

2019 Tax Time Toolkit

Small Business



Australian Government
Australian Taxation Office

Assistant Commissioner's foreword

We encourage
you to share this
information within
your networks.

Welcome to the Small Business Tax Time Toolkit for 2019!

Small businesses are the backbone of our economy. They employ more than 5.5 million people, contribute \$380 billion to the economy and make up more than 99% of all Australian businesses.

We are committed to making it easy for small businesses to meet their tax and super obligations so they can focus on making their business thrive.

This toolkit has practical information to help small business owners and operators at tax time and throughout the year – whether they use a registered tax agent or lodge their own tax return.

This toolkit contains messages about tax time which are ready to use, including:

- a directory of links to information, tools, calculators and services to support small business
- a range of fact sheets
- an introduction to Single Touch Payroll (STP) for small employers.

We encourage you to share this information with your small business clients, stakeholders, members and networks.

If you would also like more materials, or you're interested in receiving tailored content to share across your communication channels, you can email

smallbusinesscommunication@ato.gov.au

Andrew Watson

Assistant Commissioner
Australian Taxation Office

A helpful directory for small businesses this tax time

The ATO has a range of information, tools, calculators and services available to help small businesses at tax time and all year round.

Information

- **ATO Tax inVoice podcasts** – Tax inVoice is the easy way to keep updated about the latest tax and super information, including episodes on good record keeping and Single Touch Payroll
- **atoTV Business channel** – access a wide range of videos that cover tax time information, to watch at a time that best suits you
- **Due dates by topic** – find due dates for all of your obligations by topic
- **Income tax return** – how to lodge an income tax return for your business
- **Lodge with a registered tax agent** – how to lodge your tax return using a registered tax agent
- **Small business webinars** – register and watch to find out about tax and super obligations and entitlements for your business. Topics covered include income tax deductions, concessions for small business and employer obligations
- **Small business workshops** – register to attend our face-to-face workshops to help you understand your tax entitlements and obligations.

Stay up-to-date

- **Small business newsroom** – get all the latest tax news delivered straight into your email inbox

- **Social media** – Get the latest tax and super information on the go. Follow us for tax tips and updates, share information and stay informed.

Tools and calculators

- **ATO app** – download for quick access to handy tools and calculators, and answers to frequently asked questions
- **myDeductions** – for sole traders with simple tax affairs, to track your business income, expenses and car trips
- Other **calculators and tools** – to help you run your business
- **Small business benchmarks** – help compare your businesses performance against similar businesses in your industry.

Help and support

- **After-hours call back service** – get the help you need, at a time that's convenient for you. Complete the online form to book a time to talk to us from 6.00pm–8.00pm Monday to Thursday (except public holidays)
- **Alex** – ask our virtual assistant Alex your questions about tax to help you find the information you need on our website
- **ATO Community** – ask your tax and super related questions on the ATO's online community forum.

Fact sheets

The following pages contain fact sheets for a range of tax topics for small business.

- [Small business – Home-based business expenses](#)
- [Small business – Motor vehicle expenses](#)
- [Small business – Travel expenses](#)
- [Single Touch Payroll – An introduction for small employers](#)



Australian Government
Australian Taxation Office

Small business Home-based business expenses

This information will help you if you are a small business owner claiming deductions for the costs of using your home as your principal place of business – whether you use a registered tax agent or lodge your own tax return.

Key points

- The types of expenses you can claim depend on how you operate your business out of your home.
- You can only claim deductions for the portion of your expenses that relate to running your business.
- You must keep records for at least five years to show that your business incurred the expenses and how you calculated your claim.
- If you sell your home, there may be capital gains tax (CGT) implications.
- If you do some work from home but it is not your main place of business, see ato.gov.au/workingfromhome

i If you are entitled to goods and services tax (GST) input tax credits, you must claim your deduction in your income tax return at the GST exclusive amount.

Business structure

Your business structure affects your entitlements and obligations when claiming deductions for your home-based business expenses.



Sole traders and partnerships

If you operate your business as a sole trader or partnership, you can claim a deduction for the costs of running your business from home.

There are two types of expenses for your home-based business – running expenses and occupancy expenses. Whether you can claim running expenses only, or both running and occupancy expenses, depends on whether you have an area of your home set aside as a 'place of business'.

Running expenses

Running expenses are the increased costs from using your home's facilities for your business, for example:

- the costs of using a room (such as heating, cooling and lighting)
- cleaning costs
- landline phone and internet costs
- decline in value (depreciation) of your business furniture and equipment
- costs of repairs to your business equipment.

You can claim running expenses if you run your business from home, such as in a separate study or a desk in a lounge room, even if it doesn't have the character of a 'place of business'.

Calculating your claim

To calculate the running expenses of your home-based business, you can use one of the methods described below or any other method as long as:

- it is reasonable in your circumstances
- you exclude your normal (private) living costs
- you have records to show how you calculated the business expense.

Heating, cooling and lighting

- If you have an area set aside for your business, you can split your heating, cooling and electricity bills based on the proportion of the floor area of your home that you use for your business and proportion of the year that you used it for business.
- Alternatively, you can use a fixed rate of 52 cents an hour for each hour that you operate your business from home – based on either your actual use or pattern of use. This covers heating, cooling, lighting, cleaning, and the decline in value of furniture and furnishings (you need to work out other expenses separately).

i You can claim some expenses based on your 'pattern of use', which you can work out by keeping a diary for a representative four-week period each financial year. If you can't show a regular pattern, you need to keep detailed records.

Home phone and internet

- For home (landline) phones, you can claim your business calls and a portion of the line rental costs.
- For internet expenses, you can claim the proportion of time or data you used your internet for business uses.
- You can calculate the business portion of your home phone and internet using an itemised account or pattern of use.

Decline in value (depreciation) of business assets

- You don't separately claim the depreciation of your home-based business furniture and furnishings if you claim running expenses using the fixed rate of 52 cents per hour, as this is included in this rate.
- You can use the instant asset write-off to deduct the full cost of business assets that cost less than the threshold that applied when it was first used or installed and ready for use, see ato.gov.au/instantassetwriteoff
- If you use assets for both personal and business use, you can separate your business depreciation expenses from personal based on your pattern of use.



Sole traders and partnerships (continued)



Occupancy expenses

Occupancy expenses are the expenses that you pay to own or rent your home, for example:

- mortgage interest or rent
- land taxes
- council rates
- house and contents insurance.

You can only claim occupancy expenses if the area of your house set aside for your business has the character of a 'place of business' (including if most of your business is conducted online). Indicators that the area of your home that you've set aside is a place of business include:

- ✓ clearly identifiable as a place of business (such as a sign at the front of your house)
- ✓ not easily suitable or adaptable for private or domestic use
- ✓ used exclusively or almost exclusively for your business
- ✓ used regularly for business visits by your clients.

If you're eligible to claim occupancy expenses, you can also claim running expenses.

You usually calculate occupancy expenses based on the proportion of the floor area of your home that is a place of business and proportion of the year it was used for business.



Trusts and companies

If you operate your home-based business as a trust or company the business should have a genuine, market-rate rental contract (or similar agreement) with the owner of the property. This will determine which expenses the business pays for and can claim as a deduction. If there isn't a genuine rental contract, there may be tax implications for you and the business. For more information, see ato.gov.au/Division7A

If you are an employee of the business and the business pays for or reimburses you for some of the costs of running your business from home, you cannot claim a deduction for the expenses in your individual income tax return. Your business will be subject to fringe benefit tax (FBT) if it pays or reimburses you for the expenses.

Certain exemptions and concessions may reduce your FBT liability. You may need to keep additional records. For more information, see ato.gov.au/fbt

i If you earn Personal Services Income (PSI), you may not be able to deduct some occupancy expenses. To find out more visit ato.gov.au/PSI



Capital gains tax (CGT)

If you were entitled to claim occupancy expenses or you own your home and receive rental income from your business, there may be CGT implications when you sell your home. The main residence exemption may not apply for the proportion of your home and the periods that you used it for your business.

For more information, see ato.gov.au/HomeBasedBusinessCGT



Records you need to keep

You need to keep records to substantiate your claims for all of your home-based business expenses. This includes written evidence, tax invoices or receipts for:

- purchase and repairs of furniture and equipment used for your business
- utility bills and cleaning expenses
- mortgage interest, rent, insurance and council rates (if you claim occupancy expenses)
- rental contract between homeowner and business (if you claim occupancy expenses)
- how you separate your business and private use (for example a diary over a representative four-week period or records of how you calculated the percentage of your floor plan dedicated to your business).

Examples



Rocco: plumber

Rocco is a sole trader plumber who doesn't have a dedicated business premises. He travels to his clients' houses each day from home.

He does his bookkeeping in his dining room on a computer that he only uses for his business.

Rocco keeps a diary for four weeks and finds that he spends, on average, two hours a day, five days a week (with four weeks of holidays a year) on his bookkeeping.

Rocco claims:

- ✓ running expenses using the fixed rate of 52 cents per hour for 10 hours a week for 48 weeks (\$249.60)
- ✓ the cost of his computer, as it cost less than \$30,000 (the instant asset threshold that applied at the time he bought and installed it) and depreciation of computer equipment is not covered by the fixed rate.

Rocco cannot claim:

- ✗ occupancy expenses, as he does not have a dedicated area for his business.



Fern: photographer

Fern runs her business – Fern's Photos Pty Ltd – as a company from the home that she owns.

Fern's house has a dedicated studio where she keeps her photography equipment.

Fern's Photos Pty Ltd has a formal rental agreement with Fern to hire the studio for \$500 per month. This covers use of the space and facilities such as electricity. It is consistent with what it would cost the company to hire a similar studio elsewhere.

Fern's Photos Pty Ltd claims:

- ✓ rent paid to Fern
- Fern must report the rental income that she receives from her company in her personal income tax return. She can claim expenses that she incurs in making that income.

There may be CGT implications if Fern sells her house.

i If you're a sole trader with simple tax affairs, you can use the myDeductions tool in the ATO app to record your expenses. For more information, see ato.gov.au/myDeductions

This is a general summary only

For more information, speak with your registered tax agent, or visit ato.gov.au/homebasedbusiness



Small business

Motor vehicle expenses

This information will help you when claiming a deduction for motor vehicle expenses for your business – whether you use a registered tax agent or lodge your own return.

Key points

- The way to calculate your claim depends on your business structure.
- If you change your business structure, your entitlements and obligations may change.
- You must apportion your expenses between business and private use.
- You must keep records for five years to prove your expenses.

Types of motor vehicles

The type of motor vehicle you drive can affect how you calculate your claim. A motor vehicle is either a car or an 'other vehicle'.



Car

A 'car' is a motor vehicle that is designed to carry:

- a load of less than one tonne, and
- fewer than nine passengers.

Many four-wheel drives and some utes are classed as cars.



Other vehicle

If your motor vehicle is not a car it's an 'other vehicle'. Other vehicles include:

- motorcycles
- minivans capable of carrying nine or more passengers
- utes or panel vans designed to carry loads of one tonne or more.

i Expenses incurred in running a ute are not automatically tax deductible; you need to use the ute in your business and claim the business portion only.

Types of expenses

Common types of motor vehicle expenses you can claim include:

- ✓ fuel and oil
- ✓ repairs and servicing
- ✓ interest on a motor vehicle loan
- ✓ lease payments
- ✓ insurance
- ✓ registration
- ✓ depreciation (decline in value) of the vehicle.

Business structure

Your business structure affects your entitlements and obligations when claiming deductions for motor vehicle expenses.



Sole traders and partnerships

If you operate your business as a sole trader or partnership (where at least one partner is an individual), the way to calculate your deduction depends on the type of vehicle and how it is used. The vehicle can be owned, leased, or hired under a hire purchase agreement.

You can only claim motor vehicle expenses that are part of the everyday running of your business (such as travelling between different business premises). If the vehicle is used for both private and business purposes, you must exclude any private use (such as driving your children to school).

Cars



For cars, you can use the cents per kilometre method or the logbook method.

Cents per kilometre method

You can claim a maximum of 5,000 business kilometres per car.

The rate per kilometre (66 cents in 2017–18 and 68 cents in 2018–19) takes into account your car running expenses, including depreciation.

You can't make a separate claim for depreciation of the car's value.

You don't need written evidence, but you must be able to show how you worked out your business kilometres (for example, calendar or diary records).

For claims above 5,000 kilometres you must use the logbook method to claim the entire amount.

For more information, see ato.gov.au/centperkm



Other vehicles

For all other vehicles, you can't use the cents per kilometre or logbook method. Your claims must be for actual costs for expenses you incurred, based on receipts. You can use a diary or journal to separate private use from business use.

i If you're a sole trader with simple tax affairs, you can use the myDeductions tool in the ATO app to keep a logbook and record business-related car trips and other car expenses. For more information, see ato.gov.au/mydeductions

Logbook method

You can claim the business-use percentage of each car expense, based on logbook records.

You must record:

- when the logbook period begins and ends
- the car's odometer reading at the start and end of the logbook period
- details of each journey including
 - start date and finishing date
 - odometer readings at the start and end
 - kilometres travelled
 - reason for the journey.

You must keep the logbook for a period (at least 12 continuous weeks) that is representative of your travel throughout the year. You can then use this representative period to calculate your claim for 5 years if you:

- keep the logbook
- take odometer readings at the start and end of each year that you use it.

Work out the percentage of business travel from your logbook and use this to claim your business-related car expenses.

You can't claim capital costs such as the purchase price of the car but you can claim this as depreciation.

For more information, see ato.gov.au/logbook

Business structure (continued)



Companies and trusts

If you operate your business as a company or trust, you can only claim the actual costs for motor vehicle expenses that are part of the everyday running of your business (such as travelling between different business premises, visiting clients or picking up goods for sale). Actual costs are based on receipts for expenses incurred.

✗ You **cannot** use the cents per kilometre or logbook method to calculate your claim.

i If your business is a private company that provides a vehicle to a shareholder or their associate to use in their capacity other than as an employee, this may be treated as a dividend or loan (Division 7A) which could affect the deductibility of your motor vehicle expenses.

For more information, see ato.gov.au/div7afbt



Motor vehicle ownership

There are further considerations depending on the ownership of the vehicle.

Vehicle owned or leased by your business

Your business can claim a deduction for the running expenses of a vehicle that is owned or leased by your business.

i If the vehicle is available for private use by an employee or their associate (such as a spouse), fringe benefits tax (FBT) may apply.

For more information, see ato.gov.au/carfringebenefits

Vehicle owned by your employee

If your employee uses their own vehicle for business-related purposes and you pay them a motor vehicle allowance or reimburse them their costs, your business can claim a deduction for the allowance or expenses reimbursed, such as the cost of fuel.

i You can't claim depreciation if the vehicle is owned by your employee.

Your employee can claim a deduction for costs related to the business use of their vehicle in their own tax return, less any reimbursements or allowance they received from your business.



Depreciation of a motor vehicle

If you work out your deduction for expenses using the logbook method or actual costs, then you can generally claim a deduction for capital costs, such as the purchase price of a motor vehicle, over a period of time. This is known as depreciation or a decline in value.

You can apply the:

- ✓ simplified depreciation rules – by adding the motor vehicle's cost to the small business pool or using the instant asset write-off (if eligible), or
- ✓ general depreciation rules – by claiming a deduction over the effective life of the asset.

If the business vehicle is a car, there's a limit on the cost you can use to work out your depreciation claim. For the 2018–19 and 2019–20 income years, the limit is:

- \$57,581, or
- the cost of the vehicle if it's less than this amount.

i If you're a sole trader or partnership and use:

- the cents per kilometre method, you cannot make a separate claim for depreciation of the vehicle as this is already taken into account
- the logbook method, you can only claim depreciation on the business portion of the motor vehicle's cost.

See ato.gov.au/depreciation



Records you need to keep

The records you need to keep depends on the method you use to calculate your motor vehicle expenses. Regardless of the method you use, you will need to keep:

- ✓ loan or lease documents
- ✓ details on how you calculated your claim
- ✓ tax invoices
- ✓ registration papers.

For more information, speak with your registered tax agent or visit ato.gov.au/motorvehicleexpenses



Small business Travel expenses

This information will help you if you are a small business owner claiming a deduction for expenses you incur when travelling for your business – whether you use a registered tax agent or lodge your own tax return.

Key points

- You must keep your business travel expenses separate from your private expenses.
 - You must keep records for five years that prove your expenses.
 - If you travel for six or more consecutive nights, you may need to keep a travel diary.
 - There is a separate factsheet about business motor vehicle expenses and travelling to and from your places of business.
- For more information about these expenses, see ato.gov.au/motorvehicleexpenses



Types of expenses

As the owner of a small business, you can claim a deduction for expenses that you incur when you travel for your business. Common expenses include:

- airline, bus, train, tram and taxi or ride-sourcing fares
- car-hire fees and the costs you incur (such as fuel, tolls and car parking) when using a hire car for business purposes
- accommodation and meals if you are away overnight.

You cannot claim a deduction for any travel undertaken before you started running your business.



Records you need to keep

You need to keep records that prove all of your business travel expenses for five years. These records can include:

- tax invoices
- boarding passes
- tickets
- travel diary
- details of how you worked out the private portion of expenses.

If you are a sole trader or partner in a partnership, you must keep a travel diary if you are away for six or more consecutive nights. A travel diary is also highly recommended if you run your business as a company or trust, as it will help you to determine the portion of the travel that was for private purposes.



Claiming travel expenses

Your business can claim a deduction for travel expenses related to your business, whether the travel is taken within a day, overnight, or for many nights. The expenses must form part of your business records.

You cannot claim any private costs of the travel, for example leisure activities, a holiday that you add onto your business travel, or the costs of a family member who travels with you.

To claim expenses for overnight travel, you must have a permanent home elsewhere and your business must require you to stay away from home overnight. You cannot claim travel expenses that arise because you are relocating or living away from home.

If you operate your business as a company and the business pays for private portions of your travel, there may be tax implications for you (as an individual) and your business for providing benefits to you. For more information, see ato.gov.au/Division7A and ato.gov.au/fbt.



Employee travel expenses

Whatever your business structure, if you have employees who travel for your business, the business must actually incur the travel expense (by paying for it directly or reimbursing the employee) to be able to claim it as a deduction.

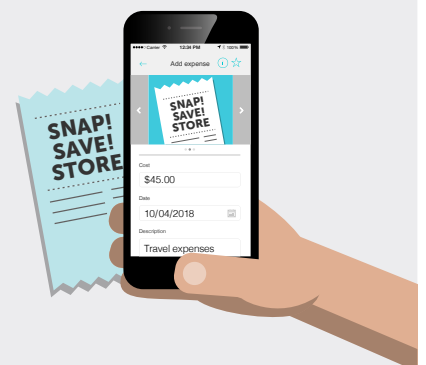
Your business may be subject to FBT if it pays or reimburses your employees for their travel expenses or private activities. Certain exemptions and concessions may apply to reduce your FBT liability. To access the exemptions and concessions, you may need to obtain records from your employee.

If you pay your employees a travel allowance or a living-away-from-home allowance, there are different considerations.

For more information visit ato.gov.au/fbt and ato.gov.au/travelallowances

- If you're a sole trader with simple tax affairs, you can use the myDeductions tool in the ATO app to record your business-related expenses.

For more information, see ato.gov.au/mydeductions



- If you are entitled to goods and services tax (GST) input tax credits, you must claim your deduction in your income tax return at the GST exclusive amount.

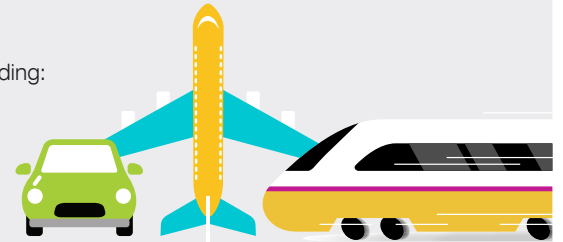


Travel diary

In your travel diary record the details of each business activity as you go including:

- the nature of each business activity
- the date and approximate time the business activity began
- how long the business activity lasted
- the name of the place where you engaged in the business activity.

The travel diary can be in any format that records this information.



Example: Rebecca

Rebecca owns a business as a sole trader landscape gardener. She is invited to exhibit at the Chelsea flower show in England. This involves six days of work representing her business at the show. After the show is finished, Rebecca spends some time sightseeing.

Rebecca's son James joins her on her trip. James is not involved in the business and spends the days exploring London while Rebecca is at the Chelsea flower show.

As Rebecca is travelling for more than six nights, she keeps the below travel diary.

Travel diary for May

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
28	29	30	31	1	2	3
4	5	6	7	8	9 10am flight Q13 to London (via Dubai)	10 Arrive London 1pm local time. bus to hotel in Chelsea 3pm.
11 Rest day	12 Chelsea flower show set-up day from 9am	13 Chelsea flower show day 1	14 Chelsea flower show day 2	15 Chelsea flower show day 3	16 Chelsea flower show day 4	17 Chelsea flower show day 5, ends 5pm
18 Sightseeing in London	19 Sightseeing day trip to Oxford	20 Bus to airport. Flight home Q23 6pm, from London, arrive 10pm local time			23	24
25	26	27	28	29	30	31

This shows that Rebecca travelled for 12 days. She spent the majority of the time on business related activities and took the opportunity to do some sightseeing while in London for two extra days. Rebecca can only claim deductions for the business-related portion of her travel.

Rebecca can claim:

- ✓ the return airfare to London (which does not have to be separated out as the primary purpose of her travel is for business, the sightseeing was incidental)
- ✓ her bus fares to and from the airport
- ✓ the costs associated with working at the Chelsea flower show including the exhibitors fee and transport to and from the location from her hotel
- ✓ Rebecca's accommodation in Chelsea up to and including 17 May
- ✓ meals and incidental costs on the days she attended the Chelsea flower show.

Rebecca cannot claim:

- ✗ accommodation, meals or transport expenses on the days noted for sightseeing
- ✗ additional private costs from the whole of her time away (such as souvenirs)
- ✗ costs of visas, passports or travel insurance
- ✗ any of James' expenses (such as his airfares, the cost of his meals or the cost of an extra hotel room for James).



Example: Noah

Noah owns a business as a sole trader interior designer and decorator. He lives and works in Perth. A new customer has asked him to design and decorate her home in Broome. This will take two weeks to complete.

Noah flies to Broome on Sunday evening and returns to Perth two weeks later. On the weekend he does some sightseeing and catches up with friends. He keeps the following diary:

- **Sunday:** Fly to Broome (depart 4pm, arrive 6.30pm).
- **Monday 2 September:** Purchase decorating supplies 9am–10.30am. Working at client's house 10.45am – 4pm.
- **Tuesday 3 – Friday 6 September:** Working at client's house 7.30am to 4pm.
- **Saturday:** Day trip to Horizontal Falls. Dinner with Pam and Geoff.
- **Sunday:** Sightseeing around Broome.
- **Monday 9 – Friday 13 September:** Working 7.30am to 4pm at client's house.
- **Saturday:** return flight to Perth (depart 10am, arrive 12.30pm).

Noah can claim:

- ✓ his return airfare to Broome and taxi to his hotel and from hotel to airport
- ✓ accommodation in Broome for all nights (as the weekend in between was incidental and the primary purpose of travel was for business)
- ✓ costs of undertaking his work in Broome (such as hire of tools)
- ✓ meals and incidental costs of his work.

Noah cannot claim his private expenses, including:

- ✗ the cost of the sightseeing he does on the weekend
- ✗ the dinner he has with friends.

This is a general summary only

For more information, speak with your registered tax agent, or visit ato.gov.au/businesstravel

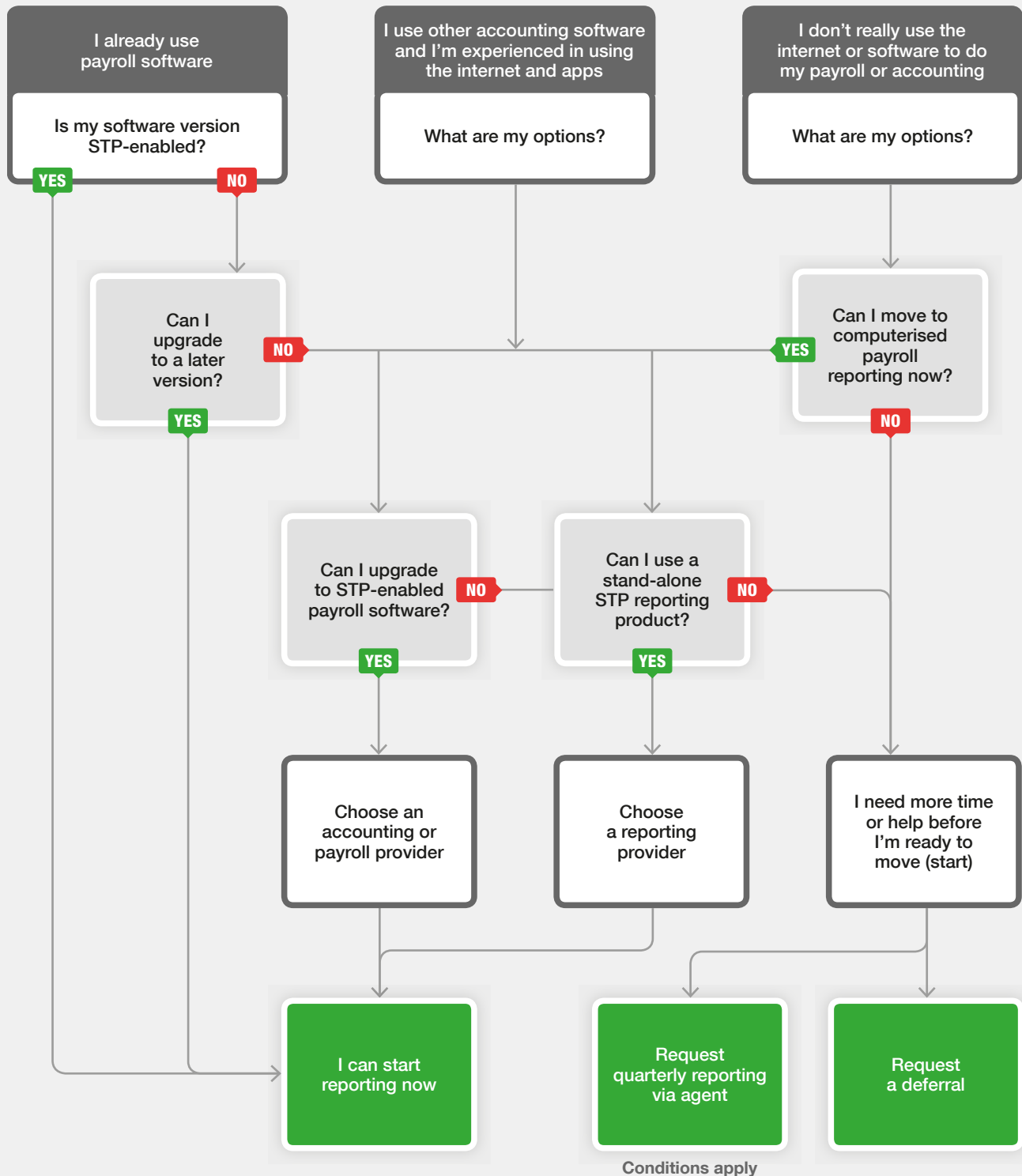


Australian Government
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Single Touch Payroll

An introduction for small employers

STP decision tree: How am I going to report?



YOU MUST ENGAGE WITH THE ATO ON ONE OF THESE OPTIONS
BY NO LATER THAN 30 SEPTEMBER 2019.

About Single Touch Payroll

Single Touch Payroll (STP) is a new digital way for you to report your employees' tax and super information to the ATO. The parliament has passed legislation to extend STP to include all employers from 1 July 2019. Your start date will be determined by your circumstances. You need to start reporting this way by 30 September 2019 or have made arrangements with us for a later start date.

Information you report

Each time you pay your employees you will send your employees' salaries and wages, pay as you go (PAYG) withholding and super information to us through an STP-enabled payroll solution.

No change to how super is paid

You continue to report and pay your employees' superannuation entitlements through your existing SuperStream solution (including the Small Business Superannuation Clearing House). This does not change as a result of STP.

Through STP you will report your employees' super liability or ordinary time earnings (OTE) each pay day. This is based on the amounts you currently provide on an employees' payslip.

Under a separate government initiative, super funds are also reporting to the ATO when you make a payment to your employees' super fund. This provides us with visibility of an employer's super payments and gives employees an up-to-date picture of their entire super, irrespective of employer or fund.

When to report

You need to report your employees payroll information each pay day – typically this is weekly, fortnightly or monthly.

If you don't have a regular or recurring pay cycle, you may qualify for a concession that allows the use of quarterly reporting.

Correcting amounts reported

We provide a guarantee under STP that no penalties will be applied if you get something wrong and you correct it within an appropriate period.

We know payroll information can vary from pay to pay. This could be a variation in the number of employees you have, the hours worked or other factors like loadings and allowances. Sometimes errors are made or last minute adjustments are needed that can't be fixed until sometime later.

We do expect you to make corrections or adjustments when you detect them – which may be in the next pay run or the next time you do a reconciliation with your accountant or bookkeeper. Corrections should be made in your payroll records (software) and then the next STP report will provide the corrected information to the ATO.

What is happening to payment summaries

Once you begin reporting, you will no longer be required to provide payment summaries (also known as group certificates) to your employees at year-end for the information that is reported and finalised through STP.

Your employees will be able to access their payment summary information, called an employment income statement, in a number of ways including:

- through their ATO online account in myGov
- through their registered tax agent
- by contacting the ATO if they find it difficult to interact online.

As long as you finalise your employees' end of financial year information by the required date, you will no longer be required to lodge a payment summary annual report for the amounts reported through STP.

What your employees need to know

Once you start reporting through STP, you should tell your employees they will be able to see their year-to-date tax and super information online via a secure login through their ATO online account in myGov.

If your employees use a registered tax agent to prepare their tax return, their agent will be able to access the same income statement information.

Security of information

All STP-enabled software that reports to the ATO has been tested and is subject to stringent cybersecurity requirements that ensure protection of all information. Further information about this can be found at [Requirements for digital service providers](#).

How to report

If you already use a payroll solution or service you can report through it as long as it's been updated to offer STP reporting. Talk to your provider to find out if they offer STP.

If you don't currently have a payroll solution and want to look at options, talk to a tax professional or service provider for advice.

There are also products available today which have been specifically designed for STP reporting and do not require use of full payroll reporting requirements.

You can find more information about the range of products available at the [STP product register](#). If you have four employees or less, you can find a selection of easy to use, low-cost and no-cost solutions at ato.gov.au/stpsolutions. These solutions are all \$10 or less.

You can also ask a payroll service provider or your registered tax or BAS agent to report through an STP solution on your behalf each payday.

Before you start reporting

Your solution provider or tax professional may give you advice on how to transition to STP reporting.

You can also view/download our [Start reporting checklist](#).

Before you start reporting through STP, you might like to review your current payroll process. It might save time later if you check your employee information is accurate, including names, addresses and dates-of-birth before you start reporting.

Quarterly reporting until 2021

If you have between one and four employees and you have non-computerised payroll – this could include running your payroll manually and keeping records on a spreadsheet or paper – you may be eligible to report quarterly until June 2021 through your registered tax or BAS agent. Talk to them to see how they can support you.

Alternatively, if your business has irregular employment patterns, such as large seasonal increases, you may also be eligible for a quarterly reporting concession and do the reporting on your own behalf.

You can make an application for a quarterly reporting concession by lodging with the ATO before 30 September 2019. You or your tax professional can find more information at [Single Touch Payroll deferrals](#).

If you need more time

You can make an application to delay your start date for STP (a deferral) but this must be lodged with the ATO before 30 September 2019. You or your tax professional can find more information at [Single Touch Payroll deferrals](#).

You need to provide a reason for the deferral and a specific date no later than 30 June 2020. The ATO will confirm an acceptance of the new date with you. You still need to find a solution and start reporting by that date. Further deferrals will not be granted unless there are exceptional circumstances.

Available exemptions

Employers with closely held payees only (such as a director or family members of a family owned business) or non-business employers (such as carers holding a WPN) do not need to start reporting for these payees until 1 July 2020. This exemption is automatic and you do not need to apply however you may start STP reporting before then.

Other exemptions in special circumstances may also be available on a case-by-case basis such as no internet connection or a business in administration. Check with your registered tax professional if you think you may qualify.

Any exemptions are for an agreed period of time and will be reviewed at the expiry of each exemption.

Support and more information

There is support available for employers transitioning to STP reporting (including those who are not currently using software) by:

- talking to your registered tax professional
- visiting ato.gov.au/stp
- asking questions and joining the STP conversation in our ATO community community.ato.gov.au.