Demystifying Single Touch Payroll

Presented by Pam Chilman, AMC Training Centre

MYOB Certified Consultant
We're working closely with the ATO...

www.ato.gov.au/singletouchpayroll
What’s being covered today

STP reporting

Let’s get you ready

Up and running

1. FIRST DAY WITH STP
   - Complete a payrun with sample STP Payroll reporting.

2. BEHIND THE SCENES
   - Understand what’s happening with your STP reporting.

3. COMMON MISTAKES
   - Mistakes happen and that’s OK.

4. KEY THINGS TO KNOW
   - Deal with ETPs, terminations, maintaining employment records.

Final declaration and EOFY
STP reporting
STP reporting

1. WHAT IS STP REPORTING?
   Learn about the ATO’s new streamlined reporting with Single Touch Payroll

2. WHAT IT MEANS FOR EMPLOYERS
   See what’s in store so you’re ready for the changes

3. WHAT TO TELL YOUR EMPLOYEES
   Educate your employees on what to expect

4. BEFORE YOU BEGIN WITH STP
   STP is all about compliance, so it’s a great time to do a payroll health check
Pay day

Do a pay run

Employer

Employee

myob

ato
Pay day

Employer

Employee

Receives pay and payslip
Pay day

Employer

Employee

Receives employee’s year to date (YTD)...• Salary and wages• Tax withheld• Super guarantee liability
Pay day

- Employer
- Employee
- Receives employers period to date (PTD)...
  - Total wages
  - PAYG Withholding
Employee

Employee

Employee

Employer
Employee
1 April 2018

Do a headcount

20+
Start reporting
1 July 2018

1 to 19
Start reporting
1 July 2019
### Which employees do I count?

<table>
<thead>
<tr>
<th>Included</th>
<th>Excluded</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Full time employees</td>
<td>▪ Any employees who ceased work before 1 April</td>
</tr>
<tr>
<td>▪ Part time employees</td>
<td>▪ Casual employees who did not work in March</td>
</tr>
<tr>
<td>▪ Casual employees who are on your payroll on 1 April and worked any time during March</td>
<td>▪ Independent contractors</td>
</tr>
<tr>
<td>▪ Employees based overseas</td>
<td>▪ Staff provided by a third party labour hire organisation</td>
</tr>
<tr>
<td>▪ Any employee absent or on leave (paid or unpaid)</td>
<td>▪ Company directors</td>
</tr>
<tr>
<td>▪ Seasonal employees</td>
<td>▪ Office holders</td>
</tr>
<tr>
<td></td>
<td>▪ Religious practitioners</td>
</tr>
</tbody>
</table>
Reporting mistakes may happen...

The ATO understand that this is a big change for employers and that it may take time to get everything right.
What it means for employers

No longer

- Provide payment summaries
- Fixing errors at EOFY (fix immediately instead)

Same old

- Paying employees and giving pay slips
- Paying PAYG and Superannuation on time

New

- Payroll information is sent to ATO with each pay run
- Superannuation Guarantee (SG) liabilities also sent to the ATO (along with RESC)

Coming later...

- Forms to be completed online for new employees
## What to tell your employees

**No longer**
- Receive payment summaries

**Same old**
- Get paid (phew!)
- Receive pay slip each pay

**New**
- Use **myGov** to view their wages and salary amounts, tax and super information
- Use **myGov** to access their end-of-year payment summary online
What to tell your employees

- YTD pay information
- Tax withheld from their pay
- Super contributions owed to them

**myTax**

- Pre-fills tax return
Compliance is key!
It’s time for a payroll health check

- Check employee details are up-to-date
- Check pay calculations are correct
- Clean up payroll data
- Review your payroll process
- Pay PAYG and Super on time
Let’s get you ready
Let’s get you ready

1. **GET YOUR STP ENABLED SOFTWARE**
   Update to the latest version to ensure you’re on an STP enabled solution

2. **UPDATE FIELDS**
   Company information and employee details must meet ATO requirements

3. **ASSIGN ATO CATEGORIES**
   Your payroll categories must be assigned to an ATO category

4. **SET AUTHORITY**
   Specify who has got authority to report this to this ATO
Get your STP enabled software

MYOB AccountRight

May
2018.2 – get ready for STP reporting
June/July
Connect to ATO
Pay run with STP reporting
2018.3 – latest version

MYOB Essentials

May
Automatically updated online

AccountRight Classic (v19)
will not be updated to include STP
Am I eligible for a deferral?

If this is the case, we’ve got you covered with a deferral until 31 May 2019!

- MYOB AccountEdge
- MYOB AccountRight v19

Only clients using the following specific features:
- Multi-Currency
- Multi-Location
- M-Powered Payments
- Negative inventory
- Some add-ons
Your data must fit with the ATO
What data needs to be checked?

- Company information
- Employee details

MYOB added a Check Payroll Details tool to show which fields need fixing.
Company Information

- Company Name
- ABN
- Street Address
- Suburb/Town/City
- State
- Postcode
- Contact Name and Phone
Employee details

- First and last name
- Address, City, State, Postcode and Country
- Tax File Number
- Email
- Date of birth
- Start date
Let’s take a look…

AccountRight

Essentials
Before STP...

you would assign payroll categories during **end of year** when creating payment summaries
With STP...

you need to assign payroll categories in the Payroll Category List before your first pay run
<table>
<thead>
<tr>
<th>ATO Payment Summary fields</th>
<th>ATO Reporting Category (STP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Payments</td>
<td>Not Reportable</td>
</tr>
<tr>
<td>Deduction (3 to 6)</td>
<td>Lump Sum A – Termination</td>
</tr>
<tr>
<td>Allowance (1 to 9)</td>
<td>Gross Payments</td>
</tr>
<tr>
<td>CDEP Salary or Wages</td>
<td>Lump Sum A – Redundancy</td>
</tr>
<tr>
<td>Lump Sum Payments A (Termination)</td>
<td>Exempt Foreign Income</td>
</tr>
<tr>
<td>Exempt Foreign Income</td>
<td>Lump Sum B</td>
</tr>
<tr>
<td>Lump Sum Payments A (Redundancy)</td>
<td>Total Tax Withheld *</td>
</tr>
<tr>
<td>CDEP Payments</td>
<td>Lump Sum D</td>
</tr>
<tr>
<td>Lump Sum Payments B</td>
<td>Allowance - Car</td>
</tr>
<tr>
<td>ETP – Taxable component</td>
<td>Lump Sum E</td>
</tr>
<tr>
<td>Lump Sum Payments D</td>
<td>Allowance – Transport</td>
</tr>
<tr>
<td>ETP – Tax free component</td>
<td>Superannuation Guarantee</td>
</tr>
<tr>
<td>Lump Sum Payments E</td>
<td>Allowance – Travel</td>
</tr>
<tr>
<td>ETP – Tax Withheld</td>
<td>Reportable Employer Super Contributions</td>
</tr>
<tr>
<td>Work Place Giving (1 to 3)</td>
<td>Allowance – Meals</td>
</tr>
<tr>
<td>Deduction 1 – Union Fees</td>
<td>Deduction – Union/Professional Assoc Fees</td>
</tr>
<tr>
<td>Deduction 2 – Prof Assoc</td>
<td>Allowance – Laundry</td>
</tr>
<tr>
<td></td>
<td>Deduction – Work Place Giving</td>
</tr>
<tr>
<td></td>
<td>Allowance – Other</td>
</tr>
<tr>
<td></td>
<td>PAYG Withholding *</td>
</tr>
</tbody>
</table>
Superannuation Guarantee is also reported

- **Reportable Employer Super Contributions**
  - Above 9.5%
  - 9.5%

- **Year to date super**
  - $3,500
  - $10,000

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The diagram shows the breakdown of superannuation contributions with a focus on the superannuation guarantee and reportable employer super contributions. The amounts are indicative of the contributions made throughout the year.
Reducing Gross Payments

Before STP

Salary Sacrifice & Gross Payments
To reduce the Gross Payments amount, you would tick Super Salary Sacrifice against it when preparing payment summaries

With STP

Automatic reduction
No longer need to do this!

Salary Sacrifice (deductions) and pre-tax Deductions
will automatically reduce Gross Payments amount
Let’s take a look...
Check completed

- Company details
- Employee details
- All payroll categories assigned

Nice one!

Your company information and employee details meet ATO requirements.
Set authority

**Before STP**

Once a year

When Payment Summaries are lodged to the ATO, you need to declare the information is true and correct.

**With STP**

Every pay run

You’ll need to make this same declaration every time payroll is processed.
What you’ll need

- **Australian Business Number**
  Tax/BAS agents will also need their RAN

- **my.MYOB**
  Email and password

- **Contact details**
  First and last names
  Phone number
  Email address
**Nominate MYOB as your software service**

<table>
<thead>
<tr>
<th>Authoriser</th>
<th>Contact details</th>
<th>Notify ATO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominate those who are authorised to send information.</td>
<td>Enter business and contact details. Tax/BAS agents will also need to complete this step.</td>
<td>Nominate MYOB as your software service provider using the Unique Software ID.</td>
</tr>
</tbody>
</table>
Notify the ATO

Call

1300 85 22 32

If you do not have an AUSkey, you can provide your software ID to the ATO over the phone.

Online

Access Manager

Prefer online and you have an AUSkey, login into the ATO’s Access Manager
Set up payroll reporting: Connect to the ATO

You're almost done!
Nice one. You've almost finished setting up Single Touch Payroll reporting! Click Finish to complete this setup.

Cool. Now what?

- Process payroll
  Next pay run, payroll information will be sent to the ATO as part of Single Touch Payroll reporting. Learn how to process payroll.

- Online payroll reporting centre
  The central location to view reports, check report status and update your information. Learn more about viewing reports.

Finish
Through Business Portal, businesses can:

- Lodge activity statements
- Update business registration details
- Send and receive mail through a secure mailbox
- View Single Touch Payroll event reports

Manage access and permissions for online services like Business Portal

Let the ATO know that the business is using MYOB to send transactions to and from ATO
Up and running

1. PAY DAY WITH STP
   Complete a pay run with Single Touch Payroll reporting

2. BEHIND THE SCENES
   Understand what’s happening with year-to-date reporting

3. FIXING MISTAKES
   Mistakes happen and that’s OK

4. KEY THINGS TO KNOW
   Deal with ETPs, terminations, reinstating employees and so on
Pay day

- Process payroll
- Edit pay period
- Check and edit amounts for each employee
- Record pays + declaration
- Email payslips
- Transfer funds
Not ready to send to
Pay run

Here’s where you check and edit each employee’s pay. If you don’t see the kind of pay you’re looking for, such as penalty rates, overtime or an allowance, you can select it in the employee’s setup.

When you’re happy that all the pays are correct, click Review payslips.

View timesheets

Laura Smith

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate $</th>
<th>Hours</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal</td>
<td>45.00</td>
<td>34.00</td>
<td>1,530.00</td>
</tr>
<tr>
<td>Annual leave this period (5 hrs)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Personal leave (3 hrs)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Notes to appear on payslip

Review payslip  Save

Pay run: Fortnightly 15/12/2017 - 28/12/2017  Pay on: 29/12/2017

<table>
<thead>
<tr>
<th>Name</th>
<th>Gross</th>
<th>PAYG</th>
<th>Super</th>
<th>Take home</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laura Smith</td>
<td>1,530.00</td>
<td>444.00</td>
<td>145.35</td>
<td>1,086.00</td>
</tr>
</tbody>
</table>

Totals  1,530.00  444.00  145.35  1,086.00
Let’s take a look...
Your software is the source of truth!
Employee reporting is **year to date** only

### Pay week 1
- **Gross Wages:** $1000
- **Tax Withheld:** $200
- **Super:** $95

### Year to date
- **Gross Wages:** $1000
- **Tax Withheld:** $200
- **Super:** $95
Employee reporting is **year to date** only

**Year to date**
- Gross Wages: $2000
- Tax Withheld: $400
- Super: $190

**Pay week 1**
- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95

**Pay week 2**
- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95
Employee reporting is **year to date** only

<table>
<thead>
<tr>
<th></th>
<th>Pay week 1</th>
<th>Pay week 2</th>
<th>Pay week 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Wages</td>
<td>$1000</td>
<td>$1000</td>
<td>$1000</td>
</tr>
<tr>
<td>Tax Withheld</td>
<td>$200</td>
<td>$200</td>
<td>$200</td>
</tr>
<tr>
<td>Super</td>
<td>$95</td>
<td>$95</td>
<td>$95</td>
</tr>
</tbody>
</table>

Additional information:

- Year to date
  - Gross Wages: $3000
  - Tax Withheld: $600
  - Super: $285
Don’t wait until the end of year to fix mistakes!

Once an error has been identified, it needs to be corrected and reported within 14 days or next pay event (additional time will be allowed to the next regular pay run e.g. monthly pay cycle)
Fix mistakes as you do today

- Delete transaction
- Reverse transaction
- $0 pay run (e.g. adjust leave hours)
- Adjustment pay run

Year to date
- $2000
- $400
- $190
Adjustment pay runs send YTD values

### Year to date
- Gross Wages: $2000
- Tax Withheld: $400
- Super: $190

#### Pay week 1
- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95

#### Pay week 2
- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95
Adjustment pay runs send YTD values

Gross Wages: $2000
Tax Withheld: $400
Super: $190

Pay week 1:
- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95

Pay week 2:
- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95

Adjustment pay run:
- Gross Wages: -$500
- Tax Withheld: -$100
- Super: -$48
Adjustment pay runs send YTD values

**Year to date**
- Gross Wages: $1500
- Tax Withheld: $300
- Super: $142

**Pay week 1**
- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95

**Pay week 2**
- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95

**Adjustment pay run**
- Gross Wages: -$500
- Tax Withheld: -$100
- Super: -$48
Delete and Reverse **do not send** YTD values

<table>
<thead>
<tr>
<th>Description</th>
<th>Pay week 1</th>
<th>Pay week 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Wages</td>
<td>$1000</td>
<td>$1000</td>
</tr>
<tr>
<td>Tax Withheld</td>
<td>$200</td>
<td>$200</td>
</tr>
<tr>
<td>Super</td>
<td>$95</td>
<td>$95</td>
</tr>
<tr>
<td><strong>Year to date</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Wages</td>
<td>$2000</td>
<td></td>
</tr>
<tr>
<td>Tax Withheld</td>
<td>$400</td>
<td></td>
</tr>
<tr>
<td>Super</td>
<td>$190</td>
<td></td>
</tr>
</tbody>
</table>
Delete and Reverse **do not send** YTD values

**Gross Wages** $1000

**Tax Withheld** $200

**Super** $95

---

**Year to date**

- $2000
- $400
- $190

---

**Pay week 1**

- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95

---

**Pay week 2**

- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95
Delete and Reverse **do not send** YTD values

**Year to date**
- Gross Wages: $2000
- Tax Withheld: $400
- Super: $190

**Correct pay run**
- Gross Wages: $500
- Tax Withheld: $100
- Super: $47

**Pay week 1**
- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95

**Pay week 2**
- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95

**Gross Wages**
- $1000

**Tax Withheld**
- $200

**Super**
- $95
Delete and Reverse do not send YTD values

Gross Wages: $1500
Tax Withheld: $300
Super: $142

Pay week 1
- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95

Pay week 2
- Gross Wages: $1000
- Tax Withheld: $200
- Super: $95

Correct pay run
- Gross Wages: $500
- Tax Withheld: $100
- Super: $47
Over to you...
Any other scenarios?

- Delete transaction
- Reverse transaction
- $0 pay run (e.g. adjust leave hours)
- Adjustment pay run

Year to date
- $1500
- $300
- $142
YTD amounts sent to ATO ...

they can go UP

they can go DOWN

but cannot be NEGATIVE

Golden Rule
Employment Termination Payment (ETP)
Still in development

- Terminating employees
- Reinstating employees
- Employees with multiple cards
Final declaration and EOFY
Final declaration and EOFY

1. FLAGGING FINAL DECLARATION
   Let the ATO know when to make reported amounts available in myGov

2. AMENDMENTS
   How to amend declared amounts

3. CLOSING OFF THE PAYROLL YEAR
   How to close your payroll year with Single Touch Payroll reporting
Final declaration

1. Record their final standard pay

2. Check YTD amounts are correct on pay slip

3. Head over to Online Payroll Reporting Center

4. Make the final declaration
<table>
<thead>
<tr>
<th>Employee</th>
<th>Gross Pay ($)</th>
<th>Taxable Gross Pay ($)</th>
<th>PAYG ($)</th>
<th>RESC ($)</th>
<th>Reportable Fringe Benefit Amount (RFBA) ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Susan Floyd</td>
<td>90,000.00</td>
<td>90,000.00</td>
<td>20,920.00</td>
<td>0.00</td>
<td>3,184.00</td>
</tr>
<tr>
<td>Jimmy Lee Burns</td>
<td>94,000.00</td>
<td>94,000.00</td>
<td>22,012.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Isaac Smith</td>
<td>102,000.00</td>
<td>92,000.00</td>
<td>25,370.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Terry Greer</td>
<td>88,000.00</td>
<td>84,000.00</td>
<td>18,847.00</td>
<td>0.00</td>
<td>3,184.00</td>
</tr>
<tr>
<td></td>
<td>370,000.00</td>
<td>370,000.00</td>
<td>87,961.00</td>
<td>12,116.90</td>
<td>87,961.00</td>
</tr>
</tbody>
</table>

* Still in development. Screenshot is example only.
So, what happens next?

* Still in development. Screenshot is example only.
<table>
<thead>
<tr>
<th>Employee</th>
<th>Final Declaration</th>
<th>Gross Pay ($)</th>
<th>Taxable Gross Pay ($)</th>
<th>PAYG ($)</th>
<th>RESC ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Susan Floyd</td>
<td>✓</td>
<td>90,000.00</td>
<td>90,000.00</td>
<td>20,932.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Jimmy Williams</td>
<td>✓</td>
<td>94,000.00</td>
<td>94,000.00</td>
<td>22,412.00</td>
<td>8,930.00</td>
</tr>
<tr>
<td>Isaac Smith</td>
<td></td>
<td>102,000.00</td>
<td>102,000.00</td>
<td>25,372.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Terry Greer</td>
<td></td>
<td>86,320.00</td>
<td>86,320.00</td>
<td>19,120.00</td>
<td>3,184.90</td>
</tr>
</tbody>
</table>

Total: 372,320.00, 372,320.00, 87,836.00, 12,114.90

* Still in development. Screenshot is example only.
Changing mindset

Payment Summaries

You only report to the ATO once a year.

At year-end, amounts are checked and fixed before they are reported to the ATO.

STP reporting

You’ve been reporting to the ATO all year.

So there’s no need to wait before making final declaration to the ATO.
## Closing off the Payroll Year

<table>
<thead>
<tr>
<th>Update</th>
<th>Close</th>
<th>Tax Table</th>
</tr>
</thead>
<tbody>
<tr>
<td>Download &amp; install the compliance update*</td>
<td>Close off the payroll year*</td>
<td>Load the new tax tables*</td>
</tr>
</tbody>
</table>

* Automatically done for MYOB Essentials users.
Next steps...

MYOB will continue developing STP & keep you updated

connectinup@myob.com

help.myob.com is just a click away

Keep in touch pamc@ausmanagement.com.au

ato.gov.au/singletouchpayroll for the official line
Next steps...

Carry out your payroll health check

- Check employee details are up-to-date
- Check pay calculations are correct
- Clean up payroll data
- Review your payroll process
- Pay PAYG and Super on time
Questions?

Keep in touch
pamc@ausmanagement.com.au
www.ausmanagement.com.au
AMC Training Centre
02 6215 9710
Ask about our Payroll Health Check
connectingup@myob.com