



Single Touch Payroll

What is Single Touch Payroll?

Single Touch Payroll (STP) is an ATO compliance regulation that aligns reporting obligations with payroll processes. It requires employers to send employee payroll information including salary, wages, PAYG withholding and superannuation to the ATO at the same time as the standard pay run. Your existing pay cycle does not need to change, however, you may need to upgrade or replace your payroll system in order to meet the reporting obligations.

When does it start?

The number of staff on 1 April 2018 will determine your mandatory reporting date.

For employers with 20 or more employees STP reporting will be mandatory from **1 July 2018**.

For employers with 19 or less employees, STP reporting will be mandatory from **1 July 2019** (subject to legislation being passed). However, you may choose to voluntarily move to STP earlier.

What's the difference?

Employers currently lodge payroll information via paper or manual submission to the ATO at the end of each financial year. Under STP, employers will send payroll information to the ATO at the same time as they pay their employees typically weekly, fortnightly or monthly via their payroll software. This means pay runs and payroll compliance are combined into one process.

To enable this direct submission to the ATO your payroll software needs to be updated.

What are the benefits of moving to Single Touch Payroll?

Employers

- Payroll reporting will be combined with your pay run process, giving you the opportunity to streamline reporting and gain valuable time around end of financial year.
- The ATO will pre-fill payroll fields W1 & W2 in your BAS, eliminating potential errors and double handling.
- You will no longer be required to generate and distribute payment summaries to employees as this information will be available online via myGov
- Add new employees quickly with online commencement forms including Tax File Number Declaration and SuperChoice.

Employees

- Get real-time access to payments and contributions via MyGov including superannuation, income and tax.
- Your payroll information will be available from the Tax Office via MyGov and included in the prefilling report downloaded by tax agents, so you won't need to wait for a payment summary from your employer.
- Electronic commencement forms including a pre-filled Tax File Number Declaration and SuperChoice form makes starting a new job easier.

For more information on Single Touch Payroll and assistance with upgrading or replacing your payroll software, please contact our office.

Common Questions about Single Touch Payroll

How will this impact my payroll?

Nothing will change in how you process payroll, there will simply be a final step to the pay run. You will need to authorise your software to transmit payroll data to the ATO after each pay run, which the ATO call a “pay event”. There are mandatory items that must be reported, items you can voluntarily report and some items are unable to be reported with STP.

Will I still need to submit a BAS?

Yes you will still need to submit a BAS, but the W1 and W2 values will be pre-filled. You can edit the pre-filled figures if necessary.

Will I still need to submit an annual payment summary report?

If you use Single Touch Payroll reporting, you may not need to submit a payment summary report.

Will I still need to generate payment summaries for my employees?

If you use STP for the entire financial year, you may not need to submit a payment summary report. The ATO will make that information available to employees through myGov.

What will be reported?

The following is a summary of the information which will be transmitted to the ATO:

Mandatory reporting labels

Description	BAS labels (Gross payment, amount withheld)	Payment summary type
A payment to an employee, such as salary or wages	W1, W2	INB (except INB-P) or FEI
A payment of remuneration to the director of a company	W1, W2	
A payment to an office holder (for example, a member of the Defence Force)	W1, W2	
A payment to a religious practitioner	W1, W2	
A return to work payment to an individual	W1, W2	
A payment for termination of employment	W1, W2	ETP (life benefit)
An unused leave payment	W1, W2	INB (except INB-P) or FEI
A payment of parental leave pay	W1, W2	INB (except INB-P)
A payment of dad and partner pay	W1, W2	
A payment to an employee under the Seasonal Labour Mobility Program	W1, W2	INB (except INB-P)

Voluntary reporting labels

Description	Current BAS labels (gross payment, amount withheld)	Payment summary type
A payment that is covered by a voluntary agreement	W1, W2	Business and personal services income - 003
A payment under a labour hire arrangement or a payment specified by regulations	W1, W2	Business and personal services income - 001 and 002
A payment for termination of employment	W1, W2	ETP (death benefit)

Can I use single touch payroll even if I'm not required to?

As long as your software is STP enabled, you will be able to use it even if you are not obligated to yet.

Can a bureau or payroll provider or registered agent submit Single Touch Payroll data on behalf of a client?

Yes, bureau payroll providers, registered tax agents and registered BAS agents will be able to lodge STP data on behalf of clients.

Where can I get more information on STP?

Contact us for more information, or read more on the ATO website:

<https://www.ato.gov.au/Business/Single-Touch-Payroll/About-Single-Touch-Payroll/>