Single Touch Payroll

All you need to know.
2018 checklist.

easipayroll

easipayroll

Learn about how to get Single Touch Payroll Compliant.

Register your interest in our upcoming seminar:

1300 266 828
payroll@easigroup.com.au

Wednesday,
February 20,
5:30pm-7:30pm

Easipayroll,
484 Albany HWY
Victoria Park

CONTENTS

WHAT IS SINGLE TOUCH PAYROLL

Single Touch Payroll (STP) will change the way employers report to the Australian Tax Office (ATO).

By 1 July 2018, the ATO will require employers with 20 employees or more to report payroll and superannuation data electronically **EVERY TIME** staff are paid instead of annual reporting.

This means businesses will be interacting with the ATO each pay event which will require a new discipline in keeping payroll tidy all year round!

To facilitate this increased reporting, businesses will be expected to purchase or upgrade their payroll software to comply.

STP will become mandatory for employers with less than 20 employees from 1 July 2019.

Businesses will be interacting with the ATO each pay event which will require a new discipline in keeping payroll tidy all year round!

REASONS FOR SINGLE TOUCH PAYROLL

Single Touch Payroll forms part of the Australian government's 'Digital Transformation Agenda'. STP is a more regular and streamlined way of receiving payroll and superannuation data from employers.

The move signifies an effort by the ATO to make the Australian tax system smarter, more automated and more efficient. The ATO is predicted to receive 100's of millions of pay events per annum via the STP gateway.

It means that the ATO will have ready access to current payroll and superannuation data all throughout the year instead of being in the dark until end of year annual reporting.

STP is a more regular and streamlined way of receiving payroll and superannuation data from employers.

BENEFITS OF SINGLE TOUCH PAYROLL

1 ⭐

SAY GOODBYE TO PRINTING

STP reporting replaces preparation, printing and delivering most annual payment summaries to current and past employees.

2 ⭐

EASIER TO MAKE CHANGES

New employees or employees with tax file number declaration changes can now be simply reported with your next pay event data.

3 ⭐

ACCESS TO MORE INFORMATION

Your current and past employees will have access to their earnings and employer reported superannuation contributions in their myGov account.

4 ⭐

LEVELLING OF THE PLAYING FIELD

Levelling of the 'playing field' is achieved with more frequent reporting. The ATO may be able to respond earlier to non-compliance than they currently can.

HOW STP WORKS

1

Employers will be able to report payments such as salaries and wages, pay as you go (PAYG) withholding and super information to the ATO directly from their payroll solution when they pay their employees.

Report to the ATO more via your payroll solution

2

Superannuation contribution payment receipts are reported to the ATO by the superannuation fund.

Direct reporting of superannuation contributions

3

Employers will have the option to invite new employees to complete tax file number declaration and superannuation standard choice forms online.

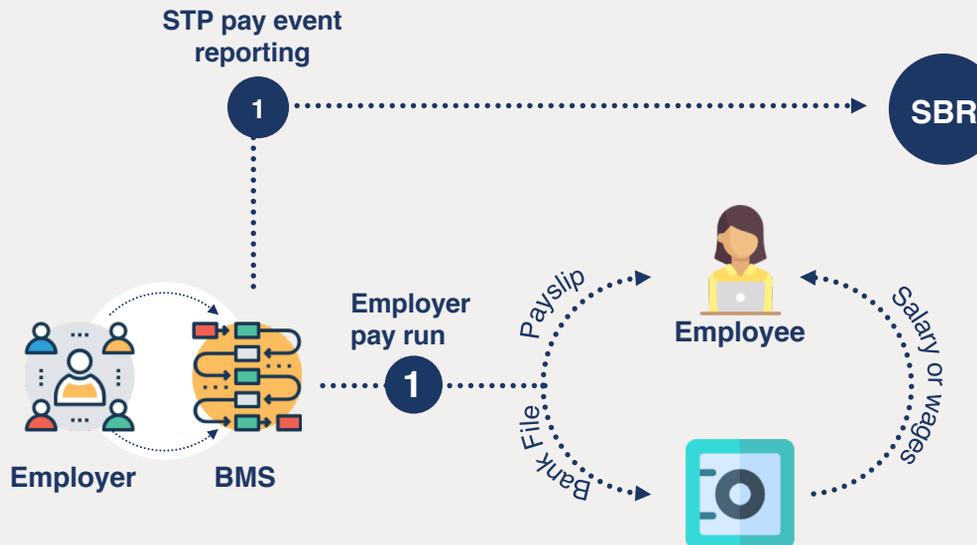**More power to employer and employee**

4

The employer may not have to provide an employee with a payment summary, where they have reported through Single Touch Payroll.

No more time consuming payment summaries

STP pay event reporting

1

SBR

Payroll Event

Employer

BMS

Employer pay run

1

Payslip

Bank File

Employee

Salary or wages

Salary or Wage information

Tax Withheld

Super Guarantee Liability

2

The employer will pay the PAYG withholding liability

BAS

myTax myGov

Employee data will be visible via ATO online services and used to prefill employee tax returns.

Employee data will be used to prefill W1 and W2 on the business activity statement (BAS)

Payroll Data

Matched Records will be allocated to accounts

WHO IS IMPACTED BY STP FROM 1 JULY 2018?

DIGITAL SERVICE PROVIDERS

Payroll service providers will need to ensure their software is compliant.

SMALL SIZED BUSINESSES

Employers with 19 employees or less (optional).

MEDIUM AND LARGE BUSINESSES

Employers with 20 or more employees (compulsory).

EMPLOYEES

Employees will need to adopt myGov to access their payroll data.

TAX AND BAS AGENTS

Agents are obliged to understand and uphold the new legislation and reporting requirements.

2018/19 SUMMARY TIMELINE

STP milestones

1 APR

COUNT YOUR EMPLOYEES

Time to determine if you have 20 or more employees. If you do, you need to report STP from 1/7/2018 if not you need to report from 1/7/2019.

STP PAYRUNS START NOW

Time to confirm with your payroll software provider that you are using updated and STP Ready software.

1 JUL

AUG

FIRST BAS WITH STP

The W1 (PAYG) will be pre-filled with your STP reported data for July.

NO ANNUAL PAYMENT SUMMARIES

For most employees reported under STP there is no requirement to provide an Annual Payment Summary.

JUL (2019)

AUG (2019)

NO ATO PAYMENT SUMMARIES

The ATO have all the information they need from STP. So there's no longer a requirement to complete an Annual reconciliation report to send to the ATO.

LEGISLATION

WHO IS OBLIGED TO REPORT?

STP forms part of the 'Budget Savings (Omnibus) Bill 2016' and requires Employers to report their employee earnings for each pay event (payrun) as that event occurs.

WHEN AM I OBLIGED TO START REPORTING?

All employers with 20 or more employees from 1 July 2018. If you have less than this, you must report from 1 July 2019 subject to legislation being passed in parliament.
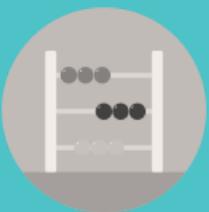
HOW DO I COUNT EMPLOYEES?

If you are close to a headcount of 20 on 1 April 2018 then please see this link to determine your exact count .

WHAT DO I HAVE TO REPORT?

Employees year-to-date earnings and SGC. Your STP compliant payroll software or payroll services provider will do this for you.

EXEMPTIONS AND DEFERRALS

The Commissioner may exempt employers from STP reporting for example where they operate from a remote location with either no or an unreliable internet service.

DEFERRALS

There will be deferrals by both businesses and software providers. If your software or payroll service provider has been granted a deferral they should provide you with their deferral reference number and deferred date. If your business will not be ready by your providers deferred date your business will need to apply for its own deferral to the ATO.

There will be a period to defer reporting under STP. **You must contact the ATO for approval.**

CLICK FOR DEFERRALS

IT IS OKAY IF YOU MAKE A MISTAKE!

STP reporting has been designed with the fact that mistakes are made.

As STP reports Year-To-Date (YTD) information fixing a mistake can be as simple as including the corrected YTD information in your next STP report (i.e. as part of the next payrun event).

If there are many or significant corrections you can choose to send an 'update event' for the relevant employees.

It is really important to correct mistakes as soon as possible as employees will have access to the YTD information from STP in the myGov portal.

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WHAT ACTION CAN I TAKE?

Being ready for STP is vital.

It will be upon us in no time. Check the ABSIA website for the payroll provider catalogue using the link below:

ABSIA WEBSITE

STP CHECKLIST

Businesses will have various processes to check and adjust to get ready. The impact on your business may reach further than the payroll department. For the latest developments and advice keep in touch with the ATO and your payroll software or service provider through social media.

ASK YOUR EMPLOYEES TO SIGN UP TO MY GOV

Now is a good time to talk to your employees about the benefits of having a myGov account. Click HERE for a link to set up a myGov account.

FOLLOW THE ATO ON SOCIAL MEDIA

The ATO is on Facebook, Twitter, LinkedIn and YouTube. If you don't already, now is a good time to follow the ATO to keep across important changes.

REVIEW YOUR PAYROLL PROCESSES

HR and Finance may need to review processes that relate to on/off boarding employees, paying their wages and reporting/paying PAYG and superannuation

FOLLOW YOUR PAYROLL SOFTWARE PROVIDER

If you are using HR3 payroll you can follow HR3 on LinkedIn, Facebook, Twitter, Google+ and YouTube. In addition our website has a dedicated STP page.

LATE STP REPORTING IS OK INITIALLY

During the first 12 months the ATO will not penalise you for late reporting unless the Commissioner writes to you that future failures may attract a penalty.

START NOW - STP WILL NOT BE DEFERRED

Unlike the ATO's introduction of SuperStream there will be no delay to the STP start dates. Prepare now and be ready.

HELPFUL RESOURCE LINKS

ATO STP:	About Single Touch Payroll
ATO STP:	Get ready for Single Touch Payroll and checklist
ATO STP:	What you need to report through Single Touch Payroll
ATO STP:	Information for employers - includes penalties, exemptions and deferrals
ATO STP:	Short video overview of Single Touch Payroll
ATO STP:	Commentary on setting the record straight on Single Touch Payroll
ATO STP:	Information for employees
ABSIA:	HR3 product listing
ABSIA:	Single Touch Payroll product catalogue
myGov:	Employees can sign in or create their account here
AusGov:	If you have time here's the Bill