



Single Touch Payroll – Phase 2

In the 2019-20 Budget, the government announced that Single Touch Payroll (STP) would be expanded to include additional information. The expansion of STP, is also known as STP Phase 2.

The mandatory start date for Phase 2 reporting was 1 January 2022, however most software providers secured an extension on behalf of their customers in order to comply with Phase 2 to 1 January 2023.

Assuming that you qualify under the software provider's extension, we recommend that you implement and start Phase 2 reporting for the beginning of July 2022 for a more seamless approach considering the new financial year (if you haven't yet implemented it).

What are the main changes in STP Phase 2?

1. Tax File Number Declarations
No longer need to be sent separately to the ATO as the data will be included in the STP reports
2. Employee Separation Certificates
No longer required, as the reason why an employee has left the business will now be provided by STP reports
3. Child Support
Businesses will have the option to include child support garnishees and deductions in their STP report reducing the need to provide separate advice to the Child Support Registrar
4. More reporting information will be sent to the ATO via STP such as; closely held payees, more detailed wage categories, employment & taxation conditions, other income types, & country codes.
5. Assisting Services Australia's customers in order to provide up to date current information

How to implement & comply with STP Phase 2?

Most software providers have detailed instructions on how to setup your STP Phase 2 in your software program. Please look on the relevant help articles for further instructions.

If you have not yet already activated STP Phase 2 in your software, we recommend completing the following process at end of financial year:-

1. Submit your last pay cycle for the year ended 30th June 2022 & declare as usual via STP
2. Reconcile your end of year payroll data. Your software provider should have detailed instructions in this regard (Eg. Check STP finalisation reports balances to Wages reports; Check General Ledger reports to confirm balances with wages reports; Check PAYG Withholding & Super liability accounts are correct; Check BAS labels W1 & W2 all balance to wages reports for the year)
3. Prepare the STP finalisation process for 2021/2022
4. Configure & implement STP Phase 2 (as per software provider's instruction articles) & submit to the ATO
5. Continue on with the following pay cycles for the new financial year 2022/2023 as per normal

If we handle your end of financial year wages finalisation, then please let us know when you have completed your final pay cycle for the year to get the process started. If you would also like us to handle your STP Phase 2 transition please let us know. If we can assist you with any other information on this matter or can assist you in any other way, please do not hesitate to contact us by phoning (03 9489 5888) or via e-mail to (kp@kaiasphillips.com.au).