



Single Touch Payroll Phase 1 employer reporting guidelines

Information to help employers report under Single Touch Payroll (STP).

Last updated 4 April 2022

Single Touch Payroll (STP) is the way you report your employee's tax and super information to the ATO.


These guidelines aim to help you understand what is required for STP Phase 1 reporting through your STP Phase 1 enabled software.

Employers with 20 or more employees were required to start reporting from 1 July 2018.

Employers with 19 or fewer employees were required to start reporting from 1 July 2019 unless an exemption applied to them.

You will need to **start reporting** if you have not transitioned yet unless you:

- have an exemption
- have a deferral.

STP is part of the government's commitment to streamlining employer reporting obligations. It was legislated on 16 September 2016 as part of the [Budget Savings \(Omnibus\) Act 2016](#) .

From 1 January 2022, the information you report using STP will change.

You can also refer to [Single Touch Payroll Phase 2 Employer Reporting Guidelines](#).

Definition of terms



Find out about the definition of terms for STP employer reporting guidelines.

Expansion of STP (Phase 2)



Your digital service provider (DSP) will support your transition to STP reporting.

Transitioning from STP Phase 1 to STP Phase 2 reporting



Find out about how your digital service provider (DSP) will support your transition to STP reporting.

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Your STP report will include minimum reporting requirements for you to meet your STP obligations.

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Definition of terms

Find out about the definition of terms for STP employer reporting guidelines.

Last updated 16 November 2023

These terms are referenced throughout the Single Touch Payroll employer reporting guidelines:

- Digital service provider (DSP) – those who develop or deliver digital services that help the community (and business) meet their tax and super obligations.
- Pay event – the file generated by an STP-enabled software or solution. This file must be lodged to us on, or before, the payment date when an employer makes a payment to an employee or payee that is subject to withholding.

- Update event – the service that allows an employer to transition to STP and correct or finalise STP data to us. This does not include employees that are paid payments subject to withholding (pay event).
- STP report or reporting – used for reporting either:
 - a pay event (upon payments subject to withholding), or
 - an update event (upon transition, correction or finalisation).
- BMS ID – a business management software identifier that uniquely identifies the source of employee data sent to us as a specific instance of payroll software.
- Payee payroll ID – a key identifier that represents each employee in the payroll that, in conjunction with payee details and the tax file number (TFN), enables us to uniquely identify the taxpayer.
- Income statement – the ATO equivalent of an employer-issued payment summary. It contains the latest year to date (YTD) STP data reported by employers. It is made available by the ATO through ATO online services accessed through myGov. If an employee does not have a myGov account they can **create one and link it to the ATO**.
- Finalise – when an employer must make a declaration to us 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.

How STP works

STP works by sending tax and super information from your STP-enabled payroll or accounting software to us when you pay your employees.

This includes the information we need from you, such as:

- salaries and wages
- pay as you go (PAYG) withholding
- super liability information.

See the detailed tables outlining [mandatory reporting](#), voluntary reporting, and payments that are out of scope and cannot be reported

through STP.

There are rules about what is reported in each [pay event](#). You can also make corrections to your employees' YTD amounts in your next pay event, or through an update event. This is explained in [Correcting a pay report](#).

How you send STP information to us depends on the software you use.

See How to report for more information.

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Expansion of STP (Phase 2)

Your digital service provider (DSP) will support your transition to STP reporting.

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DSP will let you know which method best suits your payroll software or solution:

- Provide an opening year-to-date (YTD) balance for all employees (active, inactive and terminated) in an update event.
- Report (YTD) balances for all employees (active, inactive and terminated) in your first pay event.
- Report (YTD) amounts for employees through an STP pay event and YTD amounts for inactive and terminated employees in a later update event that must be lodged by 14 July, or the deferred due date.
- Report the current (YTD) 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 (only when transitioning to STP for the first time).
- Start your STP reporting with zero (YTD) 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 (only when transitioning to STP for the first time).

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Transitioning from STP Phase 1 to STP Phase 2 reporting

Find out about how your digital service provider (DSP) will support your transition to STP reporting.

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If you haven't already started reporting, you will need to determine how you will report through STP:

- If you use payroll software, your DSP will let you know how they offer STP reporting.
- You can choose a payroll solution that offers STP reporting if you don't currently have one, or if your current payroll solution will not be STP-enabled.
- You can ask a registered tax or BAS agent to report through STP for you.
- You can use a payroll service provider to report for you – they must be a registered agent to lodge on your behalf.

Review your business processes and data

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

Clean up any anomalies, in particular 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.

You should also check that:

- your employees' information is accurate, including their names, addresses and dates of birth
- you are addressing overpayments, calculating super and paying employees correctly.

Determine who will send your report 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.

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 at the time of your payroll event, you can 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, you need to make sure the appropriate delegation is in place. The person may need to be added as an authorised contact in Online services for business or Online

services for agents if they will be interacting with us about STP matters.

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

Lodgment methods

Your DSP will let you know how your software will send your STP files to the ATO.

They will also let you know if you need to use to lodge your reports.

Find out about

- [What you need to report](#)
- Accessing online services with myGov ID and RAM
- Registered agents providing a payroll service

Changing your payroll solution or employees' Payroll IDs during a financial year

Your payroll solution will generate your STP report for your pay cycle by ABN, branch and BMS ID. We use this combination of information, together with the payroll IDs you report, to identify when we need to display a separate income statement to a taxpayer. We will display a separate income statement for each combination.

If you transfer the employee YTD amounts you have reported to a different combination of these things (for example, because you have changed to a different payroll solution), you need to tell us.

If you don't tell us, your employees will see duplicate income statements. It also means you're reporting more than your true PAYG withholding liability.

Changing your payroll solution

Your STP-enabled payroll solution has a BMS ID that acts like a serial number to tell us which payroll solution sent the STP report. This is important because some payroll arrangements pay employees out of more than one payroll solution at once.

Some payroll solutions will assign the BMS ID for you and others may allow you to nominate your own BMS ID. Your digital service provider can advise you about this.

You need to tell us if you change payroll solution and transfer YTD amounts if your payroll solution:

- assigns the BMS ID for you
- allows you to nominate a BMS ID and you choose to nominate a BMS ID that is different to your previous payroll solution.

If your payroll solution allows you to nominate your own BMS ID and you choose to use the same BMS ID as your previous payroll solution, you do not need to tell us. This is because there has been no change to the combination of ABN, branch and BMS ID in your STP reporting.

Changing your employees' payroll IDs

Each employee included in your STP report must have a payroll ID for you to report their YTD amounts to us. If you change their payroll ID and transfer their YTD amounts from their old payroll ID, you need to tell us that you have transferred these amounts.

This may also occur when you are changing payroll solutions.

If you don't transfer employee YTD amounts, you don't need to tell us.

Changing payroll solutions or payroll IDs without transferring YTD amounts

There may be circumstances where you change payroll solution but do not transfer your YTD amounts to the new solution.

If you do not transfer employee YTD amounts, you do not need to tell us about any changes.

We will display a new income statement for the new YTD amounts you report for the new combination of ABN, branch, BMS ID and payroll ID that you report through STP.

This means that your employee will have multiple income statements. You must finalise your STP reporting for each combination of ABN, branch, BMS ID and payroll ID for your employees, so that we can let your employees know when the information displayed in each of their income statements is tax ready.

You can finalise your STP reporting at any time during a financial year until 14 July. However, you should consider whether:

- your previous ABN/branch will still be active – you cannot finalise your STP reporting if the ABN or branch has been cancelled
- you will still have authorisation to report on behalf of your previous ABN/branch
- you will still have access to your previous payroll solution.

If you won't be able to finalise all your STP reporting at the end of the year or you don't know whether you will be able to, you should finalise your STP reporting when you change your payroll solution or employees' payroll IDs.

See [Finalising your STP data](#) for more information.

Telling us about changes

The way you tell us about these changes in STP Phase 1 reporting is to use the zeroing out method.

You should use the zeroing out method if:

- your previous software provides this functionality
- you still have access to your previous software
- you are correcting an incorrect combination of ABN and branch in your STP reporting.

Follow these steps when using the zeroing out method:

1. Before you transfer the YTD amounts to your new payroll solution or your employees' new payroll IDs, send us an update event that shows all YTD amounts for your employees as zero. This tells us that you are making changes and that we should stop displaying your employees' current income statement.
2. Transfer your employee YTD amounts to your new payroll solution or employee payroll IDs and send us an STP report for your

employees showing their transferred YTD amounts.

If you are not able to use the zeroing out method, phone us on **13 28 66**.

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How to report employment and tax information through STP Phase 2

Information about how you will need to determine how to report through STP.

Last updated 4 April 2022

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Under STP, some payments subject to withholding are in scope and some are out of scope.

This section provides the details on these payments, and the impact on business activity statements (BAS), 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 their 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 lodged by 14 July each year, stating you have fully reported for the financial year and for each of your employees using STP. You are then not obliged to give payment summaries to your employees (although you may still choose to) or lodge a payment summary annual report.

If you don't report and finalise these amounts through STP, you are required to give a payment summary to your employees and lodge a payment summary annual report to the ATO.

Table 1: Mandatory reporting labels

Description	BAS labels (Gross payment, amount withheld)	Payment 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	ETP1 (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 certain labour mobility programs	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. STP offers the ability to streamline your reporting to help you achieve efficiencies of real-time reporting and help with your compliance processes, compared to having a number of separate reporting 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 to your employees and lodge a payment summary annual report 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 lodge a payment summary annual report covering these amounts.

Table 2: 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
 - Services Australia

- investment bodies and managed investment funds
- purchasers of certain taxable Australian property.

Payers must continue to provide payment summaries and lodge a payment summary annual report 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 or annual report
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	INB
Payment of income of closely held trust where tax file number (TFN) not quoted	Annual activity statement	Closely held trust or Annual TFN withholding report
Recipient does not quote Australian	W4	ABN or No ABN, AIIR

business number (ABN)		
Dividend, interest and royalty payments	W3	n/a or non-residents, AIIR
Departing Australia superannuation payment	W3	DASP
Excess untaxed roll-over amount	W3	n/a
A payment to a foreign resident	W3	Free format or 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 or 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	W3 / Electronic payment	Most applicable

subdivisions 14-C and 14-D		
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 don't need to provide a payment summary to these contractors.

Where the contractors are managed outside of payroll using accounts payable you don't have to report payments to them under STP.

See [The rules of reporting through STP](#) for more information.

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Rules of reporting through STP

Your STP report will include minimum reporting requirements for you to meet your STP obligations.

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About this data

Your updated software will capture the data we require:

- 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 specify 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 (YTD) 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 YTD 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 YTD 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 YTD 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 YTD amount shown on the employee's payslip.
 - Where you cannot report super liability, you must report the YTD OTE amount.
 - You can report both OTE and employer super 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 YTD 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 YTD figures (for example, updated YTD 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

Your payroll solution will generate your STP report for your pay cycle by ABN, branch and business management software (BMS) ID. We use this combination of information, together with the Payroll IDs you report, to identify when we need to display a separate income statement to your employee.

Some businesses structure their payroll so that the same person may be paid by different combinations of ABN, branch and BMS ID. They may also have multiple Payroll IDs in the same payroll solution that relate to the same person (for example, where the person performs multiple jobs).

This section explains some of the circumstances where this occurs.

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 withholding 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 STP report.

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 digital service provider about your BMS ID.

When the employee's payer changes

Your employee may have income attributed to different ABNs, branches, and BMS IDs during a financial year. If this is the case, each combination will result in a separate income statement displayed on the employee's myGov account.

You must finalise each income statement (that is the combination of ABN, branch and BMS ID and payroll ID). You can choose whether you finalise the income statement during the year or at the end of the year (by 14 July). However, you should consider whether:

- your previous ABN/branch will still be active. You cannot finalise your STP reporting if the ABN or branch has been cancelled
- you will still have authorisation to report on behalf of your previous ABN/branch

- you will still have access to the payroll solution you reported from.

If your business structure changes, the ABN and branch under which you have been generating your STP reporting may change. If this occurs, you must:

- finalise your STP reporting under the ABN and branch you have been using for your STP reporting. You can choose whether you do this before you start reporting for the new ABN and branch or later (up until 14 July). However, you should consider whether:
 - your previous ABN/branch will still be active. You cannot finalise your STP reporting if the ABN or branch has been cancelled
 - you will still have authorisation to report on behalf of your previous ABN/branch
 - you will still have access to the payroll solution you reported from.
- start your STP reporting under the new ABN and branch using zero YTD employee amounts.

Example: Partnership to company

Amy, Joanna and Remy run a small furniture manufacturing business as equal partners. They report monthly wage payments for 20 employees through their STP-enabled payroll software.

In the 2020–21 financial year, they decide they want to transfer their interests in the assets of the partnership to a company on 1 March 2021.

When making and reporting via STP their February 2021 monthly wage payments, they make a finalisation declaration to finalise their STP reporting under the partnership's ABN.

As part of the restructure, Amy, Joanna and Remy's employees become employed by the company from 1 March 2021.

Therefore, the company reports its March 2021 wage payments under the company's ABN, starting from zero YTD employee amounts.

In their 2020–21 income tax returns, the employees will see two records – one listed against the partnership (for the period 1 July

2020 – 30 April 2021), the other against the company (for the period 1 March – 30 June 2021).

Example: Employee starts to work for a different branch

Priya is employed by a small mining company as a project manager in their main business. The company reports the fortnightly salary paid to Priya through STP throughout the year from its ABN and main reporting branch.

In the 2021–22 financial year the company enters into a joint venture. The joint venture will commence on 1 April 2022 and the company establishes a new branch for their ABN to keep their joint venture reporting separate from their main business.

Priya begins to work solely on the joint venture. Her salary starts to be paid by the joint venture branch from 1 April 2022.

Therefore, the joint venture branch reports the salary paid to Priya through STP.

When she logs into myGov to complete her 2021–22 tax return, Priya will see two income statements displayed, even though she has only worked for the same mining company during the year. This is because she was paid by more than one combination of ABN and branch.

- One income statement shows the salary paid to Priya when she was working for the main branch before 1 April 2022
- The other income statement shows the salary paid to Priya when she was working for the joint venture branch after 1 April 2022.

Multiple employee records

We use a combination of the employee identity information you supply (such as their TFN, name and date of birth) and the Payroll ID to match your STP report to the correct ATO taxpayer record so we can display the employee's information in their income statement.

Where an employee is recorded more than once under the same ABN, branch and BMS ID, then each payroll record of the employee must be reported using a unique payee payroll ID. This is so we can identify for which taxpayer you are reporting separate payroll records and display the correct information. Each payroll ID must have separate YTD amounts reported.

For example, where an employee works within an organisation under two separate roles or 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.

Some payroll solutions may use the same payroll ID for more than one person, such as where the second person is a death beneficiary of the person originally assigned that payroll ID. In this situation you must ensure that you report unique payee identity information so that we can match the STP report to the correct person's ATO taxpayer record.

Reporting for multiple ABNs

A related entity that submits STP reports on behalf of other ABNs within a group needs to have a business authority to lodge on their behalf.

How to create this authority

If the entity has:

- been linked in Relationship Authorisation Manager (RAM), they can create this authority through **Access Manager**
- not been linked in RAM, they will need to complete a **Cross entity authorisation nomination form**.

The entity can choose the type of permission they want to give you. This tells us what they want you to be able to do or see on their behalf. The STP permission is called 'Payroll event form'.

Out-of-cycle reporting

You may make payments to employees outside of their regular pay cycle. For example, when you pay commissions, bonuses, payments in advance or back payments to your employees.

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 your payroll solution offers this functionality. 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 YTD 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 YTD 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, 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 you know it. 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. Do not add the payments together and report the payments as YTD 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.

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 the same as 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.

Under STP Phase 1 reporting, 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 can see their allowances in ATO online services, accessed through myGov. We will pre-fill these amounts into the employee's income 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 factors that include the:

- time spent in the foreign country
- applicable tax treaties.

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

You can use one, or a combination of the following three models to report.

1. 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 YTD 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.

2. Actual

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

3. 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 adjust as required. These adjustments can be reported in either a pay event or an update event. The adjustments can be done throughout the year or at the end as part of the finalisation process.

See Accounting for foreign tax for more information.

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, 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, the employer must report throughout the year and adjust 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.

Reportable fringe benefit amounts and reportable employer superannuation contributions

You can report an employee's reportable fringe benefit amount (RFBA) or a reportable employer super 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 YTD RFBA and RESC through a pay event (if the information is available in payroll) throughout the financial year.
- You may provide YTD 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 YTD 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 can't (or choose not to) provide RFBA or RESC through STP, you must provide this information on a payment summary to the employee 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 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 our online services 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* 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 in the STP pay event within 14 days of receiving the form.
- 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 our records, 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 cessation date again, even if you rehire them under a different ABN or branch within the same group.

Find out about

- [Correcting a pay event report](#)

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Payments you must report

Find out about payments you must report.

Last updated 4 April 2022

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.**

We are 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** with 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.

Find out about:

- [Employee commencement services](#)

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Correcting information reported through STP

Find out about correcting information reported through STP.

Last updated 4 April 2022

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You have some 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'.

This only relates to situations where the information you have already reported through STP is incorrect. It does not include situations where you should have lodged an STP report but failed to do so on time.

It is important that you make timely corrections because we may share the information you report through STP with Services Australia to assist your employee if they are a Services Australia customer. If you do not make a fix within the required period, you may also be liable to a penalty.

Correcting employee information

If the employee YTD information you last reported to us doesn't reflect the information in your payroll system, you should give the updated information to us either:

- within 14 days of the need for a correction being identified
- in the next regular pay event within the same financial year where the affected employee has 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.

Corrections that impact your PAYGW liability

Sometimes when you identify that you need to make a fix to your STP reporting, you may also identify that the PAYG withholding you reported to us for a previous tax period was too high or too low.

When you correct employee information reported through STP in accordance with these guidelines, there are two ways you can report the correction to your PAYG withholding liability. You can:

- revise your Activity Statement for the earlier tax period to show the correct amount (or for large withholders, follow the existing process for notifying us of changes to your PAYG withholding liability in an earlier tax period)
- carry forward the correction to your reported PAYG withholding for the current tax period, subject to some limits.

If the PAYG withholding liability reported in the previous tax period was too low (meaning you've not reported and paid enough), you can only carry forward the correction if the total of all corrections for the current tax period doesn't exceed the materiality threshold.

A materiality threshold is the upper limit on the amount of corrections to your PAYG withholding liability that you can carry forward to the current tax period. It varies based on how much you withhold each year.

The materiality thresholds are outlined below.

	Total withheld per annum	Materiality threshold
Small withholders	N/A	\$2,500
Medium withholders	Less than \$100,000	\$3,500
	Between \$101,000 and \$500,000	\$5,000
	Between \$500,000 and \$1m	\$10,000
Large withholders	N/A	\$50,000 or 0.5% of the amount withheld in the previous financial year

If the PAYG withholding liability reported in the previous period was too high (meaning you've reported and paid too much), there is no limit on the amount you can carry forward to offset your liability in the current tax period.

When you chose to include a correction to your reported PAYG withholding liability in the current tax period, you must record your choice in writing. This is so that you have business records which demonstrate that you made the choice.

Overpayment identified within the same financial year

If 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 YTD values don't 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 YTD 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 gross instead of as an allowance, and no additional payment is made to the employee.

You must correct your STP reporting by correcting the classification and you can make this fix in the next pay event or by lodging an update event.

Reporting under an incorrect ABN or PAYG withholding branch

You must correct your STP reporting if you have reported employees under an incorrect ABN or PAYG withholding branch. To fix this, you should:

- adjust any incorrectly reported amounts from the incorrect ABN or PAYG branch by zeroing out your YTD amounts
- report your employee under the correct ABN or PAYG withholding branch from the point you discovered the error.

To zero out your YTD amounts you should send us:

- an update event for the incorrect ABN and branch combination that shows all YTD amounts for your employees as zero. This tells us that you are making changes and that we should stop displaying your employees' current income statement
- an STP report for your employees showing their YTD amounts against the correct combination of ABN and branch.

This will ensure we don't display duplicate income statements for your employee and that you haven't over-reported your PAYG withholding

liability.

If you paid the employee and have reported through STP from one combination of ABN and branch but subsequently assign that expense to another combination of ABN and branch, then you don't need to correct your STP reporting. This is because your STP reporting should show who actually paid the employee and your original report is correct.

If the adjustment moves PAYG withholding amounts between ABNs or branches you may need to revise your reported PAYG withholding liability (either on your activity statements or, if you are a large withholder, using your existing process).

Full file replacement

Some solutions may offer functionality which gives you the ability to completely replace the latest pay event file you sent to us in error, or which contained significant corrupt data. This is called a full file replacement.

Don'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 lodged 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 lodged.

Only one full file replacement can be lodged per 24-hour period.

Find out about:

- [Finalising your STP payroll data](#)
- STP reporting issues and errors

Finalising your STP data

Finalising your STP data is how you let us know your STP reporting is complete for an employee for a financial year.

Last updated 4 April 2022

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End-of-financial-year finalisation declaration

The way you finalise your STP data is by making a finalisation declaration. A finalisation declaration is a declaration in the approved form lodged by 14 July each year indicating you have fully reported for the financial year for each employee. You make a finalisation declaration by providing a finalisation indicator for an employee (and directors, contractors, etc.) as part of your STP reporting.

When 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 ATO online services, accessed through [myGov](#) .

You can make a finalisation declaration for an employee at 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. It is important to make a finalisation declaration so that your employees can be confident they are using accurate and complete information for their income tax return.

You can apply for an extended due date to make your finalisation declaration.

Interaction with payment summaries

You are not required to provide payment summaries (including part-year payment summaries) to your employees for the payments you report and finalise through STP. We make this information available to your employees in ATO online services accessed through myGov. This information is called an income statement. It is the equivalent of a payment summary.

Once you make a finalisation declaration, after the end of the financial year we will notify your employees that their income statement is 'tax ready' through myGov and they can use it to complete their tax returns.

Finalised STP information will be pre-filled after the end of the financial year into myTax for individuals who prepare and lodge their own tax returns. It will also be made available to tax agents.

You will still need to provide your employees with a payment summary and send a payment summary annual report to us for any payments not reported and finalised through STP.

Finalisation declaration during the financial year

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

In some circumstances you may pay an employee after you have already made a finalisation declaration for them in the same financial year.

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 rehire the employee), deselect or remove the finalisation indicator and wait until the end of the financial year to make another finalisation declaration.

Even if you finalise an employee record partway through the financial year, we will not pre-fill the information into your employee's tax return 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 commonly affects **employees who are leaving Australia** once their employment has terminated.

Amendments after finalisation

If you need to amend details after making a finalisation declaration, you should do this as soon as possible by lodging an update event. We will make updated information available to your employee through ATO online services. We also recommend that you notify your employee of any changes because they may need to correct their tax return if they used the previous information.

If you can't lodge an update event with the correct details straight away, you should lodge an update event with the existing details with the finalisation indicator removed. This will advise us that the current information is not final and shouldn't be used to pre-fill your employees' individual tax returns. If you cannot lodge an update event with the correct details by the finalisation due date, you need to apply for a finalisation declaration **deferral**.

You must correct errors within 14 days of detection or, if your pay cycle is longer than 14 days (for example, monthly), by the date you would be due to lodge your next regular pay event.

When you've lodged the update event with the correct details and the finalisation indicator, revise the PAYG withholding information (labels **W1** and **W2**) on your activity statement for that period. You can amend finalised information reported through STP up to five years after the end of financial year.

Overpayment in a previous financial year

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

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

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

Find out about

- [Remitting PAYG withholding](#)
- STP reporting issues and errors

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Changing your payroll solution or employees' Payroll IDs

Find out about how to change your payroll solution or employees' Payroll IDs.

Last updated 4 April 2022

We have finalised a range of services allowing digital service providers (DSPs) the option of building functionality into their software products to allow employers to offer online commencement forms for new employees.

This functionality may not exist in your STP-enabled software and in most cases, employees will need to manually provide you with their commencement information.

Ask your DSP if your software offers online commencement forms.

See [Single Touch Payroll for employees – New employees](#) for more information.

Find out about

- [What employees need to know](#)

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What employees need to know

Information to help employees find out what they need to know.

On this page

[Interaction of STP with payment summaries](#)

[myTax pre-fill](#)

[Online forms for employee commencements](#)

Once you start reporting through STP, your employees' YTD tax and super information will be available in ATO online services, accessed through myGov. If your employees use a tax agent, their tax agent will also have access to this information.

The YTD data employees see may not always align with the data in your payroll solution – for example, when your reported 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, employees can link their myGov account to a range of government services, including the ATO.

See [ATO and the myGov Inbox](#) for more information.

Interaction of STP with 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 is called an **income statement**.

Tax agents will also have access to this information through Online services for agents.

Employees who do not create a myGov account will need to **phone us** 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 your employees at the end of the financial year when the STP information they need to complete 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 commencements

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 digital service providers (DSPs) will not offer this feature.

These forms are not compulsory through STP. Ask your DSP if they offer these features in your software.

If these forms are available in your software, 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. You can also continue to provide these forms as you do now (for example, as paper forms).

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 has not changed with STP.

What will change is the requirement to report your employees' super liability or ordinary time earnings 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 us with visibility of an employer's super obligations and payments.

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Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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