

# 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 term allocated pension 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](https://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 term allocated pension (TAP) 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 **capped defined benefit income stream**.<sup>1</sup>

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**<sup>1</sup>, you will need to add up all of your taxed elements, tax free components and lump sum in arrears, and subtract \$118,750<sup>2</sup> (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. Note that lump sum payments generally cannot be paid from your TAP.

## 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 on 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).

<sup>1</sup> Capped defined benefit income streams includes lifetime pensions, lifetime annuities that existed prior to 1 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.

<sup>2</sup> 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 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.

Did you receive income from an Australian superannuation income stream?

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.

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.

If you have included an amount at **Assessable amount from capped defined benefit income stream** in box **M** at Question **7**, 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 term allocated pension.

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

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## Frequently asked questions – Term Allocated Pensions

### Why can't I draw as much income as I like?

In order for your Colonial First State TAP to qualify for concessional tax treatment, it must satisfy this criteria:

- a pension payment must be received each financial year, and
- the amount of pension you receive must be calculated in accordance with a legally prescribed formula.

### How do I calculate my fixed annual income amount for the coming year?

Your fixed annual income amount is calculated each 1 July by dividing your account balance (at that date) by the Payment Factor (PF) that corresponds to the remaining number of pension years. Here is an example for an investor that has 12.5 years left to run on a term allocated pension that they originally commenced on 1 December for a term of 13 years. In this case, if the investor's account balance on 1 July was \$200,000, their fixed annual income amount would be calculated as follows:

$$\begin{aligned}\text{Annual income amount} &= \text{account balance at 1 July} \\ &\div \text{PF for remaining term of 12 years}^1 \\ &= \$200,000 \div 9.66 \\ &= \$20,700^2\end{aligned}$$

The PFs used to calculate your fixed annual income amount are set by the government.

**Please speak to your adviser if you have any questions about the level of income you are receiving.**

### Why has my fixed annual pension amount changed from the last tax year?

Your fixed annual pension amount is based on two variable factors.

First, your account balance as at 1 July may have changed for the following reasons:

- amount of pension payments paid during the year
- investment returns applied to your account balance, and
- fees and charges deducted from your account balance.

Second, each year we are required to recalculate your fixed annual income amount using a different PF based on the remaining term of your pension.

### What tax (if any) is deducted from my pension payments?

Colonial First State deducts PAYG withholding tax from your TAP in a similar way as an employer would deduct tax from an employee's salary. The amount of tax deducted depends on information provided by you 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 threshold is claimed
- whether there is a tax-free amount
- entitlement to a tax offset on the taxable component.

Please refer to **What was the change to the taxation of TAP from 1 July 2017?**

**Please note your TAP generally cannot be commuted to a lump sum.**

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<sup>1</sup> Remaining term rounded down where pension commenced between 1 July and 31 December and rounded up where commenced between 1 January and 30 June.

<sup>2</sup> Rounded to the nearest \$10 whole dollars.

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## Can I change my pension payment amount?

Yes, for 2024–25 you have the flexibility of reducing or increasing your payments from 90% to 110% of your fixed annual pension amount. If you wish to change your pension payment amount, please speak with your financial adviser or contact Investor Services on 13 13 36, Monday to Friday 8:30am to 6pm Sydney time.

## How is my Term Allocated Pension taxed?

Your TAP is taxed in these ways:

- if you are age 60 or over, (or you receive a TAP due to the death of another member who was aged 60 or over at the time) please refer to **What was the change to the taxation of TAP from 1 July 2017?**
- if you are under age 60, the taxable portion of your pension income will be taxed at marginal tax rates and the 15% pension tax offset will generally apply from preservation age. If you are under preservation age, the tax offset may apply if you are totally and permanently disabled, or if the pension is commenced due to the death of another person.

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

The tax deducted from your pension payments may be different due to changes in either:

- 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.

## What was the change to the taxation of TAP from 1 July 2017?

A TAP account that commenced prior to July 2017 or a subsequent reversion of that account is deemed a 'capped defined benefit income stream' (CDBIS).

Specifically, if you are age 60 or over (or you receive a TAP upon death of another member who was aged 60 or over at the time), then 50% of your annual pension amount over the defined benefit income cap (\$118,750 in 2023–24) will be taxed at your marginal tax rates.

Note – your defined benefit income cap may be reduced in some situations.<sup>1</sup>

Colonial First State will deduct the applicable PAYG withholding taxes and levies from your pension payments and will send you a PAYG Payment Summary regardless of your age or the amount withheld.

<sup>1</sup> 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 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.

# Definitions – Term Allocated Pensions

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

**This is the term in years** you selected at the commencement of this pension.

**This is the number of years** remaining in the pension term you selected.

**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 Term Allocated Pension  
Pension Payment Information Statement for 2024/25

Colonial First State

John Citizen

Account Number: 051 000000000

Information relating to your 2024/25 pension payment

Your **new** lowest allowable amount

Your **new** fixed allowable amount

Your **new** highest allowable amount

Your **selected** annual pension

None of your pension payments are subject to tax.

Projected schedule of pension payments

Original term

Remaining term\*

Frequency of pension payments

First payment date

Gross pension \$

PAYG tax\*\$

Net amount \$

Drawdown on pension payments

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

\*If your Term Allocated Pension:

• commenced on or after 1 January, in its first financial year, the remaining term each 1 July, is always rounded **up** to the nearest whole year.

• commenced before 1 January, in its first financial year, the remaining term each 1 July, is always rounded **down**.

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.

Avanteos Investments Limited ABN 20 096 259 979, AFSL 245531 (AIL) is the trustee of the Colonial First State FirstChoice Superannuation Trust ABN 26 458 298 557 and issuer of FirstChoice range of super and pension products.

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Tax considerations are general and based on present tax laws and may be subject to change. You should seek independent, professional tax advice before making any decision based on this information. Avanteos Investments Limited is not a registered tax (financial) adviser under the Tax Agent Services Act 2009 and you should seek tax advice from a registered tax agent or a registered tax (financial) adviser if you intend to rely on this information to satisfy the liabilities or obligations or claim entitlements that arise, or could arise, under tax law. 30133/FS2457/0624