



Single Touch Payroll: BMS ID Focus group recommendation

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Your reference:	BMS01

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Response date:	31 August 2017 for acceptance of recommendation to be sent to STP TWG/Focus Group
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Subject:	STP Tech Focus Group BMS-ID Recommendation
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Recommendation

That you **approve** the Focus Groups recommendation for establishing the BMS ID item.

APPROVED / NOT APPROVED / NOTED / PLEASE DISCUSS (select as appropriate)

Technical Working Group

31/08/2017

Advice or Issue

This recommendation seeks to provide a background and overview of the Business Management Software Identifier (BMS ID) item. It also provides a recommendation for the value of the BMS ID for consideration and endorsement by the Technical Working Group.

Background

Some businesses choose to use more than one payroll solution to pay staff. In these cases, an employee may be paid out of two (or more) payroll solutions, sometimes using the same Payroll Id across payroll solutions. Whilst business structure for Pay As You Go Withholding (PAYGW) allows for branching, that PAYGW structure may not relate to the way in which a business chooses to organise its' employment obligations for payroll.

Although an employer may distinguish the various sources of payments to the employee via the payslips, once reported digitally to the ATO via Single Touch Payroll, there is nothing to distinguish the various sources of income from their employer (as defined by ABN and Branch) when paid from more than one payroll solution. An employee will expect to confirm the accuracy of their ATO online Single Touch Payroll (STP) data by comparing it to the source of truth: employer payroll payslips.

This saw two potential paths forward:

- 1) Employers merge records before reporting to the ATO – introduction of significant payroll solution modifications and adverse impacts on businesses' ability to meet payroll employment obligations (ruled out through consultation).
- 2) Accommodate natural business process to report from each solution – aligned to existing pay production processes, however, introduces another layer to ATO's definition of employer.

Option 2 was the only practical option, so a new identifier (BMS ID) was introduced to enable alignment of an individual's records to the employer source of truth payroll solution.

Currently, the payroll report contains an optional parameter for a BMS ID, but where an employer reports for more than one instance for the same employee with the same payroll Id for the same ABN/Branch, then there is a requirement that the BMS ID be unique within ABN/Branch. Concerns have been raised by digital service providers (DSPs) and internally to the ATO about how best to implement the business requirement that a BMS ID be unique within a ABN/Branch ID for an employer. An issue was raised that making the BMS ID optional and allowing an employer to create the Identifier created a situation where the uniqueness could not be enforced by the DSP.

For example, where a business may acquire another business or moves to new software, if the BMS value is not unique there may be reports submitted that would result in a valid employee record from one BMS being over-written with a valid but different record from another BMS.

It was also recognised that where an employee is reported under separate BMS IDs for the same ABN/Branch that they will have two separate records displayed on myGov, with the BMS ID being the key that the employee would need to select to view the separate records. It was agreed that this would be a small percentage of employees and that the majority of these would also be receiving 2 payslips with year to date amounts which would reflect the two separate records on myGov. The use of the BMS ID for other purposes other than just identifying instances of BMS within an Employers branch was also considered. However, as the BMS ID has a specific purpose within the STP Payroll end to end process, delaying a decision based on potential future uses would unfairly impact DSPs ability to implement STP within the legislative timeframe. Additionally, the value of the BMS Id must be such that the DSP can easily and quickly generate for each instance of ABN/Branch/BMS without regulation or impediment.

A Focus Group from the STP Technical Working Group met on 2 August 2017 to discuss this item and agreed on a recommendation.

To reduce the risk of a BMS ID potentially being duplicated, and to provide DSPs with consistency, it was agreed that the field should be changed to mandatory and that the ATO would provide guidance on how to generate a GUID. It was agreed that, if an employer's BMS ID was a system generated GUID, that the likelihood of there being two instances of the same GUID within the same ABN/branch was extremely low.

Recommendation

The recommendation put forward by the Focus Group is that;

- The ATO will provide guidance to DSPs to treat the BMS ID as mandatory, and globally unique within Payroll interactions. This will be done as follows:
 - As an interim, DSPs will be directed, through formal communique, to treat the BMS ID as mandatory within Payroll interactions.
 - This formal communique will be communicated through this recommendation paper to be shared to the broader body of DSPs through the TWG and the *Software developers website*.
 - Timing of the change to the PAYROLLEVENT MST to make the BMS ID element mandatory will be determined through consultation with the DSPs, and preferably aligned with other future changes, to minimise impact on both DSPs and the ATO.
 - DSPs will be responsible for generating the BMS ID. The ATO will recommend the use of a GUID as a preferred method of generating the BMS ID. The BMS ID will be 'per instance' of software use, to ensure uniqueness if there is more than one use of the same software.
 - The technical size of the BMS ID (i.e. 200 varchar) will remain in the interim; however will be considered for change to align with the size of a GUID if deemed no/low impact to DSPs already populating BMS ID. The ATO will confirm through direct consultation with these DSPs.
 - Once it is made mandatory within the MST, the ATO will enforce the use of a BMS ID in a report. Changes will be made so reports not containing a BMS ID will be rejected at the parent (whole file) level.
 - The ATO will not be validating or enforcing a GUIDs use.
 - A GUID should follow the convention outlined as per RFC 4122 (<https://tools.ietf.org/html/rfc4122>)
 - As GUID's can be generated in various ways from various 'seeds', the ATO will not enforce one type of generation tool or method over the other to leave flexibility for DSP implementation – although standard libraries are recommended
 - The ATO will seek DSPs expression of interest to have further discussions if deemed necessary to determine a recommended 'seed'
 - The BMS ID will be only be exposed to the employee in ATO online if the employee has more than one BMS Id per ABN/Branch employer. However, the ATO will continue to investigate, through user experience design and better awareness of the payroll data being reported, to ensure the individual's user experience with MyGov is meaningful and does not adversely impact the end-to-end payroll environment.

Next steps

- Engage with the focus group on Thursday 10 August via ABSIA forum to ensure the outcomes/understanding has been accurately captured. **Completed**
- Publish the recommendation to the wider DSP audience via the *Software developers website* ahead of the 31 August STP TWG meeting.

- The recommendation to be discussed with the intention of receiving agreement at the STP TWG/Focus group on 31 August (depending on feedback received from TWG representatives), with any feedback discussed early within the STP Focus group forum as necessary.
- Finalised recommendation released to the TWG audience following agreement at the STP TWG/Focus group and outcome of this agreement presented at the Single Touch Payroll Advisory Group.
- Finalised recommendation to be shared with wider DSP audience via the *Software developers website*.

Michael Connolly

Single Touch Payroll TWG Focus Group Lead

This document has been provided to the members of the TWG for review purposes only, to seek feedback on the approach being undertaken and direction proposed within the paper. It is not to be republished or distributed further.

REVIEW