

Sheppard Hanson & Co

Certified Practising Accountants
Registered Tax Agents - ABN 62 739 820 705

SHOP D 1181 WYNNUM ROAD CANNON HILL QLD 4170

PO BOX 325 CANNON HILL QLD 4170

TELEPHONE: (07) 3390 4333 - FAX: (07) 3390 7444

WEBSITE: www.sheppardhanson.com.au

Principal:

DANIEL J HANSON B.Com, CPA

email: dannyh@sheppard.net.au

31 January 2019

Dear Client,

RE: SINGLE TOUCH PAYROLL FOR SMALL BUSINESS

Single Touch Payroll (STP) is a new initiative by the ATO to improve the way small businesses report their payroll and superannuation contribution information. So, if you're not already using an online accounting system or payroll service provider now's the time to consider your options.

Things to consider:

- Will your payroll software provider offer Single Touch Payroll reporting?
- If not, do they have a deferred start date? If they have a deferred start date, you will need to request the deferral reference number to apply for your own deferral with the ATO.
- How many employees did you have on 1 April 2018? If you had 20 or more employees the new rules already apply to you. Subject to new legislation being passed, from 1 July 2019 the STP rules will also apply to businesses with 19 or fewer employees. However, we recommend getting ready now so you're familiar with the process.
- Employees may chose to register with MyGov. Why? So your employees can access their payment summaries and tax file declaration/super choice information.
- Make sure you're paying your employees correctly.
- Check that you're calculating your employees' super entitlements correctly.
- Check if you're addressing overpayments correctly.
- Do you need to automate any manual processes to ensure the required data is available in the payroll system for STP?

We're ready for Single Touch Payroll and we can help your business prepare for it too. Enclosed are more detailed ATO fact sheets for employers and employees.

We also enclose a list of low-cost STP solutions for businesses with less than 5 employees.

Please contact our office to find out more. Single Touch Payroll will affect all businesses that pay wages and superannuation including working directors.

If you have any queries in relation to the above information please contact our office.

Yours faithfully,



Daniel J Hanson

Sheppard Hanson & Co.



Single Touch Payroll

For employers

Understanding the next steps

Single Touch Payroll is the next step in streamlining your payroll reporting. It will change the way you report your employees' payroll information to the ATO. It starts from **1 July 2018** for employers with 20 or more employees.

You will report payments such as salaries and wages, pay as you go (PAYG) withholding and super information to the ATO when you pay your employees.

You can do this through your existing payroll software (such as accounting software) as long as it is updated to offer Single Touch Payroll reporting. Payroll software providers are updating their products now. Talk to your provider to find out how and when your product will be ready.

When do I need to get ready?

- If you have 20 or more employees you will need to report through Single Touch Payroll from **1 July 2018**. The first year will be a transition period and penalties may not apply.
- If you have 19 or less employees, you will need to report through Single Touch Payroll from **1 July 2019**, subject to legislation being passed in parliament.

What does it mean?

- When you start reporting through Single Touch Payroll you will send your employees' payroll and super information to the ATO from your payroll solution each payday.
- Your payroll cycle will not change. You can still pay your employees weekly, fortnightly or monthly.
- Your payment due date for PAYG withholding and super contributions will not change. However, you can choose to pay earlier.
- You may not need to provide your employees with a payment summary at the end of financial year for certain payments you report through Single Touch Payroll. The ATO will make that information available to employees through myGov.

- You will have the option to invite your employees to complete *Tax file number declaration*, *Superannuation standard choice form* and *Withholding declaration* online. This feature will not be available immediately.
- When you report to the ATO through Single Touch Payroll, your employees will be able to view their year-to-date tax and super information through myGov.

How do I get ready?

Count the employees who are on your payroll on **1 April 2018**.

- If you have 20 or more, you will need to update your software when it's ready and start Single Touch Payroll reporting from **1 July 2018**.
- The headcount is a self-assessment. You do not need to notify the ATO of your employee numbers.

Talk to your software provider.

- Ask them when and how your product will be updated to offer Single Touch Payroll reporting.
- Some payroll software providers have asked us for more time to get ready. Ask them if they have been given a later start date by the ATO (a deferral).

If you do not have a payroll solution, choose one that offers Single Touch Payroll reporting.

- If you have 20 or more employees and do not use a payroll solution, you will need to choose one that offers Single Touch Payroll and start reporting from **1 July 2018**. Talk to your registered tax or BAS agent about the best product to suit your needs.

Talk to your agent.

- You can also ask your agent to report to us through Single Touch Payroll on your behalf.

How to count your employees

To find out if you are required to report through Single Touch Payroll you will need to do a headcount of the number of employees you have on **1 April 2018**.

If you have 20 or more employees on that date, you will need to start reporting to the ATO through a Single Touch Payroll-enabled solution from **1 July 2018**.

You need to include the following employees in your headcount:

- full time employees
- part time employees
- casual employees who are on your payroll on 1 April and worked any time during March
- employees based overseas
- any employee absent or on leave (paid or unpaid)
- seasonal employees (staff who are engaged short term to meet a regular peak workload, for example, harvest workers).

Do not include any employees who ceased work before 1 April, casual employees who did not work in March, independent contractors, staff provided by a third party labour hire organisation, company directors, office holders or religious practitioners.

Timeline for Single Touch Payroll

1 April 2018

- Employers need to do a headcount of the employees they have on their payroll on 1 April.
- Check our guidelines on how to count your employees ato.gov.au/stp

1 July 2018

- Single Touch Payroll reporting starts for employers who have 20 or more employees.

1 July 2019

- Employers with 19 or less employees will start reporting through Single Touch Payroll – subject to legislation being introduced and passed in parliament.

Need more information?

Visit ato.gov.au/stp



Single Touch Payroll

For employees

Understanding the next steps

The way employers report tax and super information to us is gradually changing.

This reporting change is called Single Touch Payroll (STP) and it applies to employers that have 20 or more employees. Some employers have already started STP reporting. However, the majority of employers with 20 or more employees will start from 1 July 2018.

If your employer reports through STP they will send us your tax and super information each time they pay you. We call this 'real-time reporting'.

Don't worry; you'll still be paid the same way. However, there will be some changes for you.

What STP means for you

Here are some of the changes you will see **if your employer reports to us through STP**.

You will see your year-to-date tax and super information in myGov.

- You will see this information by logging into [myGov](#) and accessing ATO online services.
 - > It's easy to set up and manage a myGov account if you don't have one. You can now use your mobile number or email address to sign in.
 - > It's not compulsory to have a myGov account. However, you won't be able to see your year-to-date tax and super information online without one.
- Each time your employer pays you, your year-to-date tax and super information will be updated in myGov.
 - > It may take a few days for your myGov information to be updated after your employer pays you. That means the information you see in myGov may not always match what you see on your payslip.
 - > Year-to-date information is a total of the payments made by your employer from the start of the financial year.

Payment summaries will also be in myGov.

- Your employer is not obliged to give you an end of year payment summary for the information they report through STP (the law has changed).
- Your payment summary information will be available in myGov at the end of the financial year.
 - > If your employer has already started STP reporting, ask them how you will get your payment summary for this financial year (2017-18).
 - > STP has started gradually, and some employers may choose to issue payment summaries for the first year.
- Your payment summary information will be called an **income statement** in myGov. This is the equivalent of your payment summary (some people may still refer to it as a group certificate).
- We'll send a notification to your myGov inbox when your **income statement** is 'tax ready' so you or your tax agent can complete your tax return.
- You'll be able to contact us for a copy of your **income statement**.
- You can continue to lodge your tax return as you do now. This may be through a registered tax agent, or *myTax*.

You can check if your super has been paid.

- Your employer will tell us how much super they are required to pay to your fund.
- Super funds will let us know once your employer has made the payment to your fund (this will start from 2019). Talk to your software provider.
- Just remember, employers pay super contributions at different times, and that's ok. However, they must pay at least quarterly.

Your registered tax agent will also be able to access your STP information.

- Your tax agent will know if your employer reports through STP.
- Your **income statement** will be available for your agent to prepare your tax return.

If you have multiple employers

If you have multiple employers, they may not all report through STP.

An employer **who does not** report through STP will need to give you a payment summary at the end of the financial year (as they do now).

An employer **who does** report through STP will not have to give you a payment summary for the STP data they report. You will get your end of year payment summary information in myGov.

What to do if your employer reports through STP

- Find out when your employer will start reporting through STP. Most employees won't notice any changes until 2018-19.
- If your employer has already started STP reporting, they should let you know how you will get your payment summary this year. They may choose to give you a payment summary for the first year of STP reporting.
- Create a myGov account if you don't have one. MyGov is a secure way to access government services online with one login and one password.
- When your myGov account is set up, you can link it to ATO online services and manage your tax and super information in one place.
- Already have a myGov account but forgotten your username or password? Click the links to recover your username or recover your password.

See also:

- Video: Creating a myGov account
- Link the ATO to your myGov account

Need more information?

Visit ato.gov.au/stp



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Low-cost Single Touch Payroll solutions

We expect to see a range of simple, low-cost Single Touch Payroll (STP) solutions available in the market from early 2019. These solutions will best suit micro employers (with one to four employees) who need to report through STP, but do not currently have payroll software.

In response to the market request by the ATO, 31 companies have put forward product proposals to offer low-cost STP solutions. The solutions are required to be affordable (costing less than \$10 per month), take only minutes to complete each pay period and not require the employer to maintain the software.

These solutions may include mobile apps, simple reporting solutions and portals.

We have published a list of the companies intending to offer these solutions below.

While we will take all reasonable care to ensure information provided in this list is accurate, changes in circumstances may occur after the solutions are released which may affect the accuracy of this information.

The list is ordered alphabetically for convenience and does not imply any preference. The ATO does not endorse any of the suppliers listed:

- AccXite Pty Ltd
- BAS Off Pty Ltd
- Catsoft
- Easy Pay Slip Pty Ltd
- Employment Hero Pty Ltd
- e-PayDay Pty Ltd
- ePayroll
- Etax Accountants Pty Ltd
- Free Accounting Software
- Globe BD
- GovReports
- Intuit Australia Pty Ltd
- LodgeiT Pty Ltd
- Ironbark Software
- Myaccountant Technology Pty Ltd
- MYOB Australia Pty Ltd
- OB Secure Messaging
- Sodapay
- PwC Australia
- Reckon Australia Pty Ltd
- Single Touch Pty Ltd

- Xero Australia Pty Ltd

Last modified: 23 Jan 2019

QC 57515

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If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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