



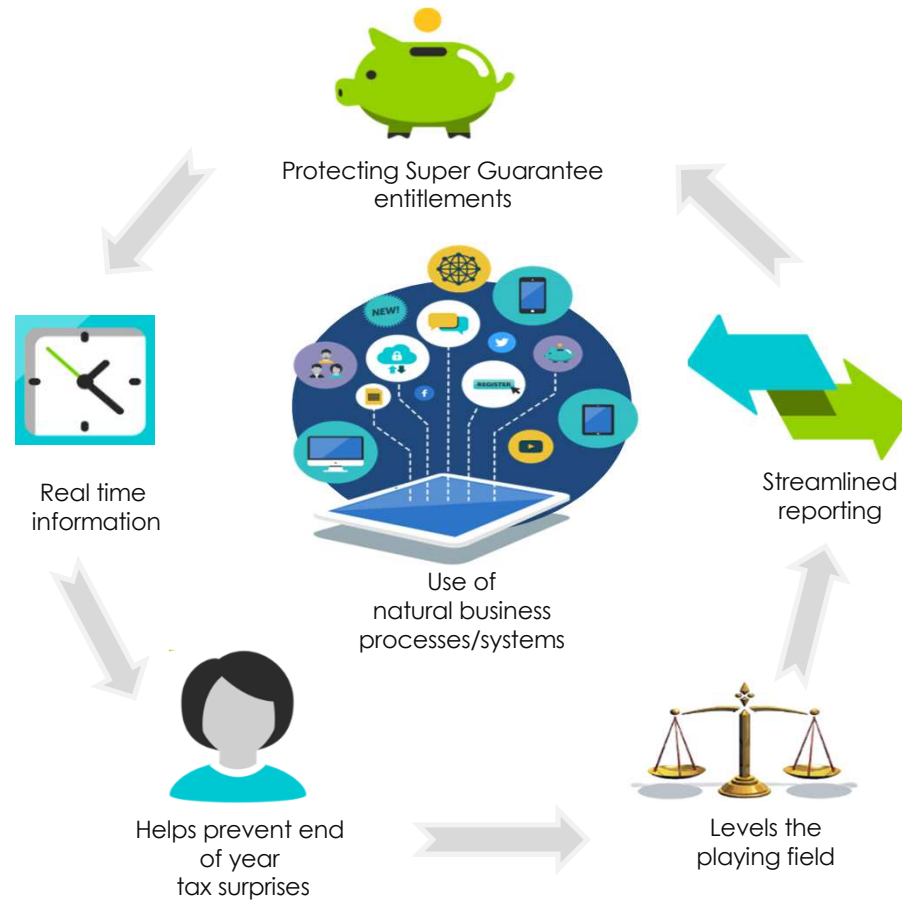
**Australian Government**  

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**Australian Taxation Office**

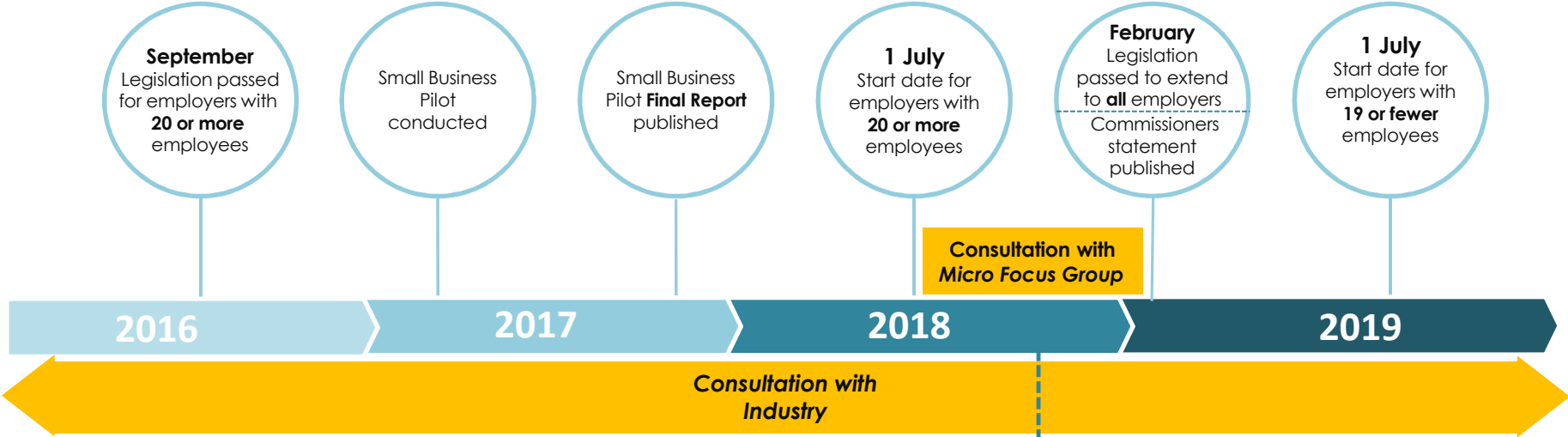
# Single Touch Payroll

# Why Single Touch Payroll?



Australian Taxation Office Unclassified

# Background



**What we heard:**

- Cost
- Non-digital employers
- Some are heavily reliant on their registered agents
- Closely held payees

How is it is progressing

# Progress update

\*As of 03/06/2019

**121K+**

Employers now reporting



**53K+** substantial employers

**68K+** small employers

**7.2M+**

information in



employees can see their STP



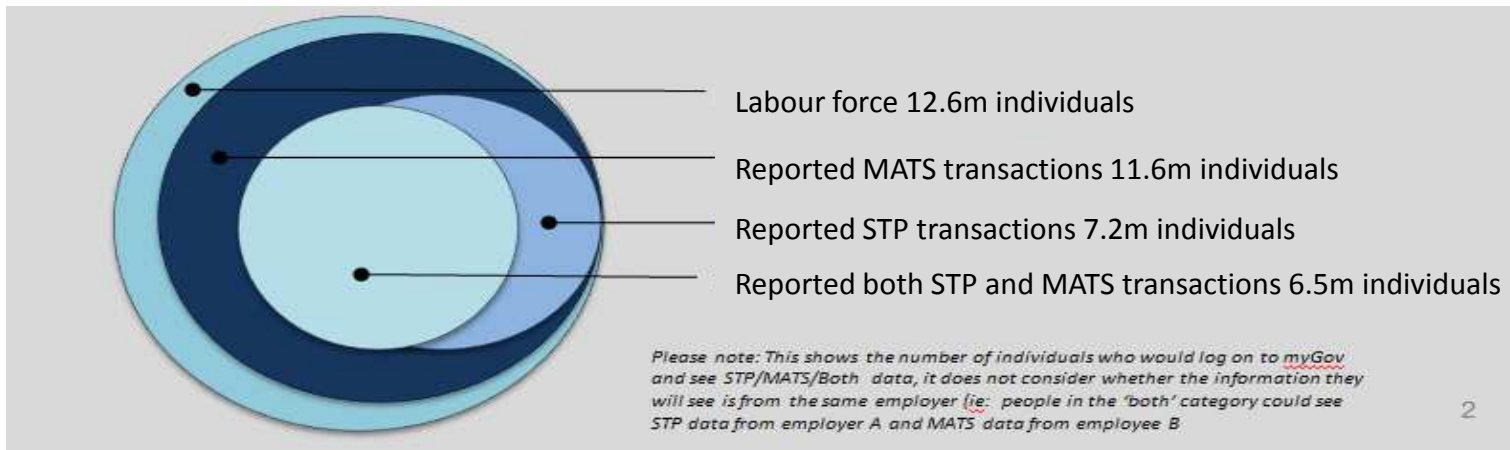
**Employee Commencement**

services now deployed

# STP and MATS data overlap

**As at 3<sup>rd</sup> June 2019**

- 6.5m individuals have both MATS and STP data reported (*note: in some cases this may not be for the same employer*)
- 713k individuals with reported STP transactions have not yet had MATS transactions reported.
- 4.3m individuals have reported MATS transactions and no STP reporting.

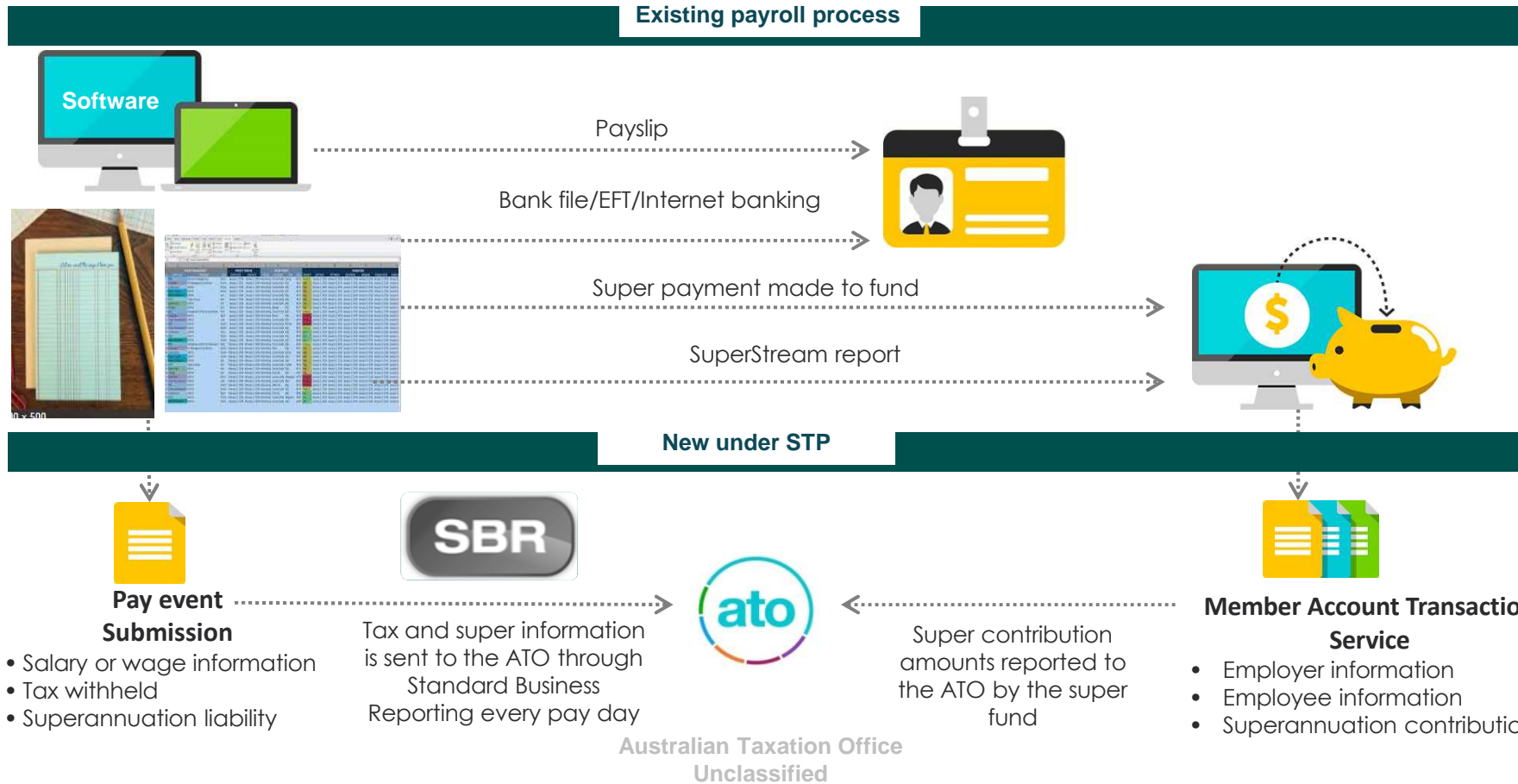


Date	STP	MATS	BOTH
03/06/2019	7,261,030	11,610,824	6,547,669

Single Touch Payroll

How does it work?

# How Single Touch Payroll works





# Correcting a payroll event report

- ✓ Must report within **14 days** of detection
- ✓ **Rollover Correction** - report at next pay cycle
- ✓ **Update event**
- ✓ **Full file replacement** - for **significant** errors



## \*Out of cycle payments

Employers can either submit a pay event on that day or in their next pay cycle.

## How will EOFY be different?

If employers normally reconcile at year end, they can still do that

Instead of providing a payment summary and lodging a Payment summary annual report, employers need to submit a 'Finalisation Declaration' through an STP-enabled solution

If you commenced reporting this year, the due date for finalisation is 31 July.



*Employers will need to provide a payment summary for any payments not reported through Single Touch Payroll i.e. employee share scheme*

# Example – income statement

Tax agents acting on behalf individuals will also have access to the income statement

*Menu path – Client in focus > Lodgments > Client Reports > Pre-generated reports – STP – View income statements*

The screenshot shows the Australian Taxation Office online services interface. The user is logged in as Marilyn. The page displays the 'Income statements' section for the current year (2018-19). A table lists the income and tax for the current year, with a red circle highlighting a dropdown arrow next to the tax amount (\$50,267.00). The status 'Tax ready' is displayed next to the employer information.

Employer	Income	Tax
U (NSW.ACT)	\$157,143.56	\$50,267.00
<b>Total</b>	<b>\$157,143.56</b>	<b>\$50,267.00</b>

Year to date

Income statement will display as “Year to date” **during the financial year**

Not tax ready

Income statement will change to “Not tax ready” **on 1 July**

Tax ready

Income statement will change to “**Tax ready**” once the employer has made the **finalisation declaration**

# Pre-fill reports

**Type of payment summary:** INB STP unfinalised income statement  
**Single Touch Payroll Status:** Unfinalised  
**Available for pre-filing:** 28/08/2019  
**ABN:** 345987123/1  
**Employer's name:** SLACKPACKER'S (Type H)  
**Employer's BMS ID:** SLACK98247 Farm  
**Period from:** 01/07/2018  
**Period to:** 30/06/2019

Description	Type	Tax withheld	Income	Label
Gross payments			\$16,233.00	
Total tax withheld		\$3,633.45		
Allowances			\$23.00	

← Unfinalised data won't be mapped to an ITR label

**Type of payment summary:** INB STP finalised income statement  
**Single Touch Payroll Status:** Finalised  
**Available for pre-filing:** 14/08/2018  
**ABN:** 13200330520/1  
**Employer's name:** MY EMPLOYER & CO (Type S)  
**Employer BMS ID:**  
**Period from:** 01/07/2018  
**Period to:** 30/06/2019

Description	Type	Tax withheld	Income	Label
Gross payments			\$111.00	1
Total tax withheld		\$11,003.00		1
Allowances			\$52,632.00	2
Lump sum A	Type T		\$156.00	3R
Lump sum B			\$25.00	3H
Lump sum D			\$143.00	
CDEP			\$11.00	5
Lump sum E			\$154.00	24Y
Other income			\$512.00	
• Amount may be declared at various tax return labels depending on the circumstances of payment.				
Total tax withheld		\$456.00		24E
Exempt foreign employment income			\$7,890.00	20N
Reportable fringe benefits			\$114.00	IT1N

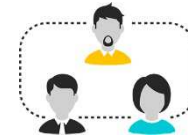
Focus

Helping employers get it right

# Our engagement approach



**Shared understanding of the Data**



**Purposeful Engagement**



**Two way interaction**



**Allowing time for self correction**

# What we are seeing in the data

We have identified some common themes in the data we are receiving through STP

- Gateway issues i.e. SSID Linking issues
- Incorrect employee information ie incorrect TFN
- STP reports submitted after legislated due date
- Multiple STP file submissions'
- Some employers are using multiple BMS (software) IDs

Transitioning

Small employers



# Report now - why go early?

Six good reasons for a small employer to start reporting early rather than defer:

1

Take advantage of the STP enabled products now on the market

2

Get improved insights and management of your withholding, tax and super liabilities

3

Fix any tax reporting issues as you go and avoid end of quarter re-work

4

Obtain maximum protection from Failure to Lodge penalties

5

Avoid un-necessary paperwork such as having to issue payment summaries

6

Get it done now and you don't have to come back later

# Tailored Solutions

We consulted with a tax practitioner and industry representative group to explore practical solutions for helping small and micro employers transition to STP - especially those with little or no digital capability.

The group targeted **four needs** associated with micro employers (1-4 employees) with low digital capability:



**Low/no cost** reporting solutions  
(\$10 or less per month)



**Simplified** reporting requirements  
(limited set of fields)



Transitional relief by way of **deferrals**  
and/or **exemptions**



Transitional relief by way of **quarterly**  
**reporting** until 30 June 2021

Australian Taxation Office  
Unclassified

# Closely held payees

A Closely Held payee is one who employs payees who are directly related to the entity from which they receive payments, for example:



Family members of a family-owned business



Directors or shareholders of a company



Trustees or beneficiaries of a trust

# Reporting closely held payees

We will support small closely held employers to transition to STP by:



**Exemption** for closely held payees for 2019-20 financial year.

Closely held payee reporting will need to commence **1 July 2020**.



**Extended finalisation due date** (the due date of the income tax return) for the closely held payees.

In line with **existing concessions** for Pay As You Go (PAYG) Payment Summaries.



**Quarterly pay event** period for closely held payees.

**Arms-length** employees will need to be reported **each pay day**.



**Topic based webinar** on reporting closely held payees was held on 5 March  
View it here:

[ato.gov.au/newsandeventsandresources](https://ato.gov.au/newsandeventsandresources)

Requesting

More time and exemptions

# Deferrals and exemptions



If an employer can commence reporting before **30 September 2019**, there is no need to apply for more time



An **online** deferrals an exemption form is available to apply for more time



A majority of requests will be accepted in **real time** without the need for further assessment



Things to consider:  
Are all lodgments and payments  
**up to date?**  
*(or subject to a deferral/payment plan)*

Checklist

# Getting ready for Single Touch Payroll

# STP Engagement Authority

- Per submission
- Has to be in writing or confirmation/tick-box
- Appropriate delegation has to be in place (internal process)
- Standing authority will not suffice \*unless eligible for STP engagement authority
- Validation against Registered Agent Number



## **STP Engagement Authority**

If the above reasons are too onerous, one option would be to consider if you are eligible for the STP Engagement Authority



# What you need to do

You will need to make sure you have taken the following steps before you report through STP for your clients.


1. Be a registered agent
2. Be linked to your client
3. Notify us of your unique software ID

# The get ready checklist

- 1 Determine how you will report through STP
- 2 If you use payroll software, talk to your provider
- 3 Apply for more time if you need it
- 4 See our Single Touch Payroll employer reporting guidelines
- 5 Update or install your software when its ready
- 6 Talk to your staff about STP



# Where to find out more




Topic based  
webinars




ato.gov.au



Articles



Events



Speak with  
your provider

