



EOY PAYROLL SEMINAR

EVERYTHING YOU NEED TO KNOW
FOR 2019/20

Disclaimer

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Purpose of the learning program

The classroom based seminars will use case studies, worked examples and checklists in addition to legislative reasoning to provide a comprehensive understanding of the payroll year end process.

At the end of this course, learners will have an understanding of:

- Payment summaries and reporting requirements
- Single Touch Payroll Requirements
- EOY payroll reconciliation process
- Annual reporting requirements
- Amending payment summaries
- EOY Checklist items
- Key rates and thresholds 2019-2020
- Annual Wage Review and other Fair Work matters
- 2019 Federal and State Budget Reviews

Upon completion of this program you will be asked to provide feedback in the form of a learner Survey.
Your honest feedback and suggestions will help us continually improve.

Payment Summaries and reporting requirements

Under pay as you go (PAYG) withholding you must give each of your employees a payment summary showing the payments you have made to them and the amounts you withheld from those payments during a financial year.

It is important you provide payment summaries to **all** your employees even if you were not required to withhold any tax.

Employees still employed on 30 June must be issued with a payment summary no later than 14 July of the following financial year.

Types of payment summaries include:

Type of Payment summary	Who this payment summary is for	When to give the payment summary
PAYG payment summary – individual non-business (NAT 0046)	Employees, company directors and office holders who you pay salary and wages, pension payments, compensation, allowances or other payments to.	By 14 July.
PAYG payment summary – employment termination payment (NAT 70868)	Employees who you have made an employee termination payment to.	Within 14 days of making the payment.

A complete list of types of payment summaries can be found at:

<https://www.ato.gov.au/Forms/PAYG-payment-summaries--forms-and-guidelines/>

Payment summaries may be issued on paper or electronically.

Electronic payment summaries must be non-editable and easily read.

How to complete the PAYG individual non-business payment summary:

Key components:

Payee's name	Separate the surname or family name from the given name(s) and print in appropriate boxes.
Payee's residential address	Ensure that only the following characters are used in the address details. A-Z, 0-9, space & / apostrophe, , and hyphen. Make sure that there are no full stops. Suburb, state and postcode details are to be in correct fields not in the first address line.
Date of birth	(if known)
Period during which payments were made	Show the period during which the payments were made to your payee. Use the format DDMMYYYY If your payee worked on a casual basis either: <ul style="list-style-type: none"> During the year, write the period of the year the payments were made over Over various times for the whole year, show the period as the whole financial year.
Payee's tax file number	You must show the tax file number (TFN) your payee quoted in this field You must substitute the TFN with one of the numbers listed below if: <ul style="list-style-type: none"> A new payee has not made a TFN declaration, but 28 days have not passed – use 111 111 111 your payee is under 18 years of age and earn less than \$350 per week, \$700 per fortnight or \$1,517 per month – use 333 333 333 Your payee is an Australian Government pensioner payee – use 444 444 444 Your payee chose not to quote a TFN and has not claimed an exemption from quoting a TFN or does not fit into any of the above categories – use 000 000 000
Total tax withheld	Show the total tax withheld in whole dollars only

Gross payments	<p>Include all salary, wages, bonuses and commissions you paid the payee as an employee, company director or office holder. Show the gross payments in whole dollars.</p> <p>Gross payments also include:</p> <ul style="list-style-type: none"> • Non-superannuation pensions and annuities • Compensation • Sickness or accident pay • Allowances you paid to compensate for specific working conditions and payments for special qualifications or extended hours • Allowances you paid to cover expenses that are not tax deductible to the payee – for example, normal home to work transport expenses • Return to work payments • Holiday pay or bonuses • Amounts you paid for unused long service leave, unused holiday pay and other leave related payments that accrued after 17 August 1993, except if the amount was paid in connection with a payment that includes (or consists of) either <ul style="list-style-type: none"> • a genuine redundancy payment • an early retirement scheme payment or the invalidity segment of an employment termination payment • super benefit (see Lump sum payments). • Gross payment type: <ul style="list-style-type: none"> • P – non super pensions or annuity • H – working holiday makers • S – salaries and wages (self print) <p>Leave blank for all other payment types</p> <p>Do not include amounts that are shown separately as:</p> <ul style="list-style-type: none"> • Community Development Employment Projects (CDEP) payments • Allowances • Lump sum payments • Reportable fringe benefits amounts
CDEP payments	<p>This is the total you have paid to the payee from a CDEP wages grant. You must show this amount in whole dollars. Do not include this amount in Gross Payments.</p>
Reportable fringe benefits amount	<p>Complete this section if the total taxable value of certain fringe benefits you provided to your payee in the fringe benefits tax (FBT) year (1 April to 31 March) exceeds \$2,000 for the FBT year.</p> <p>You must record the grossed-up taxable value of those benefits on your payee's payment summary for the financial year that corresponds with the reportable fringe benefits amount. Do not include cents in this amount.</p>
Reportable employer superannuation contributions	<p>Complete this section if you paid employer contributions to a super fund at the request of the employee.</p> <p>Reportable employer super contributions are:</p> <ul style="list-style-type: none"> • contributions made under a salary sacrifice agreement • employee-negotiated increases in super contributions as a part of their salary package <p>Reportable employer super contributions are not:</p> <ul style="list-style-type: none"> • super guarantee contributions • compulsory super contributions required by the governing rules of a super fund or required by a state or territory law • employer super contributions made under a collectively negotiated industrial agreement. <p>Is the employer exempt from FBT under section 57A of the FBTA 1986?</p> <p>The Government has changed the way reportable fringe benefits amounts are treated for family assistance and youth income support payments. This in turn has changed how you show these benefits on your employees' payment summary forms.</p>

Reportable employer superannuation contributions (cont.)

On the payment summary form, for the reportable fringe benefits amount entered, you will see a Yes and No indicator box as follows:

Is the employer exempt from FBT under section 57A of the FBTAA 1986? No ☐ Yes ☐

Select Yes if you are eligible for exemption from fringe benefits tax (FBT) under section 57A of the Fringe Benefits Tax Assessment Act 1986 (FBTAA 1986) for the benefits provided as a:

- registered public benevolent institution that is endorsed by the Commissioner of Taxation as eligible for exemption from FBT
- government body and the employee's duties are exclusively performed in or in connection with:
- a public hospital, or
- a hospital carried on by a society or association that is a rebatable employer
- registered health promotion charity that is endorsed by the Commissioner of Taxation as eligible for exemption from FBT, or
- public ambulance service and the employee is predominantly involved in providing that service.

Otherwise select No.

If you do not have any reportable fringe benefits amount to report, leave both boxes blank.

An employee may change roles within an organisation that is eligible for exemption under section 57A. For instance, an employee of a state health department may work as a nurse in a hospital (57A exempt duties) for part of the FBT year and, in an administration role at head office (non-exempt duties) for the remainder. If you have an employee who performs both exempt and non-exempt duties during the year while receiving reportable fringe benefits, you will have to provide two payment summaries.

If the combined value of the exempt and non-exempt fringe benefits exceeds \$2,000 in the FBT year, you must provide the grossed-up taxable value of each fringe benefit on a separate payment summary. On one payment summary you will show the section 57A exempt reportable fringe benefits amount and select Yes. On the other payment summary you will show the non-exempt reportable fringe benefits amount and select "No".

No more than two payment summaries are required, even if the employee has several periods of exempt and non-exempt service. Report all of the exempt amounts in one payment summary and all of the non-exempt amounts in a second payment summary.

Example:

Pam is a nurse who works for a state department of health. An administration officer in the department has gone on leave for the period 1 December to 28 February, and Pam was required to fill the position due to having some experience in that role. Therefore, Pam performed duties that were exempt and non-exempt under section 57A, and this will require the employer to issue two payment summaries for the income year. Pam's periods of duties were as follows:

Nursing in a public hospital	Period 1
Working as an administrator in head office	Period 2
Nursing in a public hospital	Period 3

Pam had reportable fringe benefits of \$4,200, received over the full 12 months of the FBT year.

\$1,500 of the total amount applies to period 2.

Pam also received gross payments of \$75,000 and had tax withheld of \$17,500 in the financial year.

Pam will receive two payment summaries for the year covering the exempt and non-exempt reportable fringe benefit amounts (RFBA). Gross payments and tax withheld can be apportioned between them or shown in the one payment summary as follows:

Payment summary No.1 - 1 July to 30 June

- Gross payments = \$75,000
- Tax withheld = \$17,500
- RFBA = \$2,700
- Section 57A exemption = YES

	<p>Payment summary No.2 - 1 July to 30 June</p> <ul style="list-style-type: none"> Gross payments = \$ nil Tax withheld = \$ nil RFBA = \$1,500 Section 57A exemption = NO
Lump sum payments	<p>Do not include any amount you show at a lump sum payment field in Gross payments. You must show each lump sum payment as the appropriate payment type.</p> <p>There are four types:</p> <p>1. Lump Sum A - Amounts paid for:</p> <ul style="list-style-type: none"> unused long service leave that accrued after 15 August 1978, but before 18 August 1993 unused annual leave accrued before 18 August 1993 unused long service leave accrued after 17 August 1993 or unused annual leave paid in connection with a payment that includes either genuine redundancy, early retirement scheme payment, or the invalidity segment of an ETP or super benefit. <p>If you have a Lump Sum A amount, you must also complete the 'Type' box to show the circumstances the payment was made under.</p> <ul style="list-style-type: none"> R – if the payment was made for a genuine redundancy, invalidity or under an early retirement scheme T – if the payment was made for any other reason. <p>2. Lump Sum B – Amounts paid for unused long service leave that accrued before 16 August 1978.</p> <p>3. Lump Sum D - The tax-free component of a genuine redundancy payment or an early retirement scheme payment</p> <p>4. Lump Sum E - Amounts you paid for back payment of salary or wages that accrued more than 12 months ago and were more than \$1,200 each</p>
Allowances	<p>Allowances are payments you made to cover your payee's work-related expenses. For example, tool allowances and motor vehicle allowances (including car expense payments on a cents-per-kilometre basis).</p> <p>Briefly indicate the type of allowance. Where one or two allowances were paid, print them at each of the individual boxes.</p> <ul style="list-style-type: none"> indicate the type of allowance Where four or fewer allowances were paid, print them at each of the individual boxes. <p>If you paid more than two allowances, print 'VARIOUS' and show the sum of the allowances you paid in the 'Total Allowances' field. Attach a note to the payment summary showing the nature and amount of each allowance.</p>
Union/professional association fees	<p>Show amounts you paid to unions or professional associations on behalf of your payee in these fields.</p> <p>If you have made payments to more than two unions or professional associations on behalf of the payee, print 'VARIOUS' in the Name of organisation boxes. You must give your payee a list showing the nature and amount of each payment.</p> <p>You must include these amounts in Gross payments.</p>
Workplace giving	<p>Show amounts you paid to deductible gift recipients here.</p> <p>If you made payments to more than one deductible gift recipient, print 'VARIOUS' in the Name of organisation box. You must give your payee a list showing the nature and amount of each payment.</p> <p>You must include these amounts in Gross payments.</p>

Table 1 - Allowances subject to PAYG withholding

Allowance type	Are you required to withhold from allowances?	Is the allowance to be included on payment summary? If so, how should it be show?	Does super guarantee apply?
Allowances paid for working conditions, qualifications or special duties <i>For example:</i> crib, danger, dirt, height, site, shift or travelling time trade, first aid certificate or safety officer.	Yes	Yes (include total allowance in gross payment)	Yes
Allowances for non-deductible expenses <i>For example:</i> <ul style="list-style-type: none"> part-day travel (no overnight absence from employee's ordinary place of residence) meals (not award overtime meal allowance or overnight travel allowance) motor vehicle for non-deductible travel - for example, home to work, including cents per kilometre payments. 	Yes	Yes (include total allowance in gross payment)	Yes
Allowances for expected deductible expenses <i>For example:</i> Tools compulsory uniform or dry cleaning motor vehicle for work- related travel, including cents per kilometre payments in excess of Australian Tax Office (ATO) rate (1) overseas accommodation for deductible travel	Yes	Yes (show total allowance separately in the allowance box with an explanation)	No
On-call allowance ordinary hours outside ordinary hours	Yes Yes	Yes Yes	Yes No

Table 2 - Cents per kilometre car expense payments using the approved rate

Allowance type	Are you required to withhold from allowances?	Is the allowance to be included on payment summary? If so, how should it be show?	Does super guarantee apply?
Payments made by applying the approved (or a lower) rate to the number of kilometres travelled up to 5,000 business kilometres	No	Yes (show total allowance separately in allowance box with an explanation)	No
Payments made by applying the approved (or a lower) rate to the number of kilometres travelled in excess of 5,000 business kilometres	Yes (from payments for the excess over 5,000 kilometres)	Yes (show total allowance separately in allowance box with an explanation)	No
Payments made at a rate above the approved rate for distances travelled up to 5,000 business kilometres	Yes (from the amount which relates to the excess over the approved rate)	Yes (show total allowance separately in allowance box with an explanation)	No

Table 3 – Award transport payments

Allowance type	Are you required to withhold from allowances?	Is the allowance to be included on payment summary? If so, how should it be show?	Does super guarantee apply?
For deductible transport expenses	No	Yes (show total allowance separately in allowance box with an explanation)	No
For non-deductible transport expenses	Yes (from total payment)	Yes (include total allowance in gross payment)	Yes

Table 4 – Laundry (not dry cleaning) allowance for deductible clothing

Allowance type	Are you required to withhold from allowances?	Is the allowance to be included on payment summary? If so, how should it be show?	Does super guarantee apply?
Up to the threshold amount	No	Yes (show total allowance separately in allowance box with an explanation)	No
Over the threshold amount	Yes (from the excess over the threshold amount)	Yes (show total allowance separately in allowance box with an explanation)	No

Table 5 – Award overtime meal allowances

Allowance type	Are you required to withhold from allowances?	Is the allowance to be included on payment summary? If so, how should it be show?	Does super guarantee apply?
Up to reasonable allowances amount	No	No	No
Over reasonable allowances amount (allowance must be paid under an industrial instrument in connection with overtime worked)	Yes (from the excess over reasonable allowances amount)	Yes (show total allowance separately in allowance box with an explanation)	No

Table 6 – Domestic or overseas travel allowance involving an overnight absence from employee's ordinary place of residence

Allowance type	Are you required to withhold from allowances?	Is the allowance to be included on payment summary? If so, how should it be show?	Does super guarantee apply?
Up to reasonable allowances amount	No	No	No
Over reasonable allowances amount	Yes (from the excess over reasonable allowances amount)	Yes (show total allowance separately in allowance box with an explanation)	No
Overseas accommodation	Yes	Yes (show in the allowance box)	No

1. The approved rate is 66c per km effective 1 July 2015.
2. An award transport payment is a transport payment covering particular travel that was paid under an industrial instrument (that is, an award, order, determination or industrial agreement) that was in force under Australian law on 29 October 1986.
3. The current threshold amount for laundry expenses is \$150. Dry cleaning allowances should have an amount withheld in accordance with Table 1.
4. Each year we publish a determination setting out the reasonable amounts for
 - a) overtime meal allowance expenses
 - b) domestic travel allowance expenses
 - c) travel allowance expenses for employee truck drivers
 - d) overseas travel allowance expenses.

<https://www.ato.gov.au/business/payg-withholding/payments-you-need-to-withhold-from/payments-to-employees/allowances-and-reimbursements/withholding-for-allowances/>

For example, the reasonable travel and overtime meal allowance expense amounts for the 2017-18 income year, are contained in Taxation Determination TD 2017/19.

PAYG Payment Summary - Individual Non-Business (Guide for reporting after the death of an Employee)

Step	Action
1	Prepare a payment summary for payments made to the employee in the current financial year, showing gross payments and amounts withheld before the date of death.
2	<p>Prepare the employee's entitlement including:</p> <ul style="list-style-type: none"> payments for work or services, including retrospective pay and bonus or commission payments, accrued before the death of the employee but not paid prior to the date of death <ul style="list-style-type: none"> these payments are included in assessable income if an estate tax return is required payments for unused annual and long service leave which are tax-free and not included in assessable income if an estate tax return is required. <p>DO NOT:</p> <ul style="list-style-type: none"> withhold an amount from the payment include details of these payments in the employee's payment summary.
3	Calculate the amount of death benefit ETP and withhold the required amount as listed in <u>Schedule 11 – Tax table for employment termination payments</u> . (https://www.ato.gov.au/Rates/Schedule-11---Tax-table-for-employment-termination-payments/)
4	<p>Payments for work or services made after the death of the employee are made to either the:</p> <ul style="list-style-type: none"> estate of the deceased employee person entitled to the money under the relevant law, industrial award or agreement. <p>These amounts must not be shown on the deceased employee's payment summary. However, the payer may wish to provide the estate, trustee or executor of the deceased employee with a statement about these payments to assist in completion of the income tax return for the deceased person's estate.</p>

PAYG payment summary – individual non-business

Payment summary for year ending 30 June

Payer details

Payee's name _____

Payee's tax file number _____

Period of payment _____ to _____

Gross payments \$ _____

CCOER payments \$ _____

Reportable employee superannuation contributions \$ _____

Reportable fringe benefits amount \$ _____

Is the employee exempt from FBT under section 57A of the FBTA 1986? No ☐ Yes ☐

Total allowances \$ _____

TOTAL TAX WITHHELD \$

Type	Lump sum payments	Type
A \$	\$	
B \$	\$	
D \$	\$	
E \$	\$	

Total allowances are not included in Gross payments above.
This amount needs to be shown separately in your tax return.

Payer details

Payer's ABN or withholding payer number _____

Payer's name _____

Branch number _____

NOTICE TO PAYEE

If this payment summary shows an amount in the total tax withheld box, you must lodge a tax return. If no tax was withheld, you may still have to lodge a tax return.

For more information on whether you have to lodge or about this payment and how it is taxed, you can visit [ato.gov.au](#)

or phone 13 28 61 between 8.00am and 6.00pm, Monday to Friday.

Signature of authorised person _____ Date _____

How to complete the PAYG Employment Termination Payment summary (ETP Payment Summary):

Key components:

Payee's residential address	Payee's residential address - Ensure that only the following characters are used in the address details. A-Z, 0-9, space & / apostrophe, , and hyphen. Make sure that there are no full stops. Suburb, state and postcode details are to be in correct fields not in the first address line.
Payee's name	Separate the surname or family name from the given names and print in the boxes
Date of birth	(if known)
Payee's Tax File Number	<p>You must show the tax file number (TFN) your payee quoted in this field</p> <p>You must substitute the TFN with one of the numbers listed below if:</p> <ul style="list-style-type: none"> • A new payee has not made a TFN declaration, but 28 days have not passed – use 111 111 111 • your payee is under 18 years of age and earn less than \$350 per week, \$700 per fortnight or \$1,517 per month – use 333 333 333 • Your payee is an Australian Government pensioner payee – use 444 444 444 • Your payee chose not to quote a TFN and has not claimed an exemption from quoting a TFN or does not fit into any of the above categories – use 000 000 000
Total Tax Withheld	whole dollars only
Date of Payment	the date the payment was made to the employee
Tax free Component	<p>The tax-free component consists of the:</p> <ul style="list-style-type: none"> • pre-July 1983 segment • invalidity segment. <p>Show the tax-free component in whole dollars.</p>
Taxable Component	The amount of the whole ETP less the tax-free component – if any.
Is the payment a Life Benefit ETP	A life benefit ETP is a lump sum payment made to a living employee in consequence of their employment being terminated. Where no payment had been made to your employee in a previous income year for the same termination, then complete either code R or code O, whichever code best describes the payment being made.

Life Benefit ETP	
CODE	Description
R	<p>ETP made because of one of the following:</p> <ul style="list-style-type: none"> • early retirement scheme • genuine redundancy • invalidity • compensation for <ul style="list-style-type: none"> • personal injury • unfair dismissal • harassment • discrimination
O	Other ETP not described by R, for example, golden handshake, gratuity, payment in lieu of notice, payment for unused sick leave, payment for unused rostered days off

Multiple payments for same termination

Code S – Description

This is a code R payment and you made one of the following payments to your employee in a previous income year for the same termination:

- a code R payment
- a code O payment
- a transitional termination payment.

Code P – Description

This is a code O payment and you made one of the following payments to your employee in a previous income year for the same termination:

- a code R payment
- a code O payment
- a transitional termination payment.

Multiple payments for same termination	
CODE	Description
S	You made a code R payment to your employee in a previous income year for the same termination
P	You made a code O payment to your employee in a previous income year for the same termination

Is the payment a Death Benefit ETP

If you are paying the ETP to a person because of another person's death, select either codes D, B, N or T, whichever code best describes the payment being made.

Death benefit ETP	
CODE	Description
D	Death benefit ETP paid to a dependant of the deceased
B	Death benefit ETP paid to a non-dependant of the deceased and you made a termination payment to the non-dependant in a previous income year for the same termination
N	Death benefit ETP paid to a non-dependant of the deceased
T	Death benefit ETP paid to a trustee of the deceased estate

Type of death benefit

A death benefits dependant (code D) is any of the following:

- the deceased person's spouse or de facto spouse
- the deceased person's former spouse or former de facto spouse
- the deceased person's child aged less than 18
- any other person who was a dependant of the deceased just before they died
- any other person the deceased had an interdependency relationship with just before they died.

A death benefits non-dependant (code N) is any person who does not fall into one of the categories of dependant listed above.

***Code T - You do not have to withhold an amount from a death benefit termination payment paid to the trustee of a deceased estate. However, you must issue a payment summary to the trustee for the taxable component and include the payment summary as part of your PAYG withholding payment summary annual report.**

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Avoiding common errors on the Individual non-business payment summary:

Do not include amounts you paid as employment termination payments.	Instead, report employment termination payments on a <u>PAYG payment summary - employment termination payment (NAT 70868)</u> .
Do not include amounts paid under a superannuation salary sacrifice arrangement at <u>Gross payments</u> .	Amounts that are paid to a super fund under a salary sacrifice arrangement must be reported at <u>Reportable employer superannuation contributions</u> . Any other amounts paid under a salary sacrifice arrangement may need to be reported at <u>Reportable fringe benefits amount</u> ; otherwise, they should not be reported on the payment summary.
Ensure you have the correct stationery/software	<ul style="list-style-type: none"> • new gross payment type reporting requirement • new FBT reporting employer exemption requirement.
Do not include cents at <u>Reportable fringe benefits amount</u> .	Do not show cents at any label - instead, remove the cents from any amount before you enter it on the payment summary.
Do not include contributions made by you to meet your super guarantee obligations or industrial agreement obligations in respect of the employee at <u>Reportable employer superannuation contributions</u> .	Amounts that are paid to a super fund under salary sacrifice arrangement must be reported at <u>Reportable employer superannuation contributions</u> .
Do not include living-away-from-home allowance fringe benefits at <u>Allowances</u> .	Do not report these amounts on the payment summary, unless it forms part of the <u>reportable fringe benefits amount</u> , because living-away-from-home allowance fringe benefits are not assessable income for the payee.
Do not include amounts reported at <u>Allowances</u> in <u>Gross payments</u> .	If you report an allowance at <u>Allowances</u> , do not include it in the amount you report at <u>Gross payments</u> .
Do not report negative amounts.	To amend a previous year's payment summary, see <u>Amending payment summaries</u> .
Do not report amounts containing a decimal point.	Do not report cents at any label – instead, remove the cents from any amount before you enter it on the payment summary.
Do not provide a payment summary containing all zeros.	If you have not made any payments to a payee throughout the year, you do not need to give them a payment summary.

End of year checklist

Whether you are processing Year End payroll manually or electronically, there are several checks you need in place to ensure that your results are accurate and compliant.

We will look at the measures you need to have in place first from a compliance perspective and then from an accounting perspective to ensure your reports balance.

Before you issue payment summaries, there are a number of important pieces of information you will need in order to complete the payment summaries accurately. We will run through a few key points and you will find a checklist in your booklet containing the steps you need to ensure you are compliant. The checklist also offers some helpful hints that will assist in your year-end processing as the last thing anyone wants – or needs – is an unhappy employee and an unhappy Tax Office! These checks specifically relate to Individual – Non Business Payment Summaries however you can apply the concepts to other types of payments summaries.

- Ensure that your employee's personal information is accurate. The ATO use the employee's Date of Birth, Tax File Number and Address to validate the information that the employee submits on their tax return as well as validating information from other agencies such as Superannuation Funds, Centrelink and Medicare.
- Identify the period which the payments relate to – if the employee commenced after the first of July or terminated before 30 June, these are the dates that should appear in the "Period During Which Payments Were Made" field respectfully.
- Ensure that your employees have provided you with their Tax File Number – in the event that you do not have a Tax File Number for your employee, you will need to populate the Tax File number Field with one of the options advised by the ATO. These options are contained in your booklet
- Any payments that are reportable as per the ATO's guidelines should appear on the employee's payment summary. The most common types of payments for individuals are:
 - Gross salaries and wages
 - Allowances
 - Reportable Superannuation contributions
 - Reportable Fringe Benefits
 - Lump Sum Payments

As well as showing the payment you have made to your employees, you will also need to complete the fields for deductions such as Union Fees and Workplace Giving.

As well as ensuring that the information you have provided to the ATO is accurate, it is also important to ensure that internal records and the data held in your accounting records balance.

A good way to audit this process would be to perform reconciliations for PAYG, Superannuation and other third party payments that you may have made.

The reconciliation process

Before you even begin to reconcile payment summaries, the first thing you should be doing is checking the parameters in your software.

You should be able to extract a report to identify where the payments made have been configured to appear on the payment summary.

Monthly Salary	Element	Before Tax	Factor of Rate	1.0000 x FTE Monthly Salary		Reportable
Morning Penalty	Element	Before Tax	Factor of Rate	1.1500 x Hourly Rate		Reportable
Night Penalty	Element	Before Tax	Factor of Rate	1.1000 x Hourly Rate		Reportable
Normal Hourly	Element	Before Tax	Factor of Rate	1.0000 x Hourly Rate		Reportable
On Call - Ordinary	Allowance	Before Tax	Amount by Unit	Call out @ AUD 150.0000		Reportable
On call - PH	Allowance	Before Tax	Amount by Unit	PH on call @ AUD 50.0000		Reportable
On call Allowance - TBL	Allowance	Before Tax	Amount by Unit	CalloutTBL @ AUD 100.0000		Reportable
Personal Leave	Element	Before Tax	Factor of Rate	1.0000 x Hourly Rate		Reportable
Public Holiday	Element	Before Tax	Factor of Rate	1.0000 x Hourly Rate		Reportable
Public Holiday OT 2.5	Element	Before Tax	Factor of Rate	2.5000 x Hourly Rate		Reportable
Public Holiday Worked	Element	Before Tax	Factor of Rate	1.5000 x Hourly Rate		Reportable
Spotters Fee	Allowance	Before Tax	Variable Amount	\$		Reportable
Time and a Half	Element	Before Tax	Factor of Rate	1.5000 x Hourly Rate		Reportable
Workers Compensation Leave	Element	Before Tax	Factor of Rate	1.0000 x Hourly Rate		Reportable
Authorised Deduction	Deduction	After Tax	Variable Amount	\$		Non-Reportable
Child Support	Deduction	After Tax	Variable Amount	\$		Non-Reportable
Child Support Section 72a	Deduction	After Tax	Variable Amount	\$		Non-Reportable
Garnishee Order	Deduction	After Tax	Variable Amount	\$		Non-Reportable

Generated On: Friday, 25 May 2018 1:02:03 PM

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Payment Summary Confirmation

Phone allowance - non taxable	Allowance	After Tax	Variable Amount	\$		Non-Reportable
Reimbursement	Allowance	After Tax	Variable Amount	\$		Non-Reportable
SG Contribution	Employer Super		Percentage	default% of OTE	Superannuation Guarantee (SG)	Non-Reportable
Voluntary Personal Contribution	Deduction	After Tax	Variable Amount	\$	Personal Contribution (After Tax Contribution)	Non-Reportable
Salary Sacrifice Reduce OTE	Deduction	Before Tax	Variable Amount	\$	Salary Sacrifice	Reportable Employer Super Contribution
Super Salary Sacrifice	Deduction	Before Tax	Variable Amount	\$	Salary Sacrifice	Reportable Employer Super Contribution
Workplace Giving	Deduction	After Tax	Variable Amount	\$		Workplace Giving
Car Allowance after tax	Allowance	After Tax	Variable Amount	\$		Itemised Allowance
Car allowance before tax	Allowance	Before Tax	Variable Amount	\$		Itemised Allowance
Cents Per KM - non taxable	Allowance	After Tax	Amount by Unit	KM @ AUD 0.6600		Itemised Allowance
Cents Per KM - taxable	Allowance	Before Tax	Variable Amount	\$		Itemised Allowance
Extra Tax	Deduction	Extra Tax	Variable Amount	\$		Included in Tax

Once you are satisfied that the payments have been identified correctly from a reporting perspective, you can begin the reconciliation process.

The payroll report from your final payroll report for the year should match your EOY Reconciliation report.

Reconcile the YTD figures in your payroll report and ensure they match the data in your reconciliation report:

Pay Journal YTD								Page: 14/14	
Total	Qty/Hrs	YTD	Total	YTD	Total	YTD	Total	YTD	
Normal Hourly	51321.29	2,116,397.55	Extra Tax	650.00	Gross	2,932,243.74	NT	8,404.58	
Time and a Half	703.80	30,941.93	Authorised Deduction	484.54	TI	2,784,377.01	LSA		
Double Time	2786.22	184,514.38	SG Contribution	227,557.39	Tax	752,301.00	LSB		
On Call - Ordinary	52.00	7,800.00	Super Salary Sacrifice	9,370.00	Deduction	9,854.54	LSD		
Car allowance before tax	0	46,136.92			Net	2,170,088.20	ETP	2,821.77	
Car Allowance after tax	0	127,694.73			LSE		ETP Tax	903.00	
Bonus	0	3,000.00							
On call - PH	9.00	450.00							
50% loading - no meal break	74.00	1,189.60							
Reimbursement	0	8,974.28							
100% loading - no 10 hour break	198.80	6,750.90							
100% loading	258.80	8,345.02							
Spotters Fee	0	1,000.00							
Bonus - tax averaged	0	43,591.42							
Commission payment	0	1,388.13							
Backpay	0	986.31							
Phone allowance - non taxable	0	1,827.72							
Annual Leave	2692.01	107,382.64							
ADO Taken	929.89	40,520.68							
ADO Bank	-1040.75	-43,157.54							
Leave Without Pay	281.63	0.00							
Public Holiday	2196.40	90,798.63							
Personal Leave	1113.45	40,203.06							
Long Service Leave	2.00	2,964.00							
Workers Compensation Leave	226.55	7,738.28							
LSL - portable	165.60	0.00							
Annual Leave - cash out	380.00	44,038.45							
Compassionate leave - paid	34.40	1,358.95							
LSL Cash out	8.67	38,181.35							

The amount of tax withheld from payments should be the same as the amount remitted to the ATO. You may need to check with the finance department to ensure that the correct amount of tax has been remitted and if there are any outstanding payments due.

Ensure all the total reportable payments such as Gross payments, Allowances, Reportable Employer Superannuation Contributions, Reportable Fringe Benefits, Lump Sum Payments, Employment Termination Payments and Tax withheld in your YTD report (above) matched the totals to be reported on Payment Summaries in your EOY Reconciliation Report (below).

	Total Gross	Total Tax	Total Allowances	Total Labels	Total Non Reportables
Grand Totals	2,781,555.24	752,301.00	127,694.73	2,821.77	10,802.00
Total of Gross, Allowances, Labels and Non Reportables	2,932,243.74				

Note: * - Employee will not have a Payment Summary generated.

Once you have reconciled your YTD totals with your EOY reconciliation report, you should then be able to produce your payment summaries.

Payment Summary Reconciliation							Year End
							Page: 2/3

System to Generate Payment Summaries

Employee No.	Full Name	Gross	Tax	Allowances	Labels	Sundry Reportable	Non Reportable
826	Fred Flinstone	27,528.00	7,155.00		ETP (0)	4,830.93	
			ETP Tax (0)	1,546.00			

PAYG payment summary - individual non-business

Payment summary for year ending 30 June 2019

NOTICE TO PAYEE

If this payment summary shows an amount in the total tax withheld box, you must lodge a tax return. If no tax was withheld, you may still have to lodge a tax return. For more information on whether you have to lodge, or about this payment and how it is taxed, you can:

- visit www.ato.gov.au
- phone 13 28 61 between 8.00am and 6.00pm, Monday to Friday

Period of payment	Day/Month/Year 01/07/2018	to	Day/Month/Year 23/09/2018
Payee's tax file number	123456789	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> TOTAL TAX WITHHELD \$ 7,155 </div>	
Gross payments	\$ 27,528	Type S	<div style="display: inline-block; vertical-align: top;"> Lump sum payments Type A B D E </div>
CDEP payments	\$ 		
Reportable employer superannuation contributions	\$ 		
Reportable fringe benefits amount FBT year 1 April to 31 March	\$ 		
Is the employer exempt from FBT under section 57A of the FBTA 1986	No <input type="checkbox"/> Yes <input type="checkbox"/>		
Total allowances	\$ 	Total allowances are not included in Gross payments above. This amount needs to be shown separately in your tax return.	

PAYG payment summary - employment termination payment

Payment summary for year ending 30 June 2019

NOTICE TO PAYEE

If this payment summary shows an amount in the total tax withheld box, you must lodge a tax return. If no tax was withheld, you may still have to lodge a tax return. For more information about this payment summary or lodging your tax return, you can:

- visit www.ato.gov.au
- phone 13 28 61 between 8.00am and 6.00pm, Monday to Friday.

Date of payment	Day/Month/Year 14/09/2018
Payee's tax file number	123456789
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> TOTAL TAX WITHHELD \$ 1,546 </div>	
Taxable Component	\$ 4,830
Tax free component	\$
Employment termination payment (ETP) code	O

Employee YTD Details					
Employee: Fred Flinstone					
Financial Year End:	2019	Gross:	32359.01	PAYG Tax:	7155.00
		Taxable Income:	32359.01	HELP/SSL/TSL Tax:	
		Total Tax:	8701.00	SFSS Tax:	
		Net:	23658.01	Variable Amount:	
Number Of Periods:	7			Average PAYG:	
				Average	
				HELP/SSL/TSL Tax :	
				Average SFSS Tax :	

Pay Element	Type	Tax Indicator	Qty	Unit Description	Amount
Normal Hourly	Ele	Before Tax	504.20		19663.80
Double Time	Ele	Before Tax	24.50		1911.00
Annual Leave	Ele	Before Tax	50.36		1964.04
ADO Taken	Ele	Before Tax	22.80		889.20
ADO Bank	Ele	Before Tax	-22.56		-879.44
Public Holiday	Ele	Before Tax	15.20		592.80
Personal Leave	Ele	Before Tax	38.00		1482.00
On Call - Ordinary	All	Before Tax	1.00	Call out	150.00
Extra Tax	Ded	Extra Tax			175.00
SG Contribution	Esu				2725.87

Other Items	Amount
Termination Normal	1754.68
Total ETP	4830.93

Review Reportable Employee Superannuation Contributions (RESC) to ensure that they are correct

Does salary sacrificing super affect your super guarantee payments?

If your employee is an eligible employee for super guarantee purposes, you are required to make super guarantee payments for them.

You must pay a minimum of 9.5% (from 1 July 2015), of each eligible employee's ordinary time earnings each quarter (up to the maximum contributions base for that quarter). Ordinary time earnings (OTE) is usually the amount your employee earns for their ordinary hours of work. It includes things like commissions, most bonuses, shift-loadings and allowances but doesn't include overtime payments.

Making salary sacrificed super contributions into your employee's fund may affect your super guarantee obligations in the following ways:

Super guarantee payment is calculated on the reduced salary

The minimum amount of super guarantee you are required to pay in relation to your employee is based on their OTE. As entering into a salary sacrifice arrangement reduces your employee's OTE, it will reduce the amount of super guarantee that you are required to pay.

The salary sacrificed amount counts towards your super guarantee obligations

To enter into an effective salary sacrifice arrangement with your employee, you should have a written agreement which states the terms and conditions of that agreement. If you make the super contributions to an employee's fund under a salary sacrifice agreement, the sacrificed amount is an employer contribution. This means that the salary sacrificed amount counts towards your super guarantee obligation.

If the salary sacrificed super contribution is more than the minimum super guarantee amount you are required to pay then you would not be required to pay an additional amount on top of the salary sacrificed amount.

The terms of some awards or agreements may require an employer to pay a certain amount of super for an employee or may require super to be paid on the employee's pre-sacrifice salary. In these circumstances, salary sacrifice amounts may not reduce the employer's super guarantee obligation as stated in the award or agreement.

Can I continue to make super guarantee payments based on my employee's pre-salary sacrifice salary amount?

The minimum amount of super guarantee you are required to pay is 9.5% of an employee's ordinary time earnings, up to the maximum contribution base. However, you can make voluntary employer contributions

(and claim a tax deduction for them) of more than the super guarantee amount.

If you or your employee would like super guarantee payments to be made based on their earnings before salary sacrificing, you will need to negotiate this as part of the salary agreement or employment contract. Under the super guarantee law, however, you are not required to contribute more than the minimum legislated amount.

Salary sacrifice arrangements

Under an effective salary sacrifice arrangement, your employee agrees that you'll make extra super contributions for them in return for a reduced amount of salary or wages. These extra contributions are reportable employer super contributions.

Reportable employer super contributions don't include compulsory contributions, such as super guarantee amounts. You only report the sacrificed amount in excess of these compulsory contributions.

When excluding compulsory contributions, note that the super guarantee amounts you exclude are based on the employee's reduced salary. This is the case even if the salary sacrifice arrangement provides for you to continue to pay super contributions based on the employee's original salary. In this situation, your top-up contributions are included as reportable employer super contributions because they are:

- not required by a law or collectively negotiated industrial agreement
- influenced by your employee (in negotiating the salary sacrifice arrangement).

Salary-sacrificed super contributions to a complying super fund are not fringe benefits and are not included on your employee's payment summary as reportable fringe benefit amounts.

An effective salary sacrifice arrangement can't be retrospective – that is, you can't substitute benefits for salary or wages your employee has already earned.

Example 1

Sally and Zoe are employed by ABC Pty Ltd for remuneration of \$60,000 a year.

- Sally receives her earnings of \$60,000 as salary. ABC is required to pay super guarantee contributions of \$5,700 (9.5% x \$60,000) to her super fund.
- Zoe enters into an effective salary sacrifice arrangement with ABC and will sacrifice \$10,000 of her annual earnings into her super fund. They agree that, in addition to the \$10,000 she plans to salary sacrifice into her super fund, ABC will make an additional contribution of \$5,700. This is the amount ABC would have been required to pay if not for the salary sacrifice agreement.

Salary and super payments

	Sally	Zoe
Pre-sacrifice salary	\$60,000	\$60,000
Super salary sacrifice	–	\$10,000
Reduced salary / ordinary time earnings	\$60,000	\$50,000
Required super guarantee contributions (9.5% of ordinary time earnings)	\$5,700	\$4,750
Actual employer super contributions	\$5,700	\$5,700

Reportable employer super contributions

	Sally	Zoe
Total employer contributions (including any salary-sacrificed amounts)	\$5,700	\$15,700
Less required super guarantee contributions	\$5,700	\$4,750
Reportable employer super contributions	\$0	\$10,950

The following link provides a more comprehensive understanding of whether superannuation contributions are reportable:

<https://www.ato.gov.au/business/super-for-employers/in-detail/salary-sacrifice/reportable-employer-super-contributions---for-employers/>

Year End Checklist

Duties	Check
Update Employee Personnel Records	
Check all Employees Details for Current Addresses and Tax File Numbers	
Remove any full stops and commas from Addresses	
Check Terminated Employees have a Termination Date	
Reconcile Year End Reports	
Reconcile Gross Taxable Payments to Year End Gross Taxable Payments, including:	
Gross payments	
Deductions Before Tax	
Taxable Allowances	
Lump Sum Payments	
Taxable Allowances	
Reconcile Outstanding PAYGW (Tax Withheld) Payments	
Reconcile Reportable Employer Superannuation Contributions	
Reconcile Reportable Fringe Benefit amounts	
Assign Payment fields for Gross Payments (Remember Salary Sacrifice)	
Record ETP if applicable	
Print Payment Summaries and distribute to employees by 14th July	
Store PDF copy of Payment Summaries electronically	
Create Annual Return/EMPDUPE File and store electronically	
Send/Lodge annual return to ATO by 14th August	

Activity 1

Olivia HAYES			
Before Tax Payments		Allowances	
Normal Hourly	\$ 547.29	OT Meal allowance (12 x payments all below ATO's reasonable amount)	\$ 118.00
Time and a Half	\$ 3,781.14	MV/KM Allowance -nontaxable	\$ 192.44
Double Time	\$ 8,496.37	MV/KM Allowance -taxable	\$ 19.24
Public Holiday loading	\$ -		\$ 329.68
Saturday Loading	\$ -		
Sunday Loading	\$ -		
Casual Loading	\$ -		
On Call Allowance	\$ -		
First Aid Allowance	\$ -		
Site Allowance	\$ -		
Annual leave cash out	\$ -		
Bonuses	\$ -		
Annual Leave	\$ 6,638.42		
Personal Leave	\$ 3,319.21		
Long Service Leave	\$ -		
Total Gross Payments	\$ 85,782.43		
		Superannuation	
		SG Contribution	\$ 6,982.97
		Salary sacrifice	\$ 5,200.00
		Total Superannuation Contributions	\$ 12,182.97
		Tax Withheld	
		PAYG	\$ 19,944.00
		HECS/HELP	\$ -
		Extra Tax	\$ -
		ETP Tax	\$ -
		Total Tax Withheld	\$ 19,944.00
		Pre-tax deductions	
		Workplace giving	\$ -
		Novated lease deductions	\$ -
		Laptop	\$ -
		Post-tax deductions	
		Workplace giving	\$ -
		Union Fees	\$ -
		Novated Lease - FBT	\$ -
		Lump Sum Payments	
		Annual leave - normal termination	\$ 3,382.97
		Long Service leave - normal termination	\$ -
		Annual leave (post 93) - redundancy	\$ -
		Long Service Leave - redundancy (all post '93)	\$ -
		Tax Free Portion of Genuine Redundancy Payment	\$ -
		Employment Termination Payments	
		Genuine Redundancy (in excess of tax free portion)	\$ -
		Payment in Lieu of Notice (as Part of Genuine Redundancy)	\$ -
		Payment in Lieu of Notice (not part Genuine Redundancy - eg dismissal, voluntary termination)	\$ -

* FBT GROSSED UP TAXABLE VALUE = \$6,366, Date of employment 1/7/2018 - 14/3/2019, Reason for termination = resignation

1. Determine gross TAXABLE payments (i.e the amounts that appear in Gross Payments on the payment summary)

2. Determine Reportable Employer Superannuation Contributions

3. Determine Reportable Employer Fringe Benefits

4. Determine Lump Sum Payments:

Lump Sum A
Lump Sum B
Lump Sum C
Lump Sum D

5. Determine Reportable Allowances

MV/KM Allowance -taxable
MV/KM Allowance - non taxable

6. Determine Tax Withheld

--

7. Complete the PAYG Payment Summary

Period of payment	Day/Month/Year	to	Day/Month/Year													
Payee's tax file number	<table border="1"> <tr> <td>TOTAL TAX WITHHELD \$</td> <td></td> </tr> </table>			TOTAL TAX WITHHELD \$												
TOTAL TAX WITHHELD \$																
Gross payments	\$	<table border="1"> <tr> <td></td> </tr> </table>		<table border="0"> <tr> <td>Type</td> <td></td> </tr> <tr> <td></td> <td></td> </tr> </table>	Type				<table border="0"> <tr> <td>Lump sum payments</td> <td></td> </tr> <tr> <td>A \$</td> <td> <table border="1"> <tr> <td></td> </tr> </table> </td> </tr> <tr> <td></td> <td></td> </tr> </table>	Lump sum payments		A \$	<table border="1"> <tr> <td></td> </tr> </table>			
Type																
Lump sum payments																
A \$	<table border="1"> <tr> <td></td> </tr> </table>															
CDEP payments	\$	<table border="1"> <tr> <td></td> </tr> </table>			<table border="0"> <tr> <td>B \$</td> <td> <table border="1"> <tr> <td></td> </tr> </table> </td> </tr> </table>	B \$	<table border="1"> <tr> <td></td> </tr> </table>									
B \$	<table border="1"> <tr> <td></td> </tr> </table>															
Reportable employer superannuation contributions	\$	<table border="1"> <tr> <td></td> </tr> </table>			<table border="0"> <tr> <td>D \$</td> <td> <table border="1"> <tr> <td></td> </tr> </table> </td> </tr> </table>	D \$	<table border="1"> <tr> <td></td> </tr> </table>									
D \$	<table border="1"> <tr> <td></td> </tr> </table>															
Reportable fringe benefits amount FBT year 1 April to 31 March	\$	<table border="1"> <tr> <td></td> </tr> </table>			<table border="0"> <tr> <td>E \$</td> <td> <table border="1"> <tr> <td></td> </tr> </table> </td> </tr> </table>	E \$	<table border="1"> <tr> <td></td> </tr> </table>									
E \$	<table border="1"> <tr> <td></td> </tr> </table>															
Is the employer exempt from FBT under section 57A of the FBTAA 1986?	No	<input type="checkbox"/>	Yes	<input type="checkbox"/>												
Total allowances	\$	<table border="1"> <tr> <td></td> </tr> </table>		Total allowances are not included in Gross payments above. This amount needs to be shown separately in your tax return.												

Activity 2

[illegible]

For the PAYG Payment Summary

1. Determine gross TAXABLE payments (i.e the amounts that appear in Gross Payments on the payment summary)

2. Determine Reportable Employer Superannuation Contributions

3. Determine Reportable Employer Fringe Benefits

4. Determine Lump Sum Payments:

Lump Sum A	Indicator Code
Lump Sum B	
Lump Sum C	
Lump Sum D	

5. Determine Tax Withheld

6. Complete the PAYG Payment Summary

Period of payment	Day/Month/Year	to	Day/Month/Year
Payee's tax file number	<div style="border: 1px solid black; padding: 5px; display: inline-block;"> TOTAL TAX WITHHELD \$ <input style="width: 150px;" type="text"/> </div>		
Gross payments	\$ <input style="width: 150px;" type="text"/>	Type <input style="width: 30px;" type="text"/>	Lump sum payments
CDEP payments	\$ <input style="width: 150px;" type="text"/>	A	\$ <input style="width: 150px;" type="text"/> Type <input style="width: 30px;" type="text"/>
Reportable employer superannuation contributions	\$ <input style="width: 150px;" type="text"/>	B	\$ <input style="width: 150px;" type="text"/>
Reportable fringe benefits amount FBT year 1 April to 31 March	\$ <input style="width: 150px;" type="text"/>	D	\$ <input style="width: 150px;" type="text"/>
Is the employer exempt from FBT under section 57A of the FBTAA 1986?	No <input style="width: 30px;" type="checkbox"/> Yes <input style="width: 30px;" type="checkbox"/>	E	\$ <input style="width: 150px;" type="text"/>
Total allowances	\$ <input style="width: 150px;" type="text"/>	Total allowances are not included in Gross payments above. This amount needs to be shown separately in your tax return.	

For the ETP Payment Summary

1. Determine TAXABLE component of the ETP

2. Determine the TAX - FREE component of the ETP (if applicable)

3. What is the ETP tax

4. What is the Indicator Code on the ETP Payment Summary

5. Complete the ETP Payment Summary

PAYG payment summary – employment termination payment

Payment summary for year ending 30 June

NOTICE TO PAYEE

If this payment summary shows an amount in the total tax withheld box, you must lodge a tax return. If no tax was withheld, you may still have to lodge a tax return. For more information about this payment summary or lodging your tax return, you can:

- visit ato.gov.au
- phone 13 28 61 between 8.00am and 6.00pm, Monday to Friday.

Day/Month/Year

Date of payment

Payee's tax file number

TOTAL TAX WITHHELD

\$

Taxable component \$

Tax free component \$

Employment termination payment (ETP) code

Single Touch Payroll (STP)

Single Touch Payroll (STP) started from 1 July 2018 for employers with 20 or more employees. Employers with less than 20 employees will be required to report through STP effective 1 July 2019.

For substantial employers, you should either be reporting through STP, or have a deferral in place (a later start date). Find out if your software is STP-ready by talking to your software provider

For employers with 5-19 employees (small employers)

The parliament passed legislation to extend STP reporting requirements from 1 July 2019. However, not all employers will start reporting at the same time.

Start reporting early. If you use payroll software which offers STP, you can update your product and start reporting any time.

Start reporting any time from 1 July – 30 September 2019.

Apply for more time to get ready. If you won't be ready to start reporting by 30 September 2019, you will need to apply for a deferred start date using the ATO's online deferral form.

Ask us for an exemption if you meet the criteria. If you live in an area with intermittent or no internet connection, you can use our online tool to apply for an exemption. This will be available from April 2019.

Employers with 1-4 employees (micro employers)

If you have four or less employees (micro employer) and you don't currently use payroll software, there will be other ways to report STP information.

The ATO have asked software developers to build no-cost and low-cost STP solutions for micro employers – including simple payroll software, mobile phone apps and portals.

https://www.ato.gov.au/business/single-touch-payroll/in-detail/low-cost-single-touch-payroll-solutions/?=redirected_STPsolutions

You will also have the option for your registered tax or BAS agent to report your STP information quarterly, rather than each time you run payroll. This option will be available until 30 June 2021.

Single Touch Payroll works by sending tax and super information from your payroll or accounting software to the ATO as you run your payroll.

When you start reporting:

- you will run your payroll, pay your employees as normal, and give them a payslip
- your pay cycle/frequency does not need to change
- your STP-enabled payroll software will send the ATO a report which includes such as salaries and wages, pay as you go (PAYG) withholding and superannuation information

The way STP information is sent will depend on the software you use. STP reporting will be offered in one of the following ways with:

- an end-to-end solution, which allows you to run your payroll and send the STP information directly to the ATO from your software
- a solution which allows you to run your payroll and send the STP information through a third party sending service provider (SSP) which is integrated into your software
- a solution that allows you to run your payroll and requires you to send the STP information through a third party sending service provider (SSP) outside your software.

Employees will be able to see their year-to-date tax and super information in ATO online services, which can be accessed through myGov. Data is updated every time you report (each pay day for most employers).

If you make mistakes in your STP report, you can correct it in your following report.

At the end of the financial year, you'll need to finalise your STP data. This is a declaration to the Commissioner to state you have completed your reporting for the financial year.

You will no longer have to give your employees a payment summary for the information you've reported and finalised through STP. Once you finalise your data, your employees or their registered agent will be able to lodge their income tax return using the STP information available in ATO online.

You will no longer need to provide the ATO with a payment summary annual report (PSAR) – more commonly known as the “empdupe” file - at the end of the financial year for the payments reported through STP.

From 2020 the ATO will pre-fill activity statement labels W1 and W2 for small and medium withholders with the information provided to the ATO through STP.

PAYG tax withheld	
Total salary, wages and other payments	W1 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Amount withheld from payments shown at W1	W2 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Amount withheld where no ABN is quoted	W4 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Other amounts withheld (excluding any amount shown at W2 or W4)	W3 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Total amounts withheld (W2 + W4 + W3)	W5 \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

Write the W5 amount at 4 in the Summary section below

W1 – Total salary, wages and other payments

W2 – Amounts withheld from salaries or wages and other payments shown at W1

You will also be reporting super liability information through STP to the ATO - as will the superannuation funds - who will advise the ATO when you make the payment to your employees' chosen or default fund. This is an important step toward making sure employees are paid their correct entitlements.

If you have 20 or more employees, you should now be reporting through STP, or have a deferral in place (a later start date). If you have 19 or less employees, STP reporting starts gradually from 1 July 2019 for you.

Count the number of employees who were on your payroll as at 1 April 2018. You will need to count each employee, not their full time equivalent (FTE).

If your headcount equals 20 or more employees you need to start reporting through STP-enabled payroll software as soon as possible, or, apply for a deferral if you need more time.

You don't need to send the ATO your headcount information. This is for you to determine if you needed to start STP reporting from 1 July 2018. You may want to keep a copy for your own records.

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

Include in your headcount

- Full-time employees
- Part-time employees
- Casual employees and seasonal workers who were on your payroll on 1 April and worked any time during March – there are exemptions to counting seasonal workers who were employed for a short time only
- Employees based overseas
- Any employee absent or on leave (paid or unpaid)

Don't include in your headcount

- Employees who ceased work before 1 April
- Casual employees who did not work in March

- Independent contractors
- Staff provided by a third-party labour hire organisation
- Company directors
- Office holders
- Religious practitioners
- While you don't need to include company directors, office holders and religious practitioners in the headcount, you do need to report their information through STP with your other employees.

Mandatory Reporting

These withholding payments are required to be reported under STP. They are generally paid through a payroll process by employers to your employees.

The following payments must be reported:

Description	BAS labels (Gross payment, amount withheld)	Payment summary type
A payment to an employee, such as salary or wages	W1, W2	INB (except INB-P) or FEI
A payment of remuneration to the director of a company	W1, W2	INB (except INB-P) or FEI
A payment to an office holder (for example, a member of the Defence Force)	W1, W2	INB (except INB-P) or FEI
A payment to a religious practitioner	W1, W2	INB (except INB-P) or FEI
A return to work payment to an individual	W1, W2	INB (except INB-P) or FEI
A payment for termination of employment	W1, W2	ETP (life benefit)
An unused leave payment	W1, W2	INB (except INB-P) or FEI
A payment of parental leave pay	W1, W2	INB (except INB-P)
A payment to an employee under the Seasonal Labour Mobility Program	W1, W2	INB (except INB-P)

*INB = Individual Non Business

*FEI = Foreign Employment Income

*ETP = Employment Termination Payment

Voluntary Reporting

You may choose to include certain withholding payments in your STP reports. These are not mandatory. However, STP offers the ability to streamline your reporting as opposed to having a number of separate reporting processes to help you achieve efficiencies of real-time reporting and help with your compliance processes.

You can also choose to include reportable employer superannuation contributions (RESC) and reportable fringe benefit amount (RFBA) for your employees.

Description	Current BAS labels (gross payment, amount withheld)	Payment summary type
A payment that is covered by a voluntary agreement	W1, W2	Business and personal services income – 003
A payment under a labour hire arrangement or a payment specified by regulations	W1, W2	Business and personal services income – 001 or 002
A payment for termination of employment	W1, W2	ETP (death benefit)

Cannot be reported

Some payments cannot be reported through STP. These include:

- payments that are generally not paid through a payroll process
- payments made by payers to recipients that are generally not their employees, such as
 - Department of Human Services
 - investment bodies and managed investment funds
 - purchasers of certain taxable Australian property.

Payers must continue to provide payment summaries and a payment summary annual report to the Commissioner for these withholding payments.

Description	Current BAS labels (gross payment, amount withheld)	Payment summary / annual report
A superannuation income stream or an annuity	W1, W2	PEN or INB-P
A superannuation lump sum	W1, W2	SLS
A social security or similar payment	W1, W2	
INB	W1, W2	INB (except INB-P) or FEI
A compensation, sickness or accident payment	W1, W2	
Payment of income of closely held trust where tax file number (TFN) not quoted	Annual activity statement	Closely-held trust / Annual TFN withholding report
Recipient does not quote ABN	W4	ABN / No ABN, AIIR
Dividend, interest and royalty payments	W3	N/A / Non-residents, AIIR
Departing Australia superannuation payment	W3	DASP
Excess untaxed roll-over amount	W3	N/A
A payments to a foreign resident	W3	Free format / Foreign residents
Payments in respect of mining on Aboriginal land, and natural resources	Electronic payment	Free format
Distributions of withholding MIT income	W3	Free format / AIIR
Distributions by AMITs (including deemed payments)	W3	Free format (for example AMMA statement), AIIR
Alienated personal services payments	W1, W2	Business and personal services income – 004
Non-cash benefits, and accruing gains, for which amounts must be paid to the Commissioner, except subdivisions 14-C and 14-D	W3 / Electronic payment	Most applicable
Shares and rights under employee share schemes (ESS)	W1, W2, where TFN quoted	
W3 only, where TFN not quoted	ESS	
Capital proceeds involving foreign residents and taxable Australian property	Electronic payment	N/A

Deferrals

Employers with 20 or more employees

Your software provider may have applied to the ATO for a later start date for STP reporting which covers you as an existing client.

If you are covered by your software provider's deferral, you will need to start reporting on or before the deferral date. Your provider will give you this date and a deferral reference number (DRN). This verifies they have a deferral for you. You don't need to give this to the ATO however you may wish to keep this information for your own records.

If you're not able to start reporting by your software provider's deferral date, you will need to apply for your own deferral. To do this:

- log in to the Business Portal
- select Manage employees then STP deferrals and exemptions.

You need to provide supporting evidence to help us understand your circumstances through a portal mail message:

- select General questions / problems / help as the message topic
- enter Single Touch Payroll enquiries as the message subject.

Deferrals will be considered if you:

- are unable to get ready by your software provider's deferred start date
- are transitioning to a new STP-enabled solution
- are using customised payroll software and you need time to configure and test your updated product
- have complex payroll arrangements and need additional time to transition to STP
- have entered administration or liquidation
- have been impacted by a natural disaster
- are affected by other circumstances which are out of your control.

Employers with 19 or less employees

If you currently use payroll software which offers STP reporting, you can update your product and start reporting any time up to 30 September 2019.

If you know you won't be able to start before 30 September 2019, you or your registered agent can ask the ATO for a deferral. To do this:

- log in to the Business Portal
- select Manage employees then clicking on STP deferrals and exemptions.

Registered agents

You must be a registered tax or BAS agent to report through STP for your clients.

Payroll services include processing payroll on behalf of the employer, or performing any payroll related functions that involve interpreting legislation and helping employers to calculate their PAYG withholding and super guarantee liability.

For deferral requests where one of your employer client's will not be ready to report you can apply through:

- Tax or BAS Agent Portal – select Client's employer obligations then STP deferrals or exemptions
- Online services for agents – select Business then STP deferrals and exemptions.

For your employer clients with 19 or fewer employees, in most cases you will receive a response in real-time.

For your employer clients with 20 or more employees, you will need to provide supporting evidence to help us understand their circumstances through a portal mail message:

- select General questions / problems / help as the message topic
- enter Single Touch Payroll enquiries as the message subject.

If you are a registered tax or BAS agent and you will not be ready to report, or you need to submit a request on behalf of multiple clients (bulk request) you can use the Registered agent bulk request form if:

- the payroll software you use has a deferred start date from us and you need additional time to implement STP beyond that date

- the payroll software you use is STP-enabled but you need additional time to implement STP
- the payroll software you use is discontinued, and you need additional time to implement new STP-enabled payroll software
- the software used by your clients is STP-enabled but you need additional time to implement the solution across all relevant clients
- there are other extenuating circumstances where you or your clients require additional time to implement STP.

When you apply for a deferral, list all the clients who need to be covered by the deferral. If granted, you or your employer clients will need to start reporting through STP on or before the deferral date granted.

Exemptions

The ATO will consider granting an exemption for reporting a particular employee or group of employees through Single Touch Payroll (STP). This includes an employee of a department, agency or entity of a foreign government not resident in Australia, such as a diplomat.

You can also seek an exemption for reporting an employee who is not recorded in an Australian payroll system.

If you are granted an exemption for an employee or group of employees, you will need to report your other employees' information through STP.

If you are granted an exemption you don't need to start STP reporting for the year(s) you are covered by the exemption. You must continue to comply with your existing PAYG withholding obligations including:

- reporting and paying your PAYG withholding liability
- giving payment summaries to your employees
- giving a payment summary annual report to the ATO.

The employer or their registered agent can submit a request for an exemption using the Business Portal, Tax Agent Portal or BAS Agent Portal.

1. Select General questions/problems/help as the message topic.
2. Enter Single Touch Payroll as the message subject.
3. Include the following information:
 - the number of employees on your payroll – this will help us understand the size and complexity of your business
 - the reasons why you are unable to report through STP
 - any steps you have taken to attempt to get ready for STP
 - any supporting evidence that may help us understand your circumstances.

If you are requesting an exemption for reporting a particular employee or group of employees, provide:

- the details of the employee
- the nature of their employment
- any supporting evidence.

Payments you must report (PayEvent)

Payments from your regular pay cycle (PayEvent) and out of cycle pays

You are required to report a pay event to the ATO on or before the pay day.

- The pay day is either the payment date stipulated in the electronic transaction to your financial institution or, if you did not stipulate a date for payment, the date you intend to make the payment into your employee's bank account.
- If you include out-of-cycle payments in your regular pay event, report the date of your regular pay day.

The report must include, at a minimum, each employee with an amount subject to withholding in that regular pay cycle. The report may include information for other employees.

You must report the year-to-date values of gross salary or wages, allowances or other payments (as relevant), deductions and PAYG withholding for each employee included in that pay event.

- These year-to-date amounts may be less than a previous report (for example, recovery of a current year overpayment).
- These amounts cannot be negative.

You must report year-to-date employer superannuation liability or ordinary time earnings (OTE) amounts for each employee in that pay event.

- If you pay above the minimum super guarantee (SG) liability, report this higher amount if you can't separately identify these in your payroll solution.
- If your year-to-date employer superannuation liability is zero, report zero.
- If your employee is a member of a defined benefit fund and you make superannuation contributions for the employee, report this amount. Otherwise, report zero as the super liability amount. This would usually correspond to the year-to-date amount shown on the employee's payslip.
- Where you cannot report superannuation liability you must report the year-to-date OTE amount.
- You can report both OTE and SG amounts if your payroll solution allows.
- The ATO will compare the superannuation liability amounts you report with information they receive from superannuation funds. If the ATO identifies your contributions vary significantly from the liability reported, they will contact you.

All payees must have either a tax file number (TFN) or Australian business number (ABN) reported.

- Where you report a payment and withholding to a contractor under a voluntary agreement, you must provide the contractor's ABN. The contractor's TFN is not required. The reporting of these payments through Single Touch Payroll is voluntary.
- Where a TFN has not been provided you must use the TFN exemption codes.
- A payee may be a contractor and employee with the same payroll ID within the same financial year. If so, the TFN and ABN must be reported if payments are made under both a voluntary agreement and any other gross payment.

A pay event must contain at least one employee record.

A pay event can only include one record per employee, per payroll ID.

- If you establish two payroll records for an individual you can report these payments within the same pay event by using unique payroll identifiers. You must report separate year-to-date amounts for each unique payroll identifier for an employee.

Where an employee is paid more than once on a particular day, you may provide a single report for that employee including the latest year-to-date figures (for example, updated year-to-date figures including all payments made for the day).

You may lodge multiple pay event files for the same day. The time stamp is always used to identify the latest record for each employee to ensure the employee's myGov display recognises the latest record.

Out-of-cycle reporting

You may make payments other than as part of the employee's regular pay cycle, such as when you pay commissions, bonuses, payments in advance or back payments.

These payments may be reported in either:

- submitting a pay event on or before the pay day you made the payment
- including the out-of-cycle payment made to the employee in the next regular pay event you lodge. This can be when you pay that employee in your next regular pay cycle, as long as it's in the same financial year. If the next regular pay cycle is in the following financial year, you must report the payment by 30 June in the year the payment was made.

Employment termination payments (ETP)

If you make an employment termination payment (ETP) you must report it in a pay event on or before the day you make the payment.

If the payment is not made as part of your regular pay cycle, you may apply the same rules that apply to out-of-cycle payments. That is, you may report it as an out-of-cycle payment or include it in your next regular pay event report.

ETPs are reported by ETP type code and payment date. If you pay the ETP in multiple instalments, you will report each payment separately. If you pay multiple ETP types on the same day, they must still be identified separately if the ETP type code is different.

You must not add the payments together and report the payments as a year-to-date figure unless they are paid on the same day and are the same type.

Death benefit ETP

If you pay a death benefit ETP, you have the option to report this payment through Single Touch Payroll. If you do so, and make a finalisation declaration in relation to this payment, you will be exempt from providing a payment summary and payment summary annual report.

The estate beneficiary tax file number (TFN) should be reported if the employer has been given the details. This could either be an individual TFN where the beneficiary is a dependant or non-dependant or the estate TFN when paid to a trustee.

If you pay more than one ETP to the same beneficiary or estate in the same financial year, you must report each payment separately. You must not add the payments together and report the payments as year-to-date figures.

Lump sum E

If you make a Lump sum E payment you must issue the employee with a letter specifying the financial years over which the amount accrued and the gross amount that accrued each financial year. This is as per current requirements and has not changed as a result of Single Touch Payroll.

Lump sum D

If the employee's only income for the financial year is a Lump sum D income then no PAYG should be withheld and the payments do not need to be reported to the ATO.

Reportable fringe benefit amounts and reportable employer superannuation contributions

You can report an employee's reportable fringe benefit amount (RFBA) or a reportable employer superannuation contribution (RESC) through Single Touch Payroll.

You only report RFBA amounts if the total taxable value of certain fringe benefits you provided to your employee exceeds \$2,000 for the fringe benefits tax year (1 April to 31 March).

The following information needs to be reported for RFBA or RESC:

- You may provide year-to-date RFBA and RESC through a pay event (if the information is available in payroll) throughout the financial year.
- You may provide year-to-date RFBA and RESC through an update event throughout the financial year.
- Once you've reported an amount, you should continue to report the amount in all following pay events, even if the year-to-date amounts remain the same.
- You may report these amounts through an update event. This can be before or when you make the declaration that you have finalised your reporting for that employee for the financial year.
- If you cannot (or choose not to) provide RFBA or RESC through Single Touch Payroll, you must provide this information on a payment summary and provide us with a payment summary annual report. The payment summary must not include amounts reported through Single Touch Payroll.

Allowances

Not all allowances paid to employees are separately itemised as some allowances that are non-deductible form part of the gross payments.

What is changing under STP is that where the allowance is required to be separately itemised (deductible), they will need to be categorised in one of the following categories:

- travel
- car
- meals
- laundry
- transport
- other.

Employees will be able to see their allowances in ATO online services, accessed through myGov. The ATO will pre-fill these amounts into the employee's individual tax return once the employee's STP information has been finalised.

Table 1 – Types of allowances an employee might receive

Allowance type	Examples of allowances	Are you required to withhold?	Include on payment summary or in STP reporting?
Allowances for working conditions, qualifications or special duties	Crib, danger, dirt, height, site, shift or travelling time	Yes (include total allowance in gross payment)	Yes, include total allowance in: <ul style="list-style-type: none"> • gross payment for payment summaries, and • employee's gross income in STP. An STP allowance code is not applicable.
Allowances for non-deductible expenses	Part-day travel (no overnight absence from employee's ordinary place of residence)	Yes (include total allowance in gross payment)	Yes, include total allowance in: <ul style="list-style-type: none"> • gross payment for payment summaries, and • employee's gross income in STP. An STP allowance code is not applicable.

Allowance type	Examples of allowances	Are you required to withhold?	Include on payment summary or in STP reporting?
Allowances for expected deductible expenses	Tools, Compulsory uniform or dry cleaning, Motor vehicle for work-related travel, including cents per kilometre payments in excess of ATO rate, Overseas accommodation for deductible travel	Yes	Yes: <ul style="list-style-type: none"> Show total allowance separately in the allowance box with an explanation for payment summaries. For STP include separately in allowance box. The STP allowance code is "Other".
On-call allowance (ordinary hours)		Yes	Yes, include total allowance in <ul style="list-style-type: none"> gross payment for payment summaries, and employee's gross income in STP. An STP allowance code is not applicable.
On-call allowance (outside ordinary hours)		Yes	Yes, include total allowance in <ul style="list-style-type: none"> gross payment for payment summaries, and employee's gross income in STP. An STP allowance code is not applicable.

Table 2 – Cents per kilometre car expense payments using the approved rate

Allowance type	Are you required to withhold?	Include on payment summary or in STP reporting? If so, how?
Payments made by applying the approved (or a lower) rate to the number of kilometres travelled up to 5,000 business kilometres	No	Yes: <ul style="list-style-type: none"> Show total allowance separately in the allowance box with an explanation for payment summaries For STP include separately in allowance box. The STP allowance code is "Car".
Payments made by applying the approved (or a lower) rate to the number of kilometres travelled in excess of 5,000 business kilometres	Yes (from payments for the excess over 5,000 kilometres)	Yes: <ul style="list-style-type: none"> Show total allowance separately in the allowance box with an explanation for payment summaries For STP include separately in allowance box. The STP allowance code is "Car".
Payments made at a rate above the approved rate for distances travelled up to 5,000 business kilometres	Yes (from the amount which relates to the excess over the approved rate)	Yes: <ul style="list-style-type: none"> Show total allowance separately in the allowance box with an explanation For STP include separately in allowance box. The STP allowance code is "Car".

Table 3 – Award Transport Payments

Allowance type	Are you required to withhold?	Include on payment summary or in STP reporting? If so, how?
For deductible transport expenses	No	Yes: <ul style="list-style-type: none"> Show total allowance separately in the allowance box with an explanation for payment summaries. For STP include separately in allowance box. The STP allowance code is “Transport”.
For non-deductible transport expenses	Yes (from total payment)	Yes, include total allowance in: <ul style="list-style-type: none"> gross payment for payment summaries, and employee’s gross income in STP. An STP allowance code is not applicable.

Table 4 – Laundry (not dry cleaning) allowance for deductible clothing

Allowance type	Are you required to withhold?	Include on payment summary or in STP reporting? If so, how?
Up to the threshold amount	No	Yes: <ul style="list-style-type: none"> Show total allowance separately in the allowance box with an explanation for payment summaries. For STP include separately in allowance box. The STP allowance code is “Laundry”.
Over the threshold amount	Yes (from the excess over the threshold amount)	Yes: <ul style="list-style-type: none"> Show total allowance separately in the allowance box with an explanation for payment summaries. For STP include separately in allowance box. The STP allowance code is “Laundry”.

Table 5 – Award Overtime Meal Allowance

Allowance type	Are you required to withhold?	Include on payment summary or in STP reporting? If so, how?
Up to reasonable allowances amount	No	No
Over reasonable allowances amount (allowance must be paid under an industrial instrument in connection with overtime worked)	Yes (from payments for the excess over 5,000 kilometres)	Yes: <ul style="list-style-type: none"> Show total allowance separately in the allowance box with an explanation for payment summaries For STP include separately in allowance box. The STP allowance code is “Meals”.

Table 6 – Domestic or overseas travel allowance involving an overnight absence from employee's ordinary place of residence

Allowance type	Are you required to withhold?	Include on payment summary or in STP reporting? If so, how?
Up to reasonable allowances amount	No	No
Over reasonable allowances amount	Yes (from the excess over reasonable allowances amount)	Yes: <ul style="list-style-type: none"> • Show total allowance separately in the allowance box with an explanation • For STP include separately in allowance box. The STP allowance code is "Travel".
Overseas accommodation	Yes	Yes: <ul style="list-style-type: none"> • Show total allowance separately in the allowance box with an explanation for payment summaries • For STP include separately in allowance box. The STP allowance code is "Travel".

Activity 3

Using the above extract from the ATO, complete the following table:

Activity 3		
Description of allowance	Where is the amount reported on the Payment summary	STP reporting code
Site allowance = \$800 per month		
Annual motor vehicle allowance - expected deductible expenses = \$15000		
Cents per km = 258km @ 78c per km		
First aid allowance = \$14 per week		
Attending conference in Darwin for work purposes - allowance = \$150 to cover meals and incidentals (current reasonable amount for meals + incidentals is \$131.05 as per TD 2018/11)		
Phone allowance = \$20 per month		
Leading hand allowance = \$38 per fortnight		
Uniform allowance = \$8.50 per week		
Retention allowance = \$5000		
Overtime Meal Allowance = \$22. (current reasonable amount for the 2018-19 FY is \$30.60 as per TD 2018/11)		
Tool allowance - \$13.85 per week		
Living away from home allowance		

Correcting a pay event report (Update Event/"Fix")

Correcting employee information

When the employee year-to-date information you last reported to the ATO does not reflect the information in your payroll system, you should submit the latest information to the ATO by the earlier of these two options:

- the next regular pay cycle report for the employee
- an update event within 14 days of the need for a correction being identified.

Overpayment identified within the same financial year

Where an overpayment is identified in the same financial year it was paid, the employee will only need to repay the net amount of the overpayment. The net amount is the amount received by the employee.

You will need to ensure the ATO have the correct amounts recorded (the employee's year-to-date values do not include details of the overpayment). You can make these fixes in either:

- the next regular pay cycle report for the employee (by reducing the employee's year-to-date figures and your employer-level gross payment and withholding figures)
- an update event, within 14 days of the overpayment being identified.

Misclassification with no additional payment

A misclassification is when information has previously been reported under an incorrect item. For example, a payment was reported as salary or wages instead of as an allowance, and no additional payment is made to the employee.

You can make this fix in the next pay event or use an update event.

Full file replacement

A full file replacement gives you the ability to completely replace the latest pay event file you sent to the ATO in error, or which contained significant corrupt data.

You shouldn't use a full file replacement for corrections.

A full file replacement:

- may only be used to replace the latest pay event
- must contain the submission identifier of the pay event to be replaced
- cannot be submitted if any employee information has subsequently been changed in a payroll or update event
- cannot replace an update event – a new update event should be submitted.

Commencing and ceasing employment

Commencing employment

If you record your new employee's start date in your payroll software, you can report it in your pay event.

If you rehire an employee using the same payroll identifier, you can report the rehire date as the employee's start date.

If you terminate an employee's employment and then rehire them using the same payroll identifier under a different ABN or branch within your group in the same regular pay cycle, the rehire start date should not be reported.

Tax file number declaration in payroll event report

You can report a tax file number (TFN) declaration through your pay event, if this function is enabled by your software. You can continue to use your existing channels to report the TFN declaration if you are unable to do so through your payroll software.

- Include the information your employee provides to you in a Tax file number declaration and/or Withholding declaration.
- Include the details of your employee's declaration when submitting a TFN declaration through the pay event.
- Provide the TFN declaration within 14 days of receiving it.
- If your employee is not paid within 14 days of the employer receiving a TFN declaration, you can provide it in the next pay day for that employee.
- If the ATO are unable to match your employee's details to an ATO record, they will follow the existing process to send correspondence to you and your employee.

Ceasing employment

If you record an employee's cessation date, you can report that date in a pay event report:

- If you make another payment to that employee, you do not need to update the cessation date.
- If you rehire that employee using the same payroll identifier do not report their cessation date again, even if you rehire them under a different ABN /branch within the same group.

Finalising your Single Touch Payroll reporting

You may be exempt from giving payment summaries and a payment summary annual report for the amounts you reported through Single Touch Payroll. This information will be made available to your employees in ATO online services, accessed through myGov. Your employees can also request a copy of this information from the ATO.

To be exempt from issuing these payments summaries to your employees, you will need to make a finalisation declaration. This declares that you have provided all required information for the financial year through your Single Touch Payroll reporting.

These payment summaries include:

- *PAYG payment summary - individual non-business (INB)*
- *PAYG payment summary - foreign employment income (FEI)*
- *PAYG payment summary - employment Termination Payments (ETP).*

You will not have to provide payment summaries for the following payments if you reported them voluntarily through Single Touch Payroll:

- payments under voluntary agreement
- payments under a labour hire arrangement
- death benefit employment termination payment.

You will need to provide a payment summary for any payments not reported through Single Touch Payroll.

Finalisation declaration

You make a finalisation declaration by providing a finalisation indicator for an employee (including directors, contractors, and so on) as part of your Single Touch Payroll reporting.

Once you have provided the finalisation indicator for the employee, the ATO will pre-fill their income tax return and display the information as 'tax ready' in ATO online services accessed through MyGov.

If you do not make a finalisation declaration or, alternatively, provide payment summaries by 14 July each year you may be penalised subject to the transitional arrangements below.

The ATO have provided additional time for employers to make a finalisation declaration in their first year of reporting through Single Touch Payroll:

- Employers who start reporting in the 2018 financial year will have until 14 August 2018.
- Employers who start reporting in the 2019 financial year will have until 31 July 2019.

If you need more time, you can apply for an extended due date to make your finalisation declaration.

Finalisation declaration during the financial year

If you make a finalisation declaration during a financial year, you do not need to provide the employee with a part year payment summary.

If you pay an employee, and have already made a finalisation declaration for them for a financial year, consider the following:

- If it is a one-off payment – make another finalisation declaration when you report this payment.
- If you expect to make another payment (for example, you re-hire the employee) – unselect the finalisation indicator and wait until the end of the financial year to make another finalisation declaration.

If you finalise an employee part-way through the financial year, the pre-fill will not be available until after the end of the financial year. The employee will need to follow the current process for lodging a part-year tax return. This would mostly impact employees who are leaving Australia once their employment has terminated.

Amendments after finalisation

If you identify the need to amend details after making a finalisation declaration you should submit these as soon as possible. You can do this by submitting an update event.

In the event you may not be able to submit an update event report with the amended details within 14 days of identifying the need for an amendment, you should submit an update event with the previous details and the final indicator set to FALSE. This will advise us that the current information is not final and should not be used to pre-fill tax returns.

You can amend finalised information reported through Single Touch Payroll up to five years after the end of financial year.

Overpayment relates to a previous financial year

If you overpay a worker in a previous financial year and only discover the overpayment in a later year, you should submit an update event to advise us the amounts the employee should have received in the relevant financial year. Do not adjust the amount of tax withheld.

You should provide an update event for each financial year an overpayment occurred in.

If the overpayment relates to a payment you did not report through Single Touch Payroll you should provide the worker with an amended payment summary and an amended payment summary annual report to the ATO.

The PAYG annual return

At the end of each financial year you must lodge a PAYG withholding payment summary annual report of all wages, salaries and other work-related payments to your workers, and the amounts withheld. The report must be lodged by 14 August each year.

The payment summary annual report must include the total amount of all payments made and all amounts withheld for all your workers, including:

- employees
- contractors under voluntary agreements
- workers under labour hire arrangements.

Also include employment termination payments and personal services income you have attributed.

Key components:

Employer Details	complete employer details
Payment summaries issued	For each type of payment summary you issued for the financial year, provide the following details: <ul style="list-style-type: none"> • the total number of payment summaries • the total of gross payments or taxable components, in whole dollars • the total amounts of tax withheld, in whole dollars.
For individual non-business payment summaries	Include the following at 'Total of gross payments or taxable components': <ul style="list-style-type: none"> • gross payments • CDEP payments • total allowances • total lump sum payments (excluding any amounts shown at D).
For ETP Payment Summaries	only show the taxable component and the tax withheld

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Annual Returns – lodgement options How to lodge

Paper - you must use the ATO stationery provided and then send the following:

- the PAYG payment summary statement
- the payment summaries – including the ATO original copy of all paper payment summaries you issued to your payees.

Online - you can lodge specific payment summary annual reports online using:

- ATO portals (Business portal, Tax Agent portal or BAS Agent portal)
- Standard Business Reporting enabled software - secure online lodgment direct from your financial accounting or payroll software.

<https://www.ato.gov.au/business/payg-withholding/annual-reporting/how-to-lodge-your-payment-summary-annual-report/>

Annual Returns – electronic lodgement errors

Some common errors that may occur when lodging online include:

- The annual report file can't be located on the hard drive (EMPDUPE, NOABN or FRW) – you must use a complying payroll software product to generate the annual report file.
- Income amount fields – invalid characters – remove blanks or non-numeric characters.
- Tax withheld – the tax withheld must be less than or equal to the sum of the income fields in the payment summary reported.
- Amendment indicator – the Amendment indicator field must contain either A or O.
- Supplier contact details (this is the person lodging the report) – the supplier contact name and contact phone number must be completed. Refer to your software product manual to find out where to enter the supplier information within the payroll product.

Amendments to payment summaries and returns

Overpayments:

If an overpayment is discovered in the same financial year that it was made, the employer can rectify the situation by recouping only the net portion of the overpayment. They should then make a tax adjustment the following pay period so the employee has the correct tax withheld.

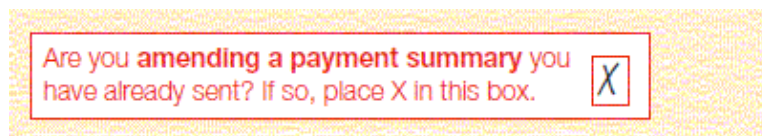
In effect, this works like a loan to the employee. They are paid an additional net amount, which is paid back and tax adjusted in a subsequent payroll period. No further documentation or calculation is required.

However, if you discover a payment from a previous financial year it will cause significantly more work and potential cost for both the employer and the employee.

The employer will lodge their end of year figures with the tax department showing that a certain amount of tax has been withheld from the employee who has been overpaid. So when it comes to recouping the funds, the gross (as opposed to net) amount needs to be collected. This makes the employee out of pocket by the amount of the tax adjustment.

The employer will now need to reissue a revised payment summary, which includes the correct amount of PAYG that should have been paid.

The employee will need to lodge an amended tax return with the tax office to have the overpaid tax refunded.

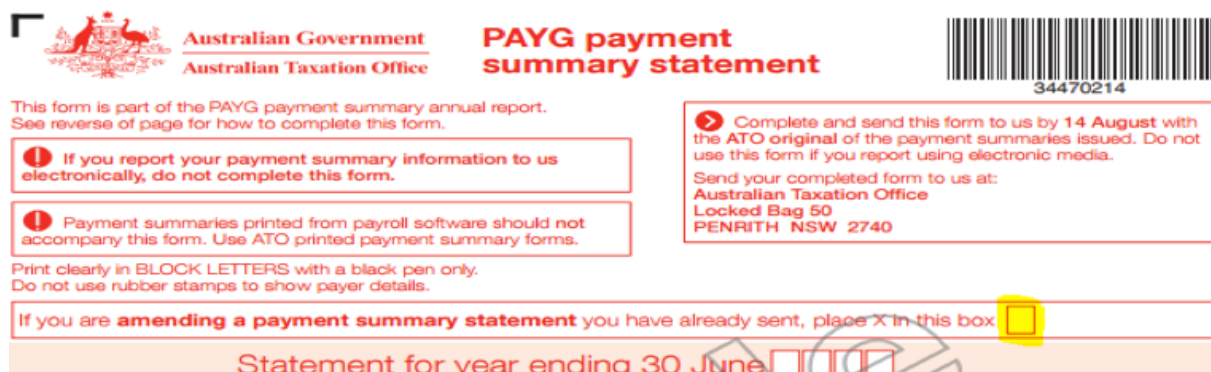


When you complete amended payment summaries you must:

- complete all payee, payment and payer information on each amended payment summary
- send it to ATO, and
- give a copy to the payee.

Where payment amounts or tax withheld amounts have changed, you may also need to complete an amended PAYG payment summary statement (i.e. Annual Return)

- Lodging an amended annual report online depends on whether your payroll product is able to generate amended files.
- The amended **annual report** file must only contain amended payment summaries and any additional original payment summaries that were not reported in a prior annual report for the same financial year
- **Do not** include payment summaries that were previously sent and were not amended.



This is an amended payment summary

PAYG payment summary – individual non-business

Payee details

Payment summary for year ending 30 June

NOTICE TO PAYEE

If this payment summary shows an amount in the total tax withheld box, you must lodge a tax return. If you have already lodged your tax return, you may need to lodge an amendment request. For more information about this payment summary, lodging your tax return or an amendment request, you can:

- visit ato.gov.au
- phone 13 28 61 between 8.00am and 6.00pm, Monday to Friday.

Period of payment	Day/Month/Year	to	Day/Month/Year
Payee's tax file number	<div style="border: 1px solid black; padding: 5px;">TOTAL TAX WITHHELD \$</div>		
Gross payments	\$	Type	Lump sum payments
CDEP payments	\$	A	B
Reportable employer superannuation contributions	\$	D	E
Reportable fringe benefits amount FBT year 1 April to 31 March	\$		
Is the employer exempt from FBT under section 57A of the FBTAA 1986?	No	Yes	
Total allowances	\$	Total allowances are not included in Gross payments above. This amount needs to be shown separately in your tax return.	

Activity 4

[illegible]

1. Determine NEW gross TAXABLE payments

2. Complete the Amended PAYG Payment Summary

This is an amended payment summary	Year ending 30 June
PAYG payment summary – individual non-business	
NOTICE TO PAYEE If this payment summary shows an amount in the total tax withheld box, you must lodge a tax return. If you have already lodged your tax return, you may need to lodge an amendment request. For more information about this payment summary, lodging your tax return or an amendment request, you can:	
Day/Month/Year Period of payment	Day/Month/Year to
Payee's tax file number	TOTAL TAX WITHHELD \$ <div style="border: 1px solid black; width: 150px; height: 25px; display: inline-block;"></div>
Gross payments \$ <div style="border: 1px solid black; width: 150px; height: 25px; display: inline-block;"></div>	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">Type</div> <div style="border: 1px solid black; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin-right: 10px;"> <input type="checkbox"/> </div> <div style="margin-right: 10px;">Lump sum payments</div> <div style="border: 1px solid black; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center;"> <input type="checkbox"/> </div> </div> <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">A</div> <div style="margin-right: 10px;">\$</div> <div style="border: 1px solid black; width: 150px; height: 25px; display: inline-block;"></div> </div>
CDEP payments \$ <div style="border: 1px solid black; width: 150px; height: 25px; display: inline-block;"></div>	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">B</div> <div style="margin-right: 10px;">\$</div> <div style="border: 1px solid black; width: 150px; height: 25px; display: inline-block;"></div> </div>
Reportable employer superannuation contributions \$ <div style="border: 1px solid black; width: 150px; height: 25px; display: inline-block;"></div>	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">D</div> <div style="margin-right: 10px;">\$</div> <div style="border: 1px solid black; width: 150px; height: 25px; display: inline-block;"></div> </div>
Reportable fringe benefits amount FBT year 1 April to 31 March \$ <div style="border: 1px solid black; width: 150px; height: 25px; display: inline-block;"></div>	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">E</div> <div style="margin-right: 10px;">\$</div> <div style="border: 1px solid black; width: 150px; height: 25px; display: inline-block;"></div> </div>
Is the employer exempt from FBT under section 57A of the FBTAA 1986? <div style="display: flex; justify-content: space-around; margin-left: 20px;"> <div>No <input style="width: 30px; height: 20px;" type="checkbox"/></div> <div>Yes <input style="width: 30px; height: 20px;" type="checkbox"/></div> </div>	
Total allowances \$ <div style="border: 1px solid black; width: 150px; height: 25px; display: inline-block;"></div>	Total allowances are not included in Gross payments above. This amount needs to be shown separately in your tax return.

Key rates and thresholds 2019/2020 – ETP

Life benefit termination payments ETP cap	
Income year	Amount of cap
2019-2020	\$210,000.00
2018-2019	\$205,000.00
2017-2018	\$200,000.00

Death benefit termination payments ETP cap	
Income year	Amount of cap
2019-2020	\$210,000.00
2018-2019	\$205,000.00
2017-2018	\$200,000.00

Genuine redundancy and early retirement scheme payment limits		
Income year	Base limit	For each complete year of service
2019-2020	\$10,638	\$5,320
2018-2019	\$10,399	\$5,200
2017-2018	\$10,155	\$5,078

Key rates and thresholds 2019/2020 – Superannuation

The government has announced that it will increase the SGC to a maximum of 12% by the 2025/2026 financial year as follows:

Years	Minimum contribution
2010-2013	9.00%
2013-2014	9.25%
2014-2015	9.50%
2015-2016	9.50%
2016-2017	9.50%
2017-2018	9.50%
2018-2019	9.50%
2019-2020	9.50%
2020 -2021	9.50%
2021-2022	10%
2022-2023	10.5%
2023-2024	11%
2024-2025	11.5%
2025-2026	12%

Maximum super contributions base for a given income year	
Income year	Per quarter
2019-2020	\$55,270.00
2018-2019	\$54,030.00
2017-2018	\$52,760.00

Key rates and thresholds 2019/2020 – Superannuation Contribution Caps

Concessional contributions general cap for a given income year	
Income year	Amount of general cap
2019-2020	\$25,000.00
2018-2019	\$25,000.00
2017-2018	\$25,000.00

Non-concessional contributions cap for a given income year	
Income year	Amount of cap
2019-2020	\$100,000.00*
2018-2019	\$100,000.00*

*<https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?page=4#Note1>

Key rates and thresholds 2018/2019 – Payroll Tax

State	Monthly Threshold			Yearly Threshold (Total Australian wages)	Rate
	28 days	30 days	31 days		
NSW	\$57,534	\$61,644	\$63,699	\$750,000.00	5.45%
VIC	\$47,917			\$650,000.00	4.85%
SA	\$50,000			\$600,000.00	4.95%
QLD	\$91,667			\$1,100,000.00	4.75%
TAS	\$95,890	\$102,740	\$106,164	\$1,250,000.00	6.10%
ACT	\$166,667			\$2,000,000.00	6.85%
NT	\$125,000			\$1,500,000.00	5.50%
WA	\$70,834			\$850,000.00	5.50%

At time of print no state or territory had confirmed it's 2019/2020 payroll tax rates. These will be emailed to you once confirmed.

2019 Budget Announcements

Personal Income Tax Plan

The **Personal Income Tax Plan** was announced in the 2018-19 federal budget.

The changes are law and are currently being implemented

Current Scope

From 2018-19	From 2022-2023	From 2024-2025
New low and middle income tax offset <ul style="list-style-type: none"> Base rate: \$200 Maximum rate: \$530 Taper: \$200 plus 3% for TI's that exceed \$37,000 and are not more than \$48,000 Taper: \$530 less 1.5% for TI's that exceed \$90,000 	Replace low income tax offset and low and middle income tax offset <ul style="list-style-type: none"> Base rate: \$645 Taper: \$645 less 6.5% for TI's that exceed \$37,000 and not more than \$41,000 Taper: \$385 less 1.5% for TI's that exceed \$41,000 	Increase top threshold of 32.5% bracket to \$200,000 (effectively abolishing the 37% tax bracket)
Increase top threshold 32.5% tax bracket to \$90,000	Increase top threshold of 19% bracket to \$41,000 Increase top threshold of 32.5% bracket to \$120,000	

The government announced changes to the Personal Income Tax Plan in the 2019-20 federal budget - Lower taxes for hard-working Australians: Building on the Personal Income Tax Plan.

These changes are not yet law.

Proposed legislation

From 2018-19	From 2022-2023	From 2024-2025
New low and middle income tax offset <ul style="list-style-type: none"> Base rate: \$255 Maximum rate: \$1,080 Taper: \$255 plus 7.5% for TI's that exceed \$37,000 and are not more than \$48,000 Taper: \$1,080 less 3% for TI's that exceed \$90,000 	Replace low income tax offset and low and middle income tax offset <ul style="list-style-type: none"> Base rate: \$700 Taper: \$645 less 5% for TI's that exceed \$37,500 and not more than \$45,000 Taper: \$385 less 1.5% for TI's that exceed \$45,000 	Increase top threshold of 32.5%* bracket to \$200,000 (effectively abolishing the 37% tax bracket) Reduce the 32.5% tax rate to 30%
Increase top threshold 32.5% tax bracket to \$90,000	Increase top threshold of 19% bracket to \$45,000 Increase top threshold of 32.5% bracket to \$120,000	

Annual Wage Review

The national minimum wage increase of 3 per cent was announced on 30/5/2019. The national minimum wage will be \$740.80 per week, or \$19.49 per hour. The hourly rate has been calculated by dividing the weekly rate by 38, on the basis of the 38-hour week for a full-time employee. This constitutes an increase of \$21.60 per week to the weekly rate or 56 cents per hour to the hourly rate.

Modern award minimum wages will also increase 3 per cent. Weekly wages will be rounded to the nearest 10 cents.

The way you get your payment summary is changing



Many employers are now required to report your pay, tax and super information direct to us each payday, so you can find all your information in one place when you need it. All employers will eventually report this way.

- An employer who **does** report to us this way will not have to give you a payment summary. Instead, you will get an end-of-year income statement in ATO online services through myGov.
- An employer who **does not** report to us this way will still need to give you a payment summary at the end of the financial year (as they do now).

Your payment summary information will be available in the following ways:

- ATO online services via myGov
- your employer
- via your agent.

Through ATO online services via myGov

For most people, their payment summary information will now be available at the end of the financial year in their ATO online services account through myGov and will be called an 'income statement'.

Your year-to-date pay and super information is also available to you throughout the year in your ATO online services account.

It's important to wait until your employer finalises your income statement to make it 'tax ready' before you or your agent lodge your tax return. Most employers have until 31 July 2019 to check their employee's income statement and finalise it for the year.

After 1 July we'll send a message to your myGov Inbox when your income statement is tax ready so you or your registered tax agent can then lodge your tax return. Other information is usually pre-filled in your tax return by mid-August, such as information from health funds, banks, government agencies and more.

If you or your agent lodges your tax return and your income statement is not tax ready, your employer might make changes, and you may need to lodge an amendment. In some cases, additional tax and interest may be payable.

To create a myGov account visit my.gov.au

Through your employer

Your employer will continue to give you a payment summary if they are not yet reporting your tax and super information to us each pay day.

If you have more than one job, your other employers may still need to provide you with a payment summary. Ask your employer if you're not sure and make sure all your income is included when lodging your tax return.

Using a registered tax agent

Your agent will still be able to see your income statement or payment summary information as well as receive a report with all of your information pre-filled in your income tax return.

For more information

Visit ato.gov.au/incomestatement

If you can't access your information through myGov, you can contact us on **13 28 61**



Australian Government
Australian Taxation Office

NAT 7519-05-2019 DE-5127

All Factsheets can be found at

<https://www.ato.gov.au/business/single-touch-payroll/news,-events-and-resources/>



Australian Government
Australian Taxation Office

Single Touch Payroll

For employers

Finalising your Single Touch Payroll data

What is STP

Single Touch Payroll (STP) is a new way of reporting tax and super information to us.

Using payroll software, or another STP solution, you will send your employees' salary and wages, pay as you go (PAYG) withholding and super information to us each time you pay your employees.

End of financial year changes

- You will no longer need to provide payment summaries to your employees or lodge a payment summary annual report to us for information reported and finalised through STP.

What you need to do

- You will need to make a finalisation declaration within your STP solution. This declares you have provided all required information for the financial year.
- Once you make the finalisation declaration, we will display the information as Tax ready for your employees in ATO online via myGov.
- Your employees should wait until their information is marked as Tax ready before they lodge their tax return.
- If your employee uses a registered agent to lodge their tax return, the agent will have access to the information they need to do this.

When to finalise

- Normally you will need to make the finalisation declaration by 14 July each year.
- If you started reporting in the 2018–19 financial year, you will have an extended due date until 31 July 2019.
- You don't have to wait until 31 July – you can finalise as soon as you're ready.

What to tell your employees

- Tell your employees you are no longer required to provide them with a payment summary for the information you've reported and finalised through STP.
- Let them know they can access their year- to-date and end of year payment summary information in ATO online via myGov and it is now called an **income statement**.
- Encourage your employees to check their personal details are up to date with you and in ATO online before tax time. Out of date or incorrect personal details may prevent your employee from seeing their STP information.
- They should wait until their information is marked as Tax ready before they lodge their tax return.

If you need to make an amendment

- If you identify the need to amend details after making a finalisation declaration you should submit these as soon as possible. Amendments to finalised STP data can be made through your STP solution.
- Lodging an amendment to finalised STP data may impact your employees in the following ways:
 - Amendments to STP data before the employee has lodged their tax return will result in an updated Tax ready income statement which will be available in ATO online and myTax pre-fill.
 - Amendments to STP data after the employee has lodged their tax return which results in a refund, will result in us amending the return and issuing an amended assessment and refund.
 - Amendments to STP data after the employee has lodged their tax return, which results in additional tax payable may require the employee to take action. We will contact the employee to let them know what they need to do.

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ato.gov.au/stp



If you're unable to make a finalisation declaration by 31 July

- If you are unable to make a finalisation declaration by the due date, you will need to [apply](#) for more time.

If your employees tax return has information that is Not tax ready?

- Employees should wait to lodge their tax return until the information is finalised and marked as Tax ready. If your employees use data that is 'Not tax ready' to lodge their tax return, they are acknowledging that:
 - you may finalise their income statement with different amounts
 - they may need to amend their tax return and additional tax may be payable.

If your employee has more than one employer

- If your employees have more than one employer, remind them that not all employers have started STP reporting yet.
- They will still receive a payment summary from employers who are not yet reporting through STP.

If your employee doesn't have myGov

- If your employee doesn't have a myGov account, it's easy to create one. Go to [my.gov.au](#).
- Employees can speak with their registered agent who will have access to their income statement information.
- If your employee can't create a myGov account, or does not have a registered agent, they can contact us on **13 28 61**.
- If your employee has myGov but can't see their income statement
- There may be instances where we have been unable to match your STP data to your employee. For example where the TFN you've reported doesn't match our records.
- If your employee can't see their income statement, let them know to contact us on **13 28 61**.

Where to find more information

Talk to your registered tax or BAS agent.

Visit [ato.gov.au/stp](#)

You can also ask questions, and join the STP conversation in ATO community: [community.ato.gov.au](#)

[ato.gov.au/stp](#)





Australian Government
Australian Taxation Office

Single Touch Payroll

For small employers

The digital world is changing rapidly. Government services are also changing to make it easier for you to run your business every day.

One of those changes – Single Touch Payroll (or STP) – started gradually for larger employers from 1 July 2018 and starts from 1 July 2019* for employers with 19 or less employees.

*Start dates may differ depending on your circumstances. See 'When to start' on page 2.

What is STP?

STP is a new way of reporting tax and super information to us. You'll have time to get ready – including a later start date if you need more time.

Using payroll software, or another solution that is STP ready, you'll send your employees' salary and wage information, pay as you go (PAYG) withholding and super information to us each time you pay your employees. This means:

- your pay cycle does not need to change (you can continue to pay your employees weekly, fortnightly or monthly)
- you will now report super information to us
- you no longer need to give your employees a payment summary for the information you report and finalise through STP – this will be available to your employees on myGov
- you will need to finalise your STP information at the end of the financial year – that way we know all the data you have reported is complete, and we can provide this to your employees to complete their tax return.

Benefits of STP reporting

STP captures your employees' tax and super information and sends it to us while you're running an existing business process – paying your employees.

Most Australians bank, shop, make bookings and do business online every day. STP aligns government reporting to the changing digital world.

Changes to payment summaries

You no longer need to give your employees a payment summary for the information you report and finalise through STP. Any information not reported through STP must still be provided on a payment summary.

Some payments are exempt from STP reporting, to find out more visit ato.gov.au/employerguide

Employees can see their information on myGov

Employees who no longer get a payment summary can find the information needed to complete their tax return on myGov.

Any employees who don't have a myGov account can easily create one using an email address and password. Each time you pay an employee and report through STP, their year-to-date tax and super information will be updated in myGov.

We've got a factsheet on our website to help your employees understand this change, visit ato.gov.au/stpforemployees

No more payment summary annual reports

You no longer need to give us a payment summary annual report (PSAR) for the information you report and finalise through STP.

Reporting through STP

STP reporting works in one of the following ways.

1. You can report from your current payroll or accounting software if you use it, as long as it's updated to offer STP reporting. Talk to your software provider to find out how they offer STP.
2. Choose payroll or accounting software that offers STP reporting. You may want to talk to your tax professional for advice on the best solution for your business.
3. Ask your tax or BAS agent to report through an STP solution on your behalf.
4. Choose a no-cost or low-cost STP solution (ideal for micro employers with 1–4 employees). See 'No-cost or low-cost, simple STP solutions' over the page.

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When to start

The start date for STP reporting will depend on your circumstances. You can:

- start reporting early (before 1 July 2019) if you use payroll software which offers STP reporting (voluntary option) – talk to your software provider for more information
- start reporting any time up to 30 September 2019, if you start before this date you'll be reporting on time, if not you'll need to apply for a later start date.

Once you start STP reporting, you need to keep reporting each pay cycle.

You don't need to start reporting closely held payees until 1 July 2020.

Applying for a later start date

If you need more time to start STP reporting you can apply for a deferral using our online form, available from 1 April 2019.

When assessing your application we'll consider whether:

- all amounts owing to us are either not yet due or subject to a payment plan
- all lodgment obligations are either not yet due or subject to a deferral.

You can apply for a deferral yourself, or have your registered agent do this on your behalf.

The online tool will be available on our website ato.gov.au/stp

Exemptions for certain employers

You may be exempt from STP reporting if you meet any one of the following criteria:

- no or low digital capability
- no or unreliable internet
- irregular employment patterns
- other extenuating circumstances.

For more information about exemptions visit ato.gov.au/stp

Concessions for micro employers

If you have 1–4 employees, there are a number of options available to help you transition to STP reporting.

No-cost or low-cost, simple STP solutions

Micro employers who don't need payroll or accounting software can choose a simple no cost or low-cost STP solution. We have listed the providers that will build these solutions, and some basic product information, on our website ato.gov.au/STPsolutions

We have asked these providers to offer these products at a cost of \$10 per month or less. Talk to your tax professional for advice on the best option to suit your business needs.

Quarterly reporting until 30 June 2021

If you have 1–4 employees and have limited digital capability, you may be eligible to report quarterly until June 2021 through your registered tax or BAS agent. Talk to them to see how they can support you.

To be eligible for quarterly reporting through your agent as a micro employer, you must meet **one** of the following:

- you are a non-computerised business
- your business has irregular employment patterns
- you are an employer of closely held payees.

You must also meet **both** of the following:

- all amounts owing to us are either not yet due or subject to a payment plan
- all lodgment obligations are either not yet due or subject to a deferral.

Support and more information

There is support available for employers transitioning to STP reporting – especially those who are not currently using software.

- Visit ato.gov.au/stp
- Ask questions and join the STP conversation in our ATO community community.ato.gov.au

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ato.gov.au/stp

f y t in



Australian Government
Australian Taxation Office

Single Touch Payroll

For closely held payers

The digital world is changing rapidly. Government services are also changing and need to keep pace with the way Australians expect to do business every day.

One of those changes – called Single Touch Payroll (or STP) – started gradually for larger employers from 1 July 2018 and starts from 1 July 2019* for employers with 19 or less employees.

There are flexible options available to you as a payer of closely held payees, as we understand you may not pay salary and wages to these payees regularly (such as yourself or other family members).

*Start dates may differ depending on your circumstances. See 'When to start' on page 2.

What is STP?

STP is a new way of reporting tax and super information to us.

Using payroll software or another STP solution you will send your employees' salary and wage information, pay as you go (PAYG) withholding and super information to us each time you pay your employees. This means:

- your pay cycle does not need to change
- you will report super information to us for the first time
- you will need to finalise your STP information at the end of the financial year. That way we know all the data you have reported is complete and we can provide this information to your employees to complete their tax return
- you no longer need to give your employees a payment summary for the information you report and finalise through STP. This will be available to them in myGov.

Concessional options for payers of closely held payees

There are two options available to payers of closely held payees.

A closely held payee is one who is not at arm's length. This means they are directly related to the entity from which they receive payments for example:

- family members of a family business
- directors or shareholders of a company
- beneficiaries of a trust

1. Later start date for reporting closely held payees

If you have 19 or less employees, you will not need to report closely held payees through STP in the 2019–20 financial year.

You don't need to apply for this later start date for reporting your closely held payees.

However all other employees (arms-length employees) must be reported through STP from 1 July 2019 or your deferred start date if one has been granted. See 'When to start' on page 2.

For closely held payees who are not reported through STP for the 2019–20 financial year, follow existing processes. This means you will still need to provide them with a payment summary and lodge a Payment summary annual report (PSAR) to us. Speak to your tax professional for further information about your due date.

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2. Report closely held payees quarterly

From 1 July 2020 you will have the option to report closely held payees' information quarterly through STP. This report will be due at the same time as your quarterly activity statement.

You will need to notify us that you will be reporting your closely held payees quarterly. You will be able to do this using a similar process you do now for your end of year lodgment concession for the PAYG withholding summary annual report.

A new closely held lodgment concession form will be available soon.

You will need to make reasonable estimates each quarter of the amounts paid to closely held payees. You can calculate these amounts using one of the following methods:

- withdrawals taken by the payee (but do not include payments of dividends or payments which reduce liabilities owed by the business to the closely held payee)
- calculating 25% of the total salary or Director fees from the previous year
- vary the previous years' amount (to take into account trading conditions) within 15% of the total salary or Directors fees for the current financial year.

These methods are similar to the way you would calculate pay as you go (PAYG) instalments.

If you choose to report closely held payees quarterly you will have up to the due date of your income tax return to finalise the information you've reported for the year and make any adjustments. Speak to your tax professional for information about your due date.

How do I report through STP?

1. Report from your current payroll or accounting software if you use it as long as it's updated to offer STP reporting. Most software providers are offering STP – however, not all software versions will be updated. Talk to your software provider to find out how they offer STP.
2. Choose payroll or accounting software that offers STP reporting. You may want to talk to your tax professional for advice on the best solution for your business.
3. Ask your registered tax or BAS agent to report through an STP solution on your behalf.
4. Choose a low-cost, simple STP solution (ideal for micro employers with 1–4 employees). See 'Simple, no-cost and low-cost, STP solutions for micro employers'.

When to start

The start date for STP reporting will depend on your circumstances.

- Start reporting early (before 1 July 2019) if you use payroll software which offers STP reporting. Talk to your software provider for more information. This is a voluntary option.
- Start reporting any time from 1 July 2019 (the start date) to 30 September 2019. If you start any time during this period, you will be reporting on time. If not, you will need to apply for a deferral (see 'Applying for a later start date').
- Remember, you don't need to start reporting your closely held payees until 1 July 2020.

Once you start STP reporting, you need to keep reporting each pay day.

Payment summaries for your arms-length employees

You will no longer be required to provide employees with a payment summary or lodge a Payment summary annual report (PSAR) with us for information you report and finalise through STP.

To find out more, visit: ato.gov.au/employerguide

Simple, no-cost and low-cost, STP solutions for micro employers

If you're a micro employer (you have 1–4 employees), you may not need payroll or accounting software.

Instead of purchasing payroll software to report through STP you can choose a simple no-cost or low-cost STP solution. We have listed the providers that will build these solutions, and some basic product information, on our website ato.gov.au/STPsolutions

Products on this register are offered at a cost of \$10 per month or less. Talk to your tax professional for advice on the best option to suit your business needs.

Further information

Our website is the best place to find information about STP, and how to get ready: ato.gov.au/stp

You can also ask questions, and join the STP conversation in ATO community: community.ato.gov.au

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ato.gov.au/stp

f y t in



Australian Government
Australian Taxation Office

Single Touch Payroll

For employers



Get ready checklist

Here are some things you can do before your software is updated.

Determine how you will report through STP

- ☐ Report through payroll or accounting software that offers STP reporting.
- ☐ Ask a third party, such as a registered tax or BAS agent, or a payroll service provider, to report through STP for you.
- ☐ Choose a no-cost or low-cost solution when one is available (for employers with four or less employees only). See ato.gov.au/stpsolutions

If you use payroll software, talk to your provider

- ☐ Your provider will tell you which of their products offer STP.
- ☐ Check if they have a deferred start date for STP reporting which covers you if you are an existing client.
- ☐ Find out what support they will give you to help your transition to STP.
- ☐ Subscribe to their communications – this may be via email, newsletter or web updates.

Talk to your staff about STP

- ☐ Check the right people in your business know about STP – especially the person or people responsible for running your payroll.
- ☐ Ensure you are paying your employees correctly, calculating your employees' super entitlements correctly, addressing overpayments correctly, and maintaining accurate information including names, addresses, and date of birth records.

Apply for more time if you need it

- ☐ **Employers with 20 or more employees** should be reporting through STP, or have a deferral in place.
- ☐ **Employers with 19 employees** or less should be reporting before 30 September. If they won't be ready before then they should apply for a deferral online.

See our Single Touch Payroll employer reporting guidelines

- ☐ Read our detailed guidelines to help you understand all the requirements of STP. This includes what you need to report, how to make corrections and finalising your STP data.
- ☐ See ato.gov.au/employerguide

Update or install your software when it is ready

- ☐ We will help and support you through your first year of reporting.
- ☐ If you make a mistake, you will be able to make corrections.
- ☐ The first year is a transition and penalties will generally not apply.

ato.gov.au/stp



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Solutions - Activity 1

1. Determine gross TAXABLE payments (i.e the amounts that appear in Gross Payments on the payment summary)

$\$85,782.43$ (total Gross Payments) + $\$3382.79$ (unused leave on normal termination) - $\$5200$ (salary sacrifice) = $\$83965$ (do not include cents). Indicator code "S"

2. Determine Reportable Employer Superannuation Contributions

$\$5200$ (salary sacrifice contributions)

3. Determine Reportable Employer Fringe Benefits

$\$6366$ (as per narrative)

4. Determine Lump Sum Payments:

Lump Sum A -

Lump Sum B -

Lump Sum C -

Lump Sum D -

5. Determine Reportable Allowances

MV/KM Allowance -taxable $\$19$

MV/KM Allowance - non taxable $\$192$

6. Determine Tax Withheld

$\$19,944.00$

7. Complete the PAYG Payment Summary

Period of payment Day/Month/Year 01/07/2018 to Day/Month/Year 14/03/2019

Payee's tax file number

TOTAL TAX WITHHELD \$ 19,944

		Type	Lump sum payments	Type
Gross payments	\$ 83,965	S	A \$	
CDEP payments	\$		B \$	
Reportable employer superannuation contributions	\$ 5,200		D \$	
Reportable fringe benefits amount FBT year 1 April to 31 March	\$ 6,366		E \$	
Is the employer exempt from FBT under section 57A of the FBTA 1986?	No <input checked="" type="checkbox"/> Yes <input type="checkbox"/>			
Total allowances	\$ 211		Total allowances are not included in Gross payments above. This amount needs to be shown separately in your tax return.	

Solutions - Activity 2

For the PAYG Payment Summary

1. Determine gross TAXABLE payments (i.e the amounts that appear in Gross Payments on the payment summary)

\$55000(gross payments) less \$1000 (salary sacrifice contributions) = \$54000

2. Determine Reportable Employer Superannuation Contributions

\$1000 (Superannuation Salary Sacrifice)

3. Determine Reportable Employer Fringe Benefits

-

4. Determine Lump Sum Payments:

Lump Sum A \$9,120

Indicator Code R

Lump Sum B

Lump Sum D \$31,199

Lump Sum E

5. Determine Tax Withheld

\$9,620

6. Complete the PAYG Payment Summary

Period of payment Day/Month/Year 01/07/2018 to Day/Month/Year 10/03/2019

Payee's tax file number

TOTAL TAX WITHHELD \$ 9,620

		Type	Lump sum payments	Type
Gross payments	\$ <u>54,000</u>	<u>S</u>	A \$ <u>9,120</u>	<u>R</u>
CDEP payments	\$ <u></u>		B \$ <u></u>	
Reportable employer superannuation contributions	\$ <u>1,000</u>		D \$ <u>31,199</u>	
Reportable fringe benefits amount FBT year 1 April to 31 March	\$ <u></u>		E \$ <u></u>	
Is the employer exempt from FBT under section 57A of the FBTA 1986?	No <input type="checkbox"/> Yes <input type="checkbox"/>			
Total allowances	\$ <u></u>		Total allowances are not included in Gross payments above. This amount needs to be shown separately in your tax return.	

For the ETP Payment Summary

1. Determine TAXABLE component of the ETP

\$13,801

2. Determine the TAX - FREE component of the ETP (if applicable)

\$0

3. What is the ETP tax

\$4,416

4. What is the Indicator Code on the ETP Payment Summary

R

5. Complete the ETP Payment Summary

PAYG payment summary – employment termination payment

Payment summary for year ending 30 June

NOTICE TO PAYEE

If this payment summary shows an amount in the total tax withheld box, you must lodge a tax return. If no tax was withheld, you may still have to lodge a tax return. For more information about this payment summary or lodging your tax return, you can:

- visit ato.gov.au
- phone 13 28 61 between 8.00am and 6.00pm, Monday to Friday.

Day/Month/Year

Date of payment 10/03/2019

Payee's tax file number

TOTAL TAX WITHHELD \$ 4,416

Taxable component \$ 13,801

Tax free component \$

Employment termination payment (ETP) code

R

Solutions - Activity 3

Activity 3		
Description of allowance	Where is the amount reported on the Payment summary	STP reporting code
Site allowance = \$800 per month	Gross	N/A
Annual motor vehicle allowance - expected deductible expenses = \$15000	Allowance	Other
Cents per km = 258km @ 78c per km	Allowance	Car
First aid allowance = \$14 per week	Gross	N/A
Attending conference in Darwin for work purposes - allowance = \$150 to cover meals and incidentals (current reasonable amount for meals + incidentals is \$131.05 as per TD 2018/11)	Allowance	Travel
Phone allowance = \$20 per month	Allowance	Other
Leading hand allowance = \$38 per fortnight	Gross	N/A
Uniform allowance = \$8.50 per week	Allowance	Other
Retention allowance = \$5000	Gross	N/A
Overtime Meal Allowance = \$22. (current reasonable amount for the 2018-19 FY is \$30.60 as per TD 2018/11)	N/A	N/A
Tool allowance - \$13.85 per week	Allowance	Other
Living away from home allowance	N/A - this payment is captured under the FBT regime	N/A - this payment is captured under the FBT regime

Solutions - Activity 4

1. Determine NEW gross TAXABLE payments

$\$165984$ (total Gross Payments) - $\$25000$ (Overpayment of bonus) - $\$9000 = \131984

2. Complete the Amended PAYG Payment Summary

This is an amended payment summary		Year ending 30 June	
PAYG payment summary – individual non-business			
NOTICE TO PAYEE		■ visit ato.gov.au ■ phone 13 28 61 between 8.00am and 6.00pm, Monday to Friday.	
If this payment summary shows an amount in the total tax withheld box, you must lodge a tax return. If you have already lodged your tax return, you may need to lodge an amendment request. For more information about this payment summary, lodging your tax return or an amendment request, you can:			
Period of payment	Day/Month/Year 01/07/2018	to	Day/Month/Year 10/03/2019
Payee's tax file number	TOTAL TAX WITHHELD \$ 23,944		
Gross payments	\$ 131,984	Type S	Lump sum payments A \$ 8,360 Type R
CDEP payments	\$		B \$
Reportable employer superannuation contributions	\$ 9,000		D \$ 30,467
Reportable fringe benefits amount FBT year 1 April to 31 March	\$		E \$
Is the employer exempt from FBT under section 57A of the FBTA 1986?	No <input type="checkbox"/> Yes <input type="checkbox"/>		
Total allowances	\$	Total allowances are not included in Gross payments above. This amount needs to be shown separately in your tax return.	