

SMALLER BUSINESS AND SINGLE TOUCH PAYROLL

SINGLE TOUCH PAYROLL EXPANDS TO ALL EMPLOYER BUSINESSES

Single Touch Payroll Reporting (STPR) has been introduced progressively by the Australian Tax Office (ATO) from 1 July 2018, initially applying to businesses with 20 or more employees. From 1 July 2019, Single Touch Payroll Reporting is mandatory for all businesses that employ staff, regardless of the number of employees.

ABOUT SINGLE TOUCH PAYROLL

Single Touch Payroll is a means of electronically reporting employee payroll information, including salary and wages, pay as you go (PAYG) withholding and superannuation, to the ATO at the same time as you pay your employees.

Single Touch Payroll is designed to make it easier for businesses to meet their payroll processing obligations. The key message is that digital connectivity is becoming a necessary part of running a business – instead of reporting payroll information once at the end of the financial year, employers are required to report details at every payroll cycle.

Under STPR, it's no longer necessary to provide employees with Payment Summaries at the end of the financial year, or for employer businesses to submit an annual PAYG Payment Summary Statement to the ATO.

However, businesses will need to report Fringe Benefits Tax (FBT), Eligible Termination Payments (ETP) and Reportable Employer Superannuation Contributions (RESC) via Single Touch Payroll.

Businesses will also continue to submit Business Activity Statements (BAS) in the normal manner, even after STPR is mandatory for all employer businesses.

BEING SINGLE TOUCH PAYROLL COMPLIANT

Being or becoming Single Touch Payroll compliant may require your business to upgrade to a software solution that can electronically transmit payroll data to and from the ATO on your behalf.

Your accounting or payroll system will need to be able to report the following information to the ATO:

- each employee's name and tax file number (TFN),
- gross amount paid,
- tax withheld on the gross,
- ordinary time earnings for the period, and
- any superannuation guarantee obligations.

The ATO will then report to you each month or quarter the correct amount of PAYG tax withheld to pay through your activity statement. Also, each quarter there will be information available regarding your superannuation obligations to either pay the ATO clearing house or your independent provider.

As part of the new regime, the reports and liabilities owing will be available to you in real time. This means that, if you wish, you will be allowed to make payments towards PAYG tax withheld and superannuation contributions in your pay cycle before the due date.

...continued over

2019/02

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CHARTERED ACCOUNTANTS



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SOFTWARE AND SYSTEMS

If your accounting or payroll system is already automated with reports that can provide the information listed on the previous page for every pay cycle, all you need to do is confirm that your product is STP-compliant. The majority of latest version cloud accounting packages are STP-compliant.

For smaller businesses operating with older desktop accounting software, especially those without a payroll function, a number of software suppliers have stated that they will provide a low-cost STP solution.

The ATO has also released the following information about STP for businesses with fewer than 20 employees:

- Micro employers (1 - 4 employees) will have time to transition and your Accountant will be able to report quarterly for you for the first two years.
- Small employers (5 - 19 employees) will be given a grace period of until 30 September 2019 to be submitting live pay data.
- Deferrals and exceptions are available for employers experiencing hardship, or in areas with intermittent or no internet connection.

KEY STEPS TO BE STP READY

- **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.
- **When do you need to start reporting using STP?**
If your business had 20 or more employees on 1 April 2018, STP was mandatory from 1 July 2018. For businesses with 19 or fewer employees your deadline for mandatory reporting is 1 July 2019, however you can opt in for it now.
- **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.

Our advisers at The Peak Partnership can provide you with further information and assistance to help with your transition to Single Touch Payroll. Call your adviser at The Peak Partnership on 07 3360 9888 to arrange a discussion.

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