

THE SINGLE TOUCH PAYROLL **REVOLUTION**



A LANDMARK
CHANGE COMING
YOUR WAY

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LANDMARK BUSINESS MILESTONE

The most significant changes to impact Payroll and HR practices since the end of WW2 are about to collide with Australian business practice.

In just over six months payroll and HR processes will be impacted as the ATO implements a milestone move to a digital platform for business interactions.

Legislation was enacted just 14 months ago and will introduce from 1 July 2018, a new Single Touch Payroll process (STP). Its introduction makes it legally compulsory for the more than 65,000 Australian businesses with 20 or more employees to report payments such as salaries and wages, pay as you go (PAYG) withholding and super information to the ATO directly from their payroll solution at the same time they pay their employees. Separately changes to how superannuation payments are reported are currently being drafted into the legislation.

As the ATO readies itself to handle the new regime of reporting from businesses, there is a co-designed approach in place which involves a series of detailed meetings and discussions with stakeholders across the country. This collaborative approach by the ATO aims to encourage a measured and realistic win-win STP outcome for all stakeholders. However, the ATO has yet to finalise documents and publish advisories on the final STP design and requirements.

What is certain is that Australian companies will need to use compliant HRM software to satisfy the ATO reporting requirements, drawing data from multiple sources across the enterprise in real time.

WHAT

A new Single Touch Payroll process (STP)

WHEN

From July 1, 2018

WHO

Businesses with 20 or more employees

WHY

The ATO is moving to a digital platform for all business interactions

GOOD AND NOT SO GOOD NEWS

This is **good news** and **not so good news** for medium and large businesses across the nation.

THE GOOD NEWS

- The ATO's initiative aims to eliminate the anomalies, inaccuracies and inefficiencies of "past time" reporting – what has been a way of financial life for companies over the past seven decades
- STP will replace it with digital 'real time' reporting that will promote efficiencies by streamlining the administration of employee payments, withholding and superannuation information by employers
- With real time data at its finger tips,in time, the ATO will have the visibility to be able to proactively identify and highlight trends and flag potential problems as they unfold - in time to intervene and /or provide assistance for businesses and individuals, to respond to potentially negative symptoms
- STP will enable the ATO to assist by alerting and helping a business or individual avoid a lot of financial pain points further down the track
- The STP real time reporting benefits flow back through the business as well by providing immediate and more accurate data enabling executives to make smarter and reliable strategic business decisions.

THE NOT SO GOOD NEWS

- There is currently confusion and ignorance in the marketplace as some solution providers promise the “false dawn” of a “simple upgrade” to existing software as a simple silver bullet solution to meeting STP obligations
- STP compliance will require a critical holistic overview of business reporting processes and practices . While employers will need to use a compliant software solution that delivers on all mandated reporting obligations – it’s not just about the software!
- A growing momentum exists because just over six months represents a relatively small window of time and opportunity for businesses to truly get ready – addressing payroll process problems, eliminating errors, configuring and testing the changed features.

FACT, FAKE OR FABLE

It is worth remembering that STP is only the first stage in the ATO's strategy to modernise and digitise its interaction with customers.

And while there is still a level of uncertainty as the ATO has yet to finalise documentation of the design, what is certain is that the changes are inevitable, wide reaching and unavoidable.

The fact is that while the arrival of STP is a positive development, its implementation will impact a great number of business processes. Here are just a few examples:

IMPACTS SNAPSHOT

Systems and Processes:

- Addressing anomalies in the existing systems – how and when to fix them to meet new legal declaration requirement
- How to clean up and correct data capture processes required for STP

People:

- Not only the payroll team, but how to handle other critical internal resources likely to be affected
- What to do, for example, to avoid mistakes in managing expatriate employees

Technology:

- To what degree will STP impact your Business Continuity or Disaster Recovery capability
- How locked, loaded and ready is your internal IT resource to implement the changes required for STP

GUIDING STARS

The STP revolution is unstoppable and has a momentum powered by the law of the land. The compliance requirements of STP are actually a great opportunity for businesses to review and update all their HRM systems and processes. But businesses will need some stars to guide them.

No matter where your business is positioned along the STP pathway, **Pendragon Consultants can provide the insights and advice you need to make the journey simple, direct and cost effective.** Most importantly Pendragon can ensure your business does not lose its way and end up in a wasteful, non-compliant cul de sac.

Pendragon is uniquely positioned to provide insights and advice about STP and its implications. Pendragon's Deanne Windsor, is a board member on the Australian Business Software Industry Association (ABSIA). Acknowledged as the country's foremost expert on STP she is one of a very small number of stakeholders providing advice to ATO and software vendors about STP readiness.

TAKE THE FIRST STEP TODAY

Sign up for a **free consultation** to get clarity on your journey to STP compliance

OR Take the first step today and download our [**STP Readiness Checklist**](#).

THE PENDRAGON PEDIGREE

Your business can unlock a broader benefit by tapping into the Pendragon pedigree at the same time as seeking help to ensure your business is STP ready. Take advantage of the great opportunity to review and update your overall payroll software and HRM systems.

Pendragon has decades of experience in helping clients align their digital HR strategy with their business objectives. Qualified Pendragon consultants are assisting with software implementations and providing on-site or remote support to businesses across many industry sectors.

Its portfolio of expertise includes:

- Unique advisory services to the ATO around the design and requirements of Single Touch Payroll
- Application Management Support whereby, instead of an in-house IT resource, Pendragon monitors, updates, configures and reports changes
- Specialisation for over a decade in the implementation and support of the SAP HCM Module and SuccessFactors HR Cloud Solutions
- Provision of services utilising a broad range of skills including project management, technical, functional and business analysis
- Applying a consistent and proven framework for cloud and on-premise systems implementation and upgrades
- Helping clients quickly and efficiently implement key HR technology objectives including process automation, communication and reporting.

THE SAP CONNECTION

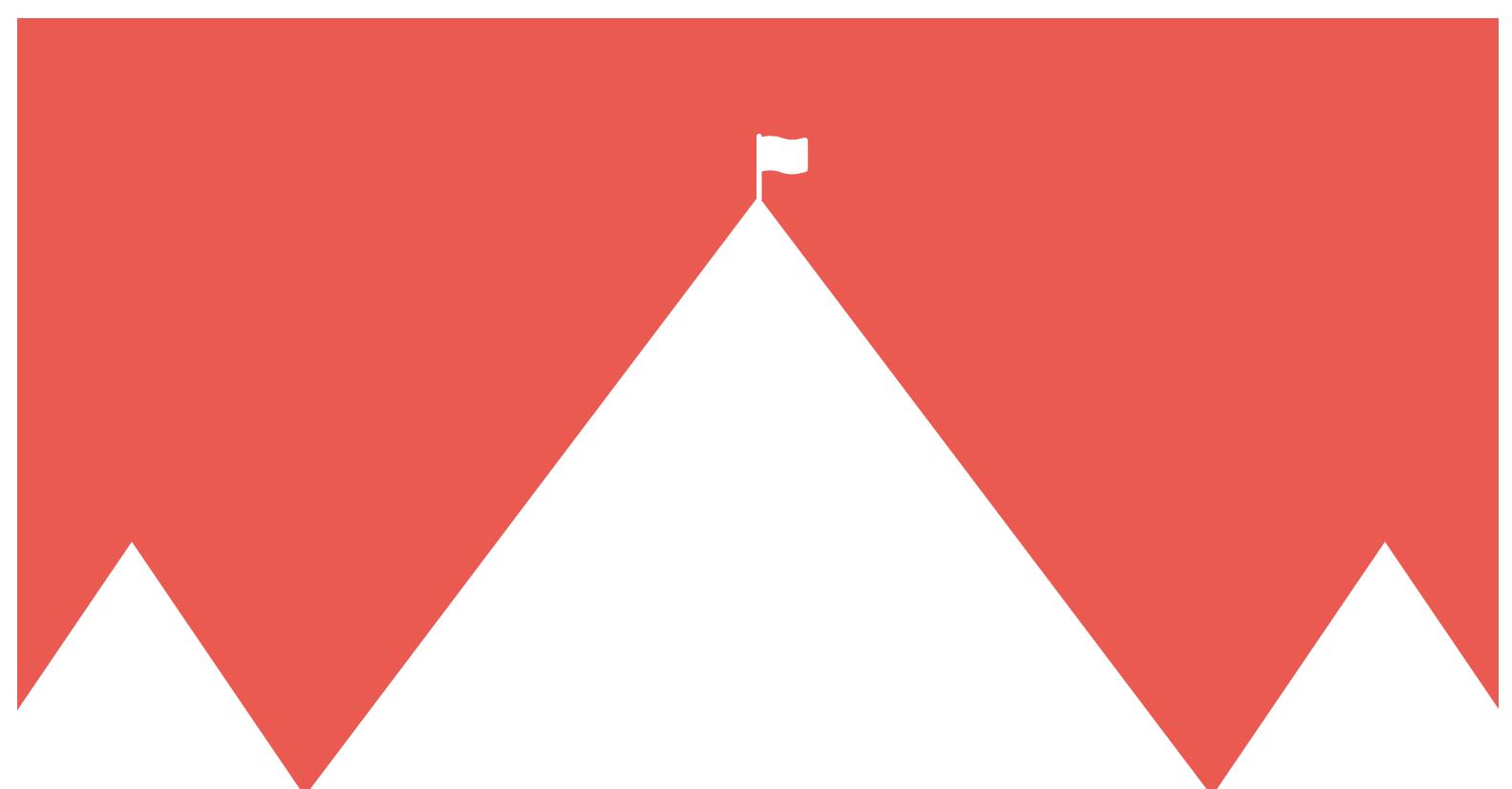
An important footnote is to recognise Pendragon Consultants' strong relationship with SAP. As the leading cloud-based Human Capital Management (HCM) Suite, SAP SuccessFactors delivers a gold standard solution across an impressive range of industry sectors.

SAP has earned an impeccable reputation for digitally transforming HR and workforce experiences by simplifying human resource and people processes with engaging, intelligent, and connected solutions that accelerate HR, manager, and individual success.

Pendragon Consultants are SAP software and services experts, particularly in the Human Capital Management solutions portfolio. We are a designated SAP Silver Services Partner and also hold SAP Cloud HR Service Authorisation.



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