
TREASURY LAWS AMENDMENT (MEASURES CONSULTATION) BILL 2019:
SINGLE TOUCH PAYROLL REPORTING – CHILD SUPPORT INFORMATION

EXPOSURE DRAFT EXPLANATORY MATERIALS

Table of contents

Glossary..... 1

Chapter 1 Single touch payroll reporting – child support
information..... 3

Glossary

The following abbreviations and acronyms are used throughout this explanatory memorandum.

<i>Abbreviation</i>	<i>Definition</i>
ATO	Australian Taxation Office
Bill	Treasury Laws Amendment (Measures for Consultation) Bill 2019
CSRCA	<i>Child Support (Registration and Collection) Act 1988</i>
TAA	<i>Taxation Administration Act 1953</i>

Chapter 1

Single touch payroll reporting – child support information

Outline of chapter

- 1.1 Schedule # to this Exposure Draft Bill amends the TAA to broaden the amounts that employers can voluntarily report under the Single Touch Payroll rules to include employer withholding of child support deductions from salary or wages and child support garnishee amounts from salary or wages that are paid to the Child Support Registrar.
- 1.2 Schedule # to this Exposure Draft Bill also amends the CSRCA to ensure that if employers choose to report under Single Touch Payroll to the Commissioner of Taxation, they do not also have to report the amounts to the Child Support Registrar.
- 1.3 All legislative references in this Chapter are to the TAA unless otherwise stated.

Context of amendments

- 1.4 Single Touch Payroll involves the reporting of employee salary and wages to the ATO each payday. The Single Touch Payroll rules were introduced in 2016, initially applying to substantial employers, and from 1 July 2019 it applies to all employers, regardless of the number of employees they have. The Single Touch Payroll rules include mandatory reporting obligations and voluntary reporting.
- 1.5 Single Touch Payroll was set up as a platform which could be expanded upon to streamline employer reporting. These amendments to broaden the Single Touch Payroll reporting rules were announced as part of the 2019-20 Budget.
- 1.6 The current approach of requiring employers to provide or confirm information, often as part of a manual process, is inefficient for all involved. Industry in particular has consistently highlighted the significant administrative burden associated with ongoing reporting obligations to Government, and responding to ad-hoc requests for information. Many of these requests stem from Services Australia (formerly the Department of Human Services), as part of administrative processes associated with social security payment claims processing and compliance activities. Currently, employers experience highly resource

intensive manual interactions with Services Australia which could be streamlined through Single Touch Payroll.

1.7 The expansion of Single Touch Payroll reporting to include remittance of child support and the introduction of an automated data-sharing solution is designed to reduce the compliance burden on employers by removing duplicate reporting requirements and manual processes for employers, giving them a greater return on their investment in Single Touch Payroll.

1.8 An automated data sharing solution will commence from 1 July 2020 which will enable the sharing of data in near real-time between the ATO and other Commonwealth agencies where the law already allows for the sharing of data.

Summary of new law

1.9 Schedule # to this Exposure Draft Bill amends the TAA to broaden the amounts that employers can voluntarily report under the Single Touch Payroll rules to include employer withholding of child support deductions from salary or wages and child support garnishee amounts from salary or wages that are paid to the Child Support Registrar.

1.10 Schedule # to this Exposure Draft Bill also amends the CSRCA to ensure that if employers choose to report under Single Touch Payroll to the Commissioner of Taxation, they do not also have to report the amounts to the Child Support Registrar.

Comparison of key features of new law and current law

<i>New law</i>	<i>Current law</i>
Employers can voluntarily report child support deductions from salary or wages and child support garnishee amounts from salary or wages using Single Touch Payroll reporting to the Commissioner of Taxation. Employers who report under Single Touch Payroll are no longer required to report those amounts to the Child Support Registrar. Employers who do not report under Single Touch Payroll are still	Employers are required to report child support deductions from salary or wages to the Child Support Registrar. Employers are not required to report child support garnishee amounts from salary or wages to the Child Support Registrar.

required to report to the Child Support Registrar.	
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Detailed explanation of new law

Reporting of child support withholding amounts and child support garnishee amounts by employers

Amendments to the TAA

1.11 Schedule # to this Exposure Draft Bill amends the TAA to broaden the amounts that employers can voluntarily report under the Single Touch Payroll rules to include employer withholding of child support deductions from salary or wages and child support garnishee amounts from salary or wages that are paid to the Child Support Registrar.

1.12 Schedule # to this Exposure Draft Bill also amends the CSRCA to ensure that if employers choose to report under Single Touch Payroll to the Commissioner of Taxation, they do not also have to report the amounts to the Child Support Registrar.

1.13 Single Touch Payroll reporting gives employers the option to voluntarily report certain amounts to the Commissioner of Taxation under subsection 389-15(3) in Schedule 1 to the TAA. Employers can voluntarily report:

- employer superannuation contributions (item 1), and
- fringe benefits amounts (item 2).

1.14 The amendments extend Single Touch Payroll voluntary reporting to laws other than taxation laws. Voluntary reporting is broadened to include child support deductions and child support garnishee amounts that are deducted from salary or wages of the employee.

[Schedule #, item 6, subsection 389-30(1) in Schedule 1 (table items 1, 2 and 3)]

1.15 The amendments allow employers to voluntarily report an amount of child support deducted from salary or wages paid to an employee that is made in compliance with a notice to make child support deductions given by the Child Support Registrar. This amount can be reported on or before the day the deduction is made. *[Schedule #, item 6, table item 1 to the table in subsection 389-30(1) in Schedule 1]*

1.16 Where an employer is under an obligation to make periodic child support deductions from salary or wages of the employee and makes a nil deduction, the amendments allow the voluntary reporting of a nil amount. This amount can be reported at the following times:

- on or before the day on which the employer pays salary or wages; or

- on or before the day an employer would ordinarily pay salary or wages to the employee, but the employer does not do so because no salary or wages are payable (for example, when an employee is on leave without pay).

[Schedule #, item 6, table item 2 to the table in subsection 389-30(1) in Schedule 1]

1.17 The amendments allow the voluntary reporting of an amount of child support garnisheed from salary or wages and paid to the Child Support Registrar in compliance with a garnishee notice given by the Child Support Registrar. This amount can be reported on or before the day the amount is paid. *[Schedule #, item 6, table item 3 to the table in subsection 389-30(1) in Schedule 1]*

1.18 Allowing for the voluntary reporting of child support deductions and child support garnishee amounts under the Single Touch Payroll regime reduces the compliance burden on employers interacting with the Services Australia Child Support and provide the ATO with more detailed information for tax compliance than it currently receives.

1.19 The voluntary reporting of child support deductions and child support garnishee amounts must be provided to the Commissioner of Taxation in the approved form. *[Schedule #, item 6, subsection 389-30(2) in Schedule 1]*

1.20 This information will then be disclosed by the Commissioner of Taxation to the Child Support Registrar under the existing taxation law.

1.21 A disclosure of personal information (within the meaning of the *Privacy Act 1988*) to the Commissioner of Taxation under subsection 389-30(1) in Schedule 1 is taken to be authorised for the purposes of the *Privacy Act 1988*. *[Schedule #, item 6, subsection 389-30(3) in Schedule 1]*

1.22 The terms ‘employee’, ‘employer’, ‘payer’ and ‘salary or wages’ used in the table to subsection 389-30(1) have the same meaning as in the CSRCA. *[Schedule #, item 6, subsection 389-30(4) in Schedule 1]*

Amendments to the CSRCA

1.23 Schedule # to this Exposure Draft Bill makes consequential amendments to the CSRCA to ensure that an employer is not subject to their ordinary requirements to report under the CSRCA to the extent that the employer has voluntarily reported to the Commissioner under Single Touch Payroll rules. *[Schedule #, item 2, subsection 47(1A) of the CSRCA]*

1.24 This means that if an employer chooses to report the child support withholding amounts (as well as nil amounts) under Single Touch Payroll, they are exempt from the reporting requirements under the CSRCA. If an employer chooses not to, or fails to, report these amounts

under Single Touch Payroll, their ordinary reporting obligations under section 47 of the CSRCA continue to apply.

1.25 The existing rules in the CSRCA relating to the employer remittance of child support payments owed to the Child Support Registrar remain unchanged.

Example 1.1– reporting child support amounts withheld from salary and wages

Charles is an employer who has a child support withholding obligation under which he must withhold child support amounts from his employee Eric’s salary, and pay the amount to the Child Support Registrar. Charles has elected to report the amount under the Single Touch Payroll reporting rules.

Eric is paid a fortnightly wage of \$5,000. Under the employer withholding notice \$500 must be withheld for child support. This does not reduce Eric’s fortnightly ordinary time earnings and salary or wages, and does not affect the existing amounts that must be reported under the mandatory reporting amounts.

Under the amended Single Touch Payroll reporting requirements, Charles can voluntarily report the following amount Under table item 1 to the table in subsection 389-30(1): \$500.

Under the existing Single Touch Payroll reporting requirements, Charles is required to report Eric’s fortnightly wage under table item 2 to the table in subsection 389-5(1) of the mandatory reporting rules: \$5,000.

Because Charles has chosen to report the child support withholding amount under the Single Touch Payroll rules, and Charles reports that amount, Charles is exempt from reporting the amount to the Child Support Registrar.

Consequential amendments

1.26 Schedule # to this Exposure Draft Bill makes amendments as a consequence of extending voluntary Single Touch Payroll reporting, including inserting provisions and headings which explain and reference ‘voluntary reporting’ and Guide material. *[Schedule #, items 4 and 5, sections 389-1 and 389-15 in Schedule 1]*

1.27 An amendment to the CSRCA to clarify that if the employer reports the child support information under Single Touch Payroll, there is no offence arising under the CSRCA for this disclosure. *[Schedule #, item 3, subsection 58(2) of the CSRCA]*

1.28 Schedule # to this Exposure Draft Bill also corrects a spelling error in the CSRCA. *[Schedule #, item 1, subparagraph 42B(1)(a)(ii) of the CSRCA]*

Application and transitional provisions

1.29 The amendments allowing employers to report child support deductions and child support garnishee amounts deducted from salary or wages apply in relation to amounts that an employer may notify to the Commissioner of Taxation if the entitlement to notify arises on or after 1 July 2020. *[Schedule #, item 7]*