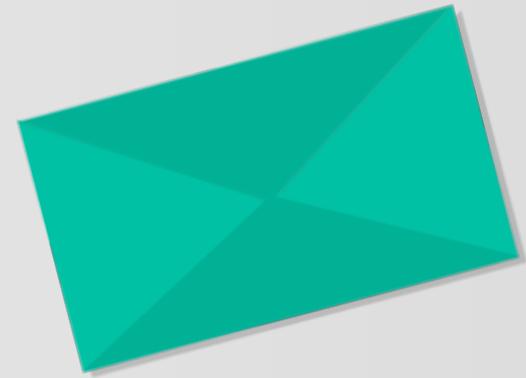


Single Touch Payroll

IS YOUR BUSINESS ATO READY?

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What is Single Touch Payroll?

Single Touch Payroll (STP) is an initiative by the ATO that changes the way employers report on employee payments including salary and wages, PAYG withholding and superannuation.

Under STP, employers send payroll information to the ATO at the same time as they pay their employees typically weekly, fortnightly or monthly via their payroll software.

Reporting each pay run saves time and resources for businesses at the EOFY because you have already submitted payroll information to the ATO throughout the year.



When does it start?

Your Single Touch Payroll start date is determined by the number of employees you had on 1 April 2018.

- ✔ For employers with 20 or more employees Single Touch Payroll reporting is mandatory from 1 July 2018.
- ✔ If you have 19 or less employees Single Touch Payroll is mandatory from 1 July 2019 (subject to legislation being passed). However, you can still start reporting voluntarily through STP from 1 July 2018 to take advantage of the benefits of streamlined reporting.

100,000 The estimated number of employers in Australia who need to transition to Single Touch Payroll reporting from 1 July 2018.

Single Touch Payroll Timeline



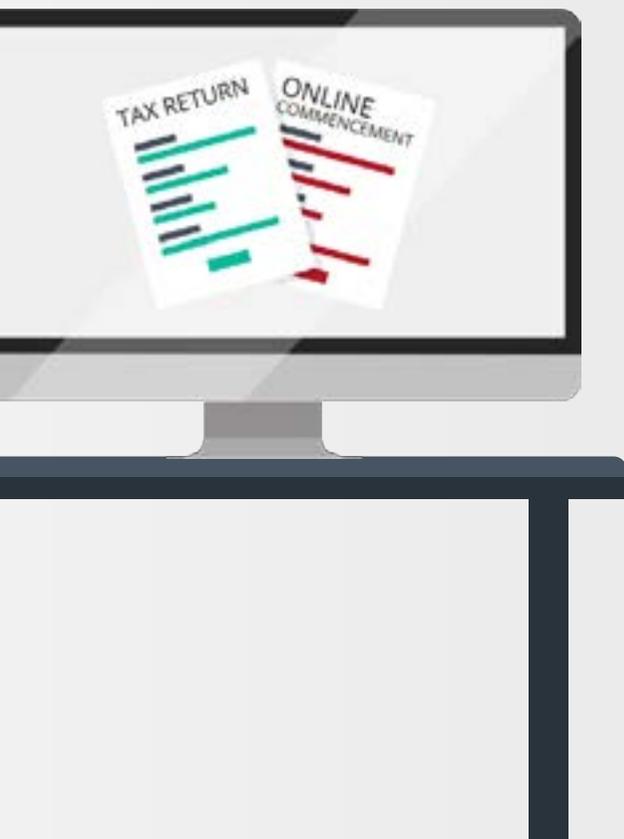
 Businesses with less than 20 employees can voluntarily implement STP from 1 July 2018 to take advantage of streamlined reporting and save valuable time around EOFY.



What are the benefits of STP?

Employers

- ✔ Under STP, employers send payroll information to the ATO at the same time as their standard pay runs. This will help save time and resources for businesses at the EOFY because they've already submitted payroll information to the ATO throughout the year.
- ✔ The ATO will pre-fill payroll fields W1 & W2 in your BAS because they already have the information from you, reducing potential errors and double handling.
- ✔ You are no longer required to generate and distribute payment summaries to employees as this information will be available online via myGov.
- ✔ On-board new employees quickly with online commencement forms including Tax File Number Declaration and SuperChoice.



Employees

- ✔ Get up to date access to payments and contributions via MyGov including superannuation, income and tax.
- ✔ Your payroll information will pre-fill in your tax return, making it easier and quicker to complete as you won't need to wait for a payment summary from your employer.
- ✔ Electronic commencement forms including a pre-filled Tax File Number Declaration and SuperChoice form makes starting a new job easier.



Your payroll cycle and requirements to pay your employees won't change. STP is simply a change to how and when you report payroll information to the ATO.

Is your payroll process STP compliant?

Under STP you're required to send some additional reporting information to the ATO every time you pay your employees. To enable this direct submission, many employers will need to upgrade or replace their payroll system to meet their payroll reporting obligations to the ATO.



Most companies fall under three methods.

I currently use accounting software to process my payroll.

If you currently manage your payroll processes through accounting software, you can start STP as soon as your software is STP-enabled. Contact your payroll software provider to find out more information about your product, and when it will be ready. You can check the Australian Business Software Industry Association (ABSIA) catalogue for payroll solutions that are Single Touch Payroll-enabled.



We recommend you review the employee data in your software and ensure names, addresses and date of birth records are accurate and up to date.

I currently use a third party to process my payroll.

A third party such as a payroll provider or registered tax agent can report to the ATO on your behalf. You will need to make sure they are using a solution that is updated for Single Touch Payroll reporting.



I currently use paper and manually submit my payroll obligations to the ATO.

If you report manually, you are not Single Touch Payroll compliant.

The introduction of STP means you need to report payments such as salaries, wages, PAYG withholding and super information digitally through a payroll solution that is Single Touch Payroll-enabled. To meet this new obligation, you can:

- ✔ Use a registered agent or payroll service provider to report to us through Single Touch Payroll on your behalf.
- ✔ Purchase payroll software that is Single Touch Payroll-enabled. The Australian Business Software Industry Association (ABSIA) has a product catalogue that lists STP-enabled software.



Reckon is STP-ready and ATO compliant for the following products Reckon One, Accounts Hosted, Reckon Accounts 2018 version onwards and Payroll Premier 2018/19 version onwards. [Learn more](#)



Who to include in your STP employee headcount?

Your Single Touch Payroll start date is determined by the number of employees you had on 1 April 2018. If on 1 April 2018 you had:

- ✓ 20+ employees: STP is mandatory from 1 July 2018, you are referred to by the ATO as a 'substantial employer'.
- ✓ 19 or less employees: STP is mandatory from 1 July 2019.



Substantial employers must continue reporting through Single Touch Payroll even if their employee numbers drop below 20.

Who to include

You need to include the following employees in your headcount:

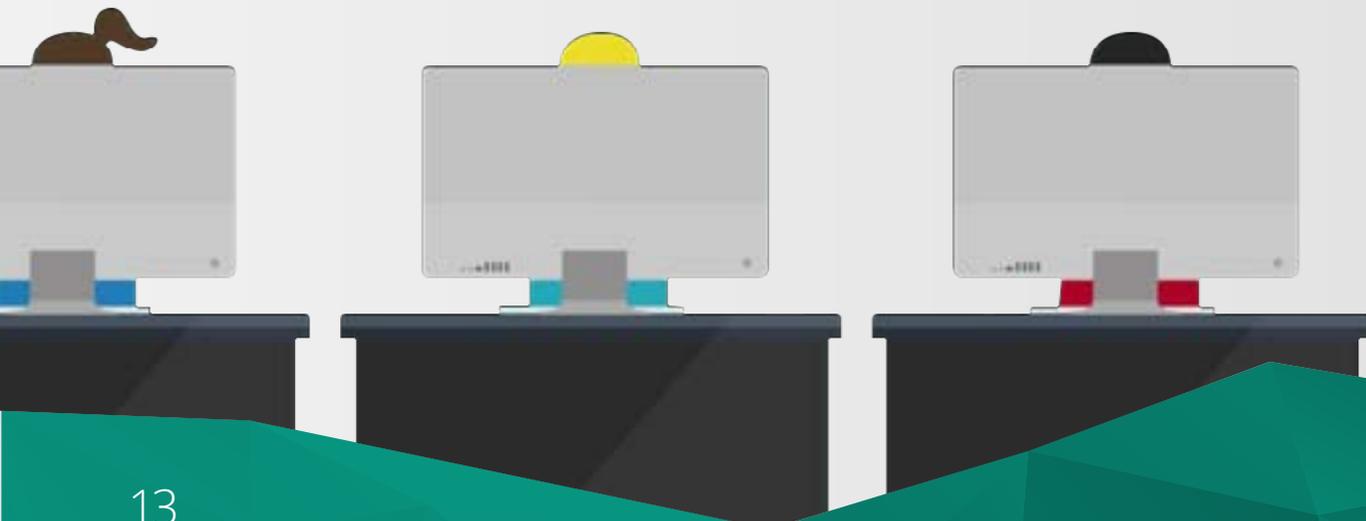
- ✔ full-time employees
- ✔ part-time employees
- ✔ casual employees who were on your payroll on 1 April 2018 and worked any time during March 2018
- ✔ employees based overseas
- ✔ any employee absent or on leave (paid or unpaid)
- ✔ seasonal employees (staff who are engaged short term to meet a regular peak workload, for example, harvest workers).



Do not include:

- ✔ any employees who ceased work before 1 April 2018
- ✔ casual employees who did not work in March 2018
- ✔ independent contractors
- ✔ staff provided by a third-party labour hire organisation
- ✔ company directors
- ✔ office holders
- ✔ religious practitioners

If you are part of a company group, the total number of employees employed by all member companies of the wholly-owned group must be included.





Reckon and Single Touch Payroll

Reckon successfully completed the Australian Taxation Office (ATO) STP Certification process, which verifies the following products are STP-enabled and ATO compliant:

- ✓ Reckon One
- ✓ Reckon Accounts Desktop
- ✓ Reckon Accounts Hosted
- ✓ Payroll Premier

To enable STP compliance across both our online and desktop range we've developed a new application called GovConnect STP.

Introducing GovConnect STP

GovConnect STP is our new application that connects all four Reckon products to the ATO STP service. GovConnect STP allows you to lodge your STP reporting quickly and easily no matter what Reckon product you use.

✔ Lodge directly to the ATO

GovConnect STP acts as gateway to the ATO, enabling you to submit directly to the ATO.

✔ Review before you submit

Check your STP report before you lodge to the ATO to prevent any errors in your submissions.

✔ ATO status messages

GovConnect STP has direct integration with the ATO so you can receive ATO messages on the status of your STP submissions.

✔ No extra cost

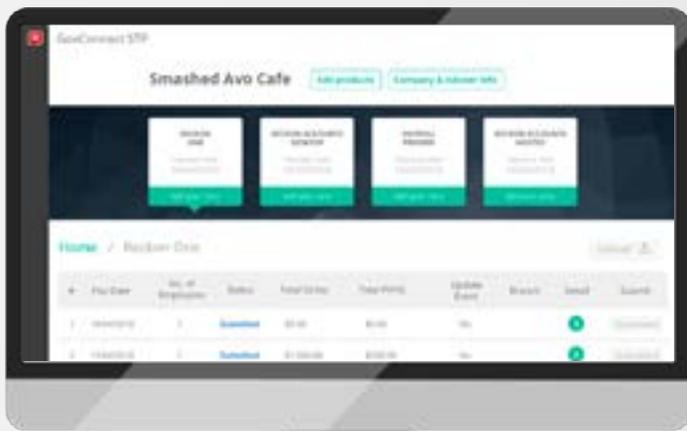
STP compliance is part of the Reckon product offering for customers on the latest version of our products.

✔ Review past submissions

GovConnect STP displays a history of all your past submissions making it easy to keep track of your reporting and correct any errors.

✔ MFA secure

GovConnect STP is Multi-Factor Authentication (MFA) secure. This is a new security requirement that protects your data.



FAQs

Is STP compulsory?

From 1 July 2018, STP reporting is mandatory for employers with 20 or more employees.

Reporting is optional for employers with fewer than 20 employees, but as the ATO intends to make it mandatory from 1 July 2019 anyway, many businesses with 19 or less plan to start from 1 July 2018 voluntarily.

Why is STP being introduced?

The introduction of STP is part of the ATO's plan to streamline business reporting and move it to a digital format that will improve accuracy and help reduce non-compliance. STP will save employers valuable time around EOFY as they will no longer need to process payment summaries and give employees real-time visibility of tax and super information.

I report manually, does STP affect me?

If you report manually, you are not Single Touch Payroll compliant.. To meet your reporting obligations, you need to purchase a payroll solution or engage an accountant, bookkeeper or a payroll provider to meet your payroll reporting obligations on your behalf.

I'm using an accountant or bookkeeper to complete my STP reporting, is that okay?

Yes, an accountant or bookkeeper can handle your STP reporting, you must authorise them to lodge to the ATO on your behalf. This is usually done through a letter of engagement at the beginning on your working relationship.

How can I explain STP changes to my employees?

Download our [STP employee fact sheet](#) or direct them to the [ATO's information page](#).

Do I need to provide my employees their payment summary?

If you report your payroll information to the ATO through STP, you may not need to provide your employees with a payment summary. The ATO will make this information available to them via their myGov account. If you do not report your information through STP, you will need to provide your employees with a payment summary. Reckon software will provide both options for our customers.

Do I still need to complete BAS?

Yes, you still need to complete BAS as per normal. Labels W1 and W2 are pre-filled when reporting via STP, however you can change these figures if you need to.

What information does the ATO receive and is my information safe?

The information provided to the ATO is nothing new, they already get this information via the EMPDUPE file. For more information refer to the [ATO's privacy policy](#).

How do I know if I submitted the STP report correctly?

When you send your employee pay information to the ATO, you will receive a confirmation message if the file was successfully received. Error messages will be returned via SBR.

Our headcount of employees often changes, who do I include?

You need to count the number of employees you have to had on 1 April 2018 only, this number will determine when you need to start reporting through STP.

I have to had 20 or more employees (substantial employer) on 1 April 2018, but my employee numbers may drop to 19 or less in the future. Do I still need to report through STP?

Once you become a substantial employer you will be required to continue reporting through Single Touch Payroll even if your employee numbers drop to 19 or less after the headcount.

Are there any exemptions for STP reporting?

There are some limited exemptions for STP related to rural areas and seasonal businesses. See the [ATO website](#) for more information.

If I make a mistake in a pay run, how easy will it be to correct them?

When you start reporting through your Single Touch Payroll-enabled payroll solution, you will be able to correct any errors you make in a later Single Touch Payroll report or complete a Full File Replacement to correct the error.

What Reckon products will be STP compliant?

The following products are STP-enabled:

- Reckon One
- Accounts Hosted
- Reckon Accounts 2018 version onwards
- Payroll Premier 2018/19 version onwards

How is Reckon enabling STP compliance?

Reckon has developed a new application called GovConnect STP that connects all four Reckon products to the ATO STP service. The application acts as a gateway, helping you manage your payroll reporting quickly and easily.

What is GovConnect STP?

GovConnect STP is a separate application we have developed to enable our customers to comply with ATO STP requirements. GovConnect STP acts as a gateway, enabling you to lodge your STP reporting directly to the ATO. It also keeps track of messages from the ATO and provides a history of past submissions.

Is there a cost for GovConnect STP?

No. STP compliance is part of the Reckon product offering.

Glossary

ABN – Australian Business Number - An Australian Business Number (ABN) is a unique 11 digit number that identifies your business to the government and community.

ABSIA – Australian Business Software Industry Association - ABSIA is a non-profit association created to represent the business software industry and act as the primary contact point for interaction between involved parties e.g. government, software developers.

ATO – Australian Taxation Office - The Australian Taxation Office is the principal revenue collection agency of the Australian government.

BAS – Business Activity Statement - The business activity statement is a form submitted to the Australian Taxation Office by all businesses registered for GST to report their taxation obligations.

EMPDUPE – A file containing your PAYG payment summary report.

myGov – myGov is an online government portal that gives you secure access to a range of services such as Centrelink, Medicare, and the Australian Taxation Office using one username and password. It's also a central inbox for your messages from these services and a quick and easy way to make changes to your personal details.

PAYG – Pay As You Go - It is an acronym used for two different processes required by the ATO for businesses in Australia: PAYG instalments and PAYG withholding.

PAYG Instalments – A system for making incremental payments which accumulate towards your expected end of year income tax liability.

PAYG Withholding - Employers pay their employees income tax obligation on their behalf. Your company is obligated to withhold some of their payment and send it to the ATO at regular intervals.

Payment Summary – At the end of each financial year, employers must give employees a summary of their income and tax withheld for the past year. Also referred to as ‘group certificate’.

SBR – Standard Business Reporting - A standard approach to online or digital record keeping that was introduced by the government in 2010 to simplify business reporting obligations. SBR is built into business and accounting software making it SBR-enabled.

SG – Superannuation Guarantee - A compulsory system of superannuation support for employees, paid for by employers. SG contribution will remain at 9.5% until 30 June 2018.

SuperChoice – A form the employee fills in to advise an employer of their choice of super fund. Employer uses this information to make contributions to their nominated super fund.

TFN Declaration – Tax File Number Declaration - A form the employee fills out and gives to the employer so the employer can work out how much tax to withhold from payments they make to you.

The material in this document is of a general nature for guidance only. Reckon Limited does not accept responsibility for its contents. If you have any questions about your specific circumstances please consult your professional adviser.

Questions about Single Touch Payroll?

For more information visit the Reckon Single Touch Payroll home page at reckon.com/STP.



Contact

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