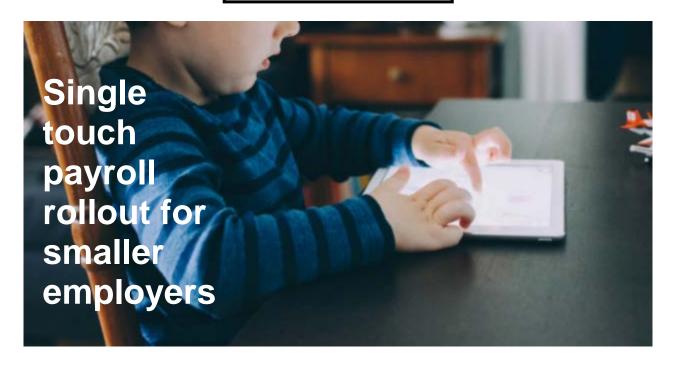


April 2019

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A major change in the way employers report the tax and super information for their employees to the ATO has been on the way for a while now. The single touch payroll (STP) system started to be rolled out gradually from 1 July 2018 for what the ATO refers to as "substantial" employers (those with 20 or more staff). Recently passed legislation extends STP to all employers, regardless of the number of staff, from 1 July this year.

Using payroll or accounting software that offers STP, most employers are required to send their employees' tax and super information to the ATO via STP-enabled software each time you run your payroll and pay your employees.

The information is sent to the ATO either directly from the software or through a third party, such as a sending service provider. Software providers can tell you more about how they offer STP reporting.

HEADCOUNT

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While it may seem plainly evident how many staff you have on board, the ATO has provided guidance on who to count and who not to. It has also nominated a day on the calendar for when this headcount should be dated, which coincidentally has just passed (April 1).

Included are:

- 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).

Those not included are:

- any 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 and office holders. The best way
 to find out if your software is STP-ready is to talk to
 your software provider and note that if you are
 not ready to start using STP, we can apply for a
 deferral on your behalf.

OPTIONS FOR VERY SMALL AND MICRO EMPLOYERS

It is intended that different STP reporting options will be available by 1 July 2019 to help smaller employers. However, the ATO says it won't be forcing employers with 19 or less employees to purchase payroll software if you don't currently use it.

The ATO asked software developers to build low-cost STP solutions at or below \$10 per month for micro employers – including simple payroll software, mobile phone apps and portals. A register of providers who intend to build these solutions is available, which we

can provide to you if this is an option you wish to look at

Micro employers (which the ATO defines as having one to-four employees) will also have a number of alternative options that are not available to employers with 20 or more employees – such as initially allowing your registered tax or BAS agent to report quarterly, rather than each time you run your payroll.

Note also that exemptions to STP reporting will also be available if you have no internet or an unreliable connection.

Important: Clients should not act solely on the basis of the material contained in Client Alert. Items herein are general comments only and do not constitute or convey advice per se. Also changes in legislation may occur quickly. We therefore recommend that our formal advice be sought before acting in any of the areas. Client Alert is issued as a helpful guide to clients and for their private information. Therefore, it should be regarded as confidential and not be made available to any person without our prior approval.