

SINGLE TOUCH PAYROLL (STP)

- how this impacts you as either an employer or an employee

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What is STP?

STP is payroll reporting, by employers, to the ATO (Australian Taxation Office) when pays are processed. That is, when or before a person is paid a salary or wage the ATO is informed.

STP became mandatory for large employers (20+ employees) on 1 July 2018.

From 1 July 2019, STP extends to ALL employers.

Employers with 19 or less employees will need to start reporting between 1 July and 30 September 2019. If you are not ready to commence reporting by 30 September, you must apply for a deferral.

The focus of STP is reporting and providing transparency between employers, the ATO and employees. It is part of the Standard Business Reporting (SBR) approach to online or digital record-keeping to simplify business reporting obligations.

How STP impacts you as an employer

As soon as a pay run is processed, as an employer you are required to communicate payroll data to the ATO. Most accounting or payroll packages are now STP compliant, which enables payroll information (salaries/wages, allowances, deductions, PAYG, super etc) to be transmitted online to the ATO.

ATO systems will match STP information to their business (employer) and individual (employee) records. Employees will be able to access their year to date payroll information through their myGov account. Employers are still required to provide employees with a pay advice for each pay, but do not need to provide an end of year payment summary for information reported through STP.

Super funds will also report to the ATO when payments are made by employers to the employee's super fund.

For micro businesses (1-4 employees) there are 'no-cost and low-cost' solutions for STP compliance available. You also have the option for your registered tax or BAS agent to report your STP information quarterly – this option is available until 30 June 2021.

How STP impacts you as an employee

As an employee, you will need to set up a myGov account to access information provided by STP. Each time your employer pays you, your year-to-date earnings, tax and super information will be updated in myGov.

Your employer will no longer provide an annual payment summary – this information, called an 'income statement' will be available in myGov after the end of the financial year.

If you do not want/have a myGov account, you can contact the ATO for a copy of your income statement.

You can also check if your super has been paid into your super fund, as super funds will report to the ATO when your employer pays your super contribution.

You can lodge your income tax return as you have in prior years; through myTax or use a registered tax agent. If you prepare and lodge your own tax return using myTax the information from STP will be pre-filled.

How STP impacts related parties such as family employees, directors and trustees

Payments to the following are referred to as 'closely held payees'

- family members of a family-owned business
- directors or shareholders of a company
- trustees or beneficiaries of a trust

There are flexible reporting options for closely held payees

- Employers with 19 or less employees do not need to report closely held payees in 2019-20. However, all other employees (arms-length employees) must be reported through STP from 1 July 2019 or a deferred start date if one has been granted.
- Employers with 19 or less employees can report closely held payees quarterly from 1 July 2020. This report will be due at the same time as your activity statement.

The information above is for general information purposes only.

The content does not constitute advice or recommendations and should not be relied upon as such. You should make your own inquiries and obtain professional advice specific to your particular circumstances.

Source: <https://www.ato.gov.au/Business/Single-Touch-Payroll/>