

STP PHASE 1 vs STP PHASE 2

1. Disaggregation of Gross Income

- **STP Phase 1:** Employers reported total gross earnings as a single figure.
- **STP Phase 2:** Gross income is now broken down into separate income types, including:
 - Ordinary time earnings
 - Bonuses and commissions
 - Paid leave types (annual leave, sick leave, etc.)
 - Overtime
 - Directors' fees
 - Allowances (travel, meals, etc.)

2. Reporting of Employment and Taxation Conditions

- **STP Phase 1:** Limited reporting on employee types and tax treatment.
- **STP Phase 2:** Employers must report more details about:
 - Employee tax treatment (e.g., tax-free threshold, HELP/SSL/TSL debt)
 - Employment basis (full-time, part-time, casual, contractor)
 - Income stream types (e.g., salary and wages, closely held payees, working holidaymakers)

3. Expanded Allowance Reporting

- **STP Phase 1:** Allowances were grouped into broad categories.
- **STP Phase 2:** Employers must specify the type of allowance paid (e.g., car, tools, meals, travel), improving clarity for tax and entitlements.

4. Child Support Deductions and Garnishees

- **STP Phase 1:** Employers reported child support deductions separately to the relevant agencies.
- **STP Phase 2:** Child support deductions and garnishees can now be reported through STP, reducing the need for separate reporting.

5. Tax File Number (TFN) Declaration Integrated

- **STP Phase 1:** Employers collected and stored TFN declarations separately.
- **STP Phase 2:** TFN declarations are now included in STP reporting, eliminating the need for separate forms.

Summary

STP Phase 2 introduces more detailed and structured reporting to reduce duplication across government agencies, improve data accuracy, and streamline payroll compliance for businesses. Employers must ensure that their payroll software is updated and compliant with the new reporting requirements.

{Source: ato.gov.au/singletouchpayroll_phase2}