Reckon R®

Understanding all things STP

A comprehensive guide to Single Touch Payroll for small businesses

What is Single Touch Payroll?

Single Touch Payroll (STP) is an initiative by the ATO that changed the way employers reported on employee payments including salary and wages, PAYG withholding and superannuation.

Under STP, employers send payroll information to the ATO at the same time as they pay their employees typically weekly, fortnightly or monthly via their payroll software.

Reporting each pay run saves time and resources for businesses at the EOFY because you have already submitted payroll information to the ATO throughout the year.

Key dates & deadlines

Single Touch Payroll is now mandatory for all business with employees. Here's a timeline of key dates you need to be aware of:

1 July 2018
Single Touch Payroll reporting became mandatory for employers with 20 or more employees.

1 July 2019
STP reporting became mandatory for employers with 19 or less employees.

1 July 2021
STP reporting became mandatory for employers with only closely held employees or non-business employers, such as carers holding a Withholding Payer Number (WPN).

1 Jan 2022
STP reporting phase 2 begins; STP Phase 2 saw all businesses build on their current STP reporting to provide additional information to the ATO.

Single Touch Payroll Timeline

1 July 2018	1 July 2019	1 July 2021	1 Jan 2022
STP is mandatory if you have 20 or more employees.	STP is mandatory if you have 19 or less employees.	STP is mandatory for closely held employees and non business employers.	STP Phase 2 reporting became mandatory.

Please note: There are limited exemptions and deferrals available for small businesses. Check the **ATO website** for more information.

Benefits of STP

Employers

> Under STP, employers send payroll information to the ATO at the same time as their standard pay runs. This saves time and resources for businesses at the EOFY because they've already submitted payroll information to the ATO throughout the year.

> The ATO will pre-fill payroll fields W1 & W2 in your BAS because they already have the information from you, reducing potential errors and double handling.

> You are no longer required to generate and distribute payment summaries to employees as this information will be available online via MyGov.

> Enables other government agencies to leverage the STP infrastructure to receive information and support the administration of the social security system.

Employees

> Get up to date access to payments and contributions via MyGov including superannuation, income and tax.

> Your payroll information will pre-fill in your tax return, making it easier and quicker to complete as you won't need to wait for a payment summary from your employer.

> Electronic commencement forms including a pre-filled Tax File Number Declaration and SuperChoice form makes starting a new job easier.

Your payroll cycle and requirements to pay your employees won't change. STP is simply a change to how and when you report payroll information to the ATO.

STP Phase 2 reporting

STP Phase 2 came into effect on 1 Jan 2022, requiring additional information to be reported to the ATO. The new requirements will enable other government agencies to leverage the STP infrastructure to support the administration of the social security system.

STP phase 2 will also include the following new fields:

> **Employment basis**

> **Paid leave**

> **Allowances**

> **Overtime**

> **Cessation details**

> **Child support deductions**

> **Salary sacrifice**

> **Lump sums**

> **Country codes**

Under STP phase 2 you are also required to separately itemise components which make up the gross amount. You need to report all allowances separately, not just expense allowances that may have been deductible on your employee's individual income tax return.

Reckon and Single Touch Payroll

Reckon successfully completed the Australian Taxation Office (ATO) STP Certification process, which verifies the following products are STP-enabled and ATO compliant:

> **Reckon One**

> **Reckon One Payroll**

> **Reckon One Payroll App**

> **Accounts Hosted**

> **Reckon Accounts Desktop**

Reckon has over 30 years experience in accounting and payroll industry. Our range of affordable STP solutions have supported small business owners through STP Phase 1 changes and we are proud to say we've processed over 4.4 million STP submissions for our customers!

Reckon continues to work closely with the ATO to ensure our software is compliant for STP Phase 2. Our range of STP solutions start from just $12/month, and will ensure you are compliant with the ATO. **See our solutions**.
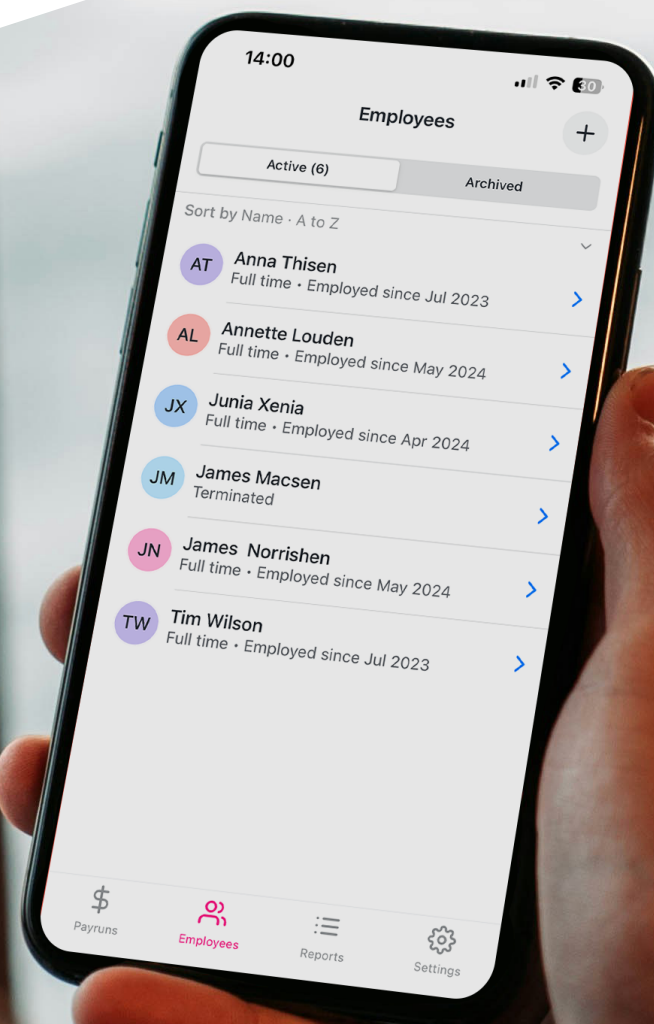
Reckon Payroll App

The Reckon Payroll App is an ATO approved and STP compliant solution.

Custom designed and built in Australia, so you can be confident you're up to date & compliant with payroll legislation. You'll also be STP compliant, as STP submissions are built right into the payroll process!

Download now

Payroll pricing that suits every business

	Essentials	Plus	Premium
Price / month	$11.99	$24.99	$49.99
Employees	1–4	5–10	Unlimited
Process pay runs	✓	✓	✓
Email pay slips	✓	✓	✓
Manage STP	✓	✓	✓
Calculate superannuation	✓	✓	✓
Track leave & entitlements	✓	✓	✓
Employee companion app	✓	✓	✓
Payroll reporting	✓	✓	✓
Employee timesheets	✗	✓	✓
Employee expenses	✗	✓	✓
Advanced insights & reporting	✗	✗	✓

Glossary

ABN
An **Australian Business Number** is a unique 11 digit number that identifies your business to the government and community.

ABSIA
The **Australian Business Software Industry Association** is a non-profit association created to represent the business software industry and act as the primary contact point for interaction between involved parties e.g. government, software developers.

ATO
Australian Taxation Office is the principal revenue collection agency of the Australian government.

BAS
A **Business Activity Statement** is a form submitted to the Australian Taxation Office by all businesses registered for GST to report their taxation obligations.

EMPDUPE
A file containing your PAYG payment summary report.

MyGov

An online government portal that gives you secure access to a range of services such as Centrelink, Medicare, and the Australian Taxation Office using one username and password. It's also a central inbox for your messages from these services and a quick and easy way to make changes to your personal details.

PAYG

Pay As You Go involves two processes required by the ATO for businesses in Australia: PAYG instalments and PAYG withholding.

Payment Summary

At the end of each financial year, employers must give employees a summary of their income and tax withheld for the past year. Also referred to as 'group certificate'.

PAYG Instalments

A system for making incremental payments which accumulate towards your expected end of year income tax liability.

PAYG Withholding

Employers pay their employees income tax obligation on their behalf. Your company is obligated to withhold some of their payment and send it to the ATO at regular intervals.

SBR

Standard Business Reporting is a standard approach to online or digital record keeping introduced by the government in 2010 to simplify business reporting obligations. SBR is built into business and accounting software making it SBR-enabled.

SG

Superannuation Guarantee is a compulsory system of superannuation support for employees, paid for by employers. The SG rate you must pay for each eligible employee from 1 July 2024 is 11.5%.

SuperChoice

A form the employee fills in to advise an employer of their choice of super fund. The employer uses this information to make contributions to their nominated super fund.

TFN Declaration

A **Tax File Number Declaration** is a form the employee fills out and gives to the employer so the employer can work out how much tax to withhold from payments they make to you.

For more information visit the Reckon Single Touch Payroll home page at **reckon.com/STP**

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