

## What the Agriculture industry needs to know about Single Touch Payroll

Single Touch Payroll (STP) has streamlined the way employers report their employees' tax and super information to the ATO. Over 450,000 employers across the country are now reporting through STP each payday.

The ATO understands that not all employers are the same, not all industries employ people in the same way, and not all employers process their payroll the same way. The agriculture industry is highly diverse with unique challenges when it comes to payroll, particularly if you operate a small farm with 1-4 employees or employ seasonal or intermittent employees.

If you are ready to take the next step and start reporting, either directly through STP or through quarterly reporting via a registered tax or BAS agent (if eligible), or you still need time to get ready – we've summarised the most important and relevant information for employers across the agriculture industry to help you get ready.

This guide will help you understand:

- What STP reporting is
- What you need to do to get ready for STP and what your options are
- How to manage seasonal workers and family employees (closely-held payees).

### What is Single Touch Payroll?

STP is a new way of reporting tax and super information to the ATO. You'll need to send the ATO your employees' salary and wages, pay as you go (PAYG) withholding and super information every time you pay them. You should have already started reporting, but if you haven't, it's not too late to get started. There are three pathways to start STP reporting. Depending on your circumstances, you either need to:

- Start reporting now
- Consider if a concessional reporting option is right for you
- Apply for more time if you need it.

## Master the STP basics

### STEP 1: Find your STP reporting solution

There are different STP solutions that suit different employers' needs.

- Report using STP payroll or accounting software. To report this way, you'll need to:
  - Choose a product or upgrade to an existing one that offers STP reporting
  - Connect to the ATO
  - Upload your data
  - Start reporting;
- Report through a registered tax or BAS agent or payroll service provider.

Discuss which solution best suits your business with your tax or BAS agent.

A register of STP-ready software is available at [api.gov.au/productregister](https://api.gov.au/productregister)

A range of no-cost and low-cost reporting solutions are available in addition to existing commercial STP solutions. These solutions are required to be affordable (costing less than \$10 per month), take only minutes to complete each pay period and not require the employer to maintain the software.

Find out more at [ato.gov.au/stpsolutions](https://ato.gov.au/stpsolutions)

### STEP 2: Start reporting

Once you've decided on the solution that's right for you, take a look at the ATO's STP small employer guide. The guide includes a link to a [get ready checklist](#) that will help employers start reporting. You can find the guide and other factsheets at [ato.gov.au/STPresources](https://ato.gov.au/STPresources).

You *don't* need to change your pay cycle – you can continue to pay your employees weekly, fortnightly or monthly and you *will* still need to provide your employees with a payslip. You *will* need to report super information to the ATO every pay period.

You *won't* need to give your employees a payment summary at the end of the financial year for the information reported and finalised through STP.

Employees will access this through myGov or through their tax agent if they use one.

## STEP 3: Tell your employees.

Check the right people in your business know about STP – especially if you have someone else responsible for running your payroll.

### Concessions for agriculture employers

The ATO understands a one-size fits all approach doesn't work for the agriculture industry. Many farmers employ workers for only part of the year during peak seasons, such as fruit pickers or shearers. Many farms are also family owned and run or are small operations with a small number of employees.

Some of these employers may be eligible for STP reporting concessions to help them navigate the realities of the industry.

You will only be eligible for a concession if all amounts owing to the ATO are either not yet due or subject to a payment plan; and if all lodgement obligations are either not yet due or subject to a deferral.

#### Concessions are available for:

- Seasonal and intermittent employers
- Agriculture, fishing and forestry industry
- Closely held payees
- Micro employers
- Lack of reliable internet

### Concession for seasonal or intermittent employers

**Eligibility:** Seasonal employees are common in the agriculture industry and you may be eligible to report quarterly if you normally have either no employees or between 1–4 employees for most of the financial year but employ 19 or fewer seasonal or intermittent workers for three months or less, e.g. for key harvesting periods.

If you normally have no employees or between 1–4 employees for most of the financial year, then employ 20 or more seasonal or intermittent employees for three months or less, the ATO will consider your application on a case-by-case basis.

The three-month or less period for seasonal or intermittent employees does not need to be consecutive

If you report quarterly, you will need to lodge your STP report through an STP-enabled solution at the same time as you lodge your activity statement.

**How to apply:** You or your registered agent can apply by logging in to the ATO's business portal.

## Concession for micro employers in the agriculture, fishing and forestry industry

**Eligibility:** If you are a micro employer (1-4 employees) in the agriculture, fishing or forestry industry and you need more time to move to real-time Single Touch Payroll (STP) reporting, you can choose to report quarterly until 30 June 2021.

You must have either no employees or between 1–4 employees on the day you apply and be in the agriculture, fishing and forestry industry.

If you report quarterly, you will need to lodge your STP report through an STP-enabled solution at the same time as you lodge your activity statement.

**How to apply:** You or your registered agent can apply for this concession by logging in to the ATO's business portal.

## Concession for family-run farms and agriculture businesses (closely held payees)

**Eligibility:** Small farms and similar agriculture businesses are often family-run. Staff that work for these businesses are called closely held payees. In fact, anyone who is directly related to the entity from which they receive payments is a closely held payee. Directors or shareholders, and beneficiaries of a trust are also considered closely held payees.

You may not pay your closely held payees regularly. For example, they may take a drawing when there is cash available in the business.

### Options for closely held payees for small employers:

- You do not need to report closely held payees through STP in the 2019–20 financial year
- You do need to start reporting your closely held payees through STP from 1 July 2020.

## Concessions for quarterly reporting

If you're a small employer, you can also choose to report closely held payee information quarterly through an STP-enabled solution. The due date for lodgment will be the same as the due date of your activity statement.

**How to apply:** You do not need to apply for this concession; however, you will need to notify the ATO of your closely held payees for the 2020-21 financial year.

Visit [ato.gov.au/STPconcessions](https://ato.gov.au/STPconcessions) for more detail about STP concessions

## Lack of reliable internet access

**Eligibility:** Access to a reliable internet connection can be a particular challenge for businesses in regional and remote Australia. You can apply for a deferral or exemption if you experience:

- an inability to connect to the internet
- a connection that requires multiple attempts
- dropouts or disconnections
- exceedingly slow data transfer.

**How to apply:** You can apply for a deferral or exemption through the ATO Business Portal or by speaking to your registered tax or BAS agent. If you're unable to lodge a portal request, you can phone the ATO on **13 28 66**.



### Need more time?

It's OK if you're not ready, but you'll need to apply for a deferred STP start date. Log into the ATO [Business Portal](https://ato.gov.au/BusinessPortal) to apply. Your registered tax or BAS agent can also apply for a deferral on your behalf. For more information about deferrals, visit [ato.gov.au/STPdeferrals](https://ato.gov.au/STPdeferrals)

## Accountant Experience Transitioning Clients to STP

### Oliver Holcombe, Accountant – BMO Accounting



"I work for BMO Accountants based in Dalby, Queensland. We are a top 100 Australian accounting firm and our regional location means we work with clients across a broad range of industries, including agriculture, allied health, retail, manufacturing and trades, to name a few. We're a holistic firm with accounting, business advisory, HR, marketing, loans and leasing and a financial planning division.

We started talking with our clients very early on about the need to upgrade to Single Touch Payroll (STP). Despite trickling out information sessions, blogs and newspaper articles about the STP in the year leading up to changeover, many of our clients (as we expected) waited until the deadline was approaching before they really sunk their teeth into what they had to do.

We know many were hesitant to change what they have always been doing, but those who have made the transition to STP have all commented on how much they have enjoyed using their new system.

We made the process a little easier by hosting two accounting software expos (one in 2017 and one in 2018), right here in our regional town, allowing our clients to speak to various providers and get an idea of which cloud-based option would work well for them. For some clients, having to implement STP gave them the nudge to swap or upgrade their accounting package, for others the solution was to find a stand-alone STP solution that worked for them.

Of course, there are always challenges when implementing a new system, but for the most part our clients have found the transition straight-forward. With support from the payroll software providers, we have been able to promote STP and help our clients overcome any challenges they have had. After the initial set up, entering information each pay event is quick and easy, and we like knowing the information our clients submit to the ATO is timely and correct.

Our clients' employees also like having regular access to their pay and super information.

The important thing is that we don't try and push our clients into a one-size-fits-all solution. It's about helping people select the online software that will work best for them depending on the size of their business, how tech-savvy they are, and what other systems (like rostering, point of sale, bookkeeping) they are using."

#### Oliver Holcombe, Accountant

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