



Single Touch Payroll - Time to Get Ready

MAY ISSUE

Contributed by Sam Hornick

With the deadline for all employers to be Single Touch Payroll (STP) compliant fast approaching, it is imperative to review the STP requirements to ensure you are ready from 1 July 2019.

What is single touch payroll (STP)?

STP is a change in the way payroll information is reported by employers to the ATO. It requires an employer to report year to date payroll and superannuation totals for each employee, when the employees are paid i.e. each week, fortnight or month.

Who does it apply to?

STP is compulsory for all employers, unless a deferral or exemption has been granted. It applies from:

- 1 July 2018 for employers with 20 or more employees, or
- 1 July 2019 for employers with less than 20 employees.

How do I report?

Under the STP reporting framework, employers will provide payroll and superannuation information to the ATO at the time your payroll is reported via your current payroll reporting cycle. This means employers will upload and lodge information to the ATO on the same day the pay runs are processed. You can STP report in one of three ways:

1. Report through an accounting software package that includes payroll with in-built STP reporting.
2. Have a third-party provider such as a tax agent, BAS agent or payroll provider report for you using STP enabled software or use third-party STP software to report.
3. Use a low-cost or no cost STP solution to report. These are being established for micro employers (less than 4 employees), however a number of these options are also available where you have more staff.

How do I decide which reporting method is right for me?

In choosing and/or costing a reporting option you should consider the following:

- Will your current accounting software be able to report and/or be upgraded to report?
 - It will be more efficient to prepare and report from your accounting software, as there is no data extraction or repetition required. As you can generally prepare payroll, pay employees by creating the bank file, report and pay super through a clearing house and STP report directly from the leading accounting software packages (MYOB, Xero, QuickBooks and Reckon).
 - This will save entering the same data in separate payroll and accounting packages, bank transfer creation and super clearing houses, eliminating mistakes that can be made in replicating the data across multiple platforms.

- How many employees do you have?
 - The ATO have been working to have low cost or no cost solutions for employers with less than 4 employees, which may be appropriate to you.
 - Some of these solutions require you to create an employee and then manually enter the year to date totals for each pay event. This may be appropriate where you have a few employees, but can be time intensive where you have more employees.
- How frequently will you need to report?
 - Some of the STP providers charge a subscription fee and a charge based on the number of times you report or the number of employees, so these need to be considered in finding a solution.
 - If you are outsourcing your STP reporting, employee numbers and reporting frequency will also impact the time it will take to prepare and report and consequently the cost of service, which may make it more cost effective to invest in STP enabled software instead.

What information is reported?

STP requires year to date payroll and superannuation totals to be reported for each employee, which includes:

- Salaries, wages, commissions, bonuses and allowances paid to employees or office holders;
- Director's remuneration;
- Payments to religious practitioners;
- Return to work payments;
- Employment termination payments (ETP) (life benefit);
- Payments for unused annual leave and long service leave;
- Parental leave pay;
- Seasonal Labour Mobility Program payments;
- PAYG withholding;
- Superannuation contributions.

Superannuation funds are also separately reporting when superannuation payments are paid by employers for employees.

How will the ATO use this information?

The ATO systems will match STP information to employer and employee records, providing live real time reporting of payroll data on ATO online services i.e. Business Portal for the employer and MyGov accounts for the employee.

The ATO has advised it currently intends to use STP to identify employees claiming multiple tax-free thresholds and the non-payment of super guarantee by employers.

We anticipate this will change over time as the information collected will enable the ATO to potentially assess accuracy of superannuation calculations which may result in more superannuation guarantee audits. The ATO will also be able to identify outstanding PAYG withholding amounts prior to lodgement of BAS's, so may result in earlier debt recovery action.

What if I have made a mistake?

Each STP report lodged will override the employee year to date totals with the new totals, which means any errors are easily corrected in the next reporting cycle, without having to request amendments or explain variances.



Will changes impact employees going forward?

- PAYG payment summaries will no longer need to be prepared or lodged; you will just need to review and finalise the STP data at year end by making a declaration that you have completed your reporting.
- Employees will be able to see through their MyGov accounts their live year to date payroll information and when superannuation payments are paid for them. They will then use this year to date data, once finalised to prepare their tax returns.

How do I activate my STP enabled software?

If you are currently using an accounting software platform such as MYOB, Xero, Reckon or QuickBooks, the following will assist you with ensuring you are set-up for STPR. Please note that desktop versions of software older than 12 months, such as MYOB or QuickBooks, will not be STP reporting enabled. You can contact either your software provider or us to determine which of their products are enabled for STPR.

Some payroll software may require an update to your existing software, whereas others already offer the additional service but require the STPR process to be activated within the software.

The following are links to instructions for activating STP reporting for the various STP enabled software versions:

- **MYOB Account Right** - Version 18.2 or newer are STP ready enabled. <http://help.myob.com/wiki/display/ar/Set+up+Single+Touch+Payroll+reporting>
- **MYOB Essentials** – You should receive a notice when you login to allow you to opt in with Single Touch Payroll <http://help.myob.com/wiki/display/ea/Set+up+Single+Touch+Payroll+reporting>
- **Xero** - You should receive a notice when you login to allow you to opt in with Single Touch Payroll <https://central.xero.com/s/article/Set-up-Single-Touch-Payroll-STP>
- **QuickBooks Online** - You should receive a notice when you login to allow you to opt in with Single Touch Payroll <https://quickbooks.intuit.com/au/payroll/single-touch-payroll/>
- **Reckon** - Version 2018 R2 or newer are STP ready enabled. <https://www.reckon.com/au/single-touch-payroll/resources/>

For desktop versions of the above software, we recommend you update your software when new versions are released. This way you will ensure that you always remain STP enabled.

For other accounting software not listed above, please contact our office to discuss if your software has STPR capabilities and the steps to ensure STPR is activated.

Where do I find other single touch payroll provider software?

There are an extensive number of providers in the market offering STP enabled payroll software or web-based applications to report this information. The ATO have provided a register of this software: <https://api.gov.au/productregister/> and the Australian Business Software Industry Association have also provided a catalogue if you search 'platforms ATO – STP' via the following link <https://pc.absia.asn.au/page/product-catalogue>.



Several third-party applications also look to integrate into or extract data from payroll software that is not STP compliant and report using their platforms (as sending service providers), which are also included in the above register under third party solution offerings.

Our exposure to these products has been limited, so we are not currently able to recommend a provider. However, a few that are on the ATO low cost solution list but allow more than 4 employees are:

- Gov Reports <https://www.govreports.com.au/Business.html>
- Reckon One Payroll <https://www.reckon.com/au/payroll-software/>

Where do I find a no-cost or low-cost solution provider?

If you are a micro employer with less than 4 employees you will be eligible for the low cost or no cost payroll solutions that the ATO are sourcing with software providers. A full list can be accessed here: <https://www.ato.gov.au/business/single-touch-payroll/in-detail/low-cost-single-touch-payroll-solutions/>.

When to apply for a deferral?

If you expect that you will not have the right STP reporting platform in place by the required STP reporting start date, you may need to apply for a deferral.

For employers with **20 or more employees** who are not currently reporting through STP, you should already have a deferral in place. If not, you can apply for a deferral using the business portal or have us apply for you.

For employers with **19 employees or less** who are not expecting to be ready for STP reporting by 30 September 2019 (i.e. end of the first quarter of compulsory STP reporting), you can also apply for a deferral using the business portal or have us apply for you.

Where can I get more information?

The ATO have released a detailed checklist to assist businesses with getting ready for STPR, which should be reviewed, as it contains useful information in preparing for STPR, which can be accessed at this link: <https://www.ato.gov.au/Business/Single-Touch-Payroll/Get-ready-for-Single-Touch-Payroll/>.

They have also developed detailed guidelines to assist you in understanding all of your STP reporting requirements: [Single Touch Payroll employer reporting guidelines](#).

In conclusion

We recommend reviewing your payroll processes to ensure you are correctly paying staff and superannuation entitlements, so that when you commence reporting through STP the information reported is accurate.

We also recommend reviewing the best reporting method for your business as a priority, as STP is due to commence soon. If you intend to change software the start of a new financial year is a good time to implement a change.

To find out how we can help, contact our office:

LEVEL 4, 240 QUEEN STREET
BRISBANE, QLD, 4000
general@hallchadwickqld.com.au
(07) 3221 2416