SINGLE TOUCH PAYROLL

What the switch means for you and your business.

Heath Shonhan
Partner
P: 07 3222 9754
M: 0409 003 309
E: hshonhan@bris.bentleys.com.au

Hasitha Samaratunga
Manager, Technology & Business Systems
P: 07 3222 9747
M: 0413 706 473
E: hsamaratunga@bris.bentleys.com.au

SINGLE TOUCH PAYROLL

Bentleys
THINKING AHEAD

WHAT IS IT?

The shift to Single Touch Payroll (STP) is a national change in payroll reporting standards introduced by the Australian Taxation Office. It requires that an employer's payroll software automatically sends payroll information to the ATO when employees are paid.

STP should make the payroll reporting process easier, clearer and more efficient for all parties. The initiative aims to eliminate a large portion of the manual administration involved in payroll reporting.

What information will be sent?
An STP-enabled system will send the following information to the ATO each time an employee is paid:

- salaries and wages
- allowances
- deductions (e.g. workplace giving) and other payments
- pay as you go (PAYG) withholding
- super information

WHY IS IT HAPPENING?

STP is being introduced as a way to streamline the management of national payroll information. Using automation is expected to drastically improve the accuracy, transparency and timeliness of the ATO's payroll data.

While the switch to STP is primarily to improve the precision of information for the ATO, it was also designed to benefit those in the workforce.

Benefits for employees
For employees, STP automation will mean:

✓ Increased visibility of payroll information – ability to easily view: total year to date salary and wage income, PAYG withholding amounts and accumulated super guarantee contribution amounts.

✓ Greater confidence that employee taxation obligations are being met.

✓ More efficient commencement process for new employees (pre-filled documents and forms through MyGov).

Benefits for employers
For employers, STP automation will mean:

✓ Employers will no longer be required to provide payment summaries to employees at the end of the financial year.

✓ Greater confidence that employer taxation obligations are being met.

✓ More efficient commencement process for new employees (pre-filled documents and forms through MyGov).
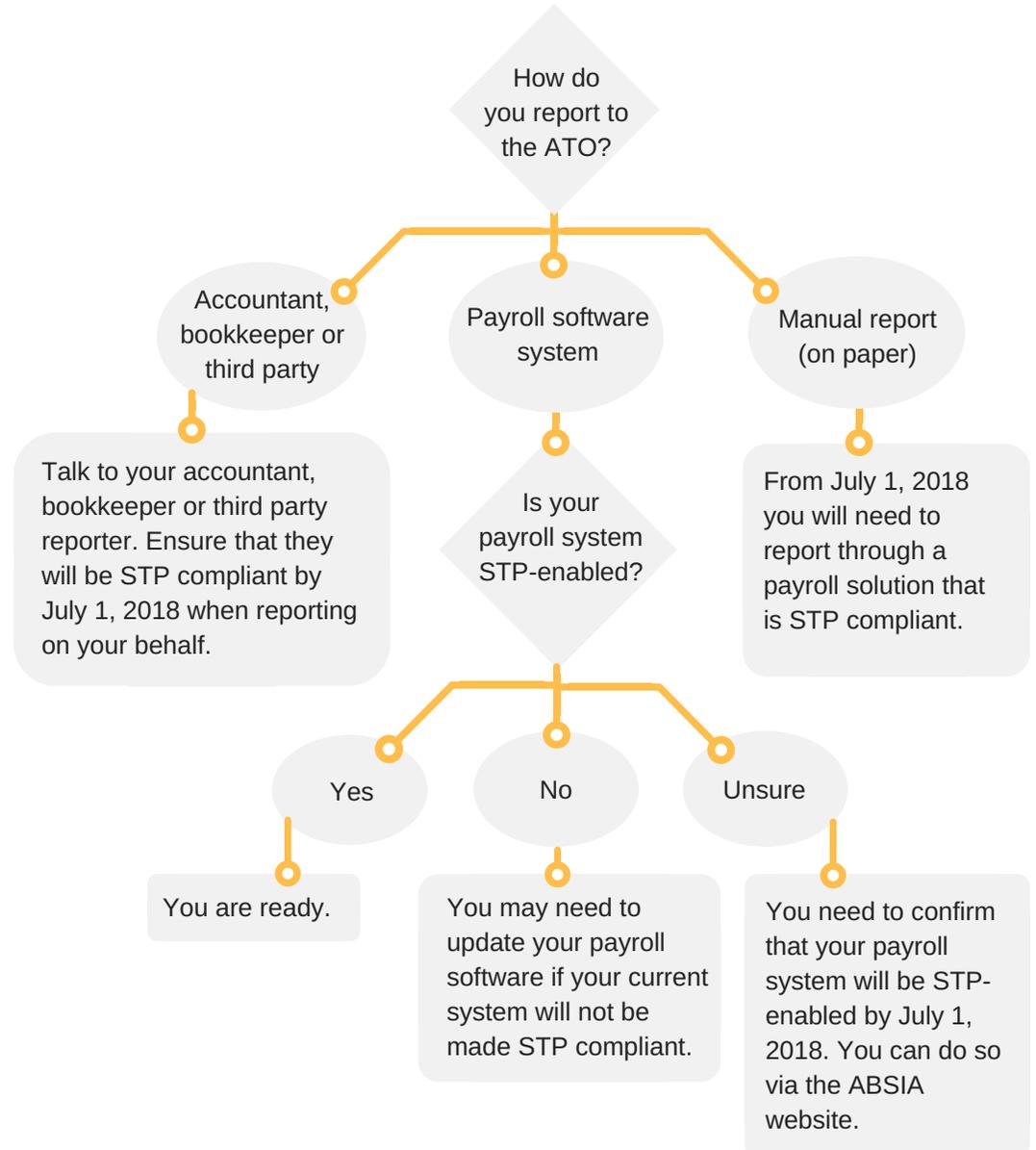
✓ Simplified business reporting.

GETTING STP READY

Bentleys
THINKING AHEAD

FOR EMPLOYERS

1 **Check your business size.**
If you have more than 20 employees on April 1, 2018 – you are a 'substantial' employer, and will need to be STP-ready by July 1, 2018.

2 **Check your reporting capabilities.**
Use the flowchart to the right to determine if your reporting is ready for the STP switch.

3 **Engage with your staff about STP.**
Ensure your employees understand the implications of STP, and direct them to the MyGov website to create an account.

4 **Review the current data in your payroll system. Check:**

- All names, addresses and DOB records are up-to-date and correct.
- Additions and Deductions are set up in accordance with ATO guidelines.

FOR EMPLOYEES

STP does not require any action from employees. To enjoy the full benefit of the switch, it is recommended that employees create a MyGov account if they do not have one already.

How do you report to the ATO?

Accountant, bookkeeper or third party

Payroll software system

Manual report (on paper)

Talk to your accountant, bookkeeper or third party reporter. Ensure that they will be STP compliant by July 1, 2018 when reporting on your behalf.

Is your payroll system STP-enabled?

From July 1, 2018 you will need to report through a payroll solution that is STP compliant.

Yes

No

Unsure

You are ready.

You may need to update your payroll software if your current system will not be made STP compliant.

You need to confirm that your payroll system will be STP-enabled by July 1, 2018. You can do so via the ABSIA website.

IMPORTANT INFORMATION

IS MY PAYROLL SYSTEM STP COMPLIANT?

To check if your payroll system is updated (or in the process of updating), you can use the Australian Business Software Industry Association (ABSIA) website.

1. Visit: https://www.absia.asn.au.
2. Click on the Product Catalogue tab.
3. Search for STP functionality under 'Functions'.

LENIENCY DURING THE TRANSITION PERIOD

While making the shift to Single Touch Payroll should be straightforward, the ATO has declared the first 12 months as a *transition period*. This means that during the first year, employers will be exempt from an administrative penalty for failing to report on time.

Exemptions and Deferrals
Some exemptions and/or deferrals may also be granted from STP reporting if:

- You are located in a rural area with no reliable internet connection.
- You are classed as a substantial employer only for a short period of the income year (e.g. due to harvesting activities).
- You have been impacted by circumstances outside of your control which prevent you from meeting compliance this year (e.g. natural disaster).
- Your payroll solution will not be ready for Single Touch Payroll reporting by July 1, 2018.

For more information on Single Touch Payroll and what it means for you and your business, visit www.ato.gov.au.

KEY DATES

APRIL 1, 2018

Employers conduct a headcount to determine if they are a 'substantial' employer. Substantial employers will need to ensure that they are STP-enabled this year.

JULY 1, 2018

STP start date for substantial employers (20 or more employees as at 1 April 2018).

JULY 1, 2019

STP start date for employers with small employers (19 or less employees as at 1 April, 2018).

Bentleys®
THINKING AHEAD

Accountants
Auditors
Advisors