

Dear Client,

SINGLE TOUCH PAYROLL EXPANSION – STP PHASE 2

We remind employers that the reporting requirements of Single Touch Payroll (STP) have expanded to include additional reporting of employee and earnings data.

The reporting changes require the immediate attention of employers to ensure payroll files are 'STP Phase 2' compliant. However, we advise clients using Kelly & Associates' bookkeeping service (to prepare their payroll processes), that STP Phase 2 updates have been completed and no further action is required from these employers.

The STP expansion streamlines the reporting obligations of payers and payees and removes the need for manual reporting to some government agencies. Employers will be required to report additional payroll information in their STP reports, including:

- **disaggregation of gross amounts** including separate reporting of paid leave, allowances, overtime, directors' fees and salary sacrifice amounts;
- **employment and taxation conditions** including information from the TFN declaration;
- **income types** assigned to each employee, classifying those that may require different tax treatment, for example, closely held employees, working holiday makers, foreign employment income, seasonal or labour hire employees;
- **termination reason**; and
- **child support deductions** (currently voluntary under STP Phase 2).

To implement the STP Phase 2 reporting requirements, employers must review and update various settings within the QBO payroll file. The following link provides detailed information regarding the changes and step-by-step processes to ensure STP Phase 2 readiness:

<https://quickbooks.intuit.com/learn-support/en-au/payroll-compliance/single-touch-payroll-stp-phase-2-hub/00/1027524>

Significantly, employers are required to start reporting the additional STP Phase 2 information in their pay runs, from 28th February, 2022. If you are unable to review your file prior to your next pay process, we can arrange an extension of time with the Australian Taxation Office. Please contact us as soon as possible if an extension of time is required.

Our bookkeeping team are available to assist with all your STP Phase 2 implementation queries. If you require additional support or assistance please contact us on (03) 5224 1022 to book a phone appointment with Kerri Cuttler or Sarah Gofton.

Yours sincerely

KELLY & ASSOCIATES



PRINCIPAL

T: (03) 5224 1022 F: (03) 5223 1909 www.kellyassoc.com.au

PRINCIPAL

Ambrose Kelly
ambrose@kellyassoc.com.au

GEE LONG

183 Little Malop Street
PO Box 4157, Geelong VIC 3220

BARWON HEADS

50 Hitchcock Avenue
Barwon Heads VIC 3227



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