



INFORMATION SHEET

Workplace Services

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ATO – SINGLE TOUCH PAYROLL UPDATE

This information sheet provides an update to HIA members about the implementation of the new Single Touch Payroll system that changes the way employers report taxation information to the Australian Taxation office (ATO).

What is Single Touch Payroll?

Single Touch Payroll (STP) requires that when employers pay employees their salary or wages, superannuation payments and PAYG withholding amounts are automatically reported to the ATO as part of payroll processing.

The STP does not change dates for payments to the ATO however employers may choose to pay their PAYG withholding at the same time they pay their staff. This may have cashflow implications.

The STP data will allow the ATO to pre-fill the PAYG amount on your Business Activity Statement.

As part of STP, employers will also no longer be required to submit an annual PAYG report to the ATO and may no longer need to provide payment summaries (group certificates) to employees. Employers will be required to lodge a finalisation declaration at the end of each financial year. Once this is completed employees will have access to their payroll information via their myGov account and this information should be pre-populated in their taxation return.

A failure to lodge in the approved form will attract an administrative penalty.

This system is being implemented gradually and not all employers are yet required to use the system. It is important however that all employers make themselves aware of the STP system as they will have to use it in the near future.

When does it start?

As of **1 July 2017**, any employer regardless of size can voluntarily use STP. Your payroll system may be STP compatible and you could elect to use the system now. The ATO may be contacting employers soon to encourage them to start using STP voluntarily.

From **1 July 2018**, STP became compulsory for 'substantial employers' with more than 20 employees. There is a process to apply for deferral if there are good reasons why you cannot start STP reporting.

DISCLAIMER - The above is intended to provide general information in summary form. The contents do not constitute specific advice and should not be relied upon as such. Formal specific advice should be sought by members with respect to particular matters before taking action.

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The number of employees you had on **1 April 2018** will determine if you have 20 or more employees for commencement purposes. This is a head count of employees, and not a count of full time equivalent employees.

From **1 July 2019**, employers with 19 or less employees will also be required to use STP. The process for applying for a deferral should also apply to these employers.

There may be special arrangements for micro employers (1-4 employees) which allow them to have their registered tax agent report quarterly to the ATO on behalf of the micro employer.

What do you need to do next?

Employers with 20 or more staff must ensure their payroll system is STP enabled. This may involve additional cost to change to an ATO compatible software based payroll system. If you have not yet started using STP you must seek urgent assistance or apply for a deferral if you have not already done so.

Employers with 19 or less employees should now start preparing to use STP. It is recommended that members check with their payroll system provider and their accountant to determine whether they are ready to use the STP system and make arrangements to prepare for STP.

The Australian government has announced that employers will not be forced to purchase payroll software with STP compatibility. Instead software developers have been invited to develop software that may be used by employers for STP at a cost of \$10 or less per month. The ATO has published on its website at <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/Low-cost-Single-Touch-Payroll-solutions/> a list of software providers that intend to provide software for this purpose.

Deferral process

There is a process for applying for a deferral of commencing STP. The ATO website lists some reasons as being factors that will be considered by the ATO.

- are unable to get ready by your software provider's deferred start date
- are transitioning to a new STP-enabled solution
- are using a customised payroll solution and you need time to configure and test your updated product
- have complex payroll arrangements and need additional time to transition to STP
- have entered administration or liquidation
- have been impacted by a natural disaster
- are affected by other circumstances which are out of your control.

Further information about this process is available on the ATO website. You should get advice from your accountant or payroll service provider before making any application for a deferral.

Should you require further information on this topic then please call a HIA Workplace Adviser on 1300 650 620.