

**TAX INFORMATION  
FOR EMPLOYERS**

**ACIRT  
introduces  
enhanced  
redundancy  
and tax claim  
benefits**

**WHAT IT MEANS**

Improved redundancy  
initiatives designed for  
your employees.

## Our Partnership to benefit your employees

For over 30 years, ACIRT has served as the construction industry's trusted financial safety net. established jointly by employers and unions to deliver stability and workforce protection. As an employer partner, you play a vital role in maintaining this safety net. We deeply value our partnership with employers and are dedicated to simplifying administration for your business, ensuring fast processing, and protecting your workers' financial wellbeing.



*New Genuine  
Redundancy offering.  
Available from  
19 October 2026.*

### ACIRT introduces enhanced redundancy and tax claim benefit

ACIRT has enhanced its redundancy fund benefit design to comply with a private ATO tax ruling. **This enables tax-free claims up to statutory thresholds (\$13,598 base plus \$6,801 per complete year of service)**, followed by concessional Employment Termination Payment (ETP) tax rates\* on remaining balances.

#### Key Details & Implementation

- The updated Genuine Redundancy processing takes effect on 19 October 2026.
- **Benefits for Members:** Provides significant tax relief during job transitions by delivering payouts tax-free for employees made genuinely redundant. Members who have opted to retire, resign or accept another form of approved Voluntary Termination are entitled to a Voluntary Termination Payment (ETP) which is taxed at a concessional ETP tax rate (17% - 32% depending on their age, situation and reason for terminating employment).
- **What This Means for Employers:** Accurate classification is critical. When departing employees are made redundant, you must clearly select 'Genuine Redundancy and years of service' on separation forms and via the Employer Online portal. Misclassifying separations risks over-taxing your employees' lawful entitlements or causing non-compliance with ATO reporting requirements.
- **How to Use This Guide:** Refer to the decision trees, separation classifications, and tax calculation examples on pages 2-3 to ensure accurate reporting before submitting employee separation details.

We appreciate your continued partnership in ensuring your departing employee receive their maximum, lawful entitlements smoothly and accurately. By working together, we can make the redundancy process as seamless as possible for both your payroll team and your workforce during times of transition.

**If you have questions about separation classifications or need support assisting your employees with their claims, please reach out to us:**

**Contact Support Team: 1800 060 467 (Freecall)**

**Email: [acirtadmin@aas.com.au](mailto:acirtadmin@aas.com.au)**

**Website: [acirt.com.au](https://acirt.com.au)**

---

\*Figures are based on financial year 2026/27 and are subject to change from the ATO.

This guide is designed to help employers navigate termination definitions and classifications. This information can be provided to your employees to help understand definitions around redundancy and their entitlements.

## What is a Genuine Redundancy?

The ATO defines a genuine redundancy payment as a payment made to an employee whose job has been abolished, resulting in the termination of their employment, provided the employee is under pension age.

### What it is

**The ATO states that a termination IS a genuine redundancy if:**

**Job abolished:** your employer has decided your job no longer exists and your employment will end. You must not be leaving voluntarily, retiring, completing a fixed-term contract, or being dismissed for disciplinary or inefficiency reasons.

**Under Pension Age:** you must be under Pension Age when your employment ends.

### What it's not

**The ATO states that a termination IS NOT a genuine redundancy if:**

You are dismissed because you have reached the normal retirement age; You are pension age or older on the day of termination; You are leaving voluntarily; your fixed-term contract has ended; You are dismissed for disciplinary or inefficiency reasons.

Note: A person of pension age who is made genuinely redundant is not entitled to the tax-free component of a genuine redundancy payment. However, concessional ETP rates may apply up to the ETP cap.

### If I choose to leave work can I still access my ACIRT fund balance?

If you are looking to retire or change careers, you can make a one time Voluntary Termination Payment (ETP).

An ETP is a lump sum paid by an employer when your job ends. This can happen due to retirement, resignation or dismissal.

If you elect to apply for a Voluntary Termination (ETP), you'll receive a concessional tax rate which is capped depending on how much you earn in a given financial year.

### What tax is applied to my redundancy claim?

| Reason for separation                                   | Claim limit                                                                                                                 | Tax applicable                                                                                                                                                                                                                                                                                                                                                                                                          | Irrevocable election required |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| <b>Genuine Redundancy</b>                               | You may claim your full account balance or partial payment.<br><br>Note: Minimum partial payment is the tax-free component. | There is no tax applicable to the payment up to the tax-free threshold.<br>Any amount above the tax-free threshold is taxed at ETP concession rates: <ul style="list-style-type: none"> <li>32% if under 60</li> <li>17% if aged 60 to 67</li> <li>17% if aged 67 or above, however not entitled to tax-free threshold</li> </ul> Any amount above the <b>ETP cap</b> is generally taxed at 47% (max withholding rate). | <b>No</b>                     |
| <b>Retirement over age 67 (without redundancy)</b>      | You may claim your full or partial payment.                                                                                 | ETP concession rates of 17% applies up to the <b>adjusted whole-of-income cap</b> and 47% (max withholding rate) for amounts above.                                                                                                                                                                                                                                                                                     |                               |
| <b>Dismissal Termination</b>                            |                                                                                                                             | ETP concession rates up to the <b>adjusted whole-of-income cap</b> : <ul style="list-style-type: none"> <li>32% if under age 60</li> <li>17% if aged 60 or above</li> </ul> Any amount exceeding the <b>whole-of-income cap*</b> will be taxed at 47% (max withholding rate).                                                                                                                                           |                               |
| <b>Fixed Term Contract End</b>                          |                                                                                                                             | PAYG withholding tax at ordinary rates applies, as your employment has not legally terminated.                                                                                                                                                                                                                                                                                                                          |                               |
| <b>Promotion 'off the tools' from the same employer</b> |                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                         |                               |
| <b>Voluntary Termination or resignation</b>             | You must claim full account balance.                                                                                        | ETP concession rates up to the <b>adjusted whole-of-income cap</b> : <ul style="list-style-type: none"> <li>32% if under age 60</li> <li>17% if aged 60 or above</li> </ul> Any amount exceeding the <b>adjusted whole-of-income cap*</b> will be taxed at 47% (Max withholding rate).                                                                                                                                  | <b>Yes</b>                    |
| <b>'Off the tools' to a different employer</b>          |                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                         |                               |

Note: The adjusted whole-of-income cap is the whole-of-income cap reduced by other taxable income.

The tax-free threshold for the 2026/27 financial year is \$13,598 for the initial year, and \$6,801 for each full year of service with your employer.

Any portion of a genuine redundancy claim that exceeds the tax-free threshold is taxed at 32% if you're below age 60, and 17% if aged 60 or above.



### Eligible Termination Payment Cap<sup>1</sup>

Concessional tax rates of 32% (or 17% if you have reached age 60) only apply up to the ETP Cap (\$270,000 for the financial year 2026/27) of all Eligible Termination Payments (ETP). Beyond this cap we are required to withhold 47% tax.

### Late termination payments

We are legally required to withhold 32% tax from all severance claims made beyond 12 months of your retirement/termination date. This 12-month rule **does not** apply to genuine redundancy claims.

### Tax Act Definition<sup>2</sup>

#### Deceased Claim Tax Rates

A death benefit employment termination payment is received from a person's employer after their death and may have a tax-free and taxable component. The tax treatment depends on whether the recipient is a dependant and whether the payment exceeds the ETP cap.

If the beneficiary is a dependant, any amount up to the ETP cap will be tax-free. Tax is withheld at 47% (including Medicare levy of 2%) on the amount of the taxable component above the ETP cap.

If the beneficiary is a non-dependant, then tax is withheld at 32% on the amount of the taxable income up to the ETP cap. Any amount above the ETP cap is withheld at 47% (including Medicare levy of 2%).

In the event of death or permanent disability, please contact the Fund before submitting a claim form.

### Whole-of-Income Cap<sup>3</sup>

Any termination payment that is **NOT** resulting from a genuine redundancy, the invalidity component of a benefit or a death benefit, may be subject to additional tax when you lodge your personal tax return if your taxable income, including the payment, exceeds \$180,000. Please consult your financial advisor if you believe this may apply to you.

### Irrevocable ETP election

An ETP election is a once-off choice to have a benefit paid under the Employment Termination Payment (ETP) rules, rather than remaining in the Genuine Redundancy Account arrangement. If you wish to make an ETP election, you must submit the required irrevocable ETP election / claim form before the date of your termination of employment takes effect and provide any supporting information requested by the fund or your employer.



*When our site wrapped up and the redundancy notice came through, ACIRT processed it as a genuine redundancy, so getting the full amount in my bank account was a massive relief.*

*Not having a huge slice taken out meant I could actually take a breath and not worrying about having to pay tax on my payout."*

ACIRT MEMBER

If a valid ETP election is made, your benefit may be taxed under the ETP rules, including applicable ETP caps and concessional tax rates.

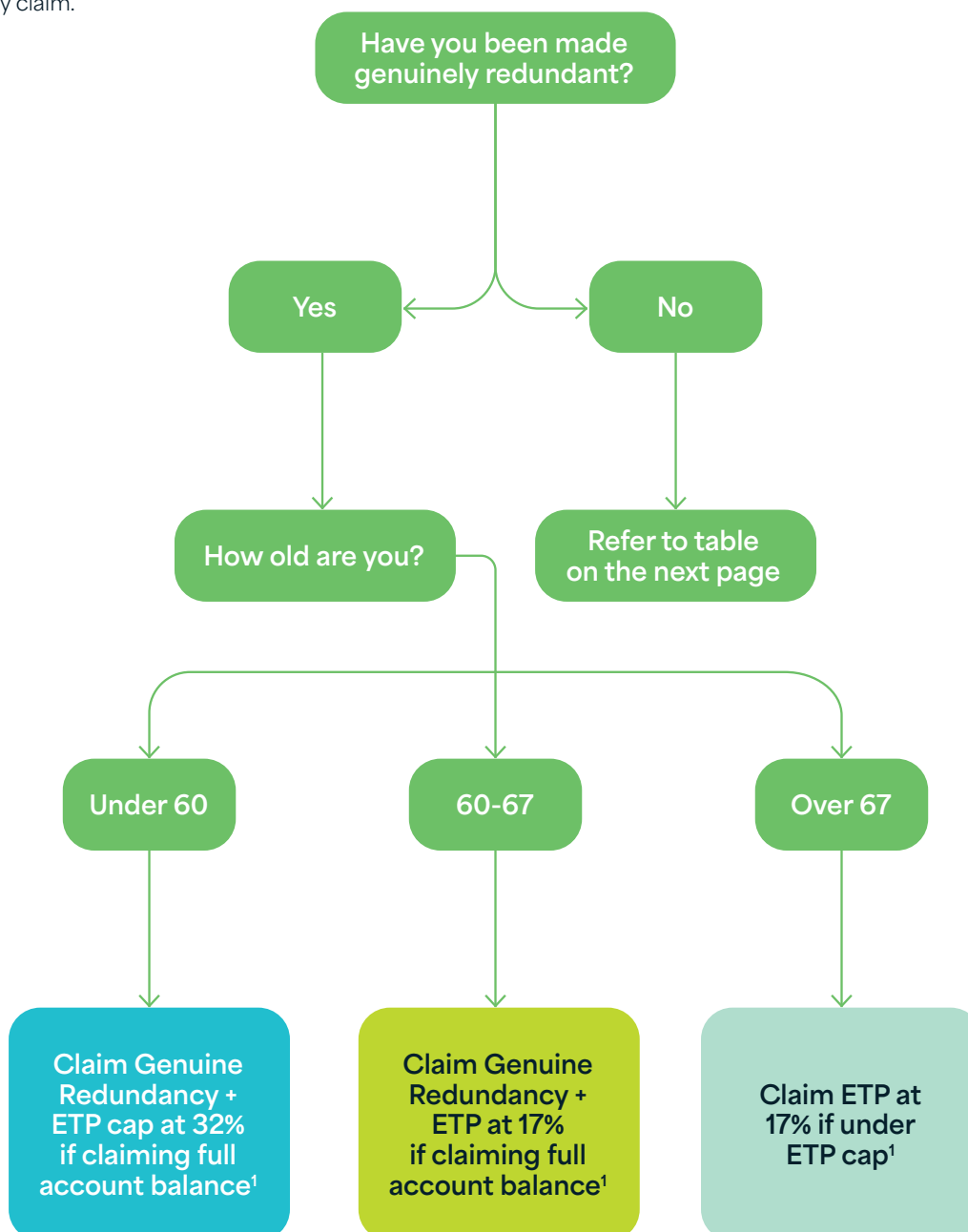
<sup>1</sup> Applicable to Genuine Redundancy, invalidity and death. ETPs paid in connection with other termination events may also be subject to the whole-of-income cap discussed separately.

<sup>2</sup> Please refer to [Schedule 11 - Tax table for employment termination payments | Australian Taxation Office](#)

<sup>3</sup> Please refer to [The whole-of-income cap and your tax | Australian Taxation Office](#)

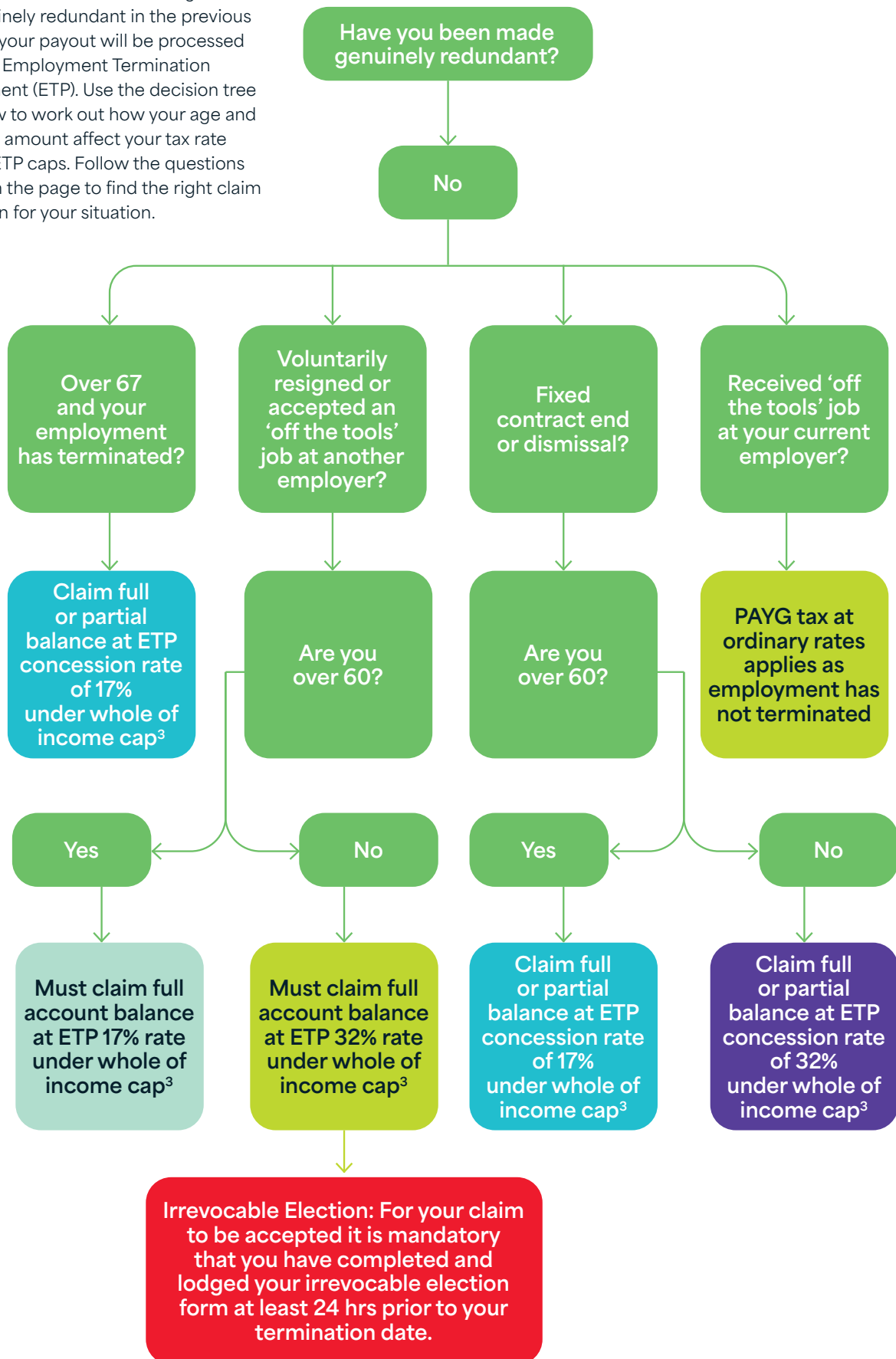
## When you can Access Genuine Redundancy & ETP Payment

Working out if your payment qualifies as a Genuine Redundancy comes down to your age and how your employment ended. Use the decision tree below to check where you stand. Start at the top, answer each question, and follow the arrows to see if you can make a Genuine Redundancy claim.



## When you can Access Genuine Redundancy & ETP Payment

If you answered '**No**' to being genuinely redundant in the previous step, your payout will be processed as an Employment Termination Payment (ETP). Use the decision tree below to work out how your age and claim amount affect your tax rate and ETP caps. Follow the questions down the page to find the right claim option for your situation.



## What is the tax-free threshold?

### The tax-free limit on redundancy payments

A genuine redundancy payment is tax-free up to a certain limit, based on the number of whole years of service you've completed with your employer.

### Calculated for the 2026/27 financial year:

| Years             | Calculation                     | Tax free |
|-------------------|---------------------------------|----------|
| Initial year      | \$13,598                        | \$13,598 |
| Initial + 1 year  | $\$13,598 + (1 \times \$6,801)$ | \$20,399 |
| Initial + 2 years | $\$13,598 + (2 \times \$6,801)$ | \$27,200 |
| Initial + 3 years | $\$13,598 + (3 \times \$6,801)$ | \$34,001 |
| Initial + 4 years | $\$13,598 + (4 \times \$6,801)$ | \$40,802 |

and so on...

### For the 2026/27 financial year, the limit is:

\$13,598 **plus** \$6,801 for each complete year of service

### Example 1

Genuine redundancy claim within the tax-free threshold

#### JIM'S CIRCUMSTANCES

- Jim has **\$10,000 in his account**.
- He is **under Pension Age 67**.
- He **has worked** with his current contributing employer for **two and a half years**.
- Jim is **made redundant** and **makes a claim**.

#### TAX-FREE THRESHOLD

$$\$13,598 + (2 \times \$6,801) = \textbf{\$27,200}$$

#### TAX CALCULATION

$$\begin{aligned} \$10,000 \times 0\% &= \textbf{\$0 tax} \\ \text{Total tax withheld} &= \textbf{\$0} \\ \text{Net payment to Jim} &= \textbf{\$10,000} \end{aligned}$$

#### OUTCOME

Jim's tax-free threshold is \$27,200.

**Because his account balance is \$10,000**, the full amount is within the **tax-free threshold** and is paid **tax-free**.

### Example 2

Voluntary termination where part of the payment receives concessional ETP rates

#### JOHN'S CIRCUMSTANCES

- John has **\$150,000 in his account**.
- He is **under age 60**.
- He resigns and **makes a valid irrevocable ETP election before his termination date**.
- He **withdraws the full claim of \$150,000** from his account

#### TAX CALCULATION

$$\begin{aligned} \$150,000 \times 32\% &= \textbf{\$48,000 tax} \\ \text{Net payment to Jim} &= \textbf{\$102,000} \end{aligned}$$

#### OUTCOME

John **pays \$48,000 as tax** at the **ETP concession rate of 32%**.

*Note: as a voluntary termination, John may also be subject to the whole-of-income cap. If John receives other income for the tax year, a higher rate of tax may be payable to the extent the ETP causes John to exceed \$180,000.*

The information provided in this Factsheet is general information and is not taxation, regulatory, accounting or legal advice. Nor is it investment or financial product advice. It is not a recommendation and has been prepared without taking into account your tax circumstances, investment objectives, financial situation or needs. You should consider consulting a qualified tax adviser before making a decision based on information contained in this document.

## ACIRT here to help

If your employees need assistance with their ACIRT, they can call one of our friendly Local Coordinators or the Contact Support Team. They provide personal, on-site support by offering:

### Site Visits and Toolbox Talks

They visit sites to talk to members and answer questions in person.



**DAVE McNAMARA**

Coordinator

P: 0490 490 714

E: dave.mc@acirt.com.au

### Claim Form Assistance

They work closely with members to help them navigate paperwork and secure the best possible tax outcomes and redundancy benefits.



**BARRY MARTIN**

Coordinator

P: 0419 775 324

E: barry.martin@acirt.com.au



**TYRONE SHARP**

Coordinator

P: 0426 291 412

E: tyrone.sharp@acirt.com.au

### Account Tune-Ups

They can help members perform an ACIRT Tune-Up, like merging multiple accounts, updating beneficiary and bank details, and recovering missing payments.

If you have questions about separation classifications or need support assisting your employees with their claims, please reach out to us.

Contact Support Team

**1800 060 467** | **acirtadmin@aaas.com.au** | **acirt.com.au**