SINGLE TOUCH PAYROLL PHASE 2

A GUIDE BY ACACIA CONSULTING SERVICES

AGENDA:
12:00pm Introductions
12:05pm General Concepts
12:25pm MYOB EXO
12:30pm MYOB Advanced
12:35pm Recap
12:40pm Q & A

DIANNE SEMMENS

Managing Director
MYOB Exo & Advanced

TONYA SEY

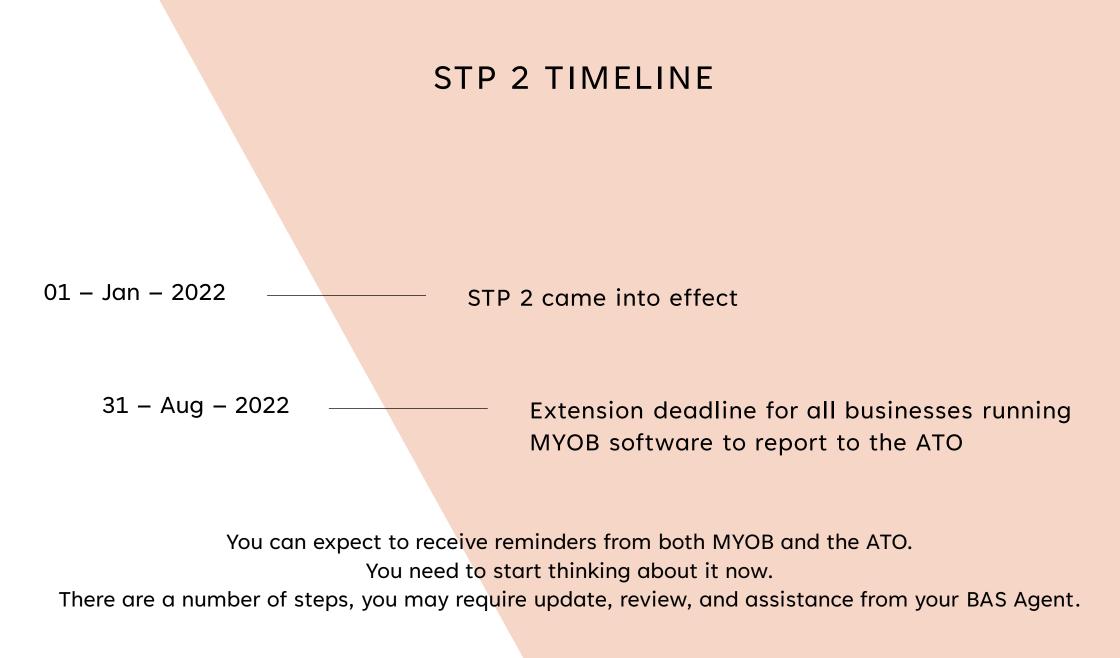Senior Consultant
MYOB Exo & Advanced

LOUISE MULQUEEN

Senior Consultant
MYOB Advanced

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WHAT IS SINGLE TOUCH PAYROLL PHASE 2 (STP2)?

- The intent of STP2 is to simplify reporting obligations for employers.

- STP2 provides more information to the ATO.

- ATO provides this information to other Government Agencies

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STP 2 TIMELINE

01 – Jan – 2022 ——————— STP 2 came into effect

31 – Aug – 2022 ——————— Extension deadline for all businesses running MYOB software to report to the ATO

You can expect to receive reminders from both MYOB and the ATO.
You need to start thinking about it now.
There are a number of steps, you may require update, review, and assistance from your BAS Agent.

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STP2 REPORTING

Reporting method doesn't change

All current STP information remains

What changes:

- Details of the Employees

- Pay Item Categories (Disaggregation)

- Salary Sacrifice

- Termination Information

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EMPLOYEE INFORMATION

Additional information will need to be populated about each employee

- Commencement date (if you don't already have this)

- Employment Basis (Full Time, Part Time, Casual, Labour Hire)

- Tax Treatment – new 6-character code that tells the ATO how the tax withheld from an employee was calculated.

- Income Stream Type (Salaries and Wages, Closely Held Payee, Inbound Assignees, Seasonal Worker)

- Employee Country Code – applicable to Seasonal Workers and Inbound Assignees to Australia

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DISAGGREGATION GROSS WAGE INCOME

Gross Wages for employees will exclude the following, and these will be reported separately :

Paid Leave Various categories	**Allowances** Must be reported separately in STP2	**Overtime** Extra detail of type of overtime	**Bonuses and Commissions** must distinguish OTE from non-OTE payment

Director's Fees	**Lump Sum W** (Return to work payment)	**Salary Sacrifice**

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TERMINATION INFORMATION

A Cessation Code is required on all terminations

- Voluntary
- Ill-health
- Deceased
- Redundancy
- Dismissal
- Contract Cessation
- Transfer

Disclaimer: The information in this webinar is generic in nature and may not refer to an individual's specific requirements.
If you have specific queries, please contact the Australian Taxation Office or Fair Work Australia

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TWO REALLY GOOD ATO PAGES

Good overview page:

https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-Phase-2-employer-reporting-guidelines/?anchor=Reportingtheamountsyouhavepaid#Reportingtheamountsyouhavepaid

Detailed information on Allowances:

https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-Phase-2-employer-reporting-guidelines/?page=12#STP_Phase_2_reporting___Quick_reference_guide

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GETTING IT ALL DONE

- Understanding the changes in STP

- Review the setup of your payroll to work out the changes to be made

- Make 'disaggregation' changes to the payroll prior to software upgrade

- Software upgrade / Turn on STP2 Reporting

- Transition all payroll employees and pay items to new ATO requirements

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PRESENTATION – TONYA SEY

MYOB EXO Payroll

BEFORE CONFIGURING FOR STP 2

FINALISE ANY OPEN PAYS AND SEND THE PAY INFORMATION TO THE ATO VIA STP

AN EXO PAYROLL SOFTWARE UPGRADE IS REQUIRED.

To version 2021.09

Some sites face security issues with upgrading.

The current STP2 version does not include tax rates for the coming financial year.

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CHECK YOUR EXO PAYROLL VERSION THROUGH HELP ABOUT

MYOB EXO PAYROLL

MYOB Exo Documentation –
STP Phase 2 Guideline & Release Notes

Upon Upgrading:

- Confirm Tax Treatment Code, Income Stream and Country Code for employees

STP Phase 2 (Pay Event 2020)

Exo Employer Services 2021.08 introduced STP Phase 2 support. This table shows STP details for active employees, including Tax Treatment Code and Income Stream Type fields for STP Phase 2.

For more details about STP Phase 2, please click here.

Sort Order

Sort By: Employee Name

☐ Descending

Code	Employee Name ▵	Alpha Code	Occupation	Current	Tax Scale	STP Tax Treatment Code	STP Income Stream Type	STP Country Code
258369	Emp, One	EMP0001		Current	Standard Employee	RTXXXX	SAW	
258370	Emp, Two	EMP0002		Current	Working Holiday Maker	HFXXXX	WHM	be

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MYOB EXO PAYROLL

Upon Upgrading:

- Update cessation code

MYOB EXO PAYROLL

Edits to Employee Information

- Start Date

- Employment Basis

- Tax Classification

MYOB EXO PAYROLL

Edits to Employee Information

- Income Stream Type
- Country Code

MYOB EXO PAYROLL

Pay Item Configuration

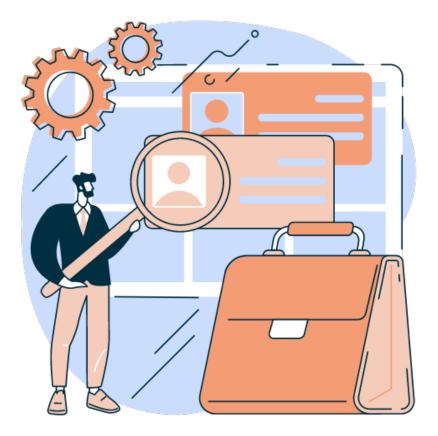- Setup for Overtime

MYOB EXO PAYROLL

Allowances

Options change depending on settings selected

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Deductions – Salary Sacrifice

Non-Cash Benefits – Salary Sacrifice

MYOB EXO PAYROLL

Superannuation – Salary Sacrifice flag on setup

Removal of Superannuation flag on SG super pay items

PRESENTATION – LOUISE MULQUEEN

MYOB Advanced Payroll

MYOB ADVANCED SOFTWARE UPGRADE IS REQUIRED.

To version 2021.1XX.403+

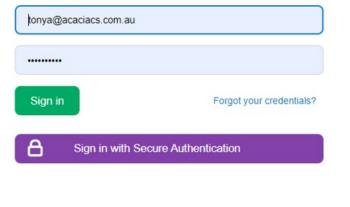The good news – MYOB manages the upgrades automatically!

This may mean that some sites have already been upgraded to the required versions whilst others may have their upgrade coming.

MYOB ADVANCED PAYROLL

PREPARATION FOR STP 2

Can be done before and after upgrade

- Reviewing
- Employees,
- Pay Items
- and Terminations

Once Upgraded

- the **STP 2 Feature** has to be **Enabled** by your administrator
- Only then can you transition / switch to STP2 reporting

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MYOB ADVANCED PAYROLL

MYOB Document –
Transitioning to STP Phase 2

Once Upgraded:

- The STP2 feature will be turned on. By your software administrator.

- New Workflow to guide through Transition

Perform the Transition:

- Must occur between Pay Runs.

- No Open Pays

- STP fully submitted / up to date

- Allow enough time to do it

- Do Before Or after EOY

Payroll Preferences

GENERAL SETTINGS   NUMBERING SEQUENCE   SUPERANNUATION SETTINGS   PAY SUPERANNUATION   STP PHASE 2

1. Enable STP Phase 2
☑ Get started
The ATO (Australian Taxation Office) expects you to only report through STP2 once enabled.

After this action is enabled all STP requirements will need to be met before running the next STP report.

2. Meet new STP requirements
To help track your progress tick each update step once you've completed your review.

☐ Update Employee Taxation Details

This will open a screen where you can update employee details in bulk. All Individual Non-business employee's get converted to Salary & Wages via the Change payment summary types to Income types action. The ATO provides more income types, make any changes with the option dropdowns. You can then fill in additional fields, which help determine the employees' new Tax Treatment Codes. After the changes are made, use the Apply Income type changes historically action. Learn more

☐ Update Pay Item ATO Categories

This will help you update ATO categories faster, click Change Phase 1 ATO categories to Phase 2 ATO Categories. This process will keep all supported categories, add new categories where a match is found automatically; and prompt you where pay items require user review. You should review the ATO guidelines to make sure your pay items are categorised correctly. After the changes are made, use the Apply Phase 2 Categories historically action. Learn more

To satisfy ATO requirements, you may be required to create new pay items to disaggregate gross income. Check if your pay item setup meets the ATO guidelines.

☐ Update Lump Sum E Financial Year(s)

Add a Financial year to payments categorised as Lump Sum E. Learn more

☐ Update Cessation Reasons

If any employees have been terminated previously but will have STP reports submitted after the termination you will need to add a cessation reason. Learn more

☐ Update Pay Item Type ATO Categories

☐ Update Company(s) if registered for Working Holiday Maker (WHM) program

3. Run validation
Check data

When you are satisfied that all tasks are done, run the Check Data process to see if all Companies, Employees and Pay Items meet basic ATO requirements. Follow the link on each line of errors and warnings, make your changes, then validate again to confirm they are resolved.

STP Phase 2 status
STP Phase 2 enabled date: 2/12/2021 9:54:32 AM

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MYOB Advanced Document – Transitioning to STP Phase 2

STP Phase 2 Workflow:

- 1 Enable STP Phase 2
- Update Employee Taxation Details   * Update Pay Items ATO Categories

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STP Phase 2 Workflow:

* Update Lump Sum E Financial Years   * Update Cessation Reasons

* Update Pay Item Type ATO Categories   * Update Company for WHM

* Check Data / Run Validation

☐ Update Lump Sum E Financial Year(s)

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Update Employee Taxation Details:

- Changing from Payment Summary Types to Income Stream Types

- You can change in bulk by selecting multiple rows.

Updating Pay Item ATO Categories

- Updating the Phase 1 ATO categories to the Phase 2 ATO categories.

- Note highlighted RED ones that identified categories no longer available

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Updating historical back pays and terminations:

- Lump Sum E payment require a year

- Terminations require a Cessation Reason.

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Updating Pay Item Type ATO Categories

- Updating the Default ATO Reporting Category.

- Note highlighted RED ones that identified categories no longer available

MYOB ADVANCED PAYROLL

Check Company Data:

- Your Payroll is checked for missing mandatory data

- If no errors are found, you passed the mandatory data ATO requirements check.

You are now ready to report with STP2 !!

MYOB ADVANCED PAYROLL

MYOB Document: Changes in MYOB Advanced for STP Phase 2

Employee Pay Detail Screen changes:

- Income Type
- Country

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MYOB Document: Changes in MYOB Advanced for STP Phase 2

Employee Details Taxation Tab: Tax Treatment Code

During Termination: Cessation reason

MYOB ADVANCED PAYROLL

MYOB Document: Changes in MYOB Advanced for STP Phase 2

Other Changes

STP Submissions:	**STP Data checking on Pay Run:**
now have Simplified batch statuses: • Submitted • Accepted • Failed	• Data checking is automatically done when you process a pay run. • Only data relevant to the pay run is checked. • The person processing the pay run won't see data being checked, but if something is incorrect, they'll be notified in MYOB Advanced.

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END OF YEAR CONSIDERATIONS

Superannuation changes to 10.5%

$450 threshold per month is removed

Tax Rates change – MYOB EXO Upgrade

EXPECT an invitation to our EOY Webinar

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CHECKLIST

- Consider your individual employees their income stream type, country code (if applicable), employment basis and start date.

- Consider what components make up each employee's wage and ensure you have a different pay item in your payroll software for each component.

- Consider the elements and categories of each existing pay item and the additional information the ATO requires.

- REMEMBER: Before upgrading Exo payroll or enabling STP2 in Advanced payroll ensure you complete any open pays and send that information to the ATO via STP1

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QUESTIONS?

THANK YOU

If you have any queries, please reach

out to us at

helpdesk@acaciacs.com.au