What is Single Touch Payroll

Fact Sheet, MARCH 2018

A new initiative to allow the Australian Taxation Office to collect payroll data on a 'live' basis during the year.

It doesn't change any payment or activity statement lodgement deadlines, but it does change reporting requirements and will necessitate using STP compliant payroll software.

1. "Pay events" will need to reported to the ATO as they happen. This is generally the usual payroll cycle, but there can also be one off things like bonuses or termination that could be reported. "Update events" can also be reported for any adjustments needed.
2. Employers will need to 'finalise' their payroll by 14th July each year. However once this is done correctly there is no need to prepare, lodge and send out annual PAYG summary forms, as the ATO already has the full year data.
3. Employees who leave can have their pay for the year finalised at the time of departure, so there is no need to prepare an annual summary at the end of the year, track them down and send it to them.
4. It will provide employees who are registered with MyGov up to date wage and tax withheld data during the year.
5. It can help streamline on-boarding for new employees in terms of TFN and superannuation details.

Who does it apply to and when does it start?

From 1 July 2018 it is mandatory for all employers who had 20 or more employees on 1st April 2018. For everyone else, it is mandatory from 1 July 2019.

The system is actually optional now for anyone who wishes to voluntary use the system, provided they have STP compliant software.

What is involved in the 1st April 2018 headcount?

The key details of the headcount required on 1st April 2018 are:

+ Based on number of people, not full time equivalents
+ Includes; full time, part time, casuals on payroll at 1 April AND worked any time in March 2018, overseas based employees, employees on paid or unpaid leave, seasonal employees
+ Does not include; casuals who didn't work in March 2018, independent contractors, staff provided by a third party labour hire organisation, company directors, office holders and religious practitioners
+ Grouping applies to companies and wholly owned groups.

What is changing and what is staying the same?

Software	Needs to be STP compliant
Reporting payments to employees	Now done at the time of payment. Includes salary, allowances, deductions, PAYG & super contributions
Payroll cycle	No change
Payment of super guarantee and PAYG withheld	No change. STP is reporting only
Annual summaries	No need to prepare and provide to employees, provided that STP has been used correctly and 'final declaration' for each employee is done
Commencement of employment	TFN and choice of super can be done online, but option remains to be done via existing paper forms

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What should employers do?

+ Appoint STP 'champion' for the organisation
+ Review payroll software/systems for compatibility
+ Review employee records to ensure they align with ATO records – names, dates, TFNs, addresses
+ Employee headcount
+ Mandatory from 1/7/18 for 20 employees or more
+ Mandatory from 1/7/19 for 19 employees or less
+ Decide if voluntary reporting is taken up for FY18
+ If voluntary reporting is being done, select time to enter system and reconcile YTD amounts to include in first report
+ Implement any required software and system changes
+ Mandatory for 20 or more employees
+ Extended lodgement date for first year of STP reporting for anyone taking it up prior to 1 July 2018. Normally it needs to be finalised by 14 July.