

No place to hide: why Single Touch Payroll reporting means your tax and payroll records need to be squeaky clean

No doubt most businesses do the right thing when it comes to payroll reporting.

But for companies struggling with cash flow, some may be tempted to fudge their Australian Tax Office (ATO) payroll statements to buy more time. Usually they are waiting to be paid for work they have done. Or they have overcommitted and need to refinance.

I recently had a client who was doing just that - understating their payroll taxes in the hope that they could 'catch-up at some stage'.

Once the Single Touch Payroll (STP) regime is in place, the ATO will have an accurate and up-to-date picture of every company's payroll status. There will be no hiding behind understated payroll reporting for organisations who do not have their books in order.

What is Single Touch Payroll reporting?

STP reporting has been on the cards since December 2014 when the government announced its intention to introduce this 'digital by default' program. If your business employs 20 or more people, the ATO will expect you to have these new reporting processes in place by 1 July 2018. The ATO will consider some exemptions, but it is expected most businesses will need to comply.

Smaller businesses will need to start using the STP method from 1 July 2019.

According to the government, the program aims to "streamline your tax and superannuation reporting" and reduce costs for employers. It also aims to make it easier for government to identify employer non-compliance.

The new reporting system gives the ATO **instant access to payroll** information. It makes it easier for the ATO to give **debt collection information** to credit reporting agencies.

Businesses will need to report payments such as salaries and wages, pay as you go (PAYG) withholding and superannuation information to the ATO **each payday**. The new process **does not require any change to an employer's payroll cycle**.

It also means there is **no obligation for employers to provide an annual payment summary** to their employees (apart from reportable employer superannuation contributions and reportable fringe benefit amounts not reported via STP). Employees will have access to real-time data via the ATO myGov website.

What should you do to be ready for Single Touch Payroll Reporting?

▲ Check your headcount.

The ATO considers businesses with 20 or more employees to be 'substantial employers'. They must begin STP processes 1 July.

Your headcount includes:

- ▲ employees who are full-time and part-time
- ▲ casual employees who are on the payroll on 1 April 2018 and have worked any time during March 2018
- ▲ employees who are based overseas
- ▲ any employee who is absent or on leave (paid or unpaid)
- ▲ seasonal employees

There is no obligation to report your headcount to the ATO.

▲ **Check your software.**

Your existing payroll software should accommodate the new requirements as long as it is updated to offer STP reporting.

If you have not already checked with your payroll software provider, now is the time to make sure your system is compliant. If you are not sure, consider engaging a qualified third party (accountant, bookkeeper or payroll expert) to help.

▲ **Businesses with 19 or less employees should start preparing.**

The start date for smaller businesses is still subject to legislation being passed and introduced in parliament. We recommend small-business owners start thinking about adjusting their payroll systems now so they are ready for the new regime in 2019.

▲ **Review your cash flow and overall financial status with a qualified professional.**

If you are having trouble with cash flow and finding it difficult to meet your ATO obligations do not put off dealing with it now. Contact a qualified accountant or call a business recovery expert like BRI Ferrier before any debt recovery procedures commence.

How BRI Ferrier can help

BRI Ferrier can assess your current situation and advise on a path forward to minimise further risk.

Early intervention is often the key for a successful restructure of your business. BRI Ferrier will develop and implement a restructuring strategy that is in the best interest of all stakeholders.

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Need advice?

Our broad experience and industry resources equips us to assist in the most complex situations. [Contact us](#) to find out how we can support you.

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