



Explanatory Statement

Taxation Administration – Single Touch Payroll – Exemption for Employers with a Withholding Payer Number

General Outline of Instrument

1. This instrument is made under subsection 389-10(1) of Schedule 1 to the *Taxation Administration Act 1953*.
2. This instrument exempts employers who do not have an Australian Business Number (ABN) but instead have a Withholding Payer Number (WPN) from reporting under Single Touch Payroll (STP).
3. The instrument is a legislative instrument for the purposes of the *Legislation Act 2003*.
4. Under subsection 33(3) of the *Acts Interpretation Act 1901*, where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws), the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument.

Date of effect

5. This instrument commences on the day after its registration on the Federal Register of Legislation.
6. It applies retrospectively from 1 July 2018 to ensure that affected entities will not be disadvantaged by not having the exemption apply from the beginning of the financial year.
7. For the purposes of subsection 12(2) of the *Legislation Act 2003* this instrument does not adversely affect the rights or liabilities of any person. It applies for the 2018-2019 and 2019-2020 financial years.

What is this instrument about

8. Division 389 of Schedule 1 to the *Taxation Administration Act 1953* establishes Single Touch Payroll reporting. That Division provides for the reporting of employee payroll and superannuation information by certain employers from 1 July 2018.

9. Subsection 389-10(1) allows the Commissioner of Taxation to exempt by way of legislative instrument a class of entities from reporting under Single Touch Payroll.
10. The instrument exempts from STP reporting obligations for the 2018-2019 and 2019-20 financial years any entity that:
 - a. pays an amount described in Column 1 of the table in subsection 389-5(1) of Schedule 1 to the Taxation Administration Act 1953; and
 - b. does not have an Australian Business Number; and
 - c. has been assigned by the Australian Taxation Office a Withholding Payer Number for the purposes of Pay As You Go Withholding.
11. This transitional relief from reporting under Single Touch Payroll is limited to the 2018-19 and 2019-20 financial years. Entities that satisfy the requirements of paragraph 10 above are required to commence reporting payments through Single Touch Payroll from 1 July 2020.
12. Entities that require more time to commence reporting through Single Touch Payroll will be required to apply to the Australian Tax Office for additional time.

What is the effect of this instrument

13. An entity to which the instrument applies is exempted from reporting under Single Touch Payroll for the 2018-2019 and 2019-20 financial years.
14. This determination applies retrospectively. It provides certain entities with an exemption from their reporting obligations under Single Touch Payroll until 30 June 2020. No individual will be detrimentally affected by retrospective application of the instrument.
15. An assessment of the compliance cost impact indicates that the impact will be minor for both implementation and on-going compliance costs. The instrument is of a minor or machinery nature.

Consultation

16. The rules specified in this instrument have been developed in consultation with payroll software developers and bodies representing payroll users.

Legislative references:

Acts Interpretation Act 1901

Human Rights (Parliamentary Scrutiny) Act 2011

Legislation Act 2003

Taxation Administration Act 1953

Statement of Compatibility with Human Rights

This Statement is prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Taxation Administration – Single Touch Payroll – Exemption for Employers with a Withholding Payer Number

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

The instrument provides an exemption for Withholding Payee Number Holders from reporting under Single Touch Payroll for the 2018-2019 and 2019-20 financial years.

Human rights implications

This legislative instrument does not engage any of the applicable rights or freedoms because it is of a minor or machinery nature. It provides the holder of a Withholding Payer Number an exemption from their reporting obligations under Single Touch Payroll for the 2018-2019 and 2019-20 financial years.

Conclusion

This legislative instrument is compatible with human rights as it does not raise any human rights issues.