Single Touch Payroll

What is Single Touch Payroll (STP)?

This is the process where a summary of each pay run is sent to the ATO so that their records for each employee are kept up to date. The requirement is to send this data no later than the date of the payment to the employees. Businesses with 20 or more employees must do this from 1 July 2018 and businesses with fewer than 20 employees must do this from 1 July 2019.

In addition to sending pay run data to the ATO it is also possible to send TFN declaration information to the ATO using the STP process.

Other software needed.

There are 3 third-party packages that are needed to STP for to work:

1. A Sun Java JDK.
2. Ozedi Connector. Ozedi is the Sending Service Provider (SSP) which will be used to transmit the data to the ATO. Their Ozedi Connector program assists with this process.
3. cURL. This is a generic open source program used to transmit files over the internet.

All 3 packages are available free of charge.

How does STP work?

The basic process is that after a pay run has been completed and the bank file created, an extra process is used to package up the pay run details and send the data to the ATO. XML files are used for this, with one header file for the company details and one file for each employee paid in the run. The XML files are in a format specified by the ATO.

So, a new selection named STP Processing has been added to the Payroll Processing menu. The whole of the STP process is driven from this selection. This selection displays the information relevant to each pay run which has been transmitted (or is in the process of being transmitted) to the ATO. The fields on this screen are:

1. Sequence No: This is just a sequential number for each STP run.
2. Event Type: Submit or Update.
    a. Submit refers to the type of run done to submit the pay details to the ATO.
    b. Update refers to a take up run which may be done when starting to use STP part way through a financial year. In this case the ATO needs to be updated with the YTD figures from previous pay runs in the year.
3. Period End Date: The period end date entered in Pay Period Startup.
4. Date Paid: The date the employees were paid.
5. Date Transmitted: The date and time the data was sent to the ATO.
6. Company: The company number for this run.
7. Processing Status: The status of this run.
    a. Created: The XML files for the pay run have been created.
    b. Validated: The XML files have been validated and found to conform with the ATO specification.
    c. Bundled: The XML files have been bundled into one file ready for transmission to the ATO.
    d. Transmitted: The bundled XML file has been transmitted to the ATO.
8. Bundle File: This is the name of the bundled file (see below for details of the bundle process).

The method used to process the various steps in sending pay run data to the ATO is all under F6:Process Menu. After pressing the F6 function key, a pop-up menu is displayed with the following selections:

1. Create. This is used to create the XML files which form the basis of the transmission to the ATO. A new sequence number is generated for this run. The prompts to control this are:
   a. Takeup Run. Should always be No except when using STP for the first time part way through the financial year. Yes will create an Update event to send the YTD data for employees to the ATO.
   b. Pay Date. This is the date when the employees are actually paid.
   c. Period End. This is the period end date.
   d. Final Run. Answer Yes if this pay run is the last one for the financial year. This will rename the YTD file so that the new financial year starts with a clean slate.
   e. Declaration screen. This is the way that you electronically sign and authorise the transmission to the ATO. Answer YES to sign the declaration.

   The files created in this step will be in a sub directory structure under your main data directory. The structure is <data directory>/STP/<sequence number>. For example, if your data directory is F:/usr/data/ then the files for the first STP run will be in F:/usr/data/STP/000001/. There is a further sub directory under this directory named logs which will contain the logs for all activity on this STP transmission (for example F:/usr/data/STP/000001/logs/).

   The naming convention for these files is:

   Company header file: PAYEVNT-<abn>-<sequence number>.xml. There is one of these files per STP transmission.

   Employee file: PAYEVNTEMP-<abn>-<sequence no>-<employee no>.<number>.xml. There will be one file for each employee in the pay run.

2. Validate. This will check that the format of the XML files uses the correct syntax as specified by the ATO. The results of the validation are in the logs directory, with one result file for each of the header and employee files. The validation process on each file may briefly flash a black screen as an external process does the validation.
3. Bundle. This takes all of the XML files for the run and bundles them into one file in a format acceptable to the ATO. This bundle file is stored in the concatenation directory under the STP directory and is given a name that contains the date and time the file was created. For example, it will be something like F:/usr/data/STP/concatenation/output/bulk_20180505_144352.xml. The bundling process may briefly flash a black screen as an external process creates the file.
4. Transmit. This transmits the bundled XML file to Ozedi for them to forward on to the ATO. You will receive an email after the ATO has processed the file giving the status of the file. The ATO will accept all employees that have valid details. If one or more have errors, then just those employees will be rejected and will need to be corrected (see correcting errors section below). The transmission process may briefly display a black screen as an external process sends the file.
5. Cancel. At any stage before transmitting the file you can decide to cancel the transmission, in which case you must start a new STP process from the beginning.

TFN Declarations

Three new fields have been added to the Employee Master Maintenance screen. These are used when adding a new employee to payroll:

1. Basis of Payment: F=Fulltime, P=Part time, C=Casual
2. ATO Onboarding: Yes=Send employment details to the ATO (Residency status, basis of payment, tax free threshold claimed, SFSS status, TFN declaration). After the STP run which processes these details the field is set to No so those details are not sent again in future runs. If any of these details changes for an employee then change this field to Yes and the details will be sent to the ATO in the next run.
3. TFN Dec Date: Date the TFN declaration was made by the employee.

Correcting errors

It is important to be sure that the data you are reporting to the ATO is correct. The main opportunity to check the figures is when confirming the Pay Register.

Of course, there may be other reasons for errors, such as an incorrect TFN or other static information. In this case make the change to the static data and report the correction in the next pay run.

The figures that are reported for each employee are on a YTD basis (ie the gross pay for an employee is the YTD gross). So, if a mistake is made in the amount paid to an employee and an adjustment is needed then there are 2 ways you can make the adjustment and report this to the ATO:

1. Adjust the pay by doing a pay run for the same period end date where the mistake was made to correct the figures for that run. This will adjust the figures for that pay run. Then just leave the correction as is and wait for the next pay run where the new YTD figure will automatically be reported to the ATO.
2. Start up a new pay period with a different and unique period end date. Process the adjustment by completing the pay run. Then run the STP process to update the ATO with the corrected figures for the employee.