# Single Touch Payroll

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# Contents


What exactly is Single Touch Payroll? 4

When will Single Touch Payroll roll out? 5

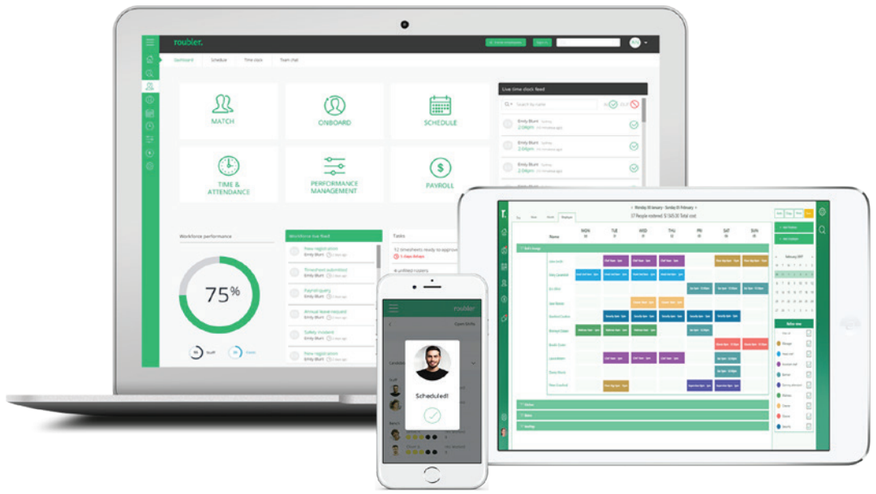
How does Single Touch Payroll affect your business? 6

Why is Single Touch Payroll being introduced? 7

What are the benefits and downsides of Single Touch Payroll? 8

Roubler and Single Touch Payroll 8

FAQs 9

# What exactly is Single Touch Payroll?

Single Touch Payroll (STP) is the term used to describe the new way in which employers will be required to report their PAYG (pay as you go) and super contribution details to the Australian Tax Office (ATO).

Currently, employers are only required to report PAYG and super details to the ATO monthly or every quarter. With the introduction of STP, employers will have to report super and PAYG details to the ATO after every "pay event". A "pay event" refers to every time the employer deposits money into an employee's bank account and generates a pay slip.

At each "pay event", the following information is sent to the ATO, for each employee paid:

- The year-to-date total wages and tax
- The amount of Superannuation accrued up to that point

These changes will affect businesses that employ more than 20 people next year, and businesses with less than 20 employees the following year.

The information submitted to the ATO from the employer will be available to the employee via their MyGov login.

To better comprehend what Single Touch Payroll is, how it will affect your business, and how Roubler can assist, we have created this STP EBook.

# When will Single Touch Payroll roll out?

The Australian Tax Office (ATO) has been in talks of introducing Single Touch Payroll (STP) since 2014. They have now officially locked in dates for the roll out of STP, as well as outlined the changes it will incur.

- Employers that have 20 or more employees ("substantial employer")

Single touch payroll will become compulsory from July 1st 2018 for businesses employing 20 or more people

- Employers that have 19 or less employees

At this stage, it's been predicted that business employing 19 or less people will require single touch payroll from 1st July 2019. However, this date hasn't been confirmed.

Your business will be required to perform a headcount of April 1st 2018 to confirm your number of employees. If you currently have 20 employees, but drop under 20 by July, you may still classify as a "substantial employer" and therefore be obliged to enact Single Touch Payroll. Businesses are allowed to adopt STP before the required date if they wish.

In October 2017, the ATO will release critical information to software developers to ensure that they can update their software to reflect the changes to reporting requirements.

# TIMELINE

What are the benefits and downsides of Single Touch Payroll?

## Benefits

One of the key upsides for employers of STP is that it will streamline the process of reporting to the ATO. Payroll information will be submitted each pay run, so that there isn't a large back log come the end of the quarter. As a result, the ATO will have the ability to pre-fill the business activity statement for employers, including the total salary for each employee and the total withheld (W1 and W2 of the PAYG withholding labels). This will eliminate data entry errors, as well as double handling.

Furthermore, the need to create and send out payment summaries to each employee could possibly be eradicated as employees will be able to access this information via their online MyGov accounts.

Additionally, the ATO could potentially allow employees to gather the tax file declaration and super choice details from the MyGov site when a new staff member is being onboarded. This would save a great amount of time, and would also heighten accuracy and reduce data entry errors.

## Downsides

The only real downside of STP is that for those businesses operating without a payroll software, the change makes it almost impossible to keep up with the reporting requirements. Furthermore, it will become much easier to detect award non-compliance.

The easiest solution to this dilemma is to ensure that your business is operating on a reliable payroll software, as soon as possible. These software will be updated according to the guidelines issues by the ATO to ensure that they're catering to the regulatory challenges. Hence, operating a reliable, updated payroll software will ensure that your business is meeting the new requirements.

# Why is Single Touch Payroll being introduced?

There are a few reasons that Single Touch Payroll is being introduced.

Firstly, the ATO will be able to have greater visibility across businesses. This will help to make sure that businesses are paying their PAYGW and SGC.

The move should encourage companies to maintain the accuracy and efficiency of their payroll, as well as ensure modern award compliance from all businesses.

It also encourages a more streamlined reporting process. Employees will no longer require a PAYG summary every pay event, reducing internal paperwork. Employees will have ease of access to their payment details across all employers, streamlining their personal paperwork as well. This will also allow the ATO to prefill tax return details, to cut down on stress come tax time.

# How does Single Touch Payroll affect your business?

If you're already working with a payroll software provider, Single Touch Payroll won't greatly impact the everyday functioning of your workplace. The principle change is that your business will submit additional reporting to the ATO for each "pay event". However, this duty will fall upon your software provider or outsourced payroll provider.

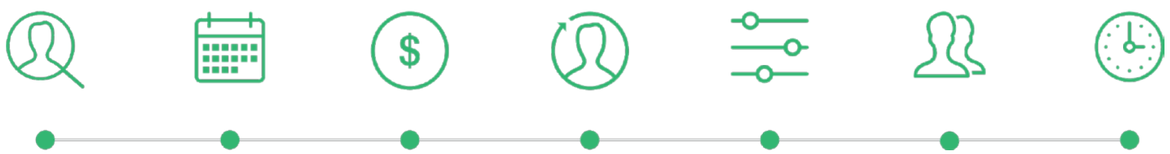
It's essential that you check with your payroll software or service provider by July 1st 2018 to ensure they're preparing themselves for the changes. If they aren't, you will need to find a new provider by this date.

# Roubler and Single Touch Payroll

Roubler has already taken the required steps to update its software to be ready for Single Touch Payroll capability.

The ATO are releasing more information regarding software in the coming weeks, and Roubler will incorporate this information accordingly to ensure that all of our clients pay runs are completely in compliance with regulations.

At Roubler, we have over 15 years' experience in Australian payroll. Our software is intelligently designed to continually upgrade to reflect regulatory changes, and STP is no different. Roubler will manage your payroll in complete compliance with modern awards, as well as these new reporting requirements.



# Frequently Asked Questions about STP

## Do I still need to submit a BAS?

Yes, you will still be required to submit a business activity statement, however sections W1 and W2 will be automatically filled out.

## Will I be able to adjust W1 and W2 that have been auto-filled?

Yes, you will be able to make changes to auto-filled values.

## Will I still have to create payment summaries for each employee?

At this stage, it appears as if this won't be necessary due to MyGov's access to all details. However, this is yet to be confirmed.

## Will I still have to create a yearly payment summary report?

This may no longer be necessary, but it is yet to be confirmed.

## Will I be able to make super payments or PAYG via STP?

STP is purely a reporting change, so the payments themselves are made separately.

## If I have less than 19 employees, can I start using STP anyway?

Yes, you should be able to start using it from 2018.

## Can an outsourced payroll service submit the reports for each pay event?

Yes, at this stage it is understood that your outsourced payroll provider will be able to submit these reports on your business' behalf.

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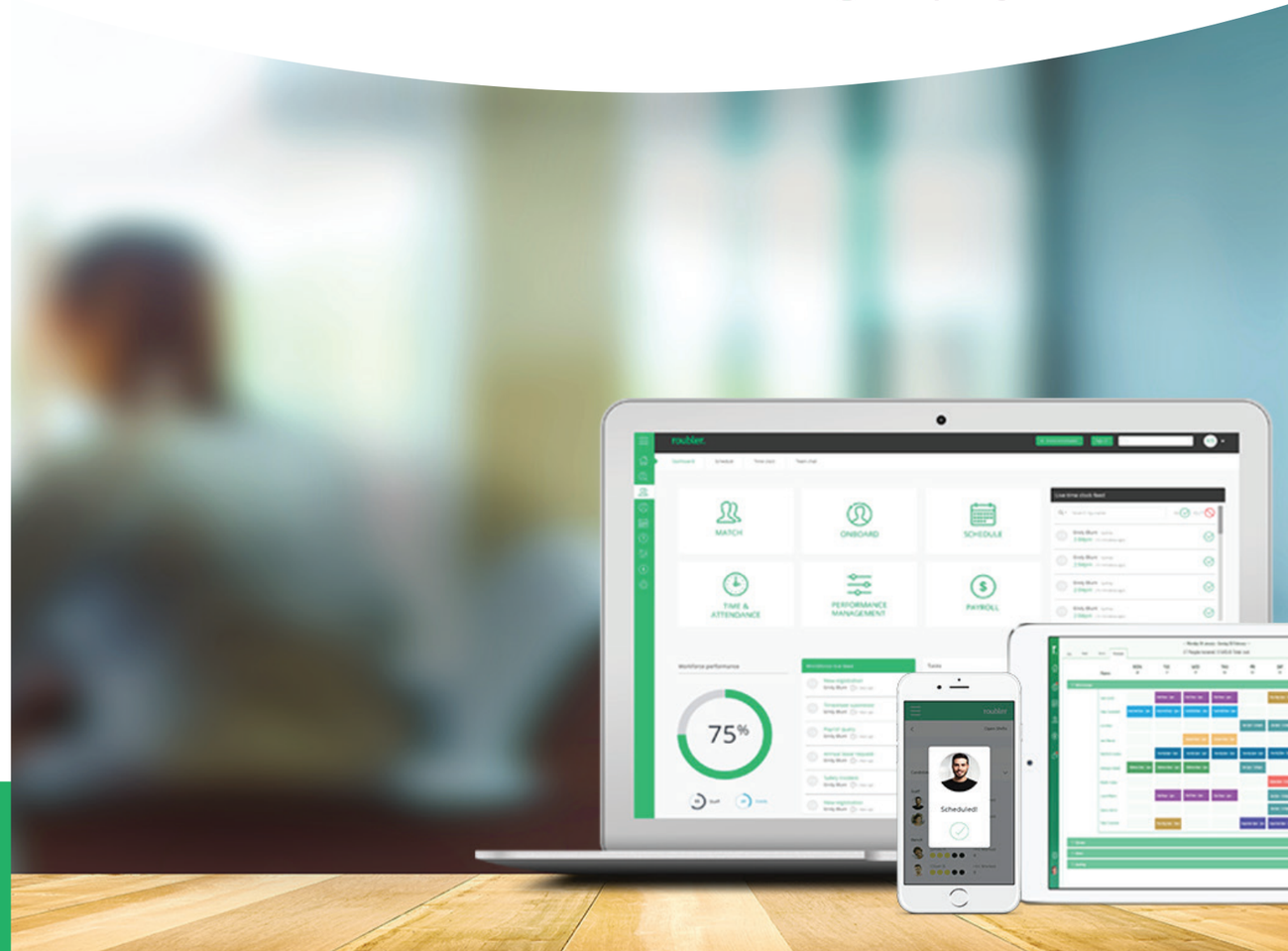
hire. schedule. manage. pay.