



YOUR BUSINESS AND SINGLE TOUCH PAYROLL

EMPLOYERS TO MOVE TO ELECTRONIC PAYROLL REPORTING

Single Touch Payroll Reporting (STPR) is set to be progressively introduced by the Australian Tax Office (ATO) from 1 July 2018. This means many businesses that employ staff will need to update their accounting software or payroll systems in order to report payroll activity to the ATO in real time.

ABOUT SINGLE TOUCH PAYROLL

Single Touch Payroll is a means of electronically reporting employee payroll information to the ATO in real time. Once STPR is implemented, there may no longer be the need 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.

Employee superannuation fund contributions will also be included in Single Touch Payroll Reporting, enabling more regular monitoring and matching of super contributions by the Australian Tax Office.

Under Single Touch Payroll Reporting, payroll compliance checking will be completed in real time, so businesses can expect contact from the ATO more frequently if issues arise.

The transition to STPR could also affect the way payroll information is shared between government and regulatory agencies. For example, the ATO could share payroll data with CentreLink in real time - rather than up to a year after the fact - to validate welfare payment claims.

EMPLOYEE PAYMENTS AND BUSINESS CASH FLOW

Single Touch Payroll is about reporting of employee wages and salaries, PAYG withholding and super contributions to the ATO. Businesses that operate under STPR will not be required to align the payment of their PAYG withholding and Super Guarantee contributions with their STPR reporting dates after considering any business cash flow consequences.

THE KEY CHANGES

The main changes you will notice when adopting the STPR are:

- Ordinary Time Earnings, salary, wages and PAYG withholding information will be reported to the ATO in real time when payroll is periodically processed by the employer, while all other withholding amounts – eg. FBT and PAYG Instalments – will still be required to be lodged and reported through Business Activity Statements (BAS).
- Superannuation contributions will be reported to the ATO at the time the contributions are paid.
- Employers will have to acquire SBR-enabled software to comply with their PAYG withholding obligations.
- New employees will have the option of completing TFN declarations and Super Choice forms online.
- The STPR reports for PAYG withholding will become the approved form for reporting PAYG withholding, instead of the current BAS process.
- Employers reporting via STPR will have their PAYG withholding prefilled on their BAS.
- Employers will no longer be required to submit an annual PAYG report to the ATO.
- Employers may no longer need to provide EOFY Payment Summaries to employees, as the employees will have access to their payroll information via their myGov account.

...continued over

2017/07

07 **3360 9888**

17 Mt Gravatt-Capalaba Road, Upper Mt Gravatt Qld 4122

Learn more at www.peakpartnership.com.au



The Peak Partnership
CHARTERED ACCOUNTANTS

YOUR BUSINESS AND SINGLE TOUCH PAYROLL

SINGLE TOUCH PAYROLL TIMELINE

The key dates for the planned implementation of Single Touch Payroll reporting, and the businesses that will be impacted, are:

FROM 1 JULY 2018: Single Touch Payroll Reporting will be mandatory for businesses with 20 or more employees (a substantial employer). This is based on an actual employee headcount, rather than full-time equivalent staff numbers.

FROM 1 JULY 2019: Subject to legislation being passed, businesses with 19 or fewer employees may also be required to adopt Single Touch Payroll Reporting.

FROM OCTOBER 2017: Payroll and accounting software providers are expected to release new or enhanced product solutions with STPR-enabled functionality. Software vendors are likely to stagger the release of STPR solutions, notifying end-users as the functionality becomes available.

The ATO has indicated that business operators can check for STPR-enabled software from the Product Catalogue on the Australian Business Software Industry Association website at www.absia.asn.au.

1 APRIL 2018: Employer businesses are required to conduct a headcount to determine the number of employees for STPR compliance.

This headcount will include full-time, part-time, casual (who worked during March 2018), employees based overseas and seasonal staff (who may only be engaged short-term to meet a regular workload, eg. harvest workers). Staff who are on leave or absent on the day of the headcount must also be included.

If the employer business is part of a group, the total number of people employed by all member companies must be included.

Company directors are not to be included if they are not an employee.

Once a business is considered a substantial employer, if the number of employees falls below 20 in a subsequent year, it must apply to the ATO for an exemption from Single Touch Payroll Reporting.

GETTING READY FOR SINGLE TOUCH PAYROLL

We suggest you follow a few steps sooner rather than later to be ready for the implementation of Single Touch Payroll Reporting:

1. Have detailed conversations with your accounting or payroll software provider/s to confirm whether the current payroll processing arrangements will support the changes to STPR. If they don't already, ask when they will launch STPR-enabled functionality and what's involved to upgrade or convert your current software.
2. Conduct a risk review of your current payroll procedures, including PAYG, superannuation, car allowances, etc., and the timeliness of those payments. Think about any cash flow impact on your business if you opt to pay your PAYG withholding at the time of reporting payroll activity to the Australian Tax Office.
3. Review and monitor your HR processes to ensure employees are being paid correctly and on time.

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

07 **3360 9888**

17 Mt Gravatt-Capalaba Road, Upper Mt Gravatt Qld 4122

Learn more at www.peakpartnership.com.au



The Peak Partnership
CHARTERED ACCOUNTANTS