



From 1<sup>st</sup> July 2018, the ATO's Single Touch Payroll (STP) will start to be phased in. It will change the way that employee's payroll information is reported to the ATO by employers. Below, we will discuss how and when this will affect your business.

## What Is "Single Touch Payroll"

STP is 'real time' reporting of specific payroll information such as salary and wages, PAYG withholding and superannuation guarantee (SG) directly to the ATO. By 'real time' reporting, we mean employers will need to report this information each payday – whether that be weekly, fortnightly or monthly – directly through their payroll software.

As you could imagine, reporting all this information directly to the ATO per pay period will dramatically improve the ATO's ability to check compliance by employers. **The ATO will know exactly how much superannuation each of your employees is entitled to receive, and it can easily check up on how much you've actually paid...** There is no longer anywhere to hide. STP does not change an employer's due date for paying PAYG or superannuation obligations.

## What Does This Mean For You?

### When do I need to start reporting STP?

If, on the 1<sup>st</sup> April 2018, you employed 20 or more employees you will need to start STP reporting from 1<sup>st</sup> July 2018.

If, on the 1<sup>st</sup> April 2018, you employed less than 20 employees, you have until the 1<sup>st</sup> July 2019 to start reporting STP. You have the option of commencing earlier if you wish.

You need to include the following employees in your headcount:

- full-time employees;
- part-time employees;
- casual and seasonal employees who are on your payroll on 1 April and worked any time during March. However, you may be eligible for an exemption for STP reporting from 1 July 2018 if the reason you have 20 or more employees is because you have employed seasonal workers for a short-time only;
- employees based overseas; and
- any employee absent or on leave (paid or unpaid).

### What do I need to do?

Your software provider will give you more details of what you need to do, but generally you will need to notify the ATO of which software you use. This is done by providing the ATO with the SSID of your software (which your software will provide you with).

This can be done by calling the ATO, or by logging into your [ATO access manager](#) account (using your AusKey) and nominating your software's SSID within there.

### Software compliance

The main software providers are listed below with their stated timeline for STP compliance.

- MYOB – Only the latest versions of AccountRight Live (online only) and MYOB Essentials will be compliant. All other users have a deferral until 31<sup>st</sup> May 2019;
- Reckon – All products with payroll functionality will be compliant by the 1<sup>st</sup> July 2018;
- Cloud Payroll – All standard services will be compliant by the 1<sup>st</sup> July 2018;
- QuickBooks Online (QBO) – Will be compliant before 1<sup>st</sup> July 2018; and



- Xero – They have a deferral from the ATO and will invite subscribers to use STP when it is time for them to switch with no penalty. Until then, just use payroll as per normal.

## What if my software is not STP ready?

If your software provider is not ready in time for STP implementation, they will apply to the ATO for a deferral and give their clients this deferral number to be used to explain to the ATO as to the delay in reporting.

If you do not have appropriate software and therefore the reason for non-compliance is not software delays, you will have to apply to the ATO for your own deferral. You can obtain the form to apply for a deferral from the ATO at <https://www.ato.gov.au/Business/Single-Touch-Payroll/Get-ready-for-Single-Touch-Payroll/#Deferrals>.

## What is involved in reporting STP?

It will theoretically be the press of a button after you have finished processing your payroll in your software. Your software will transmit all the information directly to the ATO. This will be taken care of by your software and should require minimal input from you beyond putting in your payroll figures.

You shouldn't need to make any major adjustments if you are already using payroll software (although this is dependent on the software you are using).

## What if my software will not support STP?

If your software does not support STP you will need to look at either:

- upgrading to a later version from your current software supplier;
- changing to a new software provider that does support STP; or
- you can engage us to process and lodge your payroll each week / fortnight / month.

## Benefits of STP

The main benefits of STP are:

- Payment summaries (aka group certificates) and an annual payment summary report may not be necessary in the future. Employers that use STP for a full year will not be required to give their employees payment summaries (as they will be able to access this information through their MyGov portal);
- The ATO expect that from the 1<sup>st</sup> July 2019, BAS's will have the payroll labels W1 and W2 prefilled;
- SG compliance will improve due to the ATO being able to act when they see a business not paying their SG obligations on time;
- It will be easier for Centrelink and other government agencies can determine correct entitlements for individuals using up to date income information; and
- Individuals will be able to view their 'real time' wage information through their MyGov portal.

## **How can MCA help?**

**If all of this seems too much, we can organise it all for you. We can help you with items such as:**

- **Finding a payroll software system suitable for your business and number of employees;**
- **Giving you up to date advice on what you need to do to implement STP and when you need to do it;**
- **Setting up your new payroll software to get you up and running and compliant with your STP obligations; and**
- **Processing your payroll pay runs for you using our bookkeeping services.**

**If you would like some help, just give us a call.**



## Disclaimer

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We have provided this document as a very basic guide which is intended to assist people in improving their understanding of the tax laws and how they operate. When considering what actions to take however, there are more factors that should be considered.

This is not intended to be a comprehensive document that can be taken as tax advice, financial advice, or any other kind of advice. The content does not consider any of your personal circumstances and is only generic in nature.

This document is not to be taken as advice under any circumstances. If you are considering acting based on anything written in this document, we suggest you seek professional advice first.

If you have any questions, you can contact M.C.A. Accountants Pty. Ltd. by phone on 03 8689 9770, by email at [admin@mcaaccountants.com.au](mailto:admin@mcaaccountants.com.au), or by post at PO Box 8095, Carrum Downs, VIC, 3201.

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