



Single Touch Payroll Phase 2 employer reporting guidelines

Single Touch Payroll (STP) is the way you report your employee's tax and super information to the ATO.

These guidelines aim to help you understand what is required for STP Phase 2 reporting through your STP Phase 2 enabled software.

Most employers are now reporting through STP. You will need to [start reporting](#) ([/Business/Single-Touch-Payroll/Start-reporting/](#)), if you have not transitioned yet unless you:

- have an exemption
- have a deferral.

STP is part of the government's commitment to streamlining employer reporting obligations. It was legislated on 16 September 2016 as part of the [Budget Savings \(Omnibus\) Act 2016](#) (<https://www.legislation.gov.au/Details/C2016A00055>).

See also:

- [Single Touch Payroll Phase 1 Employer Reporting Guidelines](#) ([/Business/Single-Touch-Payroll/In-detail/Single-Touch-Payroll-employer-reporting-guidelines/](#)).

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[anchor=RemittingPAYGwithholding#RemittingPAYGwithholding](#)).
- [What employees need to know](#) (?
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- [Quick reference guide](#) (?[anchor=Quickreferenceguide#Quickreferenceguide](#)).

Definition of terms

These terms are used in these guidelines.

- Digital service provider (DSP) – those who develop or deliver digital services that help the community (and business) meet their tax and super obligations.
- Pay event – the file generated by an STP-enabled software or solution. This file must be lodged to us on, or before, the payment date when an employer makes a payment to an employee or payee that is subject to withholding.
- Update event – the service that allows an employer to transition to STP and correct or finalise STP data to us. This does not include employees that are paid payments subject to withholding (pay event).
- STP report or reporting – used for reporting either
 - a pay event (upon payments subject to withholding), or
 - an update event (upon transition, correction or finalisation).
- BMS ID – a business management software identifier that uniquely identifies the source of employee data sent to us as a specific instance of payroll software.
- Payee payroll ID – a key identifier that represents each employee in the payroll that, in conjunction with payee details and the tax file number (TFN), enables us to uniquely identify the taxpayer.
- Income statement – the ATO equivalent of an employer-issued payment summary. It contains the latest year to date (YTD) STP data reported by employers. It is made available by the ATO through ATO online services accessed through myGov. If an employee does not have a myGov account they can [create one and link it to the ATO](#) (/General/Online-services/Create-your-myGov-account-and-link-it-to-the-ATO/).
- Finalise – when an employer must make a declaration to us that they have provided all the information for each employee for a financial year. This is done by providing the finalisation indicator as a part of an employee's STP report.

Expansion of STP (Phase 2)

In the 2019-20 Budget, the government announced that STP would be expanded to include additional information.

Including this additional information will:

- reduce the reporting burden for employers who need to report information about their employees to multiple government agencies
- support the administration of the social security system.

The mandatory start date for STP Phase 2 reporting is 1 January 2022.

We are working with digital service providers that are updating their solution to support Phase 2 reporting. Your provider will let you know when your solution is ready.

Some digital service providers, despite their best efforts, will need more time to get ready and transition their customers. They will advise if we have approved a deferral for you to start reporting later than the mandatory start date.

If you can transition to STP Phase 2 reporting when your solution is ready then you do not need to ask us for more time, even after 1 January 2022.

If you need more time in addition to your digital service provider's deferral, you must apply. We are accepting applications from 1 October 2021 and will provide more information soon about how to apply.

How STP works

STP works by sending tax and super information from your STP-enabled payroll or accounting solution to us as you run your payroll.

This has not changed with Phase 2.

Your STP Phase 2 solution will send us a report with the information we need from you, such as:

- details of the remuneration you pay
 - the type of income it is for the employee (such as salary and wages or working holiday maker – income)
 - the components which make up the amounts (such as gross pay, paid leave, allowances or – overtime)
- details of your pay as you go (PAYG) withholding
 - the amounts you have withheld from payments you make
 - information about how you calculated the amount, which you currently provide to us by
 - sending a copy of the employee's TFN declaration
- super liability information.

This guide provides information on:

- [mandatory reporting](#) (?anchor=Mandatoryreporting#Mandatoryreporting).
- [voluntary reporting](#) (?anchor=Voluntaryreporting#Voluntaryreporting).
- [payments that are out of scope](#) (?anchor=PaymentsthatcantbereportedthroughSTP#PaymentsthatcantbereportedthroughSTP), and cannot be reported through STP.

These have not changed under Phase 2.

There are rules about:

- [how to report employment and taxation information through STP Phase 2](#) (?anchor=Guidanceforpayeventreporting#Guidanceforpayeventreporting).
- [reporting the amounts you have paid](#) (?anchor=Reportingtheamountsyouhavepaid#Reportingtheamountsyouhavepaid).
- [other components of your STP reporting](#) (?anchor=OthercomponentsofyourSTPreporting#OthercomponentsofyourSTPreporting).
- [when an employee transfers or leaves](#) (?anchor=Whenanemployeetransfersorleaves#Whenanemployeetransfersorleaves).

You can also make corrections to your employees' YTD amounts in your next pay event, or through an update event. This is explained in [correcting information reported through STP](#) (?anchor=CorrectinginformationreportedthroughSTP#CorrectinginformationreportedthroughSTP).

How you send STP information to us depends on the solution you use.

Find out about:

- [Transitioning](#) (?anchor=RemittingPAYGwithholding#RemittingPAYGwithholding), from STP Phase 1 to STP Phase 2 reporting

See also:

- [What is STP](#) (/Business/Single-Touch-Payroll/What-is-STP-/).
- [How to report](#) (/Business/Single-Touch-Payroll/How-to-report/).

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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