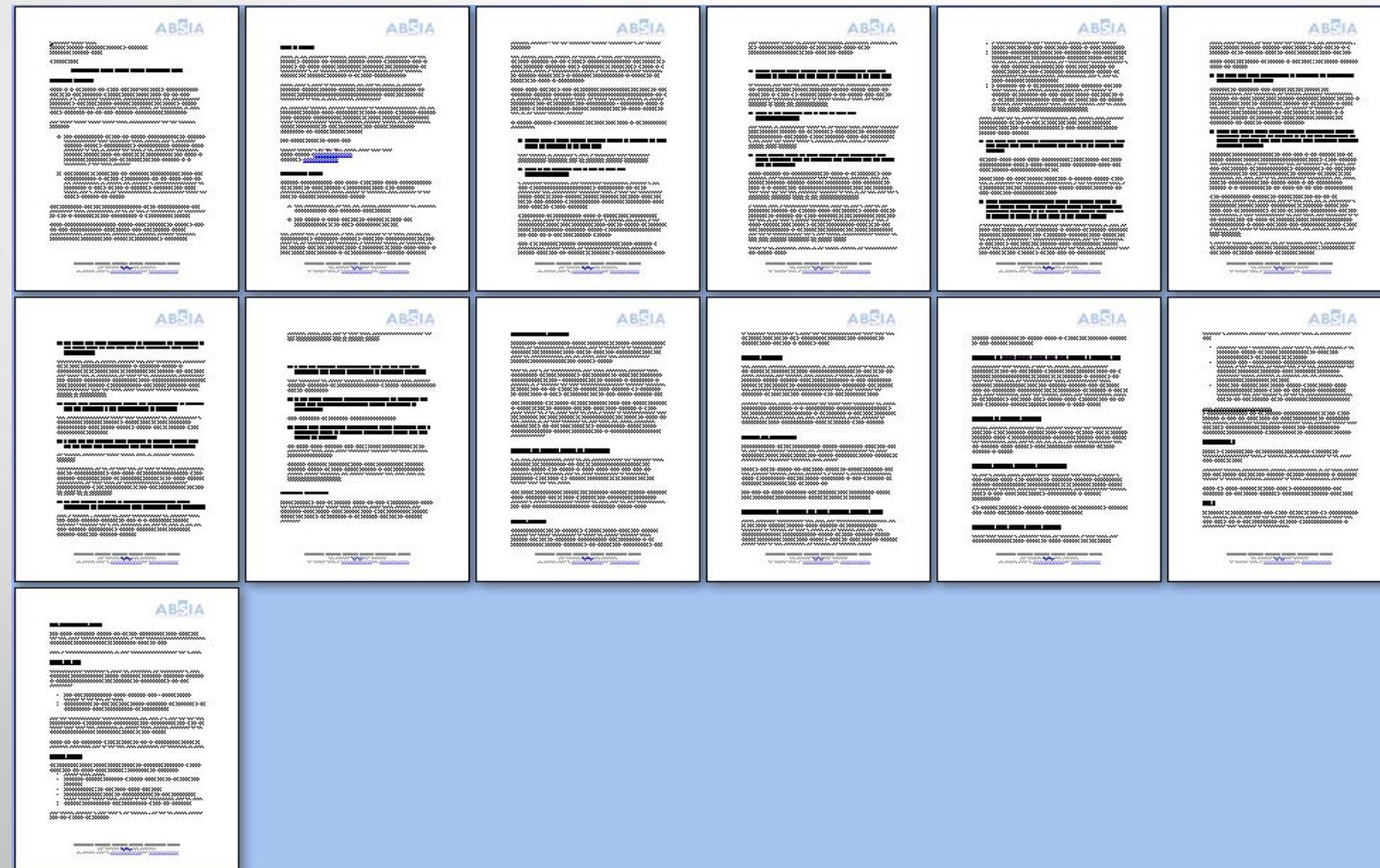




Single Touch Payroll

The ABSIA Submission

The ABSIA Submission



What Was In Our Submission

Executive Summary

Who is ABSIA

Submission Details

- Responses to the questions in the consultation document
- Additional comments

Submission Details

- Software developers have been aware of the proposal for at least two years following a presentation at the SDCG meeting in March 2013
 - i. TFN Dec/Choice of Super into a single service
 - ii. Payroll data and PAYG/Super payment on finalising payrun
- Government is saying this is a red-tape reduction measure
- If Data and Payments are separated it has the potential to be the opposite if not handled correctly
- Significant workload for developers with little ability to re-coup the cost

Responses to Consultation Questions - 1

- Consultation document contained 16 questions – the following are a few excerpts
- Red-tape reduction depends on the final scope of STP. Some annual processes will be eliminated (eg Payment Summaries) and replaced with a weekly process. If data and payments are separated there are other issues eg SuperStream relies on a Payment Reference Number (PRN) for matching.
- Size and cost of red-tape reduction depends on scope and cash flow

Responses to Consultation Questions - 2

- Cash flow impact depends on the nature of the business
- Currently obligations are paid when due and a business is entitled to use the cash in the meantime
- A cash flow reduction may mean lower stock leading to fewer sales
- Inability to make benefit of an early payment discount
- Effect on Labour Hire firms who are paid after the event and may now have to fund an additional 40% - maybe through debt financing
- It does not appear that the impact on cash flow has been fully analysed

Responses to Consultation Questions – 3

- STP should include data for all employee obligations.
- For on-boarding a new employee, assist the employer with as much data as possible.
- Assistance with cash flow – allow a business to apply for short term funding from the government to phase in the cash flow impacts over a 5 year period eg 90% year 1, 70% year 2 etc or delay GST payment.

Responses to Consultation Questions - 4

- Employee On-boarding – provide the employer with all details known about the employee including TFN, Super Fund, Address, Bank details, Next of Kin etc (some subject to employee’s agreement).
- Choice of Fund – a clear choice is required on day one. Most employees will have an existing fund. If an employee is new to the workforce, use default fund or send super to the ATO who pass it on once an employee has made an informed decision. This avoids a hasty/temporary solution and will result in red-tape reduction.

Responses to Consultation Questions - 5

- Notifications to other agencies (eg DHS) must be handled automatically by the ATO.
- Oblige a super fund to accept a contribution after the death of an employee (or send all such contributions to the ATO)
- ATO Commissioner should always have discretion on penalties
- Uncertainty over AS4 standards used for SuperStream and SBR may be costly

Responses to Consultation Questions - 6

- Very small businesses may have to acquire payroll software – they may find this a benefit
- Costs for software developers in training and implementing STP for their clients
- No employer should be made exempt from Single Touch Payroll

Additional Comments from ABSIA

- SG threshold of \$450 – eliminate and give one-off \$1,000 threshold.
- How to deal with negative adjustments.
- Payroll Bureaus effectively providing financing for employers may now have a much higher cost burden.
- Has monthly reporting been considered? Currently in use in New Zealand, Fiji and other countries.

Additional Comments

- Employers with multiple pay frequencies may find STP a greater challenge. All employees may be moved to monthly pays.
- Pay runs outside of the normal cycle.
- The Small Business Clearing House will need to accept a data file for input – another expense for software developers.
- There needs to be a procedure for employers to cut over to STP part way through a financial year. May need YTD figures within reporting.

Additional Comments

- Rounding of reported amounts – current truncation of reported amounts on a payment summary of no consequence but not on 52 weekly pays.
- Payment Summary reporting requirements – please review to see what is actually needed for STP.
- Eliminate part-year payment summaries.
- Dual model – it has been suggested that two systems are built, one including payments and one excluding payments. More expense for developers!

Additional Comments

- Payments made outside of payroll software
 - Bureau paying staff, employers pays PAYG and Superannuation
 - Employer with different payroll and accounting systems
 - ERP systems where the payroll and accounting systems do not interface.

Additional Comments

- SuperStream – 3 payroll providers currently certified and in production
- SuperStream2 – MIG changes due to be implemented in 2016. Significant changes including new message types and new and changed data elements
- SBR2 – low take up
- Digital Signature/Declaration request from Tax Practitioners Board.
- eBMS3 AS4 – two versions of ebMS 3.0 used for SuperStream and SBR2
- Friday 27th March – red letter day

Summary

- Single Touch Payroll consists of :-
 - STP
 - SBR₂
 - SuperStream₂
 - Digital signatures/declaration from TPB
 - Multiple AS₄ standards
- July 2016 is not realistic – maybe a recipe for disaster

Suggestions from 12th March 2015

- Now - Initiate ABSIA plan to develop an open source AS₄ client
- July 2016 – Implement employee on-boarding, SuperStream MIG2 and SBR2 with an open source AS₄ client
- July 2017 – Implement PAYG reporting and TPB certification
- July 2018 – Implement Superannuation payments

Questions and Comments

Please hold for the Q&A session