



## What you need to report through Single Touch Payroll

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- <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/What-you-need-to-report-through-Single-Touch-Payroll/>
- Last modified: 09 Mar 2018
- QC 54550

## What you need to report through Single Touch Payroll

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Once you start reporting to us through your Single Touch Payroll-enabled software you will be sending us your tax and super information on or before each pay day.

We call this a '[pay event](#)'.

You will be able to make corrections to the information you have sent to us through an '[update event](#)', or in the next pay event.

Under Single Touch Payroll, there are a number of withholding payments that are either:

- [mandatory](#)
- [voluntary](#)
- [cannot be reported](#)

This section provides the details on these payments, the impact on BAS, PAYG withholding payment summaries and annual reports.

### Mandatory reporting

These withholding payments are required to be reported under Single Touch Payroll. They are generally paid through a payroll process by employers to employees.

If you report and finalise these payments (and amounts withheld from them) throughout the year you will not need to provide the corresponding payment summaries to your employees or a [PAYG withholding payment summary annual](#)

[report](#) (PSAR) to the ATO if you complete a [finalisation declaration](#).

This is a declaration in the approved form given to the Commissioner of Taxation by 14 July stating you have fully reported for the financial year and for each of your employees using Single Touch Payroll. You are then not obliged to give payment summaries to your employees (although you may still choose to) or a payment summary annual report to the Commissioner.

If you do not report and finalise these amounts through Single Touch Payroll you will continue to be required to give a payment summary to your employees and a payment summary annual report to the Commissioner.

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#### Mandatory reporting labels

Description	BAS labels (Gross payment, amount withheld)	Payment summary type
A payment to an employee, such as salary or wages	W1, W2	INB (except INB-P) or FEI
A payment of remuneration to the director of a company	W1, W2	
A payment to an office holder (for example, a member of the Defence Force)	W1, W2	
A payment to a religious practitioner	W1, W2	
A return to work payment to an individual	W1, W2	
A payment for termination of employment	W1, W2	ETP (life benefit)
An unused leave payment	W1, W2	INB (except INB-P) or FEI
A payment of parental leave pay	W1, W2	INB (except INB-P)
A payment of dad and partner pay	W1, W2	
A payment to an employee under the Seasonal Labour Mobility Program	W1, W2	INB (except INB-P)

\* INB: [PAYG payment summary - individual non-business](#) (NAT 0046), INB-P: Individual non-business (pension), FEI: [PAYG payment summary – foreign employment](#) (NAT 73297), ETP: [PAYG payment summary - employment termination payment](#) (NAT 70868).

You must submit a pay event even if the amount you were required to withhold from any of these payments was nil.

## Voluntary reporting

You may choose to include certain withholding payments in your Single Touch Payroll reports. These are not mandatory.

You can also choose to include reportable employer superannuation contributions (RESC) and reportable fringe benefit amount (RFBA) for your employees. If you choose to include these amounts in a report by 14 July in the next financial year you are not obliged to give payment summaries and a payment summary annual report to the Commissioner.

If you choose not to report these amounts through Single Touch Payroll, you will be required to give payment summaries to your employees and a payment summary annual report to the Commissioner covering these amounts.

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### Voluntary reporting labels

Description	Current BAS labels (gross payment, amount withheld)	Payment summary type
A payment that is covered by a voluntary agreement	W1, W2	Business and personal services income - 003
A payment under a labour hire arrangement or a payment specified by regulations	W1, W2	Business and personal services income - 001 and 002
A payment for termination of employment	W1, W2	ETP (death benefit)

[PAYG payment summary - business and personal services income](#) (NAT 72545).

## Cannot be reported

Some payments cannot be reported through Single Touch Payroll. These include:

- payments that are generally not paid through a payroll process
- payments made by payers to recipients that are generally not their employees, such as
  - Department of Human Services
  - investment bodies and managed investment funds
  - purchasers of certain taxable Australian property.

Payers must continue to provide payment summaries and a payment summary annual report to the Commissioner for these withholding payments.

In addition, a payer cannot include any payment made through payroll software that is not a withholding payment – for example, partnership distributions and payments to suppliers.

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Payments that cannot be reported

Description	Current BAS labels (gross payment, amount withheld)	Payment summary / annual report
A superannuation income stream or an annuity	W1, W2	PEN or INB-P
A superannuation lump sum	W1, W2	SLS
A social security or similar payment	W1, W2	INB
A compensation, sickness or accident payment	W1, W2	
Payment of income of closely held trust where tax file number (TFN) not quoted	Annual activity statement	Closely-held trust / Annual TFN withholding report
Recipient does not quote ABN	W4	ABN / No ABN, AIIR
Dividend, interest and royalty payments	W3	N/A / Non-residents, AIIR
Departing Australia superannuation payment	W3	DASP
Excess untaxed roll-over amount	W3	N/A
A payments to a foreign resident	W3	Free format / Foreign residents
Payments in respect of mining on Aboriginal land, and natural resources	Electronic payment	Free format

Distributions of withholding MIT income	W3	Free format / AIIR
Distributions by AMITs (including deemed payments)	W3	Free format (for example AMMA statement), AIIR
Alienated personal services payments	W1, W2	Business and personal services income
Non-cash benefits, and accruing gains, for which amounts must be paid to the Commissioner, except subdivisions 14-C and 14-D	W3 / Electronic payment	Most applicable
Shares and rights under employee share schemes (ESS)	W1, W2, where TFN quoted W3 only, where TFN not quoted	ESS
Capital proceeds involving foreign residents and taxable Australian property	Electronic payment	N/A

\*PEN: Superannuation income stream, SLS: Superannuation lump sum, AIIR: Annual investment income report, DASP: Departing Australia superannuation payment, AMMA statement: Annual attribution MIT member statement, ESS: Employee share scheme.

## Guidance for pay event reporting

- <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/What-you-need-to-report-through-Single-Touch-Payroll/?page=2>
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This section includes how to report and fix payroll information, and rules on how to finalise employer's payroll information at the end of financial year (EOFY).

### Regular pay cycle

A regular pay cycle is when an employer carries out payroll at fixed regular intervals to remunerate employees. This is usually weekly, fortnightly or monthly. You can

have different regular pay cycles for different employees.

When you start reporting through your Single Touch Payroll-enabled solution, your pay event will need to include minimum reporting requirements in order for us to receive the file. The fields included in your updated software will capture the data we require, which is outlined as follows.

- You are required to report a pay event to the ATO on or before the pay day.
  - The pay day is either the payment date stipulated in the electronic transaction to your financial institution or, if you did not stipulate a date for payment, the date you intend to make the payment into your employee's bank account.
  - If you include [out-of-cycle](#) payments in your regular pay event, report the date of your regular pay day.
- The report must include, at a minimum, each employee with an amount subject to withholding in that regular pay cycle. The report may include information for other employees.
- You must report the year-to-date values of gross salary or wages, allowances or other payments (as relevant), deductions and PAYG withholding for each employee included in that pay event.
  - These year-to-date amounts may be less than a previous report (for example, recovery of a current year overpayment).
  - These amounts cannot be negative.
- You must report period gross salary or wages (BAS label W1) and PAYG withholding (BAS label W2) for all employee payments included in that pay event.
  - These are your 'employer-level amounts'.
  - These amounts may be negative because of fixes you've made.
  - These amounts would generally correspond to the amounts you posted to your general ledger for the pay run.
- You must report year-to-date employer superannuation liability or ordinary time earnings (OTE) amounts for each employee in that pay event.
  - If you pay above the minimum super guarantee (SG) liability, report this higher amount if you can't separately identify these in your payroll solution.
  - If your year-to-date employer superannuation liability is zero, report zero.
  - If your employee is a member of a defined benefit fund and you make superannuation contributions for the employee, report this amount. Otherwise, report zero as the super liability amount. This would usually correspond to the year-to-date amount shown on the employee's payslip.
  - Where you cannot report superannuation liability you must report the year-to-date OTE amount.
  - You can report both OTE and SG amounts if your payroll solution allows.
  - We will compare the superannuation liability amounts you report with information we receive from superannuation funds. If we identify your contributions vary significantly from the liability reported, we will contact you.
- All payees must have either a tax file number (TFN) or Australian business number (ABN) reported.

- Where you report a payment and withholding to a contractor under a voluntary agreement, you must provide the contractor's ABN. The contractor's TFN is not required. The reporting of these payments through Single Touch Payroll is voluntary.
- Where a TFN has not been provided you must use the TFN exemption codes.
- A payee may be a contractor and employee with the same payroll ID within the same financial year. If so, the TFN and ABN must be reported if payments are made under both a voluntary agreement and any other gross payment.
- A pay event must contain at least one employee record.
- A pay event can only include one record per employee, per payroll ID.
  - If you establish two payroll records for an individual you can report these payments within the same pay event by using unique payroll identifiers. You must report separate year-to-date amounts for each unique payroll identifier for an employee.
- Where an employee is paid more than once on a particular day, you may provide a single report for that employee including the latest year-to-date figures (for example, updated year-to-date figures including all payments made for the day).
  - The employer level W1 and W2 amounts must include all payments included in the report.
- You may lodge multiple pay event files for the same day. The time stamp is always used to identify the latest record for each employee to ensure the employee's myGov display recognises the latest record.

### **Pay as you go (PAYG) branches or multiple payroll solutions**

An employer can report separately based on how their employee records are managed. If an employee is paid out of two systems there will be two corresponding end of financial year summaries for each instance reported.

#### **PAYG withholding branches**

Some business entities register PAYG withholding branches to suit the structural, management and accounting arrangements of the organisation. When an entity registers a branch, it must report and pay PAYG withholding separately for each branch.

If you have registered multiple PAYG branches, you must conduct your Single Touch Payroll reporting separately for each branch.

#### **Multiple payroll solutions**

When you run multiple payroll solutions, you can report separately from each payroll solution. This will be identified by the payroll solution via a unique BMS ID, which forms part of the pay event file.

If you report PAYG withholding through an activity statement we will pre-fill labels W1 and W2 with the sum of amounts across all of your BMS IDs from 1 July 2019.

## Out-of-cycle reporting

You may make payments other than as part of the employee's regular pay cycle, such as when you pay commissions, bonuses, payments in advance or back payments.

These payments may be reported in either:

- submitting a pay event on or before the pay day you made the payment
- including the out-of-cycle payment made to the employee in the next regular pay event you lodge. This can be when you pay that employee in your next regular pay cycle, as long as it's in the same financial year. If the next regular pay cycle is in the following financial year, you must report the payment by 30 June in the year the payment was made.

### Example: out-of-cycle reporting

ABC Pty Ltd pays its employees monthly. The employment agreement stipulates that employees should receive their pay on the 15th of every month.

On 30 March, Matthew, an employee of ABC Pty Ltd, earns a commission of \$1,000. On 31 March, ABC Pty Ltd processes Matthew's commission through payroll.

ABC Pty Ltd has two options to report the payment made to Matthew, either:

- report this payment to Matthew through a separate pay event (that is, not the regular 15th of the month pay event)
- include the commission payment to Matthew when it submits the next regular pay event (the pay event with the pay date 15 April).

\*Note: some Single Touch Payroll-enabled solutions may not offer both options.

## Employment termination payments (ETP)

If you make an employment termination payment (ETP) you must report it in a pay event on or before the day you make the payment.

If the payment is not made as part of your regular pay cycle, you may apply the same rules that apply to out-of-cycle payments. That is, you may report it as an out-of-cycle payment or include it in your next regular pay event report.

ETPs are reported by ETP type code and payment date. If you pay the ETP in multiple instalments, you will report each payment separately. If you pay multiple ETP types on the same day, they must still be identified separately if the ETP type code is different.



You must not add the payments together and report the payments as a year-to-date figure unless they are paid on the same day and are the same type.

## Death benefit ETP

If you pay a death benefit ETP, you have the option to report this payment through Single Touch Payroll. If you do so, and make a finalisation declaration in relation to this payment, you will be exempt from providing a payment summary and payment summary annual report.

The estate beneficiary tax file number (TFN) should be reported if the employer has been given the details. This could either be an individual TFN where the beneficiary is a dependant or non-dependant or the estate TFN when paid to a trustee.

If you pay more than one ETP to the same beneficiary or estate in the same financial year, you must report each payment separately. You must not add the payments together and report the payments as year-to-date figures.

## Lump sum E

If you make a Lump sum E payment you must issue the employee with a [letter](#) specifying the financial years over which the amount accrued and the gross amount that accrued each financial year. This is as per current requirements and has not changed as a result of Single Touch Payroll.

## Lump sum D

If the employee's only income for the financial year is a Lump sum D income then no PAYG should be withheld and the payments do not need to be reported to us.

## Foreign employment income

The classification of payments made to employees working in foreign countries depends on a number of factors, such as the time in the foreign country and the applicable tax treaties.

These rules detail how you can report and adjust these payments through Single Touch Payroll.

You can use one or a combination of three models to report:

Estimate

If you believe the employee will remain overseas for the qualifying period, treat that employee as earning foreign income from the beginning.

If the employee's status changes, adjust the employee's year-to-date figures accordingly. You may also need to adjust your employer level amounts.

- For example, your employee is working overseas for a year and the payments are subject to withholding in that country. Apply the withholding rate for that

country from the beginning.

#### Actual

Treat the employee as earning foreign income from the time they qualify for withholding in the foreign country.

#### Reconciliation

Treat that employee as an employee working in Australia for the financial year and then reconcile the payments and withholding at the end of the financial year.

### How to report foreign employment income

Foreign employment income is reported as follows:

- Payments to an employee posted to a foreign country should be reported as foreign employment income if amounts are withheld in that country.
- If no amounts are withheld for the foreign country then payments should be reported as individual non-business payment types.
- If the employee is posted to the joint petroleum development area (JPDA) then the amounts must be reported as JPDA foreign employment income.
- The employer should follow the accounting for foreign tax instructions.

You must report payments made to employees posted overseas throughout the year and make adjustments as required. These adjustments can be reported in either a pay event or update event. The adjustments can be done throughout the year or at the end as part of the finalisation process.

See also:

- [Accounting for foreign tax](#)

### Exempt foreign employment income

The following information needs to be reported for exempt foreign employment income:

- If the employee's only income for the financial year is exempt foreign employment then no PAYG should be withheld. You don't need to report these payments through Single Touch Payroll.
- Where the employee returns to Australia earlier than expected, the employer needs to start reporting the employee in the next pay event or an update event.

Where the employee has another payment type to be reported as well as exempt foreign employment income, then the employer must report throughout the year and make adjustments as required. These adjustments can be reported in either a pay or update event. The adjustments can be done throughout the year or at the end as part of the finalisation process.

### Reportable fringe benefit amounts and reportable employer superannuation contributions

You can report an employee's reportable fringe benefit amount (RFBA) or a reportable employer superannuation contribution (RESC) through Single Touch Payroll.

You only report RFBA amounts if the total taxable value of certain fringe benefits you provided to your employee exceeds \$2,000 for the fringe benefits tax year (1 April to 31 March).

The following information needs to be reported for RFBA or RESC:

- You may provide year-to-date RFBA and RESC through a pay event (if the information is available in payroll) throughout the financial year.
- You may provide year-to-date RFBA and RESC through an update event throughout the financial year.
- Once you've reported an amount, you should continue to report the amount in all following pay events, even if the year-to-date amounts remain the same.
- You may report these amounts through an update event. This can be before or when you make the declaration that you have finalised your reporting for that employee for the financial year.
- If you cannot (or choose not to) provide RFBA or RESC through Single Touch Payroll, you must provide this information on a payment summary and provide us with a payment summary annual report. The payment summary must not include amounts reported through Single Touch Payroll.

## Correcting a pay event report

- <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/What-you-need-to-report-through-Single-Touch-Payroll/?page=3>
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We will provide you with a period of time to correct your Single Touch Payroll report without being liable to a penalty for making a false or misleading statement. We call this a 'fix'.

If you have not made a fix within the grace period, you may be liable to a penalty.

## Correcting employee information

When the employee year-to-date information you last reported to us does not reflect the information in your payroll system, you should submit the latest information to us by the earlier of these two options:

- the next regular pay cycle report for the employee
- an update event within 14 days of the need for a correction being identified.

## Correcting employer information

When the amounts we have pre-filled at labels W1 and W2 in your activity statement do not reflect your payroll records for the activity statement period (month or quarter), you will need to fix those amounts when you complete your activity statement. If you are a large withholder, follow your [existing process](#).

#### Example: correcting employer information

MyBuilding Pty Ltd is an architecture firm that pays its employees on a weekly basis. It reports its PAYG withholding monthly in its activity statement. The total amounts reported by MyBuilding Pty Ltd are expected to be the same every pay, adding up to \$100,000 gross payments and \$10,000 tax withheld. The first pay of the 2019 financial year is Friday 6 July 2018.

Some of the third pay is inadvertently omitted from the pay event of that pay (Friday 20 July 2018). Gross payments of \$20,000 and \$2,000 tax withheld were omitted from the pay event meaning the pay event summary amounts only show \$80,000 for gross payments and \$8,000 for tax withheld.

#### Alternative scenario 1

The error is discovered before the fourth pay of the financial year (Friday 27 July 2018). To fix this, the omitted amounts are included in the fourth pay event before it is sent to the ATO. This will result in an increase of gross payments to \$120,000 and tax withheld to \$12,000. This adjustment allows the July activity statement to be correctly pre-filled with \$400,000 at W1 and \$40,000 at W2.

#### Alternative scenario 2

The error is discovered before the ninth pay of the financial year (Friday 31 August 2018). To fix this, the omitted amounts are included in the ninth pay event before it is sent to the ATO.

When the August activity statement pre-fills it will now include amounts that should be in the July activity statement. They will need to adjust the pre-filled W1 amount from \$520,000 to \$500,000 and the W2 amount from \$52,000 to \$50,000 on the August activity statement. They will then have to revise the July activity statement to increase the W1 amount by \$20,000 to \$400,000 and the W2 amount by \$2,000 to \$40,000.

### Overpayment identified within the same financial year

Where an overpayment is identified in the same financial year it was paid, the employee will only need to repay the net amount of the overpayment. The net amount is the amount received by the employee.

You will need to ensure we have the correct amounts recorded (the employee's

year-to-date values do not include details of the overpayment). You can make these fixes in either:

- the next regular pay cycle report for the employee (by reducing the employee's year-to-date figures and your employer-level gross payment and withholding figures)
- an update event, within 14 days of the overpayment being identified.

If you reduce your employer-level figures through an update event, these reductions will not be reflected in the amounts we pre-fill into your activity statement. You will need to adjust these figures when you complete your activity statement.

If you are a large withholder, you can reduce your next payment by the relevant withholding amount.

#### Example: overpayment in same financial year

MyBuilding Pty Ltd is an architecture firm that pays its employees on a weekly basis. It reports their PAYG withholding in a monthly activity statement. The total amounts reported by MyBuilding Pty Ltd are usually the same every pay, adding up to \$100,000 gross payments and \$10,000 tax withheld. The first pay of the 2019 financial year is Friday 6 July 2018.

Some employees are overpaid in the fourth pay (Friday 27 July 2018). Additional gross payments of \$20,000 and \$2,000 tax withheld are included in the pay event as a result. This means the pay event summary amounts show \$120,000 for gross payments and \$12,000 for tax withheld.

The overpayment is discovered before the 13th pay of the financial year (Friday 28 September 2018). MyBuilding Pty Ltd reaches repayment agreements with the employees who received an overpayment.

#### Option 1

MyBuilding Pty Ltd reports the reduction in the 13th pay event. This will mean the amounts we will pre-fill in MyBuilding Pty Ltd's September activity statement will reflect the reduction (\$380,000 at W1 instead of \$400,000 and \$38,000 at W2 instead of \$40,000).

#### Option 2

MyBuilding Pty Ltd reports the reduction in an update event on Monday 1 October 2018. This reduction will not be reflected in the amounts we pre-fill in MyBuilding Pty Ltd's September activity statement (\$400,000 and \$38,000 at W2 instead of \$40,000). MyBuilding will need to reduce these amounts to \$380,000 at W1 and \$38,000 at W2 to reflect the overpayment.

MyBuilding Pty Ltd's PAYG withholding liabilities will balance for the financial year. Its July activity statement (\$420,000 at W1 instead of \$400,000 and \$42,000 at W2 instead of \$40,000) will be offset by the

reduction in the September activity statement (\$380,000 at W1 instead of \$400,000 and \$38,000 at W2 instead of \$40,000).

## Misclassification with no additional payment

A misclassification is when information has previously been reported under an incorrect item. For example, a payment was reported as salary or wages instead of as an allowance, and no additional payment is made to the employee.

You can make this fix in the next pay event or use an update event. A misclassification will have no effect on the amounts we pre-fill into your activity statement or the amounts you have previously reported in your activity statement.

## Reporting under an incorrect ABN or PAYG withholding branch

You must correct your employees reported under an incorrect Australian business number (ABN) or PAYG branch. To fix this you should report your employee under the correct ABN or PAYG withholding branch from the point you discovered the error and adjust any incorrectly reported amounts from the incorrect ABN or PAYG branch.

You can make these adjustments in the next pay event or using an update event. If the adjustment moves PAYG withholding amounts between ABNs or branches you may need to revise activity statements.

Note: If you are a large withholder, follow your [existing process](#).

## Full file replacement

A full file replacement gives you the ability to replace the latest pay event file you sent to us in error, or contains significant corrupt data.

You shouldn't use a full file replacement for corrections.

A full file replacement:

- may only be used to replace the latest pay event
- must contain the submission identifier of the pay event to be replaced
- cannot be submitted if any employee information has subsequently been changed in a payroll or update event
- cannot replace an update event — a new update event should be submitted.

## Commencing and ceasing employment

- <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/What-you->

[need-to-report-through-Single-Touch-Payroll/?page=4](https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/What-you-need-to-report-through-Single-Touch-Payroll/?page=4)

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If you record your new employee's start date in your payroll software, you can report it in your pay event.

If you rehire an employee using the same payroll identifier, you can report the rehire date as the employee's start date.

If you terminate an employee's employment and then rehire them using the same payroll identifier under a different ABN or branch within your group in the same regular pay cycle, the rehire start date should not be reported.

### Tax file number declaration in payroll event report

You can report a tax file number (TFN) declaration through your pay event, if this function is enabled by your software. You can continue to use your existing channels to report the TFN declaration if you are unable to do so through your payroll software.

- Include the information your employee provides to you in a *Tax file number declaration* and/or *Withholding declaration*.
- Include the details of your employee's declaration when submitting a TFN declaration through the pay event.
- Provide the TFN declaration within 14 days of receiving it.
- If your employee is not paid within 14 days of the employer receiving a TFN declaration, you can provide it in the next pay day for that employee.
- If we are unable to match your employee's details to an ATO record, we will follow the existing process to send correspondence to you and your employee.

### Ceasing employment

If you record an employee's cessation date, you can report that date in a pay event report:

- If you make another payment to that employee, you do not need to update the cessation date.
- If you rehire that employee using the same payroll identifier do not report their cessation date again, even if you rehire them under a different ABN /branch within the same group.

## Finalising your Single Touch Payroll reporting

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You may be exempt from giving payment summaries and a payment summary annual *report* for the amounts you reported through Single Touch Payroll. This information will be made available to your employees in ATO online services, accessed through myGov. Your employees can also request a copy of this information from us.

To be exempt from issuing these payments summaries to your employees, you will need to make a finalisation declaration. This declares that you have provided all required information for the financial year through your Single Touch Payroll reporting.

These payment summaries include:

- *PAYG payment summary - individual non-business (INB)*
- *PAYG payment summary - foreign employment income (FEI)*
- *PAYG payment summary - employment Termination Payments (ETP).*

You will not have to provide payment summaries for the following payments if you reported them voluntarily through Single Touch Payroll:

- payments under voluntary agreement
- payments under a labour hire arrangement
- death benefit employment termination payment.

You will need to provide a payment summary for any payments not reported through Single Touch Payroll.

## Finalisation declaration

You make a finalisation declaration by providing a finalisation indicator for an employee (including directors, contractors, and so on) as part of your Single Touch Payroll reporting.

Once you have provided the finalisation indicator for the employee, we will pre-fill their income tax return and display the information as 'tax ready' in ATO online services accessed through [myGov](#)<sup>27</sup>.

You can make a finalisation declaration for an employee any time during the financial year (for example, for employees who have ceased employment), or after the end of the financial year up to 14 July.

If you do not make a finalisation declaration or, alternatively, provide payment summaries by 14 July each year you may be penalised subject to the transitional arrangements below.

We have provided additional time for employers to make a finalisation declaration in their first year of reporting through Single Touch Payroll:

- Employers who start reporting in the 2018 financial year will have until 14 August 2018.



- Employers who start reporting in the 2019 financial year will have until 31 July 2019.

If you need more time, you can apply for an extended due date to make your finalisation declaration.

### Finalisation declaration during the financial year

If you make a finalisation declaration during a financial year, you do not need to provide the employee with a part year payment summary.

If you pay an employee, and have already made a finalisation declaration for them for a financial year, consider the following:

- If it is a one-off payment – make another finalisation declaration when you report this payment.
- If you expect to make another payment (for example, you re-hire the employee) – unselect the finalisation indicator and wait until the end of the financial year to make another finalisation declaration.

If you finalise an employee part-way through the financial year, the pre-fill will not be available until after the end of the financial year. The employee will need to follow the current process for lodging a part-year tax return. This would mostly impact employees who are leaving Australia once their employment has terminated.

### Amendments after finalisation

If you identify the need to amend details after making a finalisation declaration you should submit these as soon as possible. You can do this by submitting an update event.

We understand you may not be able to submit an update event report with the amended details within 14 days of identifying the need for an amendment. If this is the case, you should submit an update event with the previous details and the final indicator set to FALSE. This will advise us that the current information is not final and should not be used to pre-fill tax returns.

You can amend finalised information reported through Single Touch Payroll up to five years after the end of financial year.

### Overpayment relates to a previous financial year

If you overpay a worker in a previous financial year and only discover the overpayment in a later year, you should submit an update event to advise us the amounts the employee should have received in the relevant financial year. Do not adjust the amount of tax withheld.

You should provide an update event for each financial year an overpayment occurred in.

If the overpayment relates to a payment you did not report through Single Touch Payroll you should provide the worker with an amended payment summary and an

amended payment summary annual report to us.

## Transitioning to Single Touch Payroll

While many employers will start reporting through Single Touch Payroll from 1 July 2018, some employers will have a deferred start date. This may be because their software is not ready, or for other circumstances beyond their control.

Employers who are granted a deferral will start reporting during the financial year, rather than on the first pay after 1 July.

Your digital service provider will give you the information you need to support you when you transition to Single Touch Payroll reporting. They will let you know which of the following methods to use:

- Provide an opening year-to-date balance for all employees (active, inactive and terminated) in an update event.
- Report year-to-date balances for all employees (active, inactive and terminated) in your first pay event.
- Report year-to-date amounts for employees through a Single Touch Payroll pay event and year-to-date amounts for inactive and terminated employees in a later update event which must be lodged by 14 July or the deferred due date.
- Report the current year-to-date balances for the employees included in your first pay event. Give payment summaries to terminated and inactive employees and lodge a *PAYG payment summary annual report* to cover the payments you made before your first Single Touch Payroll pay event.
- Start your Single Touch Payroll reporting with zero year-to-date balances and give payment summaries to all of your employees (current, inactive and terminated). Lodge a *PAYG payment summary annual report* for payments you made before your first Single Touch Payroll pay event.

### Changing payroll solutions during a financial year

If you start reporting through one Single Touch Payroll-enabled solution and change to another during a financial year, you must transition correctly to make sure the information pre-filled into your employees' income tax return is accurate.

There are three options to transition to a new payroll solution during a financial year:

1. Migrate your year-to-date employee information to the new payroll solution. You will need to zero the employee year-to-date values from the old payroll solution through an update event to prevent duplicate information being displayed.
2. If you do not migrate year-to-date employee information to the new payroll solution you can start reporting your employee year-to-date amounts from zero. You will need to finalise the employee information reported under the original payroll solution.
3. Migrate your year-to-date employee information to the new payroll solution and use the original BMS identifier in future pay event reporting.

Example: changing payroll solutions during a financial year

Vandalay Industries has decided to change its payroll solution as the business is growing. Vandalay Industries will start using the new payroll solution from 1 September 2019. It will be unable to transfer employee payroll data from the old payroll solution to the new one. Vandalay Industries needs to finalise the employee information in the last pay event submitted using the old payroll solution.

At the end of the financial year, the employees of Vandalay Industries will have two sets of information from Vandalay Industries pre-filled into their income tax return – one for the period 1 July 2019 to 31 August 2019 and another for the period 1 September 2019 to 30 June 2020.

## Remitting PAYG withholding

- <https://www.ato.gov.au/Business/Single-Touch-Payroll/In-detail/What-you-need-to-report-through-Single-Touch-Payroll/?page=6>
- Last modified: 09 Mar 2018
- QC 54550

If you notify your PAYG withholding liability on an activity statement, we will pre-fill the employer-level gross payment and withholding amounts you report in pay events into labels W1 and W2 on your activity statements.

If you are a large withholder you must continue to pay the amounts you withhold to us electronically.

If you have chosen to defer the reporting of an out-of-cycle payment to the next regular pay, you must adjust the pre-filled amounts to include the out-of-cycle payment. The amount you withheld as the due date for payment of the withheld amount does not change.

If you started your Single Touch Payroll reporting part-way through an activity statement period, or if you have made a correction to your payroll which has resulted in the pre-fill amounts being incorrect, you will need to adjust the pre-filled amounts. This will ensure your activity statement correctly reflects the payments you made and amounts withheld during that activity statement period.

Note: If you are a large withholder, follow your existing process – [When to pay and report on activity statements](#).

Our commitment to you

## Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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