

Introduction

The new version introduces STP Phase 2 into payroll, it is important that our clients using the Microbase STP portal familiarise themselves with the enhanced functions available in the new code.

STP 2 has additional fields and choices available from the payroll option on the employee form and payroll transaction form in payroll, these notes will describe how to ensure you are sending the correct information to the Australian Tax Office.

Version 3.8.3 gives you the ability to post payments to additional channels, when posting additional payments, we strongly suggest you seek advice from your tax agent to confirm that you are allocating the transfer correctly. These notes will explain how to identify and post to the additional options now available

STP Phase 2

Overview

The Australian Taxation Office have requested all digital service providers comply with the new STP 2 format, this change has required us to provide additional functionality from both the payroll transaction and employee form. The processing of STP transfers remains the same as STP1, the differences are in the way you categorise your employee (Income Stream) and your ability to now choose a tax treatment code. Both of these options are available from the payroll option available from the employee form, the selections will become the default parameters for the employee.

STP2 Registration (Not Applicable To Sites Registered For STP1)

Registration is a two-step process, firstly sending a registration request via Automation to Microbase and secondly receiving an email from Microbase support informing you that your location is now STP compliant at which point you can start to use the service. Sending a registration request informs us of your intention to use the STP service provided by Automation Premium.

Note: By sending a registration it **does not mean you are STP compliant**, your compliance does not come into effect until you receive an email from Microbase support informing you the service is now available for your location.

Sending A Registration: To register your intention to use the STP service go to File / Site Settings / Accounts and select the STP enabled option located on the right-hand side of the form.

The screenshot shows the 'Settings' window with the 'Accounts' tab selected. The 'Banking Details' section includes the following information:

- Account name: A A Automotivess
- Bank: National
- BSB number: 235896
- Account number: 30025127
- Bank UID: [empty]
- Bank code: [empty]
- Link to account: AA Automotives Trading Account

On the right-hand side, the 'STP' status is shown as 'STP enabled' with a checked checkbox. Below this, there are sections for 'Credit card surcharges' (with a 'Manage...' button) and 'Entitlement calculation' (set to 365 days).

Agree to the terms and conditions, a final message is displayed explaining the STP compliance process. Microbase will receive notification of your intentions and place your site in request status with a view to activate as soon as possible, usually this occurs on the same day.

The above finalises step one, once you receive the **activation email** from us on opening Automation you will notice your payroll screen displays extra functionality relating to the STP processing of transactions which indicates step two has been completed successfully and you are now STP compliant.

Employee Form

- **Employee Details**
- **Last Name, First Name**
- **TFN (Tax File Number):** Imperative this is correct
- **Date Of Birth, Gender**
- **Phone #, Email, Address, Suburb, State, Postcode**
- **Payroll Tab:** Ensure the pay **frequency field** is populated by making a selection from the drop-down list. If you are paying by actual, charged, clocked or time on select the button to the right of the insert payment for this period option and make you selection from the drop-down menu. Remember to record the times you will need to select the insert function.
- **Type:** Ensure you select the employee type by selection the button to the right of the field, pointing and double clicking on your selection.

The screenshot shows the 'Employee Form' application window. At the top, there are input fields for 'Last Name' (Fred), 'First Name' (Johnson), and 'Middle Initial'. Below this is a tabbed interface with four tabs: 'Details', 'Payroll', 'Banking & Super', and 'Comments'. The 'Details' tab is active and contains several sections:

- Personal Information:** Emp. No. (3), TFN (258 357 159), Joined (5/5/22), Left, Reason, Type (Full-time), Class (Technician), D.O.B. (23/8/01), Gender (Male), Technician (checked), Daily hours (7.6), Inactive (unchecked), Phone (0415 953 7854), Mobile (0415 953 7854), Email (fjohnson@telstra.com.au).
- Identification:** Drivers License (1998745), Expiry (26/8/23).
- Contact:** Alternate contacts (0412 223 232).
- Address:** 16 Ferry Road, Suburb (Spearwood), State/City (WA), PostCode/Province (6163).
- Availability:** A list of days with checkboxes: Monday (checked), Tuesday (checked), Wednesday (checked), Thursday (checked), Friday (checked), Saturday (unchecked), Sunday (unchecked). To the right, there is an 'Unavailable:' section with 'From' and 'To' time input fields.

Payroll Details

- **Payments:** Include all payment types (from the selection) and whether the item attracts tax and or super.
- **Superannuation:** Make sure you have the correct percentage recorded in the Super@ field (currently 11.5%)
- **Taxation:** Calculate the tax deductible by using the calculator.
- **Deductions:** Include all deductions (from the selection provided) ensure values and allocations are correct.
- **Pay Frequency:** An absolute must, this has to be populated from a selection in the drop-down list.

Period
 Frequency: Weekly From 22/9/21 To 28/9/21
 Insert payment for this period: by clocked hours
 Insert

Days accrued

	per	current	this pay
Sick pay	10	5.344	0.192
Holiday pay	20	12.688	0.384
RDO	0	0.000	0.000
LSL	0	0.000	0.000

Exclude accruals for this pay

There are 2 x additional options that must be addressed on the Employee / Payroll display Income Stream and Tax Treatment Code.

Wages Account Wages Entitlement units days Entitlements log...
 Payment frequency Weekly Hourly Rate for Labour Allocated \$0.00 Cost per day \$273.20
Income stream Salary and wages **Tax treatment code...**

Selections available from the **income stream** option include:

Salary & wages, closely held payees, seasonal workers, voluntary agreement, labour hire and other specified payments.

Most employees will be categorised as salary & wages, Automation will use this as a default however it is the user's responsibility to make any required alterations to the income stream type. If you are unsure, we suggest you contact your tax agent for advice.

Payments

Type	Tax	Super	Quantity	Rate	Total
Weekly base pay	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	38	\$30.00	\$1,140.00
Overtime @ 1.50	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
Tool allowance					

Totals

Gross	\$1,241.84
Tax	\$246.00
	\$0.00
	\$995.84
er @	10 %
er	\$124.18

Deductions

Type	Total
Employer super contb	\$124.18
Income tax	\$246.00

Sick Pay
 10 days per year
 5.344 days accrued

Service Leave
 0 days per year
 000 days accrued

Tax treatment code

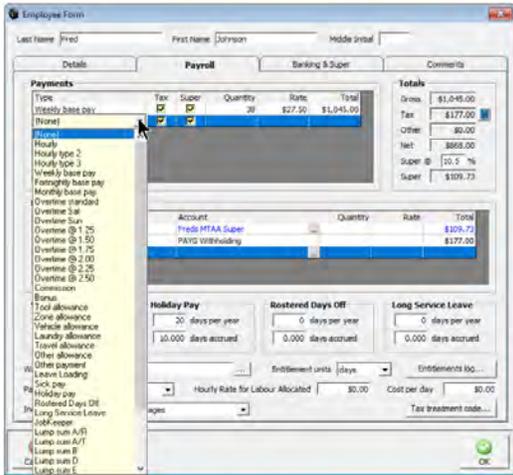
Category of tax scale: Regular
 Options: Tax free threshold
 Study training support: Not applicable
 Medicare levy surcharge: Not applicable
 Medicare levy exemption: Not applicable
 Medicare levy reduction: Not applicable

Cancel OK

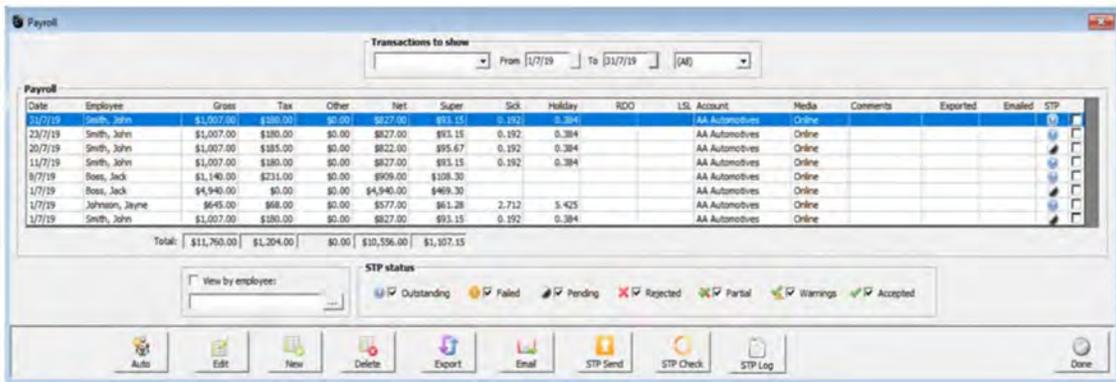
Wages Account Wages Entitlement units days Entitlements log...

The second option is classified as **Tax Treatment Code**, in most cases the above tax treatment settings will cover your employees, Automation will apply these settings as a default. If there are any variations to these options, please make the necessary adjustments in conjunction with advice from your tax agent.

Payment & Deduction Allocations



STP2 introduces a wider selection for both payments and deductions, in most cases the wage and deduction options are self-explanatory however if you are making any extra payments to your employees and are unsure of the allocation, we suggest you contact your tax agent for advice.



As you can see from the display the payroll transaction display has kept the familiar format with additional references to STP functionality, over to the right you will see an STP column. This column will populate with the STP data transfer status using an icon from the legend at the bottom of the screen, there are seven data status displays. All transfer stages are selected by default if you wish to see just pending deselect the other options leaving only pending flagged.



STP Status Codes

Outstanding: The transaction has not been transferred to the Australian Tax Office.

Failed: The data contained in the transfer was not accepted by the MessageXchange gateway due to data file structure issues i.e.: missing fields.

Pending: Indicates the data was transferred to the ATO via the MessageXchange gateway and is being processed by the tax office – this is the most common indicator displayed in the payroll screen.

Note: the pending status will remain for up to an hour or even longer with the ATO estimating the possibly of up to 72 hours (3 days) depending on the volume of data being processed by the tax office servers at one particular time. Please do not think there is a problem with the transfer if the time to process is extended.

Rejected: This status display means the data could not be processed by the tax office due in most cases to inaccurate data i.e.: incorrect Tax file, non-valid ABN you will need to run an STP check on the transaction to view the ATO message sent.

Partial: Indicates some data has been accepted and some rejected, you will again need to run an STP check on the transaction to view the ATO message sent.

Warnings: Relates to future changes to data structure that your current export does not accommodate, again check for details via the payroll form by selecting the check option.

Accepted: The ATO is confirming the data has been imported to their servers and no more actions are required.

You will also notice that there are check boxes against each STP status, to see just failed transactions for instance simply select failed, you can of course select multiples if you wish.

Now you have an understanding of the enhanced payroll screen let's look at how to transact payroll entries using STP2 reporting.

Processing Payroll Payments Integrating STP2

Click on the payroll option at the top of form, from the bottom of the display select new, the payroll transaction form is in view, you will see STP status is flagged as outstanding. Complete the details in the usual way populating payments and deductions accordingly. To finalise select OK (F12) you are now presented with an option to submit the transaction immediately, select yes to transfer the data from this individual transaction.

You will need to then agree to the ATO terms and conditions for the transfer to initiate, this acceptance lasts for the complete day so you will not be presented with the form again for any subsequent transaction made on the same day.

Payroll Transaction Form

Details: Employee: Feb Crebundance, Date: 21/6/19

Payment Details: Media: Online, Account: AA Automotives Trading Account

Period: Frequency: Weekly, From: 29/7/19, To: 4/8/19

Days accrued: Sick pay: 0, Holiday pay: 0, RDO: 0, LSL: 0

Type	Tax	Super	Quantity	Rate	Total
Weekly base pay			1	\$750.00	\$750.00

Totals: Gross: \$750.00, Tax: \$96.00, Net: \$654.00, Super @ 9.5%: \$71.25

Deductions: Employer super contribution: \$71.25, Income tax: \$96.00

Super funds: Employer Super Fund: (none), Employee Super Fund: (none)

STP Status: Outstanding

STP DECLARATION

I am notifying the ATO that:

MessageXchange (via Microbase) provides my business with lodgment transaction services and my business, for the purposes of its transactions with the ATO via the SBE channel, sends (and receives) those transactions to (and from) the ATO via MessageXchange.

I declare the information transmitted in this payroll report is true and correct and I am authorized to make this declaration.

NOTE - This declaration will apply to all STP transactions processed today.

Tick this box to sign the declaration with the following credentials: Reginald Smith (site contact) and to authorize lodgment via MessageXchange with their ATO.

Buttons: Cancel, OK

Payroll Transaction Form

Details: Employee: Feb Crebundance, Date: 21/6/19

Payment Details: Media: Online, Account: AA Automotives Trading Account

Period: Frequency: Weekly, From: 29/7/19, To: 4/8/19

Days accrued: Sick pay: 0, Holiday pay: 0, RDO: 0, LSL: 0

Type	Tax	Super	Quantity	Rate	Total
Weekly base pay			1	\$750.00	\$750.00

Totals: Gross: \$750.00, Tax: \$96.00, Net: \$654.00, Super @ 9.5%: \$71.25

Deductions: Employer super contribution: \$71.25, Income tax: \$96.00

Super funds: Employer Super Fund: (none), Employee Super Fund: (none)

STP Status: Outstanding

Dialog: ? Would you like to submit this payroll transaction to the ATO now?

Buttons: No, Yes

Payroll Transaction Form

Details: Employee: John Smith, Date: 31/7/19

Payment Details: Media: Online, Account: AA Automotives Trading Account

Period: Frequency: Weekly, From: 4/10/19, To: 10/10/19

Days accrued: Sick pay: 10, Holiday pay: 20, RDO: 0, LSL: 0

Type	Tax	Super	Quantity	Rate	Total
Weekly base pay			1	\$1,007.00	\$1,007.00

Totals: Gross: \$1,007.00, Tax: \$132.00, Net: \$875.00, Super @ 9.5%: \$95.15

Deductions: Employer super contribution: \$95.15, Income tax: \$130.00

Super funds: Employer Super Fund: Amp, Employee Super Fund: (none)

STP Status: Pending

Dialog: STP status has been updated to Pending

Buttons: OK

If you reject the option to transfer the status will remain as outstanding, you can then batch send any outstanding transactions later from the payroll screen. The advantage of not transferring immediately is that if you wish you can still delete the transaction which is not possible once it has been submitted to the ATO.

In most circumstances the status of any submitted payroll transaction will convert to pending meaning that it has been exported by Automation, passed through the MessageXchange gateway (our SSP) and is being processed by the ATO. If there is an issue that prevents the data from being accepted by the gateway a message will display on your screen alerting you to the problem. In the example the employee does not have a valid tax file number. In these cases, simply go to the employee form, rectify the issue and resend.

The rejected transfers are flagged with a red cross to view the error message point and double click on the line item.

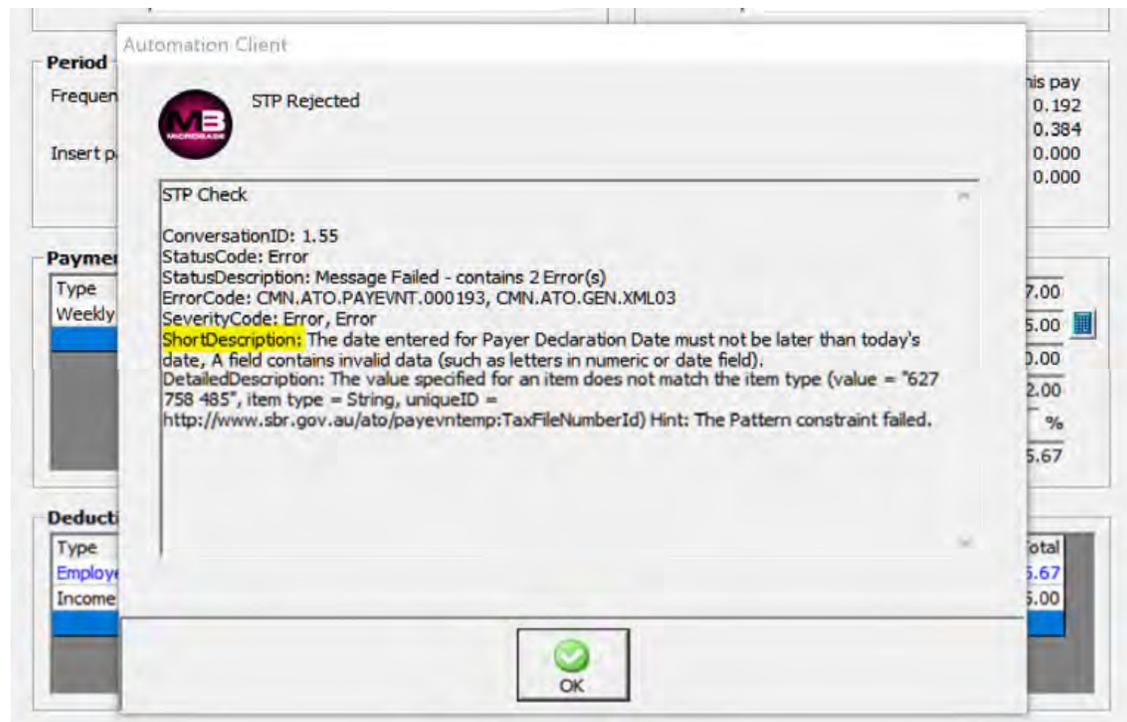
Tax Office Messages STP2

If your data transfer is flagged as either rejected, partial or warnings you will have access to an explanation as to what is causing the problem. To view these messages, you can choose **STP check** from the payroll screen for all messages or **check** from the individual payroll transaction form to view a single message.



The tax office messages will give you some technical data including the message id., source, error and severity code.

Fortunately, this is followed by a short description that tries in plain English to describe the problem, as you can see from the example below the problem lies in the date of the transaction as it must not be later than today's date.



It is possible to open and edit the transaction, edit the content and re-submit, it is NOT possible to delete a transaction once it has been sent to the ATO even if the status indicates it has been rejected. As you can see from the error message displayed single touch payroll is chronologically dependent, and as such it is important.

Transitioning From STP1 To STP2

Clients who have been using our STP1 service will transform very easily to STP2 as transaction processing has not been altered. The differences between phase 1 and phase 2 are in the categorisation of employees and their tax treatment parameters, once these are set for an individual unless their status changes there is no need to access the recorded data, same for the tax treatment selections.

You will notice that the selection of pay and deduction types have been extended, when making extraneous payments such as a lump sum termination payment you will need to ensure that the payment is allocated to the correct channel i.e.: B, D, E, W your tax agent or ATO documentation will be able to assist you to make the right choice.

It is suggested that you view the new choices available so you know what payments need to be reported separately from your weekly base pay i.e.: Tool allowance, travel allowance, laundry etc. If you are unsure as to what selections you should make your tax agent will be able to assist you.

Microbase Asia Pacific Pty Ltd – ATO STP2 Certified For Your reference.



Successfully Completed ECT

MICROBASE ASIA PACIFIC PTY LTD

Ross Hare

Automation Premium – Product ID: 218659

Extended Conformance Testing has successfully been completed and your product will be certified for the following service and supported income types:

- PAYEVNT 2020
 - Salary and wages
 - Closely Held Payees
 - Seasonal Workers Programme
 - Voluntary Agreement
 - Labour Hire
 - Other Specified Payments

Your product may now be made commercially available.

The ATO conducts monitoring at the network, application and transaction layers. If anomalies or areas of concern are identified, we may re-assess your whitelisting suitability. The ATO will generally contact you or your representative before making changes to your whitelisted status unless exceptional circumstances apply.

If you have questions or need further assistance, contact the Digital Partnership Office (DPO) via [Online services for DSPs](#) or by emailing DPO@ato.gov.au.

Digital Partnership Office
Australian Taxation Office