

Single Touch Payroll Update

Single Touch Payroll (STP) was introduced on 1st July 2018 for all businesses with 20 or more staff (substantial employers). Subject to a Bill being passed by the Government, STP is set to be rolled out in stages to smaller organisations with less than 20 employees as at 1 July 2019.

Whilst there are still elements of the STP rollout for smaller organisations that need to be defined by the ATO, what is clear is that you need to be aware of what STP is, and what it will mean for you into the future.

What do you need to know?

STP will require you to have your payroll transaction data transferred to the ATO each time your employees are paid. This may require you to use a software solution that will transmit the data to and from the ATO on your behalf.

This payroll or reporting system must be STP Compliant, so that each pay cycle you can report the following items to the ATO:

- each employee's name and tax file number (TFN)
- gross amount paid
- tax withheld on the gross
- ordinary time earnings for the period, and
- any superannuation guarantee obligations.

The ATO will then report to you each month or quarter the correct amount of PAYG tax withheld to pay in your activity statement. Also, each quarter there will be information available regarding your superannuation obligations to either pay the ATO clearing house or your independent provider.

As part of the new regime, the reports and liabilities owing will be available to you in real time. This means that, if you wish, you will be allowed to make payments towards PAYG tax withheld and superannuation contributions in your pay cycle before the due date.

If your system is already automated with reports that can provide the information listed above for every pay cycle, all you need to do is confirm if your product is STP compliant.

However, if your system is still manual it is now time to discuss and review your internal processes. The STP regime is mandatory for employers of more than 20

staff from 1 July 2018, and will most likely be mandatory for all employers by 1 July 2019.

Our advice is to become STP ready to avoid any fines or penalties in the future from the ATO. In the event that you need a solution or just want your system reviewed, we are happy to help by advising a suitable cost effective solution.

We are here to help you through the process if you need it. Please do not hesitate to contact our office for support.