

# Single Touch Payroll Superannuation Stapling

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- ▶ Joined Australian Audit in 2008, rising to position of Director in 2014
- ▶ Alastair has significant experience in the audit and accounting of not for profit organisations. He previously was the bookkeeper for his local church, and currently is church treasurer, as well as serving the boards of a number of charities.

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- ▶ This presentation is for your general information only, and should not be taken as specific financial or business advice. You should not act, or refrain from acting, on the basis of this presentation alone, without seeking specific advice from your advisers.
- ▶ Nevertheless, this presentation has been carefully prepared based on the information available at the time of the presentation.

# Today's Presentation

Single Touch Payroll

STP Phase 2

Payroll for Churches

Superannuation Stapling



# Single Touch Payroll

## What is STP?

- ▶ Single Touch Payroll **does NOT** mean payroll runs **itself** or that it is any easier than before (*if only that was possible*)
- ▶ STP does **NOT** change **how you pay staff**
- ▶ STP is a way of **reporting payroll data to the ATO**
- ▶ STP initial start date 1 July 2018, most concessions ended by 1 July 2021

## What is STP?

- ▶ Your payroll software submits **payroll data direct to the ATO**
- ▶ **Due date** for each pay event is the **day payment is made**
- ▶ Look out for **data matching** and increased compliance activity by ATO
- ▶ **Finalising STP at each year end** replaces PAYG Payment Summary / Group Certificate

# STP Phase 2





## STP Phase 2

- ▶ This expansion of STP (also known as STP Phase 2) **reduces the reporting burden for employers** who need to report information about their employees to multiple government agencies.
- ▶ It also supports the administration of the social security system.
- ▶ **Employers will report the additional information** through STP
- ▶ The **mandatory start date** for STP Phase 2 reporting will be 1 January 2022. (ATO: no action date 1 March 2022)

## Software provider delayed dates

- ▶ Digital service providers (DSPs) who need more time to make the changes and update their solutions to support STP 2 can apply for a deferral for their customers. If your DSP has a deferral, they will let you know.
- ▶ Xero – deferral to 31 December 2022

## Why STP Phase 2?

- ▶ **Reducing the duplication** of information employers provide to Government
- ▶ **Removing** the need to send **tax file number declaration** information to the ATO
- ▶ Better **defining** the components that make up **gross income**
- ▶ STP 1 was just an electronic version of existing processes, **STP 2 adds functionality**

# STP vs STP 2

## ▶ **Termination Reason**

- ▶ Replacing employment separation certificate

## ▶ **Child support garnishee/deduction amount**

- ▶ Remove the need to report separately

## ▶ **Income stream collection**

- ▶ Classify the payments made
- ▶ Income type, payment type and country code

## ▶ **Tax file number declaration**

- ▶ Eliminating the need to submit tax file declarations

## ▶ **Lump sum E letters**

- ▶ Will not need to provide the lump sum E letter to employees each financial year.

## ▶ **Transitioning employees from another payroll system**

- ▶ Easier to transition from one software to another
- ▶ Avoiding duplication of income statements

## ▶ **Paid leave**

- ▶ Itemised leave type codes

## ▶ **Negative Year-to-Date (YTD) reporting**

- ▶ The ATO will allow negative YTD amounts

## ▶ **Allowance items**

- ▶ Additional allowance type codes



# Disaggregation of gross

For detailed guidance - ATO QC 66099

Separately report:

- ▶ Gross
- ▶ Paid leave
- ▶ Allowances
- ▶ Overtime
- ▶ Bonuses and commissions
- ▶ Directors' fees
- ▶ Lump sum W (return to work payment)
- ▶ Salary sacrifice

## Disaggregation of gross (Income)

Only **pre-sacrifice amounts** that are classified as ordinary time earnings (OTE) should be **included as gross**. E.g.

- ▶ Ordinary hours worked
- ▶ Casual loading
- ▶ Shift penalties
- ▶ etc

# Disaggregation of gross (Leave)

Only **pre-sacrifice amounts that are classified as OTE** should be included as other paid leave. Separately report the following leave payments:

- ▶ **Other paid leave**

- ▶ **Annual** leave, leave loading, **personal** leave, RDO, TOIL, compassionate leave, study leave, gardening leave
- ▶ **NOT** *Leave loading that is clearly linked to a notional loss of **opportunity to work overtime**.*  
Report as Overtime.

- ▶ **paid parental leave**
- ▶ **workers' compensation**
- ▶ ancillary and defence leave
- ▶ **cash out of leave** in service
- ▶ **unused leave on termination**

You don't need to report **unpaid leave** through STP as there is no payment to report.

## Disaggregation of gross (Allowances)

- ▶ STP Phase 1 – some allowances were in Gross
- ▶ STP Phase 2 – all allowances as allowances
- ▶ Don't report
  - ▶ Reimbursements
  - ▶ Fringe Benefits
  - ▶ Living away from home allowance



## Disaggregation of gross (Allowances)

The allowance types you will separately report are:

- ▶ cents per km
- ▶ award transport payments
- ▶ laundry
- ▶ overtime meal allowance
- ▶ domestic or overseas travel
- ▶ tool allowances
- ▶ qualification and certification allowances
- ▶ task allowances
- ▶ other allowances

# Payroll for Churches

# Church Payroll Treatment

Church payroll can be set up many different ways:

*(not all are correct)*

- ▶ Exempt benefits often through payroll – but not always
- ▶ Superannuation often paid on full remuneration – but not always
- ▶ Wages & exempt benefits sometimes separate on the income statement
- ▶ Exempt benefits compliance sometimes is poor

## A Common Church Payroll Treatment

### ▶ Worked Example:

- ▶ Religious minister
- ▶ \$50,000 pa remuneration
- ▶ \$5,000 superannuation guarantee (10%)
- ▶ \$35,000 exempt fringe benefits (70%)
- ▶ \$15,000 salary – paid to bank account (30%)
- ▶ Rent free accommodation at church owned house



## A Common Church Payroll Treatment (cont)

- ▶ \$50,000 recorded as gross remuneration in payroll system
  - ▶ \$50,000 appears as 'wages expense' on income statement
- ▶ \$35,000 pre-tax, post super deduction – coded to liability account. Not reported to ATO.
- ▶ \$15,000 reported to ATO as salary
- ▶ House costs a church expense (accounts payable / spend money)

## A Common Church Payroll Treatment (cont)

	STP 1	STP 2*
Gross Wages	\$15,000	\$45,000
Leave	N/A	\$5,000
Salary Sacrifice	N/A	(\$35,000)
Reportable Fringe Benefits	Nil	Nil

\*To be confirmed – further guidance pending

# Superannuation Stapling

# Onboarding New Staff

## ▶ Previously:


- ▶ TFN Declaration form
- ▶ Super Choice form
- ▶ Employee details form
- ▶ Staff contract

## ▶ Now:


- ▶ Combination of online / paper options
- ▶ More responsibility to employer
- ▶ Easier for staff and employer (hopefully)



# TFN Declaration & Super Choice in MyGov



Australian Government  
Australian Taxation Office

Return to myGov 

Home

Tax

Super

Employment

My profile


New Employer

Employment details

New employment

Income statements

All fields marked with \* are mandatory.



Talk to your employer before completing this form. To learn more visit [Onboarding](#)

You may also use this form to submit updates for employers that are not listed in [Employer List](#)

To complete this process you'll need to **print a summary** of your employment details

Employer ABN or WPN \*

Search for employer by ABN or WPN

×

Q

✖ This field is required.

Select the details you will provide to this employer \*

☒

**Tax details**

- > TFN declaration
- > Withholding declaration
- > Medicare levy variation

Takes **5-10 minutes** to complete

☒

**Super details**

Your super fund choice

Takes **5-10 minutes** to complete

Your employer's default super fund

When you start employment, your employer should provide you with their default super fund name and identifier (USI).

Employer's default super fund USI \*

Search for super fund by USI


×

Q

Cancel

# Generated Report

**DON'T ASK STAFF TO  
EMAIL TO YOU!**



**Name** BRIAN BOYLD  
**TFN** XXX XXX XXX  
**Event ID** 2410000055258  
**Date received** 07/12/2018  
[Print](#) Use print options to save as a PDF

## Employee tax and super details

### Instructions

**Employee**

Give this document to your **employer** so they can determine the **amount of tax to be withheld** from payments and to **make contributions to your chosen fund**.

To change these details go to the Employment menu in the ATO online services from your myGov account.

**ALASKA QLD**  
ABN/WPN XX XXX XXX XXX

**Employment type**  
Full time

**Employer**

The information provided below will help you determine the **amount of tax to be withheld** from payments and to **you of your employee's chosen superannuation details**. It applies to payments made after this form has been received by you.

If your business software supports it, you can use the **event ID** to retrieve the information contained in this document electronically from the ATO.

**Do not return** this document to the ATO.

**Event ID:** 2410000055258

### Personal details

<b>Name</b>	BRIAN BOYLD
<b>Tax File Number (TFN)</b>	XXX XXX XXX
<b>Date of birth</b>	01/06/1937
<b>Residential address</b>	55 ELIZA ST BLACK ROCK VIC 3193 AUSTRALIA
<b>Preferred phone number</b>	02 88888888 (home)
<b>Email</b>	ATO@ATO.GOV.AU
<b>Residency status for tax purposes</b>	Australian resident for tax purposes

### Tax withholding and medicare levy variation

<b>Claim tax-free threshold</b>	Yes
<b>Additional withholding amount</b>	\$0
<b>Education loan withholding</b>	Higher Education Loan Program (HELP)
<b>Medicare levy variation</b>	Medicare levy reduction - 2 dependant children

### Super fund choice details

<b>Super fund nomination</b>	CONAGRA INC
<b>Account number</b>	1
<b>Fund ABN</b>	XX XXX XXX XXX
<b>Electronic service address</b>	ESUPERFUND
<b>Financial institution account details</b>	My Super Account BSB 061-111   Account # 123456789

## Superannuation Choice

- ▶ What if staff **don't nominate** a superannuation fund?
  - ▶ Previously: Create an account with your **default fund**
  - ▶ From 1/11/21: Request account details from ATO
- ▶ **'Stapled Super Fund'** is 'Stapled' to the employee to **avoid a new account** being created with every new job

# Requesting Stapled Superannuation details

- ▶ Only **AFTER** you have submitted a *Tax file number declaration* or Single Touch Payroll pay event linking you to them

- ▶ After 1/11/21

To request a stapled super fund, you, or your authorised representative, need to:

1. log into **ATO online services.**
2. **enter your employee's details,** including their:
  - > TFN – an exemption code can be entered where an employee cannot provide their TFN, but this could result in processing delays
  - > full name – including 'other given name' if known
  - > date of birth
  - > address (residential or postal), if TFN not given.
3. Our online system will use rules based on the regulations to work out and return a stapled super fund in response to a request.

You will **receive the response on-screen.** You should be notified of the result of the stapled super fund request within minutes.

We will **notify your employee of the stapled super fund request** and the fund details we have provided.



## Pay super into the stapled super fund

- ▶ If ATO provide a stapled super fund result for your employee, you **must pay** your employee's super guarantee contributions **to the stapled super fund**.
- ▶ You can pay into your default fund, or another fund that meets the choice of fund rules if:
  - ▶ your employee **doesn't choose a super fund**, and
  - ▶ ATO have advised you that they **don't have a stapled super fund**.
- ▶ SuperStream (i.e. use a clearing house) unchanged

# Conclusion



## Take Away Messages

- ▶ STP Phase 2 is coming soon
- ▶ Set up and prepare (once your payroll software is ready)
- ▶ Ensure your payroll set up is optimised for easy reporting in line with STP 2 categories



Any Questions?





# Australian Audit

Australian Audit is a specialist audit firm of Chartered Accountants. With offices in the Perth CBD, we look forward to hearing how we can assist with your audit requirements.

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