

FEBRUARY 2019

**TAX ALERT:
SINGLE TOUCH PAYROLL REPORTING RULES EXTENDED TO SMALL BUSINESS**

The extension of Single Touch Payroll (STP) to small business entities, which are employers with 19 or fewer employees, has finally passed both houses this week, after amendments were tabled late last year.

This means that employers with 19 or fewer employees will have to report under STP rules **from 1 July 2019**. Businesses with 20 or more employees began reporting from 1 July 2018.

Employers with any number of staff will now need to report payments such as salaries and wages, PAYG withholding and super information electronically to the ATO directly from their payroll solutions at the same time they pay their employees (for many this is fortnightly or monthly, but some businesses may still do a pay run weekly).

Consequently, employers will not need to complete payment summaries for their employees at the end of each financial year, as the payroll information would have been reported to the ATO at regular intervals throughout the year.

We acknowledge that the ATO pre-empted the passage of this legislation by contacting small business clients last month, informing them that they can start reporting if they have software which can operate the STP-reporting functions.

The ATO acknowledges there is a large number of very small employers who have less than five employees (known as micro-employers) who do not currently use a payroll product and has indicated that they are not looking to force them to take up a product to comply with STP. The ATO is currently working with the accounting software industry to look at some alternate reporting mechanisms and flexible options to help transition micro-employers to STP over the next couple of years.

The ATO has published a list of 24 companies intending to provide STP solutions, with the list to be updated over time to include information about the products these companies will offer. Suppliers such as MYOB, Xero and Reckon have each put forward STP product proposals.

Exemptions to STP reporting will also be available to businesses that have no internet or have an unreliable connection.

Please do not hesitate to contact your Lowe Lippmann Relationship Partner if you wish to discuss any of these matters further.



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