



SINGLE TOUCH PAYROLL WHAT HAPPENS NOW?





CONTENTS

INTRODUCTION 1

CHAPTER 1 THE BASICS OF SINGLE TOUCH PAYROLL 2

What is Single Touch Payroll? 3

How to start Single Touch Payroll reporting 4

What happens if you aren't using Single Touch Payroll yet?... 5

CHAPTER 2 CONCESSIONAL REPORTING, DEFERRALS AND EXEMPTIONS 6

What are the different options if you aren't ready to start reporting? 6

How to know if you're eligible for concessional reporting..... 7

Different types of deferrals..... 8

Different types of exemptions 8

CHAPTER 3 HOW TO GET STARTED WITH SINGLE TOUCH PAYROLL REPORTING 9

No-cost or low-cost Single Touch Payroll options for micro-employers 10

Before you start reporting 10

What to do once you're all set up..... 11





INTRODUCTION

Small business owners have heard a lot about Single Touch Payroll (STP) this year and here at *SmartCompany* we've tried to keep readers across the [STP discussion](#). But with so much information out there, it can start to feel like there's a lot to process.

We've partnered with the Australian Taxation Office (ATO) to give you everything you need to know now the September 30 deadline has passed. The ATO will also help provide the support your business needs to make the transition easy.

All small employers are required to start STP reporting. If you haven't started STP reporting yet, it's not too late. Depending on your circumstances you have three options:

- Start reporting now;
- Consider if concessional reporting is right for you; or
- Apply for more time if you need it.

In this eBook we'll break down each of these options to help you work out which one is right for you.

Changes in legislation can sometimes feel overwhelming and when running a small or micro-business, it can often feel like you spend more time doing administration than doing what you love. But the changes to STP legislation will ultimately make it easier for you in the long run.

As accountant [Stacey Price wrote for *SmartCompany*](#) earlier this year: "Single Touch Payroll is here to stay, and it is not intended to be a stressful and horrible experience (for finance professionals or business owners)".

Let us help you make this as simple as possible.



CHAPTER 1

THE BASICS OF SINGLE TOUCH PAYROLL

For business owners managing their own books, employee payroll can be a time consuming task. We understand that changes to existing processes can sometimes feel overwhelming, so in this chapter we'll discuss what's going on, timelines, deferrals and exemptions.





WHAT IS SINGLE TOUCH PAYROLL?

When you start reporting through STP, you will report employee tax and superannuation information to the ATO each pay cycle through an STP-enabled solution.

Employers with 20 employees or more have already been reporting through STP for some time. In March 2019, legislation changed to make reporting through STP mandatory for small and micro-employers as well.

No changes have been made to the way you pay your employees' superannuation and STP reporting does not change your pay cycle.

Once your STP-enabled solution has been set up it will send your employees' salaries and wages, pay as you go (PAYG) withholding and super liability information to the ATO each time you process payroll -- whether that's daily, weekly, fortnightly or monthly.

You'll now be exempt from providing your employees with a payment summary, or providing the ATO with a payment summary annual report for information reported and finalised through STP. Your employees will still be able to access this information in ATO online services accessed via myGov.

Instead you'll be able to make a finalisation declaration through your STP solution. You can find out more about [what this involves](#) on the ATO website.

WHY THE CHANGE?

Put simply, digital reporting helps keep everyone accountable. With STP, the ATO receives near real-time information which helps ensure employees are receiving their correct entitlements. STP gives the ATO much earlier visibility of late or missed super payments, and better visibility of employers deliberately not complying with the law.

STP also gives employees access to their payroll, tax and super information when they need it, through myGov.

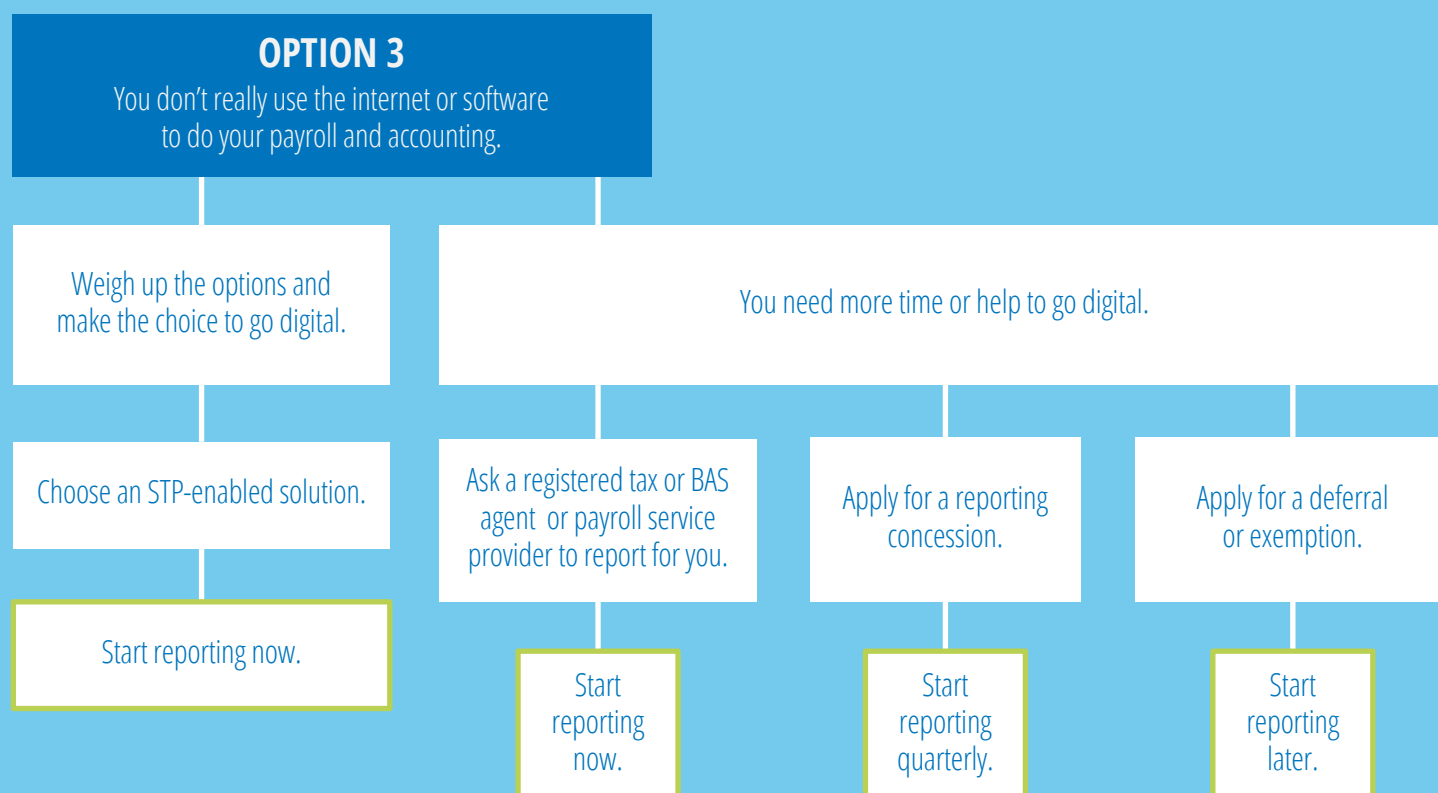
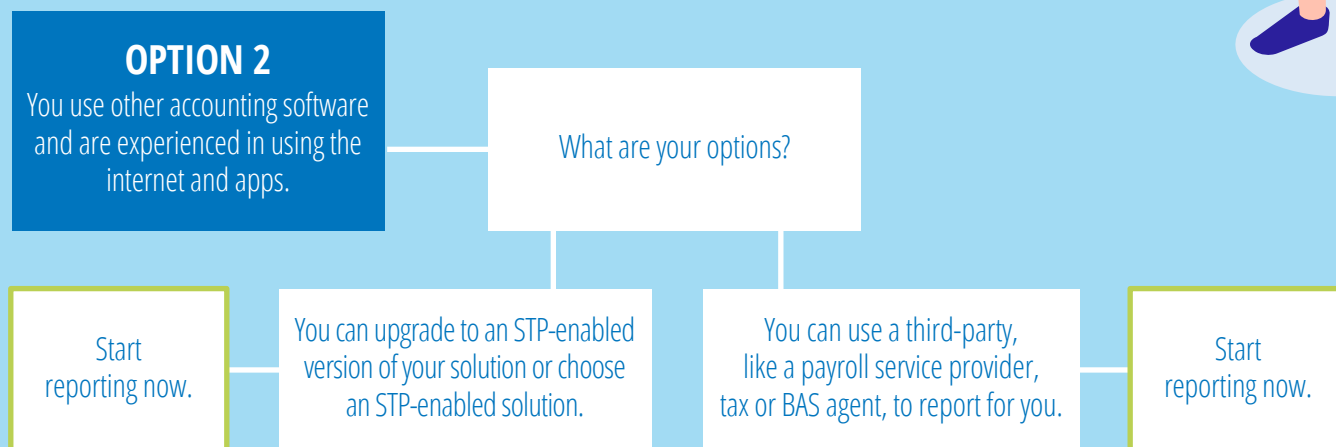
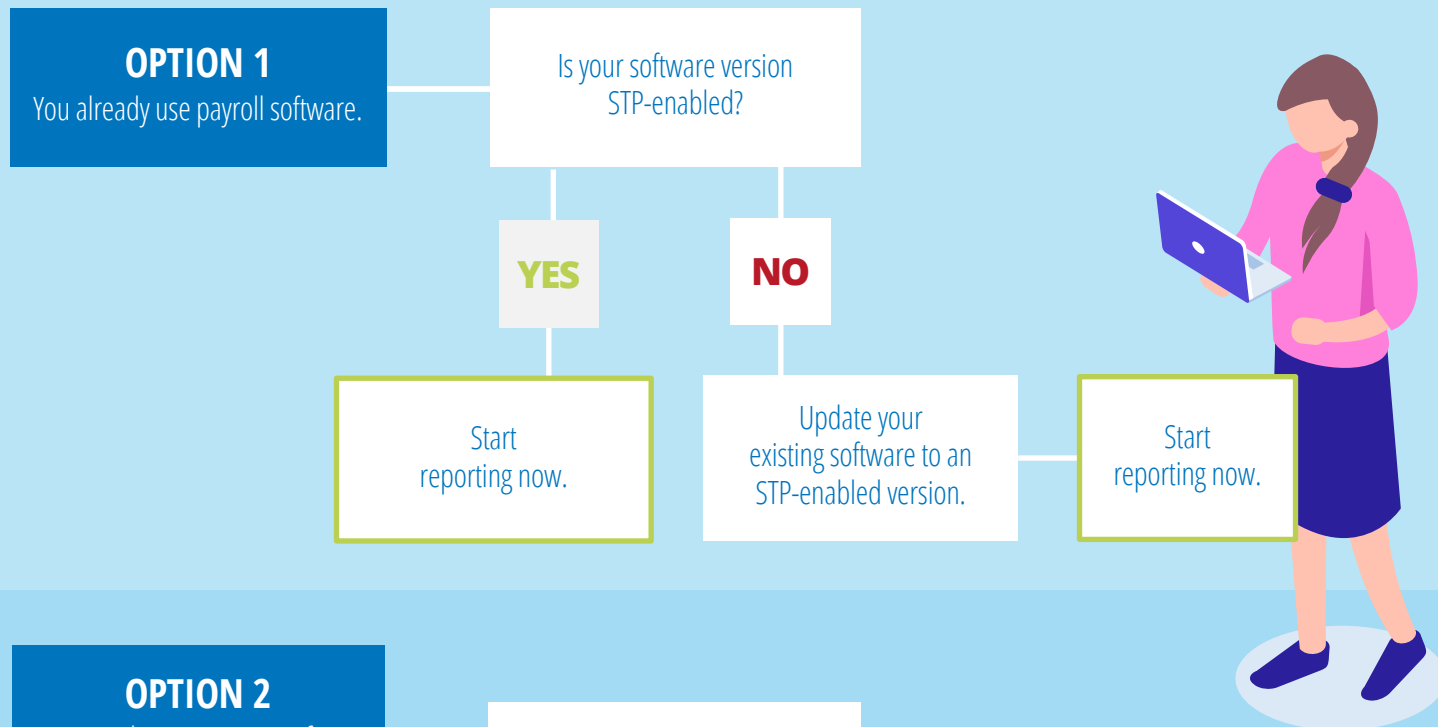
IF YOU CAN REPORT THROUGH STP, THEN YOU NEED TO START IMMEDIATELY. IF YOU'RE NOT SURE, USE THE FLOWCHART ON THE NEXT PAGE TO WORK OUT WHAT YOU NEED TO DO NEXT.





HOW TO START STP REPORTING

If you're still a little unsure of what your next steps are, choose from the below three options to work out what you need to do next.





WHAT HAPPENS IF YOU AREN'T USING SINGLE TOUCH PAYROLL YET?

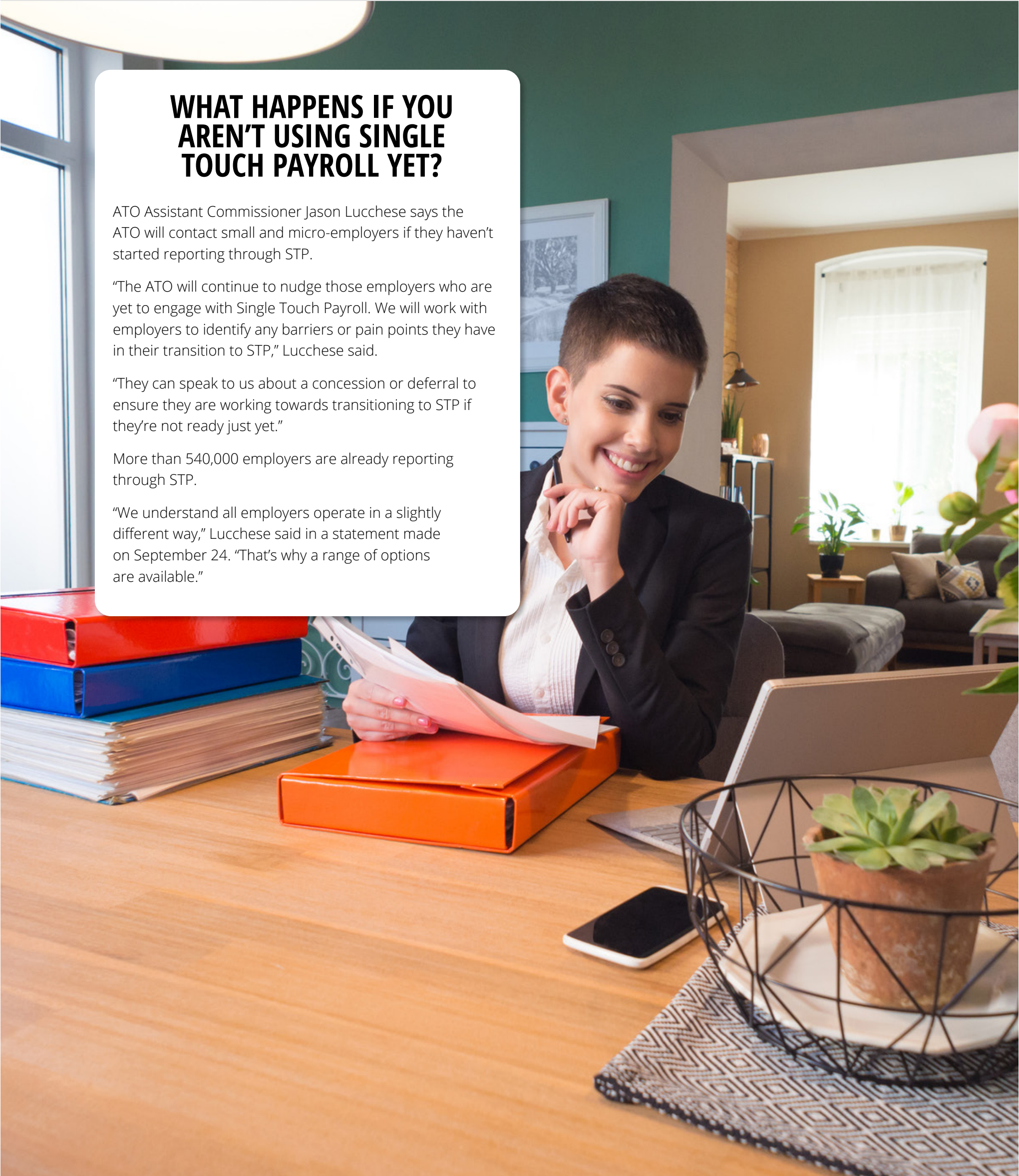
ATO Assistant Commissioner Jason Lucchese says the ATO will contact small and micro-employers if they haven't started reporting through STP.

"The ATO will continue to nudge those employers who are yet to engage with Single Touch Payroll. We will work with employers to identify any barriers or pain points they have in their transition to STP," Lucchese said.

"They can speak to us about a concession or deferral to ensure they are working towards transitioning to STP if they're not ready just yet."

More than 540,000 employers are already reporting through STP.

"We understand all employers operate in a slightly different way," Lucchese said in a statement made on September 24. "That's why a range of options are available."





CHAPTER 2

CONCESSIONAL REPORTING, DEFERRALS AND EXEMPTIONS

WHAT ARE THE DIFFERENT OPTIONS IF YOU AREN'T READY TO START REPORTING?

You might be eligible for a concessional reporting option, which allows you to report quarterly either yourself or through a registered tax or BAS agent. If you aren't eligible for concessional reporting and need more time to start reporting, there could be a deferral or exemption that is right for you.

"Employers can apply for a deferral if they are not yet ready to report through STP. Alternatively they can ask their registered agent to apply on their behalf," Lucchese said.

At this stage, most applications have been accepted. However each application will be assessed on individual circumstances.

The length of the deferral will depend on the needs of the employer — some businesses might only need a few weeks, while others may need longer.

"All employers who have been granted a deferral will need to be ready to report through STP by their deferred start date," Lucchese says.



HOW TO KNOW IF YOU'RE ELIGIBLE FOR CONCESSIONAL REPORTING

You might be eligible to report on a quarterly basis depending on your circumstances. This might be due to the nature of your business, or due to the circumstances of certain employees.

If any of the below statements apply to you, use the information in the next column to work out what to do next.

You are a micro-employer with between one and four employees.

Quarterly reporting concession for micro-employers

This concession provides the flexibility for micro-employers who need more time and support, to report through their registered tax or BAS agent on a quarterly basis at the same time they lodge their activity statement.

Key points to note:

Only a registered tax or BAS agent can apply for this concession and lodge the quarterly report.

Next step: Ask a registered tax or BAS agent to apply for this concession on your behalf.

You are a micro-employer with between one and four employees in the agriculture, fishing and forestry industry.

Quarterly reporting concession for employers in the agriculture, fishing and forestry industry

This concession provides the flexibility for micro-employers in the agriculture, fishing and forestry industry to report on a quarterly basis at the same time they lodge their activity statement.

Key points to note:

- You or a registered tax or BAS agent can apply for this concession and lodge the quarterly report.

Next step: Apply for this concession through the ATO Business Portal or through a registered tax or BAS agent.

You have seasonal or intermittent workers for part of the year.

Quarterly reporting concession for seasonal and intermittent employers

Employers who ordinarily have four employees or less throughout the year and increase their employee numbers for short periods of time have the option to report on a quarterly basis at the same time they lodge their activity statement.

Key points to note:

- You or a registered tax or BAS agent can apply for this concession and lodge the quarterly report.

Next step: Apply for this concession through the ATO Business Portal or through a registered tax or BAS agent.

You are a micro-employer with one to four employees for a not-for-profit club or association.

Quarterly reporting concession for not-for-profit clubs and associations

This concession provides the flexibility for micro not-for-profit clubs and associations, such as school and sporting club canteens and school committees, to report on a quarterly basis at the same time they lodge their activity statement.

Key points to note:

- You or your registered agent can apply for this concession and lodge the quarterly report.

Next step: Apply for this concession through the ATO Business Portal or through a registered tax or BAS agent.

You run a family business or have closely held payees.

Quarterly reporting concession for closely held payees

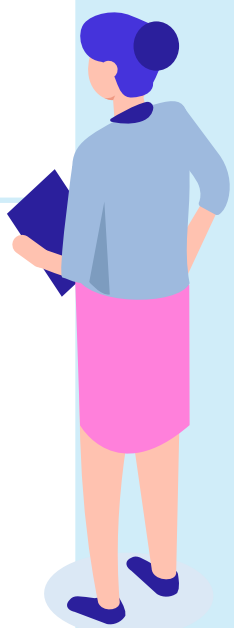
Small employers are exempt from reporting any closely held payees in the 2019–20 financial year.

Closely held payees will need to be reported through STP from 1 July 2020 and employers will have the option to report their closely held payee information on a quarterly basis at the same time they lodge their activity statement.

Key points to note:

- You or your registered agent can apply for this concession and lodge the quarterly report.
- All other employees must be reported each payday from 1 July 2019.

Next steps: Start reporting STP for all employees not considered closely held employees.





DIFFERENT TYPES OF DEFERRALS

You can apply to defer the date you need to start reporting through STP. The two main reasons for applying for a deferral are:

- **You need more time to set up STP reporting:** whether you need to update your current system, set up and transition to a new STP-enabled solution, or move from a manual payroll process to digital, you need to let the ATO know why you're not ready yet.
- **You have limited internet access:** reporting through STP requires internet access and the ATO recognises that some businesses do not yet have access to a reliable internet service. In this situation, the ATO will need evidence you'll be unable to report through STP each pay cycle, which might provide you a short deferral to submit each STP report.

You can view a [full list of available deferrals](#) on the ATO website.

The ATO will let you know if any additional information is required before your application can be accepted.

If you think you need a deferral, you can ask a registered tax or BAS agent to apply on your behalf, you can apply online through the ATO Business Portal or by calling the ATO on 13 28 66.

DIFFERENT TYPES OF EXEMPTIONS

Exemptions exist for a few different reasons. Some of these include:

- **Employers making long service leave and redundancy scheme contributions:** Administrators of long service leave and redundancy schemes that do not already use STP-enabled software are exempt from reporting these payments through STP until July 1, 2020.
- **Employers with a withholding payer number (WPN):** If you have a WPN you are exempt from STP reporting until July 1, 2021.

These exemptions come into effect automatically so you do not need to apply to the ATO. If you choose to make use of these types of exemptions you must keep records supporting your decision.

Exemptions also exist for foreign employees if a [certain set of criteria are met](#).

If you think you might need exemption for another reason, you can contact the ATO.

You or your registered tax or BAS agent can submit an exemption request online or call the ATO on 13 28 66 if you are unable to access online services.





CHAPTER 3

HOW TO GET STARTED WITH SINGLE TOUCH PAYROLL REPORTING

Once you've worked out how you're going to make the move to STP and when you'll begin reporting, getting started is easy.





You can start reporting through STP in one of the following ways:

- Update your existing payroll solution to an STP-enabled version and start reporting. Talk to your payroll software provider if you're not sure how to update your software.
- Choose a new STP-enabled solution from the ATO's STP product register at api.gov.au/productregister and start reporting.
- Choose a low-cost or no-cost reporting solution that is \$10 or less per month at ato.gov.au/stpsolutions.
- Ask a payroll service provider or registered tax or BAS agent to report for you through their own STP-enabled solution.

If you are moving to a payroll solution for the first time, or moving providers, there's a few things you might want to consider.

- **Your business needs:** the ATO worked with software providers to ensure a range of options are available to suit different business needs; these include solutions ranging from desktop and online solutions to simple phone apps.
- **Your budget:** there are many STP-enabled solutions on the market right now at a range of price points. Talk to a trusted advisor if you aren't sure which best suits your budget or needs.
- **Your time:** it may take a little time to set up a new solution, but once you're set up, reporting should integrate smoothly with your usual pay run.



NO-COST OR LOW-COST SINGLE TOUCH PAYROLL OPTIONS FOR MICRO-EMPLOYERS

If you have between one and four employees, you are considered a micro-employer for STP reporting purposes, the ATO has compiled a list of [no-cost or low-cost STP solutions](#). These options:

- Cost \$10 or less/month;
- Take only a few minutes to complete each pay cycle; and
- Will not require you to maintain the software.



BEFORE YOU START REPORTING

The ATO has put together [this handy checklist](#) to help you get started. You need to:

1. Identify who will authorise your STP reports.
2. Identify who will process and send your STP reports.
3. Register your [SSID with the ATO](#).
4. Ensure you've set up the right contact person for your STP reports in case the ATO have any questions.
5. Start reporting!



WHAT TO DO ONCE YOU'RE ALL SET UP

You should ask your provider how your solution connects to the ATO.

Many solutions connect via a software ID – this is a number usually displayed during the STP set-up. You can notify the ATO of your software ID through Access Manager or by calling them on 1300 85 22 32.

If you are using a Sending Service Provider, they will set up the connection for you.

If you are unsure how your solution connects to the ATO, speak with your provider.

And remember, you no longer need to provide your employees with a payment summary at the end of the financial year for information you report and finalise through STP.

Make sure you tell your employees when you start reporting that their payroll and end-of-year payment summary information, called an 'Income Statement' is available to them at any time through ATO online services in myGov.



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