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# Are you ready for Single Touch Payroll?

**Single Touch Payroll (STP) has now arrived with the Australian Taxation Office (ATO) regularly rolling out new initiatives.**

All companies with more than 20 people on their payroll must electronically report the following to the ATO:

- Payments to employees – wage and salary payments, termination payments, bonuses.
- PAYG withholding amounts on those payments.
- Superannuation obligations – Super Guarantee (SG) liability and/or ordinary time earnings.

Employers can also include reportable employer super contributions (RESCs) and reportable fringe benefit amounts (RFBA). If an employer reports all these amounts to the ATO through STP, the employer will not be required to provide employees with a PAYG payment summary after the end of the year or provide a PAYG Withholding Report to the ATO.

## Make sure your payroll system works with STP

You need to make sure your payroll system works with STP, whether you outsource payroll to a third party or use in-house payroll software. Most digital service providers have said they are now ready, however, some have requested more time from the ATO. If you're uncertain whether your payroll software is STP-enabled you can use the Australian Business Software Industry's Association's product catalogue to check. If your software isn't listed as STP-enabled, get in touch with your software provider to ask them when it will be.

If your payroll software provider isn't STP-enabled, they will provide you with a deferral reference number and a revised start date. If your software provider is ready but you aren't, you need to apply to the ATO for a deferred start date. The first year is a transitional year and penalties will generally not apply for late lodgements or for correcting errors or omissions.

## Super fund reporting

Super funds are now required to report to the ATO contributions as they are received. Funds will be reporting the amount and type of contributions received (such as SG, salary sacrifice or personal) and contributing employer details. This means the ATO will be able to match the SG information it receives through STP to determine whether the contributions have been paid.

## Optional employee commencement service

The ATO's new service provides a link from the employer's payroll system/software to ATO online allowing a new employee to provide information online rather than on paper.

**Phase 1** of the service is available now and allows a new employee to go through the employer business management (payroll) system to provide their pre-populated tax file number (TFN) declaration and 'Choice of Fund' form. Employers then retrieve the information from the ATO (after two hours and before 28 days). Employees must have a myGov account linked to ATO online or can apply for it as part of the process.

**Phase 2** is expected to be available from the end of 2018 and allows the individual to go through myGov/ATO online to generate the forms which the employer then accesses.

**Phase 3** is planned for March 2019 and is a full software solution where the employee uses the employer's software. The ATO authenticates the individual and provides information directly into the employer's payroll software.

## Is Transact SuperStream ready?

SuperStream data standards have been introduced by the Government to improve the efficiency of the superannuation system. You can use Transact, which is our online clearing house facility to manage your employees' super contributions. Learn more about Transact and its features.

Transact is a fully compliant SuperStream solution and you continue to use it as you do now – we send your information in SuperStream format to the super funds that your employees contribute to.

Transact may require you to provide more information on your employees than you do now. You may notice some changes in the Transact screens to allow this information to be captured.

## Quick check

### What advantages does STP offer your business?

STP can improve the efficiency of payroll processes and meeting reporting obligations. Your business can save time and money by reducing duplication of work and cumbersome year-end reporting.

### What advantages does STP offer your staff?

Employee information reported to the ATO through STP and through SuperStream are uploaded as soon as practicable onto an employee's myGov account. Employees will be able to see wage and salary information, PAYG withholding, super liability and super contributions on an ongoing basis.

### Does Single Touch Payroll apply to your business from 1 July 2018?

Add up all employees on your payroll on 1 April 2018 (including those on leave) but don't count directors, contractors and any casual staff that did not work in March. If you are part of a wholly-owned group, count all employees in the group. Special exemptions apply if you have seasonal workers.

### If you have 20 or more countable employees, STP applies from 1 July 2018.

Even if you have under 20 employees, the Government has tabled legislation to extend STP to smaller employers from 1 July 2019.

### Are your payroll arrangements STP enabled?

You need to make sure your payroll system is ready, whether you outsource payroll to a third party or use in-house payroll or payroll software. Most digital service providers have indicated they will be ready by 1 July 2018, however, some have requested a deferral date from the ATO.

If you aren't ready for 1 July 2018, you (or your tax agent/BAS agent/payroll service provider on your behalf) will need to apply for a deferral from the ATO before 1 July 2018. Forms are available from the ATO website. The first year is a transitional year and the ATO won't issue penalties if you make mistakes.

### What do you have to report?

- Payroll events – gross payments to employees and year-to-date payments
- Pay events – PAYG withholding amount (including $0) and year-to-date amounts
- Employment termination payments, redundancy payments
- Superannuation Guarantee liability and ordinary time earnings
- Voluntary reporting – RFBAs and RESCs.

At this stage reporting RESCs is voluntary, however, the Government has announced it will make it mandatory to report salary sacrifice amounts.

If an employer includes fringe benefits and RESCs in their reporting to the ATO, the employer will not need to provide payment summaries to employees at the end of the year.

### How do you access the optional employee commencement service?

Talk to your payroll provider/software provider to see how your business management system can be upgraded to use the ATO link for TFN declarations and 'Choice of Fund' forms. Payroll services and software providers are currently working with the ATO to design and set up the appropriate links for clients.

**If you need more information, visit the ATO website or talk to your Workplace Solutions Manager.**