

Single Touch Payroll Changes

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Single Touch Payroll Changes: The Tax Office has laid out some of the major changes to reporting for businesses under Phase 2 of Single Touch Payroll (STP). The federal government said in the 2019–20 budget that Single Touch Payroll would be expanded to include extra information.

The mandatory start date for STP Phase 2 for businesses will be 1 January 2022.

However, the ATO reassured businesses that there is nothing they need to do right now, and that it is working closely with digital service providers on updating their STP-enabled software. Further, it has published a fact sheet which covers the key changes and more detailed information will be available soon.

“It’s important to remember that all STP-enabled solutions have different functions and updates for the expansion will be offered in different ways. What you need to do to set up will depend on what product you use and how you manage your payroll,” the ATO said.

“More information about applying for additional time, if required, to transition to STP Phase 2 will be provided soon.” One of the major changes is that businesses will need to provide extra information in their STP report regarding employment conditions.

The information will need to include employment basis (whether an employee is full-time, part-time or casual), tax treatment to help the ATO identify the factors influencing how a business calculated the pay-as-you-go (PAYG) withholding, as well as information if an employee leaves that will reduce the need for a business to provide them with separation certificates.

The ATO will also introduce the reporting of income types and country codes to identify payments employers make to their employees with specific consequences and to make it easier for them to complete their individual income tax return. It said the reporting of income type and country code will help them identify where a business is using a concessional reporting arrangement such as for closely held payees.

Further, businesses will also need to report salary-sacrificed amounts in their STP report, which is aimed at making it easier for employees to understand their superannuation entitlements when looking at their income statement.

Businesses can view the full fact sheet of the ATO’s changes to STP by clicking [here](#).

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