GETTING READY FOR SINGLE TOUCH PAYROLL

Effective 1 July 2019, ALL employers will be required to report their payroll activity with each pay day to the ATO digitally. This has already been in place since 1 July 2018 for larger employers. In addition to providing real-time reporting to the ATO, Single Touch Payroll ("STP") will eliminate the need for employers to produce PAYG Payment Summaries and annual summaries.

What is Single Touch Payroll ("STP")?

STP requires information about payroll payments such as wages, allowances, deductions, and super payments to be sent directly to the ATO the same time that the employer pays their employees. For example, if you pay your staff weekly, then the information needs to be sent to the ATO weekly also.

This information will then be used to "pre-fill" your Business Activity Statements and annual PAYG payment summaries to their employees.

In short, how you do your payroll won't change, but what will change is that the ATO will have instantaneous access to your payroll data. This therefore means that you have good processes around your payroll to minimize any errors in your payroll as the details of these errors will be sent to the ATO instantaneously.

What are the benefits?

1) Employees will no longer have to wait for PAYG payment summaries to lodge their tax returns.
2) Employers will no longer need to calculate their PAYGW debt in their BAS as it will be pre-printed for them.
3) Employers will generally no longer need to prepare PAYG Payment summaries (note: there are some minor exclusions to this)

What if I make a mistake?

Identified errors need to be notified within 14 days of detection and can either be reported at the next pay cycle or reported as an "update event". In the future, it is likely that a high number of update events may target you for an audit so it is recommended that these are minimized.

Are there any exemptions?

- A number of ATO approved low cost software products have been developed for those without STP compliant accounting software.
- Employers with 1-4 staff will be allowed to report quarterly through their tax agent for the first two years.
- Employers with no internet will be provided with exemptions.

What do I need to do to get ready?

Your payroll processes will need to be reviewed to see which STP reporting option is best for your circumstances. Your accounting software may need to be upgraded to the cloud-based versions to facilitate STP.

Maxim can assist you with this process.

If you would like more information, then feel free to contact either Gino Terriaca, Tony Cassettai or Silvia Caratti of Maxim Private Advisory on (08) 9489 2555.

Please note that this is general information only and professional advice should be obtained before acting on any information contained herein.