

Dear Clients,

Big changes are coming to the way your small business reports its employee tax and super obligations to the Australia Tax Office (ATO), and as the closure of the 2019 Financial Year is fast approaching, your attention now needs to be turned to making the transition to Single Touch Payroll (STP) before the compliance deadline of 1 July 2019.

This is the biggest compliance requirement that the ATO has implemented since the introduction of GST. It's important for you to understand your obligations and have the appropriate systems in place to ensure you meet the new ATO reporting requirements.

Single Touch Payroll (STP) is a reporting change for all employers. It will enable you to report payments such as salaries and wages, pay as you go (PAYG) withholding and super information directly to the ATO at the same time you pay your employees. **As a result, your payroll will be seen by the ATO ALL YEAR ROUND**

No matter how few staff you employ (ten, two, three or just yourself), the new STP rules will still impact you, even if you don't currently use a payroll software package. Some software providers will be ready, and some won't. Where the providers will not be ready, some have applied to the ATO for a deferral of obligation, so that their users will not be penalised simply because the software will not be ready. Below is an update of the major providers of payroll software, their STPR-readiness status and deferral dates where relevant.

Provider	Software version	STP Ready	Delays to STP-readiness	Businesses avoid ATO Penalties	Details
KeyPay	KeyPay	1-Jul-18	None	Yes	
QBO	Plus	1-Jul-18	None	Yes	
MYOB	Essentials	1-Jul-18	None	Yes	Businesses must complete the STP readiness check in app
MYOB	AccountRight Live	1-Jul-18	None	Yes	Businesses must upgrade to 2018.2 and complete the STP readiness check in app
Xero	Business Edition	1-Jul-18	Staged roll-out to 31-Dec-18	Until 31-Dec-18	Businesses will be able to 'Opt In' to STP within the app as it is made available during the 6 months between 1 July 2018 and 31 December 2018.
MYOB	AccountEdge	No	Yes	Until 31-May-19	Businesses must move to a STP-enabled accounting and/or payroll system prior to 31 May 2019 to avoid ATO penalties
MYOB	AccountRight with multi-currency, multi-location, M-Powered payments and negative-inventory	No	Indefinite	Until 31-May-19	
MYOB	All other desktop	Never	Indefinite	Until 1-Jul-18	Businesses must move to a STP-enabled accounting and/or payroll system prior to 1 July 2018 to avoid ATO penalties



To report under the new STP system, you need to make sure your current payroll / accounting software version offers STP reporting, if it doesn't then you may have to choose a new accounting package or upgrade to a newer version of your existing software that has payroll software that is STP enabled per the above table. Alternatively, you can ask a third party such as Mischel & Co Group Pty Ltd as your registered tax agent to report on your behalf.

If you have 1–4 employees, you are known as a micro employer and there are a number of options available to help you transition to STP reporting. Micro employers who don't need payroll or accounting software can choose a simple no cost or low-cost STP solution. Alternatively, you may be eligible to report quarterly until June 2021 through your registered tax or BAS agent.

The ATO is working with software providers to develop low-cost reporting solutions for micro employers. From our initial investigation, the best low-cost STP solutions currently available are:

- GovReports – IAM STP
- MYOB Essentials Payroll
- Xero Payroll
- Reckon One Payroll
- ePayroll
- Cloud Payroll Micro

We have attached our STP information Newsletter for a more detailed analysis of STP and the process in getting STP Ready.

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