



Single Touch Payroll

Employers – understanding Single Touch Payroll

Streamlined business reporting is coming.

Single Touch Payroll will change the way you report to the ATO.

It means you will be able to report payments such as salaries and wages, pay as you go (PAYG) withholding and super information to the ATO directly from your payroll solution when you pay your employees.

When do I need to get ready?

If you have 20 or more employees you will be required to report through Single Touch Payroll from **1 July 2018**. This is now law. The first year will be a transition and penalties will not apply.

If you have 19 or less employees, you will be required to report through Single Touch Payroll from **1 July 2019**, subject to legislation being passed in Parliament.

What does it mean?

- When you start reporting through Single Touch Payroll you will send your employees' payroll and super information to the ATO directly from your payroll solution each payday.
- Your payroll cycle will not change. You can still pay your employees weekly, fortnightly or monthly.
- Your payment due date for PAYG withholding and super contributions will not change, however you can choose to pay earlier.
- After **1 July 2018**, payments such as salaries and wages and amounts withheld which are reported through Single Touch Payroll will be pre-filled into your activity statement (labels W1 and W2). Large withholders will no longer have to report W1 on their activity statement.

- You may not need to provide your employees with a payment summary at the end of financial year when you report through Single Touch Payroll. The ATO will make that information available to employees through myGov.
- When available you will have the option to invite your employees to complete *Tax file number declaration*, *Superannuation standard choice form* and *Withholding declaration* online.
- When you report to the ATO through Single Touch Payroll, your employees will be able to see their year-to-date tax and super information through myGov.

How do I get ready?

Employers with 20 or more employees need to start getting ready for Single Touch Payroll soon. The ATO will keep you updated about what you need to do.

- Count the employees you have on your payroll on 1 April 2018 to determine if you have 20 or more employees.
- Update your current payroll solution to a version that is Single Touch Payroll-enabled. Your payroll software or service provider will be able to tell you when this is available.
- If you do not currently use a payroll solution, you will need to choose one that is enabled for Single Touch Payroll reporting by **1 July 2018**.
- You can use a third party like a bookkeeper, BAS agent or payroll service provider to report to the ATO on your behalf through a Single Touch Payroll enabled solution.
- A product catalogue on the Australian Business Software Industry Association (ABSIA) website will be updated as products become available: absia.asn.au



Single Touch Payroll

The next step: count your employees

To find out if you are required to report through Single Touch Payroll you will need to do a headcount of the number of employees you have on **1 April 2018**.

If you have 20 or more employees on that date, you will need to start reporting to the ATO through a Single Touch Payroll enabled solution from **1 July 2018**.

If you have 19 or less employees there is plenty of time to get ready for Single Touch Payroll. There is nothing you need to do right now.

Here's a quick guide to help you count your employees. We have more information available on our website ato.gov.au/singletouchpayroll

How to count your employees

You need to include the following employees in your headcount:

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

Do not include any employees who ceased work prior to 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 or religious practitioners.

The timeline for Single Touch Payroll

From 1 July 2017

- A limited release of Single Touch Payroll began for a small number of employers. These employers will be able to report payroll information through a Single Touch Payroll enabled solution.
- Single Touch Payroll will operate with limited functionality for this select group.

From October 2017

- Additional functionality will be available and payroll software or service providers will be able to start releasing Single Touch Payroll products over time.
- They will let their clients know as these features are available. Employers can then choose to start reporting through Single Touch Payroll early.

1 April 2018

- Employers will need to do a headcount of the employees they have on 1 April.
- The headcount can be done after 1 April, but must include those employed on this date.
- Employers do not need to include any new employees who start after 1 April.

1 July 2018

- Single Touch Payroll reporting will be mandatory for employers who have determined they have 20 or more employees on 1 April.

1 July 2019

- Employers with 19 or less employees will start reporting through Single Touch Payroll – subject to legislation being passed in Parliament.

Need more information?

Visit ato.gov.au/singletouchpayroll or call and let us know how we can help you **1300 85 22 32**.