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e-News

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Common STP Phase 2 Mistakes

STP Phase 2 is in full swing. It began on 1st January 2022 but various accounting software have not been ready until recently. This means many employers are only just now learning about, and setting up their payroll systems, to comply with STP 2 requirements.

Unfortunately, as it is still relatively new, some employers are making errors when reporting via STP Phase 2. Recently, the ATO published a list of those mistakes it is seeing. I am highlighting them here so you can be sure to avoid them when you start to report via STP Phase 2.

Common STP Phase 2 Mistakes List

- Breaking the continuity of year-to-date amounts from STP 1 reporting. Unless you are using the replacing IDs method for transitioning to STP 2, you need to ensure that you maintain the STP 1 data that you have already reported. Your accounting solution will help you manage this and you should contact your provider if you require assistance with this issue.

- Selecting "not reportable to the ATO" when setting up pay codes/categories. Most payments to employees need to be reported except for:
    - travel allowance below the ATO's reasonable amounts
    - overtime meal allowance below the ATO's reasonable amount
    - reimbursements
    - post-tax deductions except for those you need to separately identify.
- Omitting a cessation date and reason. When an employee leaves your business, you need to report the date he finished and the reason why he left. Your accounting solution will include these fields to complete upon termination. The ATO will share this information with Services Australia which means you will no longer need to complete a separation certificate for that employee.
- Some income types you report for employees will also include a special country code. If you are required to report a country code, *you must report the code relevant to that employee.* Some employers are incorrectly reporting a "NA" country code, thinking that it means "not applicable". It actually means "Namibia". So if you use NA in your reporting, you are telling the ATO that your employee is either working:
    - overseas in Namibia
    - or is in Australia and they are from Namibia.
- Allowances. All allowances must be reported separately using one of 8 specific allowance categories. You must not simply report an allowance to the "Other Allowance" category (allowance type OD). You must report allowances using their appropriate category because each category is treated differently for tax, super and social security purposes. Only report an amount as Allowance type OD if it's an allowance that does not belong in one of the 8 specific allowance categories.
- Not reporting all-purpose allowances separately.
- Treating reportable super contributions (RESC) and salary sacrifice as the same thing. These are 2 different things and need to be reported correctly. Check out this ATO video which explains how to report these payments via STP 2.

Here is the link to the ATO webpage which provides more in-depth information about the STP 2 reporting mistakes listed above, including several helpful videos.

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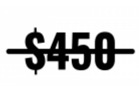

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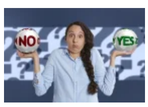


Can I Claim the GST on That?

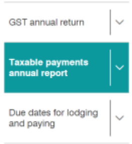
This is a list of common business purchases and

From 1 July 2022, the $450 threshold for super guarantee will be removed.

whether or not each one includes GST or not. Bookmark it now to make your bookkeeping and BAS prep easier!

NIL Taxable Payments Annual Report

If you normally lodge a Taxable Payments Annual Report (TPAR) but have decided that this year, you don’t have anything to report, you can lodge a “Non-lodgement Advice” form (NIL TPAR) with the ATO. You can do this online via ATO Online Services.



The Bookkeeping Behind the TPAR

You can't just lodge the TPAR, there is some bookkeeping to be done first. Find out what and how here in this blog.

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