



ATO confirms revised start dates for STP phase 2

Single Touch Payroll (STP) is the process by which taxation and superannuation information is sent directly from STP-enabled software to the ATO. The first phase of STP, “STP1” has been with us for a while now and, despite some on-going resistance from a small portion of employers, few could argue the benefits it has brought employees in streamlining the flow of information necessary for completion of tax reporting obligations.

The second phase of STP, “STP2”, continues the automation of data flow, particularly in relation to information needed by Services Australia to support individuals to get the right payment at the right time. Information collected by STP2-enabled software will flow directly to Services Australia, enabling them to streamline their services.

The complexity of the data sought by Services Australia, compounded by the challenges of COVID, have seen the start date for STP2 deferred as digital service providers (DSP) and employers come to grips with the information needed. Originally intended to commence on 1 July 2020 the start date was pushed back to 1 January 2022 and, while 1 January 2022 remains the mandatory start date, employers who start using STP on or before 1 March 2022 will be considered by the ATO to be reporting on time.

In addition to the 1 March 2022 deadline, DSPs can apply for a deferral to enable them to complete software development and roll it out to their clients. DSPs will advise their clients if they have a deferral and when clients can start to reporting through STP2.

The ATO has committed to no penalties for genuine mistakes for the first year of STP2 reporting until 31 December 2022. This gives employers time to transition and time to get things right.



Where a DSP has been granted a deferral of the STP2 deadline, clients using that DSP's software can avail themselves of the same deferral. DSPs will be notifying their clients of deferrals granted ([QC 65099](#)).

Where employers need extra time to prepare, beyond whatever deferral has been granted to their DSP, those employers or their registered tax or BAS agents will be able to apply for a further delay in transition. Details and applications for those employer deferrals are expected to be available on the ATO's website from early December 2021.

Additionally, employers in particular circumstances will be able to apply for [exemptions](#) from the STP system. For example, employers with a withholding payer number (WPN) are exempt from STP reporting for all financial years from 2018–19 to 2021–22. Those employers will need to start reporting these payments through STP from 1 July 2022.



Employers who have not already done so should start to prepare for what STP2 means for them.

DSPs are starting to hear whether their deferrals have been approved. DSPs will contact their clients directly.

It is the expectation that finally the vast majority of employers will transition to STP2. Deferrals will expire and only employers in very exceptional circumstances, such as having poor or no internet access, will be granted exemptions.



New employers who haven't started STP reporting and need more time to transition can themselves, or through their registered tax or BAS agent, can seek a [transitional deferral](#) through either Online services for business or by phoning 13 28 66.

These deferrals differ from and should not be used for deferral of the transition to STP2.