

PREPARING FOR SINGLE TOUCH PAYROLL – PHASE 2



What is STP Phase 2?

The Australian Taxation Office (ATO) is updating the current Single Touch Payroll (STP) legislation to expand the data collected from customers each pay run. These updates are collectively known as Single Touch Payroll Phase 2 (STP Phase 2).

STP Phase 2 will make it easier for employers to report specific payment details made to employees across all income streams. This infosheet summarises some data elements added in STP Phase 2. Refer to the ATO's Phase 2 [Business Implementation Guide](#), [webinar](#) and [Fact Sheet](#) for more information on the data elements added in STP Phase 2, their definition, and their use.

Gross Income

STP Phase 2 will report a breakdown of gross income, which includes (but is not limited to):

- Salary Sacrifice (including Salary Sacrifice Super & other Salary Sacrifice).
- Bonus & Commissions.
- Overtime.
- Director Fees.
- Paid Leave (not limited to: Cash-out of leave, Paid Parental, Workers Compensation).
- Gross residual (excluding above).

Allowances

STP Phase 2 will report a breakdown of allowances paid, which includes (but is not limited to):

- Car expense, laundry allowances, meal allowance, travel, accommodation.

New data elements

New fields will be introduced to STP reporting for better accuracy of employment data, including (but not limited to):

- Employment basis.
- Reason for cessation.
- Tax scale.
- Offset amount.

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Whole of Government Reporting

In a substantial change to current payroll business processing, the Child Support Agency can automatically receive deductions or wage garnishees data for each pay period from the ATO via STP Reporting – separate reporting will not be required. Additionally, Tax File Number declarations will no longer be sent as a separate report or document; and there will be a significant reduction in the need to provide Separation Certificates to employees when they cease employment

What do I need to do for STP Phase 2?

STP Phase 2 includes a number of changes that will require additional system configuration, employee data changes, and testing prior to deployment in a Production environment.

- Income Stream Collection disaggregated by Income Type and Country Codes
- Disaggregation of gross into separately itemised components, which may require some mapping based on customised configurations.
- Tax File Number Declaration Forms data included in every pay for the ATO.
- Employment Separation Certificates data included in every pay with the cessation type for Services Australia.
- New Tax Treatment Codes to advise the PAYGW tax scales applied to each payee.
- Child Support Garnishees and Child Support Deductions to replace separate remittances for the Child Support Registrar.
- Separate Lump Sum E Letters eliminated and will be reported via the pay event.



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