



HOODSWEENEY

SINGLE TOUCH PAYROLL



join the journey

THE BIGGEST PAYROLL REPORTING CHANGE IN AUSTRALIA'S HISTORY.

Single Touch Payroll is an Australian government reporting initiative which was originally introduced on 1 July 2018 for all businesses with 20 or more employees. Legislation has recently been passed to extend Single Touch Payroll to employers with 19 or less employees from 1 July 2019. The government's reasoning in extending Single Touch Payroll to all employers is to assist Australians in receiving their full superannuation entitlements whilst providing greater transparency in the payroll process.

What is Single Touch Payroll?

Single Touch Payroll is an initiative that changes the way businesses report on employee payments such as salary or wages, pay as you go withholding (PAYGW) and superannuation. Under the Single Touch Payroll regime, employers will need to report their employees' payroll and superannuation information to the Australian Taxation Office (ATO) electronically each pay run.

It is important to note that your payroll cycle will not change. You can continue to pay your employees weekly, fortnightly or monthly. Your payment date for PAYGW withholding and superannuation contributions will also remain unchanged. However, you can choose to pay earlier.

Benefits of Single Touch Payroll

1. Relief from annual PAYG payment summaries reporting requirements.
2. You can remit PAYGW to the ATO with each payroll cycle.
3. The ATO's compliance activities will be compliant in real time.
4. New employees will have the option of completing their tax file number declaration, superannuation standard choice form and withholding declaration online.
5. Employers will no longer need to provide individual PAYG payment summaries to employees as employees will have access to their payroll information via their myGov account.
6. Salary and wage information (W1) and PAYG withholding amounts (W2), reported via eligible Single Touch Payroll software, will be pre-filled to the employer's activity statement.

PAYROLL

How do I get ready?

Transition

All employers with a headcount of greater than 19 employees as at 1 July 2018 will already be adhering to the ATO's Single Touch Payroll regime. For all other employers needing to comply with Single Touch Payroll from 1 July 2019, the ATO have detailed the following:

- Micro employers (1 – 4 employees) will be given time to transition to Single Touch Payroll by allowing those who rely on a registered tax or BAS agent to report quarterly for the first two years, rather than each time payroll is processed.
- Small employers (5 – 19 employees) will be given a grace period and can start reporting any time from the 1 July 2019 start date to 30 September 2019.
- For those transitioning to Single Touch Payroll, there will be no penalties for mistakes, missed or late reports for the first year.

Review your payroll software

If you are an employer with a headcount of greater than 4 employees as at 1 April 2019, you will be required to implement, upgrade or replace your existing payroll system, if you haven't already done so, in order to comply with the Single Touch Payroll regime. For employers with a headcount of less than 4 employees as at 1 April 2019, the ATO have outlined that you will not be required to purchase such rigorous software to report under STP but be required to comply via low and no-cost reporting solutions.

The time to review your requirements is now. Starting well ahead of the deadline gives you time to properly review the options and implement your decision before the inevitable last-minute rush. Remember that payroll is just one module in your suite of business software. The introduction of Single Touch Payroll presents the perfect time to reflect on whether your business systems meet your current requirements and whether there are other time-consuming manual processes that could be automated with a new system.

Registering with myGov

Employees will have the option of registering a myGov account, if they have not already done so, and having it linked to the ATO service. Via the myGov portal, your employees will be able to access the following:

- Complete their tax file number declaration, superannuation standard choice form and withholding declaration if applicable;
- See their year-to-date tax and superannuation information;
- Access their PAYG payment summary at the end of each respective financial year; and
- Check if their superannuation has been paid.

Deferrals

The ATO may defer the date you are required to start adherence to Single Touch Payroll reporting if you:

- Are transitioning to a new STP-enabled solution.
- Have entered administration or liquidation.
- Have been impacted by a natural disaster.
- Are affected by other circumstances which are out of your control.
- Experience unreliable or have no internet service.

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If you require any assistance in respect to Single Touch Payroll, please do not hesitate to contact your relationship manager or Matthew Bartemucci on 1300 764 200.
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Now, this is where your journey starts.

To join the journey with Hood Sweeney, or to find out more about what we can do for you, please contact us.

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