

Assign ATO reporting categories for Single Touch Payroll

You need to assign an ATO reporting category to each of the wage, deduction and superannuation [pay items](#) you use. This lets the ATO know how to treat each type of payment you're reporting through Single Touch Payroll (STP).

Get ready for STP Phase 2

STP Phase 2 is the ATO's expansion of their payroll reporting requirements. This includes expanding the list of ATO reporting categories to better define the amounts paid to employees. For example, the ATO reporting category **Gross payments** is being split into more specific payment types, like overtime and bonuses.

To learn more about STP Phase 2, [visit the ATO website](#).

The current list of ATO reporting categories will apply until STP Phase 2 begins. But you or your bookkeeper can start assigning the new ATO reporting categories in preparation for the change.

This will reduce the stress of the transition by assigning the new categories over the next few months. Learn more about [getting ready for STP Phase 2](#).

Create wage pay item

Details

☐ JobKeeper top-up payment

Name

ATO reporting category ⓘ

Pay basis ☒ Salary
☐ Hourly

☐ Override employees' wage expense account

Plan ahead for STP phase 2 reporting Coming soon

ATO reporting category (STP Phase 2)

ⓘ **Single Touch Payroll Phase 2 is coming**
For Phase 2 you'll need to assign new ATO categories to your pay items.
You can get a head start by assigning the categories now.
[Learn more](#)

Which ATO reporting category should I assign?

As your business, award and employee agreement are unique, we can't tell you which ATO reporting categories you should assign to your payroll categories.

However, you can use the [descriptions of reporting categories](#) below to guide you.

For additional information and advice:

- consult your accounting advisor (don't have an accounting advisor? Get in contact with a [Professional Partner](#))
- ask questions and learn from others at the [community forum](#)
- check the employer reporting guidelines on the ATO website: [STP Phase 1](#) | [STP Phase 2](#)

What is each ATO reporting category for?

Use this information to work out which reporting categories you need to assign to your pay items. The STP Phase 2 reporting categories can be assigned now but they won't apply until STP Phase 2 begins.

Wages

ATO reporting category (Phase 1)	ATO reporting category (Phase 2)	More information	ATO links
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ATO reporting category (Phase 1)	ATO reporting category (Phase 2)	More information	ATO links
Gross Payments	Gross payments Overtime New Bonuses and commissions New Director's fees New Cash out of leave in service New Unused leave on termination New Paid parental leave New Workers' compensation leave New Ancillary and defence leave New Other paid leave New	<p>Include pay items you use for paying salary and wages.</p> <p>For STP Phase 1, this includes:</p> <ul style="list-style-type: none"> • holiday pay • sick pay • overtime • bonuses • commissions • director's fees <p>For STP Phase 2, payments that don't sit into any of the main categories, assign them to Gross payments (but check this with the ATO).</p>	The rules of reporting through Single Touch Payroll

ATO reporting category (Phase 1)	ATO reporting category (Phase 2)	More information	ATO links
Allowance - Car Allowance - Transport Allowance - Travel Allowance - Meals Allowance - Laundry Allowance - Other	Allowance - cents per km Allowance - award transport payment Allowance - travel and accommodation Allowance - overtime meals Allowance - laundry Allowance - tools New Allowance - tasks New Allowance - qualifications/certificates New Allowance - other	<p>This includes payments you make to cover your employees' work-related expenses.</p> <p>For allowances that don't sit into any of the main categories, assign them to Allowance – Other (but check this with the ATO).</p> <p>Typically, you wouldn't include amounts you pay for living-away-from-home allowance because these amounts are not assessable income (but check this with the ATO).</p>	Withholding for allowances The rules of reporting through Single Touch Payroll

ATO reporting category (Phase 1)	ATO reporting category (Phase 2)	More information	ATO links
Lump Sum A - Termination Lump Sum A - Redundancy Lump Sum B Lump Sum D Lump Sum E	Lump Sum A - Termination Lump Sum A - Redundancy Lump Sum B Lump Sum D Lump Sum E Lump Sum W New	<p>Lump sum payments may include payroll categories such as:</p> <ul style="list-style-type: none"> • redundancies • payments in lieu of notice • payments of annual leave on termination. <p>For STP Phase 2:</p> <p>Lump Sum W has been added which is for return to work payments.</p> <p>Lump Sum E payments work differently for STP Phase 2. Tell me more</p> <p>Lump sum payments are a complex area. Chat to your advisor or check with the ATO for more guidance.</p>	<p>The rules of reporting through Single Touch Payroll</p> <p>Expanding Single Touch Payroll (Phase 2)</p>

ATO reporting category (Phase 1)	ATO reporting category (Phase 2)	More information	ATO links
CDEP Payments	CDEP Payments	<p>Assign pay items for:</p> <ul style="list-style-type: none"> • Community Development Employment Project (CDEP) scheme wages • CDEP scheme participant supplement from a Centrelink payment. 	CDEP payments
Exempt Foreign Income	Exempt Foreign Income	<p>This could be assigned to pay items such as salary, wages, commissions, bonuses and allowances that are exempt from Australian tax.</p>	Exempt foreign employment income

ATO reporting category (Phase 1)	ATO reporting category (Phase 2)	More information	ATO links
ETP - Taxable component ETP - Tax free component	ETP - Taxable component ETP - Tax free component	<p>These are pay items used to track the taxable and tax-free components of employment termination payments.</p> <p>ETPs are concessional tax up to a certain limit, or 'cap'.</p> <p>Certain types of termination payments are tax free up to a certain limit, for example, if the ETP is because of redundancy or early retirement.</p>	Taxation of termination payments

Superannuation

The ATO Reporting Category is automatically assigned for superannuation pay items set up with the following Contribution Types :

- Superannuation Guarantee (expense)
- Employee Additional (deduction)
- Redundancy (expense)
- Spouse (deduction)

Superannuation Guarantee

Details

Name

Superannuation Guarantee

Name for pay slip ⓘ

Contribution type ⓘ

Superannuation guarantee (expense)

⌵

Linked expense account

6-4900 Superannuation Expense

⌵

Linked payable account

2-1490 Superannuation Liability

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ATO reporting category ⓘ

Superannuation guarantee

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ATO reporting category (Phase 1)	ATO reporting category (Phase 2)	More information
Superannuation Guarantee	Superannuation Guarantee	This information is reported to the ATO to ensure that employee super funds are receiving the correct amounts.

ATO reporting category (Phase 1)	ATO reporting category (Phase 2)	More information
Reportable Employer Super Contributions	Reportable Employer Super Contributions	<p>Use this to assign superannuation pay items which handle 'reportable' superannuation payments (as classified by the ATO guidelines).</p> <p>Note that this option only appears for Employer Additional (expense), and Salary Sacrifice (deduction) contribution types.</p>
	Salary Sacrifice New	Use this to assign salary sacrifice super pay items.

Deductions

ATO reporting category (Phase 1)	ATO reporting category (Phase 2)	Description	ATO reference
Deduction - Work Place Giving	Deduction - Work Place Giving	Assign pay items that are donations made under a workplace giving arrangement.	Workplace giving programs

ATO reporting category (Phase 1)	ATO reporting category (Phase 2)	Description	ATO reference
Deduction - Union/Professional Assoc Fees	Deduction - Union/Professional Assoc Fees	<p>This might include pay items for:</p> <ul style="list-style-type: none"> • union fees • memberships to professional associations. 	Union fees, subscriptions to associations and bargaining agents fees
ETP - Tax Withholding	ETP - Tax Withholding	Use this reporting category when an ETP has been made to an employee.	Taxation of termination payments
	Salary sacrifice - other employee benefits New	For deductions that are for benefits from an effective salary sacrifice arrangement, including those exempt from FBT.	Salary sacrifice arrangements

ATO reporting category (Phase 1)	ATO reporting category (Phase 2)	Description	ATO reference
Not Reportable		<p>All other deductions are usually considered not reportable. This includes payroll categories like loan or car payments. This is because they may not need to be itemised on an employee's tax return.</p> <p>If you're not sure if a deduction is reportable, check with your accounting advisor or the ATO.</p>	

Taxes

The ATO Reporting Category is automatically assigned for the PAYG Withholding pay item.

PAYG withholding

Linked payables account ⓘ

2-1410 PAYG Withholding Payable

▼

ATO reporting category ⓘ

PAYG withholding

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ATO reporting category	Old Payment Summary field name	More information
PAYG Withholding	Total Tax Withheld	This is automatically assigned and can't be changed.

This category reports all tax withheld from the employee, including any extra PAYG that may be deducted.

Assigning ATO reporting categories

You need to assign ATO reporting categories to all pay items you've used in the current payroll year, and whenever you create a new pay items.

If you're setting up STP for the first time, your MYOB business is checked to find any pay items that don't have an ATO reporting category assigned—so you can then assign one. You can also manually check your pay items and, if required, assign an ATO reporting category.

If you'd like to start assigning ATO reporting categories in preparation for STP Phase 2, you (or your bookkeeper) can do so within each pay item.

To assign ATO reporting categories


1. Go to the **Payroll** menu and choose **Pay items**.
2. Click the **Wages and salary**, **Superannuation** or **Deductions** tab.
3. Click a pay item to view its details.
4. Choose the applicable **ATO reporting category**.
5. Click **Save**.

6. Repeat for any other pay items you want to check or update.

(Optional) Assign ATO reporting categories for STP Phase 2

The current (Phase 1) ATO reporting categories will apply until STP Phase 2 starts. But if you'd like to get a head start, you can assign the updated ATO reporting categories now.

If you need help choosing, check the info above or speak to your accounting advisor or the ATO.

1. Go to the **Payroll** command centre and choose **Payroll Categories**.
2. Click the **Wages, Superannuation** or **Deductions** tab.
3. Choose the applicable **ATO Reporting Category (Phase 2)**.

4. Click **OK**.
5. Repeat for each of your wage, super and deduction pay items.

FAQs

Which payroll categories are not reportable?

In most cases, pay items that don't need to be included on an employee's tax return, are not reportable. Depending on your circumstances. this may include pay items for post-tax deductions and deductions that are exempt from fringe benefits tax. For example, loan or car payments.

If you're not sure what reporting category to assign, talk to your accounting advisor or the ATO.

How do I assign salary sacrifice superannuation?

When reporting payroll amounts using Single Touch Payroll, gross wage amounts are reduced automatically by deduction amounts that are marked as a before-tax deductions. This includes salary sacrifice superannuation deductions.

- For STP Phase 1 the ATO reporting category **Reportable Employer Super Contributions** can be used for Salary Sacrifice (deduction) superannuation pay items.
- For STP Phase 2 the ATO reporting category **Salary Sacrifice** can be used for Salary Sacrifice (deduction) superannuation pay items.

If you're not sure what reporting category to assign, talk to your accounting advisor or the ATO.