



Australian Government

Australian Taxation Office

Single Touch Payroll (STP) Update

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Introduction



Michael Karavas

A/g Assistant Commissioner - Single Touch Payroll

- Overarching responsibility for delivery of the STP solution
- Oversees liaison and partnering with key stakeholder groups
- Ensure integration between dependent projects and maintain strong links within the ATO and across government

What is Single Touch Payroll (STP)?

Single Touch Payroll is a government initiative that aims to leverage existing natural payroll cycles, to fulfil 'employer' reporting obligations to the ATO. Employers will continue to follow their normal business processes in completing their payroll.

Under STP, employers will report:

- salary or wages and PAYG withholding amounts to the ATO when they pay employees
- superannuation contributions to the ATO when they pay super funds

Options include:

- more frequent PAYG withholding payments
- streamlined process for individuals commencing employment.

Key dates:

- **Late 2016/early 2017** non-production pilot to better understand the needs of smaller employers (19 or less employees) and explore the benefits of implementing STP for them.
- From **July 2017** STP reporting will be available for employers with a certified STP solution.
 - Commencement of new employee functionality will be available (complete TFN declaration and Superannuation Standard Choice forms via ATO online services in myGov).
- From **July 2018** substantial* employers with 20 or more employees will be required to use STP to report to the ATO.

**A substantial employer is determined by the number of employees as at 1 April 2018 and each subsequent year after, based on headcount*

Benefits



- ✓ Removal of statistical label (gross salary and wages-W1) from a large withholder's BAS.
130,000 per annum
- ✓ The pre-fill of PAYG W liability labels on the BAS for monthly and quarterly payers using STP data.
4.5 million BAS per annum
- ✓ Removal of the requirement for an employer to provide a copy of TFN declaration to the ATO.
4 million per annum
- ✓ Employers will receive validated information directly into their payroll system where an employee uses the myGov employee commencement service, reducing data entry and reverse workloads from incorrect information.
- ✓ Removal of payment summaries each year
17 million per annum

Legislation



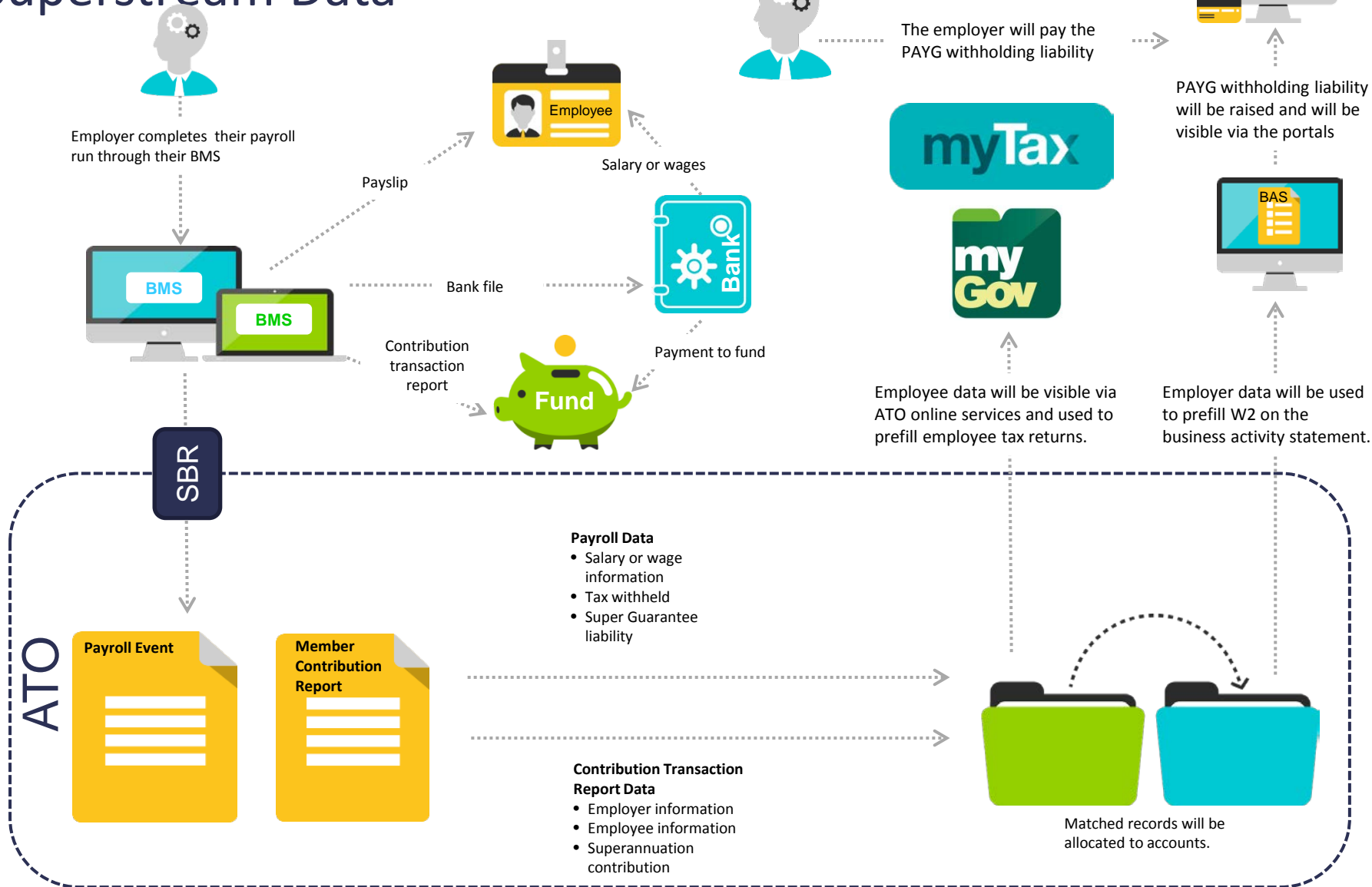
Single Touch Payroll (STP) was legislated on 16 September 2016, forming part of the *Budget Savings (Omnibus) Act 2016*

- Substantial employers' with 20+ employees will be required to report under STP from 1 July 2018
- Exemptions may be granted based on the employers' circumstances
- A grace period will be provided for corrections to an STP report
- 12 month transitional period will provide an exemption from failure to lodge penalties, subject to ATO issuing a written warning notice
- reporting under STP removes the need to issue payment summaries and provide annual reports to the ATO

Consultation paper

- A consultation paper was published 31 August 2016, outlining how the Commissioner intends to apply the law under STP.
- The consultation had a focus on things such as:
 - Exemptions
 - Thresholds for error corrections
 - Failure to lodge notice periods

How STP works – matching STP and Superstream Data



Superannuation Design – now moving into detailed design around the collection of data from employers

Key Issues

- ❑ *Superannuation contributions transaction (CTR) report*
- ❑ *Display of Superannuation guarantee amounts and payments in myGov (on-line design)*
- ❑ *Employee commencement – ATO to provide TFN declaration and Superannuation Choice data direct to an employer*

Next Steps

Working through the next level of design to support a further conversation with the STP Design Working Group

Solution Provider Engagement



Objectives

- Work with solution providers and consultants to identify and transition their business clients
- There will be a focus on those solution providers who we have not yet engaged with
- Work with solution providers to encourage a fair and open phased approach to STP transition



Design principles

- Leverage solution provider and intermediary client relationships to drive and support employers' transition
- Identify STP early adopters and understand how they will transition from 1 July 2017
- Early adopters will be determined by their solution availability
- Use STP specification release in December to engage with solution providers



Tracking

- We'll develop our solution provider matrix (including solution provider profiles, solution availability timing and engagement history to track which providers (and associated solutions) will go live with STP
- This will help us understand STP solution availability and timing to track employer transition and associated volumes

Single Touch Payroll: Small Business Pilot

Pilot Overview

A series of pilots will be conducted with a broad range of smaller employers (19 or less employees), solution providers and tax practitioners, to better understand the impacts and benefits of implementing single touch payroll on business processes for reporting back to government.

Stage 1

Commenced September 2016
Paper based Employers

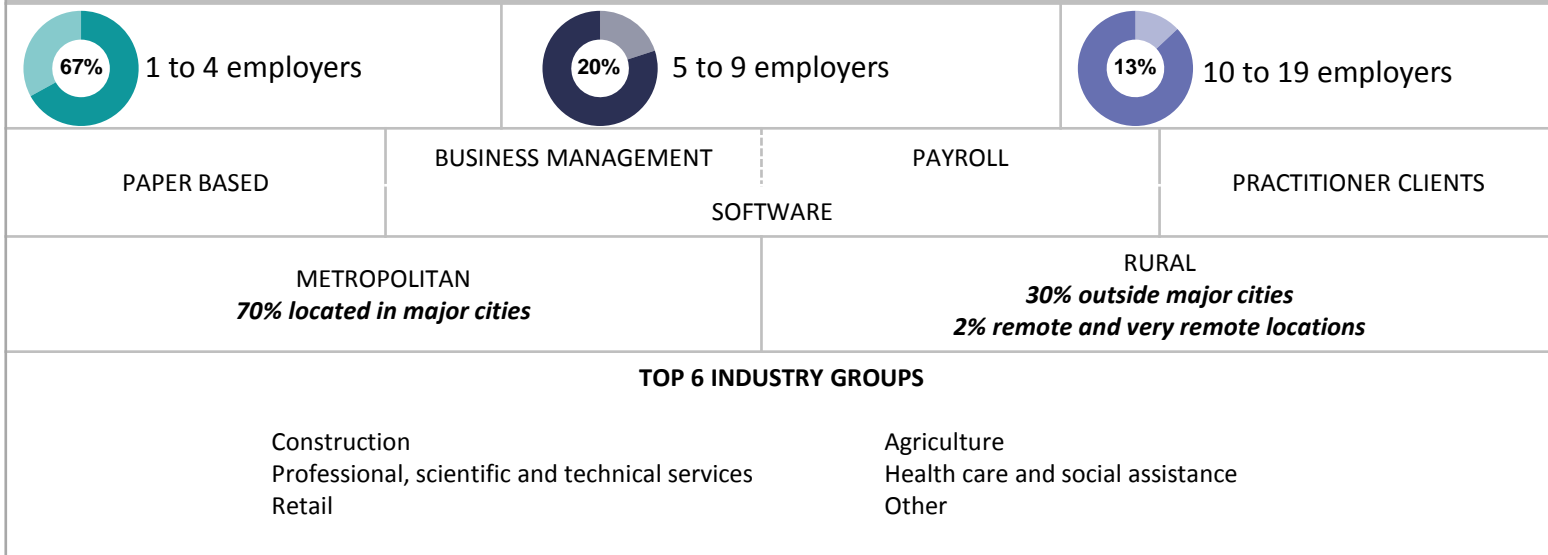
Stage 2

To commence early 2017
Simulated based pilot of single touch payroll prototypes

Stage 3

To commence early 2017
Tax Practitioners clients to clients focus groups on using single touch payroll

Population – approximately 711,000 Employers



Further Information

Please contact us if you have any further questions.

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For further information about Single Touch Payroll please visit our website:

www.ato.gov.au/singletouchpayroll