What is Single Touch Payroll?

Fact Sheet, JUNE 2019

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 be 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.
4. It will provide employees who are registered with MyGov up to date wages 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?

Employers who have more than 20 employees should have been registered from 1 July 2018.

Employees with less than 20 need to be registered by 1 July 2019. The ATO have granted an automatic deferral up until the 30 September 2019. Anything after this date will require either a further deferral or exemption.

Employers with 4 or less employees who do not use payroll software have the option of their registered tax agent reporting their STP information on a quarterly basis instead of each pay run. This option is available until 30 June 2021, after this date, they will be required to make the move to STP compliant payroll software.

Businesses who employ family members who also employ less than 19 employees do not need to report closely held

payees until 1 July 2020. After this date, they will need to report a reasonable estimate of wages paid to family members on a quarterly basis and make any adjustments year end.

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 for 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
+ Implement any required software and system changes