

STP for Employers – May 2018 Update

When?

From 1 July 2018 an increasing number of employers will begin reporting payroll to the ATO through Single Touch Payroll.

Some employers have been testing the system and will be in before 30 June 2018 (very few)

Some software is becoming available on or shortly after 1 July 2018 and therefore employers will be invited into their new system as their software turns on the system.

Substantial employers (more than 19 employees) are supposed to be in by 1 July 2018, however their software has probably been granted a deferral – therefore most will be in sometime over the next 12 months.

Other employers are most likely to be required to report through STP in the 2019/20 year.

The Law Said Start by 1 July 2018

Deferrals have been granted.

Substantial Employers (20 or more employees) must know by 1 July 2018 what their transition to STP reporting plan is:

- If the software is **not** ready then you should know the Deferral Reference Number from the software Company.
- If the software is ready then schedule an implementation time with your Certified Bookkeeper. Note the software company may have arranged a deferral to apply to your software product to allow you to commence the system after 1 July 2018.
- Alternatively your Certified Bookkeeper (who needs to be a Registered Agent to perform STP advice services) may have a deferral for all clients of their business or be able to assist with your application for a Deferral that applies just to you.

What to do

All employers need to prepare Payment Summaries for employees before 14 July 2018. The PSAR report is then provided to the ATO before 14 August 2018.

This is the time to consider implementing the process changes to implement Single Touch Payroll (STP). The data cleaning and fixes to past payroll in order to prepare your Payment Summaries is part of the process to implement STP.

Software Requires Changes

Most software will require time to be spent to ensure your STP reports are providing the right amounts to the ATO in the right way:

- Gross Wages properly classified and Calculated
- Tax Withheld properly reported
- Super accruals working correctly
- Allowances properly classified and taxed
- Deductions properly classified
- Employee information complete and in the right fields

Your payroll software also needs to either; connect to the ATO (information is being provided by each software company about how to do this), or provide an electronic file for you to upload through a commercial STP file lodgment service.

Each Pay Day

Your normal pay preparation changes in only one way – information is sent to the ATO.

STP does not change the time of making payments to the employees, the super funds or the payment of the BAS.

Explaining to Employees

To prevent the unnecessary questions (and possible accusations) we believe it is wise for employers to provide introductory information to employees.

We expect that there will be a period of confusion as some employees will hear about and know about Single Touch Payroll. Some may even be accessing myGov and seeing their payroll information on the ATO Online system. However some employees will not have access to that same payroll information because STP may not have been implemented by you yet.

Speak to your Certified Bookkeeper about an information pack for employees.

Things the STP System is Still Thinking About

1. Exactly how the ATO will react to the information is still being designed. They are on a program of Help & Assist employers in relation to their compliance obligations.
2. The making of a Declaration by the employer every payrun is still being discussed with the ATO legal teams.

References

- ICB – Single Touch Payroll
- ATO – Single Touch Payroll