

Lombardi Partners Bulletin

STP Phase 2 Update

Following on from our December 2021 bulletin ([Click to View](#)), we provide an update regarding developments in Single Touch Payroll Phase 2.

As you may recall, Single Touch Payroll (STP), is an Australian Government initiative to reduce employers' reporting burdens to government agencies. STP requires employers to report employees' payroll information to the ATO each time you pay them through STP-enabled software.

The government recently expanded the reporting requirements under what is known as STP Phase 2 reporting, which requires additional payroll information to be reported to the ATO. The mandatory start date for STP Phase 2 reporting was 1 January 2022, unless a deferral is in place or you are covered under your digital service providers (DSP) deferral.

Accounting software providers such as Xero, MYOB and Reckon are digital service providers and users of their software will be covered under their deferral until to the end of the 2022 calendar year. Users of alternative accounting solutions should contact their provider to confirm when their software will be ready for STP Phase 2 reporting and whether a deferral is currently in place.

While the way employers report STP events will not change, it is important to be aware of new reporting requirements under STP Phase 2 and transition before the end of the 2022 calendar year.

STP Phase 2 - Software Updates

Software providers have been rolling out product updates in various stages to enable compliance with the expanded reporting requirements. For most accounting solutions, employers should now be able to opt-in or see certain reporting fields within their payroll and payroll categories.

Some information will be reported on an optional and voluntary basis (e.g., Child support deductions). In this case, if your payroll solution doesn't offer functionality to report, or you choose not to, you will still need to report using your existing reporting channel.

A summary of the updates for Xero, MYOB and Reckon is listed beneath:

Xero

Xero has obtained a deferral which means its customers have until **31 December 2022** to transition to STP Phase 2 reporting.

Xero is releasing their STP Phase 2 updates in three stages. The first stage is currently available and you may notice the way you add new employees into Xero has changed. The second stage will be rolled out in the new financial year, and the third and final stage will follow in the second half of this year.

For further information, please refer to the following links:

Latest Status Update: [What you need to know about the first stage of STP Phase 2 in Xero About Single Touch Payroll Phase 2](#)

Employer Checklist: [STP Phase 2 Guide](#)

Online Course: [Confidently Prepare for STP Phase 2](#)

MYOB

MYOB has obtained a deferral which means its customers have until **1 January 2023** to transition to STP Phase 2 reporting.

MYOB has released its STP Phase 2 updates and is now available. Users will be prompted to transition to STP Phase 2 reporting and can do so at any time.

For further information, please refer to the following links:

- Online Hub:** [STP Phase 2 Hub](#) (Note: Please follow links on this page for specific MYOB product.)
Employer Checklist: [STP Phase 2 Checklist](#)
Online Course: [Online Course: Get ready with STP Phase 2](#)

Reckon

Reckon has obtained a deferral which means its customers have until **1 January 2023** to transition to STP Phase 2 reporting.

Reckon is working closely with the ATO to update its payroll solutions to be STP Phase 2 compliant. Users will be notified as soon as the software is ready to support the new reporting requirements. In the meantime, continue to manage your payroll as you currently are. We will provide further updates as the

- Information Page:** [STP Phase 2: Information for Reckon customers](#)
[Small Business Resources STP Phase 2](#)

What you need to do

- Read [ATO Expanding Single Touch Payroll Phase 2](#) and familiarise yourself with the major changes and additional reporting requirements
- Keep informed with STP Phase 2 releases from your software provider
- Plan to review and update your payroll information and pay items
- Implement the plan prior to **31 December 2022**

Further information can be located:

- [Single Touch Payroll Phase 2 employer reporting guidelines](#)
[STP Phase 2 reporting – Quick reference guide](#)



Contact Us... if you would like to discuss

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