

Video transcript

Kate Carnell – ASBFEO and John Shepherd – ATO Assistant Commissioner and the Program Lead for Single Touch Payroll
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Kate: Hi, my name's Kate Carnell and I'm the Australian Small Business and Family Enterprise Ombudsman.

John: And I'm John Shepherd the Single Touch Payroll lead at the ATO.

Kate: John it's great to be here today with you because we have this new piece of legislation that's passed Parliament and that's the Single Touch Payroll legislation. That's been in place for larger businesses for over 12 months now. But legislation passed Parliament to make this apply to small businesses with under 20 employees.

So from the 1st July this year, STP will start coming in for quite small businesses. So can you tell us what that means for small businesses?

John: Absolutely Kate, so it's really a different way that they'll report their PAYG withholding and salary amounts for their employees, plus tax and super amounts for their employees. They'll have to do that through STP-enabled software each pay day. Importantly, not just once a year but every year they'll do that when they pay their staff.

Kate: For businesses that don't have accounting software, may not be digitalised at all, or may have pretty ordinary internet connection, how do they manage?

John: We have some special arrangements in place to help people make that transition who will be the greatest challenged. We know, particularly that micro employers with 1-4 employees, lots of them don't use a payroll probe. Lots use Excel, paper, all sorts of things.

Kate: John, when I ran my business I had a grey cash book that I used, that I got from the newsagent!

John: Definitely, and there's still some of those out there, still some people have products that they got in GST times which are desktop products that aren't connected to anything.

For those that do have a product, and let's say use a cloud accounting product or payroll product, the transition should be pretty easy. All of those products have now been updated to be STP-enabled so it's really a matter of chatting with your provider to know when you can start.

Kate: And that's just seamless isn't it? It just happens?

John: Yes, it just happens. There's a one-off notification at the start and from there, when you do your pay run, you press an extra button and away the data goes. We've put in place a register of some low-cost digital options and they're not just payroll products there's some online forms, apps as well, for those with only a couple employees who want to do this easily. That register is on our website at ato.gov.au/STPsolutions. We've put in place for the first two years an option to report (this is for the microbusinesses 1-4) through their agent. So, when they go to do their BAS their agent will be able to report for them to the ATO if they choose to do so.

Kate: So they'll only have to report once every 3 months? At the same time they do BAS so it's important that they speak to their BAS or tax agent to ensure they're providing that service.

John: It's important that they notify us that they're going to take up that option. So I'd suggest they speak to their agent. One of the things we have done is said you have until 30 September 2019 to

start your reporting. There's that buffer period at the start. That will give them a chance to look at the solutions if they don't have one but importantly they can come and ask us for extra time. If they want to do that, they have until 30 September 2019, the key date to come in and say 'I need some extra time' or 'I'd like an exemption because I don't have internet' might be some examples.

Kate: John, what about businesses that employ themselves and their family? What happens with those people?

John: You can report quarterly, you still need to do that through an STP solution. Whether that's through your agent or yourself. That will allow you to make an estimate of your income and tax amounts and pay them through your BAS withholding amounts as you do through your BAS. At the end of the year, you can still do a true-up when you see your agent so that doesn't change the current concession. You can have a look on our website, we have some fact sheets, including that one about family members and how you deal with that, but there's some good 'get ready' checklists and things too. If you want a fairly simple guide to follow, access those.

Kate: Let's hope all small businesses get up to speed on STP because it is the law and by the 30th September this year you have to be using STP at least in some level or have applied for an exemption. So make sure you get up to speed and remember this is about having a more level playing field for small business – something we all want.