

Finalising 2022 Single Touch Payroll

It's nearly time to make a finalisation declaration for Single Touch Payroll. There is no need to issue payment summaries to employees you have reported through STP.

Employers must complete the finalisation declaration by 14 July for employees. Employers with a mixture of employees and closely held payees have until 30 September 2022 to make the declaration.

Small employers (fewer than 19 employees) that only pay closely held payees have until the payee's income tax return due date. Employers will need to liaise with the individual payee about the exact tax return due date.

You may have some payees who have not been reported through STP, so you still need to issue a payment summary for anyone not reported through STP. You will also need to submit a payment summary annual report (PSAR) for any payments outside the STP system.

Once the STP finalisation has been sent to the ATO, the employee's information will be released in their myGov account and listed as 'tax ready'.

STP Payroll Checklist

Be efficient and prepare as much as you can now so that you are able to finalise your data by 14 July.

- Check that your business details, including ABN, registered name and address and authorised contact person are correct in your software.
- You should already have necessary details for all employees, both current and any who have terminated

throughout the year if you are using STP. The essential information is full name, date of birth, address and tax file number.

- Review any terminated employees. Is the correct termination date recorded in your software? Are Employment Termination Payments (ETPs) coded correctly?
- Review salary sacrifice payments to superannuation for Reportable Employer Superannuation Contributions (RESC) amounts.
- Check with us for any Reportable Fringe Benefit Tax (RFBT) amounts that should be included.
- Check that all payroll categories are assigned to the correct ATO reporting category. This includes all ordinary earnings, loadings and penalties, allowances, commissions, bonuses, leave payments and termination payments.
- You may have other unusual payments such as those made under a voluntary agreement for contractors or labour-hire arrangements—check that you have reported them correctly.

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It's important to verify payroll figures before finalising, in order to minimise the chance of errors and having to re-issue at a later date. The finalisation process is the same whether you are using STP Phase 1 reporting or Phase 2.

Once the payroll year is completed at 30 June, you can then analyse the payroll amounts for each employee and cross-check against the numbers in your profit and loss accounts.

Talk to us today if you would like us to make the STP end of year process easier by reviewing and validating your payroll figures prior to finalising the data and lodging with the ATO. The end of the payroll year will be here sooner than you think!