Single Touch Payroll

What is STP?

STP is an electronic reporting system that replaces your need to file TFN Declarations, Payment Summaries and the annual EMPDUPE (*as long as you finalise your STP filing before 14 July*).

SmoothPay provides this facility via our digital services partner, SuperChoice Services Pty Ltd. - <u>registration is compulsory</u>.

There are numerous advantages to this solution, as they handle ATO outages automatically and collect ATO's responses into your employer portal at SuperChoice (*and SmoothPay will also email status changes to your company email address*).

NOTE: ATO do not provide a facility for manual STP filing

SuperChoice registration

1. **Register with SuperChoice**. The registration process is quite straight forward by completing the Registration process at this URL:

   ## https://www.employerpay.com.au/smoothpayroll

You should also register for SuperStream filing too if you haven't already - it makes SuperStream filing a single-click operation. See our SuperStream guide for details.

STP Payday Reporting example

When you complete *Process Pays,* SmoothPay will automatically send your STP report via the SuperChoice gateway to ATO.

If you're just starting out with SmoothPay you'll need to complete the declaration the first time (*Reports..Tax..Single Touch Payroll)* - **this is also required by 14 July each year to finalise STP**.

Example of the STP options dialog

- Check your identification (*must be identifiable as a single individual and can be a full name, AUSkey login name or email address*) and
- sign the Declaration by ticking the box
- click OK to file

It's that simple!

You'll be advised of any immediate status or issues with your payday data (*e.g. SUBMISSION INITIATED or SUBMISSION FAILED VALIDATION*), and you'll emailed any status updates (*ATO SUCCESS or ATO ERROR etc.*) as the report progresses through the system.

You can also sign in to your SuperChoice portal to check what has been filed and the status of each STP submission (*success or failure and any errors*)

Finalising your STP for the tax year

You MUST finalise your STP by 14 July each year!

If you fail to do so, then you MUST produce the old EMPDUPE.A01 file and printed payment summaries for all staff.

To finalise your STP, make sure you have completed all pay processing, FBT capture (*if you do this manually*) and any corrections.

Then, select **Reports..Tax..STP** and:

- select any June payrun (*it'll help set the tax year date*)
- select **Finalise**
- check the date below shows **30 June**
- **tick the declaration**
- click **OK**

All about TFNs

Generally you should not enrol an employee in your payroll unless they have completed a TFN Declaration.

In certain situations, such as the employee not wishing to disclose their TFN, then ATO provide a series of replacements (use depends on the situation).

There are a number of 'masking' TFN numbers that can be used in the following situations:

000000000	Used where: • Where the payee has not completed a TFN declaration, or • the payee has completed a TFN declaration and chooses not to quote a TFN, or • the payee has indicated that they applied or enquired about a TFN with the ATO and failed to provide a TFN within 28 days
111111111	Where the payee has not provided a TFN but they indicate on the TFN declaration that they have applied or enquired about a TFN with the ATO
333333333	Where the payee is under the age of eighteen and earns $350 or less weekly, earns $700 or less fortnightly or earns $1517 or less monthly
444444444	Where the payee is a recipient of a social security or service pension or benefit (other than Newstart, sickness allowance, special benefits or partner allowance) an exemption from quoting a TFN may be claimed
987654321	Where a payee has quoted a TFN with alpha characters the code 987654321 must be used in place of the quoted TFN. This code must also be used where the TFN quoted cannot be contained in the TFN field

(*SmoothPay will generally assign the correct TFN replacement if a TFN is invalid or missing*)

Deceased Employee payments and ETP

Calculate the amount payable

You will calculate the amount payable to the employee's estate and include any:

- unpaid work (if any)
- unused leave entitlements (*you can do a preliminary Termination process for the employee to get the figures you need*)
- any death benefit ETP amounts

You should then deselect the employee from the payrun (or place on hold if you need to refer back to it). **It must NOT be processed as a pay and you must not rely on the tax calculated - use this for gross payment values only!**

Who gets paid?

DO NOT make payments using the deceased employee's pay record!

Create a new employee record for the payee (*recipient*) along with their TFN (*if available, otherwise use one of the masking TFN numbers*).

Set the TFN Exemption status in the Tax settings to one of:

- Trustee
- Dependent
- Non-dependent
- Non-dependent also paid an ETP in the previous tax year for the same termination

How should the payment be taxed?

Generally, you should not withhold amounts from salary or wages paid after the death of an employee. This applies to income that was earned prior to death, but paid after the death of the employee.

Similarly, you should not withhold amounts from payments for unused annual leave or unused long service leave paid after the death of the employee.

You may need to withhold from a death benefit employment termination payment (*death benefit ETP*). This means any amount that would have been an ETP if the employee was alive at the time of payment.

Examples include:

- unused sick leave
- unused rostered days off
- a payment for redundancy or retirement (a 'golden handshake').

Refer to ATO website for full details of how to tax death benefit ETP if you need to.

How should the payment be captured?

Payment and associated tax entries must be entered via a manual entry into the payee's History.

Setting the special TFN Exemption status in the Tax settings will cause manual additions to history to display a special-purpose editor that accepts:

- unpaid gross wages (if any),
- unused leave amounts
- death benefit ETP-taxable, non-taxable and tax values

There will generally be no tax on unpaid gross and unused leave (but tax can be recorded if necessary).

If a death benefit ETP is involved then you will need to determine the tax-free and taxable portions of the amount, as well as the tax on the ETP amount according to ATO rules.

STP reporting for payments to deceased estate

Take-on/manual history entries are not displayed in the STP Reporting Options dialog (*there could be millions of them*), however you can do one of the following:

- If you use an on-cycle pay date that hasn't occurred yet, it will be included automatically when that payday is reported
- If you use an on-cycle pay date that has already been reported, you can re-submit a full replacement for that pay period
- If you use an off-cycle pay date, you can use the "Replace/void payday?" option to report it.

Changing payroll providers during the financial year

There are times when an employer, already STP reporting, changes their BMS during a financial year. The rules and scenarios outline how to transition from one BMS to another.

The business rules for transition of BMS during a financial year are:

1. An employer may migrate YTD information to the new BMS and use the original BMS ID.

2. An employer may migrate YTD information to a new BMS and create a new BMS ID. That means they will need to zero the employee YTD values from the old BMS ID via an update event, to prevent duplicate information being displayed.

3. An employer that does not migrate YTD information to the new BMS is required to finalise employees reported under the original BMS. The new BMS must have a different BMS ID to the original BMS.

Moving TO SmoothPay

1. migrate YTD and re-use original BMS id - **not supported**:
   - there is no option to enter a BMS id in SmoothPay (*it's allocated automatically when the site first reports*)

2. migrate YTD to SmoothPay:
   - if old payroll can zero YTD via a pay event
     - capture YTD as usual
   - otherwise
     - user can elect to flag historical pay totals as already reported (*not implemented, on the todo list - **not currently supported***)

3. finalise old payroll STP, do not transfer YTD to SmoothPay:
   - finalise STP in old payroll, do not capture YTD totals in SmoothPay

Moving FROM SmoothPay

1. migrate YTD to new payroll and re-use original BMS id:
   - if the system can re-use the existing SmoothPay-allocated BMS id then they can use that (*available from SmoothPay on request*)

   WARNING! This does not appear to function correctly - ATO ends up with doubled income YTD (*apparently, only notified by one site moving to another product, so they ended up using method 2*)

2. migrate YTD to new payroll and new BMS id:
   - there is no facility in SmoothPay to zero YTD (*though it's fairly trivial, on todo list*)

   Work-around: make a backup, delete all pay history (Tools..Wizards), run void payday for last payday processed, restore (*so that history is still available for other reporting*)

3. finalise old payroll STP, do not transfer YTD to new BMS id:
   - finalise STP in SmoothPay, do not capture YTD totals in new payroll

When things go wrong…

OK - so things happen in the real world that mess up payday reporting - things like fixing a batch, re-dating or deleting batches, IT rebuilding your server and losing a bunch of payroll data etc. - stuff happens.

So, we thought about these things and provided a few methods to help get things sorted.

You'll see the STP Reporting Options screen above has a few options - explaining what they do will help you cope with the unexpected.

Test communication	Checks that you can actually communicate with the SuperChoice API (web service)
Report selected payday	Lets you submit (or resubmit) any payday **NOTE**: SmoothPay aggregates all pays with the same payday date (otherwise it would be a nightmare)
Replace/void any payday	Set for the date to be resent (or voided if that date no longer exists - handy when a batch has been re-dated or destroyed and ATO have recorded the original submission).
Finalise year	This is the equivalent of filing your EMPDUPE and must be done after completing all payruns for the year and before the due date (14 July!) This relieves the employer of the obligation to give payment summaries to employees and a payment summary annual report to the Commissioner. Failing to complete this task by the due date will require you to produce payment summaries and file an EMPDUPE.

Support

All support questions should be directed to our HelpDesk in the first instance, along with supporting documentation, screenshots, reports etc. that help us identify the issue and help you to resolve it.

Please do NOT present technical or user questions directly to SuperChoice, as they are entitled to bill you for any direct technical assistance.

If we are unable to resolve the issue then we escalate to SuperChoice for investigation and will report back to you once that has been completed or resolved.

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