




PAYG withholding for Community Development Employment Project


Guide for employers to calculate withholding from Community Development Employment Projects payments made to workers.

Last updated 22 October 2012

Introduction

This guide describes how to work out the amount to withhold from Community Development Employment Projects (CDEP) payments you make to your workers.

It can also be downloaded in Portable Document Format (PDF): [PAYG withholding for CDEP \(PDF 113KB\)](#) .

Note: From 1 October 2011 payments under the CDEP scheme will cease however, some participants may still receive such payments under a 'grandfather' arrangement. For further information refer to [Services Australia](#)  website.

CDEP payments

Find out about the different types of CDEP payments.

Your withholding requirements

Under the PAYG withholding system, you may have to withhold amounts from payments you make to workers participating in

CDEP.

Working out how much to withhold



Information on how to work out how much to withheld from weekly payments.

CDEP calculation table



Use this table to find the withholding reduction amount for a worker who receives both CDEP and non-CDEP payments.

More information



Find out how to contact us.

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CDEP payments

Find out about the different types of CDEP payments.

Last updated 22 October 2012

On this page

What is a CDEP payment?

What is a non CDEP payment?

What is a CDEP payment?

A CDEP payment is one of the following:

- **CDEP scheme wages**

These are payments you make:

- to participants as a wage for the work they do
- for hours worked in excess of the CDEP 'limit'
- to trainees under the traineeship program.
- **CDEP scheme participant supplement from a Centrelink payment**

This supplement is an extra payment to make sure that someone getting a CDEP wage component is getting at least the same level of income as an unemployed person.

What is a non CDEP payment?

CDEP payments **do not** include the following:

- **CDEP administration amounts**

These funds are used to administer the CDEP program. Depending on the size of the organisation, these funds are used for administration costs such as supervisor's wages, electricity or stationery.

- **'Top-ups' received in addition to CDEP payments**

'Top-ups' are payments for work outside the CDEP program.

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Your withholding requirements

Under the PAYG withholding system, you may have to withhold amounts from payments you make to workers participating in CDEP.

Last updated 22 October 2012

On this page

When you only make CDEP payments to your workers

When you make both CDEP and non-CDEP payments to your workers

Tax file number declarations

There are different withholding requirements for workers who only receive CDEP payments and for workers whose wage is made up of both CDEP and non-CDEP payments.

When you only make CDEP payments to your workers

If you only make CDEP payments to your workers:

- you do **not** withhold amounts from those payments, and
- you will **not** need to collect a Tax file number declaration from these workers.

When you make both CDEP and non-CDEP payments to your workers

If you make CDEP and non-CDEP payments to your workers as part of their salary and wages, you must withhold amounts from their pay. Refer to [Working out how much to withhold](#).

Tax file number declarations

Workers who receive both CDEP and non-CDEP payments will also need to complete a **Tax file number declaration** within 14 days of starting work. Once they provide their completed TFN declaration to you, you must:

- complete section B of the original of the declaration
- send the original to us within 14 days of the declaration being made
- keep a copy of the declaration for your records.

You must notify us if a worker has not given you their TFN declaration within 14 days of starting work.

If the worker states at question 1 of their TFN declaration that they have lodged a TFN application or enquiry with us, they have 28 days to

give you their TFN.

If the worker has not given you their TFN after 28 days, you must withhold 46.5% of the non-CDEP component of the payment **only** (unless we tell you not to).

QC 17754

Working out how much to withhold

Information on how to work out how much to withheld from weekly payments.

Last updated 22 October 2012

Follow the steps below to work out how much to withhold from weekly payments you make to workers who receive both CDEP and non-CDEP payments.

If you don't pay your workers weekly, you will need to convert your worker's CDEP and non-CDEP payments into a weekly amount in order to calculate the withholding amount.

See also

- [Paying your workers fortnightly, monthly or quarterly to see how to convert payments into weekly amounts.](#)

Step	Instructions
1	Add the gross amount of both CDEP and non-CDEP payments. Round this figure to the nearest dollar.
2	<p>Use the Pay as you go (PAYG) withholding - Weekly tax table (NAT 1005) to find the worker's total weekly income in the 'weekly earnings' column (column 1). Select the corresponding column to find the correct amount to be withheld, as follows:</p> <ul style="list-style-type: none">• Column 2 if the worker is claiming the tax-free threshold and is entitled to leave loading.• Column 3 if the worker is claiming the tax-free threshold and is not entitled to leave loading.

	<ul style="list-style-type: none"> Column 4 if the worker is not claiming the tax-free threshold.
3	Use the CDEP calculation table to find the worker's total weekly CDEP payment in column A (CDEP weekly earnings).
4	Use column B of the CDEP calculation table to find the applicable withholding reduction amount to the CDEP payment.
5	Subtract the amount in step 4 from step 2 to find the correct weekly amount to withhold.
6	If your pay period is fortnightly, monthly or quarterly you will need to convert the weekly amount to the relevant pay period. Refer to How much to withhold from fortnightly, monthly or quarterly payments .

Example

Albert's weekly wage is \$430, made up of a \$200 CDEP payment and a \$230 non-CDEP payment. He has claimed the tax-free threshold on his *Tax file number declaration* and does not receive leave loading.

Step	Instruction	Result
1	Weekly gross amount: \$200 + \$230	\$430
2	<p>Use the Pay as you go (PAYG) withholding - Weekly tax table (NAT 1005) to find the workers total weekly income in the 'weekly earnings' column (column 1).</p> <p>Total weekly earnings - \$430</p> <p>In this example we use column 3 to work out the amount to withhold.</p>	\$43
3	Using the CDEP calculation table find the weekly CDEP earnings in column A.	\$200

4	Using the CDEP calculation table find the withholding reduction amount in column B.	\$13
5	Subtract the amount in step 4 from step 2: \$43 - \$13	\$30
The correct amount to withhold on Albert's gross payment of \$430 is \$30.		

Note: This example uses figures which are current for the 2008-09 financial year.

Paying your workers fortnightly, monthly or quarterly



How much to withhold from fortnightly, monthly or quarterly payments



Payroll software formula



QC 17754

Paying your workers fortnightly, monthly or quarterly

Last updated 22 October 2012

If you pay your workers fortnightly, monthly or quarterly you will need to convert their total payment (that is, their CDEP payment plus non-CDEP payments including any allowances subject to withholding) into weekly amounts. You must also convert their CDEP only payment into weekly amounts, by using the following methods:

Pay period	Instructions	Working
Fortnightly	Fortnightly income divided by two.	Fortnightly income 2
Monthly	Monthly income (if the total is an amount ending in 33 cents, add 1 cent). Multiply this amount by 3 and divide by 13.	Monthly income x 3 13
Quarterly	Quarterly income divided by 13.	Quarterly income 13

Note: Disregard the cents when calculating the weekly amounts.

Once you have worked out the weekly amounts (total income and CDEP only income), you can work out the amount to withhold from the worker's weekly income. Refer to **Working out how much to withhold**.

QC 17754

How much to withhold from fortnightly, monthly or quarterly payments

Last updated 22 October 2012

Once you have worked out the withholding amount for your worker's weekly income, you will need to work out the amount to withhold from each pay. To do this, you must convert the weekly withholding amount into a fortnightly, monthly, or quarterly withholding amount and then round the result to the nearest dollar. The following method is used:

Pay period	Instructions	Working
Fortnightly	Multiply the weekly withholding	Weekly withholding amount x 2

	amount by two.	
Monthly	Multiply the weekly withholding amount by 13 and divide by three.	Weekly withholding amount x $\frac{13}{3}$
Quarterly	Multiply the weekly withholding amount by 13.	Weekly withholding amount x 13

Example

Marion's monthly wage of \$2,070 is made up of a \$950 CDEP payment and a \$1,120 non-CDEP payment. She has claimed the tax-free threshold on her **Tax file number declaration** and does not receive leave loading.

Step	Instruction	Result
1	Convert the monthly total payment into a weekly amount (total monthly income x 3) $\div 13$ $= [(950 + 1,120) \times 3] \div 13$ $= [(2,070) \times 3] \div 13$ $= 6,210 \div 13$ $= \$477.69$ Disregard cents	\$477
2	Convert the monthly CDEP payment into a weekly amount $= (950 \times 3) \div 13$ $= 2,850 \div 13$	\$219

	<p>= \$219.23</p> <p>Disregard cents</p>	
3	<p>Use the Pay as you go (PAYG) withholding - Weekly tax table (NAT 1005) to find the worker's total weekly income in the 'weekly earnings' column (column 1).</p> <p>Total weekly earnings: \$477</p> <p>In this example, we use column 3 to work out the amount to withhold.</p>	\$51
4	Using the CDEP calculation table, find the CDEP weekly earnings amount in column A.	\$219
5	Using the CDEP calculation table, find the withholding reduction amount in column B.	\$16
6	Subtract the amount in step 5 from step 3; \$51 - \$16	\$35
7	<p>Convert the weekly withholding amount into a monthly withholding amount [(weekly withholding amount x 13) ÷ 3]</p> <p>= (\$35 × 13) ÷ 3</p> <p>= \$455 ÷ 3</p> <p>= \$151.67</p> <p>\$152 rounded to the nearest dollar</p>	\$152
The correct amount to withhold on Marion's gross payment amount of \$2,070 is \$152.		

Note: This example uses figures that are current for the 2008-09 financial year.

Payroll software formula

Last updated 22 October 2012

On this page

Rounding of amounts withheld

Software programs

If you would like to use a payroll software program to calculate the amount to withhold from salary and wages, you can use the following mathematical formula. However, this formula is only relevant if you pay your worker both CDEP and non-CDEP amounts as part of their wages.

$$A = (C - 115) \times 0.15$$

A is the calculated CDEP withholding reduction amount expressed in dollars, and

C is the CDEP amount of the workers weekly earnings

See also:

You will also need to use the Pay as you go (PAYG) withholding - statement of formulas for calculating amounts to be withheld (NAT 1004).

Rounding of amounts withheld

The amounts you withhold must be rounded to the nearest dollar. If an amount you withhold ends with 50 cents, round it to the next highest dollar.

If you calculate the withholding reduction amount to be less than zero, round the amount to zero.

Software programs

Do not use software programs unless they have been tested for accuracy and produce the exact amounts shown in the CDEP calculation table.

QC 17754

CDEP calculation table

Use this table to find the withholding reduction amount for a worker who receives both CDEP and non-CDEP payments.

Last updated 22 October 2012

The earnings provided in the table below includes most CDEP earning amounts. If the earnings amount is not included, please follow the notes.

Column A CDEP weekly earnings \$	Column B Withholding reduction amount \$
115	0
119	1
125	2
132	3
139	4
145	5
152	6
159	7

165	8
172	9
179	10
185	11
192	12
199	13
205	14
212	15
219	16
225	17
232	18
239	19
245	20
252	21
259	22
265	23
272	24
279	25
285	26
292	27
299	28

305	29
312	30
319	31
325	32
332	33
339	34
345	35
352	36
359	37
365	38
372	39
379	40
385	41
392	42
399	43
405	44
412	45
419	46
425	47
432	48
439	49

445	50
452	51
459	52
465	53
472	54
479	55
485	56
492	57
499	58
505	59
512	60
519	61
525	62
532	63
539	64
545	65
552	66
559	67
565	68
572	69

Note:

- If a CDEP payment is less than \$115, the withholding reduction amount is \$0.
- If the CDEP payment is between the listed amounts above, use the lower dollar amount to find the withholding reduction amount.
- The CDEP weekly earnings above cover the wages of most participants. If the participant earns more than \$572 a week, you will need to use the payroll software formula to calculate the withholding reduction amount.

QC 17754

More information

Find out how to contact us.

Last updated 22 October 2012

For more information:

- phone us on **13 28 66** from 8:00 am to 6:00 pm, Monday to Friday
- phone the ATO Indigenous Helpline on **13 10 30**.

Copies of the weekly and fortnightly tax tables are available from most newsagents. Newsagents also hold **Tax file number declarations** (NAT 3092) and **Withholding declarations** (NAT 3093).

If you do not speak English well and need help from the ATO, phone the Translating and Interpreting Service on **13 14 50**.

If you are deaf, or have a hearing or speech impairment, phone the ATO through the National Relay Service (NRS) on the numbers listed below:

- TTY users, phone **13 36 77** and ask for the ATO number you need
- Speak and Listen (speech-to-speech relay) users, phone **1300 555 727** and ask for the ATO number you need
- internet relay users, connect to the NRS on www.relayservice.com.au and ask for the ATO number you need.

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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