



Single Touch Payroll employer reporting guidelines

- <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-employer-reporting-guidelines/>
- Last modified: 04 Jun 2018
- QC 54550

Single Touch Payroll employer reporting guidelines

These guidelines will help you understand what is required to report through Single Touch Payroll (STP)-enabled software.

You can access and print out a PDF version of this content by clicking the button below:

[Single Touch Payroll employer reporting guidelines \(PDF, 159KB\)](#)

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Definition of terms

These terms are referenced throughout the document.

Term	Definition
Digital service provider	A digital service provider (DSP) is anyone who develops or delivers digital services that assist the Australian community (and business) to meet their tax and super obligations
BMS ID	Business management software identifier.
Employment income statement	This is the ATO equivalent of an employer-issued payment summary containing the annual STP data reported by employers. It is published by the ATO on myGov. If an employee does not have a myGov account or access to the published data they can contact us.
Finalise	The generic term used to describe finalisation. This is where an employer is required to make a declaration to the ATO that they have provided all the information for each employee for a financial year. This is done by providing the finalisation indicator as a part of an employee's STP report.
Pay event	This is the file generated by STP-enabled software which includes payments subject to withholding.
Payee payroll ID	A unique number that identifies an employee.
Sending service provider	Sending Service Providers (SSPs) enable digital service providers to transmit data to the ATO via a standard platform (known as SBR ebMS3 messaging standard). They carry out the following actions on behalf of a DSP: <ol style="list-style-type: none">1. Facilitate the transformation of Single Touch Payroll (STP) compliant data received from an STP compliant solution.2. Transmit STP conforming data to the ATO.
STP report or reporting	The generic name for reporting either a pay event or an update event.
Update event	This is the term used refer to the mechanism which allows an employer to report changes to an employee's YTD amounts via STP.

See also:

- [Single Touch Payroll](#)

About Single Touch Payroll

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Single Touch Payroll (STP) is a change to the way you report payroll information to the ATO.

If you had 20 or more employees on 1 April 2018 you will need to report to us through STP-enabled software from 1 July 2018, unless you have been granted a [deferral](#).

Employers with 19 or less employees can choose to report through STP for now. The Australian Government has announced STP will be extended to all employers from 1 July 2019 – subject to legislation being passed by parliament.

Each time you pay your employees you will also be sending your employee salary and wage information, pay as you go (PAYG) withholding and super information to the ATO. These will be year-to-date amounts.

You will need to make sure your current payroll software is updated by your digital service provider (DSP) to offer STP reporting, or choose payroll software that is STP-enabled.

We have provided detailed tables in this document outlining [mandatory reporting](#) under STP, voluntary reporting, and payments that are out of scope and cannot be reported through STP-enabled software.

Single Touch Payroll is part of the Australian Government's commitment to streamlining employer reporting obligations. It was legislated on 16 September 2016 as part of the [Budget Savings \(Omnibus\) Act 2016](#)^{ET}.

What the changes mean for you

Each time you run your payroll and pay your employees, you will also send us your STP data from your payroll software. This will be done through a [pay event](#).

If you need to, you will be able to make corrections to your employees' year-to-date (YTD) amounts in your next pay event, or through an [update event](#). This is explained in detail in [Correcting a pay report](#).

Payment summaries

You will not be required to provide payment summaries (including part-year payment summaries) to your employees for the payments you report and finalise through STP. We have provided more information about this at [Finalising your STP data](#).

- The ATO will make this information directly available to your employees online through myGov. This information will be called an employment income statement. It is the equivalent of a payment summary.
- Once you make a finalisation declaration, the ATO will notify your employees

that their employment income statement is 'tax ready' in myGov and they can use it to complete their tax returns.

- STP information will be pre-filled into *myTax* for individuals who prepare and lodge their own tax returns. It will also be made available to tax agents.

Reporting superannuation information

You will continue to report and pay your employees' superannuation entitlements through your existing SuperStream solution (including the Small Business Superannuation Clearing House). This does not change as a result of STP.

What will change is the requirement to report your employees' super liability or ordinary time earnings (OTE) each pay day. This is based on the amounts you currently provide on an employees' payslip.

Super funds will report to the ATO when you make the payment to your employees' super fund.

This will provide the ATO with visibility of an employer's super obligations and payments.

Online employee commencement forms

Some digital service providers will offer online employee commencement forms through their software, including the *Tax file number declaration* (NAT 3092), *Superannuation (super) standard choice* (NAT 13080) and *Withholding declaration* (NAT 3092) forms. This will be released progressively from July 2018.

- If this is available you will have the option to invite your employees to complete the forms online through your STP-enabled software. The employee information captured within the online form will also be collected by your payroll software.
- Online employee commencement forms are not compulsory through STP.
- Even if your software offers these services, you can continue to provide these forms as you do now (for example, as papers forms).

Preparing for Single Touch Payroll

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There are a number of steps you will need to take to get ready to report through Single Touch Payroll (STP).

You may need to do a headcount

Do a [headcount](#) if you need to confirm you have 20 or more employees by counting who was on your payroll on 1 April 2018. This is a headcount, not a count of your full time equivalent (FTE).

If your headcount totals 20 or more employees, you will need to report through STP in 2018–19.

You don't need to send us the headcount information – however, you should keep a copy of the calculation for your own records.

Some employees do not need to be included in the headcount, including casuals who did not work in March, and some seasonal workers. For more information on conducting the headcount visit [Get ready for Single Touch Payroll](#).

Determine how you will report through STP

You will need to determine how you will report through STP.

- If you use payroll software, your digital service provider will let you know how they will offer STP reporting.
- You can choose a payroll solution that offers STP reporting if you do not currently have one, or if your current payroll solution will not be STP-enabled. Check the [ABSIA product catalogue](#)²³ for details about STP-enabled software.
- You can ask a registered agent, such as a tax or BAS agent, to report through STP for you. If you use a payroll service provider they must be a registered agent to report to the ATO on your behalf. For more information, refer to the [Tax Practitioners Board \(TPB\) Information sheet: TPB\(I\) 31/2016 Payroll service providers](#)²³.

Talk to your software provider

Make sure you understand how your digital service provider will offer STP, when your software will be ready and what you need to do to transition.

Some digital service providers have applied to us for a deferred start date for some or all of their products.

Your digital service provider will let you know if a deferral has been granted for your software product. They will give you a deferral reference number (DRN) from the ATO. You are not required to notify the ATO when you receive your DRN from your provider. However, keep a copy for your records.

If your software is covered by a deferral you will need to start reporting through STP on or before the date granted by the ATO.

Apply for your own deferral if you need more time

If you won't be ready to start reporting through STP by 1 July 2018, or by your software provider's deferred start date, you will need to apply for your own deferral.

If you need to apply for your own deferral you will need to use our online [employer](#)

[deferral request](#) form.

You will need to provide evidence demonstrating why you need more time, and how you will get ready by the date you request.

Review your business processes and data

Before you start reporting through STP, you should review your current payroll processes.

Clean up any anomalies in your master data – in particular, those errors which may be detected through current processes such as issuing payment summaries or a payment summary annual report at the end of the financial year. This includes checking your employee information is accurate, including names, addresses and dates-of-birth.

Check if you are addressing overpayments, calculating super and paying employees correctly.

Determine how your report will be sent to the ATO

The STP pay event file is an [approved form](#).

That means we require an authorised person to declare the information being submitted is true and correct. This declaration must be made by the person submitting the pay event file.

You will need to declare the STP data you are reporting is true and correct each time you submit a pay event or an update event. There will be a declaration in your STP-enabled software to do this – either a check-box or similar option.

You must have a standard process in place to verify your data is true and correct. This is a similar process to the assurance you may currently run to reconcile your bank file before you pay your employees.

While you must ensure you report accurate data, you will be able to make [corrections](#) in your next STP report.

Authorisations and declarations

Make sure you have internal authorisations in place before you lodge your first STP report.

Where this person is not the public officer, make sure the appropriate delegation is obtained. The person may need to be added as an authorised contact if they will be interacting with the ATO about STP matters.

If you are using a registered tax or BAS agent to lodge your STP reports on your behalf, you must authorise that agent so they are linked to your account as an STP intermediary. You will also need to provide written authorisation to the agent lodging a pay event on your behalf before each submission.

Lodgment methods

Your digital service provider will let you know how your software will send your STP files to the ATO.

They will let you know if you need to use an [AUSKey](#) to send the file.

What you need to report

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Under Single Touch Payroll (STP), there are a number of payments subject to withholding that are either:

- [mandatory](#) to report
- [voluntary](#) to report
- [cannot be reported](#).

This section provides the details on these payments, the impact on business activity statements (BAS), pay as you go (PAYG) withholding payment summaries and annual reports.

Mandatory reporting

These withholding payments are required to be reported under STP. They are generally paid through a payroll process by employers to your employees.

If you report these payments (and amounts withheld from them) throughout the year and complete a [finalisation declaration](#) you will not need to provide the corresponding payment summaries to your employees or a [PAYG withholding payment summary annual report](#) to the ATO.

A finalisation declaration is a declaration in the approved form given to the Commissioner of Taxation by 14 July stating you have fully reported for the financial year and for each of your employees using Single Touch Payroll. You are then not obliged to give payment summaries to your employees (although you may still choose to) or a payment summary annual report to the Commissioner.

If you do not report and finalise these amounts through STP you will continue to be required to give a payment summary to your employees and a payment summary annual report to the Commissioner.

Mandatory reporting labels

	BAS labels	Payment
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Description	(Gross payment, amount withheld)	summary type
A payment to an employee, such as salary or wages	W1, W2	INB (except INB-P) or FEI
A payment of remuneration to the director of a company	W1, W2	INB (except INB-P) or FEI
A payment to an office holder (for example, a member of the Defence Force)	W1, W2	INB (except INB-P) or FEI
A payment to a religious practitioner	W1, W2	INB (except INB-P) or FEI
A return to work payment to an individual	W1, W2	INB (except INB-P) or FEI
A payment for termination of employment	W1, W2	ETP (life benefit)
An unused leave payment	W1, W2	INB (except INB-P) or FEI
A payment of parental leave pay	W1, W2	INB (except INB-P)
A payment to an employee under the Seasonal Labour Mobility Program	W1, W2	INB (except INB-P)

INB: [PAYG payment summary – individual non-business](#) (NAT 0046)

INB-P: [Individual non-business \(pension\)](#)

FEI: [PAYG payment summary – foreign employment](#) (NAT 73297)

ETP: [PAYG payment summary – employment termination payment](#) (NAT 70868)

You must submit a pay event even if the amount you were required to withhold from any of these payments was nil.

Voluntary reporting

You may choose to include certain withholding payments in your STP reports. These are not mandatory. However, STP offers the ability to streamline your reporting as opposed to having a number of separate reporting processes to help you achieve efficiencies of real-time reporting and help with your compliance processes.

You can also choose to include reportable employer superannuation contributions (RESC) and reportable fringe benefit amount (RFBA) for your employees. If you choose to include these amounts in a report by 14 July in the next financial year and complete a finalisation declaration you are not obliged to give payment summaries

and a payment summary annual report to the Commissioner of Taxation covering these amounts.

If you choose not to report these amounts through STP, you will be required to give payment summaries to your employees and a payment summary annual report to the Commissioner covering these amounts.

Voluntary reporting labels

Description	Current BAS labels (gross payment, amount withheld)	Payment summary type
A payment that is covered by a voluntary agreement	W1, W2	Business and personal services income – 003
A payment under a labour hire arrangement or a payment specified by regulations	W1, W2	Business and personal services income – 001 or 002
A payment for termination of employment	W1, W2	ETP (death benefit)

[PAYG payment summary – business and personal services income](#) (NAT 72545)

ETP: [PAYG payment summary – employment termination payment](#) (NAT 70868)

Cannot be reported

Some payments cannot be reported through STP. These include:

- payments that are generally not paid through a payroll process
- payments made by payers to recipients that are generally not their employees, such as
 - Department of Human Services
 - investment bodies and managed investment funds
 - purchasers of certain taxable Australian property.

Payers must continue to provide payment summaries and a payment summary annual report to the Commissioner for these withholding payments.

In addition, a payer cannot include any payment made through payroll software that is not a withholding payment – for example, partnership distributions and payments to suppliers.

Payments that cannot be reported

Description	Current BAS labels (gross payment, amount withheld)	Payment summary / annual report
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A superannuation income stream or an annuity	W1, W2	PEN or INB-P
A superannuation lump sum	W1, W2	SLS
A social security or similar payment	W1, W2	INB
A compensation, sickness or accident payment	W1, W2	
Payment of income of closely held trust where tax file number (TFN) not quoted	Annual activity statement	Closely-held trust / Annual TFN withholding report
Recipient does not quote ABN	W4	ABN / No ABN, AIIR
Dividend, interest and royalty payments	W3	N/A / Non-residents, AIIR
Departing Australia superannuation payment	W3	DASP
Excess untaxed roll-over amount	W3	N/A
A payments to a foreign resident	W3	Free format / Foreign residents
Payments in respect of mining on Aboriginal land, and natural resources	Electronic payment	Free format
Distributions of withholding MIT income	W3	Free format / AIIR
Distributions by AMITs (including deemed payments)	W3	Free format (for example AMMA statement), AIIR
Alienated personal services payments	W1, W2	Business and personal services income – 004
Non-cash benefits, and accruing gains, for which amounts must be paid to the Commissioner, except subdivisions 14-C and 14-D	W3 / Electronic payment	Most applicable
Shares and rights under employee share schemes (ESS)	W1, W2, where TFN quoted W3 only, where TFN not quoted	ESS
Capital proceeds involving foreign residents and taxable Australian property	Electronic payment	N/A

*PEN: Superannuation income stream, SLS: Superannuation lump sum, AIIR: Annual investment

income report, DASP: Departing Australia superannuation payment, AMMA statement: Annual attribution MIT member statement, ESS: Employee share scheme.

Contractors

Payments made to contractors are not mandatory under STP. However, if you currently report contractors through your payroll solution, you should continue to do so under STP.

Where you report payments to contractors, and you have a voluntary agreement to have withholding applied, you do not need to provide a payment summary to these contractors.

Where the contractors are managed outside of payroll (that is, via accounts payable) you do not have to report payments to them under STP.

Find out about:

- [The rules of reporting through STP](#)

The rules of reporting through Single Touch Payroll

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Each time you send us your Single Touch Payroll (STP) report it will include minimum reporting requirements in order for you to meet your STP obligations.

Your updated software will capture the data we require. We have outlined these requirements below.

- You are required to report a pay event to the ATO on or before the pay day. The pay day is either the payment date stipulated in the electronic transaction to your financial institution or, if you did not stipulate a date for payment, the date you intend to make the payment into your employee's bank account.
- If you include [out-of-cycle](#) payments in your regular pay event, report the date of your regular pay day.
- The report must include, at a minimum, each employee with an amount subject to withholding paid in that regular pay cycle. The report may include information for other employees.
- You must report the year-to-date values of gross salary or wages, allowances or other payments (as relevant), deductions and PAYG withholding for each employee included in that pay event.
 - These year-to-date amounts may be less than a previous report (for example, recovery of a current year overpayment).

- These amounts can be zero, however, they cannot be negative.
- You must report year-to-date employer super liability or ordinary time earnings (OTE) amounts for each employee in that pay event.
 - If you pay above the minimum super guarantee (SG) liability, report this higher amount if you can't separately identify these in your payroll solution.
 - If your year-to-date employer super liability is zero, report zero.
 - If your employee is a member of a defined benefit fund and you make super contributions for the employee, report this amount. Otherwise, report zero as the super liability amount. This would usually correspond to the year-to-date amount shown on the employee's payslip.
 - Where you cannot report super liability you must report the year-to-date OTE amount.
 - You can report both OTE and employer superannuation liability if your payroll solution allows.
 - We will compare the amounts you report with information we receive from super funds. If we identify your contributions vary significantly from the liability reported, we will contact you.
- You must report period gross salary or wages (BAS label W1) and PAYG withholding (BAS label W2) for all employee payments included in that pay event.
 - These are your 'employer-level amounts'.
 - These amounts may be negative because of fixes you've made.
 - These amounts would generally correspond to the amounts you posted to your general ledger for the pay run.
- All payees must have either a tax file number (TFN) or Australian business number (ABN) reported.
 - Where you report a payment and withholding to a contractor under a voluntary agreement, you must provide the contractor's ABN. The contractor's TFN is not required. The reporting of these payments through STP is voluntary.
 - Where a TFN has not been provided you must use the [TFN exemption codes](#).
 - A payee may be a contractor and employee with the same payroll ID within the same financial year. If so, the TFN and ABN must be reported if payments are made under both a voluntary agreement and any other gross payment.
- A pay event must contain at least one employee record.
- A pay event can only include one record per employee, per payroll ID.
 - If you establish two payroll records for an individual you can report these payments within the same pay event by using unique payroll identifiers. You must report separate year-to-date amounts for each unique payroll identifier for an employee.

- Where an employee is paid more than once on a particular day, you may provide a single report for that employee including the latest year-to-date figures (for example, updated year-to-date figures including all payments made for the day).
- You may lodge multiple pay event files for the same day. Your system will generate a time stamp which is used to identify the latest record for each employee to ensure the employee's myGov display recognises the latest record.

Reporting based on your current business structure

You can report based on how your payroll is currently structured. The pay event should be generated at an:

- ABN
- branch
- business management software identifier (BMS) ID level.

If an employee is paid out of two systems there will be two corresponding employment income statements for each payroll record reported.

PAYG withholding branches

Some business entities register PAYG withholding branches to suit the structural, management and accounting arrangements of the organisation. When an entity registers a branch, it must report and pay PAYG withholding separately for each branch.

If you have registered multiple PAYG branches, you must conduct your STP reporting separately for each branch.

Multiple payroll solutions

If you currently use multiple payroll solutions, you can report separately from each payroll solution. This will be identified by the payroll solution via a unique BMS ID, which forms part of the pay event file.

Most products will allocate the BMS ID for you as part of making their products STP-enabled. If you have more than one payroll solution, you will need to ask your providers about your BMS ID.

Multiple employee records

Where an employee is recorded more than once under the same ABN/Branch/BMS ID then each payroll record of the employee must be reported using a unique payee payroll ID.

These separate payee payroll IDs will be treated as a unique record for STP reporting and must have separate year-to-date amounts for each payee payroll ID.

For example, where an employee works within an organisation under two separate roles/awards and has been created as if they are two unrelated employees, the employee can be reported under multiple payee payroll IDs within a single pay

event.

Reporting for multiple ABNs

If a related entity will be submitting STP reports on behalf of other ABNs within a group, that entity needs to have a business appointment to lodge on your behalf.

This business appointment can be completed in two steps:

1. Use the [Cross entity authorisation nomination form \(NAT 73957\)](#) to nominate another ABN to act on your behalf.
2. The [AUSKey](#) administrator for the business must assign the appropriate role to the authorised AUSKey holder.

Out-of-cycle reporting

You may make payments to employees other than as part of their regular pay cycle, such as when you pay commissions, bonuses, payments in advance or back payments.

These payments may be reported by either:

- submitting a pay event on or before the pay day you made the payment
- including the out-of-cycle payment made to the employee in the next regular pay event you lodge. If the next regular pay cycle is in the following financial year, you must report the payment by 30 June in the year the payment was made before you finalise.
- This is distinct from an ad hoc payment that is generally either run as a calculation simulation or as an advance of the regular salary (which is deemed as a loan) and should be reported at the time the actual salary is calculated.

Example: out-of-cycle reporting

ABC Pty Ltd pays its employees monthly. The employment agreement stipulates that employees should receive their pay on the 15th of every month.

On 30 March, Matthew, an employee of ABC Pty Ltd, earns a commission of \$1,000. On 31 March, ABC Pty Ltd processes Matthew's commission through payroll.

ABC Pty Ltd has two options to report the payment made to Matthew, either:

- report this payment to Matthew through a separate pay event (that is, not the regular 15th of the month pay event)
- include the commission payment to Matthew when it submits the next regular pay event (the pay event with the pay date 15 April).

*Note: some STP-enabled solutions may not offer both options.

Employment termination payments

If you make an employment termination payment (ETP) you must report it in a pay event on or before the day you make the payment.

If the payment is not made as part of your regular pay cycle, you may apply the same rules that apply to out-of-cycle payments. That is, you may report it as a new pay event or include it in your next regular pay event report.

ETPs are reported by ETP type code and payment date. If you pay the ETP in multiple instalments, you will report each payment separately. If you pay multiple ETP types on the same day, they must still be identified separately if the ETP type code is different.

You must not add the payments together and report the payments as a year-to-date figure unless they are paid on the same day and are the same type.

Once you've reported an amount, you should continue to report the amount in all following pay events, even if the year-to-date amounts remain the same.

Death benefit ETP

If you pay a death benefit ETP, you have the option to report this payment through STP. If you do so, and make a finalisation declaration in relation to this payment, you will be exempt from providing a payment summary and payment summary annual report.

The estate beneficiary TFN should be reported if the employer has been given the details. This could either be an individual TFN where the beneficiary is a dependant or non-dependant or the estate TFN when paid to a trustee.

If you pay more than one ETP to the same beneficiary or estate in the same financial year, you must report each payment separately. You must not add the payments together and report the payments as year-to-date figures.

Lump sum D

If the employee's only income for the financial year is a Lump sum D income then no tax should be withheld and the payments do not need to be reported to us

However, you may choose to include these payments and we will accept them.

Lump sum E

If you make a Lump sum E payment you must issue the employee with a [letter](#) specifying the financial years over which the amount accrued and the gross amount that accrued each financial year. This is as per current requirements and has not changed as a result of STP.

Allowances

Not all allowances paid to employees are separately itemised as some allowances that are non-deductible form part of the gross payments.

What is changing under STP is that where the allowance is required to be separately itemised (deductible), they will need to be categorised in one of the following categories:

- travel
- car
- meals
- laundry
- transport
- other.

Employees will be able to see their allowances in ATO online services, accessed through myGov. The ATO will pre-fill these amounts into the employee's individual tax return once the employee's STP information has been finalised.

Foreign employment income

The classification of payments made to employees working in foreign countries depends on a number of factors, such as the time in the foreign country and the applicable tax treaties.

These rules detail how you can report and adjust these payments through STP.

You can use one or a combination of three models to report:

Estimates

If you believe the employee will remain overseas for the qualifying period, treat that employee as earning foreign income from the beginning.

- If the employee's status changes, adjust the employee's year-to-date figures accordingly. For example, your employee is working overseas for a year and the payments are subject to withholding in that country. Apply the withholding rate for that country from the beginning.

Actual

Treat the employee as earning foreign income from the time they qualify for withholding in the foreign country.

Reconciliation

Treat that employee as an employee working in Australia for the financial year and then reconcile the payments and withholding at the end of the financial year.

How to report foreign employment income

Foreign employment income is reported as follows:

- Payments to an employee posted to a foreign country should be reported as foreign employment income if amounts are withheld in that country.
- If no amounts are withheld for the foreign country then payments should be reported as individual non-business payment types.
- If the employee is posted to the joint petroleum development area (JPDA) then the amounts must be reported as JPDA foreign employment income.
- The employer should follow the accounting for foreign tax instructions.

You must report payments made to employees posted overseas throughout the year and make adjustments as required. These adjustments can be reported in either a pay event or update event. The adjustments can be done throughout the year or at the end as part of the finalisation process.

See also:

- [Accounting for foreign tax](#)

Exempt foreign employment income

The following information needs to be reported for exempt foreign employment income:

- If the employee's only income for the financial year is exempt foreign employment then no tax should be withheld. You don't need to report these payments through STP.
- Where the employee returns to Australia earlier than expected, the employer needs to start reporting the employee in the next pay event or an update event.

Where the employee has another payment type to be reported as well as exempt foreign employment income, then the employer must report throughout the year and make adjustments as required. These adjustments can be reported in either a pay or update event. The adjustments can be done throughout the year or at the end as part of the finalisation process.

Reportable fringe benefit amounts and reportable employer superannuation contributions

You can report an employee's reportable fringe benefit amount (RFBA) or a reportable employer superannuation contribution (RESC) through STP.

You only report RFBA amounts if the total taxable value of certain fringe benefits you provided to your employee exceeds \$2,000 for the fringe benefits tax year (1 April to 31 March).

The following information needs to be reported for RFBA or RESC:

- You may provide year-to-date RFBA and RESC through a pay event (if the information is available in payroll) throughout the financial year.
- You may provide year-to-date RFBA and RESC through an update event throughout the financial year.
- Once you've reported an amount, you should continue to report the amount in all following pay events, even if the year-to-date amounts remain the same.

- You may report these amounts through an update event. This can be at any time up until the due date to make the declaration that you have finalised your reporting for that employee for the financial year.
- If you cannot (or choose not to) provide RFBA or RESC through STP, you must provide this information on a payment summary and provide us with a payment summary annual report. The payment summary must not include amounts reported through STP.

Commencing and ceasing employment

If you record your new employee's start date in your payroll software, you must report it in your pay event.

If you rehire an employee using the same payroll identifier, you can report the rehire date as the employee's start date.

If you terminate an employee's employment and then rehire them using the same payroll identifier under a different ABN or branch within your group in the same regular pay cycle, the rehire start date should not be reported.

Reporting employee withholding information

You can report the TFN declaration and/or withholding declaration information through your pay event, if this function is enabled by your software. You may continue to use your existing channels such as paper and portals to lodge these forms if you are unable to do so through your payroll software.

- Include the information your employee provides to you in a *Tax file number declaration* and/or *Withholding declaration*.
- For new forms, include the details of your employee's (payee) declaration that it is true and correct when reporting through the pay event.
- Report the details of the new form(s) in the STP pay event within 14 days of receiving form(s).
- If your employee is not paid within 14 days of the employer receiving the form(s), you can provide it in the next pay day for that employee.
- If we are unable to match the identity of the employee with an ATO record, we will follow the existing process to send correspondence to you and your employee. Identity matching errors will not be sent via digital return messaging.

Ceasing employment

If you record an employee's cessation date, you must report that date in a pay event report:

- If you make another payment to that employee (for example an ETP), you do not need to update the cessation date.
- If you rehire that employee using the same payroll identifier do not report their prior cessation date again, even if you rehire them under a different ABN /branch within the same group.

Correcting a pay event report

- <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-employer-reporting-guidelines/?page=6>
- Last modified: 04 Jun 2018
- QC 54550

You have a period of time to correct information reported in a pay event without being liable to a penalty for making a false or misleading statement. We call this correction a 'fix'.

If you do not make a fix within the required period, you may be liable to a penalty.

Correcting employee information

If the employee year-to-date information you last reported to us does not reflect the information in your payroll system, you should submit the updated information to us either:

- within 14 days of the need for a correction being identified
- in the next regular pay event where the affected employee(s) have continuity of employment.

If we send an error message to you relating to the employee data you have reported the same 'fix' rules apply to correcting those errors as above.

Overpayment identified within the same financial year

Where an overpayment is identified in the same financial year it was paid, the employee will only need to repay the net amount of the overpayment. The net amount is the amount received by the employee.

You will need to ensure we have the correct amounts recorded (the employee's year-to-date values do not include details of the overpayment). You can make these fixes in either:

- the next regular pay cycle report for the employee (by reducing the employee's year-to-date figures and your employer-level gross payment and withholding figures)
- an update event, within 14 days of the overpayment being identified.

Misclassification with no additional payment

A misclassification is when information has previously been reported under an incorrect item. For example, a payment was reported as salary or wages instead of as an allowance, and no additional payment is made to the employee.

You can make this fix in the next pay event or use an update event.

Reporting under an incorrect ABN or PAYG withholding branch

You must correct your employees reported under an incorrect Australian business

number (ABN) or PAYG withholding branch. To fix this, you should report your employee under the correct ABN or PAYG withholding branch from the point you discovered the error and adjust any incorrectly reported amounts from the incorrect ABN or PAYG branch.

You can make these adjustments in the next pay event or using an update event. If the adjustment moves PAYG withholding amounts between ABNs or branches you may need to revise activity statements.

Note: If you are a large withholder, follow your [existing process](#).

Full file replacement

A full file replacement gives you the ability to completely replace the latest pay event file you sent to us in error, or which contained significant corrupt data.

You shouldn't use a full file replacement for corrections.

A full file replacement:

- may only be used to replace the latest pay event
- must contain the submission identifier of the pay event to be replaced
- cannot be submitted if any employee information has subsequently been changed in a payroll or update event
- cannot replace an update event – a new update event should be submitted.

Finalising your Single Touch Payroll data

- <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-employer-reporting-guidelines/?page=7>
- Last modified: 04 Jun 2018
- QC 54550

You may be exempt from giving payment summaries and a payment summary annual *report* for the amounts you reported through Single Touch Payroll (STP). This information will be made available to your employees online through myGov. Your employees can also request a copy of this information from us.

To be exempt from issuing these payments summaries to your employees, you will need to make a finalisation declaration. This declares you have provided all required information for the financial year through your STP reporting.

These payment summaries include:

- *PAYG payment summary – individual non-business (INB)*
- *PAYG payment summary – foreign employment income (FEI)*
- *PAYG payment summary – employment Termination Payments (ETP).*

You will not have to provide payment summaries for the following payments if you reported them voluntarily through STP:

- payments under voluntary agreement
- payments under a labour hire arrangement
- death benefit employment termination payment.

You will need to provide a payment summary for any payments not reported through STP.

Finalisation declaration

You make a finalisation declaration by providing a finalisation indicator for an employee (and directors, contractors, etc.) as part of your STP reporting.

Once you have provided the finalisation indicator for the employee, we will pre-fill the employee's income tax return and display the information as 'tax ready' in [myGov](#)^{EQ}.

You can make a finalisation declaration for an employee any time during the financial year (for example, for employees who have ceased employment), or after the end of the financial year up to 14 July. We have provided additional time for employers to make a finalisation declaration in their first year of reporting through STP.

- Employers who started reporting in the 2017–18 financial year have until 14 August 2018.
- Employers who start reporting in the 2018–19 financial year will have until 31 July 2019.

If you need more time, you can apply for an extended due date to make your finalisation declaration.

You may be subject to a penalty if you do not make a finalisation declaration or, alternatively, provide payment summaries by 14 July each year.

Finalisation declaration during the financial year

If you make a finalisation declaration during a financial year, you do not need to provide the employee with a part-year payment summary.

If you pay an employee, and have already made a finalisation declaration for them for a financial year, consider the following:

- if it is a one-off payment – make another finalisation declaration when you report this payment
- if you expect to make another payment (for example, you re-hire the employee) – unselect the finalisation indicator and wait until the end of the financial year to make another finalisation declaration.

If you finalise an employee partway through the financial year, the pre-fill will not be available until after the end of the financial year. The employee will need to follow

the current process for lodging a part-year tax return. This would mostly impact employees who are leaving Australia once their employment has terminated.

Amendments after finalisation

If you identify the need to amend details after making a finalisation declaration you should submit these as soon as possible. You can do this by submitting an update event.

We understand you may not be able to submit an update event report with the amended details within 14 days of identifying the need for an amendment. If this is the case, you should submit an update event with the previous details and the final indicator is removed. This will advise us that the current information is not final and should not be used to pre-fill tax returns.

You can amend finalised information reported through STP up to five years after the end of financial year.

Overpayment relates to a previous financial year

If you overpay a worker in a previous financial year and only discover the overpayment in a later year, you should submit an update event to advise us the amounts the employee should have received in the relevant financial year. Do not adjust the amount of tax withheld.

You should provide an update event for each financial year an overpayment occurred in.

If the overpayment relates to a payment you did not report through STP you should provide the worker with an amended payment summary and an amended payment summary annual report to us.

Transitioning to Single Touch Payroll

- <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-employer-reporting-guidelines/?page=8>
- Last modified: 04 Jun 2018
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While some employers will start reporting through Single Touch Payroll (STP) from 1 July 2018, many employers will have a deferred start date. This may be because their software is not ready, or for other circumstances beyond their control.

Employers who are granted a deferral will start reporting during the financial year, rather than on the first pay after 1 July. Refer to our information on [deferrals](#).

Your digital service provider (DSP) will give you information to support you when you transition to STP reporting. They will let you know which of the following

methods to use:

- Provide an opening year-to-date balance for all employees (active, inactive and terminated) in an update event.
- Report year-to-date balances for all employees (active, inactive and terminated) in your first pay event.
- Report year-to-date amounts for employees through a STP pay event and year-to-date amounts for inactive and terminated employees in a later update event which must be lodged by 14 July or the deferred due date.
- Report the current year-to-date balances for the employees included in your first pay event. Give payment summaries to terminated and inactive employees and lodge a *PAYG payment summary annual report* to cover the payments you made before your first STP pay event.
- Start your STP reporting with zero year-to-date balances and give payment summaries to all of your employees (current, inactive and terminated). Lodge a *PAYG payment summary annual report* for payments you made before your first STP pay event.

Changing payroll solutions during a financial year

If you start reporting through one STP solution and change to another during a financial year, you must transition correctly to make sure the information pre-filled into your employees' income tax return is accurate.

There are three options to transition to a new payroll solution during a financial year:

1. Migrate your year-to-date employee information to the new payroll solution. You will need to zero the employee year-to-date values from the old payroll solution through an update event to prevent duplicate information being displayed.
2. If you do not migrate year-to-date employee information to the new payroll solution you can start reporting your employee year-to-date amounts from zero. You will need to finalise the employee information reported under the original payroll solution.
3. Migrate your year-to-date employee information to the new payroll solution and use the original BMS identifier in future pay event reporting.

Example: changing payroll solutions during a financial year

Vandalay Industries decides to change its payroll solution as the business is growing. Vandalay Industries will start using the new payroll solution from 1 September 2019. It will be unable to transfer employee payroll data from the old payroll solution to the new one. Vandalay Industries needs to finalise the employee information in the last pay event submitted using the old payroll solution.

At the end of the financial year, the employees of Vandalay Industries will have two sets of information from Vandalay Industries pre-filled into their

income tax return – one for the period 1 July 2019 to 31 August 2019 and another for the period 1 September 2019 to 30 June 2020.

Remitting PAYG withholding

- <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-employer-reporting-guidelines/?page=9>
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- QC 54550

If you notify your PAYG withholding liability on an activity statement, you should continue to follow your existing processes. If you are a large withholder you must continue to pay the amounts you withhold to us electronically.

Note: If you are a large withholder, follow your existing process – [When to pay and report on activity statements](#).

The ATO is looking at how to improve the activity statement process for employers using STP data. We are currently working with industry co-designing a number of enhancements. These include:

- pre-filling your activity statement labels W1 and W2 from July 2019 (small and medium withholders) with Single Touch Payroll (STP) information you have reported
- showing your opening and closing balances for your activity statement account.

We will provide you with further information on these changes when the design is finalised.

Employee commencement services

- <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-employer-reporting-guidelines/?page=10>
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- QC 54550

We are finalising a range of services giving employers the option to offer online commencement forms to new employees that can be sent to the ATO from myGov.

Employers can offer online commencement forms if their Single Touch Payroll (STP)-enabled software provides this function, however, this feature of STP is not

mandatory. Employers can continue with the process they currently offer, such as providing their employees with paper forms or employee self-service portals.

Online commencement forms will be available from July 2018. Employers will be able to send their employees a link from their STP-enabled payroll software to ATO online services, accessed through myGov. They will be able to complete and submit their *Tax file number declaration*, *Superannuation (super) standard choice*, *Withholding declaration* and *Medicare levy variation declaration* forms online.

Ask your software developer or payroll service provider if your software will offer online commencement forms from July 2018.

- The ATO will pre-fill online commencement forms with data that has already been validated, reducing the amount of information we need employees to complete.
- Employees will see their active super accounts, and their employer's default fund, under Superannuation. Employees will be able to choose their super fund from the pre-filled list provided.
- As employees will submit their TFN declaration form directly to the ATO once completed, employers will no longer be required to provide us with the form as they currently do.

Over the next 12 months, the ATO will be looking to add additional features. We will provide more information on these services when the design is finalised.

What employees need to know

- <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-employer-reporting-guidelines/?page=11>
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Once an employer starts reporting to us through Single Touch Payroll (STP), employees will be able to see their year-to-date tax and super information online. This will be available in myGov.

If employees use a tax agent, their agent will also have access to this information.

The year-to-date data employees see may not always align with the data in an employer's payroll software – for example, when you report information that needs to be corrected in your next pay event.

It is not mandatory for employees to have a myGov account, however, if they want to access their information online throughout the year, they will need one.

It's easy to create a [myGov](#) account, and there is [online help](#) available. Once it's set up, employers can link their myGov account to a range of government services, including the ATO.

See also:

- [ATO and the myGov Inbox](#)

Changes to payment summaries

You will not be required to provide your employees with payment summaries for the information you report through STP. Your employees will see information reported through STP in myGov. This information will be called an employment income statement.

Tax agents will also have access to this information through the Tax Agent Portal.

Employees who do not create a myGov account will need to contact the ATO call centre for a copy of the information reported through STP.

Payments and amounts withheld that were not reported through STP must be included on a payment summary and in a payment summary annual report.

myTax pre-fill

The information you report to us through STP will be pre-filled into *myTax* for those employees who prepare and lodge their own tax return.

We'll notify those employees when the STP information they need to do their tax return is ready.

Until employees receive this notification from the ATO, the data they see in myGov may not align with the data in your payroll software.

Online forms for employee commencement

When employees start a new job, they may have the option to complete a pre-filled *Tax file number declaration* (NAT 3092) and *Superannuation (super) standard choice* (NAT 13080) form online. Some software providers will not offer this feature.

Document version

- <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-employer-reporting-guidelines/?page=12>
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