



## e-News

Monday, 6th December 2021

# STP Phase 2 Education Series Part 2: Benefits for Employers & Employees

# STP PHASE 2

Over the next few weeks, I will provide an educational series on STP Phase 2 via this newsletter.

Part 1 of this series looked at one of the key changes to STP - the disaggregation of gross pay items in your payroll. [Here is the link to that newsletter](#) if you missed it.

Part 2 in the series will explain the benefits of STP 2 for both employers and employees.

### Benefits for Employers

- Tax File Number Declarations - although you will need to keep copies of your employees' TFN Declarations as part of your employee records, you will no longer need to send them to the ATO. This is because the information will be sent via each pay event through STP.

- By nominating an "income type" for employees, you can tell the ATO if you're using concessional reporting for closely held payees or inbound assignees.
- If you need to make a Lump Sum E payment, you won't need to provide a Lump Sum E letter to your employee as it will be included in the STP report.
- If you change software type or an employee's payroll ID number, this will be reported via the STP report. This will help avoid duplicate income statements appearing in employees' myGov accounts.
- Data will be shared about some employees with Services Australia (SA). This means that information SA requires from you will be easier to provide e.g. payslips for prior periods.
- Because the date and reason for employment cessation will be in the STP report, you will no longer need to complete and provide separation certificates to employees.
- Child support deductions and/or garnishees will be reported via STP reducing the need for you to send separate remittance advice to the Child Support Registrar.

## Benefits for Employees

- Income statements will become more accurate because the ATO will have better visibility of the types of income an employee receives.
- If an employee makes an error such as failing to report that he has a study loan debt (resulting in an unwanted tax bill), the ATO will be better placed to rectify the issue sooner rather than later.
- If employees have dealings with Services Australia, they will see a more streamlined approach to data capture evolve over time, including:
  - *Prefilled details on claim forms and fewer requests for documentation;*
  - *Spending less time on the phone to SA to confirm details;*
  - *Receiving SMS or email advice when STP data shows their family income estimate may be too low, they have a new job or their employment details have changed in some way;*
  - *Ensuring that they are paid the correct amount from SA, and*
  - *Helping SA understand their financial situation if employees need to repay a debt to SA.*

While the imposition of having to make major changes to payroll setup may seem onerous and pretty annoying, there are many benefits for both employers and employees that will come from STP Phase 2 in the long run.

Of course, time will tell if these changes will run smoothly or have unwanted side effects. We will all have to wait and see how things play out. In the meantime, for those wanting further information about STP Phase 2, please visit the [ATO website resources page here](#).

## Latest Articles

### **New Work-Mindset**

Over the last few weeks, I



### **Stapled Super Funds**

From 1st November 2021,



have completely turned my beliefs about work, upside down and inside out.

when a new employee starts working for you, you must pay their super into their "Stapled Super Fund" if he/she does not provide you with a choice of fund.



## Director ID

Are you a director? You need to read this! Director ID is coming in November 2021.



## Travel Diaries

Now that travel is back on the agenda, here is a refresher for business owners about using travel diaries.

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