Setting up Single Touch Payroll Reporting

The Single Touch Payroll (STP) Setup wizard leads you through the steps you need to complete (see page 11) to enable STP Reporting in Sage MicrOpay. There are several parts to the wizard:

- Checking Payroll Company setup
- Checking Allowances and Deductions setup
- Entering Sage STP Gateway credentials and enabling STP.

Before you complete the wizard, you may need to decide when the best time to go live with STP Reporting will be (see below). There may also be some preparation work you need to do before STP Reporting is enabled (see page 4).

If you have multiple Australian payroll databases, you will need to complete the wizard separately for each one.

As you are working through the wizard, you can save and close it then return later to continue entering or to change data.

The wizard can only be finished once you have entered your credentials for the Sage STP Gateway.

We will be issuing credentials to customers, commencing in April 2018. While you cannot finish the wizard until you have your credentials, you can complete other parts of the wizard and save your changes as you go.

When should you set up STP Reporting?

The short answer is if you have 20 or more employees as at 1 April 2018, you must start using STP Reporting from 1 July 2018. If you have 19 or fewer employees, STP Reporting will be optional until 1 July 2019, dependent on legislation being passed in Parliament.

You can find a lot of information about STP and what employers need to do to get ready, from the dedicated STP information page on our website: https://www.sage.com/au/stp.

However, you can commence STP Reporting in the current financial year, if you are ready to do so. Even if you are not ready to use STP Reporting, you can still set it up now but can continue with your current processes until 1 July 2018.

There are some things that you must do or have ready before you go live with STP Reporting, and also some considerations that may affect your actual go live date.

You must:

- have upgraded to Sage MicrOpay version 8.0.030, or a later version if available. The STP Setup wizard, STP Reporting option and other changes to support STP Reporting were included in version 8.0.030.

- have received your Sage STP Gateway Credentials, you won't be able to finish the STP Setup wizard without them.

  We will be issuing credentials to customers starting in April 2018.

- have completed the STP Setup wizard.

Things to consider:

- **Commencing STP Reporting in the new financial year**

  If you are going wait until the new financial year to start STP Reporting, you may need to plan the best time to switch over to meet the 1 July 2018 commencement date. Pays processed for pay periods with a start date in this financial year and an end date in the next one could be reported in either year, depending on when employees are paid.

  STP Reporting is all about the Pay Event, which is the trigger for Sage MicrOpay to compile payroll data so it can be sent to the ATO. For employees paid via EFT, which is likely to be the case for the majority of employees, the Pay Event is EFT Export. The date that you specify for the EFT file to be processed by the bank corresponds to the Payment Date for STP Reporting.

  If a pay period crosses end of financial year when you process the EFT Export, and specifically the **Date to be processed by Bank** field, determine which financial year the pay values should be reported in.

  > For example, you have a weekly pay frequency with a pay period that starts on 27 June and finishes on 3 July.

  > Scenario 1: You generate the EFT Export on 29 June, and it's to be processed by the bank on same day. Because employees are paid in this financial year, then the values should be reported in this financial year.

  > Scenario 2: You generate the EFT Export on 2 July. Because employees are paid after 30 June, the values belong to the next financial year and must be reported via STP Reporting.

  > For non-EFT employees, or for EFT employees who will be paid in a different way as an exception to regular processing, the Payment Date defaults to the current system date, i.e. today's date. You will have to enter the actual Payment Date for the Pay Event before reporting it to the ATO.

- **End of year processing**

  Going live with STP Reporting in the current financial year has implications for your end of financial year processes.

- With STP Reporting, pay, tax and other values that were previously reported to the ATO via the payment summary annual report (EMPDUPE file) are reported in each STP Reporting pay event. Because the ATO receives regularly updated year to date values, employers using STP Reporting are not required to produce and submit EMPDUPE files. This applies if you start STP Reporting at any time in the current year, even if you only submit payroll data via STP Reporting for the last pay period of this year.

- Employers using STP Reporting are not required to produce physical payment summaries for their employees. Instead, employees are able to view payment and tax details for the year to date by logging into their myGov account.

- There will be some STP Reporting-related tasks you will need to carry out for EOY and we will provide more information about that as year-end approaches.

- You can complete the STP Setup wizard in the current financial year without having any impact on this year's EOY processing. As long as you don't start submitting payroll data via STP Reporting this year, your EOY processes will not change.

- **Terminating employees**

  There will be some slight changes to the termination process.

  - Creating the termination transaction and processing the employee's termination pay will not change. If an employee requests their payment summary at time of termination, you may not need to produce a physical copy but you will need to ensure that the employee's final pay is flagged correctly when the Pay Event is reported to the ATO.

- **Communicating changes to your employees**

  Are your employees aware of STP and how it will impact them? Before you commence STP Reporting, these changes should be communicated to your employees to give them time to get ready, e.g. to set up a myGov account linked to ATO online services so they can see payment and withholding information current up to the last time they were paid.

Before you start

There is a little bit of preparation you should do before embarking on STP Setup.

Task	☑

Check and if necessary update your Sage MicrOpay version (see page 5) ☐

Your Sage MicrOpay version must be 8.0.030 (or newer, if available) in order for you to use the new STP-related features. If you are on an older version of that, you'll have to upgrade.

Make sure you have Administrator access to Sage MicrOpay (see page 6) ☐

The STP Setup wizard is located in the Sage MicrOpay Administration module, you must have Administrator-level access in order to access and complete the wizard.

Check OTE setup for super contribution calculations (see page 6) ☐

One of the categories included in Sage MicrOpay pay event reporting is Ordinary Time Earnings (OTE) calculated for employer Superannuation Guarantee (SG) contributions, so it's important to check that these are set up correctly.

Check that Additions and Deductions have the correct Payment Summary option set (see page 9) ☐

One of the steps in the STP Setup wizard is to assign an ATO Type to Additions (Allowances) and Deductions that are identified separately to other amounts in STP Reporting. Before that can happen, the correct Payment Summary option must be selected for these Additions/Deductions.

Backup your payroll databases (see page 10) ☐

It's good practice to take a backup before making any significant change to your payroll database.

Check your Sage MicrOpay version

The STP Setup wizard and the STP Reporting option are included as part of Sage MicrOpay version 8.0.030, released in March 2018. If you are on an earlier version than that, you'll need to upgrade in order to utilise this new functionality.

The software version is shown on the Sage MicrOpay sign in window.
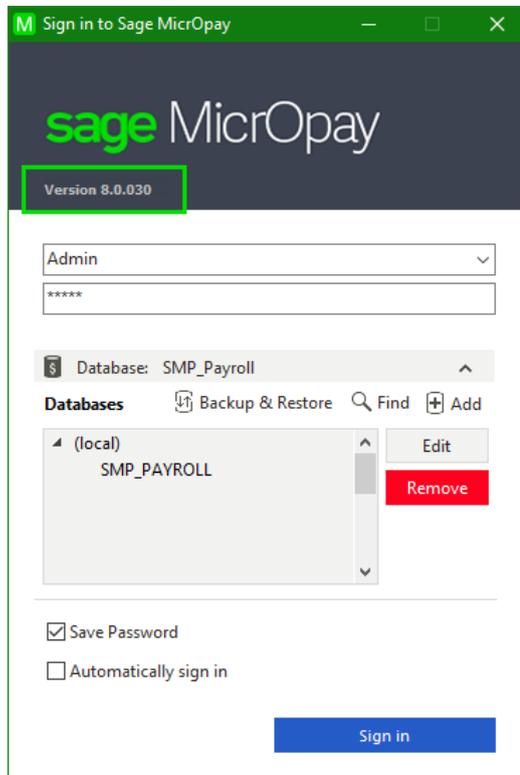
You can also check the version after you've signed in to Sage MicrOpay, by going to *Help > About*.

We notify customers via email when a new version of Sage MicrOpay is available. The email contains a link to the upgrade files so that you can download and install them. The latest version of the software is also available via eKnowledge.

To download the latest version of Sage MicrOpay software from eKnowledge, perform a keyword search using the keyword(s) **Sage MicrOpay current version**.

Check your access to Sage MicrOpay

The STP Setup wizard is located in the Sage MicrOpay Administration module so you have to have Administrator-level access in order to access and complete the wizard.

If you are not an Administrator, the Administration module is not available when you sign in to Sage MicrOpay so you have no way to select the STP Setup wizard.

After upgrade to version 8.0.030, you may be able to see the STP Reporting option in *Payroll > Transactions > Import and Export*. If you select this option before STP Setup is complete, there are two things that can happen:

- If you are an Administrator, the STP Setup wizard is displayed in front of the STP Reporting window as a gentle reminder that there is some setup to be done before you can use STP Reporting.
- If you are not an Administrator, the following message is displayed:
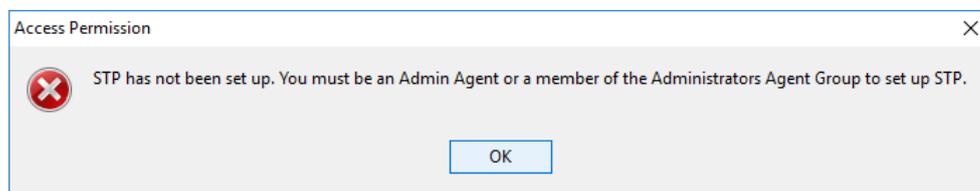
Check OTE setup for super contributions

One of the categories included in Sage MicrOpay pay event reporting is Ordinary Time Earnings (OTE) calculated for employer Superannuation Guarantee (SG) contributions, so it's important to check that these are set up correctly.

Pay components selected in the Calculation Parameters of an Employer Superannuation Contribution are used in calculation of OTE.

For more information about what types of payments should be treated as OTE, refer to the ATO website, www.ato.gov.au. Quick Code *QC 33860 - Checklist: Salary or wages and ordinary time earnings* is a good place to start.

To check the current OTE setup:

1. Go to *Payroll > Superannuation > Employer Contribution*.
2. Select and open an Employer SG Contribution in the grid.

3. Go to the **Calculation Parameters** tab and open the drop-down list in the **Pay Components** field. Any pay components that are ticked are included in calculation of OTE.
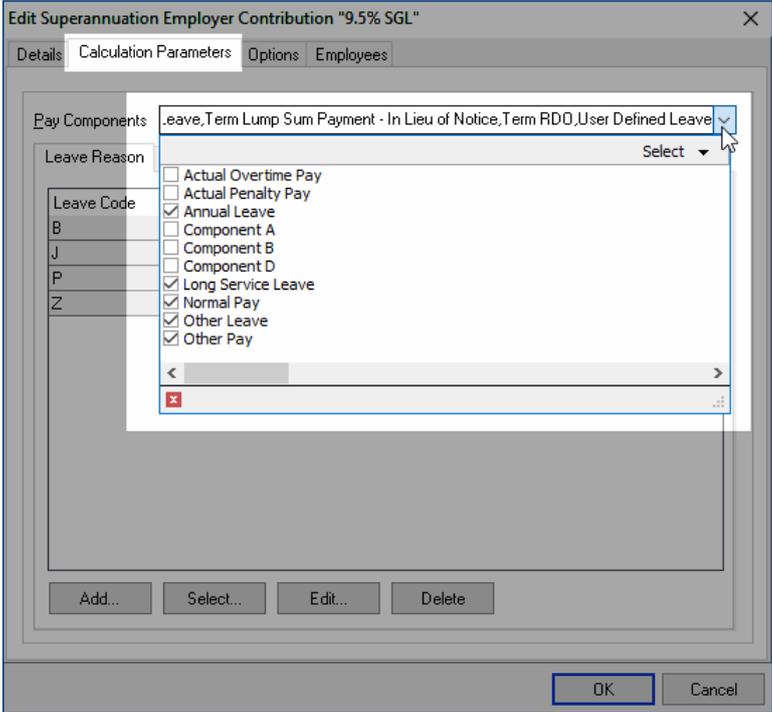
Review the list of selected Pay Components and select or deselect components as required.

- When *Other Leave* is selected in the **Pay Components** field, the Leave Reasons use to pay Other Leave must be selected on the **Leave Reasons** tab.
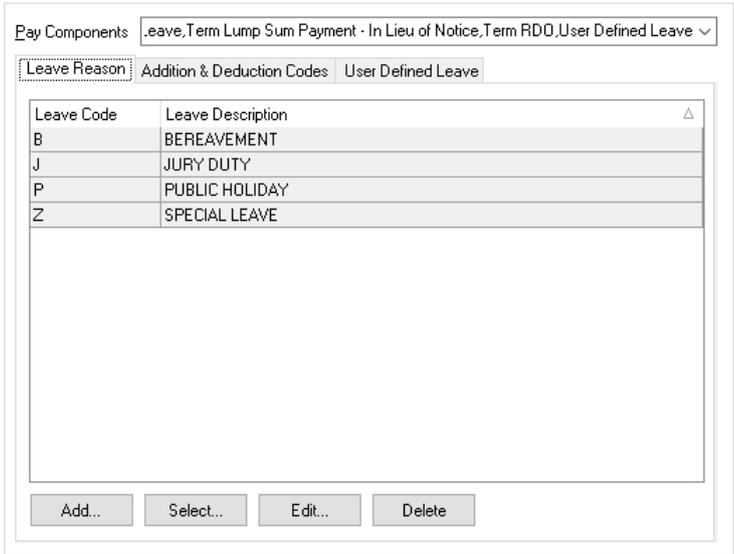
- Any Additions/Deductions that should be included are selected on the **Addition & Deduction Codes** tab. You can select individual Additions and Deductions, or use the checkbox options to select all Additions or Deductions of a particular type, e.g. All Additions Before Tax.

- When User Defined Leave is selected in the **Pay Components** field, the specific User Defined Leave types that should be treated as OTE must be selected on the **User Defined Leave** tab.

For further details on setting up Ordinary Time Earnings for super contributions, refer to e-Knowledge **Answer Number 54** or perform a keyword search using the keyword(s) **OTE**.

Check Additions and Deductions have correct Payment Summary option

One of the steps in the STP Setup wizard is to assign an ATO Type to any Additions (Allowances) and Deductions that must be identified separately to other amounts in STP Reporting. These Additions and Deductions will automatically be picked up and displayed in the wizard, provided they have been set up with the appropriate **Payment Summary** option.

Sage MicrOpay refers to the **Payment Summary** field on the **RDO & ATO Reporting** tab of an Addition or Deduction to determine how certain Allowance and/or Deduction values are reported to the ATO, e.g. should an Addition amount included be in an employee's gross salary and wages, or identified separately as a specific type of Allowance?

To check the Payment Summary option for an Addition or Deduction:

1. Go to *Payroll > Maintenance > General > Additions and Deductions*.

2. Select and open an Addition or Deduction from the grid.

3. Click on the **RDO and ATO Reporting** tab.

4. Check and if necessary update the **Payment Summary** field
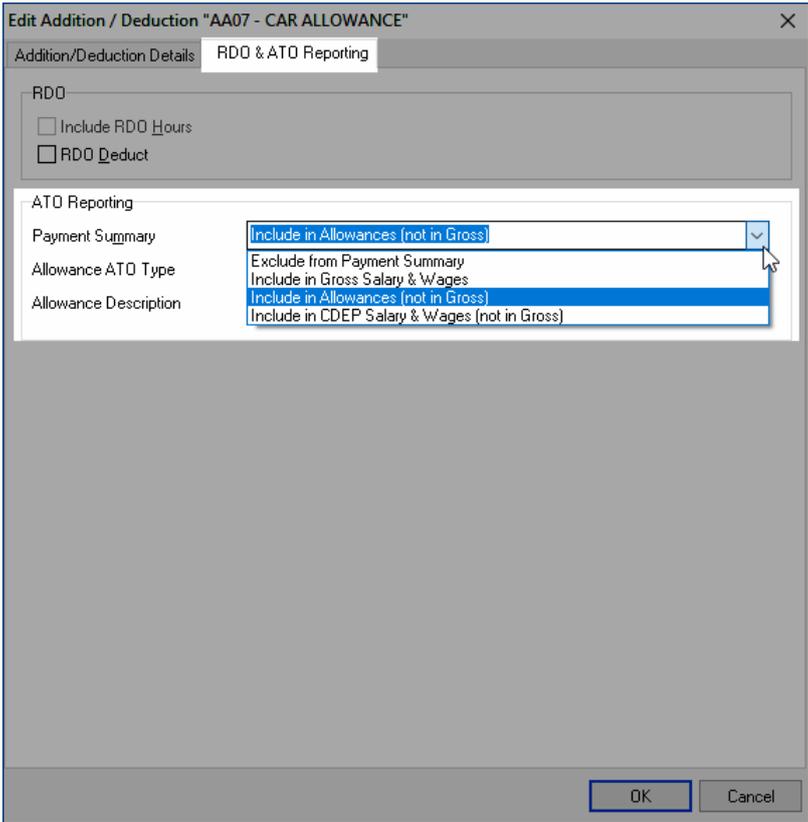
- ▪ If the Addition (before or after tax) should be identified as an Allowance, the **Payment Summary** field must be set to *Include in Allowances (not in Gross)*.

- If a Deduction (before or after tax) should be identified as Workplace Giving, the **Payment Summary** field must be set to *Include in Workplace Giving*.
- If a Deduction after tax should be identified as union fees, the **Payment Summary** field must be set to *Include in Union Fees*.

# Backup your payroll database

It's always recommended to backup your payroll database before making significant changes. Taking a backup before completing the STP Setup wizard gives you a contingency, in case you need to roll back your system for any reason.

For further details on backup options, refer to e-Knowledge **Answer Numbers 62** and **391** or perform a keyword search using the keyword **backup**.

Completing the STP Setup wizard

1. Go to *Sage MicrOpay Administration > System Configuration*.

2. Click on the **STP Setup** tile to open the STP Setup wizard.
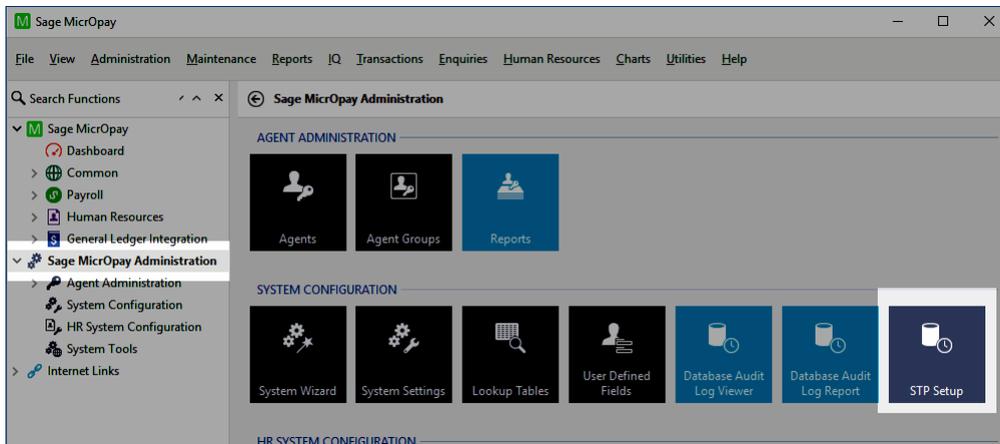
3. The wizard opens to the *About* tab, which displays some general information about STP.
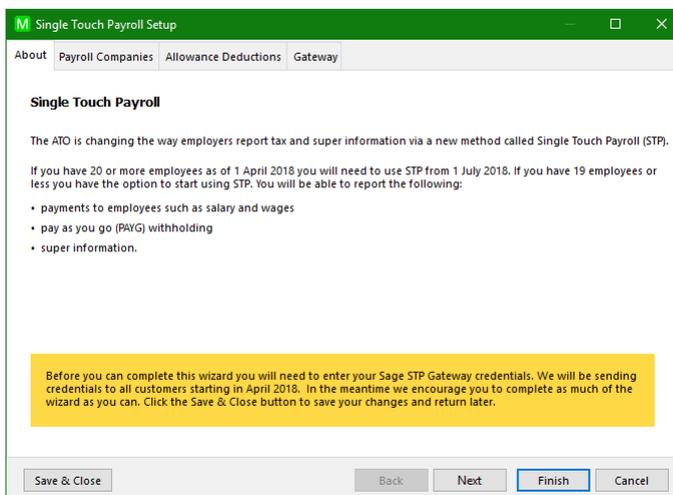
> As you complete the wizard, you can make changes then click **Save & Close** to save your progress and exit. If you've previously made and saved changes, the wizard will reopen to the last page you visited.
>
> Click **Next** to continue.

4. The wizard contains three tabs to be reviewed. You may need to update or enter details in each tab in order to complete the wizard.

    - Payroll Companies (see page 13)
    - Allowance Deductions (see page 16)
   - Gateway (see page 17)

> You can complete the tabs in any order but you will be unable to **Finish** the wizard until you have entered your Sage STP Gateway credentials.

You can also go back and make changes to data that you have already entered.

5. When you have completed the wizard click **Finish**. Sage MicrOpay automatically tests the connection to the Sage STP Gateway. When a successful connection is established, the following message is displayed.
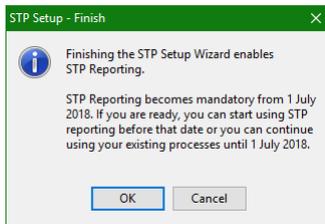
To finish the wizard and enable STP Reporting click **OK**. A confirmation that STP Reporting is enabled is displayed.
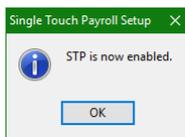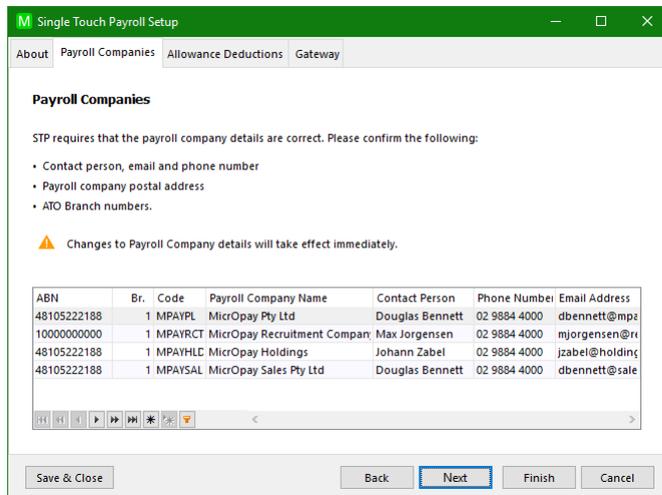

6. Click **OK**.

If a successful connection cannot be established, e.g. because the Client ID or password are incorrect or there is a network issue, different messages are shown and you will not be able to **Finish** the wizard.

Payroll Companies tab

The Payroll Companies tab is a grid showing all Payroll Companies set up in Sage MicrOpay.

Why is this important?

Information in the Payroll Company identifies the employer (Payer) submitting STP Reporting data. The nominated Contact Person also becomes the default, authorised person who declares that the payroll data being submitted is true and correct.

Double click on a row in the grid to open that Payroll Company's maintenance window for editing.

Please note that you are directly editing Payroll Company maintenance, so any changes you make will take effect as soon as you click **OK** to close the Payroll Company maintenance window, not when you **Save & Close** or **Finish** the STP Setup wizard.

While this is a good opportunity to review and update **ALL** Payroll Company details, there are specific fields that are required for STP Reporting.

Some of these fields are new and are only shown in Payroll Company maintenance when your Sage MicrOpay version is 8.0.030 or newer. Many of the other fields have always been mandatory, i.e. the fields have to be completed or you cannot save and close the Payroll Company window.

| Field	Description
In the Postal Address section	
The Postal Address fields are new in version 8.0.030. On upgrade, Sage MicrOpay auto-fills these fields with the existing Payroll Company address details. Review the Postal Address fields and update if necessary.	
Note: when a new Payroll Company is added, the Postal Address will be auto-filled with the Postal Address information from *Common > Maintenance > Company Details*.	
Address 1	The **Address 1** field is mandatory and records the first line of the payroll company's postal address.
Address 2	The **Address 2** field records the second line of the payroll company's postal address.
Suburb	The **Suburb** field is mandatory and contains the name of the suburb, town or city of the payroll company's postal address. Do not enter a State Code or any other address details in this field.
State	The **State** field is mandatory and contains the State of the Payroll Company's postal address.
	The following State Codes are the only acceptable codes for addresses which are to be included in data reported to the ATO:
	ACT Australian Capital Territory NSW New South Wales NT Northern Territory QLD Queensland SA South Australia VIC Victoria WA Western Australia TAS Tasmania OTH This code must be used for all overseas addresses.

Field	Description
Postcode	**Post Code** is a mandatory field and contains the post code of the Payroll Company's postal address. The field can contain a maximum of four characters. Use the Mail icon to search for and select an Australian post code. For the purposes of reporting to the ATO, when the State is OTH the Postcode must be *9999*.
Country	**Country** is a mandatory field and contains the country of the Payroll Company's postal address. You can only select a Country name from the pre-defined list in the field.
In the Contact Details section:	
Contact Name	**Contact Person** is included in the Payer details sent to the ATO for STP Reporting. It is also used as the default name of the authorised person who completes the STP Reporting Declaration before data is sent to the ATO.
Email	**Email** is a mandatory field and must contain an email address in a valid format, e.g. *name@company.com*. The **Email** address is included in Payer information transmitted for STP Reporting.
Telephone	The **Telephone** field contains the contact number for the Contact Person / Payroll Company.
In the ATO Details section:	
Use an ABN (and number)	The ABN, along with the **Branch Number** help the ATO identify the specific employer submitting STP Reporting data, particularly when the same ABN is used for more than one Payroll Company.
Branch Number	The **Branch Number** is the ATO-supplied number for the Payroll Company. Branch Numbers are issued by the ATO to Payers that wish to sub-divide their activities for PAYG withholding. If the company does not have a Branch number, this field must be set to *1*.

Allowances and Deductions tab

From Sage MicrOpay version 8.0.030 *Payment Summary Descriptions* are renamed *Allowance and Deduction Descriptions*. The RDO and Payment Summary tab of Additions and Deductions is renamed *RDO and ATO Reporting*.

The **Allowances and Deductions** tab shows a list of all Allowance and Deduction Descriptions set up in Sage MicrOpay. From here, you can assign an **ATO Type** to an Allowance or Deduction Description.
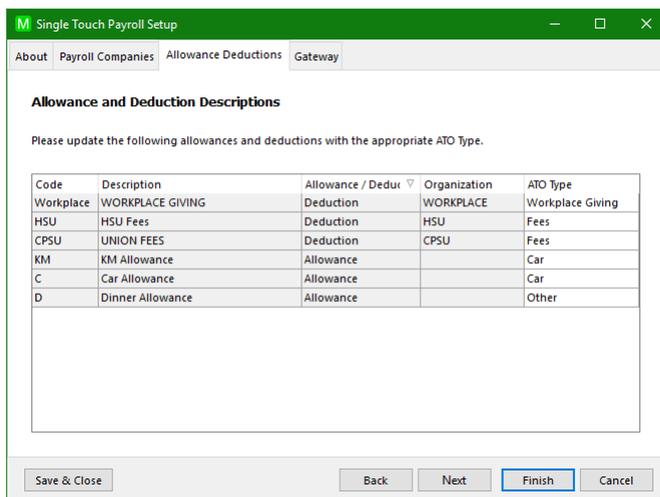

Why is this important?

The ATO requires certain Allowances (Additions) and Deductions to be categorised according to a pre-defined list of types. This applies to Allowances that are reported separately to employees' INB Gross amount, i.e. those that prior to STP Reporting would have been itemised separately on employee INB payment summaries, and Deductions for Workplace Giving or union fees.

Sage MicrOpay will try to do some of the heavy lifting for you by assigning an ATO Type to Allowance or Deduction Description, by searching for certain keywords in the Description and matching the likeliest ATO Type. You can select a different ATO Type, if necessary. Changes to the Allowance/Deduction Description are saved when you either **Save & Close** or **Finish** the wizard.
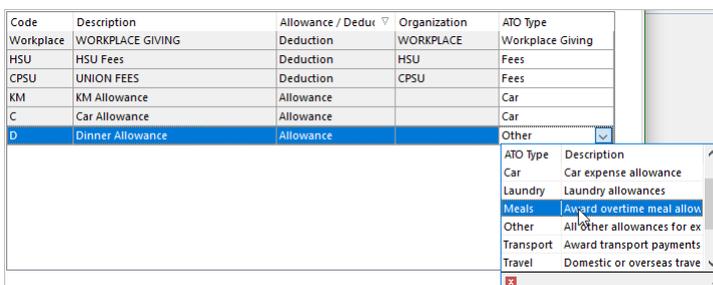
The ATO Type linked to the Allowance/Deduction Description flows through to the *RDO & ATO Reporting* tab of Additions or Deductions linked to the Allowance/or Deduction Description.
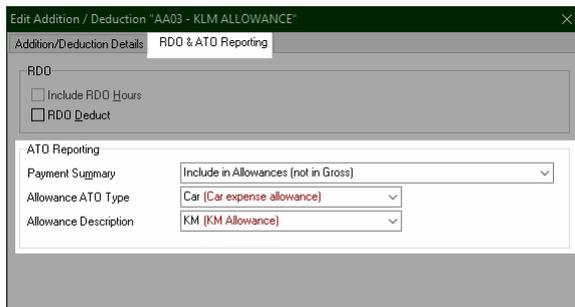
The list of ATO Types and the key words that Sage MicrOpay uses to match them is below:

ATO Type	Keywords used to match to an Allowance/Deduction Description (not case sensitive)
Allowances	
Car	Car, Vehicle, KM, Kilometre
Laundry	Laundry
Meals	Meal
Transport	Transport
Travel	Travel
Other	Any other type of Allowance Description that Sage MicrOpay cannot match to a keyword.
Deductions	
Workplace Giving	Union, fees
Union Fees	Workplace, giving

Gateway tab

The Gateway tab records your Sage STP Gateway credentials, that is, your user name (Sage Client ID) and password. It also includes an option to test the connection to the Gateway once your credentials are entered.

> **Why is this important?**
>
> The Sage STP Gateway is the mechanism that enables Sage MicrOpay to send STP Reporting data to and receive messages from the ATO.
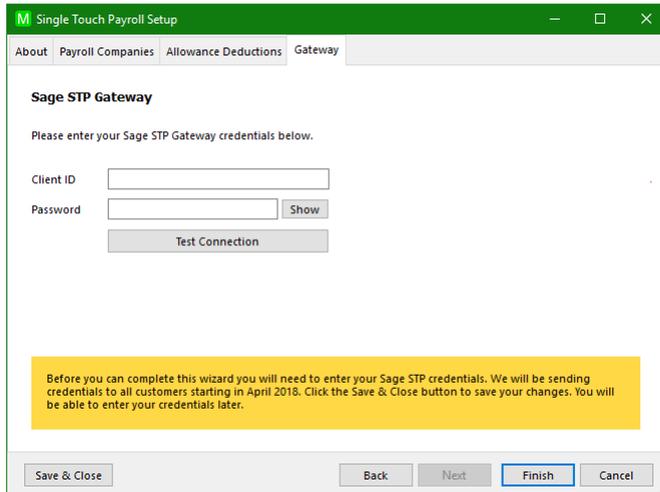
We will be contacting customers starting in April 2018 with their credentials. As you probably already know your Client ID, you can enter it at any time and **Save & Close** the wizard. After you have entered both **Client ID** and **Password**, you can use **Test Connection** to make sure that Sage MicrOpay can establish a connection to the Sage STP Gateway.

> Even if you choose not to manually test the connection before completing the wizard, it will happen automatically when you click the **Finish** button.

When a successful connection is established, the following message is displayed:

If a successful connection cannot be established, you'll see different messages, e.g. if the credentials entered are incorrect or there is some kind of network issue.
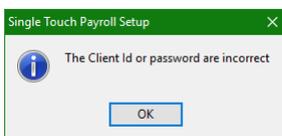
After you finish STP Setup

When you finish the STP Setup wizard, the **Save & Close** button is removed you however you can still open and review data in the wizard.

If you realise after you've finished the wizard and enabled STP Reporting that further changes are required, you can still make them via the wizard. Once the changes are made, click **Finish** to save them. Because STP Reporting is already enabled, the confirmation messages displayed the first time you finished the wizard are not shown.

As well as editing data through the wizard, you make changes directly to the relevant maintenance window in Sage MicrOpay:

- To view or make changes to Payroll Company information, go to *Payroll > Maintenance > General > Payroll Companies*.

- To view or make changes to Allowance and/or Deduction Descriptions go to *Payroll > Maintenance > General > Allowance and Deduction Descriptions*.

- To change the Allowance/Deduction Description attached to an Addition or Deduction go to *Payroll > Maintenance > General > Additions and Deductions* and select the **RDO & ATO Reporting** tab.

- To view Sage STP Gateway credentials or to test the connection to the gateway, go to *Common > Maintenance > Company Details*.