



Do I Need To Lodge STP For My Small Business

If you're a small business owner, things have changed in the way you report your employee obligations and entitlements to the Australian Taxation Office (ATO). No matter how small your business is, even if you only have one employee, you'll need to report your obligations using Single Touch Payroll.

Previously, Australian small businesses with 20 or more employees were required to report using STP, but following legislation passed on 12 February 2019, STP must be reported for micro businesses with at least one employee.

What Is Single Touch Payroll (STP)

STP, or Single Touch Payroll is a system that is integrated into your payroll software. With STP you report employees' payroll information – such as salaries and wages, pay as you go (PAYG) withholding and super – to the ATO each time you pay your employees through STP-enabled software. The ATO will then data match records from the employee, employer and STP information to make sure all payments are up to date.

Single Touch Payroll Australia Requirements

Most software programs will now have a built in function which will enable you to upload your employees' information directly, however there are some low cost software solutions for small businesses

who may not run their business on a software package. This includes specific STP software that is used only to record and lodge employees payroll information and issue end of year income statements.

For those remote businesses with little to no internet connection, the ATO allows an option to report quarterly rather than with each payroll for those businesses that employ up to 4 people.

Your pay cycle will not need to be adjusted, and you can continue to pay your employees weekly, fortnightly or monthly. At the end of the financial year, an employer will need to declare that the reporting has finished for the financial year. The employees income statement will then be marked as tax ready. Their registered tax agent will then use the income statement to lodge their tax return and claim their deductions. Business Activity Statements (BAS) forms will still need to be lodged separately.

What Is The Benefit of STP

Come tax time in the past, employers supplied their employees with a payment summary in order to complete their individual tax returns to the ATO at the end of the financial year. With STP, employers will no longer have to supply that information to their employees.