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## Monthly PAYG instalments

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### Who makes monthly PAYG instalments

You cannot choose to pay instalments monthly.

You will be required to make PAYG instalments monthly if you have a base assessment instalment income of \$20 million or more and you are a:

- corporate tax entity (company, corporate limited partnership, corporate unit trust or public trading trust)
- superannuation fund
- trust
- sole trader
- large investor.

If your entity lodges GST on a quarterly or annual basis, you will only be required to pay monthly if your base assessment instalment income is \$100 million or more.

### When monthly PAYG instalments apply

We introduced monthly instalments over a four-year period. The tables below show when this commenced.

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#### Corporate tax entities

Threshold	Starting date
\$1 billion	1 January 2014
\$100 million	1 January 2015
\$20 million	1 January 2016
\$1 billion	1 January 2016
\$20 million	1 January 2017

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#### All other entities (including superannuation funds, trusts and individuals)

Threshold	Starting date
\$1 billion	1 January 2014

\$100 million	1 January 2015
\$20 million	1 January 2016
\$1 billion	1 January 2016
\$20 million	1 January 2017

There are no provisions that allow you to object to being required to account for your PAYG instalments on a monthly basis.

On the first day of each month, we conduct a monthly payer requirement (MPR) test to work out which entities must enter pay PAYG instalments monthly. If this applies to your entity, you will receive a letter from us confirming your entry.

Those required to account for PAYG instalments on a monthly basis are also required to lodge and pay electronically. You will be penalised if you do not comply with this.

### Substituted accounting periods

If you use a substituted accounting period, the MPR test date is the first day of the third last month of the previous income year. For example, for a company using a substituted accounting period with an end date of 31 July (rather than the standard 30 June) the MPR test is done on 1 May.

### Threshold when TOFA applies

If your entity applies the rules for taxation of financial arrangements (TOFA), you are required to use an **adjusted** base assessment instalment income.

#### See also:

- [Taxation of financial arrangements \(/Business/Taxation-of-financial-arrangements-\(TOFA\)/\)](#)

We calculate your adjusted base assessment instalment income using the gross amount of ordinary income from TOFA transactions, not the net gain or loss amount calculated under the rules.

If your adjusted base assessment instalment income exceeds the threshold, you will need to pay your PAYG instalments monthly. When we can calculate this amount, we will advise entities in October. However, most TOFA entities will need to calculate their adjusted base assessment instalment income in order to determine if they are required to make monthly instalments. If this applies to your entity, you will need to notify us for your inclusion by 30 November each year. This applies for the transitional period until the measure is fully implemented on 1 January 2017.

To notify us of your inclusion in monthly instalments, phone us on **13 28 66** or send an email to [paygmonthlyinstalments@ato.gov.au](mailto:paygmonthlyinstalments@ato.gov.au) (<mailto:paygmonthlyinstalments@ato.gov.au>)

## Calculating your monthly instalment

If you pay your PAYG instalments on a monthly basis, we will advise you what you need to pay. However there is an additional simplified method for calculating your instalments that you may be entitled to use. This method is designed to reduce the cost of calculating instalments on a monthly basis.

#### See also:

- [PAYG instalments \(/General/PAYG-instalments/\)](#)
- [Additional method for monthly PAYG instalments \(/General/PAYG-instalments/In-detail/Monthly-PAYG-instalments/Additional-method-for-monthly-PAYG-instalments/\)](#)

## Completing your activity statement

If you pay your PAYG instalments on a monthly basis and you currently receive your activity statements quarterly, you will continue to do so up to and including the final quarter of your income year.

From the beginning of the following income year, you will start receiving activity statements monthly.

The change to monthly PAYG instalments will not affect your payment cycle for other obligations. For example, if you pay fringe benefits tax quarterly, you will continue to do so once you have started making monthly PAYG instalments.

## Lodging and paying

Your monthly instalment is due on or before the 21st day of the following month, or, if you are a deferred business activity statement (BAS) payer, by the 28th of the following month.

If you are a deferred BAS payer for the quarter that ends in December and you are required to pay monthly instalments from 1 January 2017, you will have two payments due in February – one for the December quarter and one for the month of January.

## Lodging electronically

You must lodge and pay electronically, and you will be penalised if you do not comply with this.

### Find out more:

- [How to lodge your BAS \(/business/business-activity-statements-\(bas\)/lodging-and-paying-your-bas/how-to-lodge-your-bas/\)](/business/business-activity-statements-(bas)/lodging-and-paying-your-bas/how-to-lodge-your-bas/)
- [Contact us about PAYG instalments \(/General/PAYG-instalments/Contact-us-about-PAYG-instalments/\)](/General/PAYG-instalments/Contact-us-about-PAYG-instalments/)

## Stopping monthly instalments

Once you start reporting monthly, you will remain on this cycle until all of the following occur:

- Your base assessment instalment income falls below \$20 million.
- You have sent us a valid monthly payer (MP) stop notice, which means
  - you must phone or email us before the start of your next income year
  - at the monthly payer requirement (MPR) test date your base assessment instalment income is either
    - less than \$20 million
    - less than \$100 million if you are a GST quarterly or annual payer.
- We have accepted your MP stop notice.

When we receive your MP stop notice, we will advise you of our decision. If we accept your MP stop notice, you will return to your previous payment cycle at the beginning of your next income year.

### See also:

- [Contact us about PAYG instalments \(/General/PAYG-instalments/Contact-us-about-PAYG-instalments/\)](/General/PAYG-instalments/Contact-us-about-PAYG-instalments/)

## 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.

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