

Single Touch Payroll - Small Business Checklist

Single Touch Payroll (STP) is here, it affects you and you need to take action before 1 July 2019.

STP involves more than just a standard upgrade to your payroll software. It impacts many parts of your business and will require some focussed attention and guidance to comply. We've prepared this checklist to help you prepare your business and find additional information.

WHAT

So what is Single Touch Payroll (STP)?

STP is a way of sending tax and super information to the ATO from your STP-enabled payroll or accounting software each time you pay your employees.

Your pay cycle does not need to change. You can continue to pay your employees weekly, fortnightly or monthly.

The information you report will include your employees' salaries and wages, allowances, deductions (for example, workplace giving) and other payments, pay as you go (PAYG) withholding and superannuation information.

Ensure you have in place:

- ATO AUSkey
- Access to the ATO Business Portal
- Access to the ATO Access Manager

More Info is available at the official ATO STP website:
ato.gov.au/singletouchpayroll

WHO

Employers – rules vary based on size:

20 or more employees – changes came into effect on 1 July 2018 so most STP processes should be in place

19 or less employees – changes come into effect on 1 July 2019 as follows:

5 – 19 employees – STP reporting will commence from 1 July 2019

1 – 4 employees – employers can lodge via Tax or BAS agent for a two year period or choose to become STP compliant at any stage from 1 July 2019 onwards

There are a number of transitional rules and exemptions being considered and offered so it is important as an employer you keep up to date over the coming months

Employees - Employees will need to be registered on myGov and linked to the ATO.

We recommend you commence this process with your employees as soon as possible to make sure they are ready for STP by the required due date.

- Employers, do you have an individual registration on myGov? If not, do so before you ask your employees to do this (in the next section). Make notes so you can guide them, *e.g. need a unique email address and mobile number*. Step-by-step instructions can be found on the Department of Human Services website.

- Next, make notes on how you link to the ATO as an individual. *e.g. need your TFN and two of these: assessment notice, PAYG payment summary, super account, dividend statement, Centrelink payment summary or bank account details*. More detailed help can again be found on the Department of Human Services website

- Next, ask your employees to register on myGov, if they haven't already done so. The above steps will greatly accelerate staff engagement and reduce unproductive time, *e.g. making errors and being locked out of the website for an hour*.
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HOW

If you use payroll software, it may need to be updated to enable STP reporting.

STP involves payroll information being sent electronically to the ATO with every pay run. It is this direct connection to the ATO that is new and requires all payroll systems to be upgraded. If your operating systems are old, they will also require an upgrade.

Talk to your payroll software provider to find out how to update your software.

If you DON'T use payroll software, it's time to start.

STP involves payroll information being sent electronically to the ATO with every pay run. It is this direct connection to the ATO that is new and requires an STP-enabled payroll system.

- If you have one, ask your existing payroll/software provider:
 - Is your payroll solution ready for STP?
 - If they are rationalising their product offerings and pushing you onto a newer cloud product, make sure the functionality on the accounting side (payroll and accounting software are usually in the same suite) is not inferior to what you could have by conducting a broader review of your options
 - If they have a deferred start date request the deferral reference number. You will need this to apply for your own deferral from the ATO if you choose to stay with this provider

- Select a payroll/software provider. There's plenty available to choose from but you may want to discuss the best fit for you with your accountant and/or IT provider.
- There are a range of low cost and no cost solutions that you can consider. For information on these options go to ato.gov.au/business/single-touch-payroll
- Choosing a payroll solution that suits you can be overwhelming. To help choose the package right for you, contact Davidsons at info@davidsons.com.au for a no cost consultation.

FURTHER INFORMATION

Visit the ATO website to better understand **your obligations under STP**

Contact Davidsons on 03 5221 6399 or info@davidsons.com.au