



Redundancy, Taxation and Your Entitlements

Member Example - Employee Termination Payment (ETP) Claim

Name: Mark
Age: 25

Occupation: Plumber

Mark has just resigned from his commercial construction job to take start working in the residential sector.

He has \$25,000 in his PPTEF Account and his employer notifies the PPTEF that his employment has ended due to resignation.

As this is not a genuine redundancy, Mark is now eligible to claim the funds from his account at the nominal tax rate of 32%.

Member Example - Genuine Redundancy Claim

Name: Peter
Age: 42

Occupation: Sprinkler Fitter

The job Peter was working on has come to completion and unfortunately his position is no longer required and has been made redundant.

Peter's employer notifies PPTEF that his employment has ended and they declare 'Genuine Redundancy' as the reason.

Peter is now able to claim the \$45,000 from his PPTEF account at a 0% Tax Rate.

Member Example - Claiming Genuine Redundancy over the tax free limit

Name: Ahmad

Age: 55

Occupation: Gas Fitter

After 15 years working for his last contributing employer, Ahmad has been made redundant. His employer has notified PPTF that his employment has ended as a genuine redundancy. Ahmad is now eligible to claim the \$175,000 in his PPTF Account.

As Ahmad was born after 1 July 1964, he has not yet reached the preservation/retirement age.

The tax free limit for Ahmad's claim is calculated as: Base amount + (service amount × years of service). The base amount and service amount are indexed annually. For FY2020/21, these are:

Base Amount: \$10,989

Service Amount: \$5,496

$$\begin{aligned}\text{Tax free limit} &= \$10,989 + (\$5,496 \times 15) \\ &= \$10,989 + \$82,440 \\ &= \$93,429\end{aligned}$$

Ahmad will be eligible to claim the tax free limit of \$93,429. The remaining \$81,571 of his claim will be taxed at 32%

Claim Reasons & Applicable Tax Rates

Claim Reason	Tax Applicable on Claim
Genuine Redundancy	Nil up to the tax-free threshold*
Termination	32% or 17% if reached preservation age ^
Resignation	32% or 17% if reached preservation age ^
Promotion "off the tools"	32% or 17% if reached preservation age ^
Leaving Australia	32% or 17% if reached preservation age ^

* Tax free thresholds set by the ATO. PPTF recommends members seek independent financial advice when making a genuine redundancy claim. Tax rate applied to amounts above the tax-free threshold is 32% or 17% if reached preservation age.

^ The preservation age is set by the ATO and is a sliding scale based on date of birth. Please refer to the ATO website for information regarding the preservation age.

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