



# Checklist: Complete your payroll year end in Xero



Use this checklist to help you navigate the end of year payroll process from start to finish.

**Disclaimer:** This is not an exhaustive checklist. Seek further help on [Xero Central](#), ask your professional association or adviser, or contact the Australian Tax Office (ATO).

## Step One: Check your settings

Reduce filing errors by reviewing key information before you report any information to the ATO. This includes pay item and employee data that has been updated for Single Touch Payroll (STP) Phase 2.

ACTIVITY	COMPLETE	N/A
<b>Organisation settings - Organisation details</b>		
Check the Legal/Trading name, Australian Business Number (ABN), Branch Number and Postal address inc. postcode are correct.		
For corrections to Single Touch Payroll (STP) data as a result of a change in ABN or branch number partway through the financial year, <a href="#">click here</a> .		
<b>Payroll settings - Pay Items</b>		
Under the <b>Earnings</b> tab, check that earnings pay items have the correct earnings category assigned for STP Phase 2 reporting. View our guide on <a href="#">ATO reporting categories in Xero Central</a> .		
Also review the Reportable as W1 column to ensure earnings rates are reported correctly on activity statements.		
Check allowances have an ATO type assigned for correct reporting with STP Phase 2. To learn more about allowance types, <a href="#">click here</a> .		
Under the <b>Leave</b> tab, check that each paid leave item has a leave category assigned. To learn more about paid leave categories, <a href="#">click here</a> .		
Under the <b>Deductions</b> tab, Review the Excluded from W1 column for each deduction pay item to ensure deductions are reported correctly on activity statements.		
<b>Employees</b>		
Run the <a href="#">Employee Contact Details report</a> to check each employee entry for accuracy, focusing on date of birth and postcode.		
Check that each employee being finalised (whether active or terminated) has an employment type, income type and tax scale defined in their employee record for STP Phase 2. To learn more about updating an employee for STP Phase 2, <a href="#">click here</a> .		
<b>Note:</b> Terminated employees that haven't been transitioned to STP Phase 2 can be finalised separately under STP Phase 1, if required.		



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## Step Two: Reconcile your payroll transactions

Now you've reviewed all the key details in your organisation, reconcile payroll transactions to your accounts.



Payroll reports are based on the payment date of pay runs and not the pay period end date. Adjust the date ranges of payroll reports to see the information you need.

### ACTIVITY

COMPLETE N/A

#### Payroll - Pay employees

Check all pay runs for the financial year have been posted and have a payment date within the financial year. For example, pay runs with a payment date of 30 June 2023 or earlier will be reported in the 2022/23 financial year.

Confirm all pay runs for the financial year have been posted and filed to the ATO with STP.

#### Bank accounts

Confirm all wages have been paid through the business bank account.

Check all payroll related transactions such as wages, PAYG and superannuation have been reconciled to your bank statements.

#### Reconcile

Run the [Payroll Activity Summary report](#) and the [Trial Balance report](#) to reconcile your payroll data with the general ledger.

Payroll Activity Summary		Trial Balance report
Total Earnings	should match	Total Wages and Salaries
Total Super	should match	Total Superannuation
Total Tax	should match	Total PAYG Withholding Payable

If balances don't match, check your pay run history to find the pay run with the error and [process an adjustment](#).



To view multiple Xero pages at the same time, use tabs. For a PC, right-click on a link and select Open a new Tab. For a Mac, hold down the Command key and click on the link.





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## Step Three: Finalise Single Touch Payroll data

Businesses using Single Touch Payroll (STP) will need to finalise employee wages, PAYG, and superannuation for the financial year by completing an STP finalisation. You may notice some changes to the finalisation process this year due to the implementation of STP Phase 2.



If an employee doesn't appear when processing an STP finalisation, review their employment start date and employment basis in their employee profile.

### ACTIVITY

COMPLETE N/A

#### Single Touch Payroll - Finalisation

Set the **tax year** to the financial year you are finalising. For example, ensure 2022/23 tax year is selected if you're finalising for this financial year.

Toggle on **Show terminated employees for RFBA** at the bottom of the employee list (if required).

Select the active and terminated employees to be finalised; either individually or using the checkbox next to **First name** to include all.

**Tip:** Terminated employees who haven't been updated for STP Phase 2 will need to be finalised separately from your transition employees under STP Phase 1.

Click **Finalise Employees** to begin the process.

On the **Review** screen, review each employee's year to date summary for accuracy, and enter any required Reportable Fringe Benefits Amounts (RFBA).

To view an employee's summary, click the menu icon and **View details**. Export an employee's summary as a PDF, Excel or CSV file by selecting **Export**.

Once all employees have been reviewed, click **Next**.

On the **Submit** screen:

- Review **Finalisation summary** to check for accuracy.
- Read the Authorisation to file declaration.
- Select the checkbox to confirm you've read and accepted the authorisation to file.

Click **Finalise and submit to the ATO** to submit the finalisation to the ATO.



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## Step Four: Process adjustments

If adjustments are required, here are two recommended options;

- [Process an unscheduled pay run](#) to adjust the employee's pay.
- Revert the last posted pay run per pay calendar to draft, make the amendments, and post again.

Once the adjustment has been made, you can file that pay run to the ATO. Then repeat the finalisation process again for the affected employees only. For detailed instructions on fixing a STP filing error, [click here](#).

## Step Five: Process superannuation payments

If you are using Xero's Auto Super feature and would like to claim a deduction for your 2022/2023 superannuation payments, your super batches must be approved by the authoriser no later than **2.00pm AEST, 14th June 2023**. This allows enough time for the payments to be debited and forwarded to the super funds by 30th June 2023.

For detailed instructions on processing superannuation using Auto Super, [click here](#).



You've now completed your payroll year end. You can jump straight into the new financial year; no need to close off or roll over your payroll, just continue as normal.