Australian Government
Department of Employment and Workplace Relations

FEG Fair Entitlements Guarantee

How is tax withheld under the Fair Entitlements Guarantee?

The Department of Employment and Workplace Relations (the department) is required to withhold Pay as you go (PAYG) tax from payments made under the Fair Entitlements Guarantee (FEG). This fact sheet explains how PAYG tax is calculated on these payments.

How will I receive my FEG payment?

After the department makes a decision on your claim that you are eligible for a FEG payment, the payment will be sent directly to your nominated bank account within 2 business days.

Why is PAYG tax withheld from FEG payments?

Under the *Taxation Administration Act 1953* (the TAA), the department it is required to withhold PAYG tax from your FEG payment. The department must withhold tax in line with a Notice of Variation issued by the Commissioner of Taxation under Section 15-15 of Schedule 1 of the *Taxation Administration Act 1953* (the variation).

Am I required to provide a tax file number (TFN)?

The department is authorised to collect your TFN under the TAA. The variation sets out the tax arrangements that apply when you provide your TFN to the department on a TFN declaration form. **It does not apply if you do not provide your TFN**.

You are not required to provide your TFN. However, if you **do not provide it**, or **do not** claim a relevant exemption on your TFN declaration, the department **must withhold tax from your FEG payment at the top marginal rate** (currently 45 per cent).

How will tax be withheld from my FEG payment if I provide my TFN?

Unpaid wages, annual leave and long service leave
Tax is withheld from unpaid wages, annual leave and long service leave at the rate of 32%.

Example 1

Jan is a part-time employee who lost her job when her employer entered liquidation on 30 November 2026. Jan lodges a FEG claim and provides the department with her TFN.

The department determines that Jan is eligible for a FEG payment of $800 for unpaid wages and $400 for unused annual leave, totalling $1,200.

The department withholds $256 from Jan's payment for unpaid wages (32% of $800) and $128 from her payment for annual leave (32% of $400). A net amount of $816 is paid to Jan.

Payment in lieu of notice (PILN) and redundancy pay

I am under the age-pension age.

If you were under the age-pension age (Table 1) when your employment ended, your FEG payment for PILN and redundancy pay is tax-free up to a limit, depending on your completed years of service. Any remaining amount is taxed as an employment termination payment (ETP).

Table 1: Age-pension age for men and women

Date of birth	Age-pension age
Before 1 Jul 1952	65
1 Jul 1952 to 31 Dec 1953	65 years and 6 months
1 Jan 1954 to 30 Jun 1955	66 years
1 Jul 1955 to 31 Dec 1956	66 years and 6 months
On or after 1 Jan 1957	67 years

The tax-free limit is a whole dollar amount plus an amount for each full year of service you completed. Indexation changes the tax-free limit on 1 July each year (Table 2).

Table 2: Tax free-limit

Income year	Base limit	For each completed year of service
2026-27	$13,598	$6,801
2025-26	$13,100	$6,552
2024-25	$12,524	$6,264

Example 2

Roger is a full-time employee who lost his job when his employer entered liquidation on 20 July 2026. He is 48 and had worked for his employer for 10 years. Roger lodges a FEG claim and provides the department with his TFN.

Based on his governing instrument, the department determines that Roger is eligible for a FEG payment for 5 weeks PILN and 12 weeks redundancy pay. Roger's weekly wage for calculating these entitlements is $1,000. His total FEG entitlement for PILN and redundancy is $17,000.

Roger's genuine redundancy pay tax-free limit is $81,608 [$13,598 + ($6,801 x 10 years)]. As Roger's total FEG payment for PILN and redundancy of $17,000 is below the tax-free limit, no tax is withheld and he receives the full $17,000 for PILN and redundancy.

Employment termination payments

After a tax-free genuine redundancy payment is deducted from your FEG payment for PILN and redundancy pay, the balance is taxed as an Employment Termination Payment (ETP). The department must withhold tax at the rate of 32% from your ETP up to the relevant ETP cap (Table 3) and withhold tax at a rate of 45% on amounts above the relevant ET caps.

Table 3: ETP caps

Income year	ETP cap
2026-27	$270,000
2025-26	$260,000
2024-25	$245,000

Example 3

Jill is a full-time employee who lost her job when her employer entered liquidation on 4 December 2026. She is 50 and had worked for her employer for just over 6 years. Jill lodges a FEG claim and provides the department with her TFN.

Based on her governing instrument, the department determines that Jill is eligible for a FEG payment for 5 weeks PILN and 24 weeks redundancy pay. Jill's weekly wage was $2,400. This means her total FEG entitlement for PILN and redundancy is $69,600.

The genuine redundancy tax-free limit of Jill's FEG payment for PILN and redundancy is $54,404 [$13,598 + ($6,801 x 6 years)]. The department does not withhold any tax up to the tax-free limit ($54,404), and withholds $4,862 [32% of ($69,600 - $54,404)] from the remainder of Jill's FEG payment for PILN and redundancy pay (the ETP).

Jill is paid a net payment of $64,738 for her FEG entitlement relating to PILN and redundancy pay.

I am of the age-pension age or older.

If you are of the age-pension age or older at the time your employment ended, the department must tax FEG payments for PILN and redundancy as ETP. The department must withhold tax at a rate of 32% from you ETP, up to the relevant ETP cap (Table 3) and withhold tax at a rate of 45% on amounts above the relevant ETP cap.

Example 4

Phil is a full-time employee who lost his job when his employer entered liquidation on 1 March 2026. Phil is 67.5 and had worked for his employer for just over 23 years. Phil lodges a FEG claim and provides the department with his TFN.

Based on his governing instrument, the department determines that Phil is eligible for a FEG payment for 5 weeks PILN and 46 weeks redundancy pay. Phil's weekly wage for calculating these entitlements is $1,200. This means his total FEG entitlement for PILN and redundancy pay is $61,200.

As Phil was over the age-pension age at the time his employment ended, the PILN and redundancy pay is fully taxable as an ETP.

As the total amount does not exceed the ETP cap ($270,000), the department withholds $19,584 (32% of $61,200) from Phil's PILN and redundancy.

Phil is paid the net amount of $41,616 for his FEG entitlement relating to PILN and redundancy pay.

Accessibility and support

- **Interpreting:** call Translating and Interpreting Service (TIS National) on 131 450 and ask them to contact the FEG Hotline on 1300 135 040.
- Interpreter services for First Nations people: visit the National Indigenous Australians Agency website to find a service that is right for you.
- **Hearing or speech:** contact us through the National Relay Service (NRS) and provide our contact phone number 1300 135 040 when asked by the relay officer.
- **Support person:** you may nominate someone as an alternative contact or agent to assist you. More information can be found on the department's website.

Need help or more information?

More information about FEG can be found on the **department's website**.
If you still have questions about eligibility for FEG assistance, contact the FEG Hotline:

Phone: 1300 135 040 (Monday - Friday, 9am — 5pm, Canberra time)
Email: **FEG@dewr.gov.au**