

Single Touch Payroll (STP) – Phase 2

What is STP?

STP is a new way of 'real time' reporting of tax and superannuation to the ATO.

The 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.

Using payroll software or another STP solution you will send your employees' salary and wage information, pay as you go (PAYG) withholding and super information to the ATO each time you pay your employees. This means:

- your pay cycle does not need to change
- you will report super information to the ATO for the first time
- you will need to finalise your STP information at the end of the financial year. This way the ATO will know that all the data that you have reported is complete and they can provide this information to your employees to complete their tax return.
- you no longer need to give your employees a payment summary for the information you report and finalise through STP. This will be available to them in myGov.

Once you start STP reporting, you need to keep reporting each pay cycle.

While you'll need to report additional information in your STP report, there are many things that stay the same, such as:

- the way you lodge
- the due date
- the types of payments that are needed
- tax and super obligations
- end-of-year finalisation requirements.

Most of the additional information you need to report should already be captured in your current payroll software.

The key changes to the STP report include:

- Disaggregation of gross
- Employment and taxation conditions
- Income types
- Country codes
- Child support
- Business Management Software IDs and Payroll IDs.

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STP – Phase 3

This is the final stage in the STP Phase 2 transition which will break down paid leave into additional subcategories. This is to meet the new ATO reporting requirements.

The new categories ensure that leave payments made to your employees are reported to the ATO using the correct reporting codes. The categories (or equivalent) available include:

Other paid leave (Type O)

- Annual leave
- Compassionate and bereavement leave
- Family and domestic violence leave
- Long service leave
- Personal (sick/carer's) leave
- Rostered day off
- Special paid leave
- Study leave
- Time off in lieu

Ancillary and defence leave (Type A)

- Community service leave
- Defence reserve leave
- Jury duty leave

Super Changes

As of July 1 2024, the super guarantee, will increase from the current rate of 11% to 11.5%. The super guarantee will continue to rise in 0.5% increments until it reaches 12% in 2025.

From July 1 2026, employers will be required to pay their employee's super at time as their salary and wages.

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