

# Single Touch Payroll (STP) reporting

Single Touch Payroll (STP) reporting will change the way employers report payroll-related information to the Australian Taxation Office (ATO) from 1 July 2018. Initially the new measures apply to “substantial” employers (broadly, 20 or more employees), but it’s expected that all employers will be required to report under STP from 1 July 2019, subject to legislation passing.

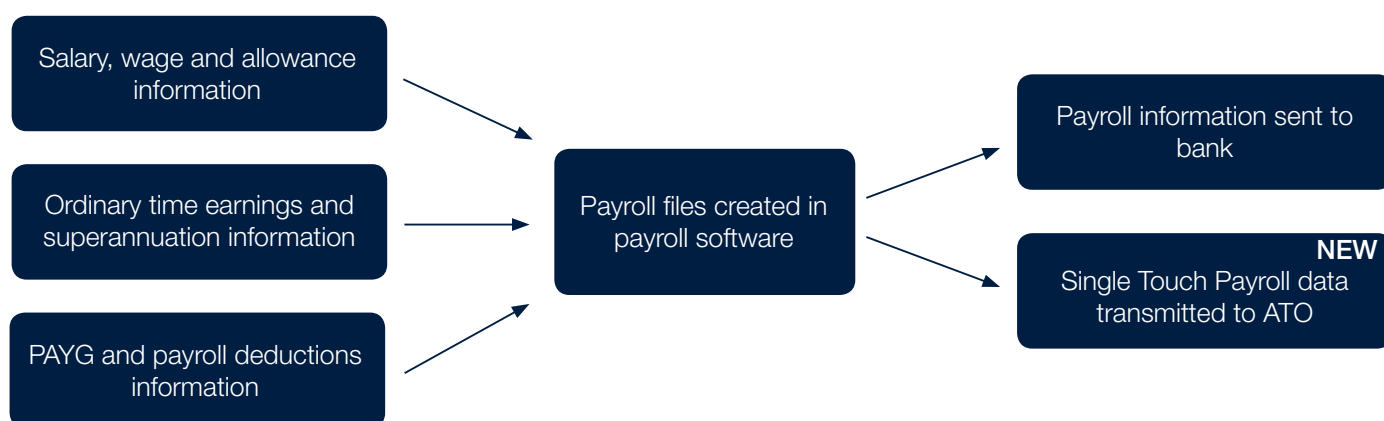
The new measures form part of the Federal Government’s Digital Transformation Agenda, and are intended to reduce compliance costs and red tape for businesses.

## What’s changing?

- STP requires payroll and superannuation data to be transmitted to the ATO when payroll is processed (i.e. payment information sent to bank)
- Employees access real-time pay information via myGov, removing the need for payment summaries (unless reportable employer superannuation or reportable fringe benefits amounts)

## What’s not changing?

- Payment due dates
- Existing processes or documentation (if an exemption is granted)



## Headcount on 1 April 2018

To determine whether businesses must implement STP from 1 July 2018, employers must conduct a headcount of employees on their payroll as at 1 April 2018. Businesses with 20 or more employees are considered “substantial”, and must report through STP from 1 July 2018. STP will be optional for businesses with 19 or less employees until 1 July 2019, at which time STP will become a requirement (subject to legislation passing).

| Includes                                  | Excludes  |
|---|---|
| Full-time employees                       | Employees who ceased employment before 1 April 2018 |
| Part-time employees                       | Casual employees who did not work in March 2018     |
| Casual employees                          | Independent contractors                             |
| Employees on leave (both paid and unpaid) | Labour hire staff                                   |
| Employees working overseas                | Company directors                                   |
| Seasonal employees                        | Officeholders                                       |
| Religious practitioners                   |   |

## Key milestones



## Digital by default

Under STP reporting, all payroll, superannuation and PAYG Withholding information must be transmitted to the ATO electronically. This will be handled by your payroll software.

All major software vendors are expected to release STP-enabled software, and are working with the ATO, industry bodies and professional associations to ensure products are available well before 1 July 2018.

The only exemptions available are for employers in a rural area with no internet connection, or for employers that have 20 or more employees for a short period of the year, for example due to seasonal requirements.

It appears exemptions will be granted on a year-by-year basis. All existing obligations must continue to be complied with.

## The fine print

The first 12 months of STP reporting will be a transition period. This means that there will be no administrative penalties for non-compliance or late lodgement.

The ATO may grant an exemption or deferral for STP reporting. The only published circumstances in which a deferral will be granted are:

- STP-enabled payroll software is not available by 1 July 2018 for use in your system;
- The company is in administration or liquidation;
- A natural disaster has impacted you; or
- There are circumstances outside your control that are impacting your ability to be ready by 1 July 2018.

All deferral and exemption requests must be requested before 1 July 2018. As of 25 January 2018, the ATO had not published any information on how to apply for an exemption or deferral.

## Next steps

- Determine headcount
- Speak to software providers
- Review data sources
- Visit [ato.gov.au/singletouchpayroll](http://ato.gov.au/singletouchpayroll) for latest updates
- Contact your Crowe Horwath adviser for assistance

Tel 1300 856 065

[www.crowehorwath.com.au](http://www.crowehorwath.com.au)

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