

Bailiwick Legal.

Single Touch Payroll

We have had a number of inquiries from our clients seeking to understand the upcoming introduction of Single Touch Payroll. Although Bailiwick Legal is a Law firm – not accounting, and this issue is not directly relevant to us, we are happy to give our clients some general understanding to assist them to meet their legal obligations. This document does not provide legal or accounting advice but is for the purpose of improving understanding by simplifying the information available from the ATO - <https://www.ato.gov.au/Business/Single-Touch-Payroll/>

STP is a new way of reporting tax and super information to the ATO. The information is sent to them either directly from your software, or through a third party – such as a sending service provider.

STP will be a legal obligation on small employers from 1 July 2019. This is a perfect time to review all of your legal obligations to ensure you are complying with all employment regulations and protecting yourself against disputes or claims from your employees.

As an Employer do you know your legal obligations for documents and records?
<https://www.bailiwicklegal.com.au/as-an-employer-do-you-know-your-legal-obligations-for-documents-and-records/>

Is a Casual Employee a Casual Employee?
<https://www.bailiwicklegal.com.au/is-a-casual-employee-a-casual-employee/>

How STP works

STP works by sending tax and super information directly from your payroll or accounting software to the ATO every time you run your payroll.

When you start reporting:

- you will run your payroll, pay your employees as normal, and give them a payslip - your pay cycle or method does not need to change.
- your STP-enabled payroll software will send a report to the ATO which includes the information they need from you, such as salaries and wages, pay as you go (PAYG) withholding and super information.

At the end of the financial year, you'll will need to finalise your STP data. This is a declaration to the Commissioner to state you have completed your reporting for the financial year. You will no longer have to give your employees a payment summary (Group certificate) or provide the ATO with a payment summary annual report.



You can report STP through one of the following ways:

1. Report from your current payroll solution when it is STP-ready. A payroll solution is the accounting, business management or payroll software you use to run your payroll and pay your employees.
2. Report from a new payroll solution which is STP-ready.
3. Ask a third party, such as your registered tax agent, to report to STP on your behalf.

In essence, nothing will change in how you process payroll. The main thing is that after each “payroll” you will have to send some additional reporting information to the ATO. The obligation is on you as the employer to send information to the ATO.

No-cost and low-cost solutions for Single Touch Payroll.

Employers with 1-4 employees (micro employers)

If you have four or less employees (micro employer) and you don't currently use payroll software, there will be other ways to report STP information.

The ATO asked software developers to build no-cost and low-cost STP solutions for micro employers – including simple payroll software, mobile phone apps and portals.

They have published a list of the companies intending to offer these solutions.

<https://www.ato.gov.au/business/single-touch-payroll/in-detail/low-cost-single-touch-payroll-solutions/>

If it's all too hard ...

You will also have the option for your accountant, registered tax or BAS agent to report your STP information quarterly, rather than each time you run payroll. This option will be available until 30 June 2021.