

New - Proposed Changes to Single Touch Payroll including Jail Terms

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The Federal Government has recently proposed legislation which formalises new payroll reporting obligations and which imposes greater penalties on employers and other individuals who refuse to remit PAYG withholding tax and superannuation contributions.

By way of recap:

- in 2016 legislation was passed introducing *Single Touch Payroll (STP)* reporting
- STP reporting requires employers to report to the ATO payments such as salaries and wages, PAYG withholding and super information at the same time that wages are paid to employees
- the legislation requires that all employers with 20 or more employees comply with STP reporting obligations from **1 July 2018**
- for initial purposes, the calculation of the number of employees is to be undertaken on **1 April 2018**

However, recent legislation proposed by the Federal Government would require **all businesses** to comply with STP obligations from **1 July 2019**.

The proposed legislation also:

- grants the Australian Taxation Office (ATO) a suite of enforcement tools, including a strengthened regime of director penalty notices for unpaid superannuation and other tax-related liabilities
- empowers the ATO to require non-compliant employers to undertake training to “embed ongoing compliance” with superannuation and tax-related obligations
- empowers the courts to impose jail terms of up to 12 months on individuals who defy penalty notices

To prepare for these new obligations, employers must:

- conduct a headcount of all employees on 1 April 2018 to determine their obligation to report via STP
- ensure that their payroll solution supports STP reporting
- know what industrial agreements (such as Awards) apply at their workplace and ensure ongoing compliance with the terms of these agreements (including superannuation obligations)
- take any claims of unpaid superannuation (or any other underpayments) seriously
- ensure they remained informed about if and when the proposed new laws are passed (especially for those who may otherwise be under the current 20 employee threshold)