



**Australian Government**

**Australian Taxation Office**

# Single Touch Payroll

Design consultation workshops, April/May 2016

Sydney, Melbourne & Canberra

# Contents

Table	Page Number
<a href="#"><u>Who attended?</u></a>	3
<a href="#"><u>Introduction</u></a>	4
<a href="#"><u>What is STP, key benefits and phased approach</u></a>	5
<a href="#"><u>Key messages from the workshops</u></a>	6
<a href="#"><u>Journey Map Designs</u></a>	7
<a href="#"><u>Journey Map 1 – Run Payroll Process</u></a>	8
<a href="#"><u>Journey Map 2 – End of Financial Year (EOFY) process</u></a>	12
<a href="#"><u>Journey Map 3 – Reporting Superannuation to the ATO</u></a>	16
<a href="#"><u>Journey Map 4 – Commencement of a new employee via myGov</u></a>	20
<a href="#"><u>Journey Map 5 - Commencement of a new employee via BMS</u></a>	24
<a href="#"><u>Next Steps</u></a>	27

# Who attended these sessions?

58 industry representatives met with ATO and Treasury officers across six sessions in Sydney, Melbourne and Canberra.



**12x Financial Institution reps**



**15x Intermediaries**



**14x Industry Associations**



**17x Solution Providers**

Name	Organisation
Angela Lehmann	ADP Payroll Solutions
Leah Porteus	AMP
Danielle Nichol	AMP
Johnathon Levell	Ascender Payroll
Hans van Daatselaar	ASP Australia
Stuart Norman	Association of Accounting Technicians (and ABSIA)
Tim Hicks	Australian Chamber of Commerce and Industry
Jamie Hancock	Australian Payroll Association
Kelly Kerr	BT Financial
Michael Crocker	CAANZ
Rachel Reynolds	CareSuper
Callum Masson	Commonwealth Bank of Australia
John Kennedy	Commonwealth Bank of Australia
James Young	Commonwealth Superannuation Corporation (CSC)
Peter Strong	Council of Small Business Australia
Maguy Nakhil	CPA Australia
Matt Hamilton	Datacom
Ann Smith	First State Super
Rakshat Patheja	First State Super
Josef Bobinac	Frontier Software
Michael Benyon	HR3 Pty Ltd
Tony Greco	Institute of Public Accountants
Matthew Addison	Institute of Certified Bookkeepers
Joe Brasacchio	Intunity
Heide Stewart	IOOF Holdings
Sue Pearce	Link Super
Kevin Lui	McCann's Taxation Services
Phil McCann	McCann's Taxation Services
Narelle Telfer	Mercer Investments
Michael Ross	MessageXchange

Name	Organisation
Sally Higgs	MYOB
Laureen Zippel	National Australia Bank
David Kerr	National Australia Bank
Ian Gray	National Australia Bank
Joy Hooper	Oracle
Mo Prasad	Ozedi
Deanne Windsor	Pendragon Consultants (and ABSIA)
Stuart Clements	Qsuper
Catherine Best	Qsuper
Neil Rustidge	Reckon Limited
Nicholas Perrott	Riscos Consulting Pty Ltd
Ray Waughman	Rockfast International
Janice Aldinger	Sage MicrOpay
Thu Dinh	Sage MicrOpay
Matt Voce	SAP
Phil Richards	SmartPayroll
Gordon Williamson	SuperChoice
Andrew Callus	SuperChoice
Robyn Jacobson	Tax Banter
Thilini Wickramasuriya	Tax Institute
Jason Low	The Association for Payroll Specialists
Alan Bliss	The Practice
Caitlin Mathews	The Practice
Richard Puffe	Thomson Reuters
Dean Pearce	Vicsuper
Mark Newman	Vision Super
Eric Robinson	Westpac
Anna Scherleitner	Westpac

# Introduction

Having recently moved into the role of Single Touch Payroll (STP) Program Lead, I am pleased to be able to share this talk book with you.

In partnership with Treasury we recently invited members from across industry including software developers and other potential STP solution providers, industry representatives, financial institutions and intermediaries to join a session with us to talk about the design of STP and provide an opportunity to inform the future law design.



Six sessions were held in Sydney (20-21 April), Melbourne (28-29 April) and Canberra (5 May). 58 industry participants shared their insights and thoughts regarding STP. I was really impressed with the level of engagement and thoughtful input we had from participants and would like to thank everyone who attended. I certainly came away from these sessions much better informed from the experience.

The following talk book content aims to capture the conversations including ATO/Treasury comments and issues raised throughout the six sessions. The talk book shares the related discussion as we walked through each of the five journey maps and separates each step and captures the design discussions.

Following is some brief information about Single Touch Payroll, benefits, phased approach and a collection of themes and queries raised from participants that the ATO and Treasury took from these sessions. The information heard from across the sessions will be used to inform the next steps and assist in design considerations.

John Shepherd  
STP Program Lead

# What is STP?

STP is a government initiative :

- that enables businesses and employers to report staff salary and wages (including ordinary time earnings) and PAYG withholding amounts to the ATO at the same time they pay their employees
- where Superannuation contribution information is reported to the ATO when payments are made by the employer to the fund
- where employers will also have the option to pay their PAYG withholding more regularly, for example, at the same time they pay their staff
- for employers with 20 or more employees, STP reporting will be mandatory from 1 July 2018 (subject to legislation being passed). Businesses (with an STP solution) can choose to start STP reporting from 1 July 2017
- which includes an optional streamlined process for individuals commencing employment. An employer can allow their employees to complete forms such as TFN declaration and Superannuation Choice using pre-fill in myGov or through their business management software
- where a pilot will be conducted in 2017 to demonstrate the benefits for smaller employers.



## Key Benefits

The purpose of STP is to provide individuals and business with a range of benefits:

- providing employees with visibility of their total year to date salary and wage income, PAYG withholding amounts and super guarantee contribution amounts as they accumulate
- STP will enable employers and employees to be more assured that all eligible businesses are meeting their obligations. With earlier warning, the ATO can better assist employers struggling to meet their PAYG withholding and super obligations
- to simplify business reporting for employers by leveraging the natural business processes of paying their employees, to meet their PAYG withholding reporting obligation at the same time
- streamlining of employee commencement processes in relation to forms such as TFN declarations and Super Choice, making it more efficient for some employers and easier for employees to meet requirements through pre-fill in myGov or through their business management software
- the pilot will seek to explore and confirm benefits of STP for those employers with 19 or less employees.



## Phased Approach

STP will be implemented in phases providing appropriate time for businesses to adjust to the new reporting requirements. STP reporting will be mandatory from 1 July 2018 for businesses with 20 or more employees. Any business can choose to start STP reporting from 1 July 2017. Following are the phases:

- from 1 July 2017 all businesses will be able to commence STP reporting
- from 1 July 2018 employers with 20 or more employees will be required to report to the ATO
- the ATO will be conducting a pilot in the first half of 2017, with a focus on small businesses, to demonstrate the deregulation benefits for businesses and test the support and education tools.



# Key messages from the workshops

## Important things we heard from participants



### Flexibility

- require channel and reporting options
- what are the early reporting options?
- require reporting in between/out of cycle payments
- require exceptions processing
- need the ability to correct mistakes without penalty.

### Clarity

- what is the government mandate?
- what are the security/privacy considerations?
- what is the pay date obligation – frequency of reporting?
- how will messages get to the ATO – SBR or other business initiatives?
- who is responsible for record keeping?
- how does an employee advise that PAYGW data should be shared with tax agents?

### Client Readiness

- need for help and support products
- what is the data security?
- what are the data requirements and lead times?
- how are corrections and adjustments completed?
- what are the pilot benefits, timeframes, outcomes?

### Design

- who will get this data?
- will it be designed around existing PAYG withholding, super obligations and business processes?
- what is the connection with Standard Business Reporting (SBR) and other business initiatives?
- how will it support agents processing on behalf of employers and allow the file to come from a third party?
- important to continue co-design engagement with industry and businesses impacted.



# Journey Map Designs

There are five journey maps providing a brief summary of the proposed process and high level features of the proposed design.

The flow of the journey maps are listed below and we documented comments for each step along the journey map made from the ATO/Treasury (these are identified in *italics*) and participant comments. The ATO attempted to capture the majority of comments throughout the sessions and these have been documented. If a comment was not made against a step in the journey map, then this step has not been included in the comments.

Please note: The intention of the ATO and Treasury points (in *italics*) are not to be read as a policy decision. We have aimed to capture the conversation or a response to questions.

## Journey Map 1

Run Payroll Process

## Journey Map 2

End of financial year  
(EOFY) process

## Journey Map 3

Reporting Superannuation  
to ATO

## Journey Map 4

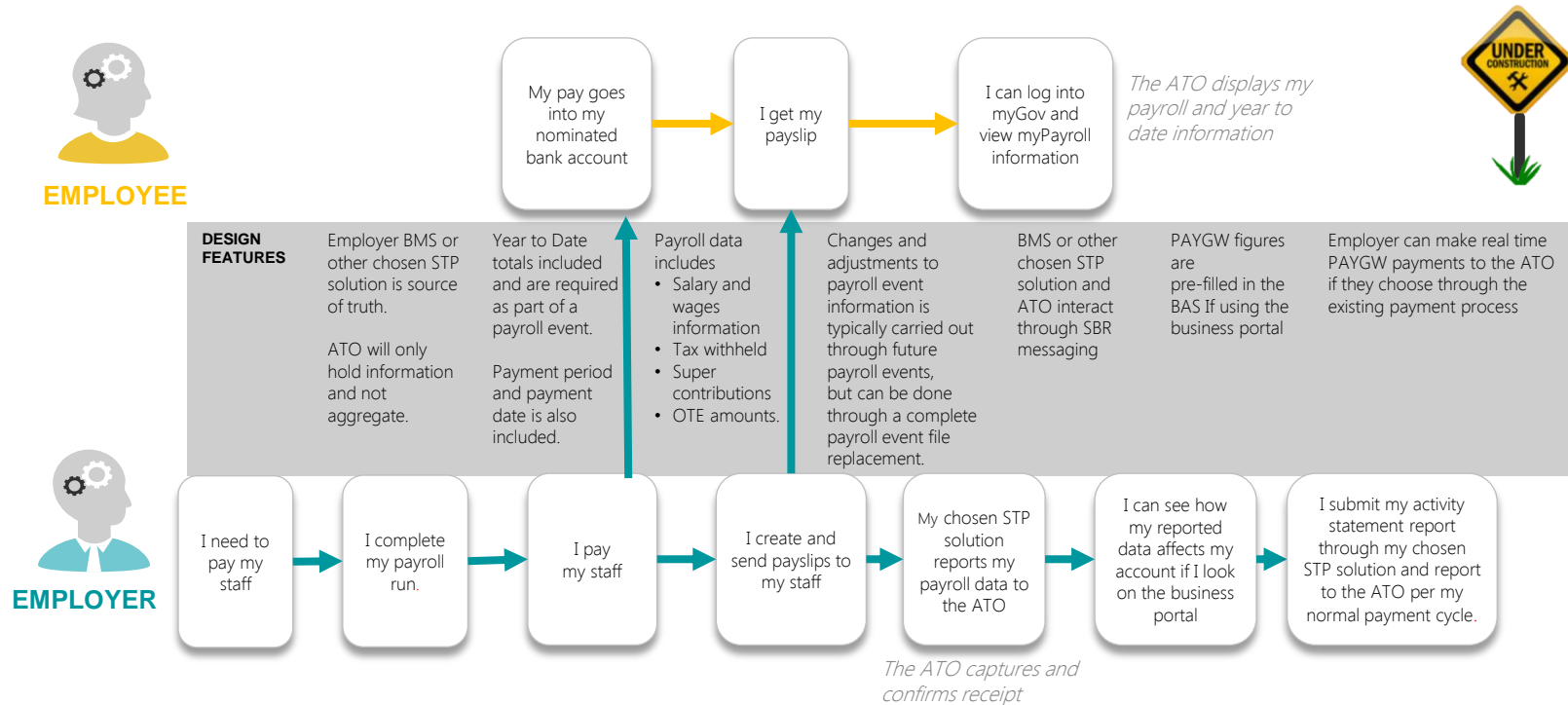
Commencement of a new  
employee via myGov

## Journey Map 5

Commencement of a new  
employee via BMS or  
other chosen STP solution

# Journey Map 1: Run Payroll Process

The following design proposal illustrates what an employer would experience when paying employees with an STP-enabled solution.



## Current law and related discussion

### Current

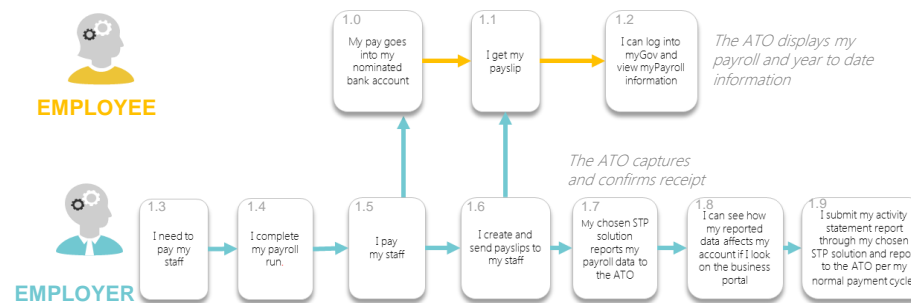
- employer has obligation to withhold PAYG withholding (PAYGW) at time of payment to employee
- employer pays and reports PAYGW in the approved form in accordance with their lodgement cycle (weekly, fortnightly, monthly, quarterly – depending on the size of the employer)
- the approved form framework provides the ability for the ATO to defer due dates for reporting and to specify the precise form of information required and the manner of providing it (which could include mandating data requirements).

### Approach discussed

- employer (with 20 or more employees) will be required to report to the ATO payroll information relating to PAYGW and information about their super liabilities at the same time as they pay their employees
- the flexibility provided under the approved form framework could allow the ATO to defer due dates for reporting classes of ad hoc payments/out-of-cycle payments, so that an employer can choose to report those payments in their next regular payroll run
- there is no change to the current payment due dates for PAYGW; early payment of PAYGW to the ATO when the payroll information is reported is optional.

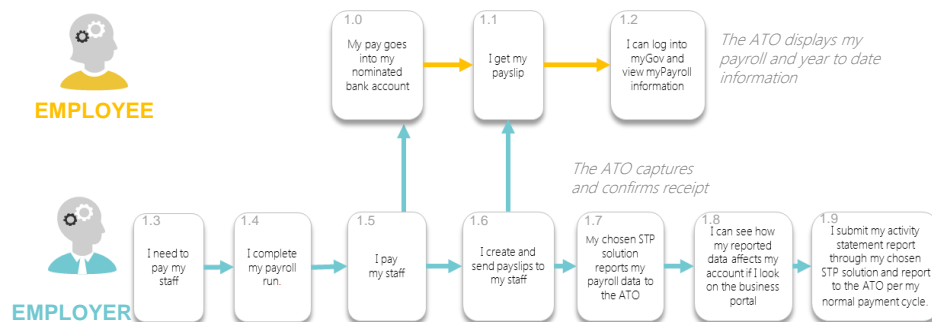


# Journey Map 1: Run Payroll Process



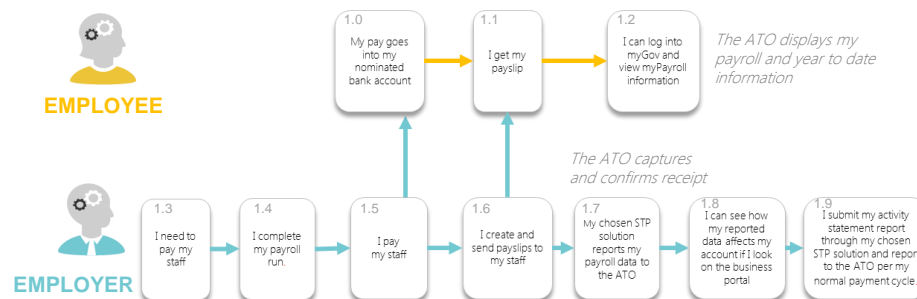
Process	Design discussion
<p>1.1</p> <p>I get my payslip</p>	<ul style="list-style-type: none"> <li>need to be clear to employees if payslip was just received, it may not match myPayroll information at that point in time.</li> </ul>
<p>1.2</p> <p>I can log into myGov and view myPayroll information</p>	<ul style="list-style-type: none"> <li><i>viewing myPayroll data is a means of transparency/visibility and tells the employee what data the ATO has</i></li> <li><i>employees will be able to view details of multiple payers (separate YTD totals)</i></li> <li><i>a journey map for early payments will be developed when consultation recommences</i></li> <li>myGov – test/validate/syncing information for data display</li> <li>‘pay information’ is a clearer term than ‘myPayroll information’.</li> </ul>
<p>1.5</p> <p>I pay my staff</p>	<ul style="list-style-type: none"> <li><i>the data provided in a payment summary should form the starting point for the data to be collected by STP</i></li> <li><i>need to understand and design for ‘out of cycle’ payments:</i> <ul style="list-style-type: none"> <li><i>large employers now – less than a certain threshold can roll over to next payroll</i></li> <li><i>STP could report at the time of the out of cycle payment – build in flexibility</i></li> </ul> </li> <li><i>obligation to withhold is currently when a employee is paid, this ‘withholding event’ could be the legislative trigger and due date to report STP file to ATO</i></li> <li><i>payroll is a critical business process and is generally a source of truth within a businesses Business Management System (BMS)</i></li> <li><i>decoupling payment and reporting – STP reports to ATO can enable a design where the obligation to report when a later payment is made is removed</i></li> <li><i>as there is no decision to mandate STP reporting for all employers, at the moment there will be the requirement to maintain the existing PAYGW regime</i></li> <li>‘payment date’ is clearer than ‘payment period’</li> <li>there is no need to state explicitly that an employer needs to pay their staff as payroll process assumes that</li> <li>need to be careful about where the obligations sit from a cost perspective, often payroll companies are refusing to meet the obligation for their clients</li> <li>need to explore if this has any connection with paid parental leave.</li> </ul>

# Journey Map 1: Run Payroll Process



Process	Design Discussion
1.7 My chosen STP solution reports my payroll data to the ATO	<ul style="list-style-type: none"> <li><i>employer validation – where a payroll report has transitioned through the channel correctly and received by the ATO without error, the employer will receive an interactive confirmation of receipt</i></li> <li><i>corrupt file notifications will be handled by the channel validation process</i></li> <li><i>real time reporting is technically incorrect under STP and we should only reference the term ‘event based’ information</i></li> <li>solution providers want really clear data definitions – this is critical</li> <li>standardised data for employers</li> <li>ATO need to understand scenarios of receiving payroll from different systems and share with stakeholders: <ul style="list-style-type: none"> <li>all payroll systems report data in a slightly different way</li> </ul> </li> <li>challenge in the payroll world at the moment is the differing technological solutions e.g. cloud based products v’s traditional; this will need to be factored into design</li> <li>business currently has extensive processes to get data and ensure its accuracy before they send it to the ATO, despite ATO’s current matching/confidence process.</li> </ul>
1.8 I can see how my reported data affects my account if I look on the business portal	<ul style="list-style-type: none"> <li>ATO should look into reporting to employers uploaded data - this will support their reconciliation.</li> </ul>

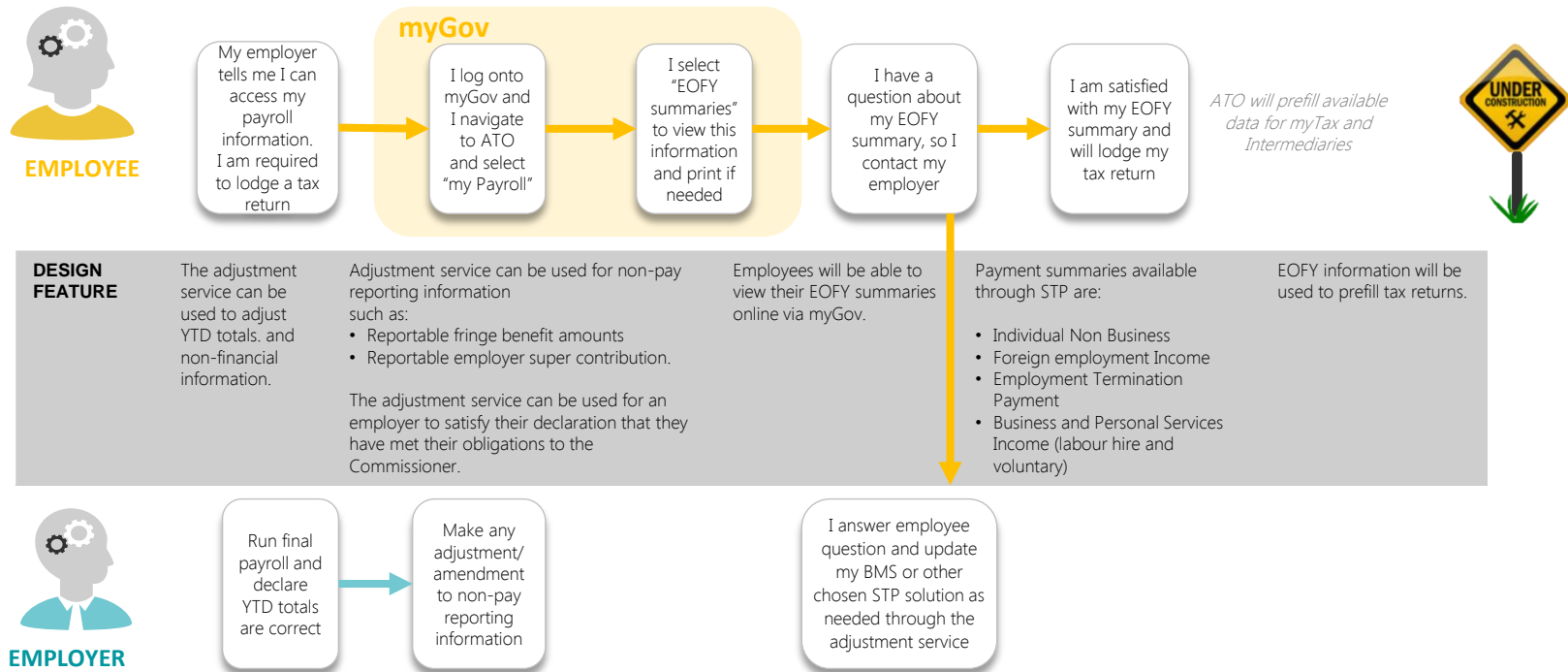
# Journey Map 1: Run Payroll Process



Process	Design Discussion
<p>1.9</p> <div> <p>I submit my activity statement report through my chosen STP solution and report to the ATO per my normal payment cycle.</p> </div>	<ul style="list-style-type: none"> <li>• <i>law should cater for the majority of circumstances and allow flexibility for complexities i.e. reporting through software and mainstream payments processes/cycles</i></li> <li>• <i>simpler BAS and STP working together:</i> <ul style="list-style-type: none"> <li>– <i>the administrative design will cater for people to pay their withholding early at the same time they report through STP</i></li> <li>– <i>corrections – there is a requirement to cater for corrections to STP reports after they have been lodged, the BAS correction model may be an option i.e. correct in next pay run. This could be achieved through a legal framework or could be done administratively</i></li> <li>– <i>STP data could be used to prefill BAS for business</i></li> </ul> </li> <li>• <i>the design intent is to make it easy to align the reporting with payment process</i></li> <li>• <i>the current law requires a payment summary to be given to the employee and a copy to the ATO. Where the same information is provided to the ATO through STP reporting, the Commissioner could use his discretion to exempt the employer from providing a payment summary to their employee</i></li> <li>• <i>it is understood that not all of the things that are aggregated into a payment summary are expected to be reported in the payroll event cycle:</i> <ul style="list-style-type: none"> <li>– <i>Reportable Fringe Benefit Amount for instance could be reported at both the pay cycle or through an end of financial year process under STP</i></li> </ul> </li> <li>• <i>STP reporting will have to reflect all payment summary fields that currently exist so that employees can complete their tax returns</i> <ul style="list-style-type: none"> <li>- <i>These are planned to be delivered through the payroll event report or adjustment service in STP</i></li> </ul> </li> <li>• <i>parties who act on behalf of employers - data is defined between reporting parties or intermediaries, which is the traditional way the ATO has developed messages to show who is the employer or who is the intermediary</i></li> <li>• <i>need to think ahead because there could be indirect financial implications with such data being used for pre-fill etc</i></li> <li>• <i>source of truth of initial data - roles of intermediaries in verifying - POI requirements at commencement of new employee? – PAYGW or contractor?</i></li> <li>• <i>suggest employer provide data on total PAYGW salary to facilitate online PAYGW variation e.g. for negative gearing losses</i></li> <li>• <i>need to consider that weekly reporting may be \$0.00 as casual workers under minimum Super Guarantee requirements per \$450 per month won't be known . Maternity leave where no mandatory employer contributions are paid also to be considered</i></li> <li>• <i>take the tax withheld obligations away from the BAS</i></li> <li>• <i>STP data to prefill BAS for businesses</i></li> <li>• <i>how is file sent? - automatically? Pushed?</i></li> </ul>

# Journey Map 2: End of financial year (EOFY) process

The following design proposal illustrates what an employee would experience when they access EOFY information (payment summary) through myGov



## Current law and related discussion

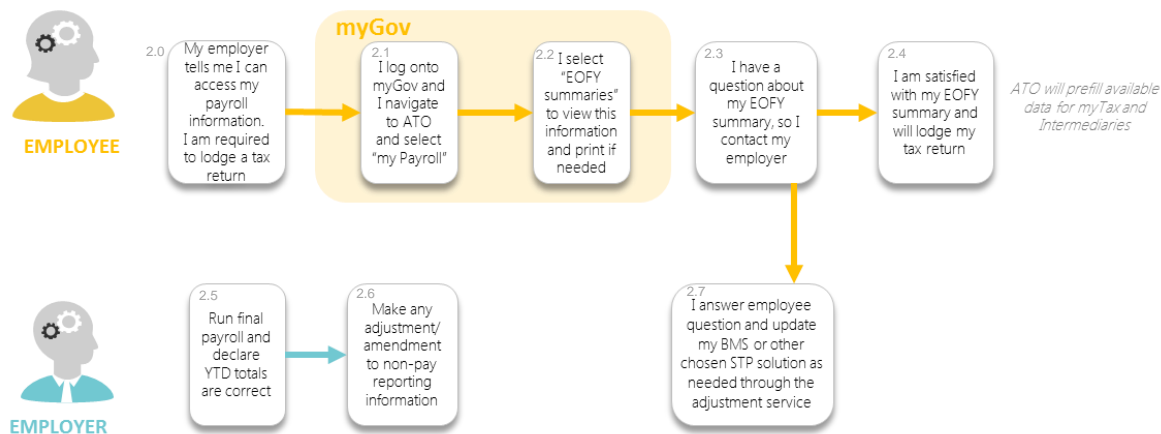
### Current

- employer has obligation to provide annual payment summary to employees within 14 days after the end of the financial year, which includes information on Reportable employer super contribution and Reportable fringe benefit amounts
- employer has obligation to provide annual report to the ATO on payment summary information
- the ATO has administrative powers to exempt classes of entities from giving annual payment summaries and vary requirements to give annual reports to the ATO.

### Approach discussed

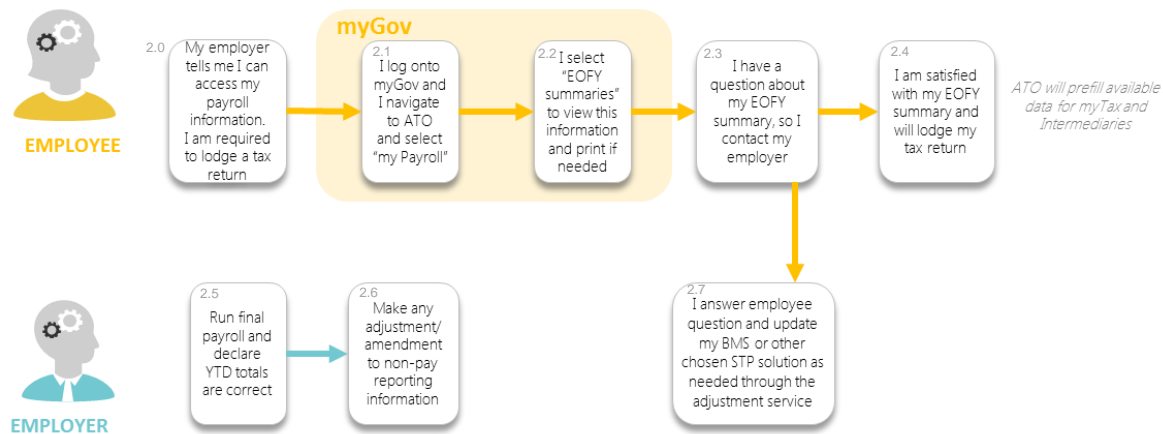
- in a STP world, payment summary information will be made available to employees on myGov
- no law change will be required to allow the ATO to use existing administrative powers to exempt classes of entities from giving annual payment summaries and vary requirements to give annual reports to the Commissioner
- law change may be required to ensure that Reportable Employer Super Contribution and Reportable Fringe Benefit amounts could be reported separately from a payment summary.

## Journey Map 2: End of financial year (EOFY) process



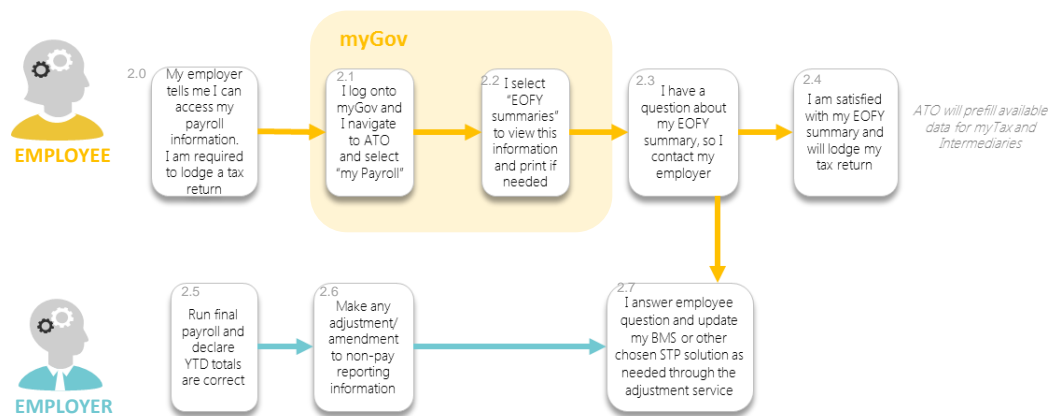
Process	Design Discussion
<p>2.1</p> <p>I log onto myGov and I navigate to ATO and select "my Payroll"</p>	<ul style="list-style-type: none"> <li>term 'myPayroll' considered confusing - needs to be user tested.</li> </ul>
<p>2.3</p> <p>I have a question about my EOFY summary, so I contact my employer</p>	<ul style="list-style-type: none"> <li>remove 'I have a question about my end of financial year' from the journey map as when they talk to their employer it's no longer part of the myGov process.</li> </ul>
<p>2.4</p> <p>I am satisfied with my EOFY summary and will lodge my tax return</p>	<ul style="list-style-type: none"> <li>need to think ahead as there could be indirect financial implications with such data being used to pre-fill</li> <li>ATO can't prefill until they get the information from business. This gives business a chance to submit earlier if they are confident, which means employees get their prefill and payment summary earlier.</li> </ul>

## Journey Map 2: End of financial year (EOFY) process



Process	Design Discussion
<p>2.5</p> <div>Run final payroll and declare YTD totals are correct</div>	<ul style="list-style-type: none"> <li>• <i>end of financial year payment summary process currently consists of three business processes reported on one form. Designs for the adjustment service are looking to cater for the flexibility required to report salary/wages, fringe benefits and reportable employer super contributions separately at any time</i></li> <li>• <i>we acknowledge there is a need to consult with large business</i></li> <li>• <i>this is a journey, we acknowledge employees will need to develop confidence in STP data before they stop asking for a payment summary</i></li> <li>• <i>if you have straight forward circumstances and you are confident your details are correct, you should be able to close off for the year straight away. As such, it is important that the design is able to accommodate and accept multiple files being lodged from a single entity</i></li> <li>• <i>opportunities exist for the use of this reporting (by employers) throughout the year. ATO can develop solutions, so that clients (employees) don't receive a large tax liability at end of the financial year</i></li> <li>• <i>there will be core data that won't include all other reporting obligations i.e. fringe benefit and salary sacrifice</i></li> <li>• tick box required for employer to confirm last payroll event for the year – in a payroll event or adjustment</li> <li>• concerns for the intermediary segment is that information is being lodged and is not accurate. Agents are having to make adjustments nearly 40% of the time before data/payment summaries are available             <ul style="list-style-type: none"> <li>– the design should cater for agents to still perform an assurance process</li> </ul> </li> <li>• in earlier consultation, small business advised they want to see STP working first, hence the pilot</li> <li>• need a low touch/low cost model</li> <li>• Fringe Benefit Tax is the bottom of the list for employers – it may be late and therefore may need adjusting – there is no one way all businesses address this.</li> </ul>

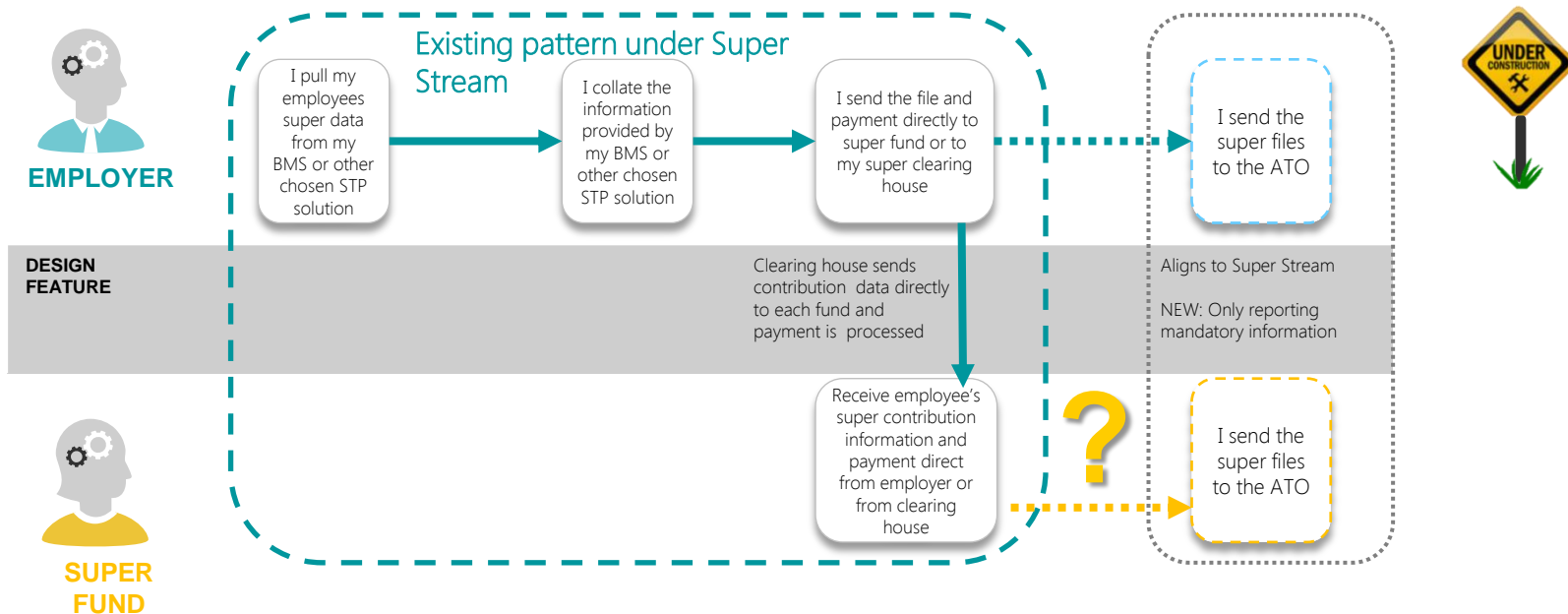
## Journey Map 2: End of financial year (EOFY) process



Process	Design Discussion
<p>2.6</p> <div>Make any adjustment/ amendment to non-pay reporting information</div>	<ul style="list-style-type: none"> <li><i>there will need to be a separate process for prior year amendments</i></li> <li><i>the functions of overpayments for previous financial years will be designed into the adjustment service for STP</i></li> <li><i>the concept of the ATO being able to accept negative figures to process adjustments/corrections was raised and is currently being explored by ATO Design</i></li> <li>need to keep in mind some companies are compliant with SuperStream through a .CSV file and we are very reluctant to invest more</li> <li>significantly more integrated than SuperStream</li> <li>massive job for solution providers to build a solution for adjustments.</li> </ul>

# Journey Map 3: Reporting Superannuation to ATO

The following design proposal illustrates what the employer would experience when paying an employee's super guarantee.



## Current law and related discussion

### Current

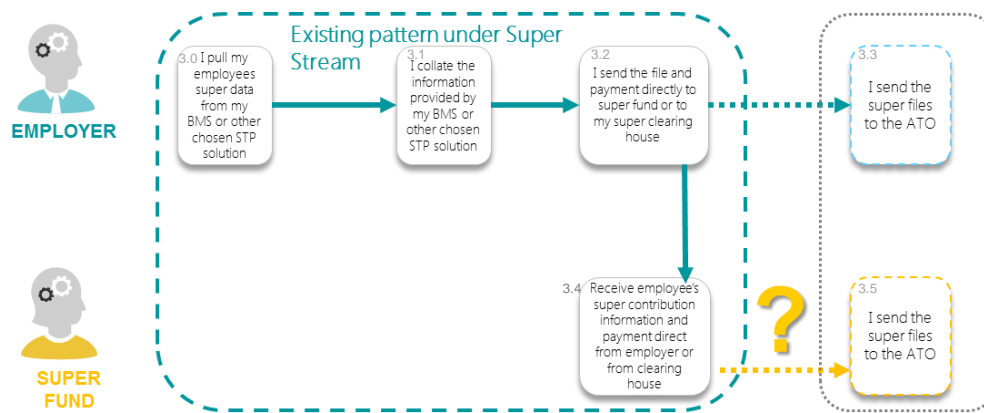
- under SuperStream, employers must provide super contribution information to superfunds on the same day as the employer makes the contribution to the superfund
- employers must comply with SuperStream data standards when sending any super contributions e.g. employer contributions, employer voluntary, salary sacrifice, other third party contributions etc.

### Approach discussed

- employers provide the SuperStream contribution data to the Commissioner at the same time as providing it to the superfund
- is this a future opportunity stakeholders see value in exploring? Reporting obligation is on the employer but is this where the natural process sits ?

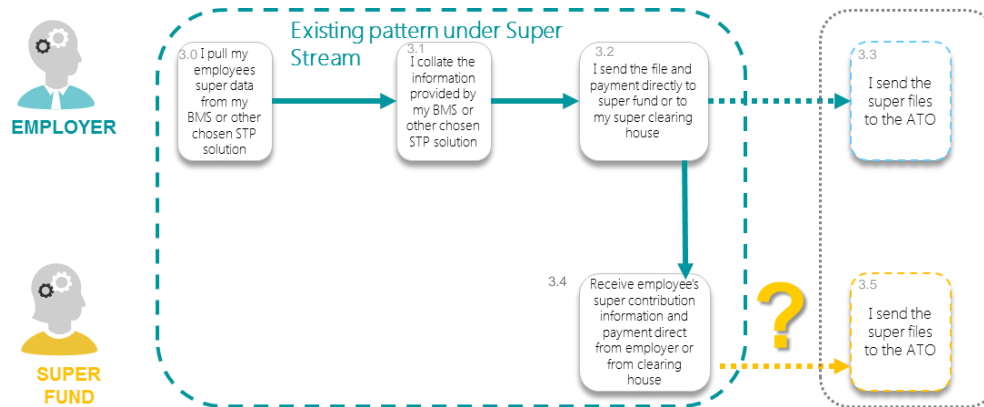


## Journey Map 3: Reporting Superannuation to ATO



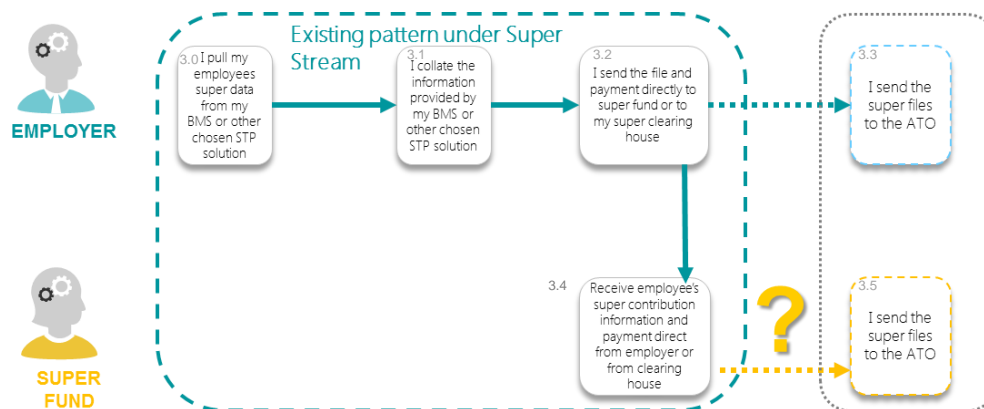
Process	Design Discussion
<p>3.0</p> <p>I pull my employees super data from my BMS or other chosen STP solution</p>	<ul style="list-style-type: none"> <li><i>law needs to be flexible enough where along the chain of SuperStream data is picked up</i></li> <li><i>the current design thinking envisions that there will be reporting of some information (such as OTE) as a part of the payroll event which will assist the ATO in making a reasonable assessment of what the Super Guarantee amount for an employee may be - the final data requirements will be settled in detail design</i> <ul style="list-style-type: none"> <li><i>the concept is not about 100% compliance but better data to provide a higher level of assurance that an employees superannuation entitlements are being met</i></li> </ul> </li> <li>this design is too light on details, further consultation required on the technical aspects of this design</li> <li>a massive issue for business in light touch is current cycle is based on calendar month, frequency of pay and super are different</li> <li>there is a lot of information on SuperStream files, employees may not want ATO to have access to all that information.</li> </ul>
<p>3.2</p> <p>I send the file and payment directly to super fund or to my super clearing house</p>	<ul style="list-style-type: none"> <li><i>where does it make sense to pick up the data?</i> <ul style="list-style-type: none"> <li><i>when clearing house sends to super funds?</i></li> </ul> </li> <li><i>the design should allow the SuperStream data to be provided to the ATO without duplication of effort or creating another process</i></li> <li><i>the concept is to take the SuperStream file to meet the employers obligation, but it is understood there are different approaches i.e. clearing houses</i> <ul style="list-style-type: none"> <li><i>if a third party reports for an employer, we need to understand any interactions with the Tax Agents Services Act</i></li> </ul> </li> <li>reporting contribution information at the time that the super contribution event occurs (i.e. sending of data and payment) does not mean that the contribution payment is received by the super fund</li> <li>employers that do not engage either clearing house or software will not have an existing file to leverage – therefore it will be a burden to meet obligation</li> <li>no payroll data to be sent to the fund.</li> </ul>

## Journey Map 3: Reporting Superannuation to ATO



Process	Design Discussion
<p>3.3</p> <p>I send the super files to the ATO</p>	<ul style="list-style-type: none"> <li><i>super contribution information can be reported to the ATO when payments are made to the fund</i></li> <li><i>error handling around rejected contribution payments is managed through the SuperStream engagement process</i></li> <li><i>SuperStream currently reports in XBRL however ATO doesn't currently receive SuperStream files that are sent using XBRL – the ATO has generated web services that use XBRL and will use XBRL to support the future payment of super monies</i></li> <li><i>design needs to be able to accept multiple files from one entity or employer</i></li> <li><i>whether the full SuperStream file or a 'cut-down' sub set of the SuperStream file is reported to the ATO will be determined in the detailed design process</i></li> <li>reporting of a SuperStream contribution file to the ATO doesn't actually mean the contribution amount has been paid – if the reason the ATO want the file is to ensure payment, it has to come from the superfund</li> <li>a cut down file is considered much easier than a copy</li> <li>just because the system is ready, doesn't mean customers are ready</li> <li>if payroll reporting includes the super contribution amount, and that's all that can be seen in myPayroll, there will be a lot of questions <ul style="list-style-type: none"> <li>how the contribution information reported in the payroll file align with the employers super obligations?</li> <li>what does this means for compliance?</li> </ul> </li> </ul>
<p>3.4</p> <p>Receive employee's super contribution information and payment direct from employer or from clearing house</p>	<ul style="list-style-type: none"> <li>preference is to cut off the addition of SuperStream data that is optional and not required for STP super payment reporting.</li> </ul>

## Journey Map 3: Reporting Superannuation to ATO



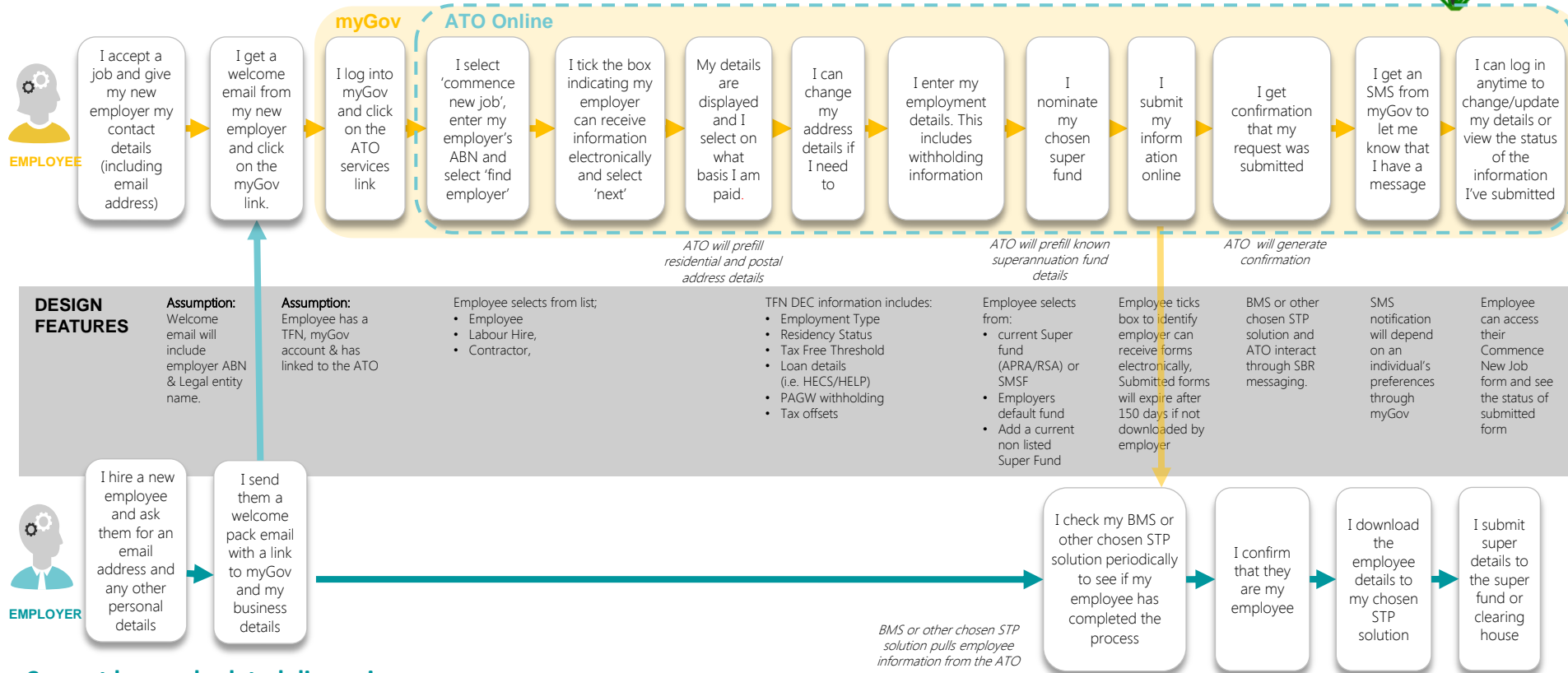
Process	Design Discussion
<p>3.5</p> <p>I send the super files to the ATO</p>	<ul style="list-style-type: none"> <li>• <i>there's a lot of work to be done on what information can be included in the payroll event and how that will align with SuperStream</i></li> <li>• <i>the aim is to leverage SuperStream data</i> <ul style="list-style-type: none"> <li>– <i>STP will open the SuperStream loop so the data can be accessed</i></li> </ul> </li> <li>• <i>intervention using event based information enables the ATO to identify employers who need support earlier</i></li> <li>• <i>where the information has been created when paying salary and super, we need to work out how to best leverage this through co-design without creating another process</i></li> <li>• <i>future proof the solution as technology and business processes change</i></li> <li>• <i>superfunds should provide information when contribution payments are received – this is the only 'actual' truth</i></li> <li>• <i>super information included in the payroll payment event may not match SuperStream data – there needs to be awareness that there will not be alignment of data.</i></li> </ul>

# Journey Map 4: Commencement of a new employee via myGov



The following design proposal illustrates:

- what a new employee would experience when they complete their TFN declaration and Super choice information online
- what an employer would experience when they accept this information into their business management software (BMS) or other chosen STP solution.



## Current law and related discussion

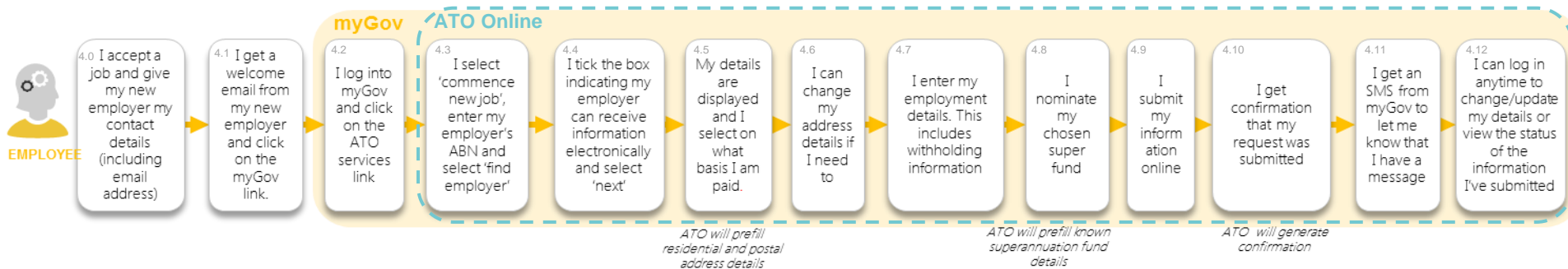
### Current

- employer must pass TFN declaration to the Commissioner if they receive one from their employees
- employer must notify the Commissioner if the employee has not provided their TFN. Employers are required to on-disclose employee's TFN to superannuation entities
- employer must give a standard choice form to an employee within 28 days of the employee first commencing employment with the employer, which informs them that they can choose a superfund and provides them with the employer's default fund details
- if an employee wants a fund to be their chosen fund, the employee must give the employer written notice to that effect.

### Approach discussed

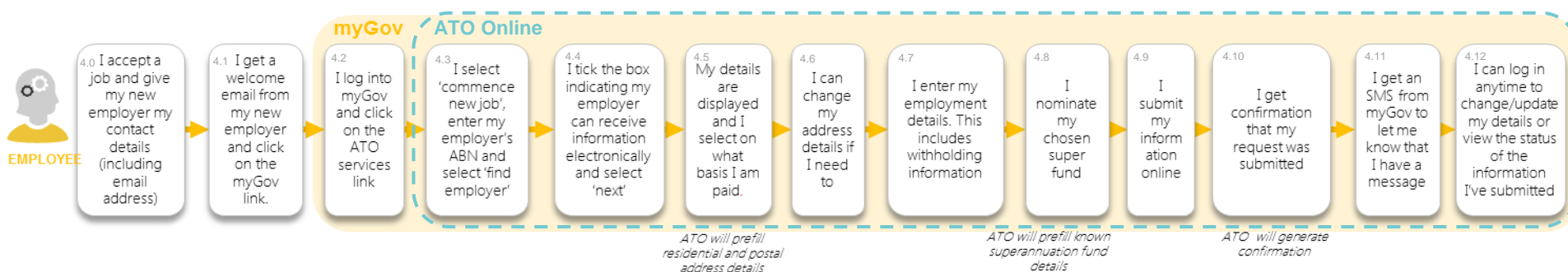
- if the employee supplies TFN information to the ATO under this process, it would make sense that an employer is relieved of their obligation to pass the TFN on to the Commissioner
- the requirement for employer to notify the Commissioner where no TFN declaration provided could be satisfied through a STP report
- employers still required to on-disclose employee's TFN to superannuation entities
- an employer's obligation to provide an employee with information about their employer's default fund will be unchanged. Any law changes would need to ensure that an employee can make a valid choice of fund by filling out a standard choice form on myGov.

## Journey Map 4: Commencement of a new employee via myGov



Process	Design Discussion
<p><b>4.0</b></p> <p>I accept a job and give my new employer my contact details (including email address)</p>	<ul style="list-style-type: none"> <li>assumption is that a letter of offer is already confirmed.</li> </ul>
<p><b>4.1</b></p> <p>I get a welcome email from my new employer and click on the myGov link.</p>	<ul style="list-style-type: none"> <li><i>this design does not remove alternative means of employee engagement/commencement of new employees</i> <ul style="list-style-type: none"> <li><i>we are not making it mandatory or the only means of submitting a TFN declaration online, this is about providing new services which make it easier and more efficient</i></li> </ul> </li> <li>ATO Design are currently exploring the options available for those who are not software enabled</li> <li>this has got to fit with the existing onboarding process for businesses and will be a costly change <ul style="list-style-type: none"> <li><i>note this is not mandatory, it is an optional take-up</i></li> </ul> </li> <li>some solution providers don't use SBR</li> <li>employer is not going to encourage employees to go to myGov, BMS already does this, just adds another process</li> <li>big assumption employees are maintaining their myGov information</li> <li>providing an employee interface – what about the data available from the employers BMS <ul style="list-style-type: none"> <li><i>why would employers do this when they have the one source of truth in their BMS?</i></li> </ul> </li> </ul>
<p><b>4.3</b></p> <p>I select 'commence new job', enter my employer's ABN and select 'find employer'</p>	<ul style="list-style-type: none"> <li><i>commencement of a new employee service via myGov will have a 100% match rate</i></li> <li><i>when a company is taken over and there is a new employer ABN for reporting, there will be no change. It will be the new employer's responsibility for reporting for a set of employees</i></li> <li>consider using an 'effective date' i.e. employee might change their mind between submitting the form and when they start the job</li> <li>consideration for not only entering an ABN for employers but ESAs (Electronic Service Address) for SMSFs</li> <li>clarity of data fields is required for individual industry segments.</li> </ul>
<p><b>4.4</b></p> <p>I tick the box indicating my employer can receive information electronically and select 'next'</p>	<ul style="list-style-type: none"> <li><i>the design of this service via myGov will be offered for consultation in the software developer technical engagement forum. That will be the opportunity to review this part of the process</i></li> <li><i>release of employee TFN declaration data via myGov is sanctioned by the employee. Unless this is done, employer will not have access to this data</i></li> <li>confusion around the need to have the 'employer enabled' check box</li> <li>issue for rural areas who have no internet or NBN is not operational.</li> </ul>

## Journey Map 4 continued: Commencement of a new employee via myGov



Process	Design Discussion
<p>4.5</p> <p>My details are displayed and I select on what basis I am paid.</p>	<ul style="list-style-type: none"> <li><i>the ATO will try to pre-fill as much as possible for things like HELP debt and allow the user to change/override the data where appropriate</i></li> <li>consistency of terminology is important e.g. 'my Payroll'.</li> </ul>
<p>4.7</p> <p>I enter my employment details. This includes withholding information</p>	<ul style="list-style-type: none"> <li><i>foreign employment income and the respective payment summary is in scope for STP services, further detailed co-design work is required in this area</i></li> <li>effective date of commencement and issues with multiple jobs</li> <li>employee selects from employee, contractor, labour hire – people don't know what this means, even an employer gets this wrong.</li> </ul>
<p>4.8</p> <p>I complete my Super choice details</p>	<ul style="list-style-type: none"> <li><i>this service via myGov will provide an individual access to a list of known APRA funds for selection by the employee. Also the employee has the option to select a SMSF they are already a member of or list a new APRA fund</i></li> <li><i>where an employer has a default fund only option, it is likely they have advised the employee of this prior to commencement of employment. If not, the employee will nominate a superchoice after which it will be rejected by the employer. The employee can make this nomination via STP ATO Online services</i></li> <li>a significant increase in the number of super choice options will place a huge burden on employers</li> <li>focus on process and understanding for fund selection and consolidation <ul style="list-style-type: none"> <li>it hasn't been made clear in the BMS viewpoint here in terms of 'default' vs. 'current' fund.</li> </ul> </li> </ul>
<p>4.12</p> <p>I can log in anytime to change/update my details or view the status of the information I've submitted</p>	<ul style="list-style-type: none"> <li><i>consideration of employees being able to see an aggregated 'YTD' total of their position enabling management of financial position has been incorporated into the 'myPayroll' design via myGov.</i></li> </ul>

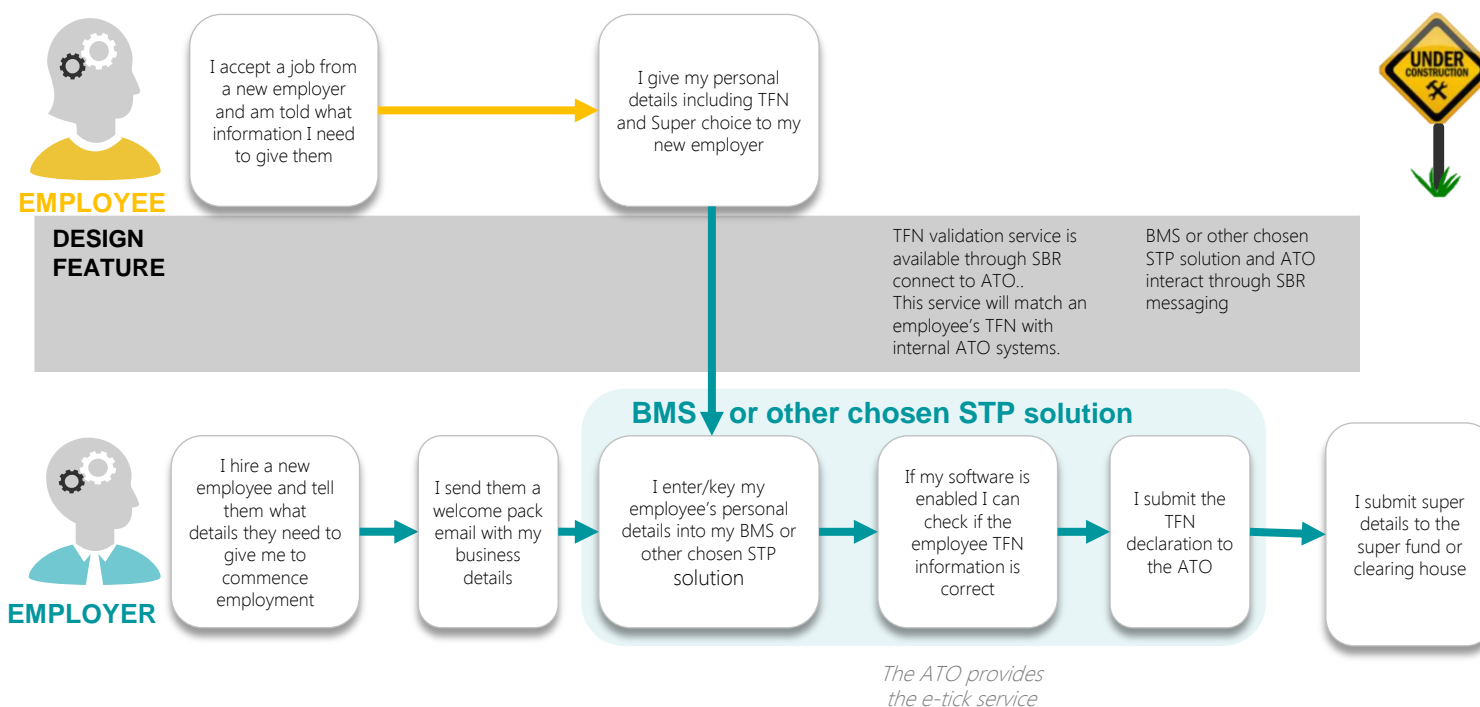
## Journey Map 4 continued: Commencement of a new employee via myGov



Process	Design Discussion
<p>4.13</p> <p>I hire a new employee and ask them for an email address and any other personal details</p>	<ul style="list-style-type: none"> <li><i>employer BMS will have access to a new format of the ETICK service and will provide corrected TFN data</i></li> <li>focus on process and understanding of fund selection and consolidation</li> <li>consider using an 'effective date' i.e. employee might change their mind between submitting the form and when they start the job</li> <li>consider why are BMS having to pull rather than ATO push? Some companies have hundreds of employees starting at a point in time</li> <li>providing templates for business would assist in ensuring all obligations are covered</li> <li>clarify commencement dates of employees, some don't start until a while after they accept a job</li> <li>the key principle here is agreed, but it doesn't seem as focused on 'system centricity'             <ul style="list-style-type: none"> <li>different value position and how things can evolve will support selling this i.e. onboarding part could integrate with other touch points</li> <li>the value proposition to making this process electronic is massive.</li> </ul> </li> </ul>
<p>4.14</p> <p>I send them a welcome pack email with a link to myGov and my business details</p>	<ul style="list-style-type: none"> <li><i>superfund account reconciliation is prompted during the myGov session to 'mop up accounts'. The employers BMS will subsequently pull the corrected data</i></li> <li><i>ATO will co-design the welcome pack</i> <ul style="list-style-type: none"> <li><i>consideration to be given to tailoring packs, to facilitate understanding of how STP will work with the natural business processes that exist in various industries</i></li> </ul> </li> <li>what if the employee has lost their password / no access to their laptop. Do they get 28 days to provide their TFN (like paper form allows)?</li> </ul>
<p>4.15</p> <p>I check my BMS or other chosen STP solution periodically to see if my employee has completed the process</p>	<ul style="list-style-type: none"> <li><i>we are still exploring the way to handle those employers without BMS and the 'other chosen STP solution'</i></li> <li><i>for employers to get information from myGov into BMS - the current design thinking is that the 'employee list service' will allow an employers' BMS to pull the data from myGov/ATO systems</i></li> <li>providing a 'second field' for the employer to check (no TFN provided) would ensure that all TFN related items are kept within 1 single process</li> <li>preference for EBMS/AS4 for interaction between myGov and BMS</li> <li>new employee wants to convey immediate entitlement to reduce PAYGW (how to manage?).</li> </ul>
<p>4.17</p> <p>I download the employee details to my chosen STP solution</p>	<ul style="list-style-type: none"> <li>give vendors enough flexibility to comply. Vendors will go down the path of least resistance</li> <li>this design has the biggest room for improvement</li> <li>residential / postal address changes for pre-fill?</li> <li>identification of whether this is a 2<sup>nd</sup>/3<sup>rd</sup> job: automatic? How quick? Contestable?</li> </ul>

# Journey Map 5: Commencement of a new employee via BMS or other chosen STP Solution

The following design proposal illustrates what an employer would experience when hiring a new employee



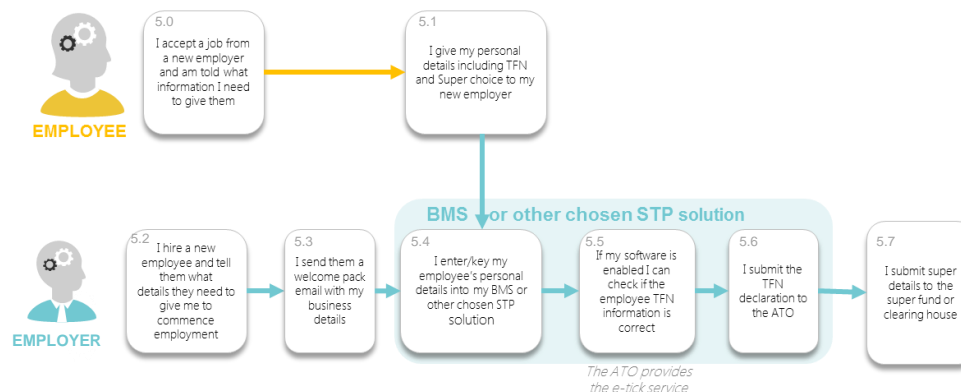
## Current law and related discussion

### Current

- the Commissioner is able to negatively validate a PAYGW recipient's details by providing a notice to the payer, where the PAYGW recipient has incorrectly stated their TFN in a TFN declaration. The Commissioner is also able to provide the correct TFN to the employer.

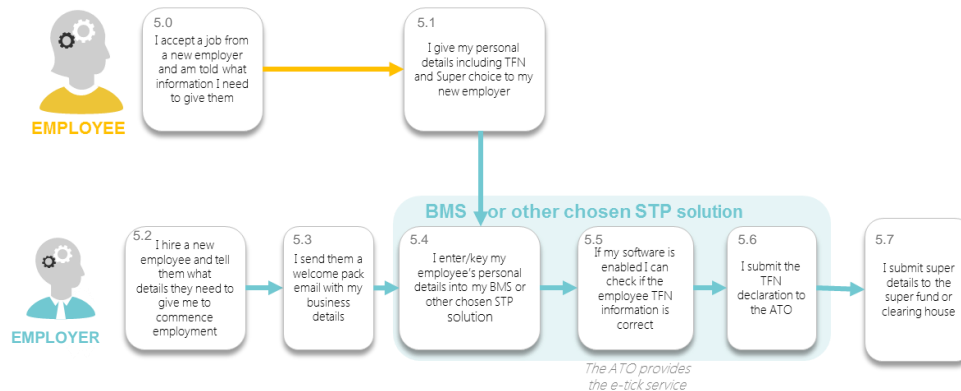


## Journey Map 5: Commencement of a new employee via BMS or other chosen STP solution



Process	Design Discussion
<p>5.1</p> <p>I give my personal details including TFN and Super choice to my new employer</p>	<ul style="list-style-type: none"> <li>the purpose of the TFN declaration should be front of mind, it is to; <ul style="list-style-type: none"> <li>notify the ATO of the relationship between employer and employee</li> <li>enable the calculation of correct PAYGW from employer to ATO</li> </ul> </li> <li>fund selection is about mitigating the risk of employees just picking the default employer's super fund and ending up with multiple super funds</li> <li>can a TFN be used as a primary identifier?</li> <li>TFN/payment reference number (PRN) unique identifier</li> <li>authentication is holding this back</li> <li>think about the point of TFN declaration and how much information is required on paper form that the ATO already has <ul style="list-style-type: none"> <li>this removes so many data issues</li> <li>wish it was compulsory for all to use this</li> </ul> </li> <li>TFN declaration confirmation – can we search for more information e.g. ETICK, SuperTick</li> <li>privacy issue <ul style="list-style-type: none"> <li>assumption at this stage is no more than current ETICK level of validation i.e. TFN only</li> <li>individuals will not want employer using their TFN to retrieve additional data</li> </ul> </li> <li>focus on process and understanding for fund selection and consolidation <ul style="list-style-type: none"> <li>it hasn't been made clear in the BMS viewpoint here in terms of 'default' vs 'current' fund.</li> </ul> </li> </ul>
<p>5.3</p> <p>I send them a welcome pack email with a link to myGov and my business details</p>	<ul style="list-style-type: none"> <li>need to unpack defined benefits</li> <li>myGov authentication platform is a Whole of Government level service not ATO driven therefore cannot create myGov accounts automatically</li> <li>replicating the myGov experience in STP will enhance the customer experience</li> <li>low cost / no cost option / clearing house for small business.</li> </ul>

## Journey Map 5: Commencement of a new employee via BMS or other chosen STP solution



Process	Design Discussion
<p>5.4</p> <p>I check my BMS or other chosen STP solution periodically to see if my employee has completed the process</p>	<ul style="list-style-type: none"> <li><i>if an employer's details in their BMS do not match ATO records, the employer will receive an unmatched validation error from the ATO</i></li> <li>consider: if systems don't report back the correct details, notification of an error should be sent and advice on changes required should be provided</li> <li>deep dive – employer information                         <ul style="list-style-type: none"> <li>– need to include intermediaries in the mix e.g. alert of info if you're using myGov</li> </ul> </li> <li>this flow is seen as falling back on BMS not needing to change. If not, this may leave a big gap between the BMS or other chosen STP solution - need to be clear on the intent</li> <li>always keep in mind 'enhance' not change i.e. for instance the change from SBR1 to SBR2 was massive</li> <li>we need to understand this design more / better.</li> </ul>
<p>5.6</p> <p>I download the employee details to my chosen STP solution</p>	<ul style="list-style-type: none"> <li><i>we are not going to lock everyone into a software solution, the market will help shape the solution</i></li> <li><i>there will be a series of pilots, not just for small business</i></li> <li>will the ATO correct any incorrect information that has been submitted and send back confirmation of the corrections?</li> </ul>

## Next Steps



The ATO is committed to continue to working closely with industry throughout the Single Touch Payroll journey.

Currently, we are in caretaker period as a federal election was announced for 2nd July 2016. The ATO is keen to continue the momentum these consultations have given us (within the constraints of caretaker conventions) and we are developing a list of priorities.

We plan to engage with the industry in June and July 2016 on:

- technical consultation package (taxonomy and software developers guide) draft to be issued mid June
- engagement model details which describes our working group approach
- all aspects of the small employer pilot including but not limited to pilot approach, solutions and timeframes
- approach to 1 July 2017 commencement of STP.

Thanks again for your interest in this important initiative.

## Feedback

Any additional feedback can be submitted via email to [SingleTouchPayroll@ato.gov.au](mailto:SingleTouchPayroll@ato.gov.au) and we will respond within 72 hours.