

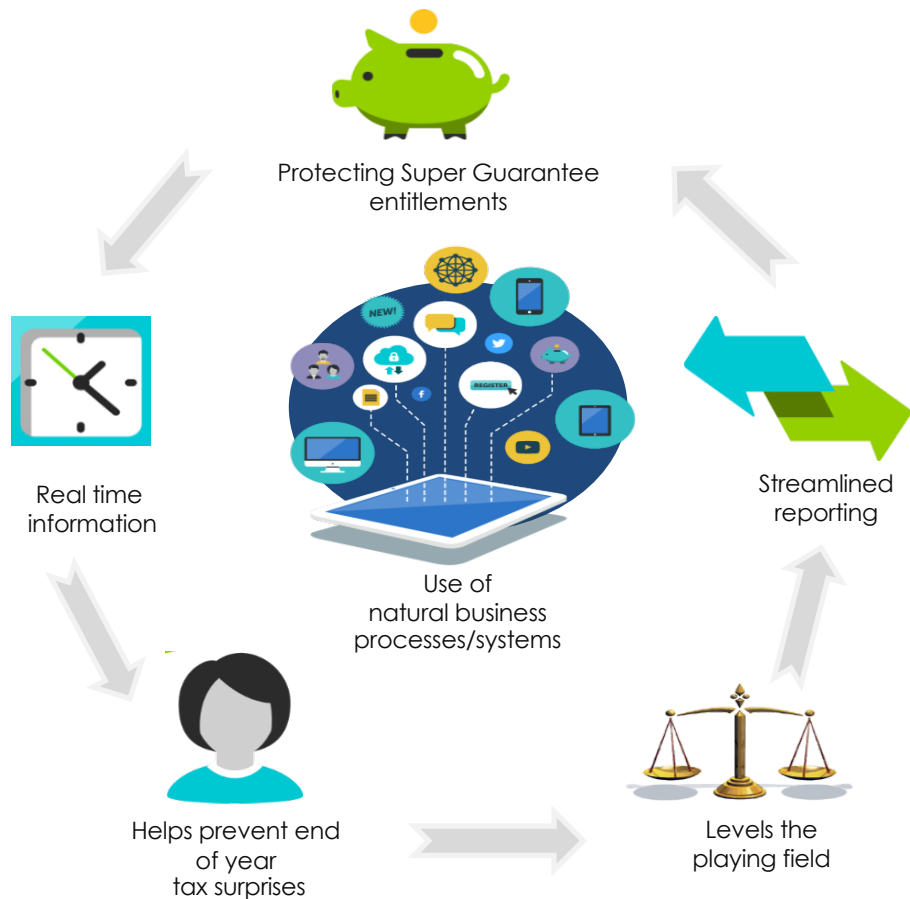


Australian Government

Australian Taxation Office

Single Touch Payroll

Why Single Touch Payroll?



Progress update

*As of 28/05/2019

111K+

Employers now reporting



52K+

substantial employers

59K+

small employers

7M+

employees can see their STP
information in

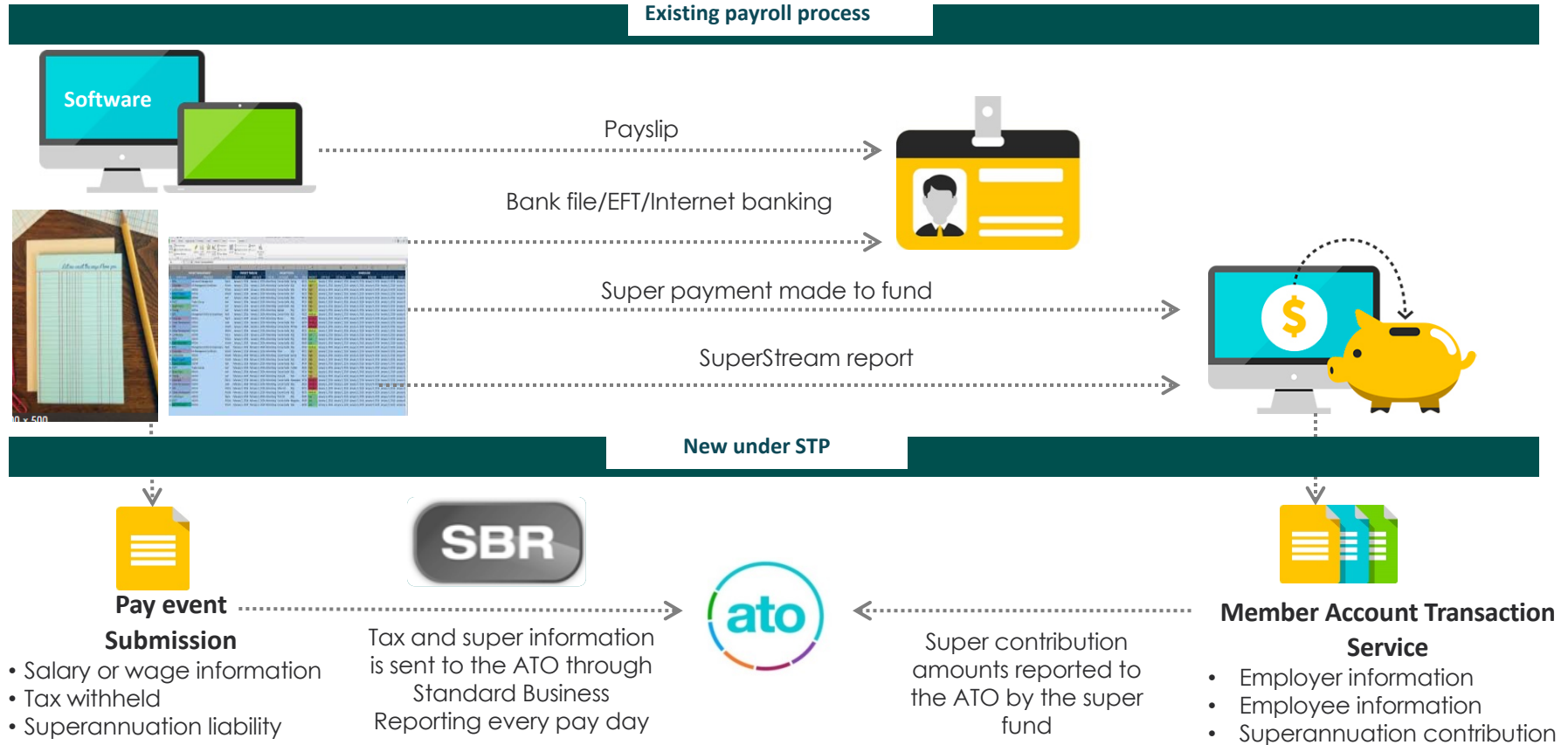


Employee Commencement
services now deployed

Single Touch Payroll

How does it work?

How Single Touch Payroll works



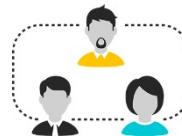
Focus

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

- Software id notifications
- Incorrect employee information ie incorrect TFN
- STP reports submitted after pay day
- Multiple STP file submissions
- Some employers are using multiple BMS (software) IDs

Single Touch Payroll

Tax Time 2019

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

Income statements | Australian Taxation Office Online Services - Internet Explorer

Australian Government
Australian Taxation Office

TFN, ABN, WFN, EIN or name

View client list Advanced search

My practice Reports and forms Communication

MARILYN TFN Add to favourites

Summary Profile Accounts and payments Lodgments Super Business

Income statements

The employers listed below have reported payroll information. When using this information to prepare your tax return, note:

- > 'Tax ready' means this statement is complete and will be pre-filled in your tax return.
- > 'Year to date' or 'Not tax ready' means the statement may be incomplete and must be checked before it is used. Your employer has until 31 July to finalise the information.
- > If you believe the amounts are incorrect, you should contact your employer.

Current History

Income details for the current and previous year that the employer has reported through Single Touch Payroll.

2018-19

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

Expand for more detail

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

Gross payments

Total tax withheld

Allowances

Type

Tax withheld

Income

Label



Unfinalised data
won't be mapped
to an ITR label

\$16,233.00

\$3,633.45

\$23.00

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

Gross payments

Total tax withheld

Allowances

Lump sum A

Lump sum B

Lump sum D

CDEP

Lump sum E

Other income

- Amount may be declared at various tax return labels depending on the circumstances of payment.

Total tax withheld

Exempt foreign employment income

Reportable fringe benefits

Type

Tax withheld

Income

Label

\$111.00

1

\$11,003.00

1

\$52,632.00

2

Type T

\$156.00

3R

\$25.00

3H

\$143.00

\$11.00

5

\$154.00

24Y

\$512.00

\$456.00

24E

\$7,890.00

20N

\$114.00

IT1N

Transitioning

Small employers

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

What we expect from small employers

Engagement with us about how and when an employer will implement STP.

This can be done by either:



Starting to report now
(before 30 September)



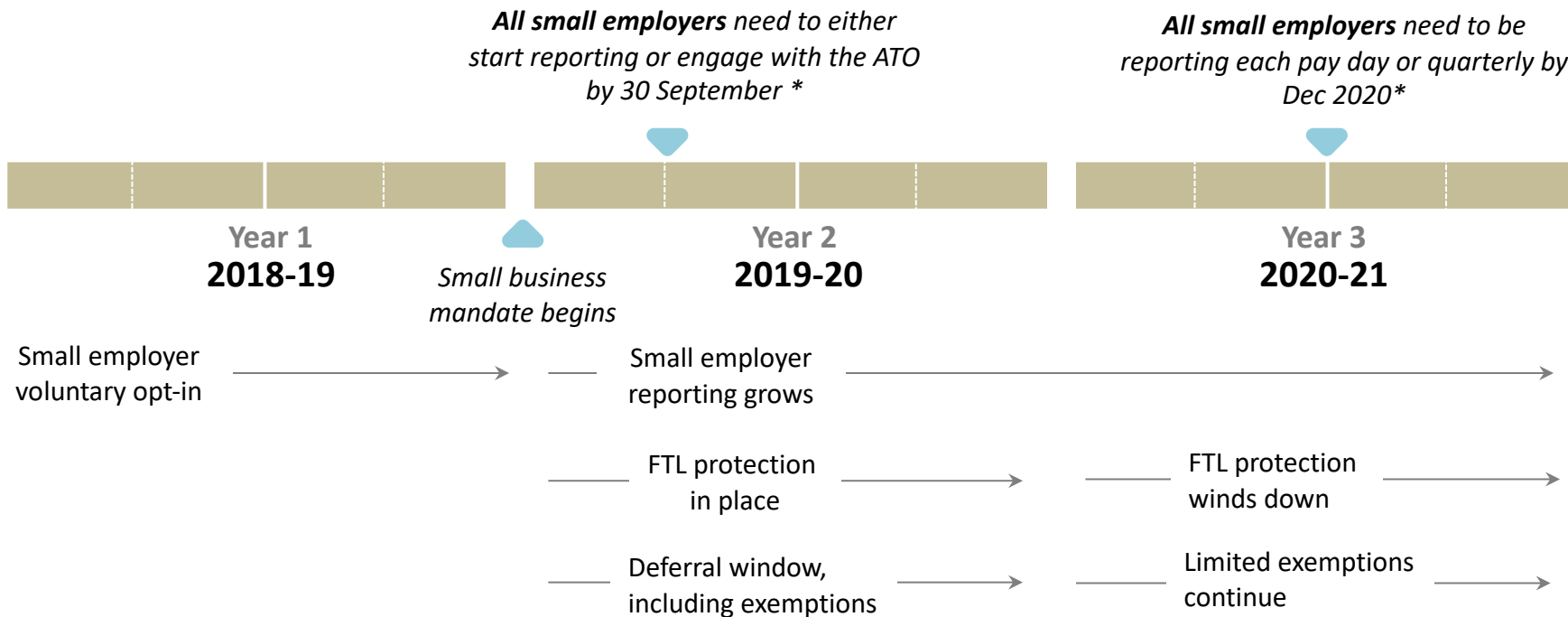
Asking for more time
(and then being ready to start
at a later date)



Where eligible, opting for
quarterly reporting.

Small employers will need to start reporting or engage with us before 30 September 2019.

Timeline summary



**Unless they have approved exceptional circumstances*

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

Checklist

Getting ready for Single Touch Payroll

The '*Start reporting now*' group

This will suit employers who:

- have payroll solutions for their business and/or are
- likely to see the value of getting STP done early (minimal disruption and to get it out of the way)

It's a mix of 'early adopters' and the 'first to follow' groups.



Key characteristics of this group:

- *Already use a payroll solution which is STP-enabled now*
- *Alternatively, have a product which could be upgraded or*
- *Are comfortable with 'digital' or*
- *Are new to business and want to start out on the right foot.*

The *'I need more time'* group

Will comprise a mix of those who:

- don't have payroll software
- are at the low end of digital capability or
- meet certain special conditions

Some may only need a few more months to get things done.

Alternatively, they may need to overcome some significant obstacles.



Key characteristics of this group:

- *May be willing to use digital reporting, but want to see more results of others before implementing*
- *May be a timing/mind-space issue within their business*
- *May have little or no digital capability and will need help in taking the next step.*

The 'Quarterly reporting' group

This is generally only available to a:

- micro employer with 1-4 or employees AND
- is likely to struggle with implementing STP



STP report must be lodged by a registered agent through an STP-enabled solution (not ATO portals).

Key characteristics of this group:

- *Micro employers who have little or no digital capability and will rely on a their agent to provide a reporting solution in the medium term.*

Single Touch Payroll

Support for registered agents

Support for registered agents

In mid-May, we provided all registered agents with a list showing your clients who lodged a Payment summary annual report in 2017-18 and their STP status.

We recommend you use the list to segment your clients into one of the 3 groups –

1. The 'start reporting' now group
2. The 'I need more time' group
3. The 'quarterly reporting' group

Where the ATO sees high proportions of deferrals (noting that practices will have different client mixes), we will likely contact you to see how we can support you to get some of your clients reporting sooner.

Practice profiles

Not every agent will be the same and so lodgment profiles will vary by practice and client mix

We also want to see staggering of implementation ***in advance of deferral dates*** so that bunching of start dates does not occur on the last possible day

Proportion of clients by lodgment status and practice type

<i>Example 1:</i> Boutique, advisory based agent	<i>Example 2:</i> Large, national accounting practice	<i>Example 3:</i> Medium BAS agent	<i>Example 4:</i> Small book-keeper, mostly manual
<ul style="list-style-type: none">• Payroll ready (High)• More time (Low)• Qtrly reporters (Very low)	<ul style="list-style-type: none">• Payroll ready (Significant)• More time (Significant)• Qtrly reporters (Low)	<ul style="list-style-type: none">• Payroll ready (Low)• More time (High)• Qtrly reporters (High)	<ul style="list-style-type: none">• Payroll ready (Very low)• More time (Very high)• Qtrly reporters (Low)

Indicative scale: Low (10-20%), Significant (35-50%), High (60-80%)

Single Touch Payroll

Online deferrals and exemptions

Applying for a deferral

- There are a few things we need to know when an employer applies for a deferral:
 - How much time an employer thinks they need
 - The main reason they need more time
 - What help they might need in complying
- This information will allow the ATO to:
 - Verify eligibility for a deferral
 - Send prompts at the appropriate time
 - Avoid sending warning or other letters when not needed
 - Work with agents/others in providing targeted help.

Beyond 6 months

Employer will need to demonstrate a well-founded reason such as:

- Internet connectivity issues
- Little or no digital capability
- Business in administration or wind-down

Single Touch Payroll

Quarterly reporting concession

Quarterly reporting – clearing a few things up



- **CAN NOT** be lodged *on* the BAS or through ATO portals
- Must be lodged through an **STP-enabled solution**



- Available for micro employers who are reliant on their registered agent.
- Available until **30 June 2021**.
- STP report must be lodged by a **registered agent**



Apply before
30 September 2019

Australian Taxation Office
Unclassified



- Must have between 1-4 employees **on the day of application**.
- If employee numbers increase, the concession remains in place until 30 June 2021



- Agents need to apply by using: online tool for **single client** requests or
- Registered agent bulk request form for **multiple clients**

Single Touch Payroll

Getting ready – practical tips

Preparing to lodge

There are a few steps to take as you prepare to start lodging :

STP role

*Make sure you are linked to
report on your client's behalf*



Cloud based software

*Notify us of your unique
software ID (SSID)*



Bulk request forms available: ato.gov.au/stp

Authority to lodge

If your client engages you to submit their STP report on their behalf you need to have the appropriate authorisation:

- 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 is too onerous, one option would be to consider the STP Engagement Authority

- You can have an annual agreement with your client
- Subject to eligibility criteria

Single Touch Payroll

Resources and more information

Resources

Factsheets are available at ato.gov.au/stp – News, events and resources



For employers

Finalising your Single Touch Payroll

What is STP

Single Touch Payroll (STP) is a new way of reporting tax and super information to us. Using payroll software, or another STP solution, you will send your employees' salary and wages, pay as you go (PAYG) withholding and super information to us each time you pay your employees.

End of financial year changes

- You will no longer need to provide payment summaries to your employees or lodge a payment summary annual report to us for information reported and finalised through STP.

What you need to do

- You will need to make a finalisation declaration within your STP solution. This declares you have provided all required information for the financial year.
- Once you make the finalisation declaration, we will display the information as 'Tax ready' for your employees in ATO online via myGov.
- Your employees should wait until their information is marked as 'Tax ready' before they lodge their tax return.
- If your employee uses a registered agent to lodge their tax return, the agent will have access to the information they need to do this.

When to finalise

- Normally you will need to make the finalisation declaration by 14 July each year.
- If you started reporting in the 2018-19 financial year, you will have an extended due date until 31 July 2019.
- You don't have to wait until 31 July – you can finalise as soon as you're ready.

ato.gov.au/stp

f y t in

The way you get your payment summary is changing

Many employers are now required to report your pay, tax and super information directly to us each payday, so you can find all your information in one place when you need it. All employers will eventually report this way.

- An employer who does report to us this way will not have to give you a payment summary. Instead, you will get an end-of-year income statement in ATO online services through myGov.
- An employer who does not report to us this way will still need to give you a payment summary at the end of the financial year (as they do now).

Your payment summary information will be available in the following ways:

- ATO online services via myGov
- your employer
- via your agent.

Through ATO online services via myGov

For most people, their payment summary information will now be available at the end of the financial year in their ATO online services account through myGov and will be called an 'income statement'.

Your year-to-date pay and super information is also available to you throughout the year in your ATO online services account.

It's important to test until your employer finalises your income statement to make a 'Tax ready' before you or your agent lodge your tax return. Most employers have until 31 July 2019 to check their employer's income statement and finalise it for the year.

After 1 July we'll send a message to your myGov inbox when you're income statement is 'Tax ready' so you or your registered tax agent can then lodge your tax return. Other information is usually pre-filled in your tax return by mid-August, such as information from health funds, banks, government agencies and more.

If you or your agent lodge your tax return and your income statement is not 'Tax ready', your employer might make changes, and you may need to lodge an amendment. In some cases, additional tax and interest may be payable.

To create a myGov account visit my.gov.au

For more information

Visit ato.gov.au/incomestatement

If you can't access your information through myGov, you can contact us on 13 28 61

Through your employer

Your employer will continue to give you a payment summary if they are not yet reporting your tax and super information to us each payday.

If you have more than one job, your other employer will need to provide you with a payment summary. Your employer if you're not sure and make sure all income is included when lodging your tax return.

Using a registered tax agent

Your agent will still be able to see your income tax or payment summary information as well as make a report with all of your information pre-filled in your income tax return.



Single Touch Payroll

For small employers

The digital world is changing rapidly. Government services are also changing to make it easier for you to run your business every day.

One of those changes – Single Touch Payroll (or STP) – started gradually for larger employers from 1 July 2018 and starts from 1 July 2019 for employers with 19 or less employees.

*Start dates may differ depending on your circumstances. See 'When to start' on page 2.

What is STP?

STP is a new way of reporting tax and super information to us. You'll have time to get ready – including a later start date when you need more time.

Using payroll software, or another solution that is STP ready, you'll send your employees' salary and wage information, pay as you go (PAYG) withholding and super information to us each time you pay your employees. This means:

- your pay cycle does not need to change (you can continue to pay your employees weekly, fortnightly or monthly)
- you will now report super information to us
- you no longer need to give your employees a payment summary for the information you report and finalise through STP – this will be available to your employees on myGov
- you will need to finalise your STP information at the end of the financial year – that way we know all the data you have reported is complete, and we can provide this to your employees to complete their tax return.

Benefits of STP reporting

STP captures your employees' tax and super information and sends it to us while you're running an existing business process – paying your employees.

Most Australians bank, shop, make bookings and do business online every day. STP aligns government reporting to the changing digital world.

Changes to payment summary

You no longer need to give your employees a payment summary for the information you report through STP. Any information not reported provided on a payment summary.

Some payments are exempt from more visit ato.gov.au/employers

Employees can see their in

Employees who no longer get a pay slip can find the information needed to claim on myGov.

Any employees who don't have an email address you pay an employee and report it data tax and super information to us

We've got a factsheet on our website that explains this change. Visit ato.gov.au

No more payment summary

You no longer need to give us a report (PSAR) for the information you report through STP.

Reporting through STP

STP reporting works in one of the following ways:

- You can report from your current software if you use it, as long as reporting. Talk to your software provider if STP.
- Choose payroll or accounting software. You may want to talk to advice on the best solution.
- Ask your tax or BAS agent to set up a solution on your behalf.
- Choose a no-cost or low-cost solution. Most employers with 1-4 employees can use a low-cost, simple STP solution.



For concessional holders

The digital world is changing rapidly. Government services are also changing and need to keep pace with the way Australians expect to do business every day.

One of those changes – called Single Touch Payroll (or STP) – started gradually for larger employers from 1 July 2018 and starts from 1 July 2019 for employers with 19 or less employees.

There are flexible options available to you as a payer of concessional holders, as we understand you may not pay salary and wages to these payees regularly (such as yourself or other family members).

*Start dates may differ depending on your circumstances. See 'When to start' on page 2.

What is STP?

STP is a new way of reporting tax and super information to us.

Using payroll software or another STP solution you will send your employees' salary and wage information, pay as you go (PAYG) withholding and super information to us each time you pay your employees. This means:

- your pay cycle does not need to change
- you will report super information to us for the first time
- you will need to finalise your STP information at the end of the financial year. That way we know all the data you have reported is complete and we can provide this information to your employees to complete their tax return
- you no longer need to give your employees a payment summary for the information you report and finalise through STP. This will be available to them in myGov.

Concessional holders for payers of concessional payees

There are two options available to payers of concessional payees.

A concessional payee is one who is not at arm's length. This means they are directly related to the entity from which they receive payments for example:

- family members of a family business
- directors or shareholders of a company
- beneficiaries of a trust

1. Later start date for reporting concessional payees

If you have 19 or less employees, you will not need to report concessional payees through STP in the 2018-19 financial year.

You don't need to apply for this later start date for reporting your concessional payees.

However all other employees (arms-length employees) must be reported through STP from 1 July 2019 or your deferred start date if one has been granted. See 'When to start' on page 2.

For concessional payees who are not reported through STP for the 2018-19 financial year, follow existing processes.

This means you will still need to provide them with a payment summary and lodge a Payment summary annual report (PSAR) to us. Speak to your tax professionals for further information about your due dates.

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ato.gov.au/stp

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Where to find out more



Topic based
webinars



ato.gov.au



Articles



Events



Speak with
your provider

