Single touch payroll extended to all employers

From 1 July 2019, single touch payroll – the direct reporting of salary and wages, PAYG withholding and superannuation contribution information to the ATO – will apply to all employers. What employers need to report will also be extended to include certain salary sacrificed amounts.

Employers with 20 or more employees have been required to use single touch payroll since 1 July 2018. The new rules push all businesses with employees into the single touch payroll system. This includes the situation where payments are made to the owners of the business in the form of salary, wages or directors fees.

The ATO has asked software providers to provide new low cost payroll options for micro employers (1-4 employees). [MYOB](https://www.myob.com/au/support/single-touch-payroll) and [Xero](https://www.xero.com/au/campaigns/single-touch-payroll/) have announced new $10 per month offerings (limited to 4 employees) with other software houses following suit.

The ATO also states that to assist micro employers there will be, *“a number of alternate 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.”*

While the start date for small employers will technically start on 1 July 2019, the Commissioner of Taxation released a statement indicating that small employers can actually start reporting through single touch payroll any time from 1 July 2019 until 30 September 2019. No penalties will be applied to mistakes, missed or late reports for the first year.

Plus, if your business is in an area with no viable internet connection, such as some rural and remote regions, then exemptions may apply.

Under 20 employees? What you need to do.

1 July 2019 is not that far away. If your business does not already use STP compliant software, you may need to upgrade your systems or implement new ones.

STP requires PAYG withholding and superannuation contribution details to be reported to the ATO as payments are made to employees or superannuation funds.

When it comes to PAYG withholding, employers will report details of salary and wages paid to employees as well as the PAYG withholding amount at the time the payment is made to the employee. Employers have the option of paying the PAYG withholding liability at the same time, although this is not compulsory.

What needs to be reported:

* Salary & wages
* Director remuneration
* Return to work payments to individuals
* Employment termination payments (ETPs) – not compulsory if the employee has died
* Unused leave payments
* Parental leave pay
* Payments to office holders
* Payments to religious practitioners
* Superannuation contributions (at the time the payment is made to the fund)
* Salary sacrificed amounts (from 1 July 2019).

Employers with poor super guarantee payment history outed

Underpayment or non-payment of superannuation guarantee (SG) is a big issue. New laws will enable the ATO to advise employees (or former employees) of their employer’s poor SG payment and reporting history.

If an employer makes a complaint to the ATO, then a taxation officer is able to make a record or advise the employee about a failure or suspected failure by their employer or former employer to comply with their SG obligations. They can also share the Tax Commissioner’s response to the complaint. So, if the Commissioner finds there is a problem with SG payments, they can disclose this information to the complainant.