

WHAT IS SINGLE TOUCH PAYROLL?



Single Touch Payroll is a Government initiative that will change the way you report on your payroll to the ATO from 1 July 2018.

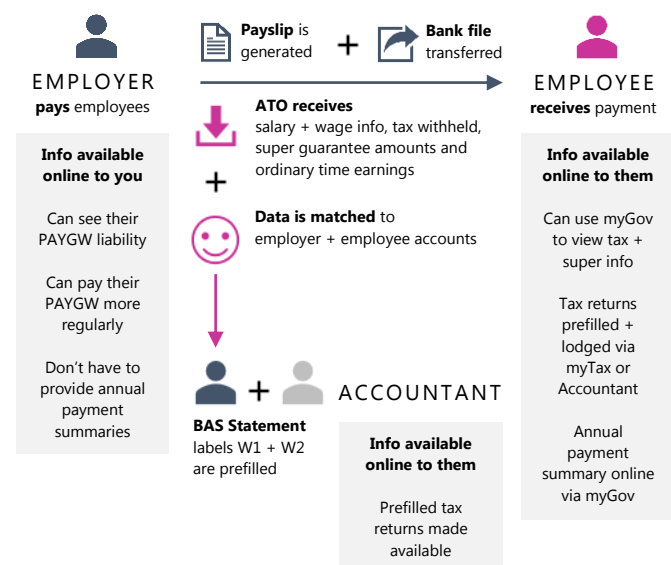
Under Single Touch Payroll (STP) businesses will report on salary or wages, pay as you go (PAYG) withholding and superannuation directly to the Australian Taxation Office (ATO), electronically, and at the same time as you pay your employees.

This new streamlined reporting to the ATO will make it easier for you to meet your payroll processing obligations.

3 KEY STEPS TO BE STP READY

- 1. Does your payroll software support STP reporting?** If you are unsure, contact us immediately and we can help you review your business accounting and payroll systems.
- 2. When do you need to start reporting using STP?** If on 1 April 2018 you had 20 or more employees, STP is mandatory from 1 July 2018. For businesses with 19 or less your deadline for mandatory reporting is 1 July 2019, however you can opt in for it now.
- 3. Is your payroll team aware of these new changes, and your employee data up to date and accurate?** You don't want to start using STP with inaccurate employee information – ask your employees to confirm all the personal details you hold on file for them.

HOW STP WORKS?



YOUR STP CHECKLIST

With a tight deadline of 1 July 2018, and STP impacting many parts of your business, not just your payroll software, we have prepared the following checklist to make this transition as easy as possible.

Under STP, your payroll information is being sent electronically to the ATO with every pay run. It is this direct connection to the ATO that is new and requires all payroll systems to be upgraded.

TECHNOLOGY

- Ask your payroll software provider how they will offer STP reporting – through an update to existing software, or an additional service?
- When is STP reporting going to be ready for you to use?
- Do they have a deferred start date? If they do, ask for the deferral reference number. You will need this to apply for your own deferral if you choose to stay with this provider.
- Find out what support they will offer you to help your transition to STP.
- Once you have selected your STP solution, in your ATO Access Manager nominate your hosted STP provider.
- Subscribe to their mailing list or blog so you get all updates being communicated.

Avoid incorrect submissions to the ATO by reviewing your payroll data for accuracy.

DATA

- Check you are paying your employees correctly. Including PAYG withholding calculations, overpayments, year-to-date is captured accurately, pay codes and tax scales are correct.
- Check you are calculating your employees' super contributions correctly.
- Check your SuperStream solution is compliant and you have the correct employee and super fund setups.
- Check your payroll records match the ATO, and all employee data is up to date and correct. Including names, addresses, TFNs and dates of birth.

In addition to reviewing your payroll software, it's important to review and understand which payroll processes will be impacted.

PROCESSES

- PAY DAY – A "pay event" must be submitted to the ATO on or before pay day.
- CORRECTIONS – How will you fix errors in your ATO reports such as overpayments or misclassifications?

- NEW EMPLOYEES – Including start dates and TFN declarations in your pay events.
- TERMINATIONS – Including cessation dates in your pay events, and when you can send "finalisation declarations".
- YEAR-END – Exemptions from issuing payment summaries and PAYG withholding annual report if you make finalisation declarations via STP reporting.
- QUARTERLY BAS – Labels W1 and W2 are prefilled when reporting via STP.
- TRANSITIONING TO STP – How to start STP reporting during a financial year?

STP not only offers benefits to employers, but also employees such as eliminating payment summaries and TFN forms, ensuring super is paid and reducing welfare and tax fraud. To unlock some of these benefits, employees will need to be registered on myGov and linked to the ATO.

EMPLOYEES

- EMPLOYER – Are you registered on myGov? If not, do so to understand the process before asking employees to.
- EDUCATE – Let your employees know what STP is and how it will benefit them using our Employee Guide.
- EMPLOYEES – Ask them to register on myGov and link to the ATO and provide them our STP Employee Guide.

ONCE YOU START USING STP

- You won't need to provide an end-of-year payment summary to employees.
- STP will allow the ATO to better assist you meet your PAYG withholding and superannuation obligations.
- You may have an option to use a new streamlined, prefilled employee commencement process through myGov.

WANT TO KNOW MORE?

For further information or assistance in reviewing your payroll software solutions and processes to ensure you are ready for the 1 July 2018 deadline, please contact our team of experts today!



a hgfin.com.au

p 03 9764 2244 e admin@hgfin.com.au