

PayBiz – Transition to STP Phase 2

22/12/2021

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Single Touch Payroll Phase 2

Our request for deferral has been granted to 30 June 2022.
Product Version: SSI_Financial (STP Phase 2 delivery mechanism)

Deferred start date: 1 July 2022
Deferral Number: 97 649 855

You are covered by this deferral and do not need to take any further action unless you require more time to commence reporting through STP Phase 2.

If the ATO contacts you about your transition into STP Phase 2, please advise them of the **Deferral Reference Number 97 649 855**

The ATO requires all STP reporting to transition to STP Phase 2. We are working with the ATO to achieve a cutover to STP Phase 2 reporting beginning with the first pay run after 1 July 2022.

STP Phase 2 requires reporting data that has been broken down by detailed sub-categories.

For information about break down into sub-categories, please see:
[https://www.ato.gov.au/Business/Single-Touch-Payroll/Expanding-Single-Touch-Payroll-\(Phase-2\)/#Employerguide](https://www.ato.gov.au/Business/Single-Touch-Payroll/Expanding-Single-Touch-Payroll-(Phase-2)/#Employerguide)

The information required to satisfy the new STP Phase 2 reporting requirements is being captured. However, the context of the information on the pay types being used is not always readily apparent.

In preparation for the transition to STP Phase 2, a software update containing modifications to several pay types has been released. The pay types have been modified to capture context for the extended reporting requirements STP Phase 2 imposes.

The pay types that have changed are:

- Allowances - new allowance types
- Deductions - new ATO deduction contexts
- Lump Sum - new ATO payment context
- Superannuation - new Salary Sacrifice to Other checkbox
- Time - new ATO paid leave context

PLEASE ARRANGE TO GET THIS UPDATE AND COMPLETE THE CHECKLIST FOR CHANGES TO PAY TYPES.

Note: You will need a valid software support agreement to get the update.

After the Update, please check how your DEDUCTION, ALLOWANCE, LUMP SUM, SUPERANNUATION and TIME pay types are set up and set them appropriately for the STP Phase 2 reporting, so that your payments will be reported correctly after 1 July 2022.

NOTE: Please note that these modifications do not affect current STP reporting.

Allowances

https://www.shebiz.nz/pbhelp/docs/PB_Allowances.pdf

The Allowance Type dropdown now has modified and additional values.

Previously, the dropdown contained:

- Car
- Transport
- Laundry
- Meals
- Travel
- Other

The meaning of these remain the same, but the text has changed to reflect the new two character codes introduced by the ATO:

- CD - Car
- AD - Transport
- LD - Laundry
- MD - Meals
- RD - Travel
- OD - Other

The ATO has given three Other allowance usages their own specific allowance code for STP Phase 2 reporting:

- TD - Tools
- KN - Task
- QN - Qualifications

KN Task code would be used for payments relating to additional skills and responsibilities.

QN - Qualifications code would be used for payments for maintaining a certification, or licence.

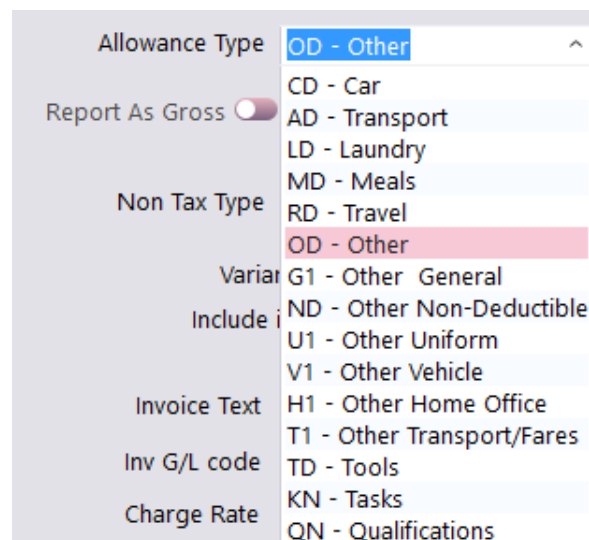
The category codes that are introduced for Other allowance reporting in STP Phase 2 are:

- G1 - General
- ND - Non Deductible
- U1 - Uniform
- V1 - Private Vehicle
- H1 - Home Office
- T1 - Transport/Fares

In STP Phase 2 reporting, allowances given the allowance type OD - Other will continue to report the allowance description text.

This is necessary to support allowance reporting capabilities such as were used for the JobKeeper program.

Please check and reselect the correct Allowance Type for your allowance pay types so that they are reported correctly in STP Phase 2 from 1 July 2022.



The screenshot shows a dropdown menu for 'Allowance Type' with 'OD - Other' selected. Below it is a 'Report As Gross' toggle switch. The 'Non Tax Type' section includes 'OD - Other' (highlighted in pink), 'G1 - Other General', 'ND - Other Non-Deductible', 'U1 - Other Uniform', and 'V1 - Other Vehicle'. The 'Include i' section includes 'H1 - Other Home Office', 'T1 - Other Transport/Fares', 'TD - Tools', 'KN - Tasks', and 'QN - Qualifications'. The 'Invoice Text' section includes 'H1 - Other Home Office' and 'T1 - Other Transport/Fares'. The 'Inv G/L code' section includes 'TD - Tools' and 'KN - Tasks'. The 'Charge Rate' section includes 'QN - Qualifications'.

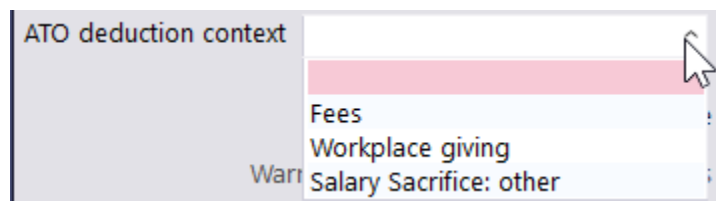
Allowance Type	Description
CD - Car	Cents per Kilometre - Deductible expense allowances that define a set rate (mileage) for each kilometre travelled for business purposes that represents the vehicle running costs
AD - Transport	Award Transport Payments - Deductible expense allowances for the total rate specified in an industrial instrument to cover the cost of transport for business purposes
LD - Laundry	Laundry Allowance - Deductible expense allowances for washing, drying and/or ironing uniforms required for business purposes
MD - Meals	Overtime Meal Allowances - Deductible expense allowances paid to compensate the payee for meals consumed during meal breaks connected with overtime worked.
RD - Travel	Domestic or Overseas Travel Allowances and Overseas Accommodation - Deductible expense allowances in excess of the ATO measure for domestic or overseas travel for business purposes to compensate employees who are required to sleep away from home
OD - Other	Other Allowances - Expense allowances that are not otherwise itemized. E.g. Job Keeper The description text will be reported in STP
G1 - Other General	Deductible expenses not otherwise separately itemized. E.g. Laundering items that are not approved uniforms, Domestic and Overseas Travel Allowance for business purposes (NOT in excess of the ATO reasonable amount)
ND - Other Non-Deductible	Non-Deductible expense allowances where the PAYGW is as per salary and wages. These include Car, Transport, Laundry and Travel for private purposes or part day travel
U1 - Other Uniform	Deductible expenses for uniforms not reported under LD or not claimable on the employees annual IITR.
V1 - Other Vehicle	Private Vehicle - includes cents per kilometre paid for other vehicles such as motorcycles and car allowances paid as a fixed amount, regardless of km, without reference to AD
H1 - Other Home Office	Home Office - deductible expenses for working from home allowances not covered under TD
T1 - Other Transport/Fares	Transport/Fares - deductible expenses for AD where the historical award cannot be sources and for Fares paid to compensate the transport costs for business purposes that isn't sourced from an award.
TD - Tools	Tool Allowance - deductible expenses to compensate an employee who is required to provide their own tools and equipment for business purposes.
KN - Tasks	Task Allowances - Services allowances paid to compensate the employee for specific tasks or activities performed that involve additional responsibilities, inconvenience or efforts above the base rate of pay.
QN - Qualifications	Qualifications/Certificates - deductible expense allowances paid for maintaining a required qualification, certification or licence.

Deductions

https://www.shebiz.nz/pbhelp/docs/PB_Deduction.pdf

Union Fees and Workplace Giving sliders have been replaced by the ATO deduction context drop-down values Fees, and Workplace giving.

NOTE: When you update, the ATO deduction context will be set automatically for existing pay types that have Union Fees or Work Place Giving selected.



The options are:

- empty (no selection) - not reported separately in STP Phase 2
- **Fees** - post-tax payments to Union fees, subscriptions or professional associations.
- **Workplace giving** - post-tax contributions to workplace giving program donations to charities or organisations that are entitled for receive tax deductible donations.
- **Salary Sacrifice: other** - used to identify deductions that are salary sacrificed for anything other than Superannuation E.g., Gym membership as these must be reported separately in STP Phase 2 (effective from 1 July 2021).

Use the deduction pay type with and ATO deduction context set to **Salary sacrifice: other** for fixed dollar amounts. If the value is a percentage of income, then use a Superannuation pay type with the **Salary Sacrifice to Other** slider set.

Note:

- *The use of the Allowance slider and the ATO deduction context are mutually exclusive. If the deduction pay type is set as an allowance, the ATO deduction context is disabled.*

Lump Sum

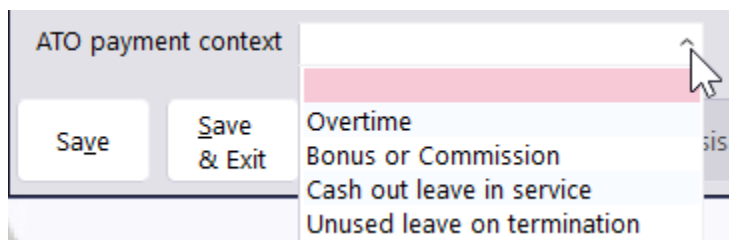
https://www.shebiz.nz/pbhelp/docs/PB_LumpSum.pdf

Type **Lump Sum W** has been added.

The Type W (Return to work payment) should not be used yet. It is not valid until STP Phase 2, 1/07/2022.

The ATO payment context drop-down has been added.

Enabled only if **Type** is not defined.



- **Overtime** - for lump sum Bonuses or commissions that relate to overtime work. Also, the cashing out of TOIL (Time Off In Lieu) in service has to be reported as Overtime.
- **Bonus or Commission** - for lump sum payments in addition to salary or wages, or in place of salary or wages (commission only payments).
- **Cash out leave in service** - for ordinary time earnings leave entitlement paid out in lieu of the payee taking the absence from work.

These three contexts can be used now where appropriate.

- **Unused leave on termination** context should NOT be used yet.
 - It will be used in STP Phase 2 for unused leave paid out on normal termination, comprised of the post-17/08/1993 components of annual leave, leave loading, and long service leave.
 - Currently in STP these payments are reported using lump sum A type T.

NOTE: In STP Phase 2, lump sum payments for Cash out of leave in service, and Unused leave on termination, are required to be reported as Paid Leave amounts.

NOTE: the use of the lump sum Type (A, B, D, E, W categories), the Allowance slider, and the ATO payment context, are mutually exclusive.

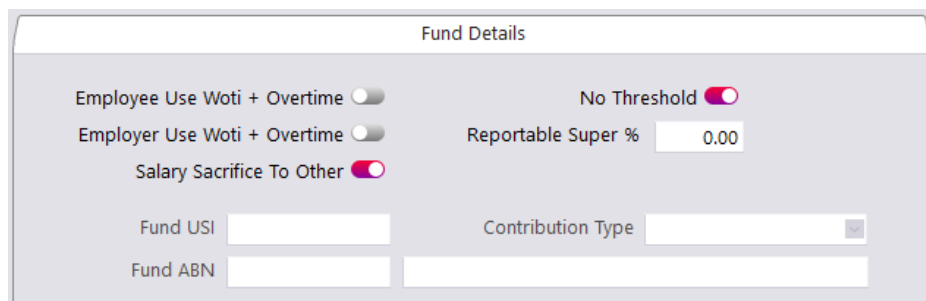
For example, if a lump sum Type is selected, the Allowance slider and the ATO payment context selections are disabled. Clearing the lump sum Type enables their selection.

Similarly, if an ATO payment context is selected, the Allowance slider and the lump sum Type selections are disabled. Clearing the ATO payment context enables their selection.

Superannuation

https://www.shebiz.nz/pbhelp/docs/PB_SuperannuationAUS.pdf

For Salary Sacrifice arrangements that are for **anything other than superannuation**, you can set up and use a Superannuation pay type where the sacrificed amount is a percentage of income.



If the sacrifice is a specific amount, use a **Deduction** pay type instead with **Salary Sacrifice: other** selected.

Salary Sacrifice to Other is used in STP Phase 2 to identify superannuation pay types that are a sacrifice for anything other than superannuation, ie New laptop, car payments etc as these must be reported separately in STP Phase 2.

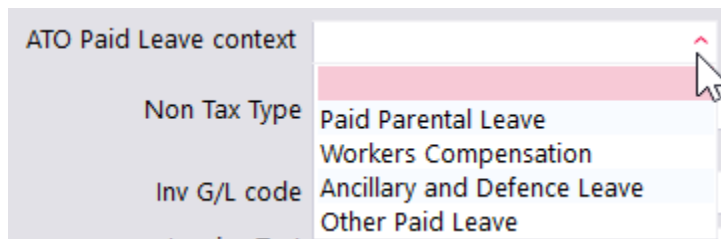
NOTE: The use of the **Salary Sacrifice to Other** slider disables the Fund and Contribution Type fields.

Time

https://www.shebiz.nz/pbhelp/docs/PB_Time.pdf

Paid leave is required to be reported separately in STP Phase 2.

Annual leave, Sick leave and Public Holiday leave are catered for by using Leave, Sick or Stat pay types. For other types of paid leave a Time pay type must be used.



- **Paid Parental Leave** - used for maternity leave, paternity leave, partner leave and adoption leave.
- **Workers Compensation** - used when an employee is absent on Workers Compensation.
- **Ancillary and Defence Leave** - used for Australian Defence Force leave, Emergency leave, Community Service leave, and Jury Service leave.
- **Other Paid Leave** - used for leave loading, unworked public holiday, rostered day off (RDO), time off in lieu (TOIL), compassionate and bereavement leave, study leave, and family and domestic violence leave.

Transition Checklist

ALLOWANCE PAY TYPES

Where appropriate on **ALLOWANCE** pay types:

- for Other allowances that are for tools
set Allowance Type to TD - Tools
- for Other allowances that are for additional skills or responsibilities
set Allowance Type to KN - Task
- for Other allowances that are for maintaining certifications or licences
set Allowance Type to QN - Qualifications
- for the Other allowances in a category, set Allowance Type
 - of general allowances to G1 - General
 - of non-deductible allowances to ND - Non Deductible
 - of uniform allowances to U1 - Uniform
 - of vehicle allowances to V1 - Private Vehicle
 - of home office allowances to H1 - Home Office
 - of general allowances to T1 - Transport /Fares

DEDUCTION PAY TYPES

Where appropriate on **DEDUCTION** pay types:

- set ATO deduction context value to Salary sacrifice: other

LUMP SUM PAY TYPES

Where appropriate on **LUMP SUM** pay types:

- set ATO payment context value to Overtime
- set ATO payment context value to Bonus or Commission
- set ATO payment context value to Cash out leave in service

SUPERANNUATION PAY TYPES

Where appropriate on **SUPERANNUATION** pay types:

- REMOVE Employer User Woti + Overtime on Super Guarantee pay types
- set Salary Sacrifice to Other slider

TIME PAY TYPES

Where appropriate on **TIME** pay types:

- set ATO Paid Leave context value to Paid Parental Leave
- set ATO Paid Leave context value to Workers compensation
- set ATO Paid Leave context value to Ancillary and Defence Leave
- set ATO Paid Leave context value to Other Paid Leave