



An Australian Government Initiative
Standard Business Reporting

SBR

Standard Business Reporting

Australian Taxation Office – Payroll Event 2020 (PAYEVNT.0004) Business Implementation Guide

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OFFICIAL**VERSION CONTROL**

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ENDORSEMENT

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1 INTRODUCTION

1.1 PURPOSE

The purpose of this document is to assist digital service providers (DSP) in understanding:

- The business context surrounding the functionality of the design requirements for Single Touch Payroll (STP)
- How a payer can meet their taxation obligations under *Division 389 of Schedule 1 to the Taxation Administration Act 1953 (TAA)* – Reporting by employers ('Single Touch Payroll')
- How a payer will meet their obligation to provide the Commissioner with a Tax File Number Declaration received from a payee under Division 3 of Part VA of the *Income Tax Assessment Act 1936* or provide notification that a payee has not provided a Tax File Number Declaration
- How a payer can meet their obligation to report Child Support Deductions and Garnishee amounts to the Child Support Registrar by voluntarily reporting these amounts to the Commissioner under Division 389 of Schedule 1 to the *Taxation Administration Act 1953*.

1.2 DISCLAIMER

While STP reporting leverages off many of the same business processes a payer undertakes to produce pay slips for their payees, the information in this document does not in any way impact on a payers obligation under the *Fair Work Act 2009* and the *Fair Work Regulations 2009* ('Fair Work legislation') as well as other workplace legislation to provide information to a payee on their pay slip. In particular, the STP reporting requirement to report superannuation guarantee amounts does not in any way change, dictate or influence the requirement under Fair Work legislation, to include information relating to superannuation contributions on a payees pay slip. The Australian Taxation Office (ATO) cannot provide advice on pay slip reporting requirements, and clarification on these requirements should be sought from the Office of the Fair Work Ombudsman.

1.3 AUDIENCE

This document is for any DSP that has chosen to build or update their products to allow for STP reporting obligations, or to send STP reports as a Sending Service Provider.

To be whitelisted for Pay Event 2020 Services, DSPs will need to demonstrate that their STP solution(s):

1. Support both the submit and update actions
2. Include the reporting rules as per this Business Implementations Guide
3. Include the field validations as per the Validation rules and Message Structure Table (MST).
4. DSPs may choose to deliver the adjust action that is an optional action in the pay event.

1.4 DOCUMENT CONTEXT

The Business Implementation Guide (BIG) is the primary guidance document for payroll DSPs and should be read in conjunction with the Message Structure Table (MST). Supplementary guidance such as [Position Papers](#) and [Guidance Notes](#) will provide context to further support payroll DSPs.

The ATO has worked with an industry-based co-design working group in development of the 2020 pay event, including: payroll DSPs, payroll associations and a tax practitioner association who all brought years of experience and expertise to the design.

This document describes or interprets how the technical implementation relates to the business context and process and can be relied upon to reflect the final design position.

There is a complex array of components that must be taken into consideration by DSPs when designing solutions to meet the ATO requirements for STP: legislative, functional, technical and business guidance.

Due to the interdependency between some sections, [hyperlinks](#) are used for ease of cross-referencing. These references are indicated by shading and a symbol (□).

There are six key position papers that provide additional context and scenarios that should also be taken into consideration:

- [Tax Treatments](#)
- [Income Types/Country Codes](#)
- [Disaggregation of Gross](#)
- [Key Identifiers](#)
- [Other Components](#)
- [Child Support](#).

In addition, the [ATO Guidance Notes](#) provide additional support and examples to describe existing STP processes and concepts. Guidance notes have been released where it is identified that some DSPs may require additional assistance.

- [Transition](#)
- [Key Dates](#)
- [ATO Use of Data and Online Screens](#)
- [Services Australia Use of Data](#).

This document is designed to be read in conjunction with the ATO Standard Business Reporting (SBR) documentation suite, including:

- ebMS3 Web Service Implementation Guide for web service and platform information
- ATO Common Business Implementation and Taxpayer Declaration Guide
- ATO Service Registry (SR)
- Message Structure Table and validation rules found in the relevant artefact package
- Test information in the Conformance suites.

□ See the [ATO common artefacts and reference documents](#).

□ See section [10.1 Version Control](#) for the revisions from the prior final version of this document.

1.4.1 GUIDANCE TIMELINE

On 6 November 2025, the core changes for Payday Super, within the *Treasury Laws Amendment (Payday Superannuation) Act 2025* and the *Superannuation Guarantee Charge Amendment Act 2025*, received Royal Assent. The BIG has been updated to reflect this legislation including changes made to Super Entitlements YTD reporting.

1.5 RELATIONSHIP BETWEEN THE MST AND THE BIG

The [Pay Event 2020](#) service has introduced a different approach to enumerations and report guidance.

The MST and associated schema have removed most enumerations or lists of valid values. Validation rules will be used to check that the correct type is supplied along with other cross field rules such as certain payment amounts only allowed for certain income types. In some cases, Min/Max rules have also been moved to the validation rules for the Action. Some elements have validation rules that restrict service actions, where they can be provided.

Report guidance has also been evaluated to support the outcomes for STP Phase 2. This is designed to ensure that as you develop for this new version, you have a good understanding of the fact/element and its usage. In the MST, certain facts have been identified as needing an understanding of the background and purpose to be able to effectively implement the requirements into payroll software. In the report guidance for some fields, the following text has been included:

This element has complex business rules and you MUST refer to STP Business Implementation Guide for the appropriate definition and how to source the data in your solution.

Where you see this text in the MST, you must ensure the business rules covered in this document have been adhered to.

- Refer to section [10.7 Complex Business Rules](#) for the identification of those facts and the cross-reference to relevant sections within this document.

2 OVERVIEW

2.1 WHAT IS SINGLE TOUCH PAYROLL?

STP is a government initiative to streamline business reporting obligations to Government.

Payers or their intermediary will be able to report payments such as salaries and wages, employment conditions, pay as you go (PAYG) withholding and superannuation information directly to the ATO from their payroll solution, at the same time they pay their payees.

2.2 THE LAW FOR SINGLE TOUCH PAYROLL

STP was legislated on 16 September 2016, forming part of the *Budget Savings (Omnibus) Act 2016*.

From 1 July 2019 STP was expanded to all payers regardless of the number of payees they have as part of the *Treasury Laws Amendment (2018 Measures No.4) Act 2019*.

During 2020, there were three important changes to legislation that support reporting in STP:

- *Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Act 2020* (received Royal Assent 6 March 2020) changes the way employment income is used to determine a person's rate of payment under the social security law. To facilitate this new assessment model, Services Australia will use data collected by the ATO primarily from the Single Touch Payroll reporting
- *Treasury Laws Amendment (2019 Measures No. 3) Act 2020* (received Royal Assent 22 June 2020) ensures that the ATO can work out the payers superannuation guarantee liability for a payee. This is achieved by the reporting of ordinary time earnings and sacrificed ordinary time earnings or salary and wages and sacrificed salary and wages
- *Treasury Laws Amendment (2020 Measures No. 2) Act 2020* (received Royal Assent 3 September 2020) enables:
 - the collection of the child support garnishee and deduction amounts by the Commissioner
 - the sharing of the child support amounts between the Commissioner and the Registrar of Child Support on a standing authority
 - employers to voluntarily extinguish their Child Support reporting obligations via reporting through STP as opposed to the remittance process directly to CSA.

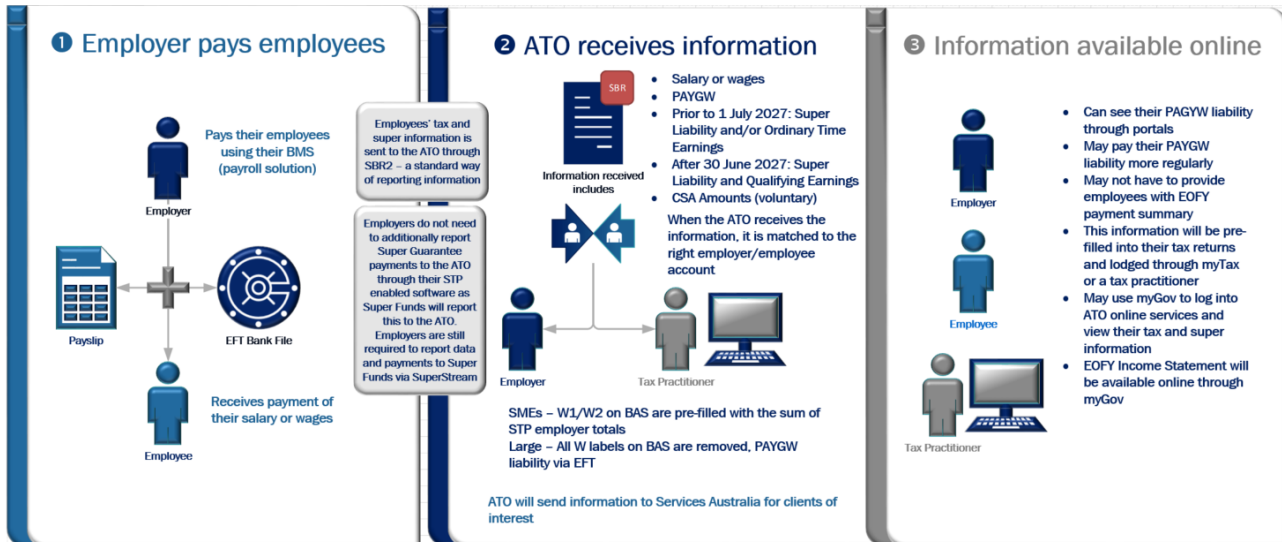
2.2.1 PAYDAY SUPER

Payday Super was legislated on 6 November 2025.

From 1 July 2026 payers reporting using STP are required to report amounts for both qualifying earnings and superannuation liability for payees.

Item 2 in the table in subsection 389-5 of Schedule 1 to the *Taxation Administration Act 1953* has been amended to support this change to the STP reporting requirements.

Figure 1: How Single Touch Payroll works



2.3 SCOPE

Under STP, there are a number of withholding payments that:

- Are mandatorily required to be reported
- May be voluntarily reported
- Cannot be reported.

This section provides the details on these payments and highlights the key points. It also describes the impact on Business Activity Statements (BAS), PAYG withholding payment summaries and annual reports.

All references refer to Schedule 1 of the *Taxation Administration Act 1953* and the Commissioner of Taxation unless otherwise stated.

2.3.1 KEY POINTS

- Payments that cannot be reported under STP reporting are payments that are generally made by payers to recipients, who are generally not paid through a payers payroll solution
- Payers that are not large withholders will also continue to notify the Commissioner of their PAYG withholding liability using the BAS
- Payers that are large withholders will also continue to notify the Commissioner of their PAYG withholding liability through their electronic payment
- Payers that finalise amounts reported under STP are able to obtain relief from obligations to provide payment summaries to payees and a payment summary annual report to the Commissioner, covering the same amounts
- Payers that report a payee through Pay Event 2020 services will not additionally have to send any tax file number (TFN) declarations received from that payee separately to the ATO
- Payers that choose to voluntarily report Child Support Deductions and Child Support Garnishees deducted from employees through Pay Event 2020 will not have to separately report them to the Child Support Registrar through:

[Child support deductions report for employers form \(CS4964\)](#)

Payers are still obligated to notify their PAYG withholding liability, give payment summaries and an annual report, for withholding payments that are not or cannot be reported and finalised under STP reporting.

2.3.2 PAYMENTS

The following three tables list withholding payments. A withholding payment is either:

- A payment, from which an amount must be withheld under Division 12 (even if the amount is not withheld)
- A payment that arises because of the operation of section 12A-205 (deemed payments) in respect of which Subdivision 12A-C requires an amount to be paid to the Commissioner
- An alienated personal services payment, in respect of which Division 13 requires an amount to be paid to the Commissioner
- A non-cash benefit, or the capital proceeds, in respect of which Division 14 requires an amount to be paid to the Commissioner.

2.3.3 MANDATORY REPORTING OBLIGATIONS

Withholding payments that are required to be reported under STP are listed below in [Table 1: Mandatory Reporting](#). They are generally paid through a payroll process by payers to payees.

Payers who report and finalise these payments (and amounts withheld from them) throughout the year in line with their payroll process will not need to provide the corresponding payment summaries and a payment summary annual report to the ATO.

A payer must make a declaration to the Commissioner in the approved form by 14 July, which confirms that they have fully reported for the financial year and for each of their payees using STP. This will relieve the payer from their obligation to give payment summaries to their payees and a payment summary annual report to the Commissioner.

A payer who does not report and finalise these amounts through STP will continue to be required to give a payment summary to their payees and an annual report to the Commissioner.

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Table 1: Mandatory Reporting

Reference	Description	BAS labels	Reference
Subdivision 12-B — Payments for work and services			
Section 12-35	A payment of salary etc. to an employee	W1, W2	INB (except INB-P) or FEI
Section 12-40	A payment of remuneration to the director of a company	W1, W2	
Section 12-45	A payment of salary etc. to an office holder (for example a member of the Defence Force)	W1, W2	
Section 12-47	A payment to a religious practitioner	W1, W2	
Section 12-50	A return to work payment to an individual	W1, W2	
Subdivision 12-C — Payments for retirement or because of termination of employment			
Paragraph 12-85(b)	A payment for termination of employment	W1, W2	EMP (life benefit)
Section 12-90	An unused leave payment	W1, W2	INB (except INB-P) or FEI
Subdivision 12-D — Benefit and compensation payments			
Paragraph 12-110(1)(ca)	A payment of parental leave pay	W1, W2	INB (except INB-P)
Subdivision 12-FC — Seasonal Labour Mobility Program			
Section 12-319A	A payment of salary, wages etc. to an employee under certain labour mobility programs	W1, W2	INB (except INB-P)

2.3.4 VOLUNTARY REPORTING OBLIGATIONS

Payers may choose to include these withholding payments in their STP reports.

Payers can also choose to include in their STP reporting their payees' reportable employer super contributions (RESC) and reportable fringe benefit amount (RFBA).

A payer that chooses to include these amounts in a STP report by 14 July in the next financial year may be fully relieved of their obligations to give payment summaries and a payment summary annual report to the Commissioner.

If a payer chooses not to report these amounts through STP, they will continue to be required to give payment summaries to their payees and a payment summary annual report to the Commissioner covering these amounts.

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DSPs may choose to implement functionality that will enable payers to voluntarily report adjustments to payer period totals reported through STP. This enables the payer to align the payer period totals between STP and their integrated client account.

Table 2: Optional Reporting

Reference	Description	BAS labels	Reference
Subdivision 12-B — Payments for work and services			
Section 12-55	A payment that is covered by a voluntary agreement	W1, W2	LVP-003
Section 12-60	A payment under a labour hire arrangement or a payment specified by regulations	W1, W2	LVP-001 or LVP-002
Subdivision 12-C — Payments for retirement or because of termination of employment			
Paragraph 12-85(b)	A payment for termination of employment	W1, W2	EMP (death benefit)

- ☰ Refer to voluntarily reporting super entitlements for contractors (Non-employees) in section [4.4.1 Employment Basis](#).
- ☰ Refer to voluntarily reporting Child Support Garnishees and Child Support Deductions in section [4.9.1 Deductions](#).

2.3.5 CANNOT BE REPORTED VIA SINGLE TOUCH PAYROLL

Payments that are generally not paid through a payroll process or may be paid by payers to recipients that are generally not their employees cannot be reported under STP reporting, including payments made by:

- Services Australia (formerly known as the Department of Human Services)
- Investment bodies and managed investment funds
- Purchasers of certain taxable Australian property.

These payments are outside the scope of STP reporting and are only included in this document to provide a complete list of withholding payments.

No relief from payment summary and annual report obligations, relating to these withholding payments is available via STP. A payer must continue to ensure it complies with their obligation to provide payment summaries and an annual report to the Commissioner with respect to these withholding payments.

In addition, a payer cannot include in their STP reporting any payment made through its payroll software that is not a withholding payment. Examples of such payments include partnership distributions and payments to suppliers that are included in the table below.

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Table 3: Cannot be Reported

Reference	Description	BAS labels	Reference
Subdivision 12-C — Payments for retirement or because of termination of employment			
Section 12-80	A superannuation income stream or an annuity	W1, W2	PEN or INB-P
Paragraph 12-85(a)	A superannuation lump sum	W1, W2	SLS
Subdivision 12-D — Benefit and compensation payments			
Section 12-110 (except for paragraphs 12-110(1)(ca) and (cb))	A social security or similar payment	W1, W2	INB
Section 12-120	A compensation, sickness or accident payment	W1, W2	
Subdivision 12-E — Payments where TFN or ABN not quoted, except sections 12-180 and 12-190		W3	Free format / No ABN, AIIR
Section 12-180	Payment of income of closely held trust where TFN not quoted	Annual activity statement	Closely-held trust / Annual TFN withholding report
Section 12-190	Recipient does not quote ABN	W4	ABN / No ABN, AIIR
Subdivision 12-F — Dividend, interest and royalty payments		W3	Not applicable / Non-residents, AIIR
Subdivision 12-FA — Departing Australia superannuation payment		W3	DASP
Subdivision 12-FAA — Excess untaxed roll-over amount		W3	Not applicable
Subdivision 12-FB — Payments to foreign residents etc.		W3	Free format / Foreign residents
Subdivision 12-G — Payments in respect of mining on Aboriginal land, and natural resources		Electronic payment	Free format
Subdivision 12-H — Distributions of withholding MIT income		W3	Free format / AIIR
Division 12A — Distributions by AMITs (including deemed payments)		W3	Free format (for example AMMA statement), AIIR
Division 13 — Alienated personal services payments		W1, W2	LVP-004
Division 14 — Non-cash benefits, and accruing gains, for which amounts must be paid to the Commissioner, except subdivisions 14-C and 14-D		W3 / Electronic payment	Most applicable
Subdivision 14-C — Shares and rights under employee share schemes		W1, W2, where TFN quoted W3 only, where TFN not quoted	ESS
Subdivision 14-D — Capital proceeds involving foreign residents and taxable Australian property		Electronic payment	Not applicable

2.4 USE OF DATA BY SERVICES AUSTRALIA

Australia's social security system relies on a range of employment income-related information to inform policy and decision-making processes. Payroll systems are a key source of this information, particularly for payments made to people of a working age.

From December 2020, the *Social Services and Other Legislation Amendment (Simplifying Income Reporting and Other Measures) Act 2020* comes into effect. These amendments will make it easier to report income correctly, simplify the user experience for income support recipients reporting employment income and reduce the occurrence of inaccurate payments. To complement this measure, Services Australia will introduce new technology solutions to support the near real-time exchange of the STP Phase 2 dataset between the ATO and Services Australia. From 2021 Services Australia will begin implementing changes that will:

- Improve customers' experience by pre-filling payroll information into Services Australia online forms for review by customers
- Support customers by prompting them to update their income estimates to assist them to receive the right rate of payment at the right time
- Reduce employer burden by minimising the contact that employers must have with Services Australia to provide payroll information for activities like:

Separation certificates

Reporting child support deductions

Establishing child support employer withholding, and

Existing debt recovery processes.

- Adjustments to the payer totals for child support deductions and garnishees are not able to be reported via the adjust action.

3 SINGLE TOUCH PAYROLL SERVICES

3.1 PAY EVENT

The pay event service supports payers reporting year to date (YTD) payments made to their payees. This version supports reporting of the additional data elements for STP Phase 2.

The pay event service is made up of two records:

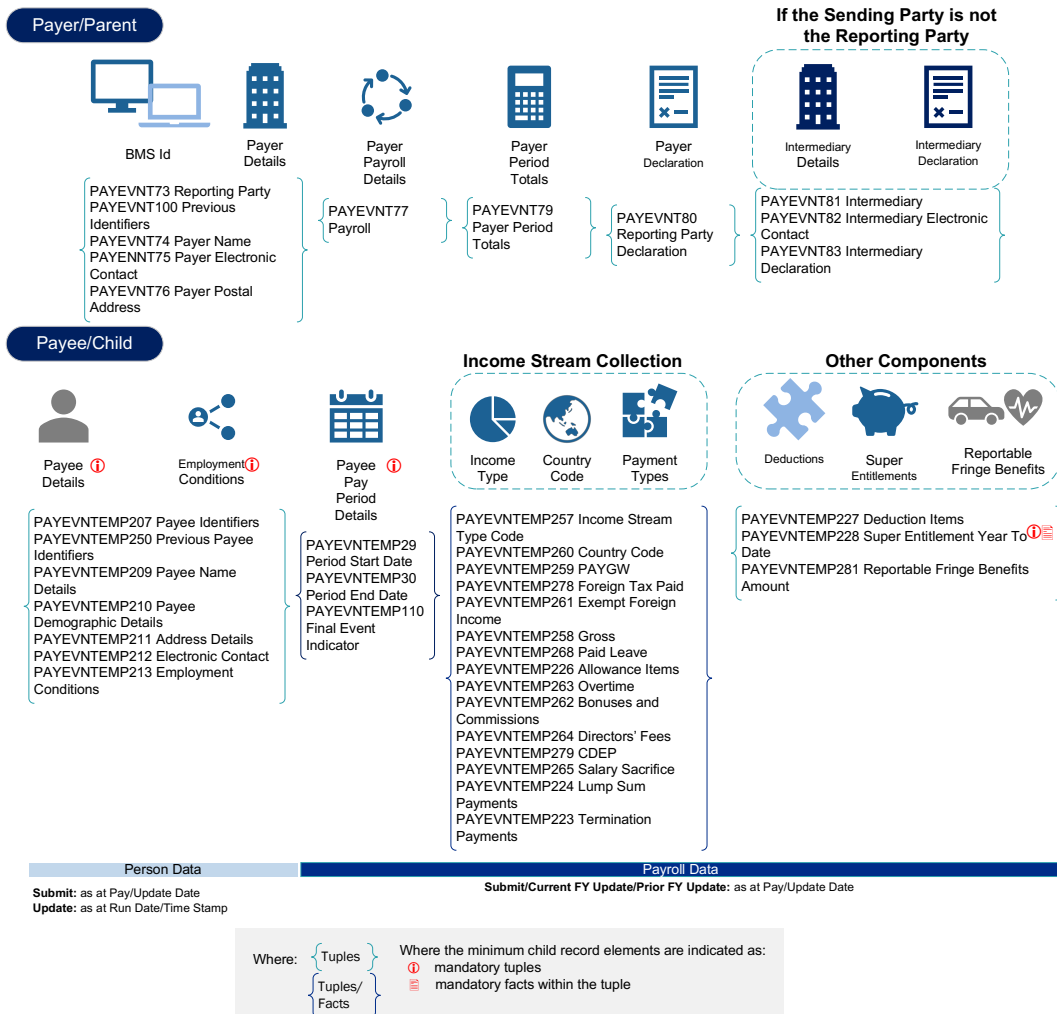
- The payer record (ATO.PAYEVNT.0004.2020.01.00.xsd) covering the reporting obligations of the payer – for Submit, Update and Adjust actions
- The payee record (ATO.PAYEVNTEMP.0004.2020.01.00.xsd) covering the reporting obligations of the payees – for Submit and Update actions only

The payee record has undergone significant restructuring to accommodate additional data elements required under STP Phase 2. However, the payer record has minor changes to include new elements and reduce data capture that is no longer required.

A valid pay event payload (XML message) must contain one payer record and at least one payee record for Submit and Update actions (Note: no payee records reported for Adjust action). It uses the Bulk and Batch of Bulk message composition and like the 2018 version will follow the Hybrid Bulk message exchange pattern and partial rejection of the pay event message where some payee forms do not pass validation.

More information on the technical service and message configuration can be found in the ATO Service Registry.

Figure 2: Overview of Pay Event Structure



3.2 INTERACTIONS

The pay event service supports three actions:

- Submit (payevnt.0004.2020.submit) – allows the payer to report payments for the period along with YTD amounts for payments made to their payees
- Update (payevnt.0004.2020.update) – allows the payer to report current BMS value of payee YTD amounts, end of year finalisation and prior year amendments
- It is mandatory that a solution supports both of these actions.
- Adjust (payevnt.0004.2020.adjust) - optional action that allows the payer to adjust the payer period total amounts.

Table 4: Interactions

Action	Parent	Child
Submit	Report payer totals for the period	Report YTD amounts for the payee
Update	Do not report payer period totals	Report YTD amounts for the payee, end of year finalisation and prior year amendments
Adjust	Report adjustments to the payer period totals	Does not contain payee records

3.2.1 SUBMIT ACTION

Whenever a payer makes a payment to a payee that is subject to withholding (see section [2.3](#)) they are required to lodge a submit action with the ATO on or before the date the payment is made. This includes where the:

- Frequency of the payments includes regular cycles (planned) or out of cycle payments (unplanned)
- Amount of withholding is nil (for example: where the payee gross income is below the tax-free threshold)
- Payee has no net pay (for example: where the payee is repaying an advance or overpayment to the payer, voluntarily foregoing their net pay).

There are some circumstances when a payment may be reported after the date it has been paid (see [5.8.2](#)).

The submit action includes payee identity, employment conditions, YTD payments, tax withheld, deductions and super entitlement information for each individual payee reported.




As payee amounts are YTD, once an amount has been reported, it should continue to be reported, even if it has not changed. For example; if the employee is included in any subsequent pay events, ETPs should continue to be reported in each submit action after they are first reported.

The submit action may also include payees not in the pay run, to address any other payee reporting fixes.

The submit action also includes the Payer Total Amounts (not YTD) of all payees reported in the submit action, for gross salary or wages (BAS label w1) and PAYG withholding (BAS label w2).

The submit action is used to lodge a pay event message with the ATO whenever a payer makes a payment to a payee that is subject to withholding (refer to section [2.3 Scope](#)). To satisfy the STP reporting obligation of the payer it must:

- Be lodged on or before the date the payment is made
- Supply Payer Total Amounts (not YTD)
- Contain at least one payee record with YTD payments, tax withheld and super entitlement information.

-  Refer to section [4.1.2 Payer Period Totals](#).
-  Refer to section [5.8 Payroll Payments](#).
-  Refer to section [10.9 Components of the Parent Period Totals](#).

3.2.2 UPDATE ACTION

The update action reports payee identity, employment conditions, YTD payments, tax withheld, deductions and super entitlement information for each individual payee reported. It cannot only include the values that have changed. It is used to:

- Align the latest payer BMS data with the payee data reported to the ATO
- Assist with EOFY processes, including finalisation
- Amendments to STP prior finalised years.

The update action may only be used in circumstances other than when the payee is paid. After 30 June, any changes made to reported payee data for the prior financial year must only be sent through the update action.

As there is no associated payment to the payee when changes are reported via the update action, the update action cannot be used to supply Payer Total Amounts (not YTD).

The update action allows the payer to report changes to payee YTD amounts previously reported using the submit action or an earlier dated update action.

The update action must be used:

- To replace key indicators by advising previous Business Management System (BMS) Id/Payroll Id
- To lodge prior year amendments for payees
- Only in circumstances other than when the payee is paid, unless the correction is included in the submit action.

The update action cannot be used to report or correct the Payer Period Totals.

-  Refer to section [5.11 Corrections](#).

3.2.3 ADJUST ACTION

The adjust action reports adjustment amounts for the Payer Total Amounts of gross salary or wages (BAS label W1) and PAYG withholding (BAS label W2) previously reported via a submit action for the specified payment date.

The adjust action is an optional action for DSPs to implement, as payers can continue to use existing processes to correct the payer totals:

- For small and medium withholders by reporting the correct amount of Payer Total Amounts of gross salary or wages (BAS label W1) and PAYG withholding (BAS label W2) on their activity statement; and
- For large withholders by following the large withholder bulletin.

The adjust action is to be used to identify amounts by which to adjust previously reported parent total amounts for current or prior financial years by referencing the Pay/Update date to which the adjustment applies. It does not replace or override the previously reported parent total amounts but identifies the additional amount by which to adjust those reported total amounts.

The adjust action cannot be used to report or correct Payee details. The Payee details are corrected through the update action or the next submit action.

-  Refer to section [5.11 Corrections](#).

3.2.4 SERVICE DESIGN ARTEFACTS

Along with the business rules outlined in this document, validation rules are specific to the action. Use the following SBR artefacts to understand the required validation rules for each action as the same MST is used for both actions:

- ATO PAYEVNT.0004 2020 Submit Validation Rules
- ATO PAYEVNTEMP.0004 2020 Submit Validation Rules
- ATO PAYEVNT.0004 2020 Update Validation Rules
- ATO PAYEVNTEMP.0004 2020 Update Validation Rules
- ATO PAYEVNT.0004 2020 Adjust Validation Rules

3.3 ATO ONLINE SERVICES

When the ATO receives validated pay events via the SBR channel, the payer details are assigned to the payers record. This summary data is published on the ATO Business Portal via Manage Employees > STP Reporting:

Figure 3: ATO Business Portal > Manage Employees > STP reporting

Effective date	Branch ID	Submission ID	Event Type	Gross payments	PAYGW
10/03/2020	001	12345678901001F12020031000000001	Pay event	\$2,754.34	\$520.00
25/02/2020	001	12345678901001F120200322500000001	Pay event	\$3,251.92	\$604.00
20/02/2020	001	12345678901001F12020022000000001	Update event		
11/02/2020	001	12345678901001F12020021000000001	Pay event	\$4,278.21	\$1,002.00

Business Management software (BMS) ID
aa7eca32-dabe-47f7-91c3-d14759e1582e

Payers may grant their authorised business representatives permission to view pay event data in the Business Portal. Registered agents (registered with the [Tax Practitioners Board](#)) will see similar summary data for their clients in Online services for agents.

When ATO receives validated pay events via the SBR channel, the payee details are matched against the ATO records to assign the pay event to the correct payee record. The run date/time stamp is used to point to the latest record for YTD data from the payer. The data is displayed on ATO Online Income Statement for each ABN/Br or Withholder Payer Number (WPN)/BMS Id/Payroll Id/TFN, showing a status of:

- Year to Date – progressive balance throughout the current financial year
- Not Tax Ready – after 30 June if the record is not yet finalised by the payer
- Tax Ready – when the payer has finalised the record, before or after 30 June.

If the payer amends a finalised STP Income Statement, the ATO may issue an amended assessment to the payee.

Figure 4: ATO Online Services - Prior and Current Financial Years

Income details for the current and previous year that your employer has reported through Single Touch Payroll.

2018-19			
Employer		Income	Tax
Viva Las Veggies Pty Ltd	Tax ready	\$45,678.74	\$17,400.00
Total		\$45,678.74	\$17,400.00
2019-20			
Employer		Income	Tax
Viva Las Veggies Pty Ltd	Year To Date	\$15,000.00	\$4,500.00
Total		\$15,000.00	\$4,500.00

Refer to the ATO Guidance Note for [ATO Online Screens and ATO Use of Data](#)

3.4 CHANGES BETWEEN THE 2018 AND 2020 SERVICES

The key changes between the pay event 2018 and 2020 services are:

- Income Stream Collection – all remuneration must be reported by Income Type/Country Codes and the remuneration must be “disaggregated” into separately itemised components
- Country Codes – some Income Types must now be reported by the Country Code for the foreign country related to the reported income
- Disaggregation of Gross – remuneration is now to be reported as separately itemised components (Payment Types) that have a common definition, rather than a specific definition per Income Type
- Tax File Number Declaration Forms – the current employment and withholding data for the payee must now be included in every pay event and will mean a payer has met their obligation to send Tax File Number Declaration details to the ATO
- Employment Separation Certificates – reporting the type of cessation reason that ended the employment or engagement relationship between the payee and the payer will be used to minimise the need for payers to provide separate payee employment separation certificates to Services Australia
- Tax Treatment Codes – a new mandatory field must now be included in every pay event that will indicate the PAYGW tax scales and other components that have been applied by the payer to determine payee withholding amounts
- Child Support Garnishees and Child Support Deductions – the option to include the Child Support Garnishees and Child Support Deductions that the payer has been instructed to deduct from the payee by the Child Support Registrar will replace the need for the payers to provide separate remittance advice directly to the Child Support Registrar
- Lump Sum E Letters – each financial year relevant to the lump sum E amount paid must now be included in the pay event prior to finalisation of the payee Income Statement, thus eliminating the need for the payer to provide lump sum E letters to payees. Additionally, from 1 July 2025, the annual lump sum E threshold amount of \$1,200 is removed. From this date, any positive arrears payment that was payable more than 12 months prior to payment date is to be reported as Lump Sum E.
- New Income Types – new income types have been introduced from 1 July 2020 to allow a payer to advise of potential reporting concessions and/or IITR concessions.
- Addition of an adjust action to the pay event service which enables the payer to report adjustments to the payer period totals.

3.4.1 CHANGES TO THE 2020 SERVICE

The key changes to the 2020 service to support Payday Super are:

- the introduction of the new code for qualifying earnings (Q) to the super entitlement YTD tuple
- the deprecation of the ordinary time earnings (O) code.

4 CONCEPTS FOR THE PAY EVENT

The data, as defined in the MST, is sequenced in a specific, structured way. The pay event 2020 service has moved enumerations from the MST or schema into validation rules. This is to future proof the schema for any future government changes by allowing new types to be added without requiring a change to the schema.

Refer to section [10.4 Message Structure Table diagram](#).

4.1 PAYER DETAILS

The payer is the entity that owns the reporting obligation for STP. All payee data is reported within the context of this payer entity. The payer may be an employer or other business entity that is related to the payee by PAYGW obligations under *Division 12 of Schedule 1 to the Taxation Administration Act 1953* and/or Superannuation Guarantee obligations under the *Superannuation Guarantee (Administration) Act 1992*.

The payer is also referenced in the MST as:

- Parent – the data structure reflects a hierarchy between the objects of “parent” and “child”. The terms are used to describe the relationship between file structures and sub-structures, where the parent is the highest structure, representing the payer and the child is the sub-structure, representing the payee. There is an interdependency relationship
- Reporting Party – the payer that has the reporting obligation to the ATO.

A range of data about the payer must be included in the pay event:

- Identification – key entity identifiers such as the:
 - ABN/Branch for PAYGW or WPN
 - Legal name of the entity

Business address – the fields have been limited from the pay event 2018 services, to now only include the registered business postcode and country code

- Business Contact - contact name, email address and business hours phone number of the business representative nominated to answer questions about the report when contacted by the government recipients of the data (ATO, Services Australia). The government contact will verify their identity to satisfy the legitimacy of their enquiries before information is shared
- Declarations – prior to sending the file, the business-nominated representative must make a legal declaration that the data is “true and correct”.

The payer has options about how they send their data to the ATO. The payer may send the file to the ATO themselves using their own software (credential owner of the ebMS3/AS4 adapter). There may be other parties and/or credential owners of the software that send the data on behalf of the payer. This combination of entity and credentialed software is used to authenticate and authorise the SBR message. The pay event must also contain the above-referenced range of data about the intermediary, who may be contacted by the government recipients of the data.

Refer to section [7 Authorisations and Declarations](#).

Refer to business rules in section [5.1 Payer Details](#).

Refer to business rules in section [5.2 Key Indicators](#).

4.1.1 PAYER PAYROLL DETAILS

In each pay event, critical details about the submission are required to contextualise the sequencing and effective date of the data. These fields may be interdependent, such as:

- Pay/Update Date – the ATO uses the Pay/Update date to determine the financial year, to which the report applies. This field works in conjunction with the Run Date/Time Stamp to determine the most current YTD amounts for the payees. The requirements are:

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For submit actions, this defines the intended date of payment (payday) for remuneration that is subject to withholding. However, employment termination payments (ETPs) have a specific dedicated payment date. The requirements are:

- Regular pay – intended date of payment (payday)
- Out of cycle pay reported on or before date of payment – intended date of payment (payday)
- Out of cycle pay where the reporting is deferred to the next regular pay within the reporting period - intended date of payment (payday) for that regular payment

For current financial year update actions, this defines the as-at date when the new or corrected data was created within the report. For example; if the payer corrects the payee YTD amounts on 02.11.2020 but doesn't create the update action until 03.11.2020, the Pay/Update Date must be reported as 03.11.2020

For prior financial year update actions, such as for finalisation or amendments, this defines the financial year that the correction or finalisation refers. This date must be 30 June of the relevant financial year

For adjust actions, this defines the date the Payer Total Gross Payments Amount (PAYEVNT22) and Payer Total PAYGW Amount (PAYEVNT20) are being adjusted. This will usually correspond to the pay date that was reported in the submit action where the adjusted records were originally reported. The adjustment amounts are the impacts to the payer period total amounts only, as the child records are corrected through a submit or update action. The adjustment amounts reflected the correction needed in the activity statement (or integrated client account for large withholders).

- Payee Record Count – this confirms the integrity of the file structure by identifying how many child or payee records are contained with the parent file. Pay events will be rejected if this count does not match the count of child records in the payload. For adjust actions, this must be reported as zero.
- Run Date/Time Stamp – there are many payroll arrangements, payment cycles and business process timings that result in files being received out of sequence by the ATO. This field is used by the ATO to identify the latest YTD amount record for display in the payees' Income Statements. This field is also used by Services Australia to sequence the files to enable period amounts to be derived. The requirements are:

For submit actions the Run Date/Time Stamp (field PAYEVNT71) must always be set to the date/time when the YTD amount was attributed discretely to the pay result (created by the pay run) reported. Therefore, this date cannot be greater than the Pay/Update Date (field PAYEVNT69)

- Note: the Run Date/Time Stamp for submit actions does not refer to the generation of the pay event file or when it is sent to the ATO. It refers to when the YTD amounts were created by the pay run
- Note: For example; if the payer missed lodging a submit action and retrospectively generates that missed submit action, the Run Date/Time Stamp must reflect when the original YTD amounts were attributed discretely to the pay result (created by the original pay run) and cannot represent the current date/time when the missed submit action was generated

For update actions, the Run Date/Time Stamp must always be set to the date/time when the update action was generated, as the purpose is to advise or finalise YTD amounts as at a specific date.

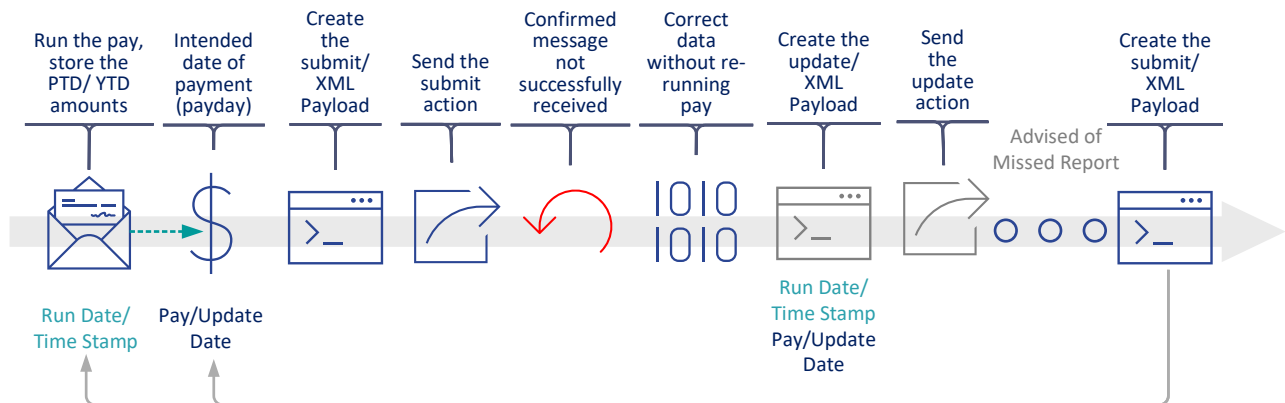
For adjust actions, the Run Date/Time Stamp must always be set to the date/time when the adjust action was generated.

- Note: adjustment amounts are cumulative. An adjust action with a later Run Date/Time Stamp does not replace previously submitted adjustments to the same activity period or payday but is in addition to previously reported amounts.
- Run Date/Time Stamp must be reported as Coordinated Universal Time (UTC) in the format ccyy-mm-ddThh:mm:ssZ
- Submission Id – this is a unique identifier for each file of ABN/Branch or WPN and BMS Id per payroll business process. This is the reference number of the pay event
- Full File Replacement (FFR) Indicator – this indicates if the submit action is replacing the last submit action lodged at the ATO. It is used when a payer realises, after they've sent the submit action, that it contained significant errors and sends a new submit action using the original submission id to replace the original file in its entirety. This is an optional service that DSPs may offer but is not mandatory

Regeneration of submit action – if the FFR was created without having to re-run the pay, then the Run Date/Time Stamp will be as per the original submit action being replaced. For example; if the file was corrupted in transit and only the submit action needs to be re-created

Correction of Payroll – if the FFR was created as a result of re-running the pay, then the Run Date/Time Stamp must reflect the date/time when the revised YTD amount was attributed discretely to the revised pay result (created by the pay re-run). The Run Date/Time Stamp of the FFR cannot be as per the original submit action being replaced. For example; if the payees in the original submit file were overpaid and the bank file was stopped from processing, data corrected and pays re-run.

Figure 5: Key Dates



- Refer to business rules in section [5.1.1 Payer Payroll Details](#).
- Refer to business rules in section [5.12 Full File Replacement](#).
- Refer to business rules in section [5.1.2 Payer Period Totals](#).
- Refer to the [ATO Guidance Note on Key Dates](#) for detailed requirements.

4.1.2 PAYER PERIOD TOTALS

In addition to details about the reporting and sending parties, the parent record in the submit action must also contain pay period values that represent the total period amounts (not YTD) for:

- Gross – representing the total period (not YTD) amounts of the payments that are subject to withholding (W1 on the BAS)
- PAYGW – representing the total period (not YTD) amounts of PAYGW (W2 on the BAS)
- Child Support Garnishees – representing the total period (not YTD) amounts of the Child Support Deductions under section 72A of the *Child Support (Registration and Collection) Act 1988*
- Child Support Deductions – representing the total period (not YTD) amounts of the deductions from salary and wages for a notice under section 45 of the *Child Support (Registration and Collection) Act 1988*.

The adjust action must contain an adjustment to previously submitted pay period total amounts (not YTDs) for:

- Gross – reflecting an adjustment to the total period amount (not YTD) of the payments that are subject to withholding (W1 on the BAS). This amount will be the difference between the intended period total and what was previously reported via the submit action *plus* the sum of any previously reported adjust actions for the same reporting period.
- PAYGW – reflecting an adjustment to the total period amount (not YTD) of PAYGW (W2 on the BAS). This amount will be the difference between the intended period total and what was previously reported via the submit action *plus* the sum of any previously reported adjust actions for the same reporting period.
- Child Support Garnishees – Must not be supplied. Refer to 5.11.8 Child support corrections.
- Child Support Deductions – Must not be supplied. Refer to 5.11.8 Child support corrections.

Gross and PAYGW amounts will be used to:

- Small and Medium Withholders – pre-fill into the BAS, raising a liability
- Large Withholders – represent amounts the payer will pay, where liability is raised upon payment.

Refer to business rules in section [5.1.2 Payer Period Totals](#).

Refer to the table of elements to include in section [10.9](#) Components of the Parent Period Totals.

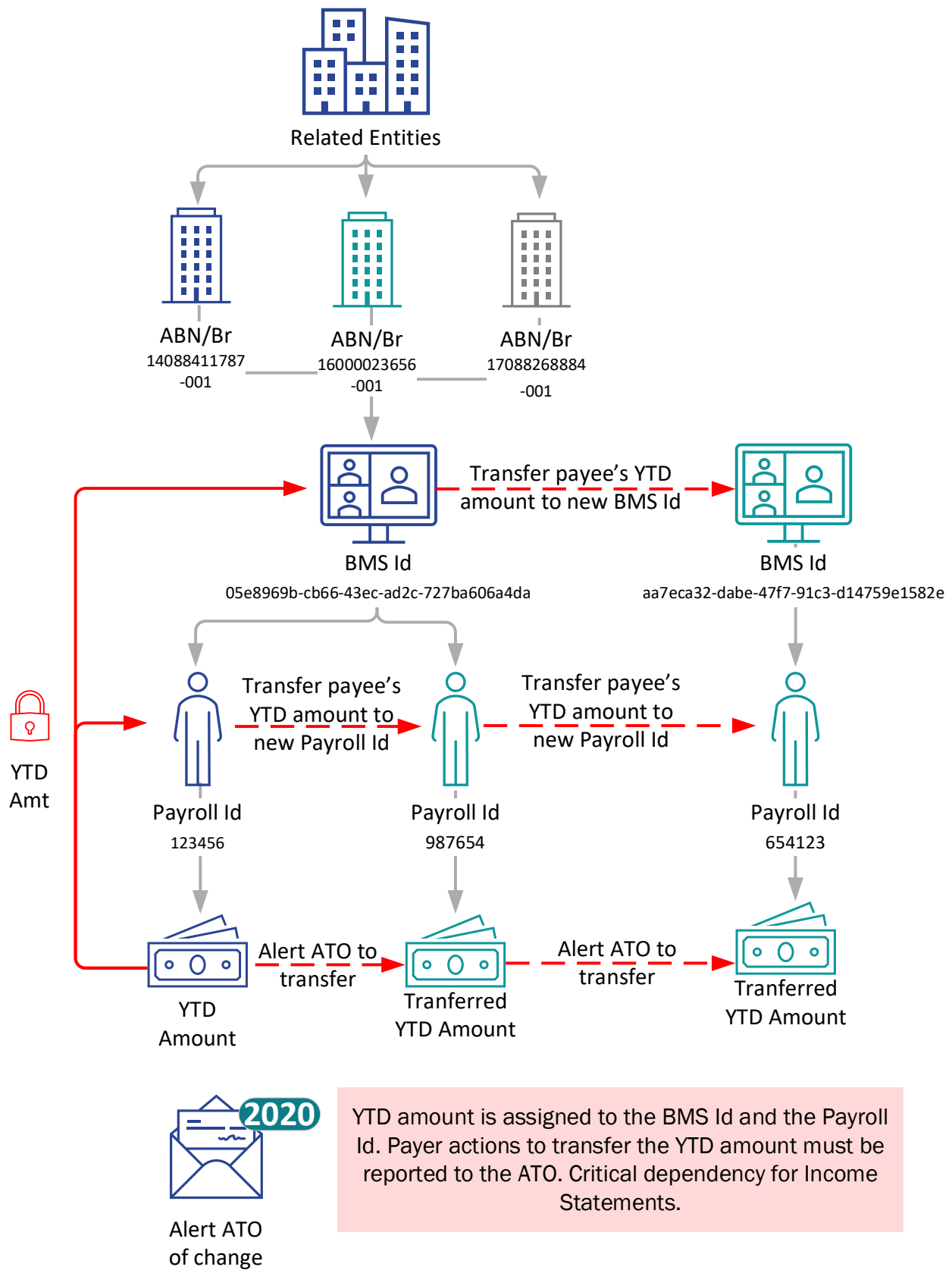
4.2 KEY IDENTIFIERS

There are five key identifiers in the pay event that define the payer and the payee:

- ABN/WPN – the Australian Business Number or Withholding Payer Number that uniquely identifies the payer that owns the PAYGW reporting obligation and allows the ATO to record the pay event against the correct record
- Branch – some payers choose to branch for PAYGW purposes and may register different branches with the ATO for the ABN business (not for WPNs). The branch allows the ATO to record the pay event against the correct record within the business that has branched
- BMS Id – a unique identifier within the business that acts like a serial number to identify the instance of the business's payroll software that created the data in the pay event. This accommodates those businesses that have more than one simultaneous payroll system and those businesses that change from one payroll system to another. The BMS Id allows the ATO to align with the data journey of the business and to manage the result of any decisions the business makes about transfer of payee YTD balances between payroll systems. As the ATO displays the Income Statements to the payee by BMS Id reported, if the payer has transferred YTD balances between their payroll systems, the ATO must be specifically alerted. If not alerted, the ATO will display both BMS Id/YTD balances, thus overstating both the payee income and the payer PAYGW liability
- Payroll Id – a code that uniquely identifies the payee in the payroll that represents the individual's set of personal identity and payroll records and the level where the YTD amounts are maintained. The Payroll Id allows the ATO to align with the data journey of the business and to manage the result of any decisions the business makes about transfer of payee YTD balances between Payroll Identifiers. As the ATO displays the Income Statement to the payee by Payroll Id reported, if the payer has transferred YTD balances between Payroll Ids, the ATO must be specifically alerted. If not alerted, the ATO will display both Payroll Id/YTD balances, thus overstating both the payee income and the payer PAYGW liability
- Tax File Number – a unique and secure number issued by the ATO to individuals to identify their tax records. The payee may choose to provide their valid TFN to the payer, to claim an exemption from quoting it or not provide it. The payer is obliged to record these valid TFNs or exemption codes in the payee record and report them to the ATO in the pay event. The ATO uses this and other data to match the identity of the taxpayer to the payee data in the pay event. The ATO displays the payee Income Statement to the taxpayer identity with whom they have matched the pay event data, even if this is not the TFN reported.

Where the payee advises the payer of a different valid TFN (not exemption codes), the payer should report with this new valid TFN. There is no need for the payer to separately advise the ATO about changes to this key identifier.

Figure 6: Transfer of YTD Amounts



Whilst payers have long-reported Payment Summary data including ABN/Branch and TFN data, any decisions made by the payer about transferring YTD balances for the payee to other payroll systems or other payroll ids were addressed as part of their end of financial year (EOFY) processes, as those payer decisions were known by the payer and manually controlled. However, now that the payer reports payee

data in real time to the ATO to present to the payee, all payer decisions about transferring YTD balances between payroll systems/payroll ids (key identifiers) must be reported to the ATO to ensure information provided to payees is “true and correct”.

4.2.1 OPTIONS TO ALERT CHANGES TO KEY IDENTIFIERS

If the payer transfers the payees YTD amount to a new BMS Id but retains and continues to report payee YTD amounts using the original BMS Id and Payroll Ids, then these options do not apply. Otherwise, there are two options to alert the ATO to transfers of payee YTD amounts. DSPs must provide at least one of these options to manage current YTD transferred amounts, but only the second method can be used for amendments to previously finalised STP Income Statements where the BMS Id and/or Payroll Id has changed:

1. Zeroing Out:

- a) Send an update action with the payee YTD amounts for the old key identifiers, prior to changing to the new key identifiers, as zero (0) or <null>. This is known as “zeroing out” the “closing balances”. This alerts the ATO that these old payee YTD amounts per ABN/Branch/BMS Id/Payroll Id should not be displayed to the taxpayer (TFN).
- b) A new submit or update action can then be sent for the new key identifiers, showing continuity of payee YTD amounts that ATO will display to the taxpayer (TFN). This is known as reporting the “opening balances” for the new key identifiers.
- c) Note: If these steps are not performed in sequence, a duplicate payee YTD record will be created and the ATO will display both of these YTD records in the payee Income Statement. Additionally, the ATO will pre-fill the duplicate records into the IITR, overstating both their taxable income and PAYGW. Furthermore, the ATO will assume that this overstated PAYGW liability is payable by the payer.

2. Replacing Key Identifiers:

- a) Send an update service with the latest YTD amounts for the new key identifiers, after the identifiers have been changed, referencing the previous (or old) key identifiers in the new fields added specifically for this purpose. This is known as “replacing key identifiers and alerts the ATO that the new key identifiers have replaced the old key identifiers. The ATO will modify the display to reflect the new key identifiers.
 - i) Note: Where a payer uses this method, they must be reported only once via an update, and not reported each subsequent report.
- b) Note: If this option is not performed, a duplicate payee YTD record will be created and the ATO will display both of these YTD records in the payee Income Statement. Additionally, the ATO will pre-fill the duplicate records into the IITR, overstating both their taxable income and PAYGW. Furthermore, the ATO will assume that this overstated PAYGW liability is payable by the payer.

This process also applies to correct payee YTD amounts reported by the wrong payer.

Note that any use of the <null> approach to XML must take into consideration mandatory fields, such as the reporting in the Super Entitlements YTD tuple. Refer to section [5.11.6 Correcting the Payer \(ABN/Br or WPN\)](#).

The ATO displays the payee data, grouped by ABN/Branch/BMS Id/Payroll Id. If data is received for the taxpayer where any of these key identifiers change, then a separate record is created and displayed:

Figure 7: Failure to Alert YTD Transfers

2019-20		
Employer	Income	Tax
Viva Las Veggies Pty Ltd	Year To Date \$15,000	\$4,500
Viva Las Veggies Pty Ltd	Year To Date \$20,000	\$6,000

Year to date
These amounts have been reported for the period stated.

Employer/ABN Branch
12345678901/001

BMS ID
aa7eca32-dabe-47f7-91c3-d14759e1582e

Employee Number
123456

Period
01/07/2019 - 16/02/2020

Reported date
18/02/2020

Income

Gross payments - Individual
\$20,000.00

Tax withheld or foreign tax paid

PAYGW withholding - Individual
\$6,000.00

Employer reported super

Employer superannuation contribution liability
\$1,900.00

In this example, the payer transferred the payee YTD amounts to a new BMS Id. The transferred balances from the old BMS Id were \$15,000/\$4,500.

After the first pay in the new BMS Id, the latest YTD amounts reported were \$20,000/\$6,000.

Now the payee sees \$35,000/\$10,500.

The payer failed to alert the transfer of the YTD amounts to the ATO.

- Refer to business rules in section [5.2 Payer Key Identifiers](#).
- Refer to the [Key Identifiers Position Paper](#) for further detailed requirements.
- Refer to the ATO Guidance Notes for [ATO Online Screens and ATO Use of Data](#).

4.3 PAYEE DETAILS

The payee is identified by the payer when employed/engaged with the business to perform work or services. There is a minimum range of data collected by the business to confirm the identity of the payee. That data is stored in the BMS and must reference the identity of the payee using a unique identifier: Payroll Id. Additionally, the ATO requires an approved form (TFN Declaration Form NAT3092), declared by the payee to be true and correct, to capture valid TFN details. A payee does not have to provide that form to the payer, but the payer is obliged to withhold the highest rate of tax if the payee does not do so.

The range of payee details in the pay event, will assist the ATO to match the payee to their ATO record. Without certainty as to the taxpayers identity, the ATO is unable to display the payees STP data on Income Statements accessed through ATO Online services.

The range of identifying data includes:

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- TFN – the valid tax file number or exemption codes issued by the ATO
- ABN – for contractors, the Australian Business Number for the registered entity to conduct business
- Payroll Id – the unique identifier of the person in the BMS Id
- Name details – the name of the payee, as the business has confirmed against identity documents. Sometimes, a person may choose to be known by a name other than their legal name, such as where a person changes their legal name upon marriage but continues to use their previous name for work purposes. Send the name details that are recorded in the BMS for the payee
- Date of Birth – the date of birth of the payee, as confirmed against identity documents
- Residential Address - the permanent residential address of the payee, as currently recorded in the BMS. Many businesses allow their payees to maintain their own addresses, who may maintain an address other than their residential address. Under the payment summary process, many payees recorded a post office box to ensure the security of the physical documents, however, digital services eliminate that issue, thus send the residential address
- Contact Details – in the creation of a myGov account, a payee uses an email address and mobile phone number. If the payer captures personal email address and mobile phone numbers for the payee, these will assist the ATO to match the payee identity to the taxpayer identity
- Note: the ATO does not use STP information to update payee contact details.

In some payroll systems, death beneficiaries are assigned to the Payroll Id of the deceased payee. In these circumstances, the Payroll Id is not unique, however, all other identifying data, such as name, address, TFN, are unique to the death beneficiary. The payee details are comprised of the Payroll Id and the payee identity to ensure they are treated as two unique child records.

 Refer to business rules in section [5.3 Payee Details](#).

 Refer to section [10.8 Tax File Number Exemption Codes](#).

4.4 EMPLOYMENT CONDITIONS

Those fields that define the employment or engagement relationship between the payer and payee are now grouped together under one tuple for each child record. These fields inform the government users of the data about the relationship and define the withholding rates applied to the payee. Fields included in this expanded tuple are:

- Commencement Date – the start of the employment or engagement relationship between the payer and the payee
- Cessation Date – the end of the employment or engagement relationship between the payer and the payee
- Employment Basis – the work pattern or other basis of the employment or engagement relationship between the payer and the payee
- Cessation Type Code – the category of cessation reason for those payees that have ceased their employment or engagement relationship with the payer
- Tax Treatment Code – the structured code that represents the components of PAYGW that have been applied by the payer to the payees' payments subject to withholding
- Tax Offset Amount – the annual tax offset amount that some payees may provide to their payers to reduce the amount of withholding, when specific criteria or concessions apply. For example; invalid or invalid carer tax offset; or zone or overseas forces tax offset.

By providing this new, expanded tuple of fields, the payer will have met their obligation to send the tax file number declaration (TFND) details to the ATO. The TFND is still to be provided to the payer, but the payer may include these fields in the pay event 2020 service instead of sending those details via another service or channel. For those payees not reported via STP, those stand-alone services or channels must still be used to provide the TFND to the ATO.

 Refer to business rules in section [5.4 Employment Conditions](#).

 Refer to the [Tax Treatments Position Paper](#) for detailed requirements.

4.4.1 EMPLOYMENT BASIS

The purpose of this field is to not only satisfy the requirements to provide details of the TFND form, but to inform the other data supplied in the pay event. This field becomes critical to provide context to the changes in the financial amounts for each pay event for government recipients of this data.

The values permitted in the Employment Basis code (PAYEVNTEMP282) are:

- F (Full time) – a person who is engaged for the full ordinary hours of work as agreed between the payer and the payee and/or set by an award, registered agreement or other engagement arrangement. A full-time payee has an expectation of continuity of the employment or engagement on either an ongoing or fixed term basis
- P (Part time) – a person who is engaged for less than the full ordinary hours of work, as agreed between the payer and the payee and/or set by an award, registered agreement or other engagement arrangement. A part time payee has an expectation of continuity of the employment or engagement on either an ongoing or fixed term basis
- C (Casual) – a person who does not have a firm commitment in advance from a payer about how long they will be employed or engaged, or for the days or hours they will work. A casual payee also does not commit to all work a payer may offer. A casual payee has no expectation of continuity of the employment or engagement
- L (Labour Hire) – a contractor who has been engaged by a payer to work for their client. The hours of work and duration of engagement are not factors for consideration
- V (Voluntary Agreement) – a contractor with their own ABN and is an individual person. The hours of work and duration of engagement are not factors for consideration
- D (Death Beneficiary) – the recipient of an ETP death beneficiary payment who is either a dependant, non-dependant or trustee of the estate of the deceased payee
- N (Non-Employee) – a payee who is not in scope of STP for payments but may be included in STP for voluntary reporting of superannuation entitlements.

Refer to business rules in section [5.4.3 Employment Basis](#).

Refer to enumeration codes in section [10.12 Enumerations](#).

4.4.2 CESSATION TYPE

Employment Separation Certificates (ESC) help Services Australia to pay people the right amount from the correct date. It provided information to Services Australia about payees who have ceased employment. The data on the form provides reasons for separation, cash out of leave in service prior to separation, payment details for unused leave on termination, redundancy and other employment termination payments. Services Australia will use the cessation type reported via the pay event 2020 to minimise the need for payers to provide an Employment Separation Certificates (ESC).

This information can be obtained from the pay event 2020 services with the addition of the Cessation Type Code.

The permissible values for cessation types are as follows:

- V (Voluntary Cessation) – an employee resignation, retirement, domestic or pressing necessity or abandonment of employment
- I (Ill Health) – an employee resignation due to medical condition that prevents the continuation of employment, such as for illness, ill-health, medical unfitness or total permanent disability
- D (Deceased) – the death of an employee
- R (Redundancy) – an employer-initiated termination of employment due to a genuine bona-fide redundancy or approved early retirement scheme, or a [non-genuine redundancy](#)
- F (Dismissal) – an employer-initiated termination of employment due to dismissal, inability to perform the required work, misconduct or inefficiency

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- C (Contract Cessation) – the natural conclusion of a limited employment relationship due to contract/engagement duration or task completion, seasonal work completion, or to cease casuals that are no longer required
- T (Transfer) – the administrative arrangements performed to transfer employees across payroll systems, move them temporarily to another employer (machinery of government for public servants), transfer of business, move them to outsourcing arrangements or other such technical activities.

- ☰ Refer to business rules in section [5.4.4 Cessation Type Code](#).
- ☰ Refer to enumeration codes in section [10.12 Enumerations](#).
- ☰ Refer to the [Tax Treatments Position Paper](#) for detailed requirements.

4.4.3 TAX TREATMENT

There are a range of triggers that inform the rate of withholding a payer applies to the payees' payments that are subject to withholding. These triggers, whilst initially advised by the payee upon employment or engagement, may change over the employment/engagement life cycle to influence the rate of withholding each pay.

The payer considers information known or provided by the payee, or not provided in the case of TFN, to determine the specific tax rates to apply. The payer must have additional data about the worker to ascertain the correct tax arrangements to establish for the payee. The payee may also have advised of eligibility for tax concessions. The ATO provides a range of tax tables that represent the withholding rates for the range of possible payee circumstances. Certain payments have specific ATO-defined rates of withholding that are not influenced by payee-provided information, such as for unused leave on termination.

Whilst the YTD amount of PAYGW is reported to the ATO, the Tax Treatment code is required to identify the factors that influenced the calculation of the PAYGW and that the payee had identified all of their circumstances to the payer, such as having a Study Training Support Loan (STSL).

If payees have not provided the correct information to the payer, the payer may not withhold enough tax to meet the payees' obligations. Payees may be presented with a tax debt at the end of financial year when they complete their Individual Income Tax Return (IITR). To avoid these adverse impacts to payees, a 6-character Tax Treatment code representing these components will be mandatorily required each pay event (submit and Update actions).

This 6-character code is comprised of ATO-defined values for each character, where the first 2 characters have specific values for every payee, but characters 3-6 are specific values only if the payee notifies choices, else "X":

- Category of Tax Scale (Char 1) – that represents the tax table or schedule of withholding rates, such as Regular for the standard weekly, fortnightly, monthly or daily schedules. Categories include:

R - Regular

A - Actors

C - Horticulturists and Shearers

S - Seniors and Pensioners

H - Working Holiday Makers

W - Seasonal Worker Programme

F - Foreign Resident

N - No TFN

D - ATO-Defined

V - Voluntary Agreement.

- Options (Char 2) – that represents the options per *Category* that may be included in the categories of tax scales, such as for Regular: Tax Free Threshold, No Tax-Free Threshold, Daily Casuals

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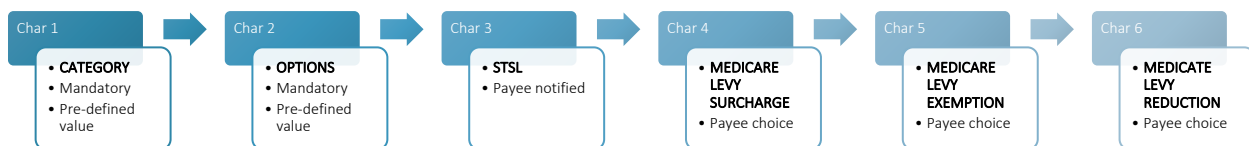
- Study Training Support Loans (Char 3) – that represents where the payee has an obligation to repay a higher rate of withholding when income thresholds are reached. This reflects any loans notified by the payee
- Medicare Levy Surcharge (Char 4) – that represents additional rates of Medicare Levy imposed on those who do not have an appropriate level of private patient hospital cover and earn above a certain income. The rates are dependent upon domestic circumstances (single/family) and combined family income thresholds. This reflects payee choices
- Medicare Levy Exemption (Char 5) – that represents full or half exemption from Medicare Levy for those who meet certain medical requirements; are a foreign resident; or are not entitled to Medicare benefits. This reflects payee choices
- Medicare Levy Reduction (Char 6) – that represents a reduction in the rate of Medicare Levy based on family taxable income below a certain threshold and consideration of the number of dependants, if any. Claiming this variation may also absolve the payee from repayment of Study and Training Support Loans that would otherwise be payable, for the period of reduction. This reflects payee choices.

Refer to business rules in section [5.4.5 Tax Treatment](#).

Refer to the [Tax Treatments Position Paper](#) for detailed requirements.

Not all categories/options permit the optional variations for payee personal circumstances.

Figure 8: Tax Treatment Code Structure

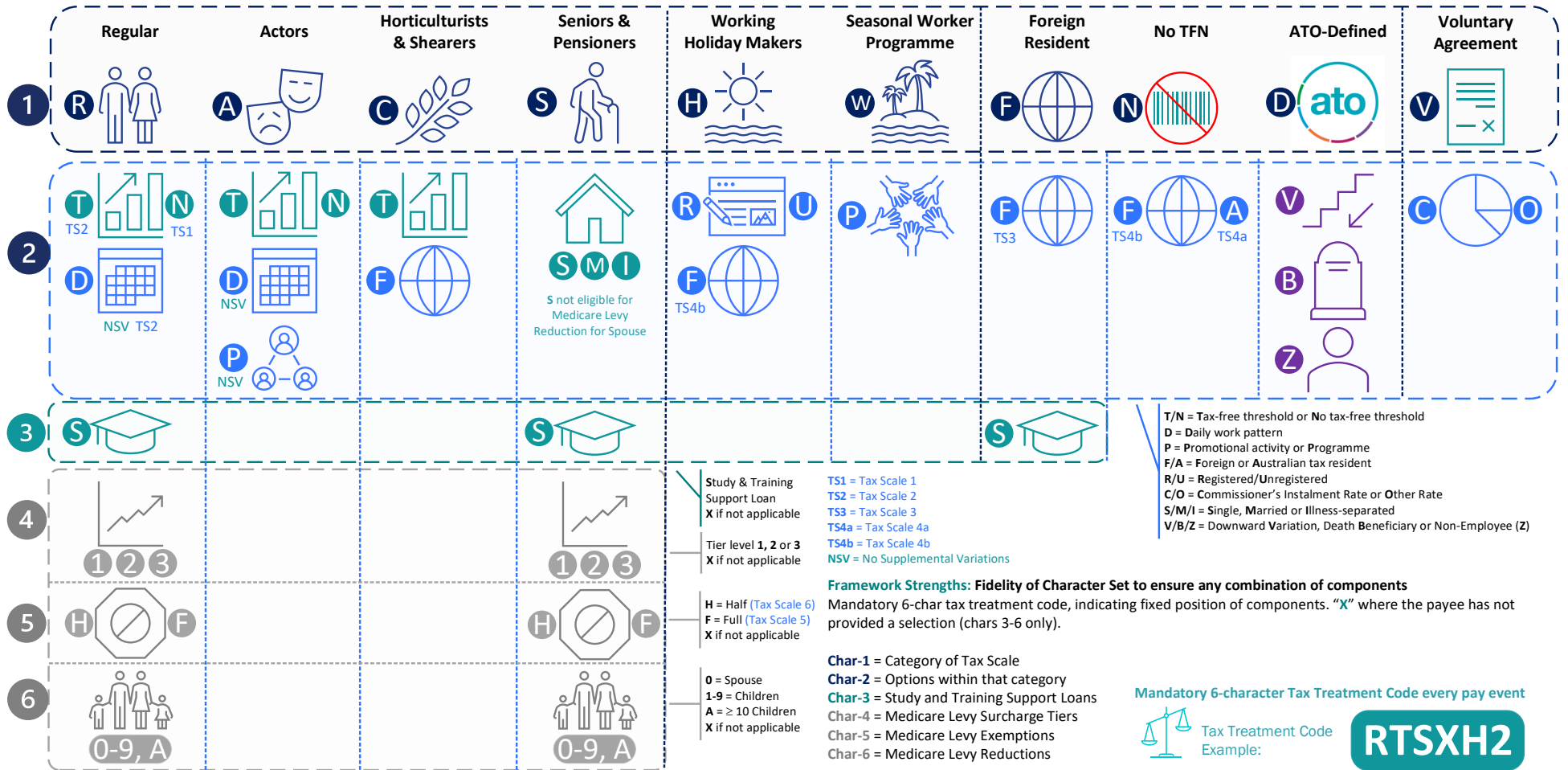


Refer to section [10.5 Overview of Tax Table Permissions](#) for the options and supplemental variations that are permissible per tax category.

Refer to section [10.6 Tax Treatment Matrices](#) for the validation rules for Tax Treatment code.

The following diagram represents the Tax Treatment Framework, illustrating the components of the code.

Figure 9: Tax Treatment Framework



4.5 PAYEE PAYROLL PERIOD DETAILS

Each payee record must identify the payroll period, to which the payment relates:

- Submit action:

For regular pay – the pay period start date and pay period end date of the planned regular cycle that is reported. This does not refer to the financial year, but the pay cycle period. For example: 22.06.2020 to 05.07.2020

For out of cycle pay reported on or before the date of payment (payday) – the pay period start date and pay period end date is either the date of payment of the unplanned pay or the date range for which the payment applies. For example: 07.07.2020 to 07.07.2020 or 06.07.2020 to 19.07.2020

For out of cycle pay deferred to the next regular pay within the reporting period:

- Where the payee received a payment subject to withholding in the regular pay – the pay period start date and pay period end date of the planned regular cycle, to which the unplanned pay is deferred. For example: 06.07.2020 to 19.07.2020
- Where the payee did not receive a payment subject to withholding in the regular pay – the pay period start date and pay period end date of the planned regular cycle, to which the unplanned pay is deferred. For example: 06.07.2020 to 19.07.2020. Alternatively, it may be reported as follows:
 - Only one out of cycle payment deferred – the pay period start date and pay period end date is the date of payment of the unplanned pay or the date range, for which the payment applies, other than the date range for the regular pay, to which the out of cycle payment is deferred. For example: 07.07.2020 to 07.07.2020 or 22.06.2020 to 05.07.2020
 - More than one out of cycle payment deferred – the pay period start date is the date of the earliest start date of the unplanned payments and the pay period end date is the latest end date of the unplanned payments. For example: 07.07.2020 to 09.07.2020
- Update action:

For current financial year – the pay period start date and the pay period end date is the same as the Pay/Update Date. For example: 20.07.2020 to 20.07.2020. FY 2020/2021

For prior financial year – the pay period start date and the pay period end date is the same as the Pay/Update Date. This date must be 30 June of the relevant financial year the update action seeks to finalise or correct. For example: 30.06.2020 to 30.06.2020. FY 2019/2020.

- Adjust action:

Payee payroll period details do not form part of the adjust action.

This data is used by the government recipients of the STP data, to understand the period of time the employment income is relevant, ascertain frequency of cycles, and derive period amounts to inform the assessment of eligibility and entitlement to payments and services.

- Refer to business rule in section [5.8.2 Out of cycle payment](#).
- Refer to business rules in section [5.5 Payee Payroll Period](#).
- Refer to the ATO Guidance Note on [Key Dates](#).

4.5.1 FINAL EVENT INDICATOR

A payer is required to make a declaration to the ATO that they have provided all the information for each payee for a financial year. This is done by providing the finalisation indicator as a part of a payees STP report.

This declaration allows the ATO to make the payee information available for income tax return prefill for payees. It will also update the payees Income Statement, available in ATO Online, to show the payee income statement for STP reported information is final for the financial year (Tax Ready). Providing the declaration for STP reported information removes the payer obligation to provide their payees with payment summaries in relation to the STP reported information.

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A payer may make the declaration at any time during the financial year, after the end of the financial year up to 14 July, or on the deferred due date. A final event indicator may be included in either a submit or update action.

Adjust action does not contain payee records and does not require finalisation.

 Refer to business rules in section [5.14 Finalisation](#).

4.6 INCOME TYPES/COUNTRY CODES

Income Types are a critical foundation to the payee data reported to the ATO. This grouping of income has always been required:

- Payment Summaries – separate forms/labels for each income type
- STP 2018 pay event – replicated the Payment Summary groupings of separate Income Types/Payment Types (different labels per form).

The data structure change for the pay event 2020 services has moved to a framework where the Payment Types (labels) are grouped by Income Type and, for some Income Types, by Country Code. This is known as the Income Stream Collection. Income Stream Collection does not include these Other Components that are reported for the payee without reference to the Income Type/Country Code:

- Deductions
- Super Entitlements
- Reportable Fringe Benefits Amounts.

Not all Payment Types are permitted for all Income Types. Income types and country codes serve three primary purposes:

1. To identify amounts with specific tax consequence and/or mapping to a specific part of the individual's IITR
2. To identify that a payer may choose to claim an STP reporting concession and to avoid unnecessary contact with the payer. For example; claiming a reporting concession for Closely Held Payees
3. Clarifies the reporting obligations of the payer with respect to the Income Type and Country Code. For example; if there is a tax treaty in place with the foreign country.

4.6.1 INCOME STREAM TYPE CODE

Permissible values for Income Stream Type Code (PAYEVNTEMP257) for the pay event 2020 services are:

- SAW (Salary and Wages) – Assessable income paid to payees for work performed in Australia, other than that included as other Income Types. This includes income paid to Pacific Labour Scheme workers
- CHP (Closely Held Payees) – New - a payee who is directly related to the entity, from which they receive payments, such as family members of a family business; directors or shareholders of a company; beneficiaries of a trust. The concept of closely held payees flows on from existing Payment Summary Annual Report (PSAR) concessions. All other payees of an entity (known as arm's length payees) must be reported by the statutory due date. Payers with this class of payee are eligible for the following concessions:

Deferred Lodgment – reporting payments to closely held payees subject to withholding “on or before payday”, the report may be deferred to quarterly reporting for payers with 19 or fewer payees

Deferred Finalisation – concessional due dates for finalising STP reporting for closely held payees are available. See ato.gov.au/STP for finalisation due dates.

Where a payer is utilising either of these concessions, the income must be reported under this income type. This income type only applies to SAW income. Where a payer is utilising the deferred lodgment concession, they may report more regularly if they choose to do so. A payer may report YTD amounts for any closely held payee under this income type, even if they do not access the concession. This

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reporting concession does not relieve the payer of their PAYGW payment obligations, including the due date of payment.

- IAA (Inbound Assignees to Australia) – NEW - some multinational payers exchange, or transfer, payees between affiliated entities in different tax jurisdictions. This is done for business and commercial purposes. This payer of this class of payee is eligible, but may not require, a concession for:

Deferred Lodgment – reporting payments subject to withholding “on or before payday”, the report may be deferred until the last day of the month after the relevant payment was made. A “reasonable estimate” may be provided if actual amounts are not known but must be corrected on or before finalisation

Deferred Finalisation – finalising the payee income by 14 July, the finalisation may be deferred by one month: until 14 August of that same year.

Where a payer is utilising either of these concessions, the income must be reported under this income type. This income type only applies to SAW income. Where a payer is utilising the deferred lodgment concession, they may report on or before the actual foreign payment date if they choose to do so. A payer may report YTD amounts for any inbound assignee under this income type, even if they do not access the concession. This reporting concession does not relieve the payer of their PAYGW payment obligations, including the due date of payment.

- WHM (Working Holiday Makers) – income only for limited visa subclasses for foreign residents. This includes income for a WHM engaged by a Labour-Hire business as an employee but does not include contractors engaged by a Labour-Hire business
- SWP (Seasonal Worker Programme) – NEW – applies to regional programmes for government-approved employers. This includes income for a SWP engaged by a Labour-Hire business as an employee but does not include contractors engaged by a Labour-Hire business

Use this income type to report payments to participants in the Seasonal Worker Program, and participants in the Pacific Australia Labour Mobility (PALM) scheme who have indicated on a TFN declaration that they are a non-resident.

Do not use this income type to report payments to participants in the PALM scheme who have indicated on a TFN declaration that they are a resident. Use SAW income type instead.

- FEI (Foreign Employment) – assessable income paid to payees, who are Australian tax residents, that is subject to tax in another country, for work performed in that country, if the qualification period is met
- JPD (Joint Petroleum Development Area) – DEPRECATED – for payments to individuals for work or services performed in the JPDA where the payment is covered by *Subdivision 12-B of schedule 1 to the TAA*. Can only be reported for financial year 2019/2020 and earlier
- VOL (Voluntary Agreement) - a written agreement between a payer and a contractor payee to bring work payments into the PAYGW system. The payer does not have to withhold amounts for payments they make to contractors. However, the payer and a contract worker (payee) can enter into a voluntary agreement to withhold an amount of tax from each payment they make to the contractor
- LAB (Labour-Hire) – payments by a business that arranges for persons to perform work or services, or performances, directly for clients of the entity. Income for contractors only, does not include employees but may include those with a voluntary agreement
- OSP (Other Specified Payments) - Specified payments by regulation 27 of the Taxation Administration Regulations 2017. Income from tutorial services provided for the Aboriginal Tutorial Assistance Scheme of the Department of Education, Skills and Employment; from translation and interpretation services for the Translating and Interpreting Service of the Department of Home Affairs; as a performing artist in a promotional activity.

☰ For the Tax Treatment Category/Options that are permissible per Income Type, refer to section [10.10 Tax Treatment Codes Permissible per Income Type](#).

☰ Refer to business rules in section [5.6 Income Types](#).

☰ Refer to enumeration codes in section [10.12 Enumerations](#).

☰ Refer to the [Income Types/Country Codes Position Paper](#) for detailed requirements.

4.6.2 COUNTRY CODES

Where income involves other tax jurisdictions, the income must be provided for the specific country for that tax jurisdiction. Australia has tax treaties with many countries to reduce or eliminate double taxation caused by overlapping tax jurisdictions. These treaties:

- Provide a level of security about the tax rules that will apply to particular international transactions
- Prevent avoidance and evasion of taxes on various forms of income flows between treaty partners.

New treaties are regularly formed with foreign countries. Since September 2018, the ATO receives and exchanges financial account information with participating foreign tax authorities. As such, specific Income Types must report YTD income by Country Code to assist Australia to meet its international commitments:

- Foreign Employment – Australian residents for tax purposes are taxed on their worldwide income. If the payee worked overseas or provided services to an organisation located outside of Australia, payments must be defined both as Foreign Employment (if the qualification period is or will be satisfied) and Country Code where the work was performed or the foreign entity is located (“host” country)
- Inbound Assignees to Australia – an inbound assignee who is seconded to work in Australia for an Australian entity but is employed by an offshore entity and is paid, in whole or part of their base salary and other remuneration, by an offshore entity. As the work performed in Australia may be subject to payroll taxes, superannuation guarantee and PAYGW, but not wholly paid by the Australian entity, the income must be reported by Country Code of the offshore entity (“home” country)
- Working Holiday Maker – those payees who have a specific class of Visa (417 and 462 only) to enable them to temporarily work in Australia must have their income reported by Country Code of their visa (“home” country). All Payment Types/labels within the Income Stream Collection must be reported for each combination of Income Type/Country Code.

Refer to business rules in section [5.7 Country Codes](#).

Refer to the [Income Types/Country Codes Position Paper](#) for detailed requirements.

4.7 CORRECTIONS FRAMEWORK

There are many reasons why previously reported data may need to be corrected. Common reasons include:

- *The fix involves a payment subject to withholding* - If an additional payment is made and is subject to withholding then the payer is required to report in a pay event (submit)
- *The fix involves a payment NOT subject to withholding* - Payments not subject to withholding are not reportable through STP (with the exception of Lump Sum D and Exempt Foreign Employment Income)
- *Misclassification with no additional payment* - A misclassification is when information has previously been reported under an incorrect Income Type, Country Code, Payment Type or Other Component and there is no additional payment to the payee
- *Overpayments* - An overpayment is when a payer has mistakenly overpaid a payee the appropriate wages and entitlements due under the payees contract of employment. If a payee is overpaid in a previous financial year and it is realised in a later year, the prior year finalised Income Statement must be amended. Similarly, for transfers between payers in an economic group on the same payroll system, if a payee is overpaid in a previous payer and it is realised in the current payer, a correction to the payer record may be required
- *Business response messages (child records)* - When a data validation error message is received from the ATO after the pay event has been sent, identifying error(s) in one or more child record
- *The fix involves a change to a valid TFN* - Where the payee advises the payer of a different valid TFN (not exemption codes), the payer should report with this new valid TFN. There is no need for the payer to separately advise the ATO about changes to this key indicator.

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- *Adjustments* – An adjustment is where a payer period total amount, successfully reported via a submit or adjust action, is incorrect and doesn't reflect the correct payer period total amounts. The payer adjustment will correct the Total Gross payments W1 and Total PAYGW amount W2 reported via STP. The payer will need to determine the impact of the adjustment on their activity statement or integrated client account (for large withholders):

For small and medium withholders, where the adjustment relates to an activity statement that is yet to be lodged the payer should include this amount in the appropriate labels (W1 and W2) on the activity statement. If the activity statement has been pre-filled using STP data, the payer should adjust the W1 and W2 amounts. If the payer reports the adjustment through the adjust action before the activity is pre-filled then the pre-fill amounts will contain the adjustment.

Large withholders should continue to follow the existing process to notify the ATO of an adjustment where required as outlined in the large withholder bulletin.

 Refer to business rules in section [5.11 Corrections](#).

 Refer to overpayments business rules in section [5.14.4 Finalised Prior Financial Year Overpayment](#).

4.8 DISAGGREGATION OF GROSS (PAYMENT TYPES)

STP Phase 1 required payers to report an aggregated total of YTD gross income amounts. Rather than focus on the IITR classification of assessable income, the data that is to be reported in STP Phase 2 is more aligned to the way the different payment types are categorised in the payroll systems. These payment types now have a common definition and are to be reported by income stream collection for the permissible income types.

Salary Sacrifice has been introduced as a discrete payment type (as a positive amount) that now requires all other payment types to be reported as the pre-sacrificed YTD amounts.

For Services Australia the disaggregation of gross will provide the granularity to support the accurate application of employment income across the relevant welfare payments and services it is responsible for administering. This will improve the accuracy of payments, ensuring individuals receive the right payment at the right time.

This change will also ensure the flexibility of the data use by Government in the future, and the full visibility of income for ATO and Services Australia to assess, given the different definitions used by the agencies.

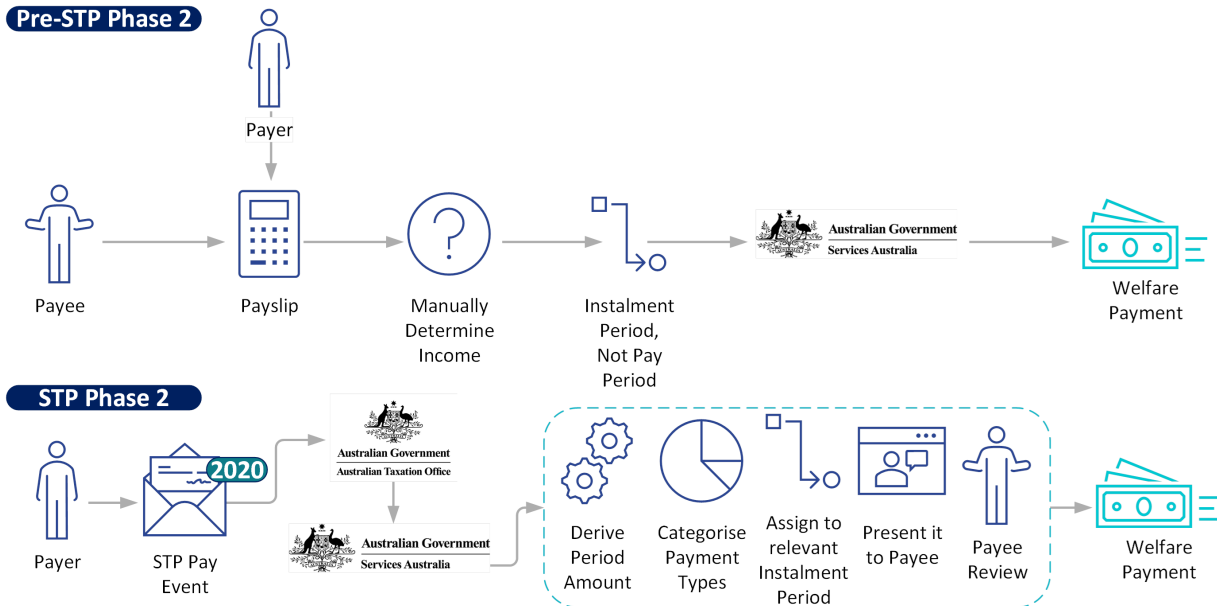
4.8.1 DRIVERS FOR CHANGE

The move to a disaggregation of gross model, rather than the existing aggregated gross model, is due to the different assessment of income required for social services agencies to administer their programmes. Not all the payments that were included in the aggregated "Gross" are treated the same way for welfare benefits. Additionally, unlike the period of time for which ATO use this data, for the annual IITR, the social services agencies have specific fortnightly instalment periods whereby their customers must declare their income and upon which periodic welfare payments are made.

This income data will now be provided through the PAYEVNT.2020 and the social services agencies will calculate the period amount for a pay event and assign it to the relevant fortnightly instalment period, based upon the income category of the types of payments. The data will be presented to their customers for review and confirmation and welfare payments will be made, based upon this data. Late or missed reports will have a significant and adverse impact on the ability to pre-fill information for welfare recipients. Payers may be contacted by their payees and/or Services Australia where there are late or missed reports. This disaggregated gross income data will streamline the social services processes.

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Figure 1010: Services Australia Income Reporting



Just as regular pay cycles are defined in the various industrial instruments that includes the pay period start date, pay period end date and payday, Services Australia has specific fortnightly instalment periods. These periods have start and end dates and welfare payments are paid in arrears (after the instalment period end date).

The PAYEVNT.2020 Pay/Update Date is used to determine which instalment period applies to the various calculated period payment amounts and types. Which payments are included in Services Australia's assessment of income and how those payments are categorised will determine how the calculated period amount is assigned. Each welfare benefit has a specific instalment frequency and payday.

Services Australia income assessment categories are:


- 1. Employment Income (EMPL)** – this type of income is complex to define in a precise way, other than as the residual of total remuneration excluding the other types of income referenced below. It is periodic income for the employment/engagement period, such as salary and wages. It will also include allowances other than those defined as Expense Allowances. This type of income is assigned or apportioned to the instalment period, in which the payment is made. For example; salary and wages paid of \$1,200 would result in \$1,200 assigned to the instalment period that includes the payment date if the frequency of the welfare benefit was fortnightly or more.
- 2. Lump Sum (LUMP)** – this type of income is irregular, one-off, non-periodic remuneration for active employees for the employment/engagement period, such as bonuses and commissions. This type of income is generally marginalised over the future 52 weeks. For example; a bonus of \$1,200 may not be for a known, specific period and thus marginalised as \$23.07 per week ($\$1,200 \div 52$ weeks) and \$46.14 assigned to each of the 26 fortnightly instalment periods after the payment date.
- 3. Termination Payment (TERM)** – this type of income is paid out at cessation of employment, such as unused leave on termination or Employment Termination Payments. This type of income may represent remuneration for future, post-employment periods for the purposes of income assessment by Services Australia. This type of income is marginalised over the period, for which the payment relates and assigned to the future relevant instalment periods. This period will be nominated by the employee, when presented with the calculated period amount by Services Australia. For example; a Lump Sum A payment of \$2,400 may represent 4 weeks of Long Service Leave and marginalised as \$600 per week ($\$2,400 \div 4$) and \$1,200 assigned to each of the 2 fortnightly instalment periods after the payment date.
- 4. Expense Allowance (ALLW)** – this type of income is to offset particular expenses with a reasonable expectation that the employee will fully expend the money in the course of providing services, such as cents per kilometre that is intended to cover the vehicle running expenses (including registration, fuel, servicing and insurance) and depreciation. This type of income is not deemed to be income by Services Australia and is not applied to any instalment period. For example; cents per kilometre

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allowances reported under the STP Allowance Type CD Cents per Kilometre are excluded from the Services Australia assessment of income.

5. Compensation (COMP) – this type of income is in respect of personal injury: physical and/or emotional suffering; or property damage such as workers' compensation paid absences, or is an Australian Government payment. This type of income may be paid periodically or in a lump sum and may reduce most Services Australia payments by the full compensation amount. For example; a workers' compensation absence paid of \$1,000 could result in a deduction of \$1,000 from the fortnightly instalment payment from Services Australia.

Services Australia use of the data, once reported via STP, is outside the scope and purpose of this document.

 Refer to the ATO Guidance Note on [Services Australia Use of Data](#).

4.8.2 NEGATIVE YTD AMOUNTS

A key concept of STP Phase 1 was that payee YTD amounts could not be negative. With the introduction of disaggregation of gross, some payroll systems, when calculating corrections, may produce a negative YTD amount for the payment type. To accommodate this, the ATO will allow the reporting of negative YTD amounts for the following payment types:

1. Gross Amount PAYEVNTEMP258.
2. Paid Leave Payment Amount PAYEVNTEMP270.
3. Payee Allowance Amount PAYEVNTEMP62.
4. Overtime Amount PAYEVNTEMP263.
5. Bonuses and Commissions Amount PAYEVNTEMP262.
6. Directors' Fees Amount PAYEVNTEMP264.
7. Lump Sum Payment Amount (Type-W only) PAYEVNTEMP273.
8. Salary Sacrifice Amount PAYEVNTEMP267.

Whilst each of these payment types permit negative YTD amounts, the sum of the payment types (items 1-7) less the Salary Sacrifice YTD amount (item 8) must be zero or a positive amount.

4.8.3 ATO DERIVED AGGREGATED GROSS

To manage the introduction of negative YTD amounts, a new concept of ATO derived aggregated gross income will be introduced. Whilst specific payment types may be negative, the sum of the payment types (items 1-7 in the previous section) less the Salary Sacrifice YTD amount (item 8 in the previous section) must be zero or a positive amount per income stream collection.

This new YTD amount will be derived by summing the payment types listed above and deducting the Salary Sacrifice Amount.

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Figure 11: ATO Derived Aggregated Gross

ATO Derived Aggregated Gross	
SUM OF	
PAYEVNTEMP258	Gross Amount
PAYEVNTEMP270	Paid Leave Payment Amount
PAYEVNTEMP62	Payee Allowance Amount
PAYEVNTEMP263	Overtime Amount
PAYEVNTEMP262	Bonuses and Commissions Amount
PAYEVNTEMP264	Directors' Fees Amount
PAYEVNTEMP273	Lump Sum Payment Amount (Type W only)
LESS	
PAYEVNTEMP267	Salary Sacrifice Amount

The following sections detail the Payment Types, representing the elements that characterise payee remuneration. All Payment Types are to be reported as YTD amounts and must continue to be reported.

- Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.
- Refer to the ATO Guidance Note on [ATO Use of Data](#).

4.8.4 PAYG WITHHOLDING

The PAYGW YTD amount is determined by applying the tax treatments that relate to payee circumstances or for specific payment types. This YTD amount is to be reported for each payee at PAYGW Amount (PAYEVNTEMP259), except for tax on ETPs that is separately itemised within the ETP tuple (PAYEVNTEMP117 Payee Total ETP PAYGW Amount).

For Australian tax resident payees who are working in a foreign country for the qualifying period and whose payments are taxed in that foreign country, the PAYGW component of their Foreign Employment income (FEI) is the residual balance remaining from the Australian PAYGW after the deduction of the foreign tax paid.

- Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.
- Refer to business rules in section [5.9.1 PAYG Withholding](#).

4.8.5 FOREIGN TAX PAID

When an Australian resident for tax purposes works in another country for the qualifying period where that income is taxable, then the amount of foreign tax paid or payable by the payer to that foreign government or authority must be [reported](#) in Australian dollars to the ATO in the same financial year as the foreign employment income is reported. This is required, even if the tax isn't actually paid to the foreign government or authority until after the end of the Australian financial year.

If the foreign tax paid YTD amount is not known on or before each payday, then the payer may report zero or a reasonable estimate, but must report the correct foreign tax paid, or payable, upon finalisation of the income year where foreign employment income is reported.

Foreign tax paid is only permissible for Foreign Employment Income and historically for Joint Petroleum Development Area income type.

It is not acceptable to finalise STP reported foreign employment income without any foreign tax paid amounts reported. With the introduction of the income stream collection, the income derived from working overseas for Australian tax residents is now identifiable to each country where the work was performed.

The foreign tax paid or payable is cross-checked with the relevant foreign country governments or authorities. Incurring the liability to pay or paying foreign tax on foreign employment income does not relieve a payer of their PAYGW obligations in Australia.

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Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

Refer to business rules in section [5.9.2 Foreign Tax Paid](#).

4.8.6 EXEMPT FOREIGN INCOME

When an Australian [resident for tax purposes](#) works in another country for 91 days or more for a [continuous period](#) and the [income is subject to tax in that country](#), the foreign income may be exempt from tax if the foreign service is attributable to any one of the following:

- Non-government agency workers delivering [Australian Official development assistance](#)
- Operating a public fund declared by the Minister to be a [developing country relief fund](#)
- Operating a public fund established and maintained to provide monetary relief to people in a developed foreign country impacted by a disaster (a [public disaster relief fund](#))
- Prescribed [charitable or religious institution](#) exempt from Australian income tax because it's located outside Australia, or the institution is pursuing objectives outside Australia
- Deployment outside Australia by an [Australian government](#) (or authority) as a member of a disciplined force.

If the foreign service does not qualify as exempt foreign income, it must be reported as Foreign Employment Income and associated income stream collections. However, if the foreign service does qualify as exempt foreign income, it is not subject to withholding and must be reported as SAW > Exempt foreign income. Exempt foreign income only applies to the Salary and Wages income type. There will be no associated foreign tax paid payment type for this exempt foreign income.

This income, if attributable to ordinary hours of work, is ordinary time earnings.

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

Refer to business rules in section [5.9.3 Exempt Foreign Employment Income](#).

4.8.7 GROSS (NEW DEFINITION)

Gross is a construct of many different types of payments in payroll. Although referenced in section [2.3 Scope](#), there are a number of changes to the STP Phase 2 data structure that make this component of pay difficult to concisely define. Therefore, this actual element of data (PAYEVNTEMP258 Gross Amount) definition is in two parts:

- The total of reportable income
- Less the separately itemised components that are now discretely reported.

Gross is the residual amount that remains.

- Reportable Income – the financial value of the *total remuneration*, prior to the deduction of any approved Salary Sacrifice arrangements, PAYGW or foreign tax, paid to a payee for providing work or services to a business entity or as a consequence of employment, except for any amounts that are expressly excluded by the Commissioner of Taxation
- Less Separately Itemised Components – of the reportable income defined above, some components have been itemised separately for either IITR deduction purposes or for Services Australia to identify the income as defined under the legislation within their jurisdiction for the purposes of administering their social services programmes.

This complex definition allows Gross to be common across all Income Types, thus accounting for the different components that may be included in the Business Personal Services Income Types (voluntary agreement, labour-hire and other specified income) in addition to that of Salary and Wages and others.

Services Australia categorise this as [Employment Income](#) or Lump Sum, depending on the payment frequency.

For example; if a payee:

- Was on an annual wage of \$51,776 for 38 ordinary hours/week

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- Had an approved Salary Sacrifice arrangement to superannuation of \$5,000
- Took 4 weeks of annual leave
- One week of leave without pay
- Received a cents/km allowance of \$0.78 for 2,150 business kilometres travelled
- A laundry allowance of \$3.55 per week to launder the uniform
- Performed 82 hours of overtime at time and a half on 41 separate occasions
- Received a meal allowance for each overtime period of \$15.94
- Performed 3 weeks of higher duties at \$150/wk.

Then the reportable income and components would be as follows:

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Table 5: Example of Gross in Payroll

Payment	Amount	2018 Reportable Status	2020 Reportable Status
Total Remuneration (sum of all payments)	56,950.47		
Reportable Income (sum of all payments except overtime meal allowance)	56,296.93		
Total Gross (reportable income less separately itemised amounts)	49,453.08	Gross: \$49,453.08 Ordinary Hours + Annual Leave – Salary Sacrifice + Overtime + Higher Duties	
Wages	51,776		
Ordinary Hours (52 wks/yr – 4wks annual leave – 1 wk LWOP) = 47 wks x (\$51,776/yr ÷ 52 wks/yr) = \$995.69/wk	46,797.43	Included in Gross	Gross Pay: \$46,797.43
Annual Leave (4 wks x \$995.69/wk)	3,982.76	Included in Gross	Paid Leave Type O- Other Paid Leave: \$3,982.76
Salary Sacrifice Salary Sacrifice to Superannuation	5,000.00	Included in Gross (deduction from Gross)	Salary Sacrifice Type S- Superannuation: \$5,000.00
Cents/km Allowance (\$0.78/km x 2,150 km)	1,677.00	Allowance Type CAR: \$1,667.00	Allowance Type CD- Cents per KM: \$1,677.00
Laundry Allowance (\$3.55/wk x 47 wks)	166.85	Allowance Type LAUNDRY: \$166.85	Allowance Type LD- Laundry: \$166.85
Overtime (82 x 1.5 x [\$51,776/yr ÷ 52 wks/yr ÷ 38 hrs/wk] = \$26.20/hr)	3,222.89	Included in Gross	Overtime: \$3,222.89
Overtime Meal Allowance (41 x \$15.94)	653.54	Not reportable as per annual ATO Tax Determination on Income Tax: what are the reasonable travel and overtime meal allowance expense amounts	Not reportable as per annual ATO Tax Determination on Income Tax: what are the reasonable travel and overtime meal allowance expense amounts
Higher Duties Allowance (3 wks x \$150/wk)	450.00	Included in Gross	Allowances Type KN- Tasks: \$450.00

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

Refer to business rules in section [5.9.4 Gross \(New Definition\)](#).

4.8.8 PAID LEAVE

Services Australia will introduce the use of the disaggregation of payments of leave to inform the assessment of income tested payments that may be affected by leave payments received while still employed, or by accrued leave payments and termination payments received upon cessation of employment. Treatment of such leave payments is dependent on the payment type and whether the employment, to which the payment relates, is ongoing or terminated.

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Additionally, itemising these components of paid leave better informs the ATO of an employee's pay for superannuation guarantee purposes.

The values permissible for the paid leave type code (PAYEVNTEMP269) are:

- C (Cash out of leave in service) – represents the YTD amount of ordinary time earnings leave entitlements that have been paid out in lieu of the payee taking the absence from work. This option represents Fair Work entitlements as defined in an award, enterprise agreement or contract of employment (for award and agreement free employees). When leave is cashed out, it reduces the balance of the entitlement, as occurs if the absence was taken, but on the date of payment rather than over the duration of the absence. Also used when leave is “paid out” when full-time/part-time employee changes to casual. Services Australia categorise this type of payment as [Lump Sum](#). These amounts are OTE for the purposes of the SGAA, and included in qualifying earnings
- U (Unused leave on termination) - Some types of leave balances are paid out upon the termination of employment, in accordance with the industrial instruments that define the entitlement to leave. Of the leave balances paid out upon termination, some are considered part of the:

Lump Sums – reported as payment type Lump Sum Payment Amount (PAYEVNTEMP273)

Employment Termination Payment (ETP) – reported as payment type in the Termination Payments tuple (PAYEVNTEMP223)

Unused leave on termination is comprised of the post-17 August 1993 component of annual leave, leave loading and long service leave for termination reasons other than genuine redundancy, invalidity or early retirement scheme. Services Australia categorise this payment as [Termination Payment](#). These amounts are not OTE for the purposes of the SGAA and also not included in qualifying earnings

- P (Paid Parental Leave) - After at least 12 months of service, employees can get parental leave, paid or unpaid, when an employee gives birth, an employee's spouse or de facto partner gives birth or an employee adopts a child under 16 years of age. Some employers offer paid parental leave and the Government Paid Parental Leave (GPPL) Scheme offers eligible employees, who are the primary carer of a newborn or adopted child, up to 18 weeks' leave, paid at the national minimum wage. Generally, GPPL is paid by Services Australia to the employer to pay the employee, but both types of paid parental leave may be paid at the same time. Services Australia categorise this type of payment as Employment Income or Lump Sum, depending on the payment frequency. Additionally, this type of payment has significant government policy impact. These amounts are not OTE for the purposes of the SGAA and also not included in qualifying earnings.
- W (Workers' Compensation) - Any workers' compensation payments received by an injured employee for the hours *not worked* (or not attending work as required) or if the employment has been terminated. Services Australia categorise this payment as Compensation. These amounts are not OTE for the purposes of the SGAA, and also not included in qualifying earnings.
- A (Ancillary and Defence Leave) - Paid leave for absences such as for Australian Defence Force, Emergency Leave, eligible Community Service and Jury Service. Services Australia categorise this type of payment as Employment Income or Lump Sum, depending on the payment frequency. Additionally, this type of payment has significant government policy impact. These amounts are not OTE for the purposes of the SGAA and also not included in qualifying earnings.
- O (Other Paid Leave) - All other paid absences, regardless of rate of pay (full, half, reduced rate) must be reported as this payment type. It includes, but is not limited to annual leave, leave loading, long service leave, personal leave, RDOs. Services Australia categorise this type of payment as Employment Income or Lump Sum, depending on the payment frequency. Generally, these types of paid leave are OTE and are included in qualifying earnings. . An exception to this would be long service leave paid under a portable long service leave provider.

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

Refer to [List of payments that are ordinary time earnings | Australian Taxation Office](#) for detailed guidance.

Refer to business rules in section [5.9.5 Paid Leave](#).

Refer to enumeration codes in section [10.12 Enumerations](#).

4.8.9 ALLOWANCE ITEMS

Separately itemised allowances were formerly only permitted for the Individual Non-Business (Salary and Wages) income type. These allowances have now been extended to be reported for all Individual Non-Business income types. They are not permitted to be reported for Business Personal Services income types.

Many allowances were previously included and reported as Taxable Gross. Now, all allowances are to be separately itemised. This includes wage-related and disability allowances such as height, dirt, higher duties, first aid allowance.

Note: reimbursements that are a precise amount that reimburses an expense, verifiable by receipts, which was (or will be) incurred by the payee in the course of their duties must not be reported.

Whilst allowances are defined in the industrial instruments, before the payer can pay them to the payee, the ATO requirements for PAYGW, superannuation guarantee and reporting must be taken into consideration. These requirements differ depending on the income category of the allowance as either:

- Services - allowances paid to employees to recognise or compensate for certain conditions relating to their employment due to site displacement, disability (adverse conditions), recognition of skill or qualification, additional duties, inconvenience, infringement on personal time or other reward for performing services. These allowances are not intended to cover any expense and are a genuine reward for performing services
- Expenses - allowances paid to an employee with a reasonable expectation that the employee will expend the money in the course of providing services. These expenses may be further classified as either:

Non-deductible – those expenses that are of a capital, private or domestic nature that have not been expended in gaining or producing their assessable income or are specifically not deductible (for example; entertainment expenses)

Deductible - the payee is expected to incur expenses up to the amount of the allowance. This is limited to the extent that the expense is incurred in gaining or producing their assessable income: for business purposes. These expenses may be able to be claimed as a tax deduction.

For allowances that are categorised as services or non-deductible expenses, the PAYGW is as per salary and wages. For superannuation guarantee, these allowances are assessed on their relevance to the ordinary span of hours. Reporting of these allowances are:

- Services – Allowance Type KN (Task Allowances)
- Non-deductible expenses – Allowance Type OD (Other Allowances) > Other Allowance Type Description: Non-deductible.

For allowances that are categorised as deductible expenses, the following assessment applies:

- PAYGW:

ATO measures (reasonable rates and/or limits defined) – no PAYGW applies

In excess of the ATO measures – PAYGW applies only to the amount in excess of the rates and/or limits

No measures defined by the ATO – PAYGW applies to the full amount.

- Superannuation Guarantee:

ATO measures (reasonable rates and/or limits defined) – excluded salary and wages

In excess of the ATO measures or no measures defined by the ATO – the payer must assess if the payee will fully expend the money in the course of providing their services. If the assessment is that the monies will be fully expended, it is excluded salary and wages. However, if the payer assesses the monies are not to be or likely to be expended in full, the full amount is salary and wages. With relevance to the ordinary span of hours, the payer must determine if it is also ordinary time earnings

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Reporting – the types of allowances to be reported are defined below. The overarching principle for reporting allowances against these specific types (not including other allowances) is that they must be deductible expense allowances, unless stated otherwise.

The values permissible for the allowance type codes (PAYEVNTEMP7) are:

- **CD (Cents per KM)** – deductible expense allowances that define a set rate for each kilometre travelled for business purposes that represents the vehicle running costs, including registration, fuel, servicing, insurance and depreciation into account

This should not include any cents per kilometre allowances that are paid for travel between the payees home and place of work unless it is a home-based business and the trip was for business purposes. Mileage paid for private purposes is a non-deductible expense for PAYGW and superannuation guarantee purposes and are to be reported as OD (Other Allowances) > Other Allowance Type Description: ND Non-deductible

Mileage paid for other vehicles is a deductible expense that is to be treated as “no measures defined by the ATO” for PAYGW and superannuation guarantee purposes and is to be reported as OD (Other Allowances) > Other Allowance Type Description V1 Private Vehicle

Services Australia categorise this as Expense Allowance .

- **AD (Award Transport Payments)** – deductible expense allowances for the total rate specified in an industrial instrument to cover the cost of transport (excluding travel or cents per kilometre reported as other separately itemised allowances) for business purposes, as defined in section 900-220 of the *Income Tax Assessment Act 1997*

The current award transport payment must be traceable to an award in force on 29 October 1986 (this is the ATO measure for the rate and/or limit for PAYGW purposes)

If the award transport payment cannot be traced back to the historical award, it is to be treated as “no measures defined by the ATO” for PAYGW and superannuation guarantee purposes and is to be reported as OD (Other Allowances) > Other Allowance Type Description V1 Private Vehicle

Award transport payments for private purposes is a non-deductible expense for PAYGW and superannuation guarantee purposes and are to be reported as OD (Other Allowances) > Other Allowance Type Description: ND Non-deductible

Services Australia categorise this as Expense Allowance .

- **LD (Laundry)** – deductible expense allowances for washing, drying and/or ironing uniforms required for business purposes. These allowances are typically paid as a regular rate for each week of work or services performed and cannot include dry cleaning expenses or reimbursements

Uniforms refers to the approved [categories of clothing](#) defined by the ATO

There may be limited circumstances for deductibility of conventional clothing if there is sufficient connection between the clothing and income earning activities. If so, it is to be treated as “no measures defined by the ATO” for PAYGW and superannuation guarantee purposes and is to be reported as OD (Other Allowances) > Other Allowance Type Description G1 General

Laundering of other clothing items is a non-deductible expense for PAYGW and superannuation guarantee purposes and is to be reported as OD (Other Allowances) > Other Allowance Type Description: ND Non-deductible

Services Australia categorise this as Expense Allowance

- **MD (Overtime Meal Allowances)** – deductible expense allowances defined in an industrial instrument that are in excess of the ATO reasonable amount, paid to compensate the payee for meals consumed during meal breaks connected with overtime worked

Services Australia categorise this as Expense Allowance

- **RD (Domestic or Overseas Travel Allowances and Overseas Accommodation Allowances)** – deductible expense allowances that are in excess of the ATO reasonable allowances amount (for domestic or overseas travel), undertaken for business purposes, which are intended to compensate employees who are required to sleep away from home. It is not a reimbursement of actual expenses, but a reasonable estimate to cover costs including meals, accommodation and incidental expenses

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All overseas accommodation allowances are to be treated as “no measures defined by the ATO” for PAYGW and superannuation guarantee purposes and is to be reported as OD (Other Allowances) > Other Allowance Type Description G1 General

Travel allowance for private purposes is a non-deductible expense for PAYGW and superannuation guarantee purposes and are to be reported as OD (Other Allowances) > Other Allowance Type Description: ND Non-deductible

Services Australia categorise this as Expense Allowance

- **TD (Tool Allowances) (NEW)** – deductible expense allowances to compensate a payee who is required to provide their own tools or equipment to perform work or services for the payer. For example: chef’s knives, divers’ tanks, trade tools, phone allowances. This allowance was formerly required to be reported under “Other Allowances” with a description of the allowance type. This is now required to be reported separately

Services Australia categorise this as Expense Allowance

- **KN (Tasks) (NEW)** – service allowances that are paid to a payee to compensate for specific tasks or activities performed that involve additional responsibilities, inconvenience or efforts above the base rate of pay. For example; higher duties allowance, confined spaces allowance, dirty work, height money, first aid etcetera. These allowances were formerly included in Taxable Gross but are now required to be reported separately

Expense allowances cannot be reported as this allowance type

Services Australia categorises this as [Employment Income](#).

- **QN (Qualifications/Certificates) (NEW)** – deductible expense allowances that are paid for maintaining a qualification that is evidenced by a certificate, licence or similar. For example; allowances to cover registration fees, insurance, licence fees etcetera that are expected to be expended to maintain a requirement of the job. Services Australia categorise this as Expense Allowance
- **OD (Other Allowances)** – any expense allowances that are not otherwise separately itemised:

Deductible expenses – for those expenses not specifically addressed in the above allowance types. For example: car allowances (other than cents per kilometre), uniform allowances etcetera.

Services Australia categorise this as [Expense Allowance](#)

Non-deductible expenses – for those expenses that are for private use. For example: cents per kilometre for travel between home and the regular place of work, laundry allowances for conventional clothing

Services Australia categorises this as [Employment Income](#).

Rather than providing the description of the pay code for Other Allowance Description, the ATO-preferred method is to report the category of other allowances, using pre-determined category descriptions. This will allow the ATO to assist the payee when completing their ITR.

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements and for Other Allowance Description categories.

Refer to business rules in section [5.9.6 Allowances](#).

Refer to enumeration codes in section [10.12 Enumerations](#).

4.8.10 OVERTIME

Overtime is when an employee works [extra time](#). It can include work done:

- Beyond their ordinary hours of work
- Outside the agreed number of hours
- Outside the spread of ordinary hours (the times of the day ordinary hours can be worked).

Payments for work performed during hours outside an employee’s ordinary hours of work are [not ordinary time earnings](#) as per SGR 2009/2.

Separately itemising overtime as a discrete payment type better informs the ATO on minimum legal obligations for OTE and assurance around SG compliance.

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Overtime is salary and wages and will be considered by Services Australia to be Employment Income unless it is paid as a Lump Sum .

- ☰ Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.
- ☰ Refer to business rules in section [5.9.7 Overtime](#).

4.8.11 BONUSES AND COMMISSIONS

Bonuses and commissions are typically paid as lump sum payments rather than at each regular pay period, as is the case for salary and wages:

1. Bonuses – usually made to an employee in recognition of performance or services and may not be related to a particular period of work performed.
2. Commissions – usually made to an employee in recognition of performance or services and may be calculated as a portion of the proceeds or volume of sales.

If the bonuses are paid in respect of overtime, they are to be reported as payment type - Overtime. However, if the bonuses are paid in respect of ordinary hours of work, they are to be reported as this payment type and included in the calculation of qualifying earnings.

Prior to 1 July 2026, commissions paid wholly in respect of overtime were reported as Overtime. After 30 June 2026, all commissions, regardless of the type of hours worked, are to be reported as this payment type and are included in the calculation of qualifying earnings

Services Australia classify these payment types as Lump Sum and marginalise the payments over either future period that applies either to the specific period, to which the bonus or commission is payable or 52 weeks, whichever applies.

- ☰ Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.
- ☰ Refer to business rules in section [5.9.8 Bonuses and Commissions](#).

4.8.12 DIRECTORS' FEES

Directors' fees are payments to the director of a company, or to a person who performs the duties of a director of the company.

Directors' fees may include payment to cover travelling costs, costs associated with attending meetings and other expenses incurred in the position of a company director. The full amount of the payment must be reported, specifically the full pre-sacrifice value of the fees, before any Salary Sacrifice may be deducted from the amount.

Services Australia take Directors' Fees into consideration for income assessment purposes and classify this type of payment as Employment Income.

- ☰ Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.
- ☰ Refer to business rules in section [5.9.9 Directors' Fees](#).

4.8.13 COMMUNITY DEVELOPMENT EMPLOYMENT PROJECTS (CDEP)

Itemising this component of gross will enable identification of amounts paid under this [government program](#).

CDEP payments have always been separately itemised on both payment summaries and the existing STP service as they are pre-filled at a different label on the income tax return to gross payments. CDEP payments are pre-filled at Australian Government allowances and Payments which attracts a tax offset. The separate item is also used by the ATO to verify the amounts withheld, to ensure the individual reports the amounts at the correct label on their return and to report to other government departments such as Services Australia who administer the scheme. This Payment Type has been deprecated.

- ☰ Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements
- ☰ Refer to business rules in section [5.9.10 Community Development Employment Projects \(CDEP\)](#).

4.8.14 SALARY SACRIFICE

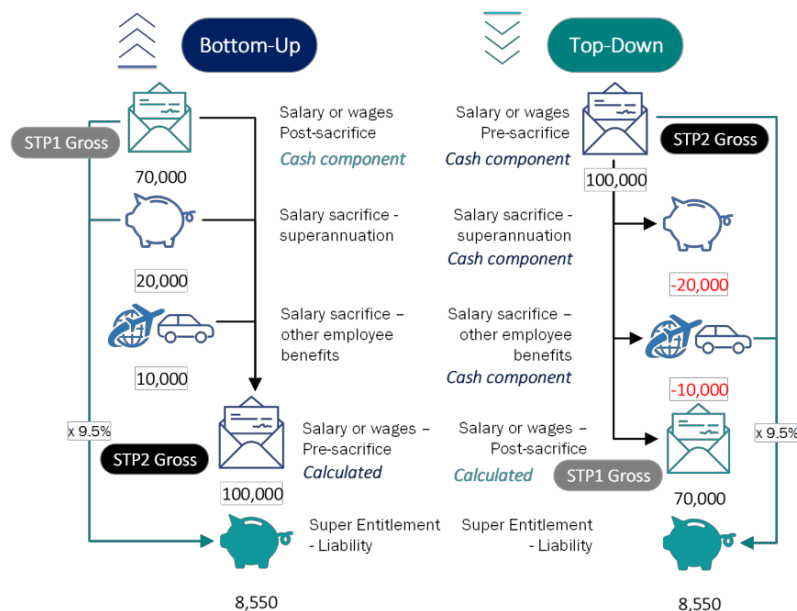
Payees that salary sacrifice 100% of their payments, including sacrifice to superannuation, must be reported. For example, if a payee had reportable payments of 50,000 and 30,000 was sacrificed to superannuation and 20,000 was sacrificed to other employee benefits, this payee must be reported.

The values permissible for the Salary Sacrifice type codes (PAYEVNTEMP266) are:

- S (Superannuation) – an effective Salary Sacrifice arrangement, entered into before the work is performed, where contributions are paid to a complying fund, where the sacrificed salary is permanently foregone
- O (Other Employee Benefits) – an effective Salary Sacrifice arrangement, entered into before the work is performed, for benefits other than for superannuation, where the sacrificed salary is permanently foregone (that is novated lease, gym membership etc).

Salary Sacrifice is a discrete payment type (as a positive amount) that requires all other payment types to be reported as the pre-sacrificed YTD amounts. This may require different approaches to reporting, depending on the salary packaging method used:

Figure 12: Salary Packaging Methods



Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

Refer to business rules in section [5.9.11 Salary Sacrifice](#).

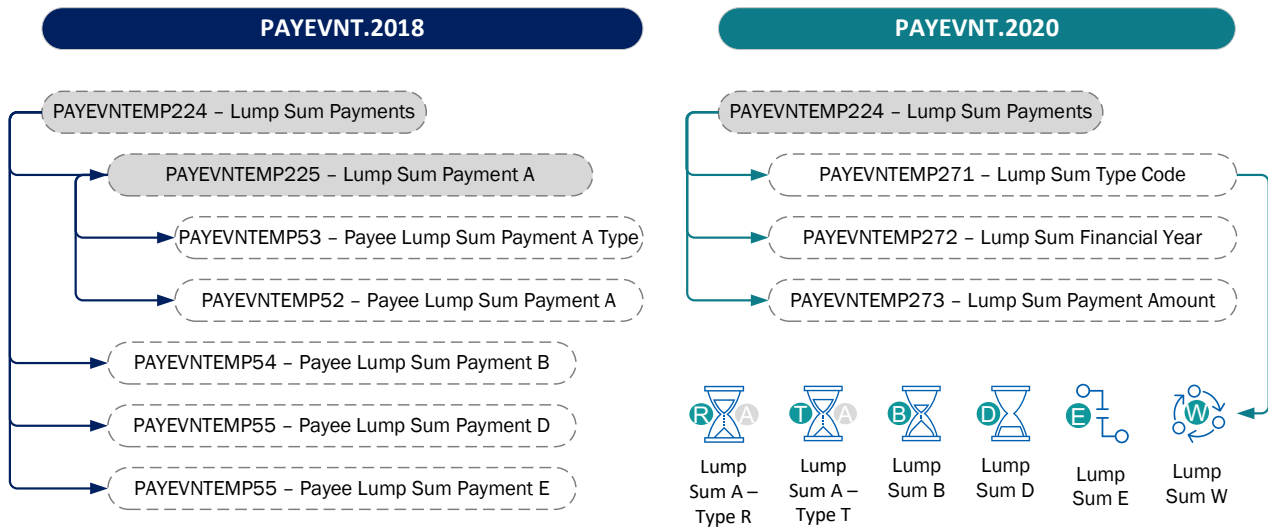
Refer to enumeration codes in section [10.12 Enumerations](#).

4.8.15 LUMP SUM PAYMENTS

Some payments have concessional tax treatments in recognition of the timing or nature of the lump sum payment. These payments have generally been separately itemised in historical ATO reporting, including Group Certificates, Payment Summaries and the current Single Touch Payroll pay event. There are changes in the data structure, as follows:

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Figure 13: Changes to reporting of Lump Sums



By introducing the reporting of Lump Sum E amounts by financial year, this will streamline the ITR process for payees and remove the requirement for the payers to issue [Lump Sum E letters](#) to payees.

For consistency with the payments that have a special tax table, [NAT 3347 Return to Work Payments](#) are now separately itemised as Lump Sum W rather than included in Gross.

The values permissible for the lump sum type codes (PAYEVNTEMP271) are:

- R (Lump Sum A Type R) – all unused annual leave or annual leave loading, and that component of long service leave that accrued from 16/08/1978, that is paid out on termination only for genuine redundancy, invalidity or early retirement scheme reasons. Services Australia categorise these payments as [Termination Payment](#)
- T (Lump Sum A Type T) - Unused annual leave or annual leave loading that accrued before 17/08/1993, and long service leave accrued between 16/08/1978 and 17/08/1993, that is paid out on termination for normal termination (other than for a genuine redundancy, invalidity or early retirement scheme reason). Services Australia categorise these payments as Termination Payment
- B (Lump Sum B) – long service leave that accrued prior to 16/08/1978 that is paid out on termination, no matter the cessation reason. Only 5% of this reported amount is subject to withholding. Services Australia categorise these payments as Lump Sum
- D (Lump sum D) - represents the tax-free amount of *only* a genuine redundancy payment or early retirement scheme payment, up to the limit, based on the payees years of service. Services Australia categorise these payments as Termination Payment
- E (Lump sum E) - represents the amount for back payment of remuneration that accrued, or was payable, more than 12 months before the date of payment and, prior to 1 July 2025, is also greater than or equal to the lump sum E annual threshold amount of \$1,200. Services Australia categorise these payments as [Lump Sum](#)
- W (Return to Work Payments) – NEW - A return to work amount is paid to induce a person to resume work, for example, to end industrial action or to leave another employer. It does not matter how the payments are described or paid, or by whom they are paid. This was previously reported in gross. Services Australia categorise these payments as [Lump Sum](#) .

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

Refer to business rules in section [5.9.12 Lump Sums](#).

Refer to enumeration codes in section [10.12 Enumerations](#).

4.8.16 EMPLOYMENT TERMINATION PAYMENTS (ETPS)

ETPs are reported by ETP code/payment date, rather than by YTD as all the other Payment Types are reported. This is due to the specific tax concessions that apply for these payments that consider the actual date of payment.

The values permissible for the ETP codes (PAYEVNTEMP34) are:

- R (Redundancy et al) – a *life benefit* payment as a consequence of employment, paid only for reasons of genuine redundancy (the employer decides the job no longer exists), invalidity (the employee sustained a permanent disability), early retirement scheme (an ATO-approved plan that offers employees incentives to retire early or resign when the employer is rationalising or reorganising their business operations) or compensation for personal injury, unfair dismissal, harassment or discrimination. This is the excluded part of the ETP
- O (Other Reason) – a *life benefit* payment as a consequence of employment, paid for reasons other than for “R” above. Such as an ex-gratia payment, gratuity or golden handshake, non-genuine redundancy payments, payments in lieu of notice and some types of unused leave, under specific circumstances. This is the non-excluded part of the ETP
- S (Split ETP Type R) – a multiple payment for *life benefit* ETP type “R” for the same termination of employment, where the later payment is paid in a subsequent financial year from the original type “R” payment. The ETP cap is reduced by the prior financial year payment to prevent splitting payments to avoid the ETP cap. This is also the excluded part of the ETP
- P (Split ETP Type O) - a multiple payment for *life benefit* ETP type “O” for the same termination of employment, where the later payment is paid in a subsequent financial year from the original type “O” payment. The ETP cap is reduced by the prior financial year payment to prevent splitting payments to avoid the ETP cap. This is also the non-excluded part of the ETP
- D (Dependant) – a *death benefit* payment directly to a dependant of the deceased employee. A dependant may include a spouse of the deceased, a minor child, a person who had an interdependency relationship with the deceased or a person who was a dependant of the deceased just before the latter died
- N (Non-Dependant) – a *death benefit* payment directly to a non-dependant of the deceased employee. A non-dependant is a person who is not a dependant of the deceased and not a trustee of the deceased estate
- B (Split ETP Type N) – a multiple payment for a *death benefit* ETP type “N” for the same deceased person, where the later payment is paid in a subsequent financial year from the original type “N” payment. The ETP cap is reduced by the prior financial year payment prevent splitting payments to avoid the ETP cap
- T (Trustee of the Deceased Estate) – a *death benefit* payment directly to a trustee of the deceased estate. This person may be an executor or administrator who has been granted probate or letters of administration by a court.

Services Australia categorise these payments as a [Termination Payment](#) .

- ☰ Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.
- ☰ For the specific Payment Types that are permissible per Income Type, refer to section [10.11 Payment Types Permissible per Income Type](#).
- ☰ Refer to business rules in section [5.9.13 Employment Termination Payments \(ETPs\)](#).
- ☰ Refer to enumeration codes in section [10.12 Enumerations](#).

4.9 OTHER COMPONENTS

These components are not reported under the Income Stream Collection, as they represent amounts for the payee, regardless of Income Type.

4.9.1 DEDUCTIONS

The fees and workplace giving items are identified discretely to enable them to be pre-filled in the ITR. Additionally, payers may vary withholding arrangements for payees who participate in a [workplace giving program](#). The workplace giving amount is included in gross for reporting.

There is an option for payers to voluntarily report Child Support Deductions and Garnishees through STP as per section 389-30 of *Schedule 1 of the Taxation Administration Act 1953*. Where a payer reports these amounts through STP, it will extinguish their obligations to separately report these amounts directly to the Child Support Registrar (the Registrar). Payers who do not report these amounts under STP are still required to report to the Registrar.

Where the Registrar has given written notice to a payer to deduct a specified amount from a payee, payers are obliged to withhold money from payees and pay it to the Registrar.

The values permissible for the deduction type codes (PAYEVNTEMP10) are:

- F (Fees) – union fees, subscriptions to trade, business or professional associations, the payment of a bargaining agent’s fee to a union for negotiations in relation to a new enterprise agreement award with the existing payer
- W (Workplace Giving) – workplace giving program donations to charities or organisations that are entitled to receive tax deductible donations
- G (Child Support Garnishee) – deduction made under a notice as per section 72A of the *Child Support (Registration and Collection) Act 1988*. This is a percentage of a payees taxable gross income, a lump sum or a fixed amount each pay until the debt is satisfied
- D (Child Support Deduction) - deduction made under a notice as per section 45 of the *Child Support (Registration and Collection) Act 1988*. This is a fixed dollar amount each pay period. Deductions made under section 45 of the *Child Support (Registration and Collection) Act 1988* are made subject to a Protected Earnings Amount (PEA).

Note: Amounts reported for Child Support Garnishee and Child Support Deductions will not be displayed on the ATO Income Statement.

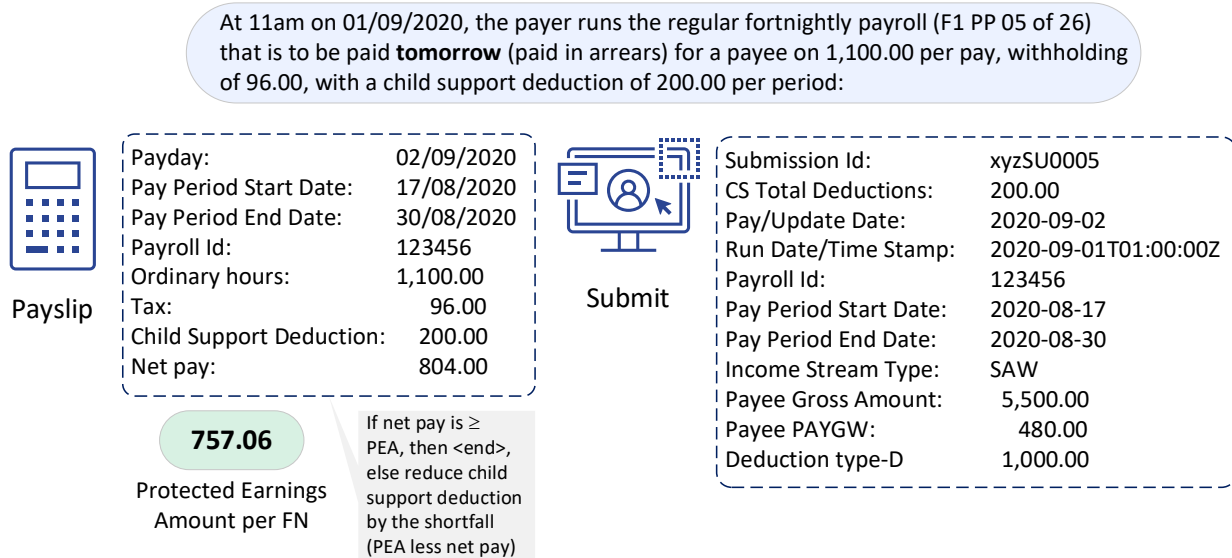
- Refer to [Other Components Position Paper](#).
- Refer to [Child Support Position Paper](#).
- Refer to business rules in section [5.10.1 Deductions](#).
- Refer to enumeration codes in section [10.12 Enumerations](#).

4.9.1.1 Example of a Child Support Deduction

- A payer receives a notice to make child support deductions from a payees wage (section 45 of the *Child Support (Registration and Collection) Act 1988*)
- The notice specifies the payer is required to deduct \$200.00 per fortnight from a payees pay as a ‘child support deduction’
- The payee is paid on a fortnightly basis. The payer can include the deduction in the submit action, reported on or before the date of payment (payday)
- The payees period start date is 17 August 2020. The payees period end date is 30 August 2020. The payees date of payment (payday) is 2 September 2020
- The payees gross taxable income per fortnight is \$1,100. The protected earnings amount (PEA) per fortnight is \$747.06. The tax-withholding amount is \$96.00.

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Figure 14: Child Support Deduction example



- The payer reports the new \$1,000.00 YTD amount (5 pays) for the payee as Deduction Type code D (Child Support Deduction), reflecting the period amount of \$200.00 as Child Support Total Deductions Amount for the payee.

4.9.2 SUPER ENTITLEMENTS

Superannuation elements have been combined under a single tuple, with values representing each component.

Payday Super, commencing from 1 July 2026, introduces a new reporting element under the tuple.

The values permissible for the super entitlement type codes (PAYEVNTEMP283) are:

- L (Superannuation Liability) – contribution payable by a payer for the benefit of a payee as mandated by Superannuation Guarantee legislation. Payers with additional superannuation obligations under an industrial instrument (award or agreement) beyond the requirements of SGAA can report these higher amounts
- O (Ordinary Time Earnings) – the total of amounts paid to a payee that constitute their OTE for Superannuation Guarantee purposes
- Q (Qualifying Earnings) – the total of amounts paid to a payee that constitute their qualifying earnings for superannuation guarantee purposes (NEW)
- R (RESC – Reportable Employer Superannuation Contribution) – additional, optional (not legislated or mandated by industrial, legislative or business policy instruments) employer super contributions made on behalf of the employee, that have been influenced by the employee, such as for an effective Salary Sacrifice arrangement for super contributions to a complying super fund, amounts in excess of the maximum contribution base and other super co-contributions. Matching contributions under individual contracts are RESC because the employee was able to directly influence the terms of the agreement

The reporting of RESC is voluntary under STP, though if not reported through STP, must be reported via Payment Summaries/Payment Summary Annual Reports (PSAR). Where not able to be reported throughout the financial year, a payer can report this amount as part of the finalisation process for the payee.

- Refer to [Other Components Position Paper](#).
- Refer to business rules in section [5.10.2 Super Entitlements](#).
- Refer to [6.4 Commencing Qualifying Earnings Reporting](#)
- Refer to enumeration codes in section [10.12 Enumerations](#).

4.9.3 REPORTABLE FRINGE BENEFITS AMOUNT (RFBA)

The values permissible for the RFB exemption status codes (PAYEVNTEMP276) are:

- **T (Taxable)** – the grossed-up taxable amount of certain fringe benefits provided to a payee where:
the total of taxable and exempt benefits provided is in excess of \$2,000 in the year (1 April to 31 March),
and

Either:

- The employer is not eligible for an exemption from FBT under section 57A of the Fringe Benefits Tax Assessment Act 1986 (FBTAA), or
 - The employer is eligible for an exemption from FBT under section 57A of the FBTAA but the benefits were provided to an employee performing non-exempt duties.
- **X (Exempt)** - the grossed-up taxable amount of certain fringe benefits provided to a payee where:
 - The total of taxable and exempt benefits provided is in excess of \$2,000 in the FBT year (1 April to 31 March), and
 - The benefit was provided to an employee performing exempt duties for an employer that is eligible for an exemption from FBT under section 57A of the FBTAA.

The reporting of RFBA is voluntary under STP, though if not reported through STP, must be reported via Payment Summaries/PSAR. Where not able to be reported throughout the financial year, a payer can report this amount once as a part of the finalisation process for the payee.

- Refer to [Other Components Position Paper](#).
- Refer to business rules in section [5.10.3 Reportable fringe benefit amount /Reportable employer superannuation contributions](#).
- Refer to enumeration codes in section [10.12 Enumerations](#).

5 BUSINESS RULES

STP focuses on reporting payroll information to the ATO. This section includes how to report and fix payroll information, and rules on how to finalise payroll at the EOFY. Other sections include how a payer will transition into STP and how to report payee withholding details via a pay event.

5.1 PAYER DETAILS

The business rules for reporting payer details are:

5.1.1 PAYER PAYROLL DETAILS

The business rules for payer payroll details are:

1. Pay/Update Date - a payer is required to report to the ATO, all payments on or before the date of payment (payday), through a submit action. Refer to subsection 389-5(1) of *Schedule 1 to TAA*. Special rules apply for deferred [Out of cycle payments](#).
2. Pay/Update Date - the payer must report the intended date of payment (payday) as the Pay/Update Date for a submit action.
 - a) Note: When payments are made electronically, the date of payment is either the date stipulated in the electronic transaction or, if no date is stipulated, the date on which the payment is intended to be made into the payees bank account.
3. Pay/Update Date - the payer must report the date at which the Payer Total Gross Payments Amount (PAYEVNT22) and Payer Total PAYGW Amount (PAYEVNT20) adjustments are to be applied. This will usually correspond to the pay date that was reported in the submit action where the adjusted records were originally reported.
 - a) An adjustment cannot be reported with a pay/update earlier than one financial year prior to the current financial year.
 - b) An adjustment cannot be reported with a pay/update date greater than six months into the future from the current date.
 - c) Note: The Pay/Update date aligns to the activity statement PAYG Withholding period for the Payer. Small and medium withholders will need to determine if they need to revise the activity statement.
4. Pay/Update Date - the payer may lodge multiple submit and update actions with the same Pay/Update date.
5. Pay/Update Date – must always be within the financial year, for which the YTD amounts are being reported.
6. Pay/Update Date – for current financial year update actions, must represent the as-at date of when the new or corrected data was created within the report.
7. Pay/Update Date – for prior financial year update actions, must always be 30 June of the relevant financial year.
8. Run Date/Time Stamp – for submit actions, this date must always be set to the date/time when the YTD amount was created by the pay run and discretely attributed to the pay result reported.
9. Run Date/Time Stamp – for update actions, this date must always be set to the date/time when the update action was generated.
10. Run Date/Time Stamp – for adjust actions, this date must always be set to the date/time when the adjust action was generated.
11. Run Date/Time Stamp – for submit actions, this date cannot be greater than the Pay/Update Date.

Refer to the context in section [4.1.1 Payer Payroll Details](#).


Refer to the ATO Guidance Note on [Key Dates](#).

5.1.2 PAYER PERIOD TOTALS

The business rules for payer period totals are:

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1. Payer Period Totals - the Payer Total PAYGW Amount and Payer Total Gross Payments Amount must include the sum of the relevant payment types for all income types and payees included in that submit action.
2. Payer Period Totals - the Child Support Total Garnishee Amount and Child Support Total Deductions Amount must include the sum of the relevant deduction types for all payees included in that submit action.
3. The Payer Period Totals may be negative.
4. The Payer Period Totals must not include any YTD transfer of balance amounts if these amounts have been transferred between key indicators, even if those balances represent the movement in the YTD amounts, they do not represent the payroll period amount.
5. Payer Period Totals - the Payer Total PAYGW Amount and Payer Total Gross Payments Amount should reflect the amount the total has been adjusted by in that adjust action.
6. Payer Period Totals – either the Payer Total PAYGW Amount and/or Payer Total Gross Payments Amount should be an amount other than zero in an adjust action, both amounts cannot be zero.
7. Payer Period Total amounts cannot be included in update actions.


 Refer to the context in section [4.1.2 Payer Period Totals](#).


 Refer to section [10.9 Components of the Parent Period Totals](#).

5.2 PAYER KEY IDENTIFIERS

The business rules for reporting payee information are:

1. Only valid ABN or WPN may be provided.
2. Where a payer has branched for PAYG withholding purposes, the payer must report separate pay events for each PAYG withholding branch established with the ATO.
 - a) The branch number used for reporting must align with the integrated client account (CAC) used for the payment of the PAYGW.
3. The provision of a BMS Id is mandatory within payroll interactions and must be globally unique. To ensure uniqueness it is recommended that a Globally Unique Identifier (GUID) is used and follows the convention outlined in [RFC 4122 from the Internet Engineering Task Force \(IETF\)](#).
4. Transfer of YTD amounts between the key identifiers of BMS Id and/or Payroll Id must be alerted to the ATO via either the Zeroing Out or Replacing Key Identifiers methods.
5. For the adjust action, a Previous BMS id must not be supplied. The Previous BMS id is used to transfer YTD amounts at the payee level. Parent adjustments will be accepted for periods that were reported under the previous BMS.

 Refer to the context in section [4.1 Payer Details](#).

 Refer to the context in section [4.2.1 Options to Alert Changes to Key Identifiers](#).

 Refer to the [Key Identifiers Position Paper](#) for detailed requirements.


5.3 PAYEE DETAILS

The business rules for reporting payee details are:

1. All payees must have either a TFN or ABN reported:
 - a) Where a payer is voluntarily reporting YTD amounts for payments and withholding for a contractor under a voluntary agreement, then the payer must provide the contractor's ABN. The contractor's TFN is not required.
 - b) Where a payer is voluntarily reporting YTD amounts other than for payments and withholding for a contractor, the payer must provide the contractor's ABN. The contractor's TFN is not required.
 - c) The payee TFN [PAYEVNTEMP13] is a mandatory field in the pay event for payees. Where a TFN has not been provided then payers must use the TFN exemption codes.

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- d) Where a payee has been both a contractor and employee with the same payroll Id within the same financial year, the TFN and ABN must be reported if payments are made under both a voluntary agreement and any other gross payment. Note: The YTD amounts for both contractor and employee payments must continue to be reported (only if same payroll Id – refer to BMS Id).
2. A pay event (submit and update action) must contain at least one payee record.
 3. An adjust action must not contain any payee records.
 4. Where a payee is recorded more than once under the same ABN/Branch/BMS Id then each instance of the payee must be reported using a unique combination of Payee Payroll Id/[payee identity](#) (referenced as Payee Details).
 5. These separate Payee Details will be treated as a separate instance for STP reporting and must have separate YTD amounts for each Payee Payroll Id/payee identity. For example:
 - a) Where a payee works within an organisation under two separate roles/awards and has been created as if they are two separate payees, the payee can be reported under multiple payee payroll IDs within a single pay event.
 - b) Where a death beneficiary has been created against the Payroll Id of the deceased payee, the other Payee Details must separately identify this death beneficiary from the deceased payee.
 6. The submit action must include, at a minimum, each payee with an amount subject to withholding in that pay run. For example; a payee who has leave without pay for the whole pay period may not have to be reported, as there is no payment subject to withholding. However, the submit action may include information for other payees.
 7. Payee date of birth (Payee Day of Birth, Payee Month of Birth, Payee Year of Birth) may not be a date in the future or more than 120 years in the past.

 Refer to the context in section [4.3 Payee Details](#).

 Refer to section [10.8 Tax File Number Exemption Codes](#) for the circumstances of use.

5.4 EMPLOYMENT CONDITIONS

5.4.1 COMMENCEMENT DATE

The business rules for commencement of a new payee are:

1. The commencement date must be reported, if commencement date is not known, report 01/01/1800.
2. If the commencement date is earlier than 01/01/1950, then report 01/01/1950.
3. The commencement date must reflect the earliest recognised start date for the continuous employment/engagement period of service with the payer or related entity.
4. If the payee is rehired using the same payroll id the rehire commencement date should be reported.
 - a) If the payee was terminated and rehired in the same reporting period, using the same payroll Id, the rehire commencement date should not be reported.
 - b) If the payee was terminated and rehired under a different related entity ABN /branch in the same reporting period, the rehire commencement date does not have to be reported. The earliest recognised start date for the continuous employment/engagement period of service should continue to be reported.

 Refer to the context in section [4.4 Employment Conditions](#).

5.4.2 CESSATION DATE

The business rules for cessation date are:

1. The cessation date must be reported, if the payee has ceased their employment/engagement relationship with the payer.
2. The cessation date must reflect the end date for the final employment/engagement period with the payer.

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3. If the cessation date is reported, then the cessation type code must also be reported for all pay/update dates greater than 30/06/2020.
4. If a subsequent payment is made to the terminated payee, the cessation date must still be reported as the original cessation date reported.
5. If the payee is subsequently rehired using the same payroll ID, the cessation date should be removed in any subsequent reports.
 - a) If the payee is subsequently rehired using the same payroll ID, before the cessation date is reported, the cessation date should not be reported.
 - b) If the payee is subsequently rehired under a different ABN /branch within the same group, the cessation date does not have to be reported.
6. The cessation date reported cannot be more than 10 years greater than:
 - a) The pay/update date for the submit/current FY update actions.
 - b) The run date/time stamp for the prior FY update action.

 Refer to the context in section [4.4 Employment Conditions](#).

5.4.3 EMPLOYMENT BASIS

The business rules for employment basis are:

1. The employment basis must be reported in every submit and update action.
2. The employment basis must be reflected as at the pay/update date for submit/current FY update actions and the run date/time stamp for the prior FY update action.
3. The values reported for employment basis must align with income type for default values for voluntary agreement and death beneficiaries.
4. The values reported for non-employees may only be reported for payees with no income reported for the financial year and values for superannuation liability (L) amounts only pre-1 July 2026. Post-30 June 2026, both qualifying earnings (Q) and superannuation liability (L) amounts must be reported.
5. If the payee no longer has an employment/engagement relationship with the payer for the period reported, report the value from the last employment/engagement relationship.
6. For those payees who have concurrent employment with the payer that includes different types of employment bases, then report the basis in priority of 1) full time, then 2) part time, then 3) casual. If the concurrent employment includes these work patterns plus another type of employment basis (such as labour hire), then report the other type.


 Refer to the context in section [4.4.1 Employment Basis](#).

 Refer to the [Tax Treatment Position Paper](#) for detailed requirements.

5.4.4 CESSATION TYPE CODE

The business rules for cessation type codes are:

1. If the cessation date is reported, then the cessation type code must also be reported for all pay/update dates greater than 30/06/2020.
2. Only valid cessation type codes may be reported.

 Refer to the context in section [4.4.2 Cessation Type](#).

 Refer to the [Tax Treatment Position Paper](#) for detailed requirements.




5.4.5 TAX TREATMENT

The business rules for tax treatment are:

1. The tax treatment code must be reported in every pay event (submit, current FY update, prior FY update) service.
2. Only valid tax treatment codes may be reported.

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3. The tax treatment code applicable to the person must be reported as at pay/update date for submit actions and the Run Date/Time for update actions in both the prior financial year and current financial year.
4. Study and Training Support Loans (STSL) is not permissible for:
 - a) *Tax Categories* – Horticulture and Shearers (C), Working Holiday Makers (H), Seasonal Worker Programme (W), No TFN (N), ATO-Defined (D) or Voluntary Agreement (V) or Actors (A).
 - b) *Tax Categories/Options* – Regular/Daily Casuals (RD).
5. Medicare Levy Surcharge (MLS) is not permissible for:
 - a) *Tax Categories* – Horticulture and Shearers (C), Working Holiday Makers (H), Seasonal Worker Programme (W), Foreign Resident (F), No TFN (N), ATO-Defined (D) or Voluntary Agreement (V) or Actors (A).
 - b) *Tax Categories/Options* – Regular/Daily Casuals (RD).
6. Medicare Levy Surcharge (MLS) is mutually exclusive from Medicare Levy Exemptions (MLE)/Reductions (MLR). That is, a payee who qualifies for MLS is ineligible for MLE/MLR.
7. MLS may apply, regardless of tax-free threshold options.
8. If a payee is claiming a full MLE, they cannot also claim an MLR, nor qualify for the MLS.
9. If a payee is claiming a half MLE, they can still apply for a further reduction if they meet the reduction criteria.
10. A payee may only claim the MLE if they have claimed the tax-free threshold.
11. Medicare Levy Exemption is not permissible for:
 - a) *Tax Categories* – Horticulture and Shearers (C), Working Holiday Makers (H), Seasonal Worker Programme (W), Foreign Resident (F), No TFN (N), ATO-Defined (D) or Voluntary Agreement (V) or Actors (A).
 - b) *Tax Categories/Options* – Regular/Daily Casuals (RD).
12. A payee may claim MLR without claiming any MLE.
13. If the payee has a STSL, they may claim an MLR that will halt the repayment of the STSL, but both options must be reported.
14. A payee with a STSL may only additionally claim an MLR if they have claimed the tax-free threshold option in their tax category.
15. MLR is not permissible for:
 - a) *Tax Categories* – Horticulture and Shearers (C), Working Holiday Makers (H), Seasonal Worker Programme (W), Foreign Resident (F), No TFN (N), ATO-Defined (D) or Voluntary Agreement (V) or Actors (A).
 - b) *Tax Categories/Options* – Regular/Daily Casuals (RD), or Seniors and Pensioners/Single (SS) for the spouse option (as they have no spouse).
16. If a payee has an ATO-Defined/Downwards Variation (DV) that does not apply to salary and wages (but to a specific payment type only), report the payees underpinning tax treatment.
17. The payer must report the tax treatment in accordance with the payee instructions, not the technical interpretation of the resulting calculation. For example; a payee on a Regular/Tax-Free Threshold option with an STSL that also claims a reduction for two dependants will be reported as RTSXX2.
18. If a payee is a death beneficiary that has provided their TFN, then report their tax treatment as ATO-Defined/Death Beneficiary (DB).
19. If a payee is a Non-Employee (employment basis = “N”), then the Tax Treatment code must be reported as DZXXXX.

-  Refer to the context in section [4.4.3 Tax Treatment](#).
-  Refer to valid codes in section [10.6 Tax Treatment Matrices](#).
-  Refer to the [Tax Treatment Position Paper](#) for detailed requirements.

5.4.6 TAX OFFSET AMOUNT

The business rules for the offset amount are:

1. If the payer captures the tax offset amount, then it must be reported.
2. The payer must report the latest tax offset annual amount provided by the payee on their TFN or Withholding declaration.
3. The offset amount is only valid for those payees with tax treatment category/options of Regular/Tax Free Threshold, including those who may claim a Medicare Levy exemption.
4. A tax offset amount may not be applied for payees with tax treatment category/options other than for Regular/Tax Free Threshold.
5. The tax offset amount should be reported as the annual amount (not a YTD amount) provided by the payee on their TFN declaration.

Refer to the context in section [4.4 Employment Conditions](#).

Refer to the [Tax Treatment Position Paper](#) for detailed requirements.

5.5 PAYEE PAYROLL PERIOD DETAILS

The business rules for payee payroll period details are:

1. For a submit action for a regular pay, the Period Start Date of the planned regular cycle must be reported.
2. For a submit action for an out of cycle pay reported on or before the date of payment (payday), the Period Start Date and Period End Date is either the date of payment of the unplanned pay or the date range, for which the payment applies.
3. For a submit action for an out of cycle pay deferred to the next regular pay within the reporting period:
 - a) Where the payee received a payment subject to withholding in the regular pay, the Period Start Date and Period End Date must be that of the planned regular cycle, to which the unplanned pay is deferred.
 - b) Where the payee did not receive a payment subject to withholding in the regular pay, the Period Start Date and Period End Date must be that of the planned regular cycle, to which the unplanned pay is deferred. Alternatively, it may be reported as:
 - i) Where only one out of cycle payment is deferred, the Period Start Date and Period End Date is the date of payment of the unplanned pay or the date range, for which the payment applies, other than the date range for the regular pay that the out of cycle payment is deferred.
 - ii) Where more than one out of cycle payment is deferred, the Period Start Date is the date of the earliest start date of the unplanned payments and the Period End Date is the latest end date of the unplanned payments.
4. For an update action for the current financial year, the Period Start Date and Period End Date is the same as the Pay/Update Date.
5. For an update action for the prior financial year, the Period Start Date and Period End Date is the same as the Pay/Update Date that must be 30 June of the relevant financial year.

Refer to the business rules for [5.12 Full File Replacement](#).

Refer to the context in section [4.5 Payee Payroll Period Details](#).

5.6 INCOME TYPES

1. Only valid income stream type codes, as per the next sections, are permitted to be reported for reportable Payment Types.
2. Income Type must be reported if any Payment Type amounts are reported, including zero.

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3. If the only reportable items for a payee in a financial year are Other Components (not Payment Types), then do not report an Income Type. For example; if only RFBA is reported.
4. Other Components, without an Income Type (as above), cannot include Deductions (as income must be paid, from which to deduct), RESC or OTE (as income must be paid to ascertain these benefits/obligations).

Refer to the context in section [4.6.1 Income Stream Type Code](#).

Refer to the [Income Types/Country Codes Position Paper](#) for detailed requirements.

The following sections detail the Income Type-specific business rules:

5.6.1 SALARY AND WAGES (SAW)

The business rules for salary and wages are:

1. No country codes are permitted to be reported for this Income Type.
2. Only valid Tax Treatment codes may be reported for this Income Type.
3. Only valid Payment Types may be reported for this Income Type.
4. Payees that are only paid ETP death benefits must be reported as this Income Type.
5. Salary and wages and unused leave that is owed to a deceased payee is not subject to PAYGW and is therefore not reportable as income.

Refer to context in section [4.6.1 Income Stream Type Code](#).

Refer to section [10.10 Tax Treatment Codes Permissible per Income Type](#).

Refer to section [10.11 Payment Types Permissible per Income Type](#).

Refer to the [Income Types/Country Codes Position Paper](#) for detailed requirements.

5.6.2 CLOSELY HELD PAYEES (CHP)

The business rules for closely held payees are:

1. No country codes are permitted to be reported for this Income Type.
2. Only valid Tax Treatment codes may be reported for this Income Type.
3. Only valid Payment Types may be reported for this Income Type.
4. The payer of this class of payee is eligible for, but may not require, a concession for:
 - a) *Deferred Lodgment* – instead of reporting payments to closely held payees subject to withholding “on or before payday”, the report may be deferred to quarterly reporting for payers with 19 or fewer payees.
 - b) *Deferred Finalisation* – concessional due dates for finalising STP reporting for closely held payees are available. See ato.gov.au/STP for finalisation due dates.
5. This concessional reporting Income Type does not have to be reported for income for the specific payee if reporting concessions are not required, however, if reporting concessions are required, the income must be so classified.
6. This new Income Type cannot be reported for payments prior to 01/07/2020.

Refer to context in section [4.6.1 Income Stream Type Code](#).

Refer to section [10.10 Tax Treatment Codes Permissible per Income Type](#).

Refer to section [10.11 Payment Types Permissible per Income Type](#).

Refer to the [Income Types/Country Codes Position Paper](#) for detailed requirements.

5.6.3 INBOUND ASSIGNEES TO AUSTRALIA (IAA)

The business rules for inbound assignees to Australia are:

1. Country codes are required to be reported for this Income Type.

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2. Only valid Tax Treatment codes may be reported for this Income Type.
3. Only valid Payment Types may be reported for this Income Type.
4. The payer of this class of payee is eligible for, but may not require, a concession for:
 - a) *Deferred Lodgment* – reporting payments subject to withholding “on or before payday”, the report may be deferred until the last day of the month after the relevant payment was made. A “reasonable estimate” may be provided if actual amounts are not known but must be corrected on or before finalisation.
 - b) *Deferred Finalisation* – finalising the payee income by 14 July, the finalisation may be deferred by one month: until 14 August of that same year.
5. This concessional reporting Income Type does not have to be reported for income for the specific payee if reporting concessions are not required, however, if reporting concessions are required, the income must be so classified.
6. This new Income Type cannot be reported for payments prior to 01/07/2020.

- ☰ Refer to context in section [4.6.1 Income Stream Type Code](#).
- ☰ Refer to section [10.10 Tax Treatment Codes Permissible per Income Type](#).
- ☰ Refer to section [10.11 Payment Types Permissible per Income Type](#).
- ☰ Refer to the [Income Types/Country Codes Position Paper](#) for detailed requirements.

5.6.4 WORKING HOLIDAY MAKERS (WHM)

The business rules for working holiday makers are:

1. Country codes are required to be reported for this Income Type.
2. The country of tax residency (“home” country) of the payee, as per their Visa arrangements, must be reported.
3. If the payee is engaged by a labour hire business as a **contractor**, then payments must be reported under Labour Hire Income Type.
4. Only valid Tax Treatment codes may be reported for this Income Type.
5. Only valid Payment Types may be reported for this Income Type.

- ☰ Refer to context in section [4.6.1 Income Stream Type Code](#).
- ☰ Refer to section [10.10 Tax Treatment Codes Permissible per Income Type](#).
- ☰ Refer to section [10.11 Payment Types Permissible per Income Type](#).
- ☰ Refer to the [Income Types/Country Codes Position Paper](#) for detailed requirements.

5.6.5 SEASONAL WORKER PROGRAMME (SWP)

The business rules for the seasonal worker programme are:

1. No country codes are permitted to be reported for this Income Type.
2. If the payee is engaged by a labour hire business as a **contractor**, then payments must be reported under Labour Hire Income Type.
3. Only valid Tax Treatment codes may be reported for this Income Type.
4. Only valid Payment Types may be reported for this Income Type.
5. This new Income Type cannot be reported for payments prior to 01/07/2020.

- ☰ Refer to context in section [4.6.1 Income Stream Type Code](#).
- ☰ Refer to section [10.10 Tax Treatment Codes Permissible per Income Type](#).
- ☰ Refer to section [10.11 Payment Types Permissible per Income Type](#).
- ☰ Refer to the [Income Types/Country Codes Position Paper](#) for detailed requirements.

5.6.6 FOREIGN EMPLOYMENT INCOME (FEI)

The classification of payments made to payees posted to foreign countries depends on a number of factors, such as the time in the foreign country and the applicable tax treaties. These rules detail how a payer can report and adjust these payments through STP.

The payer will use one or a combination of three models to report:

- *Estimate* - Payer assesses the payee at the beginning of placement (the payer must adjust at the end of year or when they are aware of a change of status or if the payee does not qualify)
- *Actual* - Payer changes status when the qualifying rule is satisfied
- *Reconciliation* - Payer assesses status at the end of year.

The business rules for foreign employment income are:

1. Payments to a payee posted to a foreign country should be reported as foreign employment income if amounts are taxed in that country.
 - a) If no amounts are taxed or subject to tax in the foreign country, do not report this income as foreign employment income.
 - b) If the foreign tax paid amount is not known for each pay event reported, then the payer may report zero, but must report a foreign tax paid amount greater than zero upon finalisation.
 - c) The payer should follow the rules for accounting for foreign tax. The amount of PAYG withholding cannot be negative.
2. A payer may provide YTD foreign employment income amounts through a pay event (if the classification of the payment is available in payroll), throughout the financial year.
3. A payer may provide YTD foreign employment income amounts through an update event, throughout the financial year.
4. If reported during the year via a payroll or an update event the amounts should continue to be reported for each following pay event, even if the YTD amounts remain the same.
5. Alternatively, if the payer uses the reconciliation method, they may report these amounts as individual salary and wages throughout the year and adjust the classification to foreign employment income via an update action as a part of the finalisation process at the end of the financial year before 14 July.
6. Country codes are required to be reported for this Income Type.
7. The country code of the country where the work is performed ("host" country) must be reported for the qualifying period.
8. If there is more than one country of foreign employment income for the financial year where the qualifying periods have been or will be met, report YTD amounts for each country discretely, to correctly assign income relevant to each host country.
9. Only valid Tax Treatment codes may be reported for this Income Type.
10. Only valid Payment Types may be reported for this Income Type.

- 📄 Refer to context in section [4.6.1 Income Stream Type Code](#).
- 📄 Refer to section [10.10 Tax Treatment Codes Permissible per Income Type](#).
- 📄 Refer to section [10.11 Payment Types Permissible per Income Type](#).
- 📄 Refer to the [Income Types/Country Codes Position Paper](#) for detailed requirements.

5.6.7 JOINT PETROLEUM DEVELOPMENT AREA (JPDA)

The business rules for JPDA are:

1. Only prior FY updates are permitted for this deprecated Income Type, for income paid up to 30/08/2019.
2. This Income Type cannot be reported for pay/update dates after 30/08/2019.
3. Payments to payees working in the JPDA are to be reported as:

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- a) *Australian Tax Residents* – Foreign Employment Income with Country Code “te” for Timor-Leste.
- b) *Foreign Tax Residents* – either Timor-Leste or another foreign country working in a foreign country (Timor-Leste) are not in scope of STP.

5.6.8 VOLUNTARY AGREEMENT (VOL)

The business rules for voluntary agreement are:

1. No country codes are permitted to be reported for this Income Type.
2. Only valid Tax Treatment codes may be reported for this Income Type.
3. Only valid Payment Types may be reported for this Income Type.
4. Contractor ABN must be reported for this Income Type.

- ☰ Refer to context in section [4.6.1 Income Stream Type Code](#).
- ☰ Refer to section [10.10 Tax Treatment Codes Permissible per Income Type](#).
- ☰ Refer to section [10.11 Payment Types Permissible per Income Type](#).
- ☰ Refer to the [Income Types/Country Codes Position Paper](#) for detailed requirements.

5.6.9 LABOUR-HIRE (LAB)

The business rules for labour-hire are:

1. No country codes are permitted to be reported for this Income Type.
2. Only contractor payees who have been engaged by a labour hire business may be reported for this Income Type.
3. Employees engaged by a labour hire business must not be reported as Labour Hire Income Type, but as their relevant Income Type, such as Salary and Wages, Working Holiday Makers, Seasonal Worker Programme etc.
4. Only valid Tax Treatment codes may be reported for this Income Type.
5. Only valid Payment Types may be reported for this Income Type.

- ☰ Refer to context in section [4.6.1 Income Stream Type Code](#).
- ☰ Refer to section [10.10 Tax Treatment Codes Permissible per Income Type](#).
- ☰ Refer to section [10.11 Payment Types Permissible per Income Type](#).
- ☰ Refer to the [Income Types/Country Codes Position Paper](#) for detailed requirements.

5.6.10 OTHER SPECIFIED PAYMENTS (OSP)

The business rules for other specified payments are:

1. No country codes are permitted to be reported for this Income Type.
2. Only valid Tax Treatment codes may be reported for this Income Type.
3. Only valid Payment Types may be reported for this Income Type.


- ☰ Refer to context in section [4.6.1 Income Stream Type Code](#).
- ☰ Refer to section [10.10 Tax Treatment Codes Permissible per Income Type](#).
- ☰ Refer to section [10.11 Payment Types Permissible per Income Type](#).
- ☰ Refer to the [Income Types/Country Codes Position Paper](#) for detailed requirements.

5.7 COUNTRY CODES

The business rules for country codes are:

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1. Only these Income Types must report Country Code: Foreign Employment Income (FEI), Inbound Assignees to Australia (IAA) and Working Holiday Maker (WHM).
2. The country code must be reported as the lower-case value of the international standard ISO 3166-1 alpha-2 code. For example; Germany must be reported as “de”.
3. Country codes for Australia and its tax jurisdictions may not be reported: Australia (au), Norfolk Island (nf), Christmas Island (cx), Cocos Islands (cc) and Heard and McDonald Islands (hm).
4. Do not report Country Codes for income paid prior to 01/07/2020.

 Refer to the context in section [4.6.2 Country Codes](#).

 Refer to the [Income Types/Country Codes Position Paper](#) for detailed requirements.

5.8 PAYROLL PAYMENTS

Payments made to payees must continue to be reported each pay event, as a total of all remuneration reportable for the entire financial year. A payer must not only report the latest payments to a payee but must continue to report the entire financial year YTD amounts of all income paid to the payee. This will include each Income Stream Collection (Income Types/Country Codes/Payment Types) and Other Components (deductions, super entitlements and RFBA) YTD amounts each time the payee is included in a pay event. All amounts must be reported in AUD.

5.8.1 REGULAR PAY CYCLE

A regular pay cycle is when a payer performs their planned pay process at fixed regular intervals, as per industrial instruments. This is usually weekly, fortnightly or monthly. A payer can have different regular pay cycles for different payees.

Business rules for a regular pay cycle:

1. A payer reports the YTD values of Payment Types for each Income Type for each payee included in that pay event.
 - a) These YTD amounts may be less than a previous report (for example; recovery of a current year overpayment or reclassification of the Payment Type).
 - b) For some Payment Types, the YTD amounts may be negative, however, the sum of those Payment Types less Salary Sacrifice (ATO-derived aggregated gross) must be zero or a positive amount.
 - c) Where a payee has more than one Income Type, all YTD amounts for all Income Types must continue to be reported for the financial year.
2. Where a payee has no payments subject to withholding, as they have salary sacrificed 100% of their income, and the sacrificed component includes superannuation salary sacrifice, the payee must be reported in the pay event. Refer to subsection 389-5(1) of *Schedule 1 to TAA*.
3. Where a payee is paid more than once on a particular day, the payer may provide a single report for that payee including the latest YTD figures (for example; updated YTD figures including all payments made for the day).
 - a) The Payer Total PAYGW Amount and Payer Total Gross Payment Amount must include all relevant payments included in the report.

 Refer to context in section [4.8.2 Negative YTD Amounts](#) and [4.8.3 ATO Derived Aggregated Gross](#).

 Refer to section [10.9 Components of the Parent Period Totals](#).

5.8.2 OUT OF CYCLE PAYMENT

An out of cycle payment is when a payer performs their unplanned pay process for an individual payee on any day and can include commissions, bonus payments, payments in advance or back payments. Where a payment in advance is treated as a loan it is not subject to withholding and does not have to be reported.

The business rules for out of cycle payments are:

1. A payer is required to report all payments to the payee on or before the date of payment. Refer to subsection 389-5(1) of *Schedule 1 to TAA*.
2. The payer may report using a submit action on or before the date of payment of the out of cycle payment.
3. The payer may choose to report in the next regular pay cycle (for that payee), where that regular pay cycle is in the same financial year. In this instance an automatic lodgment deferral to the next regular pay cycle date of payment will be granted.
4. Where the next regular pay cycle payday falls in the next financial year, the deferral will be to 30 June of the year that the payment was made.
5. The same rules apply for out of cycle as for Regular pay cycle.

5.8.3 PAYMENT OF PAYG WITHHOLDING

1. Where a payer has chosen to defer the reporting of an out of cycle payment to the next regular pay, the due date for the remittance of the PAYG withholding does not change.
2. Large withholders must follow the existing large withholder bulletin.
3. A payer can only report period gross salary and wages (BAS label W1) and PAYG withholding (BAS label W2) in a pay event, these amounts cannot be reported in an update action.
4. Small and medium withholders who report on the BAS will need to ensure any pre-filled W1 and W2 amounts align with the amounts withheld in the period (where the payment was reported in a later BAS period than when it was paid).
5. A payer may report the adjustment to the gross salary and wages (BAS label W1) and PAYG withholding (BAS label W2) through the adjust action. If this occurs prior to the BAS being pre-filled then the pre-fill amounts will reflect the adjustment. Large withholders must continue to follow the existing large withholder bulletin.

5.9 PAYMENT TYPES

The common business rules for all Payment Types are:

1. Only valid Payment Types may be reported for specific Income Types.
2. The disaggregated gross method of reporting income into specific Payment Types is a mandatory requirement.
3. For some Payment Types, the YTD amounts may be negative, however, the sum of those Payment Types less Salary Sacrifice ([ATO-derived aggregated gross](#)) must be zero or a positive amount.
4. Salary Sacrifice has been introduced as a discrete payment type (as a positive amount) that now requires all other payment types to be reported as the pre-sacrificed YTD amounts.
5. Prior FY updates, using the pay event 2020 services, for income reported and finalised using the pay event 2018 services must use the 2020 disaggregated gross method of reporting.

- ☰ Refer to section [10.11 Payment Types Permissible per Income Type](#).
- ☰ Refer to context in section [4.8 Disaggregation of Gross \(Payment Types\)](#).
- ☰ Refer to Salary Sacrifice business rules in section [5.9.11 Salary Sacrifice](#).
- ☰ Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

5.9.1 PAYG WITHHOLDING

The business rules for PAYGW are:

1. A payer reports the YTD values of PAYG withholding for each payee included in that pay event.
 - a) These YTD amounts may be less than a previous report (for example; recovery of a current year overpayment or reclassification of the Payment Type).
 - b) These YTD amounts cannot be negative.
2. This YTD amount must be reported for each Income Type reported.

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3. The YTD amount must be reported as zero if any Payment Types have been reported for any Income Types and no tax has been withheld.
4. PAYGW must not be greater than total reported income for submit or current FY update actions.

PAYGW may be greater than total reported income for prior FY updates (for example; recovery of a prior FY overpayment).

- ☰ Refer to context in section [4.8.4 PAYG Withholding](#).
- ☰ Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

5.9.2 FOREIGN TAX PAID

The business rules for Foreign Tax Paid are:

1. A payer reports the YTD values of foreign tax paid for each payee included in that pay event.
 - a) These YTD amounts may be less than a previous report (for example; recovery of a current year overpayment or reclassification of the Payment Type)
 - b) These YTD amounts cannot be negative.
2. If the foreign tax paid YTD amount is not known for each pay event reported, then the payer may report zero, but must report a foreign tax paid YTD amount greater than zero upon finalisation.
3. The foreign tax paid YTD amount must not be greater than foreign employment income for submit or current FY update actions. PAYGW may be greater than assessable income for prior FY updates (for example; recovery of a prior FY overpayment).

- ☰ Refer to context in section [4.8.5 Foreign Tax Paid](#).
- ☰ Refer to section [10.11 Payment Types Permissible per Income Type](#).
- ☰ Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

5.9.3 EXEMPT FOREIGN EMPLOYMENT INCOME

The business rules for exempt foreign employment income are:

1. This Payment Type must be reported, even if it is the only income for the payee. This is a change to prior ATO guidance on reporting of exempt YTD amounts.
2. This Payment Type is the exception to the disaggregation of gross rule, such that the amounts that would be reported under the range of Payment Types, once determined to be Exempt Foreign Employment Income, must be reported against this payment type instead, as is the case for lump sum E. For example; any separately itemised allowances, if deemed Exempt Foreign Employment Income and must be reported against this Payment Type.
3. This Payment Type is the exception to the rule to report pre-sacrificed YTD amounts. The amounts reported for this payment type must be post-sacrificed YTD amounts. The salary sacrificed payment types must not include amounts that have reduced Exempt Foreign Employment Income.
4. If the payer uses the estimates method and the payee returns early for any reason, not qualifying for the exemption, the payer must report the amounts (under the appropriate Income Type) either during the year via a submit or an update action, or via an update action as a part of the finalisation process at the end of the financial year.
5. A payer may provide YTD Exempt Foreign Employment Income amounts through an update action throughout the financial year.
6. If reported during the year via a submit or an update action the amounts should continue to be reported for each following pay event, even if the YTD amounts remain the same.
7. Alternatively, the payer may report these amounts as other Payment Types throughout the year and adjust the classification to Exempt Foreign Employment Income via an update action, as a part of the finalisation process at the end of the financial year, by 14 July.

- ☰ Refer to context in section [4.8.6 Exempt Foreign Income](#).
- ☰ Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

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Refer to section [10.11 Payment Types Permissible per Income Type](#).

5.9.4 GROSS (NEW DEFINITION)

The business rules for Gross are:

1. A payer reports the YTD amounts for Gross for each payee included in that pay event.
 - a) These YTD amounts may be less than a previous report (for example; recovery of a current year overpayment or reclassification of the Payment Type).
 - b) These YTD amounts may be negative, however, [ATO-derived aggregated gross](#) must be zero or a positive amount.
2. As a component of disaggregated gross, the YTD amount reported must be the pre-sacrificed amount.

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

Refer to context in section [5.9.4 Gross \(New Definition\)](#).

5.9.5 PAID LEAVE

The business rules for paid leave are:

1. A payer reports the YTD amounts for each paid leave type for each payee included in that pay event.
 - a) These YTD amounts may be less than a previous report (for example; recovery of a current year overpayment or reclassification of the Payment Type).
 - b) These YTD amounts may be negative, however, the [ATO-derived aggregated gross](#) must be zero or a positive amount.
2. Only valid types of paid leave may be reported.
3. As a component of disaggregated gross, the YTD amount reported must be the pre-sacrificed amount.

Refer to context in section [4.8.8 Paid Leave](#).

5.9.6 ALLOWANCE ITEMS

The business rules for reporting allowance items are:

1. A payer reports the YTD amounts for each paid allowance item type for each payee included in that pay event.
 - a) These YTD amounts may be less than a previous report (for example; recovery of a current year overpayment or reclassification of the Payment Type).
 - b) These YTD amounts may be negative, however, the [ATO-derived aggregated gross](#) must be zero or a positive amount.
2. Only valid types of allowance items may be reported.
3. If the allowance item type is "OD" for Other Allowances, a description to identify the category of allowance must be included in the Other Allowance Type Description field (PAYEVNTEMP8).
4. As a component of disaggregated gross, the YTD amount reported must be the pre-sacrificed amount.

Refer to context in section [4.8.9 Allowance Items](#).

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

5.9.7 OVERTIME

The business rules for overtime are:

1. A payer reports the YTD values for overtime for each payee included in that pay event.
 - a) These YTD amounts may be less than a previous report (for example; recovery of a current year overpayment or reclassification of the Payment Type).
 - b) These YTD amounts may be negative, however, the [ATO-derived aggregated gross](#) must be zero or a positive amount.

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2. As a component of disaggregated gross, the YTD amount reported must be the pre-sacrificed amount.

Refer to context in section [4.8.10 Overtime](#).

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

5.9.8 BONUSES AND COMMISSIONS

The business rules for bonuses and commissions are:

1. A payer reports the YTD values for bonuses and commissions for each payee included in that pay event.

- a) These YTD amounts may be less than a previous report (for example; recovery of a current year overpayment or reclassification of the Payment Type).
- b) These YTD amounts may be negative, however, the [ATO-derived aggregated gross](#) must be zero or a positive amount.

2. As a component of disaggregated gross, the YTD amount reported must be the pre-sacrificed amount.

Refer to context in section [4.8.11 Bonuses and Commissions](#).

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

5.9.9 DIRECTORS' FEES

The business rules for directors' fees are:

1. A payer reports the YTD values for directors' fees for each payee included in that pay event.

- a) These YTD amounts may be less than a previous report (for example; recovery of a current year overpayment or reclassification of the Payment Type).
- b) These YTD amounts may be negative, however, the [ATO-derived aggregated gross](#) must be zero or a positive amount.

2. As a component of disaggregated gross, the YTD amount reported must be the pre-sacrificed amount.

Refer to context in section [4.8.12 Directors' Fees](#).

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

5.9.10 COMMUNITY DEVELOPMENT EMPLOYMENT PROJECTS (CDEP)

The business rules for CDEP are:

1. CDEP has been deprecated and a YTD amount cannot be reported other than zero or <null> for both the Submit and Update actions.

Refer to context in section [4.8.13 Community Development Employment Projects \(CDEP\)](#).

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements

5.9.11 SALARY SACRIFICE

The business rules for Salary Sacrifice are:

1. A payer reports the YTD values for each Salary Sacrifice type for each payee included in that pay event.

- a) These YTD amounts may be less than a previous report (for example; recovery of a current year overpayment or reclassification of the Payment Type).
- b) These YTD amounts may be negative, such as for a refund of a previously sacrificed amount, however the presence of a negative YTD amount indicates that a correction is required for other payment types. This correction is essential to ensure correct taxation of the employee and the Corrections Framework will apply. If a negative YTD amount is reported pending that correction occurring, the [ATO-derived aggregated gross](#) must be zero or a positive amount.

2. Only valid Salary Sacrifice types may be reported.

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3. Salary Sacrifice on Exempt Foreign Employment Income must not be reported as Salary Sacrifice, but included in Exempt Foreign Employment Income instead.

Refer to context in section [4.8.13 Salary Sacrifice](#).

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

5.9.12 LUMP SUMS

The business rules for lump sums are:

1. A payer reports the YTD values for each lump sum type for each payee included in that pay event.
 - a) These YTD amounts may be less than a previous report (for example; recovery of a current year overpayment or reclassification of the Payment Type).
 - b) These YTD amounts cannot be negative.
2. Only valid lump sum types may be reported.
3. Where a payer makes multiple lump sum A payments, the YTD amounts for each type must be reported.
4. A lump sum D amount must be reported, even if the payee has no other amounts to be reported for the relevant financial year. This is a change to prior ATO guidance on reporting of exempt YTD amounts.
5. Lump sum D should not be included in the Payer Period Total amounts.
6. Where a payer makes a payment that accrued more than 12 months prior to the payment date and, prior to 1 July 2025, is also greater than or equal to the lump sum E annual threshold amount of \$1,200, this must be reported as a Lump Sum E YTD amount.
7. These lump sum E YTD amounts must be reported by each prior financial year, to which the arrears payment relates. Lump Sum E payments can report 10 historical financial years per Income Stream Collection.
8. Lump sum E may be reported at each qualifying arrears payment per pay event or at finalisation.
9. Return to work payments (as per [NAT3347 Return to Work Payments](#)) must be reported as Lump Sum W YTD amounts.
 - a) Lump sum W is the exception to reporting negative YTD amounts, as this is the only lump sum type that may be reported as a negative YTD amount, in the unlikely event this occurs.

Refer to context in section [4.8.15 Lump Sum Payments](#).

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

5.9.13 EMPLOYMENT TERMINATION PAYMENTS (ETP)

The business rules for ETPs are:

1. An ETP is required to be reported in a pay event, on or before the day payment is made to the payee.
2. If the payment is not made on the regular pay cycle payment date the payer may choose to treat the payment as an out of cycle payment. Refer to section [5.8.2 Out of cycle payment](#).
3. These YTD amounts cannot be negative.
4. Where a payee receives more than one ETP payment and type, each combination of ETP payment date and code should be reported separately within the payee record.
5. Where an ETP is paid in instalments within the financial year, report each instalment payment using the appropriate ETP code.
6. Where an ETP is paid for the same termination of employment, where the later payment is paid in a subsequent financial year from the original (multiple payments), report the payment as a split ETP type (S, P or N).
7. For ETP death benefits:
 - a) Where a payer pays a death benefit it may be voluntarily reported through STP. The tax-free component of the death beneficiary payment does not need to be reported to the ATO.

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- b) When paid to an individual beneficiary (dependant or non-dependant) use the beneficiary TFN (if provided).
 - c) When paid to a trustee use the TFN for the estate (if provided).
 - d) To capture a TFN, payers should use existing processes.
 - e) Where there has been more than one payment made follow the same rules as instalments or multiple ETP payments.
 - f) If there are no further payments expected to be made to a beneficiary or the trustee, mark the record as final.
 - g) You may need to finalise STP reporting for the deceased employee in a later pay event or via an update event.
8. The final salary and wages and unused leave owing to the deceased employee up to their date of death is not an ETP, it is salary and wages. Final pay is neither taxable, nor reportable and should not be reported in the pay event.

Refer to context in section [4.8.16 Employment Termination Payments \(ETPs\)](#).

Refer to the [Disaggregation of Gross Position Paper](#) for detailed requirements.

5.10 OTHER COMPONENTS

5.10.1 DEDUCTIONS

The business rules for:

1. The IITR deduction types F (Fees) and W (Workplace Giving):
 - a) A payer reports the YTD amounts for each payee included in that pay event.
 - i) These YTD amounts may be less than a previous report (for example; recovery of a current year overpayment or reclassification of the Payment Type).
 - ii) These YTD amounts cannot be negative.
 - b) A YTD amount cannot be reported for a payee with no reportable income.
 - c) A YTD amount, for a current year submit and update action, cannot be greater than the total reportable income. The YTD amount may be greater than total reported income for prior FY updates (for example; recovery of a prior FY overpayment).
2. The Child Support deduction types D (Child Support Deduction) and G (Child Support Garnishee):
 - a) The YTD amounts must only include the deduction or garnishee amounts notified by Child Support and must not include any amounts that may have been deducted upon request by the employee (voluntary child support deductions).
 - b) There are special rules for correcting the YTD amounts previously reported for Child Support Garnishees and Child Support Deductions. Refer to section [5.11.8 Child Support Corrections](#).
3. Only valid deduction types may be reported.

Refer to context in section [4.9.1 Deductions](#).

Refer to the ATO Position Paper on [Other Components](#).

5.10.2 SUPER ENTITLEMENTS

5.10.2.1 Pre-1 July 2026 payment dates

Rules for super entitlement reporting up to 30 June 2026.

1. When a payer calculates their superannuation liability in accordance with their obligations, either under the SGAA or an industrial instrument, then they should report the YTD amount for each payee in that pay event.
 - a) amount for each payee in that pay event. These YTD amounts may be less than a previous report (for example, recovery of a current year overpayment).

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- b) These YTD amounts may not be negative.
 - c) If there is a recovery of a prior year amount, report zero for the current financial year and amend the prior financial year Income Statement.
2. Only valid super entitlement types may be reported.
 3. Where the payer cannot report superannuation liability, they must report the YTD OTE amount.
 4. Note: OTE will not be accepted for payment dates post-30 June 2027.
 5. A payer can choose to report both OTE and superannuation liability amounts, if their payroll solution stores both up to 30 June 2026.
 6. If the payer pays above the minimum SG liability, then the payer may report this higher amount.
 7. Until an amount is required to be calculated, then zero should be reported.
 8. If the YTD amount is zero, then this is the amount reported.
 9. If the payer calculates an OTE amount higher than defined in SGR 2009/2, then the payer may report this higher amount.
 10. If OTE is capped for the maximum contribution base, then report that capped amount.
 11. Where the payee is a member of a defined benefit fund and the payer provides a superannuation contribution for the payee then this amount is reported, otherwise they report zero as the superannuation liability amount. This would usually correspond to the year-to-date amount shown on the payees' payslip.
 12. If a payer chooses to voluntarily report superannuation liability for contractors, then no reportable income can be reported, their ABN must be reported, and their Tax Treatment code must be DZXXXX.

5.10.2.2 Post-30 June 2026 payment dates

Compliance note

The ATO requires employers to report both qualifying earnings and superannuation liability for payment dates from 1 July 2026 onwards. DSPs are expected to have products ready to enable their clients to start reporting from 1 July 2026. Recognising that some employers may need some additional time, the ATO will not implement validation rules to reject STP lodgements which don't meet the new requirements until 1 July 2027. The ATO may still contact employers during the 2026-27 financial year who are not meeting the new reporting requirements and they could be subject to compliance action if they have not made a genuine effort to commence reporting qualifying earnings and superannuation liability.

Rules for super entitlement reporting from 1 July 2026.

1. When a payer calculates their superannuation liability in accordance with their obligations, either under the SGAA or an industrial instrument, then they should report the YTD amount for each payee in that pay event.
 - a) These YTD amounts may be less than a previous report (for example, recovery of a current year overpayment).
 - b) These YTD amounts may not be negative.
 - c) If there is a recovery of a prior year amount, report zero for the current financial year and amend the prior financial year Income Statement.
2. The payer must report a qualifying earnings amount calculated as per the definition in the SGAA.
3. Payers must report both qualifying earnings and superannuation liability YTD amounts.
 - a) Compliance note: The ATO will use the qualifying earnings amount reported determine if employers have met their SG obligation. The reported qualifying earnings amount can also form the basis of any super guarantee charge raised by the ATO where non-compliance is detected
4. If the payer has additional obligations under an industrial instrument (award or agreement) to pay super beyond the requirements of the SGAA, then the payer:
 - a) may report this higher amount as their Superannuation Liability

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- b) must not report these additional amounts as qualifying earnings.
 - c) The ATO will use amounts reported in super entitlements to determine whether an employer has met their employers SG obligations.
5. If the YTD amount is zero, then this is the amount reported.
 6. If qualify earnings is capped for the maximum contribution base, then report that capped amount.
 7. Where the payee is a member of a defined benefit fund and the payer provides a superannuation contribution for the payee then this amount is reported, otherwise they report zero as the superannuation liability amount. This would usually correspond to the year-to-date amount shown on the payees' payslip. A qualifying earnings amount must also be reported.
 8. If a payer chooses to voluntarily report super entitlements for contractors, then no reportable income can be reported, their ABN must be reported, and their Tax Treatment code must be DZXXXX. The payer must report amounts for both qualifying earnings and Superannuation Liability.

Refer to context in section [4.9.2 Super Entitlements](#).

Refer to the ATO Position Paper on [Other Components](#).

5.10.3 REPORTABLE FRINGE BENEFIT AMOUNT /REPORTABLE EMPLOYER SUPERANNUATION CONTRIBUTIONS

Where a payee receives RFBA or RESC amounts these may be reported through STP.

Note: RFBA's arising in an FBT year (1 April until 31 March) must be reported entirely within the financial year ending on the following 30 June (for example; for 1 July 2017 until 30 June 2018 Financial year include RFBA's from 1 April 2017 to 31 March 2018). RFBA's from 1 April to 30 June are reported in the following financial year.

The rules for reporting RFBA/RESC are:

1. A payer may provide YTD RFBA and RESC through a pay event (if the information is available in payroll) throughout the financial year.
2. A payer may provide YTD RFBA and RESC through an update action throughout the financial year.
3. If reported during the year via a payroll or an update action the amounts should continue to be reported for each following pay event, even if the YTD amounts remain the same.
4. Alternatively, the payer may report these amounts via an update action as a part of the finalisation process at the end of the financial year.
5. If the payer cannot (or makes a choice not to) provide RFBA or RESC via STP, then they must provide this information on a payment summary to their payees and provide a payment summary annual report to the ATO. This payment summary must not include amounts reported and finalised through STP.

Refer to context in section [4.9.3 Reportable Fringe Benefits Amount \(RFBA\)](#).

Refer to context in section [4.9.2 Super Entitlements](#).

Refer to the ATO Position Paper on [Other Components](#).

5.11 CORRECTIONS

There are times when correcting payroll reports to the ATO will be required.

5.11.1 WHEN TO CORRECT A RECORD

1. A payer must report a correction within 14 days from when the issue is detected or in the next regular pay cycle, whatever the frequency. For example; a correction identified for a monthly paid payee may be corrected in the next regular monthly pay cycle that is greater than 14 days from when the issue was detected.
2. A payer may report a fix in an update action. An update action cannot contain the Payer Total PAYGW Amount or Payer Total Gross Payments Amount.

3. A payer may report adjustments to the Payer Total PAYGW Amount or Payer Total Gross Payments Amount through the adjust action.

5.11.2 CORRECTING PAYEE DATA

1. Where the payer becomes aware that the latest payee YTD information (including super entitlement amounts) reported are incorrect, then a fix should be reported.
2. This may be reported within the payee record in the next regular pay cycle report for the payee.
3. Alternatively, the information may be provided in an update action within 14 days of being identified.
4. This process also applies to the correction of payee data following from receiving a returned message with child record data validation error(s).
5. Where the payee advises the payer of a different valid TFN (not exemption codes), the payer should report with this new valid TFN. There is no need for the payer to separately advise the ATO about changes to this key indicator.
6. [Payee identity](#) details that have changed do not require a correction to be sent to the ATO. For example; name, address, date of birth and contact details.
7. Payee Employment Conditions field changes require a correction to be sent to the ATO. For example; commencement date, cessation date, employment basis, cessation type, tax treatment and tax offset amount.
8. The payer cannot correct payee data via the adjust action.

5.11.3 CORRECTING PAYER DATA

1. Where the latest payer Total PAYGW Amount and Payer Total Gross Payments Amount reported do not reflect the actual amounts, then a correction needs to be made to those amounts.
 - a) For large withholders this follows the existing business process.
 - b) For small and medium withholders, this may involve adjustments through the BAS.
 - c) The adjustment may additionally be reported via the adjust action to align the reporting in STP to the BAS or account posting for a large withholder.
2. Where the adjustment relates to a BAS that has already been lodged the payer should revise the BAS for the period ([see ATO website – reporting PAYG withholding errors](#)).
3. Where the payer uses the adjust action and it impacts on a BAS that has already been lodged then the payer should revise the BAS to ensure the adjustment is reflected on the activity statement account. For large withholders this follows the existing business process.
4. Where the adjustment relates to a BAS that is yet to be lodged the payer should include this amount in the appropriate labels (W1 and W2) on the BAS. If the BAS has been pre-filled using STP data, the payer should adjust the W1 and W2 amounts. If the payer reports the adjustment through the adjust action before the BAS is pre-filled then the pre-fill amounts will contain the adjustment.
5. Changes to payer details other than financial amounts do not require a correction to be sent to the ATO. For example; organisation name, address and contact details. For ABN changes, refer to section [5.11.6](#) Correcting the Payer (ABN/Br or WPN).

5.11.4 OVERPAYMENT WITHIN THE CURRENT FINANCIAL YEAR

A payer who identifies an overpayment within the current financial year will need to report a fix.

1. Where the overpayment is [identified within the financial year](#) that the overpayment occurred, the payer may report the reduction in a pay event at the next regular pay cycle, or through an update action.
2. When the overpayment is reported, the payee:
 - a) YTD amounts for each Payment Type overpaid should be reduced to reflect the overpayment.
 - b) Although specific Payment Types may be negative, as per the [ATO-derived aggregated gross](#), the negative amount cannot be created to correct an overpayment. For example; if the overpayment impacts more than one Payment Type, each Payment Type must be reduced. One Payment Type cannot be reduced to a negative amount to reflect the overpayment of another Payment Type.

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- c) Corrections must be reported within the timeframe specified in section [5.11.1 When to Correct a Record](#).
3. When the overpayment is reported through a submit action, the:
 - a) Total PAYGW Amounts and Payer Total Gross Payments Amounts that are reported should reflect the reduction due to the overpayment.
 - b) Total PAYGW Amount and Payer Total Gross Payments Amount can be negative.
4. If the payer reports the overpayment via the update action the adjustment:
 - a) Will not be reflected in any BAS prefill.
 - b) The payer should adjust the pre-fill amounts to reflect the overpayment.
 - c) Large withholders will follow the existing guidance and reduce the next payment by the relevant amount withheld.
5. If the payer reports the overpayment via the update action and the period totals adjustment through the adjust action the adjustment:
 - a) Will be reflected in any BAS prefill.
6. Large withholders will follow the existing guidance and reduce the next payment by the relevant amount withheld.
7. There are special rules for correcting the YTD amounts previously reported for Child Support Garnishees and Child Support Deductions. Refer to [5.11.8 Child Support Corrections](#).

5.11.5 CORRECTING A MISCLASSIFICATION (NO ADDITIONAL PAYMENT)

A misclassification is when information has previously been reported under an incorrect Employment Condition, Income Type, Country Code, Payment Type or Other Component and there is no additional payment to the payee.


1. The payer may report the correction in a submit action at the next regular pay cycle for the payee, or through an update action.
2. The payer is not required to correct the previously reported Total PAYGW Amounts and Payer Total Gross Payments Amounts.
3. If the misclassification referred to payee YTD amounts reported by another ABN/Br in a related entity, refer to section [5.11.7 Retroactive Corrections](#).
4. There are special rules for correcting the YTD amounts previously reported for Child Support Garnishees and Child Support Deductions. Refer to [5.11.8 Child Support Corrections](#).

5.11.6 CORRECTING THE PAYER (ABN/BR OR WPN)

1. If a payee has been reported under an ABN other than the payer ABN, the process as per section [4.2.1 Options to Alert Changes to Key Identifiers](#) must be performed to transfer the payee YTD amounts to the correct payer.
 - a) Note: If an entity paid the payee and has reported through STP but subsequently assigns that expense to another entity, then the original entity is the correct ABN/Br and does not require correction.
2. These amounts may be reported via a submit action at next regular pay cycle or through an update action.
3. Where there is a correction required to the PAYG withholding remitted, reflect these amounts against the correct ABN, then:
 - For large withholders, follow the existing process to adjust the remittance to the ATO to reduce the amount for the first ABN and to record the liability on the second ABN.
 - For small and medium withholders, the BAS will need to be revised or adjusted to correct the remittance to the ATO against the correct ABN.

5.11.7 RETROACTIVE CORRECTIONS

1. Where a payer is required to make a fix to previous pay periods for a payee this should be reported in accordance with the section [4.7 Corrections Framework](#).
 - a) Note: If the BMS allows for a previously completed pay period, including the disbursement of outputs such as pay event reports, to be reprocessed, then pay event reports for those previously completed pay periods **cannot be re-reported**.
 - b) Note: Re-reporting of pay periods (pay events) already reported would have the following negative impacts.
 - i) The reports would be identified as being lodged late with the payer being potentially subject to failure to lodge on time penalty.
 - ii) The Total PAYGW Amounts and Payer Total Gross Payments Amounts would be duplicated therefore raising a PAYGW liability on the payers running balance account, including both the original and duplicated reports.
 - iii) If the duplicate reports generate the same submission ID as the originals, they will be rejected as a duplicate submission.
2. If the reprocessing of previously finalised pay periods results in a revised payee YTD amounts, then either report the updated YTD in the next submit action or via an update action.
3. If, after sending a pay event, the payer stops the financial institute from processing the bank file, reprocesses the completed payroll to produce new outputs, and issues a new file to the financial institute, the new submit action may be sent as a full file replacement. Refer to section [5.1.1 Payer Payroll Details](#) for impacts on Run Date/Time Stamp.
4. If a retroactive correction relates (or partially relates) to a period where the payee was reported by a related entity ABN and relates to:
 - a) An additional payment - the ABN paying the additional amount is responsible for reporting this correction as they are the payer. Notwithstanding that the payment may have related to (wholly or in part) the periods reported by the earlier related entity ABN.
 - b) A misclassification (no additional payment)
 - i) Payment Types wholly within the [ATO-derived aggregated gross](#) - the ABN correcting the payee YTD amounts, originally reported by the related entity ABN, must report the correction. The related entity ABN is not required to correct the details previously reported for the payee YTD amounts.
 - ii) Other Payment Types - if the misclassification relates to Payment Types that are not wholly within the [ATO-derived aggregated gross](#), the original related entity ABN must report the correction.
 - c) An overpayment within the financial year - the ABN that corrects the payee YTD amounts due to an overpayment of income, originally reported by the related entity ABN, must report the correction. However, if the [ATO-derived aggregated gross](#) would be negative as a result of this correction, then the related entity ABN, that originally reported the payee YTD amounts, must correct the overpayment.

 Refer to additional guidance – see ATO Guidance Note [Key Dates](#).

5.11.8 CHILD SUPPORT CORRECTIONS

Multiple laws influence the payroll transactions such as industrial and employment laws administered by Fair Work Australia, tax and superannuation laws administered by the ATO and Child Support deductions and Child Support Garnishees administered by Child Support. The notices issued by the Child Support Registrar are precise legal instruction to deduct amounts for specific payees and certain pay periods or from certain payments.

Once Child Support deduction and Child Support garnishee amounts have been reported via STP, Child Support raise a liability to commit the funds to pay the other custodial parent. The payer is obliged to pay the Registrar the amounts that have been reported, unless otherwise authorised by the Registrar.

The business rules for Child Support corrections are:

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1. The correction framework and rules outlined above do not apply to Child Support amounts.
2. Once deducted and reported, these Child Support amounts cannot be retrospectively reduced without authorisation from the Registrar.
3. Once authorisation has been granted, the payee record may be corrected, resulting in a reduced YTD amount for the payee and a reduced period amount for the payer. This correction must be made in the next pay event report after the authorisation has been granted.
4. As the notices specify exact pay periods and amounts, if a Child Support deduction amount cannot be fully withheld due to the PEA limit, any future retrospective additional amounts that apply to this shortfall period must be taken into consideration to address the shortfall. The retrospective additional amounts must be included in the Deduction type-D (Child Support Deduction) YTD amount and the Child Support Total Deductions Amount in the submit action for the additional payment.
5. However, if the payer erroneously deducts amounts for a payee who is not covered by the notice from the Registrar, then the Fair Work obligations apply to enable the payer to correct the error. The Registrar will need to be notified separately in these instances following existing processes.
6. Child Support Total Garnishee and Child Support Total Deduction Amounts cannot be reported in the adjust action. The payer should follow the guidance in the Child Support Position Paper to notify child support of adjusted parent totals.

Refer to context in section [4.7 Corrections Framework](#).

Refer to duplicate records entry in section [8 Business Response Messaging](#).

Refer to the [Child Support Position Paper](#).

5.12 FULL FILE REPLACEMENT

A full file replacement provides the ability for a payer to replace the latest submit action that was sent to the ATO in error or contains significant corrupt data.

1. For each BMS Id, a full file replacement may only be used to replace the latest submit action, which can either be for a regular pay cycle or an out of cycle payment.
2. The full file replacement must contain the submission ID of the submit action to be replaced.
3. A full file replacement cannot be sent if any payee information sent in the original submit action has been changed by a subsequent submit or update action.
4. A full file replacement cannot apply to an update or adjust action.
5. Where an adjust action is used prior to the full file replacement then the adjustment amount(s) will still be applied to the full file replacement totals. The payer may need to report a further adjustment to correct payer totals.

Refer to context in section [4.1.1 Payer Payroll Details](#).

Refer to the business rules in section [5.1.1 Payer Payroll Details](#).

5.13 DISASTER RECOVERY

On the rare occasion where a payer must implement a disaster recovery process for their payroll BMS, this may result in the records in the payroll software not aligning to those that have been previously calculated, paid to payees and reported to the ATO.

A payer can identify which pay events have been previously reported to the ATO through the business portal.

If the payers recovered payroll BMS requires previous pay periods to be reprocessed to bring the payroll BMS up to date, when pay periods are reprocessed, they should not be re-reported to the ATO. Re-reporting of pay periods already reported would have the same negative impacts as those outlined in section [5.12 Full File Replacement above](#).

Where a payer is unable to identify if there is a misalignment between the re-instated payroll records in their BMS and what has previously been lodged with the ATO, the payer should contact the ATO before re-lodging any pay event for submit or update actions to ensure duplicated STP reports are not lodged.

 Refer section [5.12 Full File Replacement](#).

5.14 FINALISATION

The declaration is made by a payer setting the final event indicator for each payee.

The business rules for finalisation are:

1. The final event indicator is reported per payee, per payroll Id/[payee identity](#) as a part of the payee record.
2. A payer must finalise each payee for each BMS Id, under which they are reported.
3. A final event indicator may be provided in a submit or update action.
4. The final event indicator cannot be provided in an adjust action as it does not contain payee records.

5.14.1 FINALISATION PRIOR TO EOFY

1. Where a payer reports the finalisation declaration during the financial year, this replaces the payers obligation to provide the payee with a part year payment summary or the full year payment summary.
2. Making this declaration will change the payees ATO Online Income Statement to show the STP information from the payer is *tax ready* for the financial year. Pre-fill information will not be available until after 30 June.
3. Where the payer makes another payment to the payee in the financial year, this must be reported in a later submit action.
 - a) If it is a one-off payment, for example an ETP, and the payer does not expect to make any further payments or adjustments for the payee, the payer should make another final declaration for the payee in this submit action.
 - b) If the payer expects there will be further payments to the payee, for example; they have been re-hired; the payer should not mark these later submit or update actions as final.
 - i) Note: Where the payer reports a later amount for a payee after they have made the declaration and this report does not include another declaration, the ATO will change the payees ATO Online Income Statement to show the later amounts as *year to date* and not *tax ready*.

5.14.2 FINALISATION AFTER EOFY

1. Payers must provide the final event indicator for all payees by the due date (14 July of the following year or deferred due date).
 - a) Note: The payer should request an additional deferral of the due date from the ATO, if they cannot finalise by the due date.
2. Where the final event indicator is provided after the EOFY, it must be provided through an update action, with pay/update date indicating 30 June of the financial year, to which the finalisation applies.

5.14.3 AMENDED FINALISED INCOME STATEMENT


1. Where the need for an amendment is identified, the payer has 14 days to report the amendment. The payees ATO Online Income Statement will be changed with the amended information and will change the pre-filled payees income tax return.
2. Income Statement amendments to correct payee YTD Amounts must be reported via an update action. An update action to amend with have a Pay/Update Date as:
 - a) Prior financial year update - where the finalised Income Statement to be amended is for a prior financial year. The Pay/Update Date must be 30 June for the financial year, to which the amendment refers.


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- b) Current financial year update - where the finalised Income Statement to be amended is for the current financial year. The Pay/Update Date must be as-at the generation of the update action.

If the payee has already lodged their income tax return using the previous finalised information, the ATO may issue an amended assessment to the payee.

3. Where the payer believes previously finalised payee record needs to be amended, they should notify this as soon as possible. This is due to previously finalised amounts being made available as pre-fill amounts for the payee in their income tax return.
4. Where the payer has identified a need to amend a previously finalised payee record but is not in a position to provide final details (within the next 14 days), the payer should provide the same income details with the final event indicator set to FALSE, via an update action. This will change the status of the previously notified final information from *tax ready* to *not tax ready*, to ensure the payee doesn't use this incorrect information to lodge their tax return. The payees ATO Online Income Statement will also be changed from *tax ready* to *not tax ready*.
5. Payers can amend finalised data that has been reported through STP up to five years after the end of financial year using an update action.
6. If a payer is amending a prior financial year finalised Income Statement for payees where the key identifiers have changed (BMS Id/Payroll Id), then use the Update action Previous BMS Identifier (PAYEVNT101) and/or Previous Payroll Id (PAYEVNTEMP251) to reference their original finalised records.
7. Where payers amend an Income Statement for a FY prior to the 2025/2026 FY, any references to Lump Sum E amounts should reflect the annual lump sum E threshold amount of \$1,200 that applied prior to 1 July 2025.

 Refer to the context for section [4.1.1 Payer Payroll Details](#).

 Refer to the context for section [4.2.1 Options to Alert Changes to Key Indicator/s](#).

5.14.4 FINALISED PRIOR FINANCIAL YEAR OVERPAYMENT

1. A payer must report an overpayment within 14 days from when the error is detected.
2. Corrections to payee YTD amounts after the EOFY must be carried out via an update action.
3. The update should detail the reportable amounts the payee received in the relevant financial year. Do not adjust the amount of tax withheld.
4. If the overpayment occurred in more than one prior year, the payer should provide an update action for each financial year reported via STP (if it includes a year not reported in STP the payer should amend the payment summary and payment summary annual report).

 Refer to context in section [4.5.1 Final Event Indicator](#).

6 TRANSITION

6.1 TRANSITION INTO SINGLE TOUCH PAYROLL

A payer may start STP reporting for the first time at any time throughout a financial year. The business rules for transitioning into STP are:

1. Payers must be registered for PAYG withholding prior to sending their first pay event.
2. A payer who provides STP reports for payees (active/inactive and terminated) through STP will have met their reporting obligations (if the final declaration is provided) and will not have to provide a payment summary covering the same amounts.
3. Payers may transition into STP using one of the following methods. Refer to section [5.14 Finalisation](#) for details on finalisation of STP information.
 - a) A payer may provide an opening YTD balance for all payees (active/inactive and terminated) in an update event.
 - b) A payer may report all payees being paid and inactive/terminated payees YTD information in the first pay event.
 - c) A payer may report YTD amounts for payees through a pay event. YTD amounts for inactive/terminated payees may be reported in a later update action, which must be lodged by 14 July or the deferred due date.
 - d) A payer may report YTD amounts for all payees being paid in the first regular pay cycle, through a pay event and provide a payment summary and payment summary annual report, for terminated and inactive payees.
 - e) A payer may begin STP reporting payee amounts, from zero in a pay event and provide a payment summary and a payment summary annual report to the ATO, for prior amounts not reported through STP.
4. Activity statement transition process will include:
 - a) PAYG withholding section will be removed from the activity statement for large withholders who report via STP.
 - b) For small and medium withholders, the ATO may prefill the activity statement with payer period PAYG withholding (W2) and gross payment (W1) amounts, reported in the pay event for activity statements.
 - i) The payer will need to change the activity statement prefill amount to include withholding amounts not reported via STP.
 - ii) The payer cannot report adjustments to the payer totals through the adjust action for periods prior to commencing reporting through STP.
5. There are special rules for transitioning to Child Support reporting. Refer to [6.3 Transitioning to Child Support Reporting](#).

6.2 TRANSITIONING BETWEEN PAY EVENT SERVICES

The business rules for transitioning to the pay event 2020 services are:

1. A payer may transition from the pay event 2018 service to the pay event 2020 service from the first date of payment in a financial year or at any time throughout the financial year.
2. Once the payer transitions to and begins reporting through the pay event 2020 service then the payer must report in line with the rules of this BIG.
 - a) Note: This means the payer must report by income stream collection and provide the employment conditions.
3. There are special rules for transitioning to Child Support reporting. Refer to [6.3 Transitioning to Child Support Reporting](#).

6.2.1 AMENDING FINALISED PAY EVENT 2018 INCOME STATEMENT VIA PAY EVENT 2020 UPDATE ACTION

1. A payer cannot amend a prior financial year finalised Income Statement that was finalised via the pay event 2018 service before 01/10/2020.
2. A payer amending pay events using the pay event 2020 service, which were finalised via the pay event 2018 service for payments made before 1/07/2020, must report by Income Stream Collection.
3. To allow a payer to amend or update data reported through STP via the update event 2020 service for payments prior to 01/07/2020 then the following rules apply:
 - a) Child Support Garnishee cannot be supplied.
 - b) Child Support Deductions cannot be supplied.
 - c) Payee Commencement date is not mandatory.
 - d) Payee Cessation date is not mandatory.
 - e) Employment Basis code is not mandatory.
 - f) Country code is not mandatory.
 - g) Tax Treatment code is mandatory but should be reported as at run date/time stamp of the Update action.
4. If the payer is unable to provide the data in line with the Income Stream Collection, then they must use the Update 2018 service to amend the finalised Income Statement.

6.2.2 AMENDING INCORRECT INCOME REPORTED AS LABOUR HIRE INCOME TYPE

1. Where a labour hire business previously reported payments to their employee (even if they are providing services for another organisation) as labour hire in the pay event 2018 service and they need to amend the previously finalised Income Statement, then they should report the payments as the income type Salary and Wages.
 - a) Note: This ensures that payments to employees of a labour hire business are treated correctly for the employee's income tax return. Refer to section [4.6.1 Income Stream Type Code](#).
2. Where a labour hire business makes payments to a contractor of the labour hire business then they should continue to report these payments as the Labour Hire income type.


6.3 TRANSITIONING TO CHILD SUPPORT REPORTING

Payers may voluntarily choose to report their Child Support garnishees and Child Support deductions via STP. The following rules outline the transition options for reporting Child Support amounts:

- Transitioning to the pay event 2020 service for the first time.
- Commencing Child Support reporting after transitioning to the pay event 2020 service.

The following transition rules apply:

1. The Child Support garnishee and Child Support deduction YTD amounts stored in the payroll system must be reported, regardless of the period within the financial year when the payer transitions to Child Support reporting.
2. When the payer transitions to Child Support reporting via the pay event 2020 service, this must be accompanied by the existing Child Support deductions report for employers form (CS4964) for the period amounts of this first report. This is required to enable Child Support to calculate the initial period amounts per payee.

 Refer to the ATO Guidance Note on [Transition](#).

6.4 COMMENCING QUALIFYING EARNINGS REPORTING

1 July 2026 onwards

Compliance note

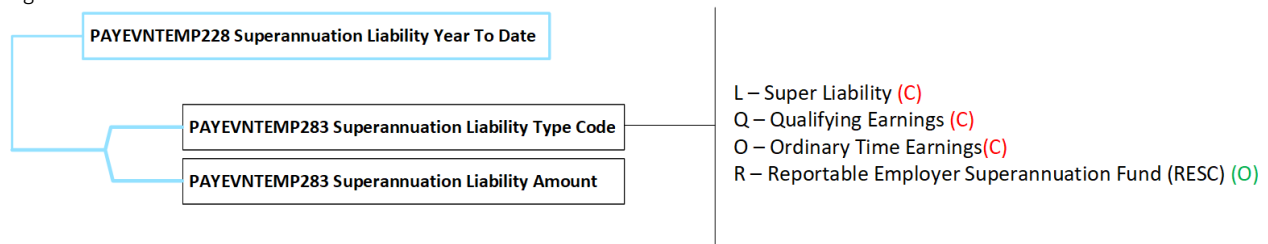
The ATO requires employers to report both qualifying earnings and superannuation liability for payment dates from 1 July 2026 onwards. DSPs are expected to have products ready to enable their clients to start reporting from 1 July 2026. Recognising that some employers may need some additional time, the ATO will not implement validation rules to reject STP lodgements which don't meet the new requirements until 1 July 2027. The ATO may still contact employers during the 2026-27 financial year who are not meeting the new reporting requirements and they could be subject to compliance action if they have not made a genuine effort to commence reporting qualifying earnings and super liability.

Payers should make every effort to report qualifying earnings (Q) and superannuation liability (L) for payment dates post-30 June 2026. Where a payer cannot report qualifying earnings, the ATO will accept STP lodgments with ordinary time earnings (O), superannuation liability (L) or both for payment dates pre-1 July 2027.

Once a payer starts reporting qualifying earnings (Q), they also must report superannuation liability (L).

Where a payer commences reporting the new requirements mid-financial year, that is for payments dates between 1 July 2026 and 30 June 2027, the full financial year YTD qualifying earnings must be reported. All amounts from 1 July 2026 to the date qualifying earnings reporting commences must be included.

Figure 15



C – Conditional

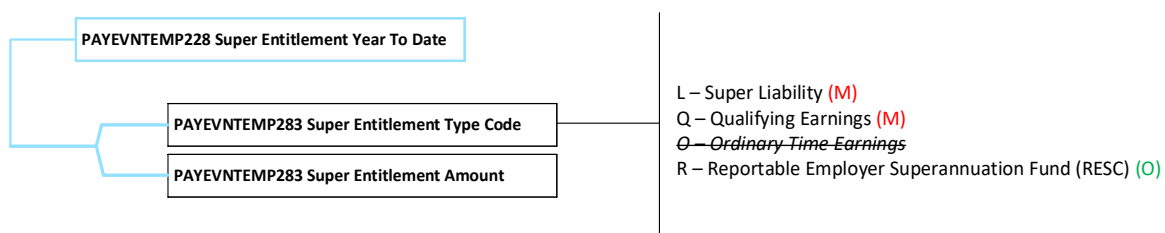
O – Optional

1 July 2027 onwards

Ordinary time earnings (O) will also be deprecated and cease being able to be reported.

For payment dates post-30 June 2027, STP lodgments which do not include both qualifying earnings and superannuation liability will be rejected.

Figure 16



M – Mandatory

O – Optional

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The ATO will use amounts reported within Super Entitlements to determine an employer's compliance with SG obligations.

6.4.1 QUALIFYING EARNINGS DAY

Qualifying earnings reported in Single Touch Payroll (STP) will be utilised by the ATO to:

- Calculate the individual SG amount for each eligible employee by multiplying qualifying earnings by the SG rate
- Determine the qualifying earnings day, which is the Pay/Update date from STP submit events.

The qualifying earnings due date for SG contributions is 7 business days after the qualifying earnings day, unless an extended timeframe applies.

NOTE: Where payment of qualifying earnings occurs earlier than the reported pay/update date, the qualifying earnings day is the day of payment.

There will be some circumstances that warrant a longer allowable period for employers to make contributions to the fund, such as contributions made to a new fund, or when the Commissioner has made an exceptional circumstances determination for specific circumstances like natural disasters or widespread outages of information and communications technology services.

7 AUTHORISATIONS AND DECLARATIONS

Refer to Section 3 of the [ATO Common Business Implementation and Taxpayer Declaration Guide](#). There are different requirements regarding the making of the declaration and subsequent submission to the ATO within the pay event, depending on whether it has been created by the payer (or an authorised payee), or by a Registered Tax/BAS/Payroll Services Agent.

7.1 AUTHENTICATION AND THE FINAL “HOP”

The successful authentication of payroll reports is dependent on the “final hop”. The final hop is the network segment between the last “machine credential owner” entity (defined below) and the ATO. The machine credential of the entity directly connected to the ATO must be used to transmit pay events to the ATO. The entity sending the message must be authorised to send that message to the ATO by the payer or their registered Tax or BAS Agent.

7.2 ROLES

This section defines the roles of each party potentially involved in the end to end process. Each role below is classified as a “Sender” (S) and/or a “Machine Credential Owner” (MCO), which will be referenced in the next section presenting the “Declarations Matrix”.

- S = Sender (Declarer): This is the entity that must make a declaration because it is making the decision to send the payroll information to the Commissioner.
- MCO = Machine Credential Owner: This is the entity that is directly connected to ATO systems (the last “hop”) and as such requires use of their machine credential to successfully transmit the report.

7.2.1 ACTORS

Actors that may perform these roles are:

- *Employer* (‘S’ and can also be an ‘MCO’): the entity (including sole trader) required to withhold from payments whose payroll information is being sent. The employer can perform all payroll processing themselves and lodge payroll reports directly or use a Registered Agent or DSP provided service. If payroll services are undertaken by an authorised employee, the ATO will consider that employee to be acting on behalf of the employer. This includes circumstances where the employee acts on behalf of a group of employers within an economic group
- *Payroll Software Provider* (‘MCO’ if directly connected to ATO systems): An entity providing the software that assists the employer, their agent or their Payroll Provider to produce payroll outputs and may also provide the software to lodge or facilitate the lodgment of STP Payroll Reports (for example a cloud solution)
- *Payroll Provider/Payroll Intermediary* (‘S’ when a Registered Agent): an entity (including sole trader) that is contracted to produce payroll outputs on behalf of the employer. The provider may be an “Agent”, but payroll outputs may be produced other than via a Registered Agent. A Payroll Provider that is not a Registered Agent cannot lodge on behalf of an employer
- *Registered Agent* (‘S’ and can also be an ‘MCO’): A registered Tax or BAS Agent that provides Tax or BAS Agent services (ascertaining, advising or liaising with the ATO) on behalf of the employer, in accordance with *Tax Agent Services Act 2009* (TASA). An Agent may lodge on behalf of an employer
- *Sending Service Provider (SSP)* (‘MCO’): an entity (including sole trader), directly connected to the ATO, that only provides the technical service for one or multiple employers, registered agents or payroll software providers to deliver payroll reports to the ATO in the correct technical format or through a permitted technical channel. An SSP does not perform Payroll Production services. A slight variation of this role is a “Transformer”. A Transformer carries out the same functions as an SSP but is not directly connected to the ATO.

7.3 DECLARATION STATEMENT MATRIX

The ATO requires a declaration indicating the information contained within the payroll report is true and correct. This declaration must be made by the sender (declarer).

To make a declaration, the sender must be aware of two things:

- The statement they are making, and
- That it becomes a declaration by them 'signing' it.

As a result, in every case that a declaration is required to accompany a transaction, the sender must have displayed to them:

- A specific statement(s) describing what they are about to declare, and
- An acknowledgment that the declaration is made by signing the statement(s) in a particular way.

The sender must sign by actively confirming what constitutes their 'signature' by using a tick-box, send button, or similar mechanism. Their signature must be some information sent with the transaction that enables the sender to be uniquely identified.

The wording of the declaration statement varies. The Declarations Matrix maps "Senders" against "Machine Credential Owners" (defined earlier) and identifies the declaration statement that must be displayed to the sender in each circumstance.

The first row identifies each Sender (Declarer) (for example "Employer", "Employer on behalf of multiple ABNs", "Registered Agent" and "Registered Agent on behalf of multiple ABNs"). The three rows represent the three methods of delivery of Payroll Reporting over the final hop to ATO systems. Each column under each sender represents the type of declaration statement the sender must have displayed to them. For example; if an Employer is using Payroll Software, they must make the "Employer Payroll Software" declaration that acknowledges the machine credential in use belongs to the Software provider and not the Employer. (Refer to section below "Declaration Types" for actual wording of the declaration). Finally, the last row captures and provides examples of the fields that demonstrate a declaration has been made. These fields must be populated accordingly to pass channel validation.

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Table 6: Authorisation and Authentication Models for STP

(Machine Credential Owner)	Sender/Declarer	Employer	Employer Multi-ABNs ¹	Registered Agent	Registered Agent Multi-ABNs
	Sender/Declarer	ED	EMD	RAD	RAMD
	Payroll Software	EPS	EMPS	RAPS	RAMPS
	Sending Service Provider	ESSP	EMSSP	RASSP	RAMSSP
Declaration Fields and Example Data	PAYEVNT37: Payer Declarer Identifier – “MAAckland” PAYEVNT38: Payer Declaration Date – “2017-02-02” PAYEVNT39: Payer Declaration Acceptance Indicator – “TRUE”		PAYEVNT37: Payer Declarer Identifier – “MAAckland” PAYEVNT38: Payer Declaration Date – “2017-02-02” PAYEVNT39: Payer Declaration Acceptance Indicator – “TRUE” PAYEVNT41: Intermediary Declarer Identifier – “SAAckland” PAYEVNT42: Intermediary Declaration Date – “2017-02-02” PAYEVNT43: Intermediary Declaration Acceptance Indicator – “TRUE”		

7.3.1 PAY EVENT DECLARATION TYPES

As per the above table, the following are the declaration types that relate to the pay event:

- [Employer Direct \(ED\)](#)
- [Employer Payroll Software \(EPS\)](#)
- [Employer Sending Service Provider \(ESSP\)](#)
- [Employer \(Multi ABN\) Direct \(EMD\)](#)
- [Employer \(Multi ABN\) Payroll Software \(EMPS\)](#)
- [Employer \(Multi ABN\) Sending Service Provider \(EMSSP\)](#)
- [Registered Agent Direct \(RAD\)](#)
- [Registered Agent Payroll Software \(RAPS\)](#)
- [Registered Agent Sending Service Provider \(RASSP\)](#)
- [Registered Agent \(Multi ABN\) Direct \(RAMD\)](#)
- [Registered Agent \(Multi ABN\) Payroll Software \(RAMPS\)](#)
- [Registered Agent \(Multi ABN\) Sending Service Provider \(RAMSSP\).](#)

These are the additional declarations for Registered Agents and their clients, not the pay event:

- [Employer to Registered Agent \(ERA\)](#)
- [Employer to Registered Agent - Standing Authority \(ERA-SA\).](#)

¹ The employer may choose to follow XEA as a means of establishing reporting on behalf of multiple related ABNs for example an economic group (see “Appointing an Agent for Tax Purposes” via Access Manager for more details)

7.4 DECLARATION STATEMENTS

This section should be read in conjunction with the declaration statement matrix above. The wording in this section has been developed to ensure effective contextualisation in regard to various STP reporting models (refer to declaration scenarios document).

Note: “SSP” declarations below satisfy the ATO requirement of a notification in an approved form by the sender (declarer) to the ATO of the authorisation of the SSP to lodge STP payroll reports and receive the ATO’s SBR responses.

In addition to the declaration the ATO requires, DSPs may wish for the sender to agree to other matters (for example; to cover bank withdrawals). Any additional agreements should be included as separate items to allow the sender to separately agree to them, independent of their agreement to the ATO’s declaration. Acceptance of these additional agreements does not need to be communicated to the ATO.

7.4.1 EMPLOYER DIRECT (ED)

- Declaration Statement - The declaration an employer (or authorised employee) must declare is:

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

- Signing Statement - The text describing the way that they are ‘making’ the declaration by ‘signing’ it in a particular way shall include reference to signing with the credentials used to login and their machine credential.

For example: *“Tick this box to sign this declaration with the credentials you used to login and your machine credential.”*

A statement *“Tick this box to sign this declaration”* **would not** be acceptable as it does not identify how the individual is signing the declaration.

7.4.2 EMPLOYER PAYROLL SOFTWARE (EPS)

- Declaration Statement - The declaration an employer (or authorised employee) must declare when sending using payroll software is:

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

- Signing Statement - The text describing the way that they are ‘making’ the declaration by ‘signing’ it in a particular way shall include reference to the field giving a unique user identifier and signing with the machine credential for the software.

For example: *“Tick this box to sign this declaration with the credentials you used to login and the machine credential used by your software.”*

The user identifier must allow the machine credential owner or an external auditor to uniquely identify the individual who made the declaration. The identifier used can be specified by the machine credential owner providing it allows for the identification of the individual who made the declaration

Examples of suitable identifiers include a user login (UserID), a full name, or an email address

A statement *“Tick this box to sign this declaration”* would not be acceptable as it does not identify the mechanism, through which the individual is signing the declaration.

7.4.3 EMPLOYER SENDING SERVICE PROVIDER (ESSP)

- Declaration Statement – The declaration an employer (or authorised employee) must declare when sending using a sending service provider is:

“I am notifying the ATO that:

<NAME OF SENDING SERVICE PROVIDER> *provides my business with lodgement transaction services; and my business, for the purposes of its transactions with the ATO via the SBR channel, sends (and receives) those transactions to (and from) the ATO via <NAME OF SENDING SERVICE PROVIDER>*

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

- Signing Statement - The text describing the way that they are 'making' the declaration by 'signing' it in a particular way shall include reference to signing it with the credentials the user used to login (providing a unique user identifier) and the machine credential of the sending service provider.

For example: *"Tick this box to sign the declaration with the credentials you used to login and to authorise lodgement with your approved sending service provider's machine credential."*

The user identifier must allow the machine credential owner or an external auditor to uniquely identify the individual who made the declaration. The identifier used can be specified by the machine credential owner providing it allows for the identification of the individual who made the declaration

Examples of suitable identifiers include a user login (UserID), a full name, or an email address

A statement *"Tick this box to sign this declaration"* would not be acceptable as it does not identify the mechanism, through which the individual is signing the declaration.

7.4.4 EMPLOYER (MULTI ABN) DIRECT (EMD)

- Declaration Statement – The declaration an employer (or authorised employee) must declare when sending payroll reports for multiple entities is:

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

- Signing Statement – The text describing the way that they are 'making' the declaration by 'signing' it in a particular way shall include reference to signing with the credentials used to login and their machine credential.

For example: *"Tick this box to sign this declaration with the credentials you used to login and your machine credential which has assigned permissions for the ABNs included."*

A statement *"Tick this box to sign this declaration"* would not be acceptable as it does not identify how the individual is signing the declaration.

7.4.5 EMPLOYER (MULTI ABN) PAYROLL SOFTWARE (EMPS)

- Declaration Statement – The declaration an employer (or authorised employee) must declare when sending using payroll software is:

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

- Signing Statement – The text describing the way that they are 'making' the declaration by 'signing' it with the credentials the user used to login (providing a unique user identifier) and the machine credential of the payroll software which is authorised to lodge on behalf of the included ABNs.

For example: *"Tick this box to sign the declaration with the credentials you used to login and to authorise lodgement with your approved payroll software's machine credential on behalf of the ABNs included."*

The user identifier must allow the machine credential owner or an external auditor to uniquely identify the individual who made the declaration. The identifier used can be specified by the machine credential owner providing it allows for the identification of the individual who made the declaration

Examples of suitable identifiers include a user login (UserID), a full name, or an email address

A statement *"Tick this box to sign this declaration"* would not be acceptable as it does not identify the mechanism, through which the individual is signing the declaration.

7.4.6 EMPLOYER (MULTI ABN) SENDING SERVICE PROVIDER (EMSSP)

- Declaration Statement – The declaration an employer (or authorised employee) must declare when sending payroll reports for multiple entities using a sending service provider is:

"I am notifying the ATO that:

- <NAME OF SENDING SERVICE PROVIDER> *provides these businesses with lodgement transaction services; and*
- *these businesses, for the purposes of its transactions with the ATO via the SBR channel, sends (and receives) those transactions to (and from) the ATO via <NAME OF SENDING SERVICE PROVIDER>*

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- *I declare the information transmitted in these payroll reports is true and correct and I am authorised to make this declaration.*
- Signing Statement – The text describing the way that they are ‘making’ the declaration by ‘signing’ it in a particular way shall include reference to signing it with the credentials the user used to login (providing a unique user identifier) and the machine credential of the sending service provider.

For example: *“Tick this box to sign the declaration with the credentials you used to login and to authorise lodgement with <NAME OF SENDING SERVICE PROVIDER>’s machine credential.”*

The user identifier must allow the machine credential owner or an external auditor to uniquely identify the individual who made the declaration. The identifier used can be specified by the machine credential owner providing it allows for the identification of the individual who made the declaration

Examples of suitable identifiers include a user login (UserID), a full name, or an email address

A statement *“Tick this box to sign this declaration”* would not be acceptable as it does not identify the mechanism, through which the individual is signing the declaration.

7.4.7 REGISTERED AGENT DIRECT (RAD)

- Declaration Statement – The declaration a registered agent must declare is:

“I have prepared this payroll report in accordance with the information supplied by the entity.

I have received a declaration from the entity stating that the information provided to me is true and correct.

I am authorised by the entity to give this document to the Commissioner.”

- Signing Statement – The text describing the way that they are ‘making’ the declaration by ‘signing’ it in a particular way shall include reference to signing with the credentials used to login and their machine credential.

For example: *“Tick this box to sign this declaration with the credentials you used to login and your machine credential.”* A statement *“Tick this box to sign this declaration”* would not be acceptable as it does not identify how the individual is signing the declaration.

7.4.8 REGISTERED AGENT PAYROLL SOFTWARE (RAPS)

- Declaration Statement – The declaration a registered agent must declare when sending using payroll software is:

“I have prepared this payroll report in accordance with the information supplied by the entity.

I have received a declaration from the entity stating that the information provided to me is true and correct.

I am authorised by the entity to give this document to the Commissioner.”

- Signing Statement – The text describing the way that they are ‘making’ the declaration by ‘signing’ it in a particular way shall include reference to the field giving a unique user identifier and signing with the machine credential for the software.

For example; *“Tick this box to sign this declaration with the credentials you used to login and the machine credential used by your software.”*

The user identifier must allow the machine credential owner or an external auditor to uniquely identify the individual who made the declaration. The identifier used can be specified by the machine credential owner providing it allows for the identification of the individual who made the declaration

Examples of suitable identifiers include a user login (UserID), a full name, or an email address

A statement *“Tick this box to sign this declaration”* would not be acceptable as it does not identify the mechanism, through which the individual is signing the declaration.

7.4.9 REGISTERED AGENT SENDING SERVICE PROVIDER (RASSP)

- Declaration Statement – The declaration a registered agent must declare when sending payroll reports using a sending service provider is:

“I am notifying the ATO that:

- <name of sending service provider> provides my client with lodgement transaction services; and

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- my client (the entity), for the purposes of its transactions with the ATO via the SBR channel, sends (and receives) those transactions to (and from) the ATO via <name of sending service provider>.
- I have prepared this payroll report in accordance with the information supplied by the entity.
- I have received a declaration from the entity stating that the information provided to me is true and correct.
- I am authorised by the entity to give this document to the Commissioner.”
- Signing Statement – The text describing the way that they are ‘making’ the declaration by ‘signing’ it in a particular way shall include reference to signing it with the credentials the user used to login (providing a unique user identifier) and the machine credential of the sending service provider.

For example; *“Tick this box to sign the declaration with the credentials you used to login and to authorise lodgement with <NAME OF SENDING SERVICE PROVIDER>’s machine credential.”*

The user identifier must allow the machine credential owner or an external auditor to uniquely identify the individual who made the declaration. The identifier used can be specified by the machine credential owner providing it allows for the identification of the individual who made the declaration

Examples of suitable identifiers include a user login (UserID), a full name, or an email address

A statement *“Tick this box to sign this declaration”* would not be acceptable as it does not identify the mechanism, through which the individual is signing the declaration.

7.4.10 REGISTERED AGENT (MULTI ABN) DIRECT (RAMD)

- Declaration Statement – The declaration a registered agent must declare when sending payroll reports for multiple entities is:

“I have prepared this payroll report in accordance with the information supplied by the entity.

I have received a declaration from the entity stating that the information provided to me is true and correct.

I am authorised by the entity to give this document to the Commissioner.”

- Signing Statement – The text describing the way that they are ‘making’ the declaration by ‘signing’ it in a particular way shall include reference to signing with the credentials used to login and their machine credential.

For example: *“Tick this box to sign this declaration with the credentials you used to login and your machine credential for the ABNs included.”*

A statement *“Tick this box to sign this declaration”* would not be acceptable as it does not identify how the individual is signing the declaration.

7.4.11 REGISTERED AGENT (MULTI ABN) PAYROLL SOFTWARE (RAMPS)

- Declaration Statement – The declaration a registered agent must declare when sending payroll reports for multiple entities using payroll software is:

“I have prepared this payroll report in accordance with the information supplied by the entity.

I have received a declaration from the entity stating that the information provided to me is true and correct.

I am authorised by the entity to give this document to the Commissioner.”

- Signing Statement – The text describing the way that they are ‘making’ the declaration by ‘signing’ it with the credentials the user used to login (providing a unique user identifier) and the machine credential of the payroll software which is authorised to lodge on behalf of the included ABNs.

For example: *“Tick this box to sign the declaration with the credentials you used to login and to authorise lodgement with your approved payroll software’s machine credential on behalf of the ABNs included.”*

The user identifier must allow the machine credential owner or an external auditor to uniquely identify the individual who made the declaration. The identifier used can be specified by the machine credential owner providing it allows for the identification of the individual who made the declaration.

Examples of suitable identifiers include a user login (UserID), a full name, or an email address.

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A statement “*Tick this box to sign this declaration*” would not be acceptable as it does not identify the mechanism, through which the individual is signing the declaration.

7.4.12 REGISTERED AGENT (MULTI ABN) SENDING SERVICE PROVIDER (RAMSSP)

- Declaration Statement – The declaration a registered agent must declare when sending payroll reports for multiple entities using a sending service provider is:

“*I am notifying the ATO that:*

- *<NAME OF SENDING SERVICE PROVIDER> provides my clients with lodgement transaction services; and*
- *each client (the entity), for the purposes of its transactions with the ATO via the SBR channel, sends (and receives) those transactions to (and from) the ATO via <NAME OF SENDING SERVICE PROVIDER>.*
- *I have prepared this payroll report in accordance with the information supplied by the entity.*
- *I have received a declaration from the entity stating that the information provided to me is true and correct.*
- *I am authorised by the entity to give this document to the Commissioner.”*
- Signing Statement – The text describing the way that they are ‘making’ the declaration by ‘signing’ it in a particular way shall include reference to signing it with the credentials the user used to login (providing a unique user identifier) and the machine credential of the sending service provider.

For example: “*Tick this box to sign the declaration with the credentials you used to login and to authorise lodgement with your approved sending service provider’s M2M Credential.*”

The user identifier must allow the machine credential owner or an external auditor to uniquely identify the individual who made the declaration. The identifier used can be specified by the machine credential owner providing it allows for the identification of the individual who made the declaration.

Examples of suitable identifiers include a user login (UserID), a full name, or an email address.

A statement “*Tick this box to sign this declaration*” would not be acceptable as it does not identify the mechanism, through which the individual is signing the declaration.

7.4.13 EMPLOYER TO REGISTERED AGENT (ERA)

- Declaration Statement – NOTE: this declaration statement may be used to populate the Payer Declaration fields in the subsequent payroll report sending by the registered agent. Example of a client to registered agent declaration:

I, (name of business client) authorise (name of agent) to give the payroll report for <period> to the Commissioner of Taxation for (entity name).

I declare that the information provided for the preparation of this payroll report is true and correct. I am authorised to make this declaration.

[INSERT FOR EMAILED DECLARATION]

Type full name and date

[INSERT FOR PAPER DECLARATION]

Signed:

Date:

- Signing Statement – Your client can choose to provide this declaration by paper, or if you agree, electronically (portal, email or fax). Your client is required to retain the declaration (or a copy) for up to five years, depending on their circumstances. We recommend you also keep a copy of the declaration for your own records. This declaration can be stored electronically regardless of

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whether it was received by electronically or in paper form. Paper declarations can be scanned and stored electronically.

7.4.14 EMPLOYER TO REGISTERED AGENT - STANDING AUTHORITY (ERA-SA)

- Declaration Statement – NOTE: this declaration statement may be used to populate the Payer Declaration fields in the subsequent payroll reports sent by the registered agent. Example of a client to agent declaration where the same payroll information is to be lodged with the Commissioner on a defined schedule. (If the payroll information changes for a particular payday, your client is required to provide you with the client to registered agent declaration above):

I, (name of client) authorise (name of agent) to give payroll reports to the Commissioner of Taxation for (entity name) <USING/IN ACCORDANCE WITH/AS SPECIFIED IN> <THE REFERENCE HERE MUST BE TO THE INFORMATION THE CLIENT IS GIVING YOU (THE AGENT) TO PREPARE THEIR PAYROLL AND, CORRESPONDINGLY, INCLUDE IN PAYROLL REPORTS TRANSMITTED TO THE COMMISSIONER PER THAT PAY SCHEDULE. THIS INFORMATION COULD BE SPECIFIED IN AN ATTACHMENT. IF IT IS, THE ATTACHMENT MUST BE RETAINED WITH THE DECLARATION.> I declare the information provided for the preparation of the payroll reports is true and correct. I am authorised to make this declaration.

[INSERT FOR EMAILED DECLARATION]

Type full name and date

[INSERT FOR PAPER DECLARATION]

Signed:

Date:

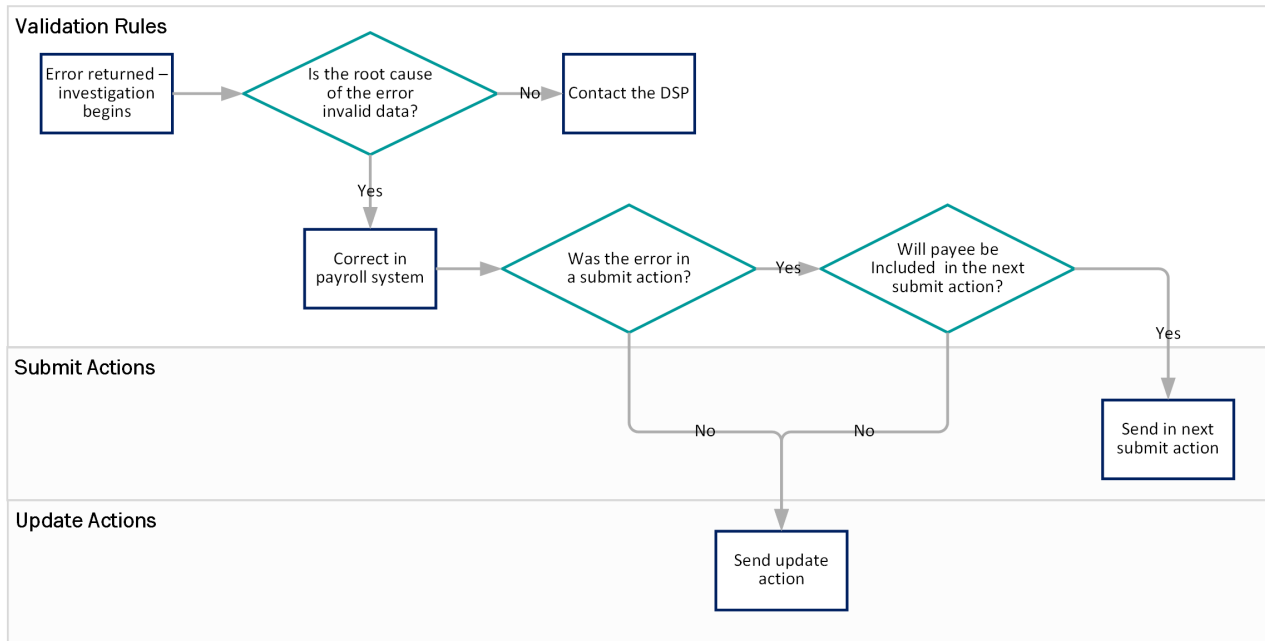
- Signing Statement – Your client can choose to provide this declaration by paper, or if you agree electronically (for example portal, email or fax). Your client is required to retain the declaration (or a copy) for up to five years, depending on their circumstances. We recommend you also keep a copy of the declaration for your own records. This declaration can be stored electronically regardless of whether it was received electronically or in paper form. Paper declarations can be scanned and stored electronically.

8 BUSINESS RESPONSE MESSAGING

If a pay event 2020 service encounters an error, then appropriate information will be returned to assist in addressing the error. This section provides general information on encountering and responding to return messages, as well as detailed information on each of the business responses returned for errors encountered during processing by ATO system. Details of the schema and validation rules that might be returned in the validation report can be found in the package for the submit or Update action.

DSPs are expected to address any issues of failure of validation by ATO systems to ensure non-occurrence of rejected payroll reports. This is depicted in [Figure 6: Return Messaging Logic](#) below, which also provides the options available to payroll officers in the event of a return message.

Figure 17: Return Messaging Logic



8.1 CONTEXT ON TIMING AND TRANSMISSION OF BUSINESS RESPONSE MESSAGING

Overall, there is an expectation that pay events (including full file replacements) transmitted by DSPs will be processed within a timely manner, to avoid any accumulation or overlapping of unconfirmed/partially processed payroll runs.

8.2 BUSINESS RESPONSE MESSAGES DESIGN PRINCIPLES

1. If payer level data fails during ATO systems validation, the whole pay event will be rejected.
2. Where the whole pay event is rejected, the payer has not met their STP obligations (during the transition to pay event 2020 services the ATO will work with payers and their DSPs to address the causes of file rejections).
3. Steps will have to be performed to ensure alignment and accuracy of reported data (refer to section [4.7 Corrections Framework](#)).
4. Meeting Single Touch Payroll obligations by addressing business response messages.
5. Where the entire pay event is rejected, payers will do the following in order to meet their STP obligations:
 - a) Read and understand the reason the submission was not processed.
 - b) Follow the business rules as per section [5.11 Corrections](#).

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6. Subsequent submissions must include improved data. That is, the payer cannot simply send identical data (unless specifically advised to do so due to system errors).
7. The payer should contact the ATO if there are ongoing submission issues.

During the transition to pay event 2020 services, the ATO will work with payers and their DSPs, to address the causes of complete file rejections. In doing so, payers should be able to demonstrate their attempts to address fixes within reasonable timeframes. Further action may need to be pursued for payers who fail to do so over extended periods of time.

 For the messages that specifically apply to STP, refer to the [SBR PAYEVNT.0004.2020 Package](#).

9 CONSTRAINTS AND KNOWN ISSUES

9.1 CONSTRAINTS WHEN USING THIS SERVICE

Not applicable.

9.2 USAGE RESTRICTIONS

Digital service providers (DSPs) should be aware of the usage restrictions, which are described within the Reasonable Use policy. The ATO actively monitors the use of services and will notify DSPs that contravene this policy. Continued breaches may result in de-whitelisting.

For more information, refer to the [Reasonable Use policy](#).

9.3 KNOWN ISSUES

Not applicable.

10 REFERENCES

10.1 VERSION CONTROL

This table identifies the changes to this version of the document from the prior version:

Table 7: Change History

Version	Section	Changes
1.6	1.4.1 Guidance Timeline	Updated wording
1.6	Figure 1	Wording update to title of figure 1
1.6	2.2.1 Payday Super	New section inserted
1.6	2.3.4 Voluntary Reporting Obligations	Wording update to first sentence after Table 2 - liability removed and replaced with entitlements.
1.6	3.4.1 Changes to the 2020 service	New section inserted
1.6	4.2.1 Options to Alert Changes to Key Identifiers	Wording update after 2. B) section
1.6	4.4.1 Employment Basis	Wording update dot point 7 - liability removed and replaced with entitlements.
1.6	4.8.8 Paid Leave	Wording update dot point 3
1.6	4.8.8 Paid Leave	Wording update dot point 4
1.6	4.8.8 Paid Leave	Wording update dot point 5
1.6	4.8.8 Paid Leave	Wording update dot point 6
1.6	4.8.8 Paid Leave	New sentence included - Refer to OTE guidance
1.6	4.8.14 Salary Sacrifice	Grammar update 2nd paragraph
1.6	4.8.15 Lump Sum Payments	Grammar update dot point 6
1.6	4.9.2 Super Entitlements	Updated wording
1.6	5.4.3 Employment Basis	Wording update point 4
1.6	5.10.2.1 Pre Qualifying Earnings Reporting	Wording update to section
1.6	5.10.2.2 Qualifying Earnings Reporting	New section inserted
1.6	6.4 Commencing Qualifying Earnings Reporting	New section inserted
1.6	10.3 Glossary	Superannuation liability definition modified
1.6	10.3 Glossary	Qualifying earnings definition inserted
1.6	10.3 Glossary	OTE definition modified
1.6	10.3 Glossary	Superannuation guarantee amount definition modified
1.6	10.12 Enumerations	PAYEVNTEMP282 Employment Basis Code N - Updated wording
1.6	10.12 Enumerations	PAYEVNTEMP269 Paid Leave Type Code P - Updated wording

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Version	Section	Changes
1.6	10.12 Enumerations	PAYEVNTEMP269 Paid Leave Type Code W - Updated wording
1.6	10.12 Enumerations	PAYEVNTEMP269 Paid Leave Type Code A – Updated wording
1.6	10.12 Enumerations	PAYEVNTEMP269 Paid Leave Type Code O – Updated wording
1.6	10.12 Enumerations	PAYEVNTEMP283 Super Entitlement Type Code Q inserted
1.5	3.4 Changes between the 2018 and 2020 Services	Added additional wording to bullet point 8
1.5	4.8.15 Lump Sum Payments	Updated wording on 5 th bullet point
1.5	5.9.12 Lump Sums	Updated wording on point no. 6
1.5	5.14.3 Amended Finalised Income Statement	Added rule 7
1.5	10.12 Enumerations	Updated table based on content changes
1.4	1.3 Audience	Updated wording for DSPs to build adjust action
1.4	1.4 Document Context	Updated wording for Guidance Notes, added hyperlinks to Guidance Notes documents
1.4	2.3.4 Voluntary Reporting Obligations	Updated wording on last paragraph
1.4	2.4 Use of Data by Services Australia	Updated wording on last paragraph, inserted Table caption (Table 4)
1.4	3.1 Pay Event	Figure 2 updated (regarding Person Data)
1.4	3.2 Interactions	Updated last bullet point
1.4	3.2.3 Adjust	Updated content wording
1.4	4.1.1 Payer Payroll Details	Updated last bullet point for Pay/Update date, updated last bullet point for Run Date/Time Stamp
1.4	5.1.1 Payer Payroll Details	Updated wording for rule 3 and rule 11
1.4	5.4.5 Tax Treatment	Updated wording for rule 3
1.4	5.11.4 Overpayment within the Current Financial Year	Inserted rule 5
1.4	10.3 Glossary	Updated wording for STP Reporting on Table 9
1.3	1.3 Audience	Added option for DSPs to build Adjust action
1.3	2.3.3 Mandatory Reporting Obligations	Updated Table 1 with wording changes to Seasonal Labour Mobility Program
1.3	2.3.4 Voluntary Reporting Obligations	Added wording for voluntary reporting of adjustments
1.3	2.4 Use of Data by Services Australia	Added bullet point for Adjustments in relation to Child support
1.3	3.1 Pay Event	Minor wording changes
1.3	3.2 Interactions	Added bullet point wording for optional support for Adjust action, added actions table
1.3	3.2.3 Adjust	Added brand new content for this section

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Version	Section	Changes
1.3	3.2.4 Service Design Artefacts	Added bullet point for Adjust Validation Rules
1.3	3.4 Changes between the 2018 and 2020 Services	Added bullet point for Adjust Action
1.3	4.1.1 Payer Payroll Details	Added Adjust action definitions under Pay/Update Date, Payee Record Count and Run Date/Time Stamp
1.3	4.1.2 Payer Period Totals	Added new content for Adjust action in relation to Gross, PAYGW, Child Support Garnishee and Child Support Deductions totals
1.3	4.4.2 Cessation Type	Modified definition for Redundancy
1.3	4.5 Payee Payroll Period Details	Added bullet point for Adjust action
1.3	4.5.1 Final Event Indicator	Added wording for Adjust action
1.3	4.6.1 Income Stream Type Code	Modified definition for SWP (Seasonal Worker Programme)
1.3	4.7 Corrections Framework	Added bullet point regarding Adjustments
1.3	5.1.1 Payer Payroll Details	Added 2 additional rules: 3 and 10
1.3	5.1.2 Payer Period Totals	Added 2 additional rules: 5 and 6
1.3	5.2 Payer Key Identifiers	Added rule 5 in relation to BMS IDs
1.3	5.3 Payee Details	Updated wording for rule 2 . Added rule 3 .
1.3	5.4.5 Tax Treatment	Updated wording for rule 3
1.3	5.8.3 Payment of PAYG Withholding	Added rule 5 , adjust action with reference to prefill
1.3	5.11.1 When to Correct a Record	Added rule 3 , adjust action to Payer totals
1.3	5.11.2 Correcting Payee Data	Added rule 8 , adjust action in relation to Payees
1.3	5.11.3 Correcting Payer Data	Added rule 1.c), rule 3 and updating wording for rule 4
1.3	5.11.4 Overpayment within the Current Financial Year	Added rule 5 , Adjust action impacts on BAS and large withholders
1.3	5.9.11 Salary Sacrifice	Updated wording to rule 1.b)
1.3	5.11.8 Child Support Corrections	Added rule 6 , Adjust action with reference to Child Support Garnishee and Child Support Deduction
1.3	5.12 Full File Replacement	Added rule 5 , Adjust action in relation to Full File Replacement
1.3	5.13 Disaster Recovery	Minor wording changes
1.3	5.14 Finalisation	Added rule 4 , Adjust action in relation to final event indicator
1.3	6.1 Transition into Single Touch Payroll	Added rule 4.b)ii) Adjust action in relation to periods prior to STP report commencing.
1.3	8.2 Business response messages design principles	Updated name of Reference document
1.3	10.3 Glossary	Updated definition for Run Date/Time Stamp and minor word changes to STP Reporting
1.3	10.9 Components of the Parent	Updated introduction line

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Version	Section	Changes
	Period Totals	
1.3	10.12 Enumerations	Updated definition for Redundancy in Table 25
1.2	4.8.13 Community Development Employment Projects (CDEP) and 5.9.10 Community Development Employment Projects (CDEP)	Updated to reference CDEP deprecation
1.2	10.11 Payment Types Permissible per Income Type	Removed Salary Sacrifice and Lump Sum payment amount from Labour Hire
1.2	10.5 Overview of Tax Table Permissions	Removed all supplemental variations for actors
1.2	10.6.2 Actors	Removed all supplemental variations
1.2	10.9 Components of the Parent Period Totals	Clarifying the deduction of a positive Salary Sacrifice amount or the addition of a negative Salary Sacrifice amount
1.2	10.6.4 Seniors and Pensioners	Inserted missing treatment code for SMSXX0
1.1	4.1.1 Payer Payroll Details	Figure 5 replaced
1.1	4.2 Key Identifiers	Figure 6 replaced, referenced <null> approach to XML
1.1	4.8.1 Drivers for Change	Figure 1010 replaced, minor wording changes
1.1	4.8.9 Allowance Items	Modified definitions of allowance types
1.1	4.8.12 Directors' Fees	Modified definition of directors' fees
1.1	10.8 Tax File Number Exemption Codes	Removed reference to payment summary
1.1	10.10 Tax Treatment Codes Permissible per Income Type	Corrected invalid references for SWP and inserted missing references for Tax Treatment category D – ATO Defined
1.1	10.12 Enumerations	Updated definitions for Allowance Items as per S4.8.9

10.2 ACRONYMS

This table defines the acronyms used throughout the document.

Table 8: Acronyms

Acronym	Expanded Term
ABN	Australian Business Number
AIIR	Annual Investment Income Report
AMMA	Annual Attribution MIT Member
ATO	Australian Taxation Office
BAS	Business Activity Statement
BMS	Business Management System
CDEP	Community Development Employment Projects [deprecated]
DASP	Departing Australia Superannuation Payment
DB	Death Benefit
DSP	Digital Service Provider
ED	Employer Direct
EMD	Employer (multi-ABN) Direct
EMP Life Benefit	Employee (a payment for termination of employment)
EMP Death Benefit	Employee (a payment for termination of employment)
EMPS	Employer (multi-ABN) Payroll Software
EMSSP	Employer (multi-ABN) Sending Service Provider
EOFY	End of Financial Year
EPS	Employer Payroll Software
ERA	Employer to Registered Agent
ERA-SA	Employer to Registered Agent – Standing Authority
ESC	Employment Separation Certificates
ESSP	Employer Sending Service Provider
ETP	Employment Termination Payment
FBT	Fringe Benefits Tax
FBTAA	Fringe Benefits Tax Administration Act 1986
FEI	Foreign Employment Income
FY	Financial Year
GUID	Globally Unique Identifier
H2R	Hire-to-Retire
IAA	Inbound Assignees to Australia
ID	Identifier
ID/TFN	Identification Tax File Number
IEFT	Internet Engineering Task Force
INB	Individual Non-business
INB-P	Individual Non-business - Pension

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Acronym	Expanded Term
IITR	Individual Income Tax Return
JPDA	Joint Petroleum Development Area
LAB	Labour Hire
LVP	Business and personal services income
MD	Overtime Meal Allowance
MLE	Medicare Levy Exemption
MLR	Medicare Levy Reduction
MLS	Medicare Levy Surcharge
MST	Message Structure Table
OSP	Other Specified Payments
OTE	Ordinary Time Earnings
PAYG	Pay-as-you-Go
PAYGW	Pay-as-you-Go Withholding
PEA	Protected Earnings Amount
PEN	Superannuation income stream
PSAR	Payment Summary Annual Report
RAD	Registered Agent Direct
RAMD	Registered Agent (multi-ABN) Direct
RAMPS	Registered Agent (multi-ABN) Payroll Software
RAPS	Registered Agent Payroll Software
RASSP	Registered Agent Sending Service Provider
RD	Domestic or Overseas Travel Allowances
RDO	Rostered Day Off
RESC	Reportable Employer Superannuation Contributions
RFBA	Reportable Fringe Benefits Amount
RFC	Refund of Franking Credit
SBR	Standard Business Reporting
SG	Superannuation Guarantee
SGR	Superannuation Guarantee Ruling
SLS	Superannuation lump sum
SR	ATO Service Registry
STP	Single Touch Payroll
STSL	Study Training Support Loan
SWP	Seasonal Workers Programme
TAA	<i>Taxation Administration Act 1953</i>
TOIL	Time Off In Lieu
VOL	Voluntary Agreement
W1	Total salary, wages and other payments
W2	Amount withheld from payments at W1
W3	Other amounts withheld (excl those at W2 and W4)

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Acronym	Expanded Term
W4	Amount withheld where no ABN is quoted
WPN	Withholding Payer Number
YTD	Year-to-Date

10.3 GLOSSARY

This table only contains terms that need specific explanation for this document. Other terminology can be found in the [SBR glossary](#), [ATO glossary](#) or the Common Business Implementation and Taxpayer Declaration Guide.

Table 9: Glossary of Terms

Term	Definition
ATO Derived Aggregated Gross	The gross amount derived by the ATO –Refer to section 4.8.2
Date of Payment (“pay day”)	The date that the payee expects to have received payment of their remuneration and the legislated due date for STP reporting in the <i>Taxation Administration Act 1953</i> – “on or before pay day.”
Payee Identity	A combination of identifiers used by the ATO to identifier a specific payer and allows for circumstances where a death beneficiary is reported under the same payroll ID as the deceased payee. Refer to section 4.3 .
Payee withholding details	These are the payees answers to the withholding questions that also appear on the TFN declaration. A payer uses these details to calculate the withholding rate.
Run Date/Time stamp	A mandatory field for submit and update actions used by the ATO to point to the most recent YTD. A mandatory field for adjust actions, as adjustments are cumulative. They are used by the ATO to identify when the adjustment was made in the payroll solution. Refer to section 5.1.1 .
Superannuation Liability	<p>At a minimum, this YTD amount should reflect the legislated qualifying earnings (as per the <i>Superannuation Guarantee (Administration) Act 1992</i> (SGAA)) amount multiplied by the current SG rate</p> <p>If the payer has additional obligations under an industrial instrument (award or agreement) to pay super beyond the requirements of the SGAA they can report the higher amount.</p> <p>The ATO will use amounts reported with Super Entitlements to determine an employer’s compliance with SG obligations.</p>
Qualifying Earnings	<p>Qualifying earnings is a specific term defined in the <i>Superannuation Guarantee (Administration) Act 1992</i> (SGAA).</p> <p>Post-30 June 2026, it is used to calculate the individual SG amount for an employee, which reflects the minimum legislative amount which employers must contribute to avoid paying the SG charge.</p> <p>Post-30 June 2026 qualifying earnings is required to be reported.</p>
Ordinary Time Earnings (OTE)	<p>OTE is a specific term defined in the <i>Superannuation Guarantee (Administration) Act 1992</i> (SGAA). Pre-1 July 2026, it is used to calculate the individual SG amount, which reflects the minimum legislative amount which payers must contribute to avoid paying the SG charge.</p> <p>A payer may have additional obligations to contribute super amounts on payments defined in industrial instruments (awards or agreements), however these industrial superannuation amounts are not OTE as defined in the SGAA.</p>
Superannuation guarantee amount	<p>Pre-1 July 2026 this YTD amount should reflect OTE for the purposes of <i>Superannuation Guarantee (Administration) Act 1992</i> (SGAA) multiplied by the current SG percentage</p> <p>Post-30 June 2026 this YTD amount should reflect the individual SG amount for the employee, which is their qualifying earnings as defined in the SGAA multiplied by the current SG percentage</p>
Superannuation	The payer payment of the superannuation liability.

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Term	Definition
liability payment	
Payment subject to withholding	<p>Withholding payments and amount withheld:</p> <ul style="list-style-type: none"> • Payments for work and services • Payments for retirement or termination of employment • Benefit and compensation payments. <p>Reporting of nil amounts:</p> <ul style="list-style-type: none"> • Only required to report if a payment is made • If no payment is made, there is no reporting obligation <p>However, if a payment is made and the amount withheld is zero, then this must be reported.</p>
Pay Period	<p>For a pay event the start date and end date of the pay period is the period of time, for which the payee is paid for that pay event.</p> <p>For an update event the start date and end date of the pay period must be the same date as the pay/update date (which is the <i>as at</i> date for the update event and can be any date within the financial year). If the update relates to a prior financial year then this date must be the last date of the relevant financial year.</p>
Pay/update date	This is the date that a payment has been made to a payee, it also determines the financial year of an STP report. Refer to section 5.1.1
Qualifying Earnings day	<p>A qualifying earnings day refers to the day an employer pays an employee their qualifying earnings, which are the earnings subject to superannuation guarantee (SG) contributions under the Payday Super reforms.</p> <p>Starting 1 July 2026, employers must ensure that SG contributions are received by the employee's super fund within 7 business days of the qualifying earnings day unless an extended timeframe applies.</p> <p>A weekend and public holidays that apply to the whole of a State or Territory are not considered business days</p>
Payment	All references to payment in this document refer to the reportable gross payment of monies detailed in Section 2.3 Scope . There are circumstances where the payment may not result in an actual net payment to the payee or to pay as you go withholding amounts. Reportable in this context refers to reportable on the payment summary, payment summary annual report or in single touch payroll.
Income Statement	The annual STP reported data, published by the ATO on myGov. Also available in hardcopy from the ATO upon request, if payees do not have a myGov account or access to the published data. This is the ATO equivalent of the payer-issued payment summary.
GUID	Globally Unique Identifier is a 128-bit integer number used to identify resources. For STP, the GUID is used to identify each business management system per payer.
Pay event	This is the business term used in the document to refer to the mechanism to allow a payer to report payments subject to withholding via STP. The technical service is called <code>payevent.collaboration.ccy.submit</code> , (collaboration refers to the version of the service and <code>ccy</code> the relevant year).
Update event	This is the business term used in the document to refer to the mechanism that allows a payer to report changes to a payees YTD amounts via STP. The technical service is called <code>payevent.collaboration.ccy.update</code> , (collaboration refers to the version of the service and <code>ccy</code> the relevant year).
Adjust action	This is the business term used in the document to refer to the mechanism that allows a payer to report adjustments amounts to a payers reported total Gross amount and total PAYGW amount for a prior submit action/pay event. The

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Term	Definition
	technical service is called payevent.collaboration.ccy.adjust, (collaboration refers to the version of the service and ccy the relevant year).
STP Reporting	This is the generic name for reporting the transmission of a pay event, update event or adjust event in the approved form to the Commissioner.

10.4 MESSAGE STRUCTURE TABLE DIAGRAM

The diagram below graphically illustrates the new MST structure:

Figure 18: MST Page 1 of 2

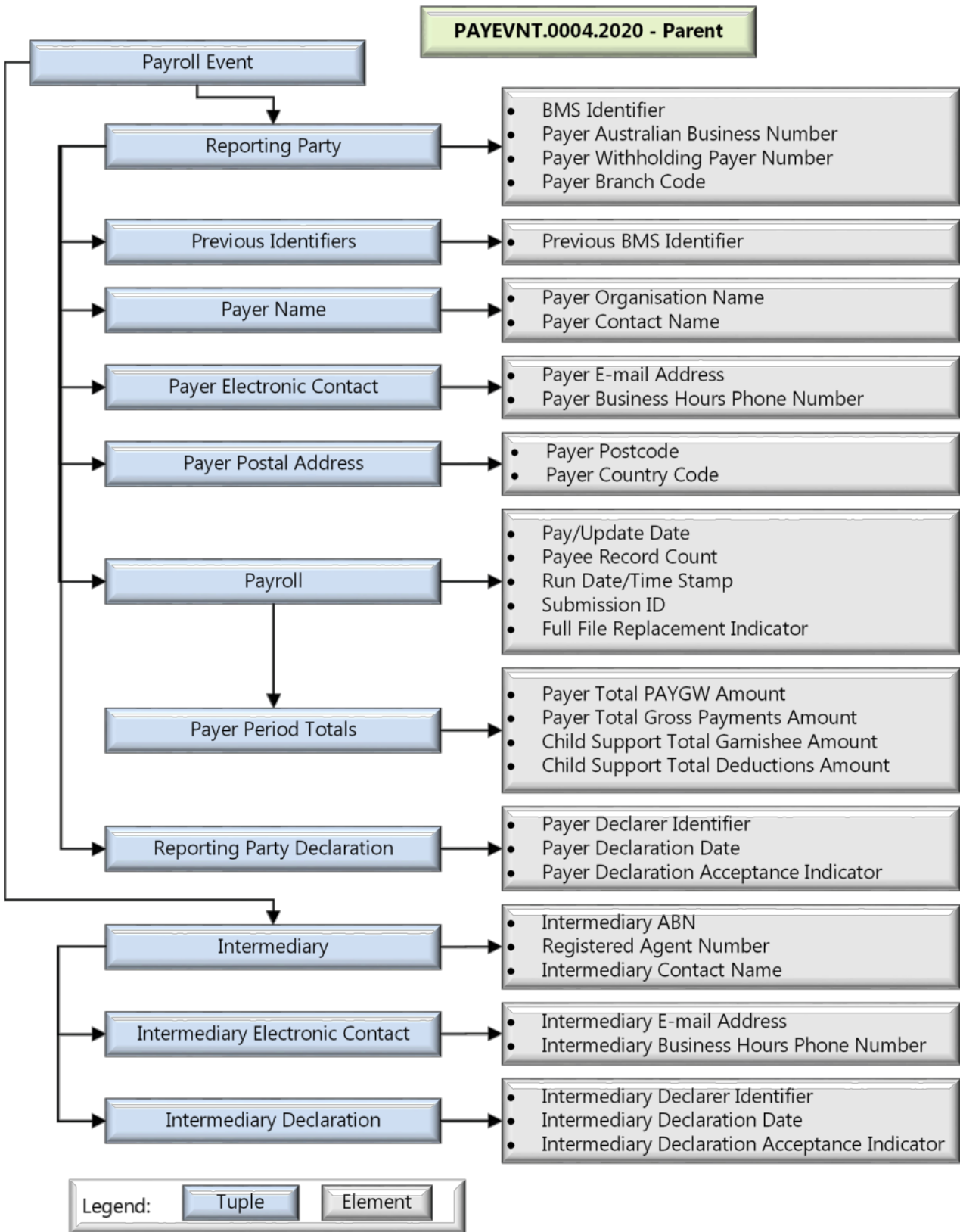
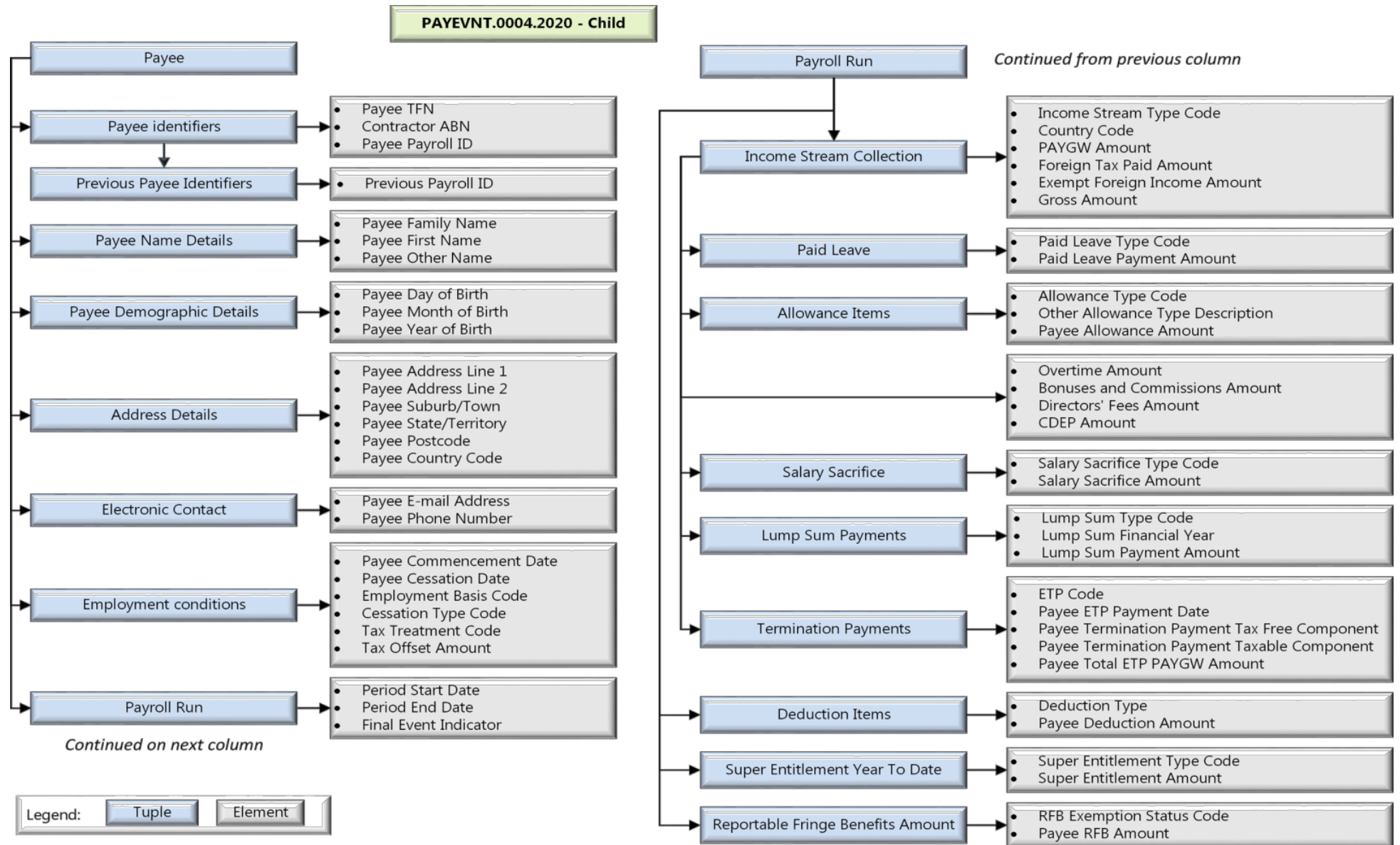


Figure 19: MST Page 2 of 2



10.5 OVERVIEW OF TAX TABLE PERMISSIONS

The table below summarises the withholding options permissible for each tax category:

Table 10: Tax Treatment Permissions

Category	Option	STSL	ML Surcharge	ML Exemption	ML Reduction
Regular	<ul style="list-style-type: none"> ▪ Tax-Free Threshold ▪ No Tax-Free Threshold ▪ Daily Casuals 	Permissible (not for Daily Casuals)	Permissible (not for Daily Casuals or No Tax-Free Threshold)	Permissible (not for Daily Casuals or No Tax-Free Threshold)	Permissible (not for Daily Casuals or No Tax-Free Threshold)
Actors	<ul style="list-style-type: none"> ▪ Tax-Free Threshold ▪ No Tax-Free Threshold ▪ Daily Perf. ▪ Promotional Actors 	Not Permitted	Not Permitted	Not Permitted	Not Permitted
Horticulturists and Shearers	<ul style="list-style-type: none"> ▪ Tax-Free Threshold ▪ Foreign Resident 	Not Permitted	Not Permitted	Not Permitted	Not Permitted
Seniors and Pensioners	<ul style="list-style-type: none"> ▪ Single ▪ Member of a couple ▪ Illness separated 	Permissible	Permissible	Permissible	Permissible (no spouse option for Singles)
Working Holiday Makers	<ul style="list-style-type: none"> ▪ Registered payer ▪ Unregistered payer ▪ No TFN – foreign res. 	Not Permitted	Not Permitted	Not Permitted	Not Permitted
Seasonal Worker Programme	<ul style="list-style-type: none"> ▪ Seasonal Worker Programme 	Not Permitted	Not Permitted	Not Permitted	Not Permitted
Foreign Resident	<ul style="list-style-type: none"> ▪ Foreign Resident 	Permissible	Not Permitted	Not Permitted	Not Permitted
No TFN	<ul style="list-style-type: none"> ▪ Foreign Resident ▪ Australian Resident 	Not Permitted	Not Permitted	Not Permitted	Not Permitted
ATO-Defined	<ul style="list-style-type: none"> ▪ Downwards Variation ▪ Death Beneficiaries ▪ Non-Employee 	Not Permitted	Not Permitted	Not Permitted	Not Permitted
Voluntary Agreement	<ul style="list-style-type: none"> ▪ Commissioner's Instalment Rate ▪ No Commissioner's Instalment Rate 	Not Permitted	Not Permitted	Not Permitted	Not Permitted

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10.6 TAX TREATMENT MATRICES

The tables below define the valid Tax Treatment codes (validation rules) for each category of tax scale:

10.6.1 REGULAR

Table 11: Tax Treatment Validation Rules - Regular Category

Category	Option	Study and Training Support Loan	Medicare Levy Surcharge	Medicare Levy Exemption	Medicare Levy Reduction	Treatment Code
R – Regular	T – With tax-free threshold D – Daily casuals N – With no tax-free threshold	S – Has STSL X – No STSL	# – Tier (1, 2 or 3 to be supplied) X – No surcharge	H – Half F – Full X – No exemption	0 – Spouse only # – Dependants (number between 1 and 9, A if 10 or more) A – 10 or more dependants X – No reduction	
R	T	S	X	X	X	RTSXXX
R	T	S	#	X	X	RTS#XX
R	T	S	X	H	X	RTSXHX
R	T	S	X	H	0	RTSXH0
R	T	S	X	H	#	RTSXH#
R	T	S	X	H	A	RTSXHA
R	T	S	X	F	X	RTSXFX
R	T	S	X	X	0	RTSXX0
R	T	S	X	X	#	RTSXX#
R	T	S	X	X	A	RTSXXA
R	T	X	X	X	X	RTXXXX
R	T	X	#	X	X	RTX#XX
R	T	X	X	H	0	RTXXH0
R	T	X	X	H	#	RTXXH#
R	T	X	X	H	A	RTXXHA
R	T	X	X	H	X	RTXXHX
R	T	X	X	F	X	RTXXFX
R	T	X	X	X	0	RTXXX0
R	T	X	X	X	#	RTXXX#
R	T	X	X	X	A	RTXXXA
R	D	X	X	X	X	RDXXXX
R	N	S	X	X	X	RNSXXX
R	N	X	X	X	X	RNXXXX
R	N	S	#	X	X	RNS#XX
R	N	X	#	X	X	RNX#XX

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Table 12: Tax Treatment Validation Rules - Actors Category

Category	Option	Study and Training Support Loan	Medicare Levy Surcharge	Medicare Levy Exemption	Medicare Levy Reduction	Treatment Code
A – Actor	T – With tax-free threshold D – 3 or less performances per week N – With no tax-free threshold P – Promotional	X – No STSL	X – No surcharge	X – No exemption	X – No reduction	
A	T	X	X	X	X	ATXXXX
A	N	X	X	X	X	ANXXXX
A	D	X	X	X	X	ADXXXX
A	P	X	X	X	X	APXXXX

10.6.3 HORTICULTURISTS AND SHEARERS

Table 13: Tax Treatment Validation Rules - Horticulturists and Shearers Category

Category	Option	Study and Training Support Loan	Medicare Levy Surcharge	Medicare Levy Exemption	Medicare Levy Reduction	Treatment Code
C – Horticulturists and Shearers	T – With tax-free threshold F – Foreign resident	X – No STSL	X – No surcharge	X – No exemption	X – No reduction	
C	T	X	X	X	X	CTXXXX
C	F	X	X	X	X	CFXXXX

10.6.4 SENIORS AND PENSIONERS

Table 14: Tax Treatment Validation Rules - Seniors and Pensioners Category

Category	Option	Study and Training Support Loan	Medicare Levy Surcharge	Medicare Levy Exemption	Medicare Levy Reduction	Treatment Code
S – Seniors and Pensioners	S – Single M – Couple I – Illness separated couple	S – Has STSL X – No STSL	# – Tier (1, 2 or 3 to be supplied) X – No surcharge	H – Half F – Full X – No exemption	0 – Spouse only # – Dependants (number between 1 and 9 to be supplied) A – 10 or more dependants X – No reduction	
S	S	S	X	X	X	SSSXXX
S	S	S	#	X	X	SSS#XX
S	S	S	X	H	X	SSSXHX

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Category	Option	Study and Training Support Loan	Medicare Levy Surcharge	Medicare Levy Exemption	Medicare Levy Reduction	Treatment Code
S	S	S	X	H	#	SSSXH#
S	S	S	X	H	A	SSSXHA
S	S	S	X	F	X	SSSXFx
S	S	S	X	X	#	SSSXX#
S	S	S	X	X	A	SSSXXA
S	S	X	X	X	X	SSXXXX
S	S	X	#	X	X	SSX#XX
S	S	X	X	H	X	SSXXHX
S	S	X	X	H	#	SSXXH#
S	S	X	X	H	A	SSXXHA
S	S	X	X	F	X	SSXXFx
S	S	X	X	X	#	SSXXX#
S	S	X	X	X	A	SSXXXA
S	M	S	X	X	X	SMSXXX
S	M	S	#	X	X	SMS#XX
S	M	S	X	H	X	SMSXHX
S	M	S	X	H	0	SMSXH0
S	M	S	X	H	#	SMSXH#
S	M	S	X	H	A	SMSXHA
S	M	S	X	F	X	SMSXFx
S	M	X	X	X	0	SMXXX0
S	M	S	X	X	#	SMSXX#
S	M	S	X	X	A	SMSXXA
S	M	S	X	X	0	SMSXX0
S	M	X	X	X	X	SMXXXX
S	M	X	#	X	X	SMX#XX
S	M	X	X	H	X	SMXXHX
S	M	X	X	H	0	SMXXH0
S	M	X	X	H	#	SMXXH#
S	M	X	X	H	A	SMXXHA
S	M	X	X	F	X	SMXXFx
S	M	X	X	X	0	SMXXX0
S	M	X	X	X	#	SMXXX#
S	M	X	X	X	A	SMXXXA
S	I	S	X	X	X	SISXXX
S	I	S	#	X	X	SIS#XX

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Category	Option	Study and Training Support Loan	Medicare Levy Surcharge	Medicare Levy Exemption	Medicare Levy Reduction	Treatment Code
S	I	S	X	H	X	SISXHX
S	I	S	X	H	0	SISXH0
S	I	S	X	H	#	SISXH#
S	I	S	X	H	A	SISXHA
S	I	S	X	F	X	SISXFX
S	I	S	X	X	0	SISXX0
S	I	S	X	X	#	SISXX#
S	I	S	X	X	A	SISXXA
S	I	X	X	X	X	SIXXXX
S	I	X	#	X	X	SIX#XX
S	I	X	X	H	X	SIXXHX
S	I	X	X	H	0	SIXXH0
S	I	X	X	H	#	SIXXH#
S	I	X	X	H	A	SIXXHA
S	I	X	X	F	X	SIXXFX
S	I	X	X	X	0	SIXXX0
S	I	X	X	X	#	SIXXX#
S	I	X	X	X	A	SIXXXA

10.6.5 WORKING HOLIDAY MAKER

Table 15: Tax Treatment Validation Rules - Working Holiday Maker Category

Category	Option	Study and Training Support Loan	Medicare Levy Surcharge	Medicare Levy Exemption	Medicare Levy Reduction	Treatment Code
H – Working Holiday Maker	R – Registered employer U – Unregistered employer F – Foreign resident no TFN	X – No STSL	X – No surcharge	X – No exemption	X – No reduction	
H	R	X	X	X	X	HRXXXX
H	U	X	X	X	X	HUXXXX
H	F	X	X	X	X	HFXXXX

OFFICIAL**10.6.6 SEASONAL WORKER PROGRAMME**

Table 16: Tax Treatment Validation Rules - Seasonal Worker Programme Category

Category	Option	Study and Training Support Loan	Medicare Levy Surcharge	Medicare Levy Exemption	Medicare Levy Reduction	Treatment Code
W – Seasonal Worker Programme	P - Seasonal Worker Programme	X – No STSL	X – No surcharge	X – No exemption	X – No reduction	
W	P	X	X	X	X	WPXXXX

10.6.7 FOREIGN RESIDENT

Table 17: Tax Treatment Validation Rules - Foreign Resident Category

Category	Option	Study and Training Support Loan	Medicare Levy Surcharge	Medicare Levy Exemption	Medicare Levy Reduction	Treatment Code
F – Foreign Resident	F – Foreign Resident	S – Has STSL X – No STSL	X – No surcharge	X – No exemption	X – No reduction	
F	F	S	X	X	X	FFXXXX
F	F	X	X	X	X	FFXXXX

10.6.8 NO TFN

Table 18: Tax Treatment Validation Rules - No TFN Category

Category	Option	Study and Training Support Loan	Medicare Levy Surcharge	Medicare Levy Exemption	Medicare Levy Reduction	Treatment Code
N – No TFN	F – Foreign resident A – Australian resident	X – No STSL	X – No surcharge	X – No exemption	X – No reduction	
N	F	X	X	X	X	NFXXXX
N	A	X	X	X	X	NAXXXX

10.6.9 ATO-DEFINED

Table 19: Tax Treatment Validation Rules - ATO-Defined Category

Category	Option	Study and Training Support Loan	Medicare Levy Surcharge	Medicare Levy Exemption	Medicare Levy Reduction	Treatment Code
D – ATO Defined	B – Death Beneficiary V – Downward Variation Z - Non-Employee	X – No STSL	X – No surcharge	X – No exemption	X – No reduction	
D	B	X	X	X	X	DBXXXX
D	V	X	X	X	X	DVXXXX
D	Z	X	X	X	X	DZXXXX

~~OFFICIAL~~**10.6.10 VOLUNTARY AGREEMENT**

Table 20: Tax Treatment Validation Rules - Voluntary Agreement Category

Category	Option	Study and Training Support Loan	Medicare Levy Surcharge	Medicare Levy Exemption	Medicare Levy Reduction	Treatment Code
V – Voluntary Agreement	C – With Commissioner's instalment rate (CIR) O – Without Commissioner's instalment rate (CIR)	X – No STSL	X – No surcharge	X – No exemption	X – No reduction	
V	C	X	X	X	X	VCXXXX
V	O	X	X	X	X	VOXXXX

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





10.7 COMPLEX BUSINESS RULES

The following table provides a summary of the fields in the MST that require further definitions than can be provided in the MST. It is in reference to section 1.5. Cross references are provided to the sections that explain both the context and the rules:

Table 21: Summary of MST Complex Business Rule Fields

Alias	Label	Description	Cross reference
PAYEVNT63	BMS Identifier	Identifies the Business Management System software used by the payer.	<ul style="list-style-type: none"> ☰ S4.2 context ☰ S5.2 rules
PAYEVNT101	Previous BMS Identifier	Identifies the previous Business Management System software used by the payer.	<ul style="list-style-type: none"> ☰ S4.2 context ☰ S5.2 rules
PAYEVNT71	Run Date/Time Stamp	The generation date and time of a Business Signal.	<ul style="list-style-type: none"> ☰ S4.1.1 context ☰ S5.1.1 rules
PAYEVNT20	Payer Total PAYGW Amount	The value, during the relevant period, for the amount withheld under the Pay As You Go (PAYG) arrangement.	<ul style="list-style-type: none"> ☰ S4.1.2 context ☰ S5.1.2 rules
PAYEVNT22	Payer Total Gross Payments Amount	The total of salary, wages and other payments paid during the reporting period, from which an amount must be withheld.	<ul style="list-style-type: none"> ☰ S4.1.2 context ☰ S5.1.2 rules
PAYEVNT103	Child Support Total Garnishee Amount	Total amount an employer has garnisheed from employees' pay under section 72A of the Child Support (Registration and Collection) Act 1988 during the reporting period.	<ul style="list-style-type: none"> ☰ S4.9.1 context ☰ S5.10.1 rules
PAYEVNT104	Child Support Total Deductions Amount	This is the total amount an employer has deducted under section 45 of the Child Support (Registration and Collection) Act 1988 from employees' pay during the reporting period.	<ul style="list-style-type: none"> ☰ S4.9.1 context ☰ S5.10.1 rules
PAYEVNTEMP251	Previous Payroll ID	Number allocated by the payer payroll system to identify a payee.	<ul style="list-style-type: none"> ☰ S4.2 context ☰ S5.2 rules
PAYEVNTEMP92	Payee Commencement Date	The date when a person commenced paid employment.	<ul style="list-style-type: none"> ☰ S4.4 context ☰ S5.4.1 rules

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Alias	Label	Description	Cross reference
PAYEVNTEMP93	Payee Cessation Date	The date when a person ceases paid employment.	<ul style="list-style-type: none">  S4.4 context  S5.4.2 rules
PAYEVNTEMP254	Tax Treatment Code	Indicates how the amount withheld was calculated.	<ul style="list-style-type: none">  S4.4.3 context  S5.4.5 rules
PAYEVNTEMP255	Tax Offset Amount	The value, during the relevant period, for the total of all tax offsets being claimed.	<ul style="list-style-type: none">  S4.4 context  S5.4.6 rules
PAYEVNTEMP29	Period Start Date	Initial date of the period.	<ul style="list-style-type: none">  S4.5 context  S5.5 rules
PAYEVNTEMP30	Period End Date	Final date of the period.	<ul style="list-style-type: none">  S4.5 context  S5.5 rules
PAYEVNTEMP260	Country Code	This represents the Country Code as prescribed by AS4590 and inherited from ISO 3166.	<ul style="list-style-type: none">  S4.6.2 context  S5.7 rules
PAYEVNTEMP258	Gross Amount	Gross remuneration amount less other amounts reported elsewhere.	<ul style="list-style-type: none">  S4.8.7 context  S5.9.4 rules
PAYEVNTEMP7	Allowance Type Code	The type of allowance.	<ul style="list-style-type: none">  S4.8.9 context  S5.9.6 rules
PAYEVNTEMP62	Payee Allowance Amount	YTD amount for the specific allowance.	<ul style="list-style-type: none">  S4.8.9 context  S5.9.6 rules
PAYEVNTEMP10	Deduction Type	The code for the type of deduction.	<ul style="list-style-type: none">  S4.9.1 context  S5.10.1 rules

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10.8 TAX FILE NUMBER EXEMPTION CODES

The following table identifies the circumstances when the ATO TFN exemption codes may be used:

Table 22: ATO Exemption Codes

TFN Exemption Code	Purpose/Permitted Use
000000000	No TFN quoted by the payee: <ul style="list-style-type: none"> • the payee has not completed a TFN declaration, or • the payee has completed a TFN declaration and chooses not to quote a valid TFN, or • the payee has indicated that they applied or enquired about a TFN with the ATO and failed to provide a TFN within 28 days.
111111111	If a payee does not provide a valid TFN or indicate on the TFN declaration that they have applied or enquired about a TFN with the ATO, an interim code of 111111111 can be used by the payer. This code would be updated with the payees TFN or with the no TFN quoted code [000000000] where the payee fails to provide the TFN to the payer within the 28 day period allowed, under legislation, to obtain and provide the TFN to the payer.
333333333	Where the payee is under the age of eighteen and has not quoted a TFN: <ul style="list-style-type: none"> • earns \$350 or less weekly, or • earns \$700 or less fortnightly, or • earns \$1517 or less monthly. The code 333333333 must be used when claiming an exemption from quoting a TFN. If circumstances change and the payee subsequently earns a level of income that attracts withholding tax, a TFN will be required to be provided at that time.
444444444	Where the payee is a recipient of a social security or service pension or benefit (other than Newstart, sickness allowance, special benefits or partner allowance) an exemption from quoting a TFN may be claimed. In this case the code 444444444 must be used.

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10.9 COMPONENTS OF THE PARENT PERIOD TOTALS

The following table identifies the fields to include in the parent period amount totals (Submit action only):

Table 23: Fields to include in Parent Period Total Amounts

Field Code	Field Name	Gross Total	PAYGW Total	CS Garnishee Total	CS Deduction Total
PAYEVNTEMP259	PAYGW Amount		Include		
PAYEVNTEMP278	Foreign Tax Paid Amount				
PAYEVNTEMP261	Exempt Foreign Income Amount				
PAYEVNTEMP258	Gross Amount	Include			
PAYEVNTEMP270	Paid Leave Payment Amount	Include			
PAYEVNTEMP62	Payee Allowance Amount	Include			
PAYEVNTEMP263	Overtime Amount	Include			
PAYEVNTEMP262	Bonuses and Commissions Amount	Include			
PAYEVNTEMP264	Directors' Fees Amount	Include			
PAYEVNTEMP267	Salary Sacrifice Amount	Deduct			
PAYEVNTEMP273	Lump Sum Payment Amount	Includes all except Type D			
PAYEVNTEMP50	Payee Termination Payment Tax Free Component				
PAYEVNTEMP51	Payee Termination Payment Taxable Component	Include			
PAYEVNTEMP117	Payee Total ETP PAYGW Amount		Include		
PAYEVNTEMP87	Payee Deduction Amount			Amount for type G only	Amount for type D only
PAYEVNTEMP284	Super Entitlement Amount				
PAYEVNTEMP277	Payee RFB Amount				

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10.10 TAX TREATMENT CODES PERMISSIBLE PER INCOME TYPE

The following table indicates what tax treatment categories/options are permissible for each Income Type:

Table 24: Tax Treatment Code Permissibilities by Income Type

Tax Treatment Category	SAW	CHP	IAA	WHM	SWP	FEI	VOL	LAB	OSP
R - Regular	Y	Y	Y			Y		Y	Y
A - Actors	Y	Y	Y			Y		Y	Y
C - Horticulturists and Shearers	Y	Y				Y		Y	
S – Seniors and Pensioners	Y	Y				Y		Y	Y
H – Working Holiday Makers				Y					
W – Seasonal Worker Programme					Y				
F – Foreign Resident	Y	Y	Y					Y	Y
N – No TFN	Y	Y	Y			Y		Y	Y
D – ATO-Defined	Y	Y	Y			Y		Y	Y
V – Voluntary Agreement							Y		

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The following table indicates what Payment Types are permissible for each Income Type:

Table 25: Income Types/Payment Types Matrix

Alias	Label	SAW	CHP	IAA	WHM	SWP	FEI	VOL	LAB	OSP
PAYEVNTEMP259	PAYGW Amount	Y	Y	Y	Y	Y	Y	Y	Y	Y
PAYEVNTEMP278	Foreign Tax Paid Amount						Y			
PAYEVNTEMP261	Exempt Foreign Income Amount	Y								
PAYEVNTEMP258	Gross Amount	Y	Y	Y	Y	Y	Y	Y	Y	Y
PAYEVNTEMP270	Paid Leave Payment Amount	Y	Y	Y	Y	Y	Y			
PAYEVNTEMP62	Payee Allowance Amount	Y	Y	Y	Y	Y	Y			
PAYEVNTEMP263	Overtime Amount	Y	Y	Y	Y	Y	Y			
PAYEVNTEMP262	Bonuses and Commissions Amount	Y	Y	Y	Y	Y	Y			
PAYEVNTEMP264	Directors' Fees Amount	Y	Y	Y			Y			
PAYEVNTEMP267	Salary Sacrifice Amount	Y	Y	Y	Y	Y	Y			
PAYEVNTEMP273	Lump Sum Payment Amount	Y	Y	Y	Y	Y	Y			
PAYEVNTEMP50	Payee Termination Payment Tax Free Component	Y	Y	Y	Y	Y	Y			
PAYEVNTEMP51	Payee Termination Payment Taxable Component	Y	Y	Y	Y	Y	Y			
PAYEVNTEMP117	Payee Total ETP PAYGW Amount	Y	Y	Y	Y	Y	Y			

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10.12 ENUMERATIONS

PAYEVNT 2020 service has moved enumerations from the MST or schema into validation rules. This is to future proof the schema for any government changes and allow new types to be added without requiring a change to the schema. Below is a list of all valid codes for each of the enumerations in the 2020 service.

Table 26: Enumeration Codes and Definitions

Field	Code	Description	Definition (Hyperlinked to S4 Concepts for the Pay Event Definitions)
PAYEVNTEMP282 Employment Basis Code	F	Full time	F (Full time) – a person who is engaged for the full ordinary hours of work as agreed between the payer and the payee and/or set by an award, registered agreement or other engagement arrangement. A full-time payee has an expectation of continuity of the employment or engagement on either an ongoing or fixed term basis
	P	Part time	P (Part time) – a person who is engaged for less than the full ordinary hours of work, as agreed between the payer and the payee and/or set by an award, registered agreement or other engagement arrangement. A part time payee has an expectation of continuity of the employment or engagement on either an ongoing or fixed term basis.
	C	Casual	C (Casual) – a person who does not have a firm commitment in advance from a payer about how long they will be employed or engaged, or for the days or hours they will work. A casual payee also does not commit to all work a payer may offer. A casual payee has no expectation of continuity of the employment or engagement.
	L	Labour hire	L (Labour Hire) – a contractor who has been engaged by a payer to work for their client. The hours of work and duration of engagement are not factors for consideration.
	V	Voluntary agreement	V (Voluntary Agreement) – a contractor with their own ABN and is an individual person. The hours of work and duration of engagement are not factors for consideration.
	D	Death beneficiary	D (Death Beneficiary) – the recipient of an ETP death beneficiary payment who is either a dependant, non-dependant or trustee of the estate of the deceased payee.
	N	Non-employee	N (Non-Employee) – a payee who is not in scope of STP for payments but may be included in STP for voluntary reporting of superannuation entitlements only.
PAYEVNTEMP253 Cessation Type Code	V	Voluntary Cessation	V (Voluntary Cessation) – an employee resignation, retirement, domestic or pressing necessity or abandonment of employment.
	I	Ill-health	I (Ill Health) – an employee resignation, due to medical condition that prevents the continuation of employment, such as for illness, ill-health, medical unfitness or total permanent disability.
	D	Deceased	D (Deceased) – the death of an employee.

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Field	Code	Description	Definition (Hyperlinked to S4 Concepts for the Pay Event Definitions)
	R	Redundancy	R (Redundancy) – an employer-initiated termination of employment due to a genuine bona-fide redundancy or approved early retirement scheme, <i>or a non-genuine redundancy</i>
	F	Dismissal	F (Dismissal) – an employer-initiated termination of employment due to dismissal, inability to perform the required work, misconduct or inefficiency.
	C	Contract Cessation	C (Contract Cessation) – the natural conclusion of a limited employment relationship due to contract/engagement duration or task completion, seasonal work completion, or to cease casuals that are no longer required.
	T	Transfer	T (Transfer) – the administrative arrangements performed to transfer employees across payroll systems, move them temporarily to another employer (machinery of government for public servants), move them to outsourcing arrangements or other such technical activities.
PAYEVNTEMP257 Income Stream Type Code	SAW	Salary and wages	SAW (Salary and Wages) – Assessable income paid to payees for work performed in Australia, other than that included as other Income Types. This includes income paid to Pacific Labour Scheme workers.
	CHP	Closely held payees	<p>CHP (Closely Held Payees) – New - a payee who is directly related to the entity, from which they receive payments, such as family members of a family business; directors or shareholders of a company; beneficiaries of a trust. The concept of closely held payees flows on from existing Payment Summary Annual Report (PSAR) concessions. All other payees of an entity (known as arm's length payees) must be reported by the statutory due date. Payers with this class of payee are eligible for the following concessions:</p> <ul style="list-style-type: none"> • Deferred Lodgment – reporting payments to closely held payees subject to withholding “on or before payday”, the report may be deferred to quarterly reporting for payers with 19 or fewer payees • Deferred Finalisation – concessional due dates for finalising STP reporting for closely held payees are available. See ato.gov.au/STP for finalisation due dates. <p>Where a payer is utilising either of these concessions, the income must be reported under this income type. This income type only applies to SAW income. Where a payer is utilising the deferred lodgment concession, they may report more regularly if they choose to do so. A payer may report YTD amounts for any closely held payee under this income type, even if they do not access the concession. This reporting concession does not relieve the payer of their PAYGW payment obligations, including the due date of payment.</p>

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Field	Code	Description	Definition (Hyperlinked to S4 Concepts for the Pay Event Definitions)
	IAA	Inbound assignees to Australia	<ul style="list-style-type: none"> IAA (Inbound Assignees to Australia) – New - some multinational payers exchange, or transfer, payees between affiliated entities in different tax jurisdictions. This is done for business and commercial purposes. This payer of this class of payee is eligible, but may not require, a concession for: Deferred Lodgment – reporting payments subject to withholding “on or before payday”, the report may be deferred until the last day of the month after the relevant payment was made. A “reasonable estimate” may be provided if actual amounts are not known but must be corrected on or before finalisation Deferred Finalisation – finalising the payee income by 14 July, the finalisation may be deferred by one month: until 14 August of that same year. <p>Where a payer is utilising either of these concessions, the income must be reported under this income type. This income type only applies to SAW income. Where a payer is utilising the deferred lodgment concession, they may report on or before the actual foreign payment date if they choose to do so. A payer may report YTD amounts for any inbound assignee under this income type, even if they do not access the concession. This reporting concession does not relieve the payer of their PAYGW payment obligations, including the due date of payment.</p>
	WHM	Working holiday makers	WHM (Working Holiday Makers) – income only for limited visa subclasses for foreign residents. This includes income for a WHM engaged by a Labour-Hire business as an employee but does not include contractors engaged by a Labour-Hire business.
	SWP	Seasonal worker programme	<p>SWP (Seasonal Worker Programme) – NEW – applies to regional programmes for government-approved employers. This includes income for a SWP engaged by a Labour-Hire business as an employee but does not include contractors engaged by a Labour-Hire business</p> <p>Use this income type to report payments to participants in the Seasonal Worker Program, and participants in the Pacific Australia Labour Mobility (PALM) scheme who have indicated on a TFN declaration that they are a non-resident.</p> <p>Do not use this income type to report payments to participants in the PALM scheme who have indicated on a TFN declaration that they are a resident. Use SAW income type instead.</p>

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Field	Code	Description	Definition (Hyperlinked to S4 Concepts for the Pay Event Definitions)
	FEI	Foreign employment income	FEI (Foreign Employment) – assessable income paid to payees, who are Australian tax residents, that is subject to tax in another country, for work performed in that country, if the qualification period is met
	JPD	Joint petroleum development area	JPD (Joint Petroleum Development Area) – DEPRECATED – for payments to individuals for work or services performed in the JPDA where the payment is covered by Subdivision 12-B of schedule 1 to the TAA. Can only be reported for financial year 2019/2020 and earlier.
	VOL	Voluntary agreement	VOL (Voluntary Agreement) - a written agreement between a payer and a contractor payee to bring work payments into the PAYGW system. The payer does not have to withhold amounts for payments they make to contractors. However, the payer and a contract worker (payee) can enter into a voluntary agreement to withhold an amount of tax from each payment they make to the contractor.
	LAB	Labour hire	LAB (Labour-Hire) – payments by a business that arranges for persons to perform work or services, or performances, directly for clients of the entity. Income for contractors only, does not include employees.
	OSP	Other specified payments	OSP (Other Specified Payments) - Specified payments by regulation 27 of the Taxation Administration Regulations 2017. Income from tutorial services provided for the Aboriginal Tutorial Assistance Scheme of the Department of Education, Skills and Employment; from translation and interpretation services for the Translating and Interpreting Service of the Department of Home Affairs; as a performing artist in a promotional activity.
PAYEVNTEMP266 Salary Sacrifice Type Code	S	Superannuation	S (Superannuation) – an effective Salary Sacrifice arrangement, entered into before the work is performed, where contributions are paid to a complying fund, where the sacrificed salary is permanently foregone.
	O	Other employee benefits	O (Other Employee Benefits) – an effective Salary Sacrifice arrangement, entered into before the work is performed, for benefits other than for superannuation, where the sacrificed salary is permanently foregone.
PAYEVNTEMP269 Paid Leave Type Code	C	Cash out leave in service	C (Cash out of leave in service) – represents the YTD amount of ordinary time earnings leave entitlements that have been paid out in lieu of the payee taking the absence from work. This option represents Fair Work entitlements as defined in an award, enterprise agreement or contract of employment (for award and agreement free employees). When leave is cashed out, it reduces the balance of the entitlement, as occurs if the absence was taken, but on the date of payment rather than over the duration of the absence. Also used when leave is “paid out” when full-time/part-time employee changes to casual.

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Field	Code	Description	Definition (Hyperlinked to S4 Concepts for the Pay Event Definitions)
			Services Australia categorise this type of payment as Lump Sum These amounts are OTE for the purposes of the SGAA, and included in qualifying earnings
	U	Unused leave on termination	<p>U (Unused leave on termination) - Some types of leave balances are paid out upon the termination of employment, in accordance with the industrial instruments that define the entitlement to leave. Of the leave balances paid out upon termination, some are considered part of the:</p> <ul style="list-style-type: none"> • Lump Sums – reported as payment type Lump Sum Payment Amount (PAYEVNTEMP273) • Employment Termination Payment (ETP) – reported as payment type in the Termination Payments tuple (PAYEVNTEMP223) • Unused leave on termination is comprised of the post-17 August 1993 component of annual leave, leave loading and long service leave for termination reasons other than genuine redundancy, invalidity or early retirement scheme. Services Australia categorise this payment as Termination Payment <p>These amounts are not OTE for the purposes of the SGAA and also not included in qualifying earnings</p>
	P	Paid parental leave	<p>P (Paid Parental Leave) - After at least 12 months of service, employees can get parental leave, paid or unpaid, when an employee gives birth, an employee's spouse or de facto partner gives birth or an employee adopts a child under 16 years of age. Some employers offer paid parental leave and the Government Paid Parental Leave (GPPL) Scheme offers eligible employees, who are the primary carer of a newborn or adopted child, up to 18 weeks' leave, paid at the national minimum wage. Generally, GPPL is paid by Services Australia to the employer to pay the employee, but both types of paid parental leave may be paid at the same time. Services Australia categorise this type of payment as Employment Income or Lump Sum , depending on the payment frequency. Additionally, this type of payment has significant government policy impact. These amounts are not OTE for the purposes of the SGAA and also not included in qualifying earnings.</p>
	W	Workers' compensation	<p>W (Workers' Compensation) - Any workers' compensation payments received by an injured employee for the hours <i>not worked</i> (or not attending work as required) or if the employment has been terminated. Services Australia categorise this payment as</p>

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Field	Code	Description	Definition (Hyperlinked to S4 Concepts for the Pay Event Definitions)
			Compensation. These amounts are not OTE for the purposes of the SGAA, and also not included in qualifying earnings. and also not included in qualifying earnings.
	A	Ancillary and defence leave	A (Ancillary and Defence Leave) - Paid leave for absences such as for Australian Defence Force, Emergency Leave, eligible Community Service and Jury Service. Services Australia categorise this type of payment as Employment Income or Lump Sum , depending on the payment frequency. Additionally, this type of payment has significant government policy impact. These amounts are not OTE for the purposes of the SGAA and also not included in qualifying earnings.
	O	Other paid leave	O (Other Paid Leave) - All other paid absences, regardless of rate of pay (full, half, reduced rate) must be reported as this payment type. It includes, but is not limited to annual leave, leave loading, long service leave, personal leave, RDOs. Services Australia categorise this type of payment as Employment Income or Lump Sum , depending on the payment frequency. Generally, these types of paid leave are OTE for the purposes of the SGAA and also included in qualifying earnings. An exception to this would be long service leave paid under a portable long service leave provider.
PAYEVNTEMP271 Lump Sum Type Code	R	Lump Sum A type R	R (Lump Sum A Type R) – all unused annual leave or annual leave loading, and that component of long service leave that accrued from 16/08/1978, that is paid out on termination only for genuine redundancy, invalidity or early retirement scheme reasons. Services Australia categorise these payments as Termination Payment
	T	Lump Sum A type T	T (Lump Sum A Type T) - Unused annual leave or annual leave loading that accrued before 17/08/1993, and long service leave accrued between 16/08/1978 and 17/08/1993, that is paid out on termination for normal termination (other than for a genuine redundancy, invalidity or early retirement scheme reason). Services Australia categorise these payments as Termination Payment
	B	Lump Sum B	B (Lump Sum B) – long service leave that accrued prior to 16/08/1978 that is paid out on termination, no matter the cessation reason. Only 5% of this reported amount is subject to withholding. Services Australia categorise these payments as Lump Sum
	D	Lump Sum D	D (Lump sum D) - represents the tax-free amount of <i>only</i> a genuine redundancy payment or early retirement scheme payment, up to the limit, based on the payees years of service.

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Field	Code	Description	Definition (Hyperlinked to S4 Concepts for the Pay Event Definitions)
	E	Lump Sum E	E (Lump sum E) - represents the amount for back payment of remuneration that accrued, or was payable, more than 12 months before the date of payment and, prior to 1 July 2025, is also greater than or equal to the lump sum E annual threshold amount of \$1,200. Services Australia categorise these payments as Lump Sum
	W	Return to work payment	W (Return to Work Payments) – NEW - A return to work amount is paid to induce a person to resume work, for example; to end industrial action or to leave another employer. It does not matter how the payments are described or paid, or by whom they are paid.
PAYEVNTEMP34 ETP Code	R	Life Benefit - Redundancy et al	R (Redundancy et al) – a <i>life benefit</i> payment as a consequence of employment, paid only for reasons of genuine redundancy (the employer decides the job no longer exists), invalidity (the employee sustained a permanent disability), early retirement scheme (an ATO-approved plan that offers employees incentives to retire early or resign when the employer is rationalising or reorganising their business operations) or compensation for personal injury, unfair dismissal, harassment or discrimination. This is the excluded part of the ETP.
	O	Life Benefit - Other	O (Other Reason) – a <i>life benefit</i> payment as a consequence of employment, paid for reasons other than for “R” above. Such as a gratuity or golden handshake, non-genuine redundancy payments, payments in lieu of notice, unused rostered days off (RDOs) or unused personal leave. This is the non-excluded part of the ETP.
	S	Life Benefit - Split ETP type R	S (Split ETP Type R) – a multiple payment for <i>life benefit</i> ETP type “R” for the same termination of employment, where the later payment is paid in a subsequent financial year from the original type “R” payment. The ETP cap is reduced by the prior financial year payment to prevent splitting payments to avoid the ETP cap. This is also the excluded part of the ETP.
	P	Life Benefit - Split ETP type O	P (Split ETP Type O) - a multiple payment for <i>life benefit</i> ETP type “O” for the same termination of employment, where the later payment is paid in a subsequent financial year from the original type “O” payment. The ETP cap is reduced by the prior financial year payment to prevent splitting payments to avoid the ETP cap. This is also the non-excluded part of the ETP
	D	Death Benefit - Dependant	D (Dependant) – a <i>death benefit</i> payment directly to a dependant of the deceased employee. A dependant may include a spouse of the deceased, a minor child, a person who had an interdependency relationship with the deceased or a person who was a dependant of the deceased just before the latter died.

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Field	Code	Description	Definition (Hyperlinked to S4 Concepts for the Pay Event Definitions)
	N	Death Benefit - Non-Dependant	N (Non-Dependant) – a <i>death benefit</i> payment directly to a non-dependant of the deceased employee. A non-dependant is a person who is not a dependant of the deceased and not a trustee of the deceased estate.
	B	Death Benefit – Split ETP type N	B (Split ETP Type N) – a multiple payment for a <i>death benefit</i> ETP type “N” for the same deceased person, where the later payment is paid in a subsequent financial year from the original type “N” payment. The ETP cap is reduced by the prior financial year payment prevent splitting payments to avoid the ETP cap.
	T	Death Benefit – Trustee of the Deceased Estate	T (Trustee of the Deceased Estate) – a <i>death benefit</i> payment directly to a trustee of the deceased estate. This person may be an executor or administrator who has been granted probate or letters of administration by a court.
PAYEVNTEMP10 Deduction Type	F	Fees	F (Fees) – union fees, subscriptions to trade, business or professional associations, the payment of a bargaining agent’s fee to a union for negotiations in relation to a new enterprise agreement award with your existing employer.
	W	Workplace Giving	W (Workplace Giving) – workplace giving program donations to charities or organisations that are entitled to receive tax deductible donations.
	G	Child Support Garnishee	G (Child Support Garnishee) – deduction made under a notice as per section 72A of the <i>Child Support (Registration and Collection) Act 1988</i> . This is a percentage of a payees taxable gross income, a lump sum or a fixed amount each pay until the debt is satisfied
	D	Child Support Deduction	D (Child Support Deduction) - deduction made under a notice as per section 45 of the <i>Child Support (Registration and Collection) Act 1988</i> . This is a fixed dollar amount each pay period. Deductions made under section 45 of the <i>Child Support (Registration and Collection) Act 1988</i> are made subject to a Protected Earnings Amount (PEA).
PAYEVNTEMP283 Super Entitlement Type Code	L	Superannuation Liability	L (Superannuation Liability) – contribution payable by a payer for the benefit of a payee as mandated by guarantee legislation.
	O	Ordinary Time Earnings	O (OTE - Ordinary Time Earnings) –the total of amounts paid to a payee that constitute their OTE for superannuation guarantee purposes.
	Q	Qualifying Earnings	Q (Qualifying Earnings) –the total of amounts paid to a payee that constitute their qualifying earnings for superannuation guarantee purposes
	R	Reportable Employer Superannuation Contribution	R (RESC – Reportable Employer Superannuation Contribution) – additional, optional (not legislated or mandated by industrial, legislative or business policy instruments) employer

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			super contributions made on behalf of the employee, that have been influenced by the employee, such as for an effective Salary Sacrifice arrangement for super contributions to a complying super fund, amounts in excess of the maximum contribution base and other super co-contributions. Matching contributions under individual contracts are RESC because the employee was able to directly influence the terms of the agreement.
PAYEVNTEMP276 RFB Exemption Status Code	T	Taxable	<p>T (Taxable) – the grossed-up taxable amount of certain fringe benefits provided to a payee where:</p> <ul style="list-style-type: none"> • the total of taxable and exempt benefits provided is in excess of \$2,000 in the year (1 April to 31 March), and • Either: <ul style="list-style-type: none"> ○ The employer is not eligible for an exemption from FBT under section 57A of the <i>Fringe Benefits Tax Assessment Act 1986</i> (FBTAA), or ○ The employer is eligible for an exemption from FBT under section 57A of the FBTAA but the benefits were provided to an employee performing non-exempt duties.
	X	Exempt	<p>X (Exempt) - the grossed-up taxable amount of certain fringe benefits provided to a payee where:</p> <ul style="list-style-type: none"> • The total of taxable and exempt benefits provided is in excess of \$2,000 in the FBT year (1 April to 31 March), and • The benefit was provided to an employee performing exempt duties for an employer that is eligible for an exemption from FBT under section 57A of the FBTAA. <p>The reporting of RFBA is voluntary under STP, though if not reported through STP, must be reported via Payment Summaries/PSAR. Where not able to be reported throughout the financial year, a payer can report this amount once as a part of the finalisation process for the payee.</p>
PAYEVNTEMP7 Allowance Type Code	CD	Cents per Kilometre	<p>CD (Cents per KM) – deductible expense allowances that define a set rate for each kilometre travelled for business purposes that represents the vehicle running costs, including registration, fuel, servicing, insurance and depreciation into account</p> <p>This should not include any cents per kilometre allowances that are paid for travel between the payees home and place of work unless it is a home-based business and the trip was for business purposes. Mileage paid for private purposes is a non-deductible expense for PAYGW and superannuation guarantee purposes and are to be reported as OD (Other Allowances) > Other Allowance Type Description: ND Non-deductible</p>

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			<p>Mileage paid for other vehicles is a deductible expense that is to be treated as “no measures defined by the ATO” for PAYGW and superannuation guarantee purposes and is to be reported as OD (Other Allowances) > Other Allowance Type Description V1 Private Vehicle</p> <p>Services Australia categorise this as Expense Allowance .</p>
	AD	Award Transport Payments	<p>AD (Award Transport Payments) – deductible expense allowances for the total rate specified in an industrial instrument to cover the cost of transport (excluding travel or cents per kilometre reported as other separately itemised allowances) for business purposes, as defined in section 900-220 of the <i>Income Tax Assessment Act 1997</i></p> <p>The current award transport payment must be traceable to an award in force on 29 October 1986 (this is the ATO measure for the rate and/or limit for PAYGW purposes)</p> <p>If the award transport payment cannot be traced back to the historical award, it is to be treated as “no measures defined by the ATO” for PAYGW and superannuation guarantee purposes and is to be reported as OD (Other Allowances) > Other Allowance Type Description V1 Private Vehicle</p> <ul style="list-style-type: none"> • Award transport payments for private purposes is a non-deductible expense for PAYGW and superannuation guarantee purposes and are to be reported as OD (Other Allowances) > Other Allowance Type Description: ND Non-deductible • Services Australia categorise this as Expense Allowance .
	LD	Laundry	<p>LD (Laundry) – deductible expense allowances for washing, drying and/or ironing uniforms required for business purposes. These allowances are typically paid as a regular rate for each week of work or services performed and cannot include dry cleaning expenses or reimbursements</p> <p>Uniforms refers to the approved categories of clothing defined by the ATO</p> <p>There may be limited circumstances for deductibility of conventional clothing if there is sufficient connection between the clothing and income earning activities. If so, it is to be treated as “no measures defined by the ATO” for PAYGW and superannuation guarantee purposes and is to be reported as OD (Other Allowances) > Other Allowance Type Description G1 General</p> <p>Laundering of other clothing items is a non-deductible expense for PAYGW and superannuation guarantee purposes and is to be reported as OD (Other Allowances) > Other Allowance Type Description: ND Non-deductible</p> <p>Services Australia categorise this as Expense Allowance</p>

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	MD	Overtime Meal Allowances	<p>MD (Overtime Meal Allowances) – deductible expense allowances defined in an industrial instrument that are in excess of the ATO reasonable amount, paid to compensate the payee for meals consumed during meal breaks connected with overtime worked</p> <p>Services Australia categorise this as Expense Allowance</p>
	RD	Domestic or Overseas Travel Allowances and Overseas Accommodation Allowances	<p>RD (Domestic or Overseas Travel Allowances and Overseas Accommodation Allowances) – deductible expense allowances that are in excess of the ATO reasonable allowances amount (for domestic or overseas travel), undertaken for business purposes, which are intended to compensate employees who are required to sleep away from home. It is not a reimbursement of actual expenses, but a reasonable estimate to cover costs including meals, accommodation and incidental expenses</p> <p>All overseas accommodation allowances are to be treated as “no measures defined by the ATO” for PAYGW and superannuation guarantee purposes and is to be reported as OD (Other Allowances) > Other Allowance Type Description G1 General</p> <p>Travel allowance for private purposes is a non-deductible expense for PAYGW and superannuation guarantee purposes and are to be reported as OD (Other Allowances) > Other Allowance Type Description: ND Non-deductible</p> <p>Services Australia categorise this as Expense Allowance</p>
	TD	Tool Allowances	<p>TD (Tool Allowances) (NEW) – deductible expense allowances to compensate a payee who is required to provide their own tools or equipment to perform work or services for the payer. For example: chef’s knives, divers’ tanks, trade tools, phone allowances. This allowance was formerly required to be reported under “Other Allowances” with a description of the allowance type. This is now required to be reported separately</p> <p>Services Australia categorise this as Expense Allowance</p>
	OD	Other Allowances	<ul style="list-style-type: none"> • OD (Other Allowances) – any expense allowances that are not otherwise separately itemised: <p>Deductible expenses – for those expenses not specifically addressed in the above allowance types. For example: car allowances (other than cents per kilometre), uniform allowances etcetera.</p>

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			<p>Services Australia categorise this as Expense Allowance</p> <p>Non-deductible expenses – for those expenses that are for private use. For example: cents per kilometre for travel between home and the regular place of work, laundry allowances for conventional clothing</p> <p>Services Australia categorises this as Employment Income.</p> <p>Rather than providing the description of the pay code for Other Allowance Description, the ATO-preferred method is to report the category of other allowances, using pre-determined category descriptions. This will allow the ATO to assist the payee when completing their IITR.</p> <p>OD (Other Allowances) – any expense allowances that are not otherwise separately itemised:</p> <ul style="list-style-type: none"> • Deductible expenses – for those expenses not specifically addressed in the above allowance types. For example: car allowances (other than cents per kilometre), uniform allowances etcetera. • Services Australia categorise this as Expense Allowance • Non-deductible expenses – for those expenses that are for private use. For example: cents per kilometre for travel between home and the regular place of work, laundry allowances for conventional clothing • Services Australia categorises this as Employment Income. • Rather than providing the description of the pay code for Other Allowance Description, the ATO-preferred method is to report the category of other allowances, using pre-determined category descriptions. This will allow the ATO to assist the payee when completing their IITR.
	KN	Task Allowances	<p>KN (Tasks) (NEW) – service allowances that are paid to a payee to compensate for specific tasks or activities performed that involve additional responsibilities, inconvenience or efforts above the base rate of pay. For example; higher duties allowance, confined spaces allowance, dirty work, height money, first aid etcetera. These allowances were formerly included in Taxable Gross but are now required to be reported separately</p> <p>Expense allowances cannot be reported as this allowance type</p> <ul style="list-style-type: none"> • Services Australia categorises this as Employment Income.

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	QN	Qualification Allowances	QN (Qualifications/Certificates) (NEW) – deductible expense allowances that are paid for maintaining a qualification that is evidenced by a certificate, licence or similar. For example; allowances to cover registration fees, insurance, licence fees etcetera that are expected to be expended to maintain a requirement of the job. Services Australia categorise this as Expense Allowance