



Time to switch to Single Touch Payroll Phase 2

The Australian Taxation Office (ATO) has been writing to employers to let them know that Single Touch Payroll (STP) Phase 2 is here.

Last updated 24 June 2022

Employers that can switch but have not yet done so are urged to start reporting as soon as possible.

As of 14 June, there are over 144,000 employers reporting STP Phase 2 information for over 1.7 million individuals.

ATO Deputy Commissioner Emma Rosenzweig explained that the 2019-20 budget expanded the data collected by the ATO through STP. This expansion of data collected is also known as STP Phase 2 and began on 1 January 2022.

“For employees, STP and STP2 mean that pay, tax, and super information is reported to us each time they are paid. They can easily view their year-to-date tax and super information in ATO online services, or through their registered tax agent, whenever they want to check.”

“For employers, STP2 will streamline reporting about their employees to multiple government agencies, saving time, money and red-tape, letting employers focus on their business.”

“For those who receive Centrelink payments, reporting will be simpler and easier,” Ms Rosenzweig said.

“Payslip details will be pre-filled into Centrelink’s online account and app, so people will simply need to check, confirm or change this information before submitting.”

Digital service providers that need more time to update their products have applied for deferrals, which cover their customers. Employers using these digital service providers should transition to STP2 when their payroll product is ready.

The ATO has consulted widely with industry and is taking a flexible approach to transition, which mirrors the approach to STP Phase 1 implementation. Employers and their registered agents can apply to the ATO if they need more time.

Ms Rosenzweig said there are a few things that employers setting up STP Phase 2 for the first time need to do to ensure a smooth transition:

- check when your payroll product will be ready for STP Phase 2 reporting. Many products are ready now, with more becoming available over the coming months
- review pay codes - do you already have pay codes set up for amounts which now need to be itemised separately such as bonuses, commissions, Director's fees, and overtime?
- review allowances as they will be reported differently
- understand changes to salary sacrifice reporting
- check if you have all the relevant information stored in your payroll system
- talk to your tax or BAS professional or payroll provider if you need a helping hand.

To help employers better understand the changes, the ATO has developed a range of handy factsheets, checklists and other resources. These are available on ato.gov.au/stpresources

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