



Monthly Information Newsletter – Tax & Super

February 2021

Single Touch Payroll: When your reporting can cease

A business may no longer be required to lodge single touch payroll (STP) reports for a number of reasons. These are if your business no longer has employees, has ceased trading, has changed structure, is not paying employees for the rest of the year, or has paused due to COVID-19.

Depending on your business' s situation and circumstances, what you need to do may be different.

No longer employing staff

If you cease employing staff and continue trading without employees, you must submit a finalisation declaration to the ATO for all your employees as part of your STP reporting.

Once you do this, the ATO will pre-fill the employees' income tax returns and display the information as "tax ready" in their myGov at the end of the financial year. You can make a finalisation declaration at any time during the financial year when you have ceased employing.

When you have finalised your STP obligations, you can cancel your pay-as-you-go (PAYG) withholding registration to let the ATO know that you are no longer employing staff.

Note: If you are a sole trader, the requirements will be different. Ask this office for guidance if this is your situation.

Closing a business

If you are ceasing trade, before you close your business and cancel your Australian business number (ABN), you must bring all your lodgement obligations up to date, including STP reporting.

As part of your STP reporting, you will need to make an STP finalisation declaration for all of your employees. Once you do this, the ATO will pre-fill the employees' income tax returns and display the information as "tax ready" in their myGov at the end of the financial year.

You can make a finalisation declaration at any time during the financial year. When you have finalised your STP obligations, you can cancel your PAYG withholding registration to let the ATO know that you are no longer employing staff. Once this is done, you should cancel your goods and services tax (GST) and ABN registrations so the ATO knows you have ceased trading. Of course, we can help you with all of this.

It is important that you finalise all outstanding STP reporting before you cancel your ABN and your software subscription, in order to meet your STP obligations. If you're a company but no longer carry on a business, you can choose to keep your ABN registration. However, you must cancel your GST and PAYG withholding registration and lodge an STP finalisation declaration.

Changes to your business structure

If your business structure changes, the ABN and branch under which you have been generating your STP reporting may change. If this occurs, you must:

- finalise your STP reporting under the ABN and branch you have been using for your STP reporting
- start your STP reporting under the new ABN and branch using zero year-to-date employee amounts.

Note: It is important to finalise your STP reporting under the ABN and branch *before* you lose access to it, or it is cancelled or deregistered.

No payments to employees for the rest of the year

If you won't be paying any employees for the rest of the financial year, or for a period greater than your reporting obligations, you should lodge a "No requirement to report" notification. To do this, lodging via the ATO' s Business Portal, select: "Manage employees", then "STP deferrals and exemptions", and select "No requirement to report".

Pausing your business due to COVID-19

If your business has been paused due to COVID-19 and, at present, you are not employing and not receiving JobKeeper payments, you should lodge a No requirement to report notification (as per the above process).

DISCLAIMER

All information provided in this article is of a general nature only and is not personal financial or investment advice. Also, changes in legislation may occur frequently. We recommend that our formal advice be obtained before acting on the basis of this information.

Our liability may be limited by a scheme approved under Professional Standards Legislation.