***Newsletter***

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**Are you an Employer?**

**Are you ready for Changes to STP (Single Touch Payroll) reporting from 1 July 2021?**

All employers should be reporting through Single Touch Payroll (STP) unless

* they only have closely held payees, or
* they are covered by a deferral or exemption.

There are changes to STP reporting for small employers with closely held payees and quarterly reporting for micro employers from 1 July 2021.

**Micro employers reporting quarterly**

*You are considered a micro employer if you have one to four employees.* If you have a mixture of employees and closely held payees (who are excluded from your headcount), you are still considered a micro employer if you have one to four employees.

From 1 July 2021, the eligibility criteria for the STP quarterly reporting concessions for micro employers will change and will only be available to micro employers who:

* report through a registered tax professional
* meet certain eligibility requirements which now include the need for exceptional circumstances to exist.

**Closely held payees**

*A closely held payee means the payee is directly related to the entity from which they receive payments. For example:*

* *family members of a family-owned business*
* *directors or shareholders of a company*
* *trustees or beneficiaries of a trust.*

*Employers may not always pay closely held payees a regular salary or wage. Instead, they may draw on income from the business throughout the year. As STP information is reported each time payroll is run, it may not be practical for employers to report payments made to closely held payees as regularly.*

From 1 July 2021, closely held payees will need to be reported through STP. You have the option to report this information on a quarterly basis.

* Your quarterly STP report **needs to be lodged** through an STP-enabled solution. You can either lodge the report yourself or have a registered agent do this on your behalf.
* Your report **cannot be lodged** through the Business Portal or Online services for agents. It is not an additional label on the activity statement.

If you have any other employees (also known as arm's length employees) they must be reported on or before each payday.

**Payroll information reported through STP includes:**

* + salaries and wages
  + pay as you go (PAYG) withholding
  + **superannuation**

**Plan ahead**

Youwill need to determine how you will report through STP:

* If you use payroll software, your digital service provider 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. [No and low-cost Single Touch Payroll products](https://softwaredevelopers.ato.gov.au/no-cost-and-low-cost-solutions-single-touch-payroll) (suitable for micro/small employers)
* You can ask a registered tax or BAS agent to report through STP for you. If you use a payroll service provider they must be a registered agent to report to the ATO on your behalf.

**Please do not hesitate to contact us should you require any assistance with STP matter.**

You can find important STP information from the ATO website following the below link.

[Single Touch Payroll employer reporting guidelines](https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-employer-reporting-guidelines/)