



e-News

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Newsletter No 89

Xero's STP 2 ATO Deferral Ends 31st March 2023. Are you ready?

STP PHASE 2

Xero has been preparing its platform to move to STP Phase 2 for quite some time now (over a year!). To allow for the time required to upgrade its payroll functions, the ATO granted Xero a deferral which covered not only Xero, but all of its customers. Given the actual start date for STP Phase 2 was 1st January 2022, this deferral has certainly been very generous. This is all about to change because the deferral ends on 31st March 2023 - no ifs, buts, or maybes!

This means that you, as an employer using Xero as your payroll software, must ensure that you have transitioned your payroll setup as per STP 2 requirements and that you are actively filing pay runs via STP 2 by the 31st March deadline.

[There are four steps](#) to move through in Xero in order to transition your payroll to STP Phase 2:

1. Set up employees' profiles so that they include all data required to report via STP 2.
2. Set up pay items with new earnings categories as required by the ATO.
3. Set up paid leave items by assigning the correct reporting categories to them.
4. Enrol in STP Phase 2 in Xero by agreeing to its terms etc which basically tells Xero that your payroll setup is correct and is ready for STP 2 reporting.

Depending on the complexity of your payroll setup, these steps may take less than an hour to complete or they could take days. Given we are only 2 weeks out from the end of March, I suggest that you get moving now and transition ASAP. If you need your tax professional to assist you, ask him/her immediately because it's very possible he/she will be very busy with other clients who require assistance with the exact same thing!

Please note, that Xero has stated in its blog, that if your payroll has not been transitioned by the 31st March deadline, *'your ability to file STP may be affected until you've completed the STP 2 setup'*. This is because if your payroll does not meet the new STP 2 reporting requirements, pay events will be returned by the ATO showing filing errors. You should also know that if you are not reporting via STP 2 by 31 March, your entity will be subject to potential penalties from the ATO.

You can read all about the STP 2 deadline and how to meet it, by reading [Xero's blog](#).

Latest Articles

~~DO NOT
INCLUDE~~

What NOT to include in Payslips for Paid Family & Domestic Violence Leave

Something important to call out in relation to paying this leave is the information that is prohibited from being included on the employee's payslip.



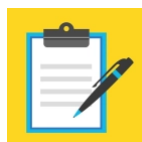
New Paid Family & Domestic Violence Leave

Employees (full-time, part-time, and casual), will



eInvoicing: What is it and How to Get Started

This is a list of common business purchases and whether or not each one includes GST or not. Bookmark it now to make your bookkeeping and BAS prep easier!



A Better Employee Onboarding Experience is Coming...

The way new employees

soon be able to access 10 days of paid family and domestic violence leave in a 12-month period. This will replace the current 5 days of unpaid leave available to affected employees.

are onboarded is changing.

[Enter the "New Employment Form"](#).

This is an all-in-one onboarding form that new employees access from their myGov accounts.

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