

## **STP (Single Touch Payroll) survival guide for Employers**



So you have heard your Payroll department muttering something about the headaches **STP** is causing them, but you have no idea what they are talking about. This article will walk you through *the key points* that you need to know about how this big change is going to affect the way you operate your businesses.

### **What is Single Touch Payroll (S.T.P)?**

The Australian Tax Office has a video presentation on S.T.P. [here](#).

### **How is it different from the previous payroll system?**

#### ***Under the old system***

Traditionally, company payroll can be calculated on a:

- weekly
- fortnightly
- or monthly basis

The business reports their *Total Gross Wages* and *PAYG Withholding* at least every quarter to the Australian Taxation office on their Business Activity Statement (BAS).

Superannuation obligations for each employee are reported and paid via a clearing house on at least a quarterly basis.

At the end of the year each employee is provided with a PAYG payment summary and the business sends the ATO a copy of each PAYG payment summary issued.

## ***Under Single Touch Payroll***

Each time you pay your employees, you will report to the Australian Taxation Office, via your (Hopefully newly implemented) STP software.

The payroll and the Superannuation contribution details are reported in the one processing session.

No PAYG payment summary is issued to each employee

Once all the employee's payroll details have been submitted via the STP software, a finalisation declaration is completed in the software to say all required information has been submitted.

### **What do I need to do?**

**Panic.** (Read On....)

### **By when do I need to be ready?**

Employers with 20 or more employees will start reporting to the Tax office from the 1<sup>st</sup> July 2018.

Employers with 19 or less employees will start reporting to the tax office from the 1<sup>st</sup> July 2019.

### ***Helpful tip***

To determine your STP commencement date do a head count of all employees as at the 1<sup>st</sup> April 2018.

### **How to tell your employees what is going on?**

Before a significant change like Single Touch Payroll occurs, it's a really good idea to explain to your employees what is about to happen and what changes to expect. The two big changes that all employees need to be aware of are:

1. Their personal details may be submitted to a third party STP payroll software provider.
2. Once STP starts, the employee will not receive PAYG payment summaries at the end of the year.

By explaining these changes to your employees early you will be able to address any concerns that your employees have and reduce the number of questions received about the payroll changes.

## **Complete Accounting's Checklist to make sure you are ready and Single Touch Payroll compliant**

- Complete a head count (this determines when STP starts for you)
- Contact your payroll software provider and make sure that your software is ready for Single Touch Payroll
- Speak to your employees about how the STP changes will affect them
- Organise STP training for your Payroll staff
- Take a deep breath knowing that you are ready for Single Touch Payroll

### **Concerns about your Single Touch Payroll compliance?**

If you are in the process of transitioning to STP but need more time contact the ATO and ask about their [deferral process](#).

If this is the first time you have heard of STP. Your payroll structure may require dramatic changes. Please [contact](#) our office for help.