

Single Touch Payroll (STP) kicks off 1 July 2019... Employers are you ready?

One of the biggest changes to the way businesses pay and report wages is only a few weeks away... are you ready for STP?

STP has been in effect for large businesses (over 20 employees) for the last 12 months, now its small businesses turn. ALL employers are required to report real time payroll, PAYG and super information to the ATO from 1 July 2019.

While change can be daunting, we also believe this is a fantastic opportunity to revisit the way you run your payroll and possibly your accounting software. Using a streamlined online system, once it's set up and running smoothly, will save you considerable time administering your HR/PAYG records.

To ensure you are compliant, there are a few things you will need to know.

Will it affect me as a business owner?

There are a few factors that will determine whether you will be affected:

1. Do you employ staff?
 - a) YES, then you may be required to register and report through STP
 - b) NO, then you are not required to register or report through STP. You can stop reading!

2. Are your employees all Closely Held employees, ("Closely Held" means they are directly related to the entity from which they receive payments eg. family members of a family business).
 - a) YES, then you are not required to register or report for them through STP. Yet. This will change in the following financial year, so you might want to keep reading so you know how to get ready.

- b) NO, then you will be required to report through STP. Read on to find out how.

How do I report?

There are a couple of different ways the employer can report through STP.

1. **USING YOUR EXISTING ACCOUNTING/PAYROLL SOFTWARE** - Depending on your Accounting or Payroll software you may already be able to report STP. Some may require simple registration and some may require an upgrade and/or additional payment. Just give us a call or contact your service provider to determine whether your system has the required capabilities. Here's the list of registered STP software <https://api.gov.au/productregister/> . (NB There may be others – such as Phoenix KeyPay that is being released soon so it's worth calling your provider to check.)

2. **USING A STAND-ALONE PAYROLL SYSTEM** - If you do not have the required capability through your bookkeeping/accounting system and you want to stick with your current method of bookkeeping, then you can add a separate payroll solution to satisfy the requirements.

You might like to consider a stand-alone option like KeyPay or check out some of the low cost or no cost options like the free App released by Reckon or the low cost stand alone option recently unveiled by Xero (both for micro-employers). The ATO also has published a list of low and no cost providers for you to choose from www.ato.gov.au/business/single-touch-payroll/in-detail/low-cost-single-touch-payroll-solutions/



3. **UPGRADE TO AN INTEGRATED ACCOUNTING AND STP-READY PAYROLL PACKAGE** - If you are considering a change to your payroll and bookkeeping system, then perhaps now is the time to explore an upgrade to a cloud based solution that includes the STP capability – such as MYOB, Xero, Phoenix by Agdata, Quickbooks Online or Reckon. Make a time to come and see us, or we can discuss this during your tax update meeting.
4. **REPORT VIA YOUR ACCOUNTANT** - If you are a micro-employer (with 4 or less employees), you can use any of the systems above, or you have the option of reporting quarterly through your accountant. If this is an option for you please contact us ASAP (ideally before 10th June) as there are a number of requirements we need to complete BEFORE 30 June to make sure you are able to register for this method.
NB: This option is expected to be phased out by 1 July 2020.

Reporting through BMO

As stated above, during the 19/20 Financial Year micro employers will have the option of reporting STP through their Accountant. There are a few things that you, as the employer, must do in order for this to happen.

You must not have any of the following;

1. any overdue activity statement lodgements,
2. any outstanding debts, unless they are covered by a payment arrangement or subject to review,
3. currently be or have been the subject of ATO compliance activity for PAYG withholding in the last two years, and
4. Directors of companies must not have been issued with a Director Penalty Notice (DPN) in relation to the company or any other company where they are or have been a director.

If you meet these requirements you must complete an STP engagement authority giving BMO the authorisation to prepare STP pay events on your behalf. This authority will need to be completed on an annual basis.

BMO will then need to review your wages to ensure that they are compliant with the relevant Award or Legislation. We will provide you a quote prior to commencing this review to ensure you are comfortable proceeding. We are required by law to ensure a business is paying their employees the right amounts if we are receiving wages details from yourself and/or reporting the amounts to the ATO.

Once complete you will be required to send through your wages, tax withheld and superannuation information each quarter through to BMO for us to report it for you. Please keep in mind that this will only be available at this stage until the end of the 19/20 financial year so over the next 12 months, you will still need to start moving towards your own online option.

What's next?

If you have not yet done anything about SINGLE TOUCH PAYROLL it's time to take the step. Give us a call and we'll have a chat to you about individual needs and do our best to help you make the change to STP as stress-free as possible.

For more info:

- Check out our article in Every Step magazine <https://tinyurl.com/bmostp>
- Read our blog on STP at <http://www.bmo.com.au/blog>
- Keep an eye on BMO Facebook (@bmodalby) as we are regularly sharing information about STP options.
- **Or view the ATO information at** <https://www.ato.gov.au/Business/Single-Touch-Payroll/>