

# Changes to Single Touch Payroll Reporting

*Most Aussie businesses now report their employees, salaries and wages information, Pay-As-You-Go PAYG withholding and superannuation obligations to the Australian Taxation Office ATO each pay period using Single Touch Payroll (STP).*

STP is a function built into most accounting software packages that link to the ATO when payments are made. Employees can see these payments when they are updated through their government portals. This means that employers won't need to give their employees a payment summary for the information that is reported through STP or provide separate information to various government agencies. It is all done at one time in one location.

From 1 July 2018, employers with more than 20 employees and then from 1 July 2019, employers with 19 or fewer employees were obligated to report their employees PAYG and superannuation through STP.

## New Changes To STP

Further changes to STP will come into effect from 1 July 2021. This will affect small businesses with closely held payees and micro employers completing quarterly STP reporting. Reporting can be done with each pay day, monthly or quarterly. Closely held employees were previously exempt from reporting through STP.

## Closely Held Employees

A closely held employee is an employee that is directly related to the entity from which they receive payments. This includes:

- Family members of a family business
- Directors or shareholders of a company
- Beneficiaries of a trust

## Micro Businesses

If you're a micro-business with fewer than five employees, you'll need to start STP reporting from 1 July 2021. There are concessions available if your business meets the ATO's exceptional circumstances, which includes having no or unreliable internet connection or only employing seasonal or intermitted workers.

**Pro Tax Tip:** If you haven't started reporting through STP, you'll need to start reporting as soon as possible.

A registered tax agent for a micro business will lodge an STP report once per quarter. The due date for the STP lodgement will be the same as the due date of the businesses BAS. If the STP report is lodged quarterly, it is due the same day as the BAS. STP can be reported monthly on or before the 21st of each month.

## Information Required

The quarterly report need to include your employees year-to-date amount up to the last pay day of the quarter, their total gross wages and their total PAYG withholding amount. You can report every individual pay event for the quarter or a single combined pay event which reports all of the information in the quarter.



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## Expansion Of Data

During the changes made to the 2019-20 budget, the federal government announced they would expand the data collected through STP – known as Phase 2. This is aimed to reduce the burden of employers who need to report information about their employees to multiple government agencies and ensure consistency of information with Services Australia interactions.

The mandatory start date for STP Phase 2 will be 1 January 2022.

### Phase 2

Phase 2 of STP reporting aims to reduce the duplication of information regarding the end of employment and reporting child support garnishee and deduction amounts voluntarily paid through STP instead of using a manual method.

Employee Tax File Number and withholding declarations will be captured in the employment condition section of the STP report.

Employee income, such as their salary and wages, foreign employment income, payments made to closely held employees and working holiday makers will be reported.

**Pro Tax Tip:** If you use a registered tax agent to lodge your return, they will be able to access your information with a direct link from the ATO so they're fully equipped to lodge your tax return as usual.

Speak with an ITP Tax Accountant about how they can offer quarterly reporting and what they will need from you to lodge on your behalf.

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