payments			$31,420.00	1
Total tax withheld		$4,887.00		1

Type of payment summary:	INB payment summary
Single Touch Payroll Status:	Finalised
Available for pre-filling:	17/07/2024
ABN:	18115499102/1
Employer's name:	KURRI KURRI & DISTRICT PRE SCHOOL KINDERGARTEN

Income summary

Australian Government
Australian Taxation Office

Agent THEODORE WARD & CO
Client STAMOULIS, HELEN
TFN 191 765 675

Income statements

Status	Tax ready
Employee number	
Branch	001
Employer ABN/Branch	
BMS ID	
	C
Period	01/07/2024 - 05/03/2025
Reported Date	03/07/2025

Income

Salary and wages

Gross amount	$36,588.64
Leave payment type	Other paid leave
Paid leave amount	$4,605.36
Salary sacrifice type	Superannuation
Salary sacrifice amount	-$2,430.40
Total gross amount	$38,763.60

Tax withheld or foreign tax paid

Salary and wages

PAYGW amount	$10,526.00

Lump sum amounts

Salary and wages

Lump sum payment A	$14,785.39
Lump sum payment A - type	R
Lump sum payment B	$0.00
Lump sum payment D	$89,251.00
Lump sum payment E	$0.00
Lump sum payment W	$0.00

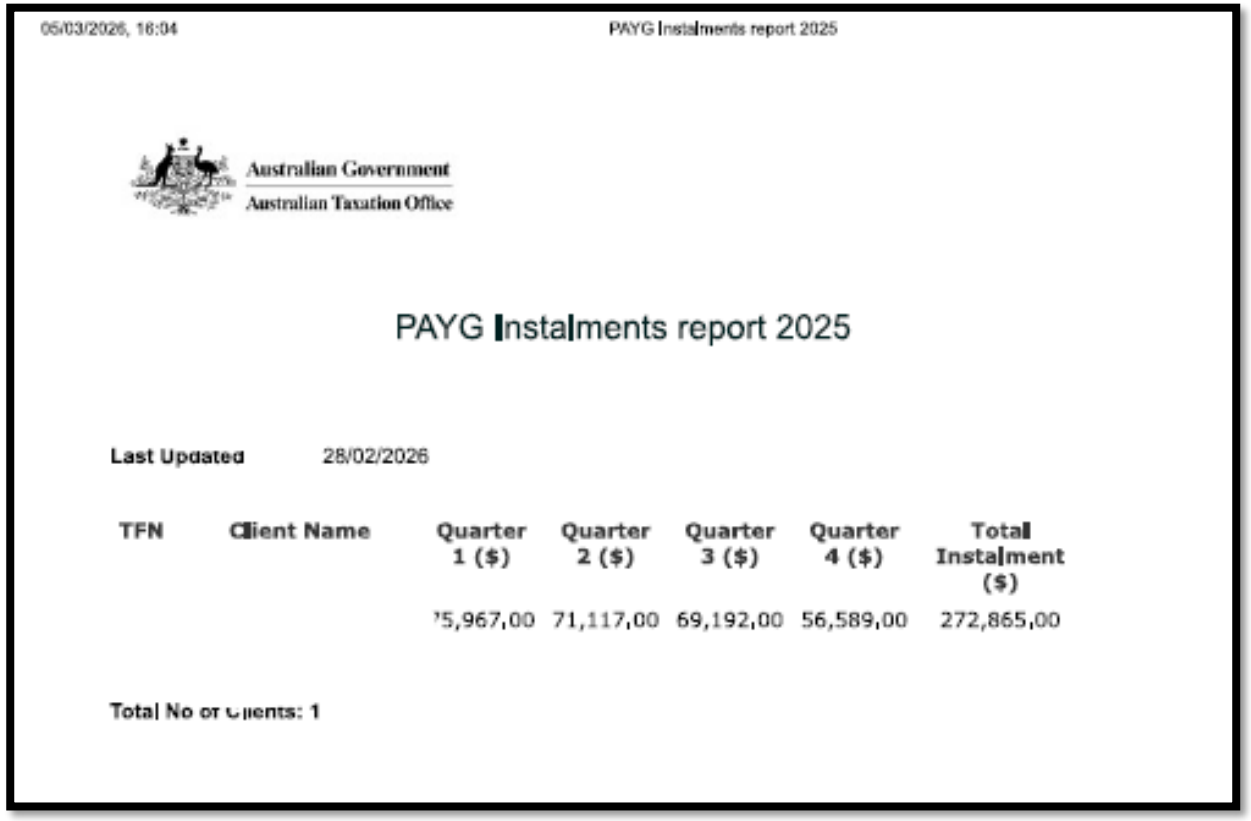
Allowances

Deductions

Total $0.00



PAYG Payment Summary



05/03/2026, 16:04 PAYG Instalments report 2025

Australian Government
Australian Taxation Office

PAYG Instalments report 2025

Last Updated 28/02/2026

TFN	Client Name	Quarter 1 ($)	Quarter 2 ($)	Quarter 3 ($)	Quarter 4 ($)	Total Instalment ($)
		75,967,00	71,117,00	69,192,00	56,589,00	272,865,00

Total No of Clients: 1

Moral of the day



Thank you all

- Have a great day!!

