A comprehensive guide for small businesses

Single Touch Payroll Guide
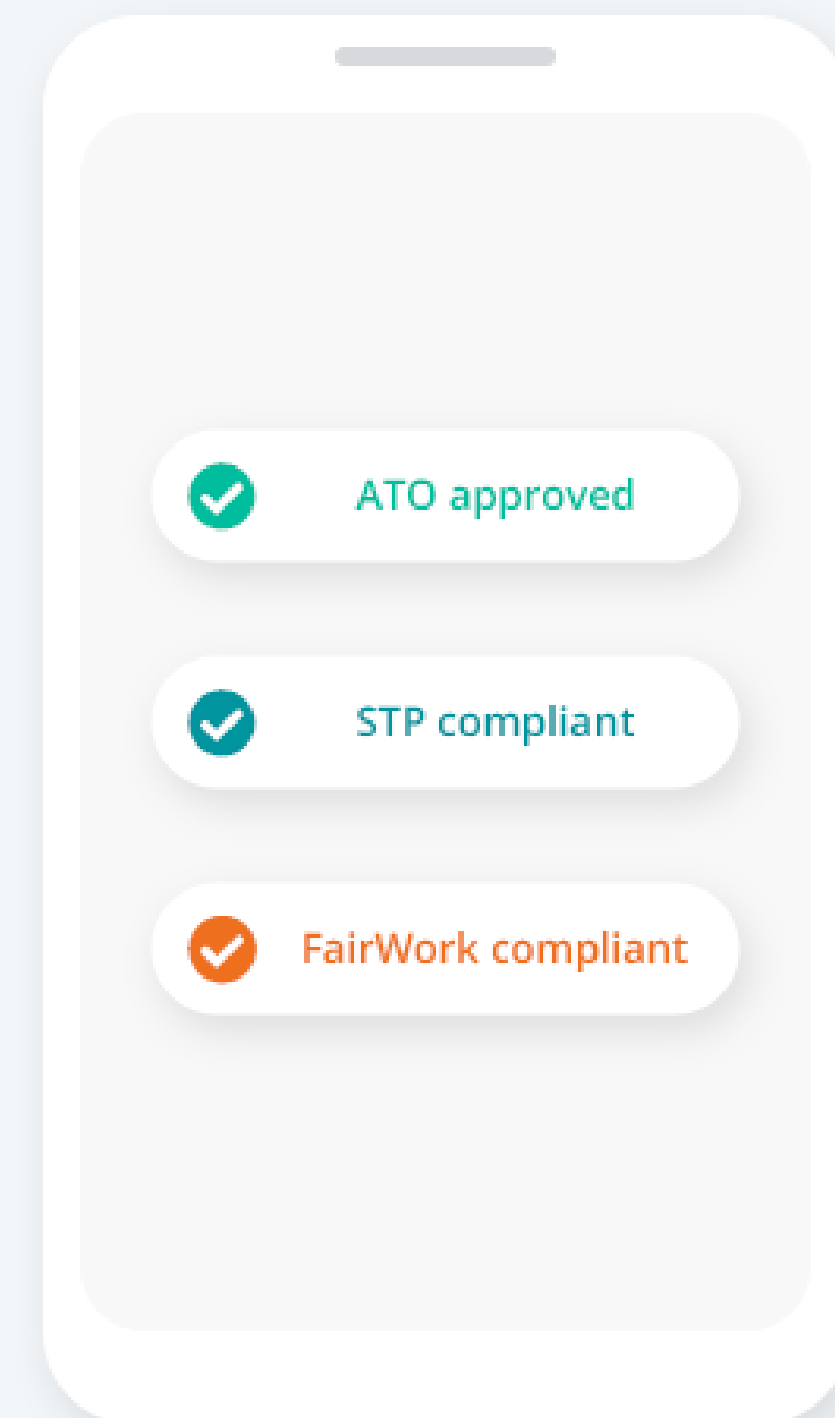
Reckon **R**

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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.

ATO approved

STP compliant

FairWork compliant

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:

✅ For employers with 20 or more employees: Single Touch Payroll reporting became mandatory from **1 July 2018**.

✅ For employers with 19 or less employees: Single Touch Payroll reporting became mandatory from **1 July 2019**.

✅ Employers with only closely held employees or non-business employers, such as carers holding a Withholding Payer Number (WPN): Single Touch Payroll reporting became mandatory on **1 July 2021**.

✅ STP reporting phase 2 begins **1 Jan 2022**.
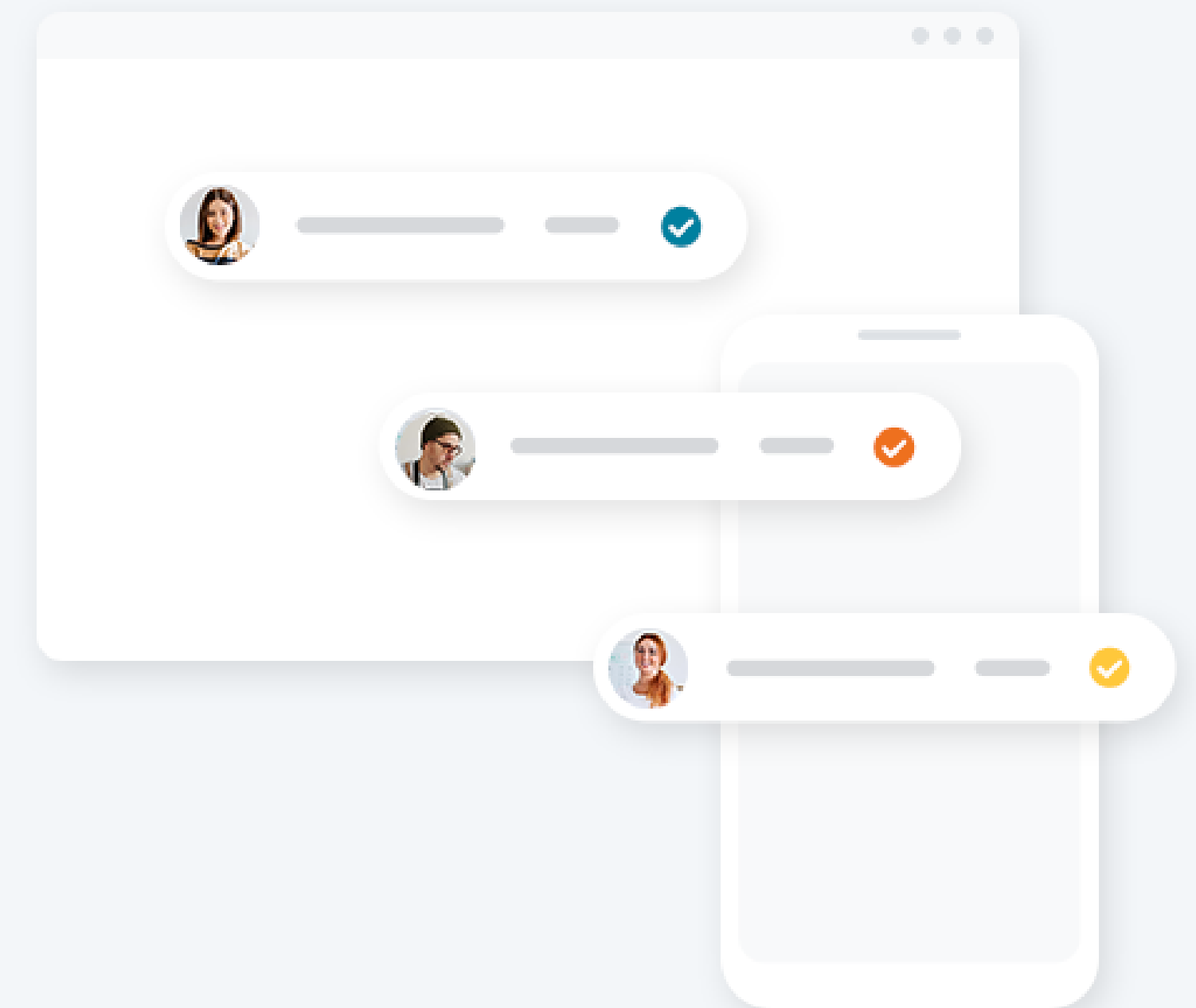
Single Touch Payroll Timeline

1 JULY 2018

STP is mandatory if you have 20 or more employees.

1 JULY 2019

STP is mandatory if you have 19 or less employees.

1 JULY 2021

STP is mandatory for closely held employees and non business employers.

1 JAN 2022

STP Phase 2 reporting begins.

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

What are the 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.
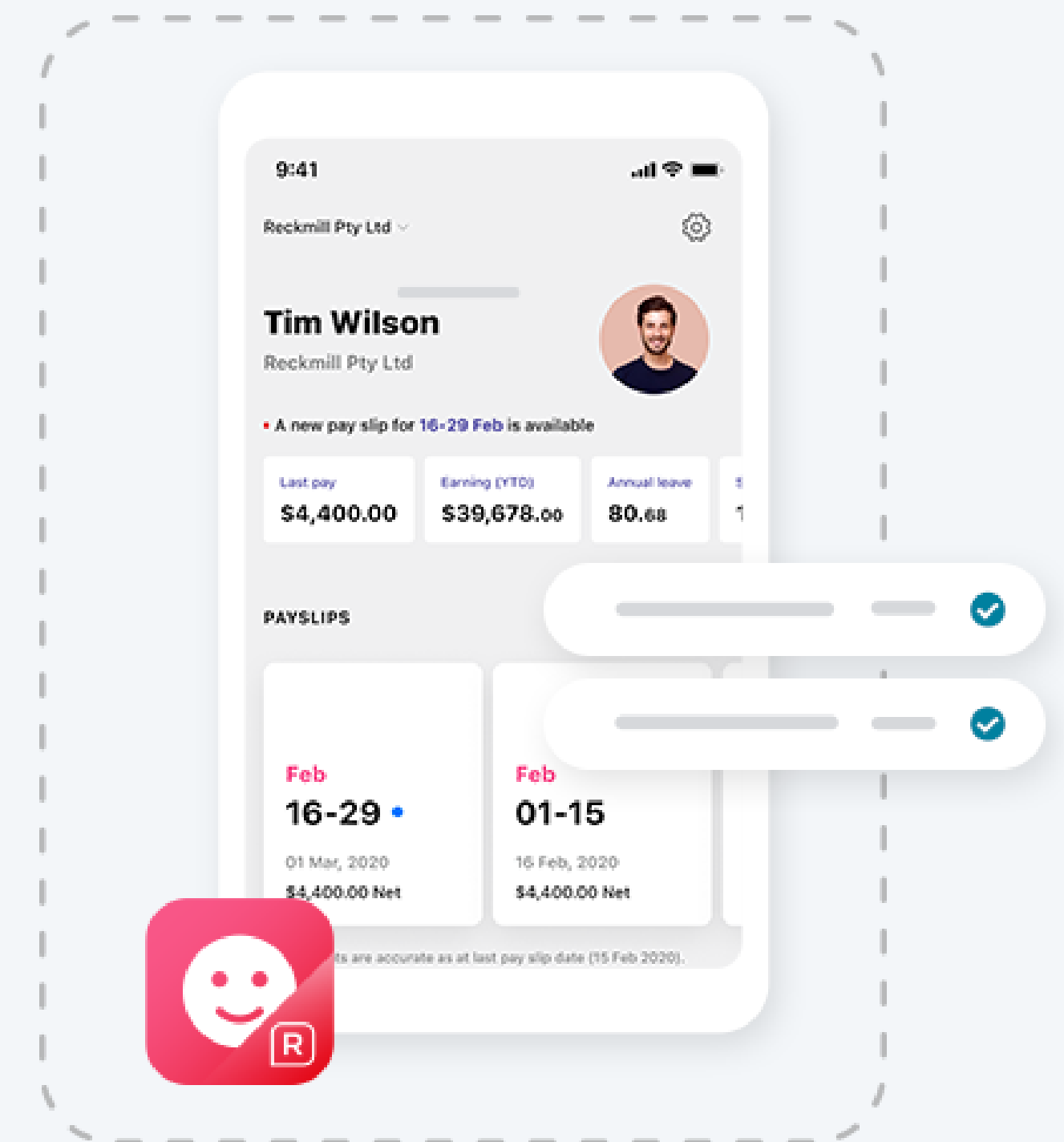
Employees

✅ 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 comes 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
- ✅ Child support deductions
- ✅ Paid leave
- ✅ Salary sacrifice
- ✅ Allowances
- ✅ Lump sums
- ✅ Overtime
- ✅ Country codes
- ✅ Cessation details

Under STP phase 2 you will also be required to separately itemise the components which make up the gross amount. You will 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
- ✅ Accounts Hosted
- ✅ Reckon One Payroll
- ✅ Reckon Accounts Desktop
- ✅ Reckon One Payroll App
- ✅ Payroll Premier

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 3 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 $10/ month**, and will ensure you're compliant when the STP Phase 2 start date rolls around. **See our solutions**.
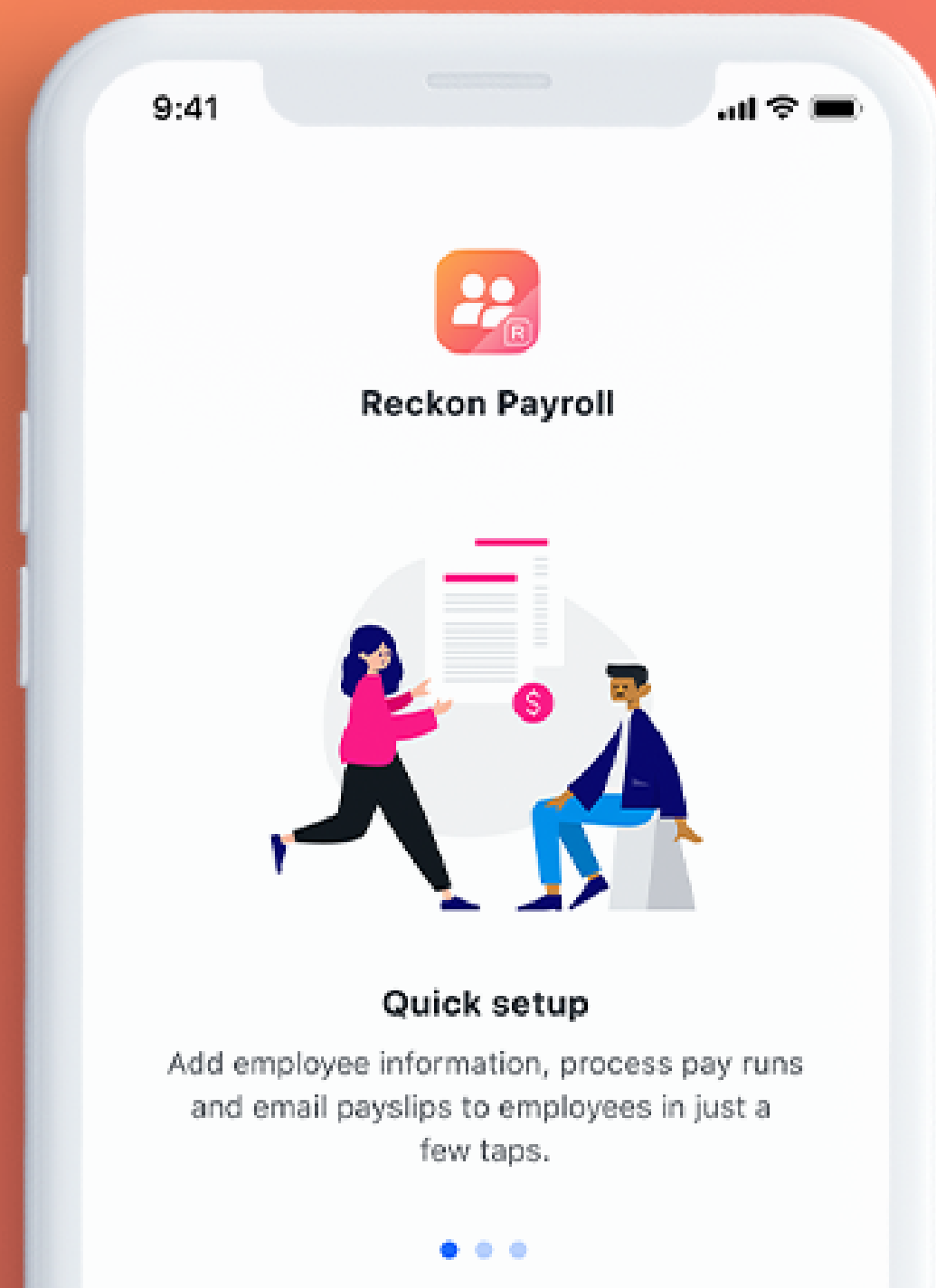
Tim Wilson

Candice Wallace

Boricio Jones

+ Add an employee

MANAGE STP FOR FREE WITH THE

Reckon Payroll App

The Reckon Payroll App is an ATO approved & STP compliant solution. Custom designed and built in Australia, so you can be confident you're up to date & compliant with payroll legislation. You're also STP compliant as STP submissions are built right into the payroll process!

DOWNLOAD NOW FOR FREE

9:41

Reckon Payroll

Quick setup
Add employee information, process pay runs and email payslips to employees in just a few taps.

Payroll pricing that suits every business

BASIC

FREE

Unlimited employees

Process pay runs

STP compliant

Community support

Reckon Mate compatible

Email payslips

Track leave balances

Live chat support

Payroll reporting

Works on desktop

Phone support

DOWNLOAD NOW

PREMIUM

$9.99
/month

Unlimited employees

Process pay runs

STP compliant

Community support

Reckon Mate compatible

Email payslips

Track leave balances

Live chat support

Payroll reporting

Works on desktop

Phone support

DOWNLOAD NOW

Glossary

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

ABSIA - Australian Business Software Industry Association - ABSIA 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 - The Australian Taxation Office is the principal revenue collection agency of the Australian government.

BAS - Business Activity Statement - The 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 myGov is 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 - It is an acronym used for two different processes required by the ATO for businesses in Australia: PAYG instalments and PAYG withholding.

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.

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'.

SBR - Standard Business Reporting - A standard approach to online or digital record keeping that was 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 - A compulsory system of superannuation support for employees, paid for by employers. SG contribution will remain at 9.5% until 30 June 2018.

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

TFN Declaration - Tax File Number Declaration - 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.

Questions about Single Touch Payroll?

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

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customerservice@reckon.comv

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