

WHAT IS SINGLE TOUCH PAYROLL (STP)?

Single Touch Payroll is a new way for all employers to report tax and super information to the ATO.

It starts from 1 July 2019 for employers with 19 or less employees. Larger employers started on 1 July 2018.

Employers will need to report the following information through an STP ready solution (payroll software):

- Payments to employees (i.e. salaries and wages)
- pay as you go (PAYG) withholding

The way you pay your employees won't change, however you will be sending the ATO information each time you pay them.

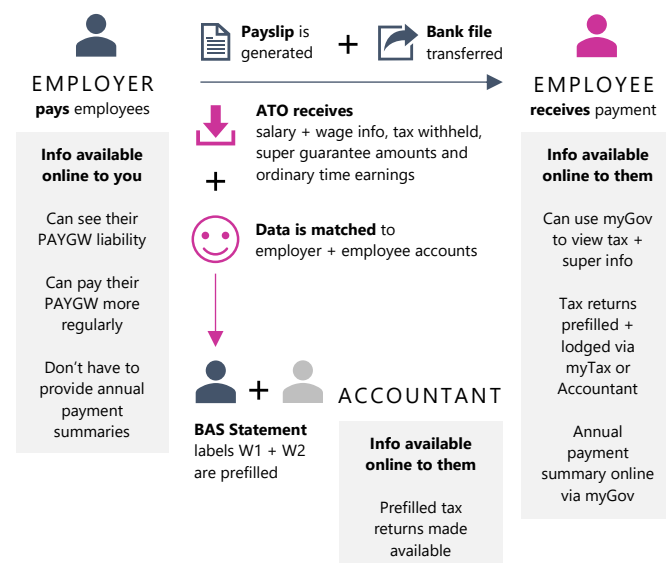
Employer must start reporting any time from 1 July to 30 September 2019. If you can't start reporting by this time, you'll need to apply for a later start date. An online tool to help you do this will be available on the ATO website in April.

HOW TO BE STP READY

1. **Does your payroll software support STP reporting?** If you are unsure, contact us immediately and we can help you review your business accounting and payroll systems.
2. If you **don't use payroll software** you can choose an **STP ready solution** or request that PSZ report through an STP ready payroll solution on your behalf.
3. If you have **1-4 employees** you can choose a low-cost STP solution. Find out more at ato.gov.au/STPsolutions



HOW STP WORKS



YOUR STP CHECKLIST

With a tight deadline of 1 July 2019, and STP impacting many parts of your business, not just your payroll software, we have prepared the following checklist to make this transition as easy as possible.

Under STP, your payroll information is being sent electronically to the ATO with every pay run. It is this direct connection to the ATO that is new and requires all payroll systems to be upgraded.

TECHNOLOGY

- Ask your payroll software provider how they will offer STP reporting – through an update to existing software, or an additional service?
- When is STP reporting going to be ready for you to use?
- Do they have a deferred start date? If they do, ask for the deferral reference number. You will need this to apply for your own deferral if you choose to stay with this provider.
- Find out what support they will offer you to help your transition to STP.
- Once you have selected your STP solution, in your ATO Access Manager nominate your hosted STP provider.
- Subscribe to their mailing list or blog so you get all updates being communicated.

Avoid incorrect submissions to the ATO by reviewing your payroll data for accuracy.

DATA

- Check you are paying your employees correctly. Including PAYG withholding calculations, overpayments, year-to-date is captured accurately, pay codes and tax scales are correct.
- Check you are calculating your employees' super contributions correctly.
- Check your SuperStream solution is compliant and you have the correct employee and super fund setups.
- Check your payroll records match the ATO, and all employee data is up to date and correct. Including names, addresses, TFNs and dates of birth.

In addition to reviewing your payroll software, it's important to review and understand which payroll processes will be impacted.

PROCESSES

- PAY DAY – A "pay event" must be submitted to the ATO on or before pay day.
- CORRECTIONS – How will you fix errors in your ATO reports such as overpayments or misclassifications?

- NEW EMPLOYEES – Including start dates and TFN declarations in your pay events.
- TERMINATIONS – Including cessation dates in your pay events, and when you can send "finalisation declarations".
- YEAR-END – Exemptions from issuing payment summaries and PAYG withholding annual report if you make finalisation declarations via STP reporting.
- QUARTERLY BAS – Labels W1 and W2 are prefilled when reporting via STP.
- TRANSITIONING TO STP – How to start STP reporting during a financial year?

STP not only offers benefits to employers, but also employees such as eliminating payment summaries and TFN forms, ensuring super is paid and reducing welfare and tax fraud. To unlock some of these benefits, employees will need to be registered on myGov and linked to the ATO.

EMPLOYEES

- EMPLOYER – Are you registered on myGov? If not, do so to understand the process before asking employees to.
- EDUCATE – Let your employees know what STP is and how it will benefit them using our Employee Guide.
- EMPLOYEES – Ask them to register on myGov and link to the ATO and provide them our STP Employee Guide.

ONCE YOU START USING STP

- You won't need to provide an end-of-year payment summary to employees.
- STP will allow the ATO to better assist you meet your PAYG withholding and superannuation obligations.
- You may have an option to use a new streamlined, prefilled employee commencement process through myGov.

WANT TO KNOW MORE?

For further information or assistance in reviewing your payroll software solutions and processes to ensure you are ready for the 1 July 2018 deadline, please contact our team of experts today!

psz | Accounting

Unit 9 Subi Strand 21 Roydhouse Street
SUBIACO WESTERN AUSTRALIA 6008
T 08 6365 9000 | E admin@psz.com.au