

# BUSINESS SCENARIOS FOR STP UPDATE EVENT

This document provides business scenarios on STP Update Event usage.

DWG

discussion

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The update event allows an employer to provide corrections and revisions of YTD values for their employees. This event can include employees who are no longer being paid but whose YTD values need updating. It also allows an employer to declare that their employee's EOFY data is complete. Employers can use different payroll systems to pay staff. STP will allow employers with different payroll systems to report separately.

## Update event characteristics

- Must be identifiable as an update event and not a normal payroll event.
- Will not be used to report TFN declaration information.
- Cannot be cancelled or replaced, a subsequent update event can correct data
- Must contain at least one employee record
- Is not required to identify the payroll period the update relates to
- The update event transaction date will determine the financial year the update belongs to
- The event report a full record of YTD data, not just the element(s) being corrected
- All employee level data elements available in a payroll event can be updated via the update event
- Cannot be used to correct data that was prior to an employers commencement in STP

## Update event usage

There are occasions during the course of a year where an employer will need to modify an employee's information either for the current financial year or a prior financial year. Some of these reasons for modification are overpayments, payroll system corrections, incorrect categorisation, tax changes, different calculation cycles, multiple contracts etc. Where any of these employer actions result in a change to an employee's year to date information, then the ATO would be advised of these via an update event or the next payroll event. The event can also be used by an employer to declare that they have met their EOFY reporting obligations and the information the ATO has can be used to prefill the employee's income tax return.

The timing of the update event will determine whether it is a correction or revision. The following scenarios will provide guidance on the differences between corrections and revisions and also the impacts to the employee and employer. We will also pose questions which will aid in formulating the design.

## Overview

As a Single Touch Payroll enabled employer I can update the year to date information I have previously submitted to the ATO for my employees.

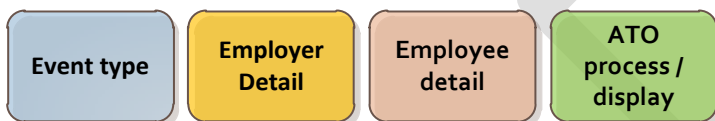
## Detail

Jambers Dairy operates a dairy on the NSW south coast, they employ 30 people in both permanent and casual positions. The dairy operates under a single ABN and branch number, payroll is run on a monthly cycle utilising MPS payroll software. Jason and Polly are two of the permanent employees; they work in the farm shop, this occasionally entails travel to other dairies, markets and suppliers. Mary is the payroll officer for the dairy.

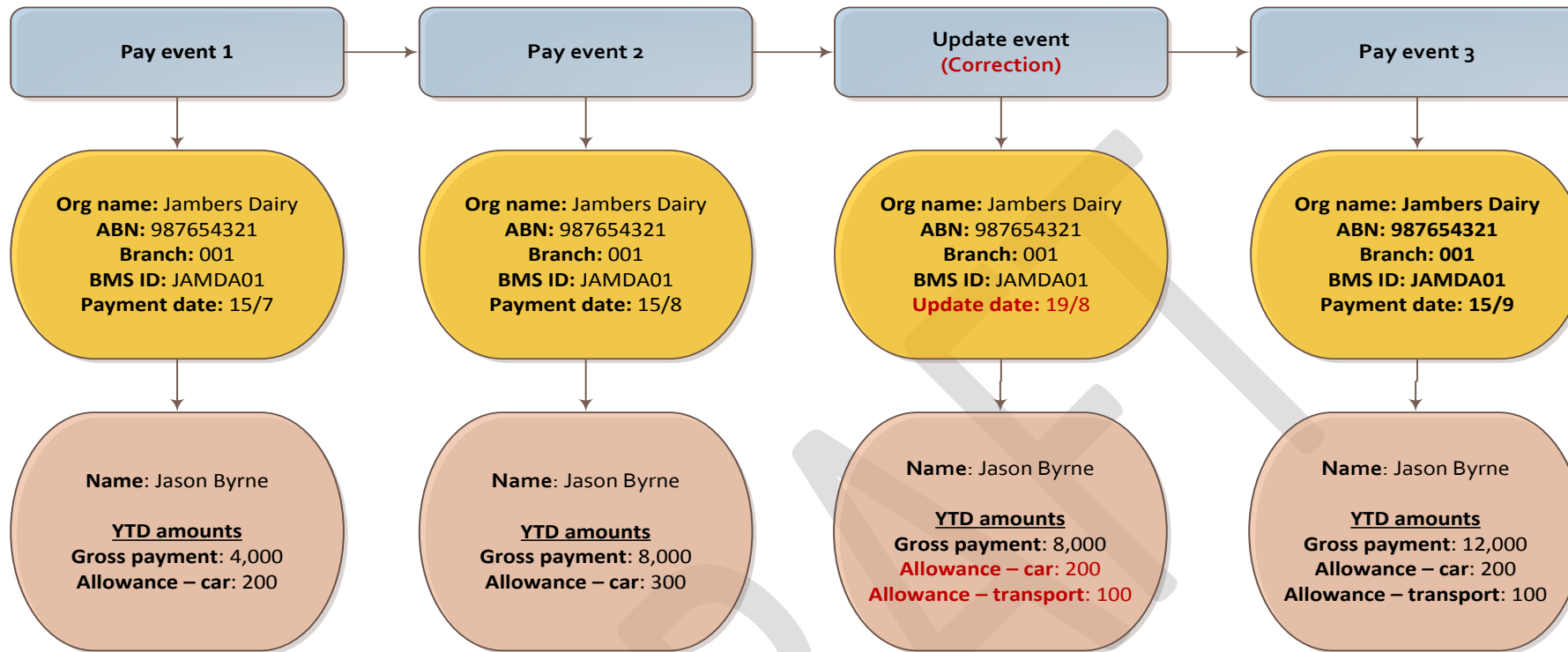
Four scenarios are presented in the following pages

- Scenario 1 - Employer corrects employee allowance amounts within the financial year using an update event
- Scenario 2 - Employer corrects employee allowance amounts within the financial year using the next payroll event
- Scenario 3 - Employer provides additional YTD amounts for employees and declares STP reporting is complete for the financial year
- Scenario 4 - Employer revises employee's prior year information within the current financial year

## Key

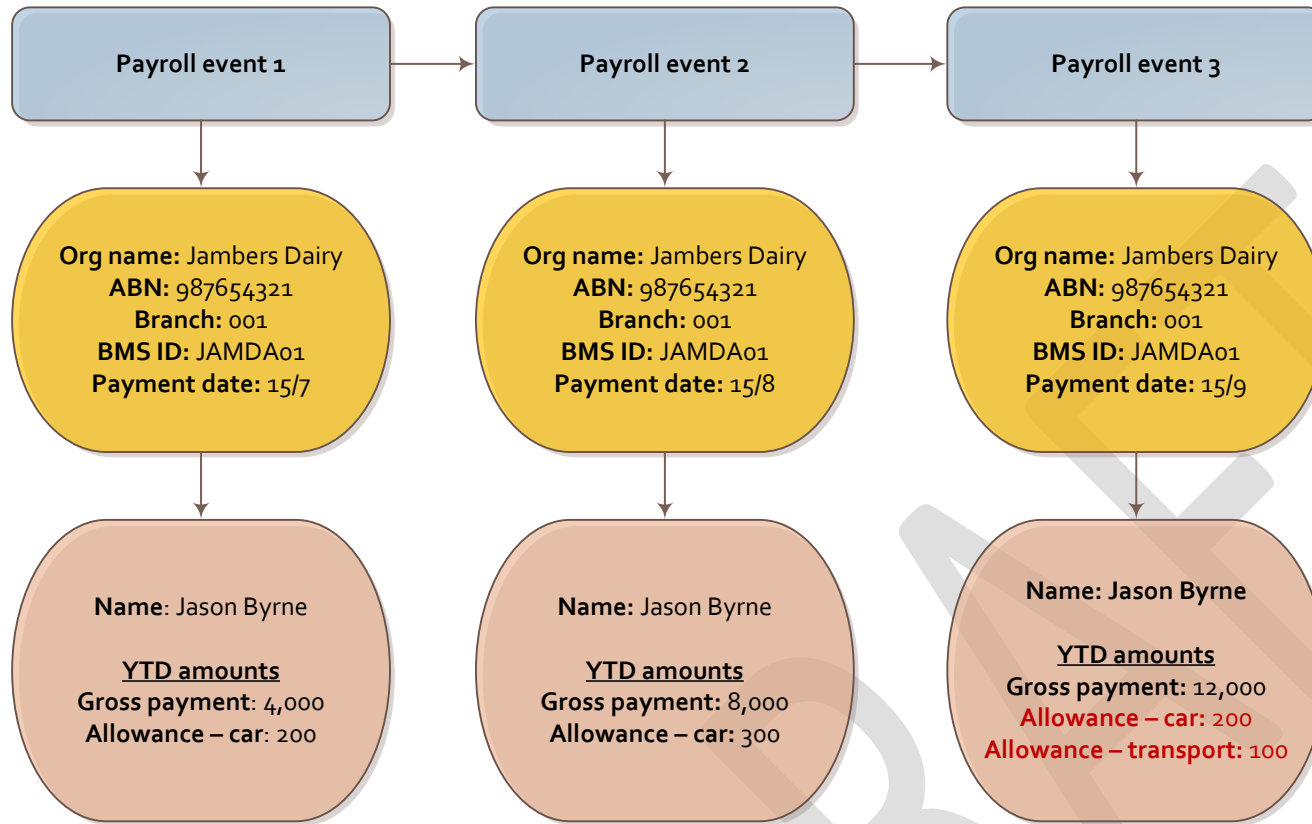


## Scenario 1 - Employer corrects employee allowance amounts within the financial year using an update event



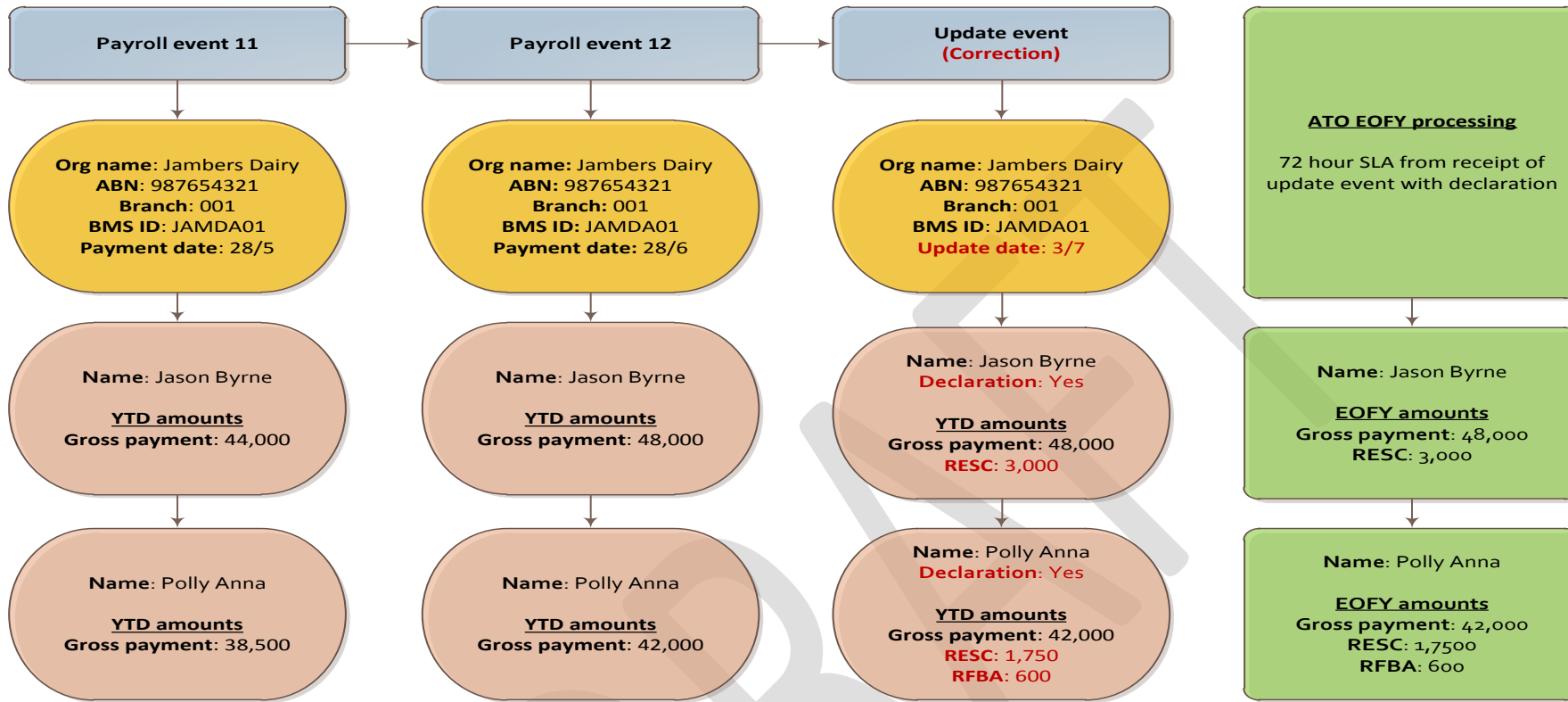
<b>Payroll event 1</b>	Jason worked payroll period 1 at the dairy. A payroll event is provided to the ATO.
<b>Payroll event 2</b>	Jason worked payroll period 2 at the dairy. A payroll event is provided to the ATO.
<b>Payroll investigation</b>	Jason advises Mary that his expected car allowance is showing as a transport allowance in his payslip and on ATO Online. After an investigation Mary discovers that the allowance was incorrectly categorised as a car allowance. As Jason needs to have his year to date information as up-to-date as possible for an upcoming loan application he would prefer for the details to be corrected as soon as possible.
<b>Update event</b>	Mary corrects the allowances and an update event is provided to the ATO. This information is displayed in ATO Online as soon as it is processed.
<b>Payroll event 3</b>	Jason worked payroll period 3 at the dairy. A payroll event is provided to the ATO. This payroll event also has the corrected year to date figures included

## Scenario 2 - Employer corrects employee allowance amounts within the financial year using the next payroll event



<b>Payroll event 1</b>	Jason worked payroll period 1 at the dairy. A payroll event is provided to the ATO.
<b>Payroll event 2</b>	Jason worked payroll period 2 at the dairy. A payroll event is provided to the ATO.
<b>Payroll investigation</b>	<p>Jason advises Mary that his expected car allowance is showing as a transport allowance in his payslip and on ATO Online. After an investigation Mary discovers that the allowance was incorrectly categorised as a car allowance.</p> <p>Jason advises the payroll officer that it is ok if the correct is in the next payroll.</p> <p>Mary corrects the allowances and they will be included in the next payroll run.</p>
<b>Payroll event 3</b>	Jason worked payroll period 3 at the dairy. A payroll event is provided to the ATO. This payroll event also has the corrected year to date figures included

## Scenario 3 - Employer provides additional YTD amounts for employees and declares STP reporting is complete for the financial year



### Payroll events 11 and 12

These payroll events are the final payrolls for the financial year

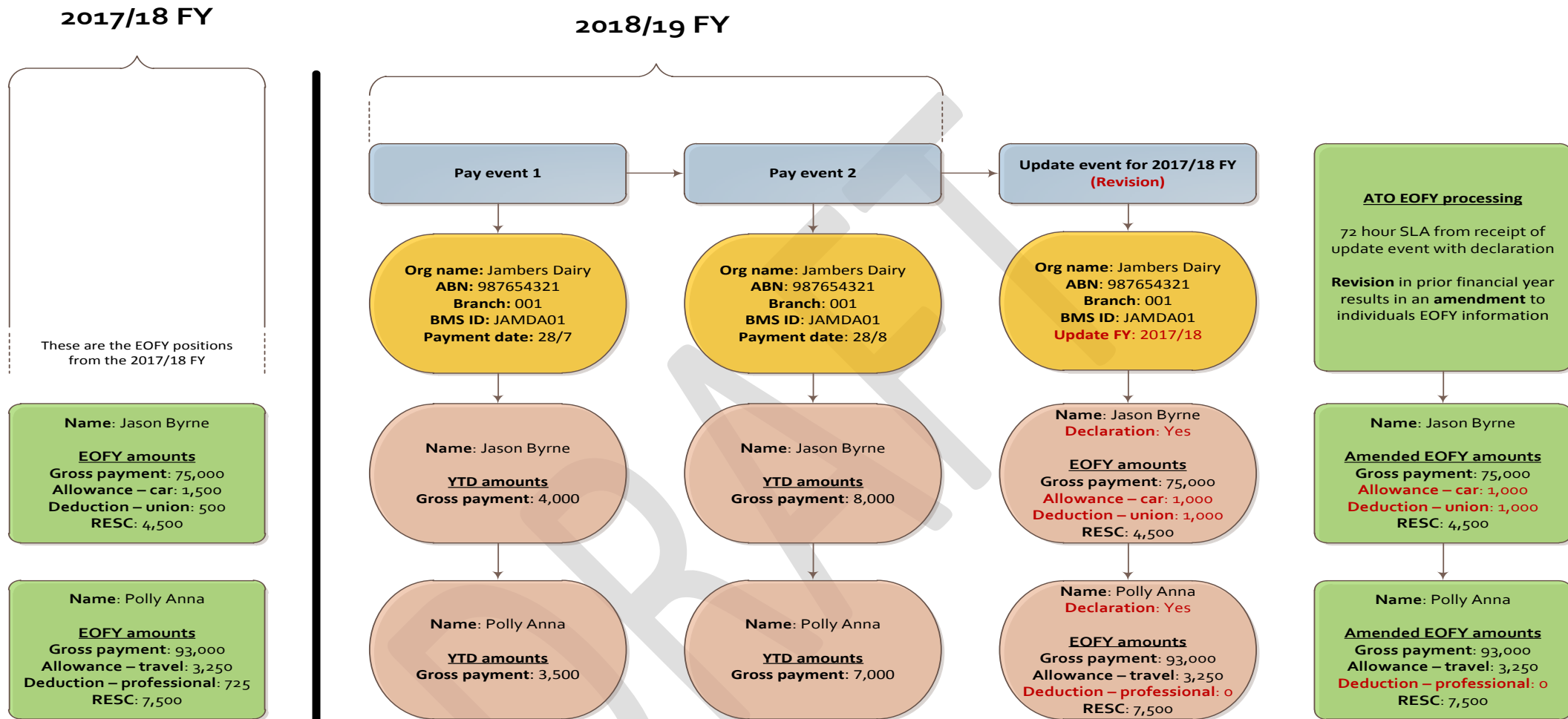
### Update event

At the end of the financial year Mary declares their financial year is complete by declaring so within the update event. The update event also contains additional information for Jason (RESC) and Polly (RESC and RFBA)

### ATO EOFY processing

Based on the information provided by the employer the ATO will commence EOFY processing which will result in the prefilling of Jason and Polly's tax return in addition to the display of the EOFY information in ATO Online.

# Scenario 4 - Employer revises employee's prior year information within the current financial year



**Payroll events 1 and 2**

Jason and Polly worked payroll periods 1 and 2 at the dairy. A payroll event for each period is provided to the ATO.

**Payroll investigation**

When completing his tax return for the 2017/18 financial year Jason realises that his allowance and deduction amounts do not look right. He contacts Mary and it is discovered that the allowances are overstated by \$500 and deductions understated by \$500. Mary double checks the other employees and discovers that there is also an error in Polly's information, she has had an erroneous deduction of \$725.

**Update event**

Mary revises the allowances and deductions in the 2017/18 financial year and an update event is provided to the ATO for 2017/18. This information is displayed in ATO Online as soon as it is processed.

**ATO EOFY processing**

Based on the new information provided by the employer the ATO will amend Jason and Polly's EOFY summary for 2017/18. This may mean that Jason and Polly will have to submit an amended tax return for 2017/18.

## Business guidance

- The update event will utilise the same data set as the payroll event (excluding the TFN declaration component)
- The update event date will determine the financial year the correction/revision relates to
- The update event must be a full record of data for the employee i.e. report all elements whether they being corrected/revise or not
- The update event can be used to advise the ATO that the EOFY process for an employee is complete
- The update event will be the only method available to correct/revise information in a prior financial year, a payroll event cannot do this i.e. after 30<sup>th</sup> June a payroll event cannot be reported for the prior financial year, only an update event can be reported
- The update event can be used to revise information from the previous five financial years, where those years were in STP