

Conditions of the micro employer market

Target solution criteria

The ATO wants software developers to create tailored solutions for the micro employer market that appeal to different user capabilities, including those with no digital capability.

The following types of solutions should be considered when developing the software:

- light-weight payroll solutions
- webform reporting style solutions
- variations on internet banking style solutions, or
- a combination of the above.

To reach the micro employer market, there is scope for internet browser based (desktop and mobile accessible) and smartphone based applications.

Based on research and industry consultations undertaken by the ATO, a solution needs to meet the following criteria:

1. A low or no-cost solution
 - Up to \$10 (inc. GST) or less per month in all-up fees or equivalent charges.
2. A simple user experience
 - A small number of screens to be navigated which are highly intuitive and require minimal training.
3. 'Minutes' to complete per pay event
 - For a micro business with simple payroll affairs, a target completion time of no more than 5 minutes on repeat pay events.
4. An easily repeatable experience
 - Saving relevant data from previous periods and not having to re-enter data un-necessarily.
5. Pain free set up
 - A set up routine that is easy to follow and can be completed in 30 minutes or less.
 - It is reasonable to expect that some assistance or help may be required (see criteria 6)
6. Easy to access help (especially at setup)
 - Online or over the phone help at setup.
 - Additional avenues to provide guided training or support will be considered by the ATO during the development cycle.

7. Secure online environment
 - A solution that provides confidence and security (meets the relevant requirements of the DSP Operational Framework)
8. Solution is provided as an 'end-to-end' service to the employer
 - Meeting both STP data and ebMS messaging requirements.
 - Without multiple contracts or negotiations with multiple suppliers.

Minimum viable product

To assist with meeting the target solution criteria, the ATO has reviewed the STP reporting requirements set out in the STP BIG and developed a condensed set of requirements for a Minimum viable product (MVP) in the form of a tailored micro solution. See "Technical requirements for micro solutions" below.

In summary, these requirements reduce the number of data items a micro business needs to record at pay event and setup time, while simplifying the number and type of business rules which need to be met.

Product and data security

DSPs developing a solution need to meet the relevant [requirements](#) of the DSP Operational Framework.

The DSP Operational Framework was implemented by the ATO to protect tax and superannuation related data as well as the integrity of the tax and superannuation systems which support the Australian community, instilling an increased level of confidence.

Technical requirements for micro solutions

Supplementary guide to the STP BIG – introduction

The following section sets out the technical requirements a DSP would need to meet for a MVP version of STP reporting. These requirements target micro employers with little or no digital capability. Where features or elements are 'voluntarily' reported or specified as 'not required', a DSP may provide these in their solution if they choose.

The 'MVP requirements for tailored micro solutions' is a supplementary guide to the STP BIG and amends the current version ([STP BIG v3.0](#)). The ATO intends to incorporate the following information as an appendix to the STP BIG in the next version update.

All other requirements for a STP reporting solution remain the same unless stated otherwise. For example, a MVP product must be able to send a conforming ebMS message to the ATO while meeting the user criterias above.

MVP requirements for tailored micro solutions

The table below provides a summary of permitted variations in business rules, fix routines and reporting against data labels as referenced from the STP BIG for registered tailored micro solutions.

1. Introduction	
	The general context of STP reporting applies to registered tailored micro solutions.
2. Hire to retire	
	The general principles in this section apply to registered tailored micro solutions.
3. Business rules for payroll reporting	
3.1	Payroll payments
3.1.1	Regular pay cycle – Employer runs regular pay cycle
	Requirement generally applies. As the reporting of contractors is voluntary, there is no requirement to provide for recording the ABN of contractors in a registered tailored micro solution.
3.1.2	ABN/Branch/BMS ID/Payee payroll ID
	Requirement applies where a business chooses to report staff using more than one payroll or reporting solution, except where branching is involved. Branching is a voluntary requirement (not mandated) for a registered tailored micro solution. Businesses using branching should not use a tailored solution (default value 001), if that solution does not contain that data item.
3.1.3	Out of cycle payment – Employer pays an employee outside of the regular pay cycle
	Requirement applies.
3.1.4	Remittance of PAYG withholding
	Requirement applies.
3.1.5	Cessation
	Requirement applies.
3.1.6	Allowances* and deductions The requirement has been modified. A micro business may report the total amount of allowances amount in this field for each pay event using the 'other' field, rather than grouped and summed by type. Deductions must be itemized. To support preparation of an individual's tax return, the employer will need to itemize this for an employee at year-end and keep a record for tax compliance purposes.
3.1.7	Employment termination payments (multiple ETPs – primary key is payment date)
	Not required for registered tailored micro solution.
3.1.8	ETP Death benefits
	Not required for registered tailored micro solution.
3.1.9	Payments made to employees posted to a foreign country
	Not required for registered tailored micro solution.
3.1.10	Foreign employment income
	Not required for registered tailored micro solution.

3.1.11	Exempt foreign employment income
	Not required for registered tailored micro solution.
3.1.12	Working holiday makers
	Not required for registered tailored micro solution.
3.2	Fix
3.2.1-3.2.6	Requirements apply.
3.2.7	Where an employee is reported under an incorrect ABN or PAYG withholding branch
	Not required for registered tailored micro solution.
3.2.8	Full file replacement
	Not required for registered tailored micro solution. All fixes can be reported via a submit or update file.
3.2.9-3.2.10	Requirements apply.
3.3	Finalisation
	Requirements apply.
3.4	Transition
	Requirements apply.
3.5	Commencement of a new employee
	Requirements apply.
4. Business Response Messaging	
	Requirements apply.
5. Authorisations and Declarations	
	Requirements apply.
6. Scenarios	
	Some of these scenarios may not apply to a tailored micro solution where the business rule is not relevant. The ATO will supplement these scenarios with further examples specific to micros where needed.

Treatment of data elements

For a registered micro solution, the following table of data elements varies the Message Structure Table (MST) for the PAYEVNT.0003 (parent file) and PAYEVNTEMP.0003 (child file). Note the following:

- The tables provide an **extract** of five fields from the MST with a 'Micro Treatment' column added. The remaining columns from the MST still apply.
- The 'Micro Treatment' column defines the **minimum** data elements required to be populated by an employer using a registered micro solution. The MST file sent will remain the same but be blank in the fields marked 'Not Required'.
- The 'Min Occurs' column defines where an item is mandatory '1' or optional '0', except as over-ridden by the 'Micro Treatment' column.
- In the design of a STP micro solution, it is optional to support fields marked 'Not Required'.
- Headers are marked by blue rows and Tuples by yellow. This is included only to provide context around label groupings.

- Some changes may be required to data definitions to accommodate micro reporting variations (e.g. Pay/Update Date for a quarterly reporting option).

PAYEVNT.0003 (parent file)

Alias	Element Type	Label	Micro Treatment	Min Occurs	Max Occurs
	Heading	Payroll Event		0	0
PAYEVNT73	Tuple	Reporting Party		1	1
PAYEVNT63	Fact	BMS Identifier		1	1
PAYEVNT2	Fact	Payer Australian Business Number		0	1
PAYEVNT3	Fact	Payer Withholding Payer Number		0	1
PAYEVNT4	Fact	Payer Branch Code	Not Required	1	1
PAYEVNT74	Tuple	Payer Name		1	1
PAYEVNT5	Fact	Payer Organisation Name		1	1
PAYEVNT6	Fact	Payer Contact Name	Not Required	0	1
PAYEVNT75	Tuple	Payer Electronic Contact		1	1
PAYEVNT15	Fact	Payer E-mail Address	Not Required	0	1
PAYEVNT16	Fact	Payer Business Hours Phone Number		1	1
PAYEVNT76	Tuple	Payer Postal Address		1	1
PAYEVNT8	Fact	Payer Address Line 1		1	1
PAYEVNT9	Fact	Payer Address Line 2		0	1
PAYEVNT10	Fact	Payer Suburb/Town		1	1
PAYEVNT11	Fact	Payer State/Territory		0	1
PAYEVNT12	Fact	Payer Postcode		0	1
PAYEVNT14	Fact	Payer Country Code		0	1
PAYEVNT77	Tuple	Payroll		1	1
PAYEVNT69	Fact	Pay/Update Date	Possible definition change	1	1
PAYEVNT70	Fact	Payee Record Count		1	1
PAYEVNT71	Fact	Run Date/Time Stamp		1	1
PAYEVNT84	Fact	Submission ID		1	1
PAYEVNT19	Fact	Full File Replacement Indicator	Not Required	1	1
PAYEVNT79	Tuple	Payer Period Totals		0	1
PAYEVNT20	Fact	Payer Total PAYGW Amount		1	1
PAYEVNT22	Fact	Payer Total Gross Payments		1	1
PAYEVNT80	Tuple	Reporting Party Declaration		1	1
PAYEVNT37	Fact	Payer Declarer Identifier		1	1
PAYEVNT38	Fact	Payer Declaration Date		1	1

PAYEVNT39	Fact	Payer Declaration Acceptance Indicator		1	1
PAYEVNT81	Tuple	Intermediary		0	1
PAYEVNT64	Fact	Intermediary ABN		1	1
PAYEVNT65	Fact	Registered Agent Number	Not Required	0	1
PAYEVNT68	Fact	Intermediary Contact Name		1	1
PAYEVNT82	Tuple	Intermediary Electronic Contact		1	1
PAYEVNT66	Fact	Intermediary E-mail Address	Not Required	0	1
PAYEVNT67	Fact	Intermediary Business Hours Phone Number		1	1
PAYEVNT83	Tuple	Intermediary Declaration		1	1
PAYEVNT41	Fact	Intermediary Declarer Identifier		1	1
PAYEVNT42	Fact	Intermediary Declaration Date		1	1
PAYEVNT43	Fact	Intermediary Declaration Acceptance Indicator		1	1

PAYEVNTEMP.0003 (child file)

Alias	Element Type	Label	Micro Treatment	Min Occurs	Max Occurs
	Heading	Payroll Event Payee		0	0
PAYEVNTEMP206	Tuple	Payee		1	1
PAYEVNTEMP207	Tuple	Payee Identifiers		1	1
PAYEVNTEMP13	Fact	Payee TFN		0	1
PAYEVNTEMP91	Fact	Contractor ABN	Not Required	0	1
PAYEVNTEMP11	Fact	Payee Payroll ID		1	1
PAYEVNTEMP209	Tuple	Payee Name Details		1	1
PAYEVNTEMP15	Fact	Payee Family Name		1	1
PAYEVNTEMP16	Fact	Payee First Name		0	1
PAYEVNTEMP17	Fact	Payee Other Name		0	1
PAYEVNTEMP210	Tuple	Payee Demographic Details		0	1
PAYEVNTEMP205	Fact	Payee Day of Birth		0	1
PAYEVNTEMP203	Fact	Payee Month of Birth		0	1
PAYEVNTEMP204	Fact	Payee Year of Birth		0	1
PAYEVNTEMP211	Tuple	Address Details		1	1
PAYEVNTEMP21	Fact	Payee Address Line 1		1	1
PAYEVNTEMP22	Fact	Payee Address Line 2		0	1
PAYEVNTEMP23	Fact	Payee Suburb/Town		1	1
PAYEVNTEMP24	Fact	Payee State/Territory		0	1
PAYEVNTEMP25	Fact	Payee Postcode		0	1
PAYEVNTEMP27	Fact	Payee Country Code		0	1
PAYEVNTEMP212	Tuple	Electronic Contact		0	1
PAYEVNTEMP94	Fact	Payee E-mail Address		0	1
PAYEVNTEMP95	Fact	Payee Phone Number		0	1
PAYEVNTEMP213	Tuple	Employment Conditions		0	1
PAYEVNTEMP92	Fact	Payee Commencement Date		0	1
PAYEVNTEMP93	Fact	Payee Cessation Date		0	1
PAYEVNTEMP214	Tuple	Wage Item		0	1
PAYEVNTEMP215	Tuple	Payroll Run		1	1
PAYEVNTEMP29	Fact	Period Start Date		1	1
PAYEVNTEMP30	Fact	Period End Date		1	1
PAYEVNTEMP110	Fact	Final Event Indicator		1	1
PAYEVNTEMP216	Tuple	Individual Non Business Payment Summary		0	1
PAYEVNTEMP47	Fact	Payee Gross Payments		1	1
PAYEVNTEMP60	Fact	Payee CDEP Payment Amount	Not Required	0	1
PAYEVNTEMP130	Fact	Payee Total INB PAYGW Amount		1	1
PAYEVNTEMP49	Fact	Payee Exempt Foreign Income Amount	Not Required	0	1

PAYEVNTEMP217	Tuple	Voluntary Agreement Payment Summary		0	1
PAYEVNTEMP57	Fact	Payee Voluntary Agreement Gross Payment	Not Required		1
PAYEVNTEMP115	Fact	Payee Total Voluntary Agreement PAYGW Amount	Not Required	1	1
PAYEVNTEMP218	Tuple	Business and Personal Services Income Payment Summary		0	1
PAYEVNTEMP48	Fact	Payee Labour Hire Gross Payment	Not Required	1	1
PAYEVNTEMP114	Fact	Payee Total Labour Hire PAYGW Amount	Not Required	1	1
PAYEVNTEMP219	Tuple	Other Specified Payment Summary		0	1
PAYEVNTEMP122	Fact	Payee Other Specified Gross Payments	Not Required	1	1
PAYEVNTEMP116	Fact	Payee Total Other Specified Payments PAYGW Amount	Not Required	1	1
PAYEVNTEMP220	Tuple	Joint Petroleum Development Area Payment Summary		0	1
PAYEVNTEMP120	Fact	Payee JPDA Foreign Employment Income Gross Amount	Not Required	1	1
PAYEVNTEMP132	Fact	Payee JPDA Foreign Employment Income Foreign Tax Paid	Not Required	1	1
PAYEVNTEMP113	Fact	Payee Total FEI JPDA PAYGW Amount	Not Required	1	1
PAYEVNTEMP221	Tuple	Working Holiday Maker Payment Summary		0	1
PAYEVNTEMP200	Fact	Payee Working Holiday Maker Gross Payment	Not Required	1	1
PAYEVNTEMP201	Fact	Payee Working Holiday Maker PAYGW Amount	Not Required	1	1
PAYEVNTEMP222	Tuple	Foreign Employment Income Summary		0	1
PAYEVNTEMP119	Fact	Payee Gross Payments Foreign Employment	Not Required	1	1
PAYEVNTEMP237	Fact	Payee Foreign Employment Income Foreign Tax Paid	Not Required	1	1
PAYEVNTEMP112	Fact	Payee Total FEI PAYGW Amount	Not Required	1	1
PAYEVNTEMP223	Tuple	Termination Payment Summary		0	25
PAYEVNTEMP34	Fact	ETP Code	Not Required	1	1
PAYEVNTEMP123	Fact	Payee ETP Payment Date	Not Required	1	1
PAYEVNTEMP50	Fact	Payee Termination Payment Tax Free Component	Not Required	1	1
PAYEVNTEMP51	Fact	Payee Termination Payment Taxable Component	Not Required	1	1

PAYEVNTEMP117	Fact	Payee Total ETP PAYGW Amount	Not Required	1	1
PAYEVNTEMP224	Tuple	Lump Sum Payments		0	1
PAYEVNTEMP225	Tuple	Lump Sum Payment A		0	1
PAYEVNTEMP53	Fact	Payee Lump Sum Payment A Type	Not Required	1	1
PAYEVNTEMP52	Fact	Payee Lump Sum Payment A	Not Required	1	1
PAYEVNTEMP54	Fact	Payee Lump Sum Payment B	Not Required	0	1
PAYEVNTEMP55	Fact	Payee Lump Sum Payment D	Not Required	0	1
PAYEVNTEMP56	Fact	Payee Lump Sum Payment E	Not Required	0	1
PAYEVNTEMP226	Tuple	Allowance Item		0	30
PAYEVNTEMP7	Fact	Allowance Type	Set to 'Other'	1	1
PAYEVNTEMP8	Fact	Other Allowance Type	Set to 'Total Allowances'	0	1
PAYEVNTEMP62	Fact	Payee Allowance Amount		1	1
PAYEVNTEMP227	Tuple	Deduction Item		0	2
PAYEVNTEMP10	Fact	Deduction Type		1	1
PAYEVNTEMP87	Fact	Payee Deduction Amount		1	1
PAYEVNTEMP228	Tuple	Super Entitlement Year To Date		0	1
PAYEVNTEMP84	Fact	Super Liability Amount		0	1
PAYEVNTEMP61	Fact	OTE Amount	Not Required	0	1
PAYEVNTEMP111	Fact	Reportable Employer Super Contribution	Not Required	0	1
PAYEVNTEMP229	Tuple	Reportable Fringe Benefits Amount		0	1
PAYEVNTEMP230	Tuple	Taxable		0	1
PAYEVNTEMP125	Fact	Payee RFB Taxable Amount	Not Required	1	1
PAYEVNTEMP231	Tuple	Exempt		0	1
PAYEVNTEMP126	Fact	Payee RFB Exempt Amount	Not Required	1	1
PAYEVNTEMP232	Tuple	Onboarding		0	1
PAYEVNTEMP233	Tuple	Employment Details		0	1
PAYEVNTEMP238	Fact	Payee Terminated Indicator	Not Required	0	1
PAYEVNTEMP202	Fact	Payee Residency Status	Not Required	0	1
PAYEVNTEMP96	Fact	Basis of Payment Code	Not Required	0	1
PAYEVNTEMP98	Fact	Tax Free Threshold Claimed	Not Required	0	1
PAYEVNTEMP241	Fact	Study and Training Loan Repayment Indicator	Not Required	0	1
PAYEVNTEMP106	Fact	Student Financial Supplement Scheme Loan indicator	Not Required	0	1

PAYEVNTEMP236	Tuple	Payee Declaration		0	1
PAYEVNTEMP129	Fact	Payee Declaration Acceptance Indicator	Not Required	1	1
PAYEVNTEMP128	Fact	Payee Date Declaration Signed	Not Required	0	1