

Are you ready for Single Touch Payroll reporting?

Employers who use their employees' unpaid super contributions to manage cash-flow shortfalls may find this practice a little more difficult after the ATO's Single Touch Payroll initiative starts on July 1, 2018.

From July 1, employers with 20 or more employees – as at April 1, 2018 – are required to report to the ATO certain payroll information via Standard Business Reporting software. This software will be linked to the employer's payroll system or its outsourced payroll provider's system.

While this change only affects "substantial employers", by July 1, 2019, all employers of any size are expected to be compliant.

The Single Touch Payroll (STP) initiative is part of the federal government's Digital by Default program and aims to reduce the administrative burden and cost for employers by simplifying tax and super reporting obligations while improving the visibility of employer non-compliance.

Employers will need to report to the ATO each time they pay their employees. The information sent will include salaries and wages, allowances, deductions – such as for workplace giving, and superannuation data. Payment summaries will no longer need to be provided to employees for the payments employers report through STP. Rather employees will be able to view their payment information in ATO online services, which they can access through their myGov account.

STP is also designed to simplify the administrative processes involved when new staff come on board by providing optional digital services for completing Tax File Number declarations and choice of super fund forms.



Trent Devine

There are expected to be some challenges around the introduction of the new system. A survey run by *Accountants Daily*, for example, found that more than 75 per cent of respondents weren't ready for the rollout of STP.

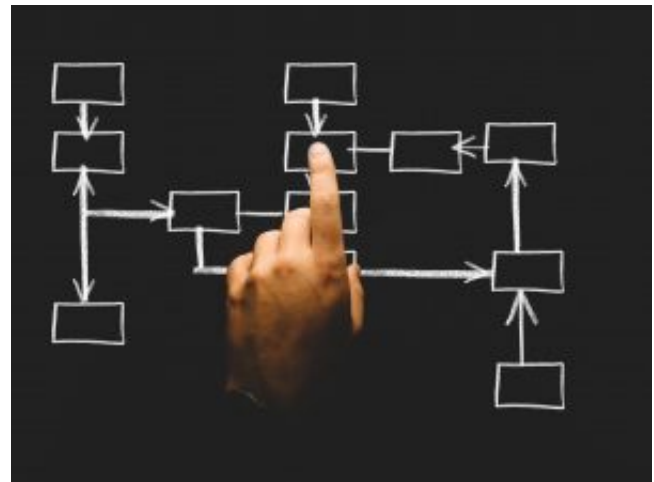
Meanwhile, Jirsch Sutherland Partner Trent Devine says the initiative will have a number of effects.

“One of the advantages is that the ATO will have more information for data-matching purposes,” he says. “This may help combat one of the most common business issues, which is the use of unpaid super contributions to support cash-flow shortfalls. This is a major issue, especially among SMEs. STP will help ensure employers are meeting their obligations.”

He adds the downside of the introduction of STP is the greater regulatory burdens for SMEs. “They already need to deal with many compliance issues and STP adds to this load but hopefully it is short-term pain for a long-term gain” he says.

Getting ready for STP

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he ATO says to get ready for STP, businesses should speak to their payroll software provider and find out how they will offer STP reporting. It may be through an update to existing software or an additional service.

Businesses can also check which payroll software and service provider offers STP-enabled products on the [Australian Business Software Industry Association product catalogue](#).

Deferrals can be granted to employers and payroll software providers if they are unable to get ready by July 1, 2018 due to extenuating circumstances.