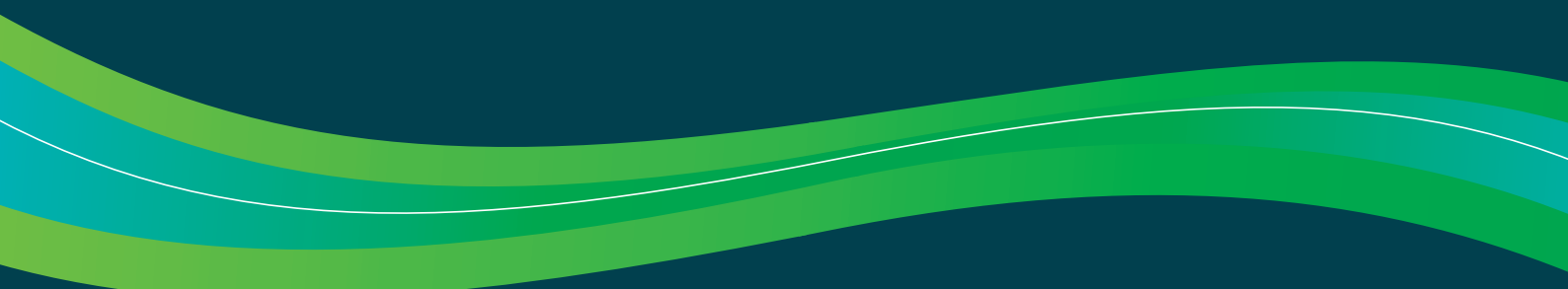




Australian Government
Australian Taxation Office

Single Touch Payroll

Information for digital service providers





Single Touch Payroll

This information pack is to help you talk to your users about Single Touch Payroll

We value the role you play in communicating this change with your users.

Your users will be looking to you as they take the next step to streamline their payroll reporting. We have a range of information which can help you answer questions from your users, and ensure they're ready to transition to Single Touch Payroll.

You can tailor this information to suit your needs, or select the sections you want to include in your correspondence.

[Question and answers](#)

- This includes more detailed information to help you answer questions from your users

[Single Touch Payroll for employees](#)

- This information will help your users tell their employees about Single Touch Payroll when they're ready



Single Touch Payroll

For employers

What employers need to know now

Single Touch Payroll is the next step in streamlining your payroll reporting. It will change the way employers report their employees' payroll information to the ATO.

This is a law change that will start **from 1 July 2018** for employers with 20 or more employees.

Employers will be required to send payroll information to the ATO as part of **each payroll process**.

This includes payments such as salaries and wages, pay as you go (PAYG) withholding and super information.

Most employers will be able to do this from their existing payroll software, which will be updated by their payroll software provider to allow the information to be sent to the ATO in the required format.

The first year will be a transition and penalties will not apply unless the ATO has first given a written notice of future failure to lodgment which may attract a penalty. Employers will be able to make corrections if they make a mistake.

Take the next step to get ready

Employers should start preparing for Single Touch Payroll before 1 July 2018.

The Single Touch Payroll get ready checklist, available on our [website](#), can help. Employers can start by making sure the employee information in their payroll software is accurate and up-to-date.

Remember, Single Touch Payroll is only mandatory for employers with 20 or more employees. Employers will need to do a [headcount](#) of the employees on their payroll on 1 April 2018.

When you need to be ready

Single Touch Payroll starts from **1 July 2018**.

You need to count the employees on your payroll on **1 April**. If you have 20 or more, you will need to get ready.

You will be reporting more regularly through software that connects with the ATO. You can do this through your existing payroll software if it is updated to offer Single Touch Payroll.

For more information visit ato.gov.au/stp

2018

1 April

Time to count your employees

- Do you have 20 or more employees?
- If yes, you will need to get ready for Single Touch Payroll.
- No need to send the headcount information to the ATO. This is for your records only.

1 July

STP starts for employers with 20 or more employees

- If your payroll software provider has a **deferred start date** you will start reporting on or before that date.
- If you won't be ready by that date, you will need to apply for your own deferral. Visit ato.gov.au/stp

2019

1 July 2019

STP starts for employers with 19 or less employees

- This is not yet law.
- Employers with 19 or less employees can choose to start reporting through Single Touch Payroll prior to this date if their software is updated.



Single Touch Payroll

For employers

Questions and answers

How will Single Touch Payroll work?

Single Touch Payroll is a new way of reporting your employees' tax and super information to the ATO.

When you pay your employees through your Single Touch Payroll-enabled solution you will be reporting payments such as their salaries and wages, allowances, deductions (for example, workplace giving) and other payments, pay as you go (PAYG) withholding and super information to the ATO at the same time.

Many employers will do this through their existing payroll software, which will be updated to allow the information to be sent to the ATO.

How do I do the headcount?

To find out if you need to report through Single Touch Payroll you will need to count your employees on **1 April 2018**. It's OK to do the headcount after 1 April, as long as you count the employees who were on your payroll on that date.

This is a headcount, not the full time equivalent (FTE).

If you have 20 or more employees, you will be a 'substantial employer' and will need to get ready for Single Touch Payroll. The headcount is a self-assessment. You do not need to notify the ATO of your employee numbers.

When you count the employees who are on your payroll on 1 April, you will include the following:

- 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).

You do not need to 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
- religious practitioners.



Single Touch Payroll

For employers

What will I be required to report through Single Touch Payroll?

You will report payments such as your employees' salaries or wages, PAYG withholding and super information.

See the Tables 1, 2 and 3 for detailed information on the withholding payments that:

- are required to be reported ([Table 1](#))
- may be voluntarily reported ([Table 2](#))
- cannot be reported ([Table 3](#))

How often do I need to report?

Once you start reporting to us through your Single Touch Payroll-enabled software you will be sending us your tax and super information on or before each pay day. We call this a '[pay event](#)'.

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

What happens if I need to make a correction after I send my STP file to the ATO?

You will be able to make changes to an employee's year-to-date amounts in your next report, or through an '[update event](#)'.

- An update event allows you to report changes to employee year-to-date amounts previously reported. This is only used in circumstances other than when the employee is paid.
- An update event can be used to make corrections to an employee's year-to-date information after the end of the financial year.

Will I be penalised?

When you start reporting through Single Touch Payroll the first 12 months will be a transition period.

During the first 12 months you report through Single Touch Payroll you will be exempt from an administrative penalty for failing to report on time. This is unless the ATO has first given you written notice advising that a failure to report on time in the future may attract a penalty.

Do I need to report superannuation information?

You will only be required to report the superannuation guarantee **liability** for your employees (not when you make the payment). Super funds will be required to report contributions made by employers more frequently to the ATO.



Single Touch Payroll

For employers

The following three tables list withholding payments. Refer to these tables to understand the payments you must report through Single Touch Payroll, the payments you can choose to report, and the payments that cannot be reported.

Table 1 – Mandatory reporting

You must report the following payments through Single Touch Payroll (they are mandatory). These are payments generally paid through a payroll process by employers to employees.

Description	BAS labels (gross payment, amount withheld)	Payment summary type
A payment of salary etc. to an employee	W1, W2	INB (except INB-P or FEI)
A payment of remuneration to the director of a company	W1, W2	
A payment of salary etc. to an office holder (e.g. a member of the Defence Force)	W1, W2	
A payment to a religious practitioner	W1, W2	
A return to work payment to an individual	W1, W2	
A payment for termination of employment	W1, W2	ETP (life benefit)
An unused leave payment	W1, W2	INB (except INB-P) or FEI
A payment of parental leave pay	W1, W2	INB (except INB-P)
A payment of dad and partner pay	W1, W2	
A payment of salary, wages etc. to an employee under the Seasonal Labour Mobility Program	W1, W2	INB (except INB-P)

*INB – Individual non-business, INB-P – Individual non-business (pension), FEI – Foreign employment income, ETP – Employment termination payment.



Single Touch Payroll

For employers

Table 2 – Voluntary reporting

You can choose to report the following payments, however, they are not mandatory under Single Touch Payroll.

Description	BAS labels (gross payment, amount withheld)	Payment summary type
A payment that is covered by a voluntary agreement	W1, W2	Business and personal services income – 003
A payment under a labour hire arrangement or a payment specified by regulations	W1, W2	Business and personal services income – 001 or 002
A payment for termination of employment	W1, W2	ETP (death benefit)

Table 3 – Cannot be reported

Certain payments cannot be reported through Single Touch Payroll.

This includes payments that are generally not paid through a payroll process, or may be paid by payers to recipients that are generally not their employees. For example, payments made by:

- Department of Human Services
- investment bodies and managed investment funds
- purchasers of certain taxable Australian property.

Description	BAS labels (gross payment, amount withheld)	Payment summary / annual report
A superannuation income stream or an annuity	W1, W2	PEN or INB-P
A superannuation lump sum	W1, W2	SLS
A social security or similar payment	W1, W2	N/A
A compensation, sickness or accident payment	W1, W2	INB
Payment of income of closely held trust where TFN not quoted	Annual activity statement	Closely-held trust / Annual TFN withholding report
Recipient does not quote ABN	W4	ABN / No ABN, AIIR
Dividend, interest and royalty payments	W3	N/A / Non-residents, AIIR
Departing Australia superannuation payment	W3	DASP



Single Touch Payroll

For employers

Table 3 – Cannot be reported (continued)

Description	BAS labels (gross payment, amount withheld)	Payment summary / annual report
Excess untaxed roll-over amount	W3	N/A
Payments to foreign residents etc.	W3	Free format / Foreign residents
Payments in respect of mining on Aboriginal land, and natural resources	Electronic payment	Free format
Distributions of withholding MIT income	W3	Free format / AIRR
Distributions by AMITs (including deemed payments)	W3	Free format (for example AMMA statement), AIRR
Alienated personal services payments	W1, W2	Business and personal services income
Non-cash benefits, and accruing gains, for which amounts must be paid to the Commissioner, except subdivisions 14-C and 14-D	W3 / Electronic payment	Most applicable
Shares and rights under employee share schemes (ESS)	W1, W2, where TFN quoted W3 only, where TFN not quoted	ESS
Capital proceeds involving foreign residents and taxable Australian property	Electronic payment	N/A

*PEN – Superannuation income stream, SLS – Superannuation lump sum, AIRR – Annual investment income report, DASP – Departing Australia superannuation payment, AMMA Statement – Annual attribution MIT member statement, ESS – Employee share scheme.



Single Touch Payroll

For employees

Single Touch Payroll for employees

- The way employers report your tax and super information to the ATO is changing gradually from **1 July 2018**.
- You don't need to worry. You will continue to be paid the same way.
- It just means your employer will be sending the ATO your tax and super information each time they pay you.

What does that mean for me?

1. You will be able to see your year-to-date information online through myGov

Once your employer starts reporting to the ATO more frequently, you will see your year-to-date tax and super information online. This will be available by logging into myGov and accessing ATO online services.

2. You can check if your super has been paid

Super funds will also be reporting to the ATO more frequently. When your employer pays your super contribution, the super fund will report that information to the ATO. This will enable us to make sure your employer is paying your super entitlements.

3. Your employer may change the way they give you a payment summary

Some employers will no longer need to give their employees payment summaries for the information they report through Single Touch Payroll. The ATO will make this information available to those employees through myGov.

Your employer should let you know if there is any change to the way they issue payment summaries. They may choose to keep doing what they do now.

4. More of your information will be pre-filled into myTax

This is important for anyone who prepares and lodges their own tax return through the ATO's online service myTax. Your registered agent will also be able to access this information on your behalf.

I don't have a myGov account. What do I do?

If you don't have a myGov account it's easy to create one. Visit my.gov.au, select 'Create an account' at the bottom of the homepage and follow the prompts. When your account is set up, you can add a range of services – including ATO online.

Is it compulsory to have a myGov account?

It is not compulsory to have a myGov account. However, if you want to access your information throughout the year you will need one.

You will be able to contact the ATO for a copy of your payment information if you choose not to have a myGov account. Your employer may still choose to provide you with a payment summary.