

Standard Business Reporting

Australian Taxation Office –

Trust Tax Return (TRT.0008) 2020

Business Implementation Guide

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This document and its attachments are Official

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| Brian Blundell - endorsed for business context |
| Director, New Policy – Private Wealth |

|  |
| --- |
| David Baker - endorsed for publication |
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# 

1. Introduction

## Purpose and document context

The purpose of this document is to provide information to assist Digital Service Providers (DSP) to understand the business context surrounding the Trust Tax Return (TRT) interactions. These interactions are performed with the Australian Taxation Office (ATO) through the Standard Business Reporting (SBR) platform.

This document defines the interactions that are available to lodge or amend a TRT, outlines which reporting parties can use the services, explains constraints and known issues with the use of the interaction and provides guidance with certain identified issues.

The TRT service refers to the interaction with the ATO for a user, depending on their role, to:

* lodge a TRT
* lodge an amendment to a TRT
* lodge a TRT (original or amended) for a prior year as an SBR ebMS3 message containing the ELS tag formatted data.

This document applies to the SBR TRT service for 2020 TRT and the SBR ELStagFormat service for the years 1998-2016.

**See also**:

For the most recent previous years TRT

* *ATO TRT.0006 2017 Business Implementation Guide*
* *ATO TRT.0007 2018 Business Implementation Guide.*

The ATO TRT Business Implementation Guide forms part of the broader suite of documents used by the ATO to describe or interpret how the technical implementation relates back to the business context and process. This document is designed to be read in conjunction with the ATO SBR documentation suite including the:

* web service/platform information
* ATO Common Business Implementation and Taxpayer Declaration Guide
* ATO SBR Service Registry (SR)
* test information, for example, conformance suites
* Message Structure Tables
* validation rules.

## Glossary

For a glossary of terms, **see also:**

* [SBR glossary](http://www.sbr.gov.au/software-developers/developer-tools/glossary)
* [ATO glossary](https://www.ato.gov.au/Definitions/?anchor=top)
* *Common Business Implementation and Taxpayer Declaration Guide.*

## Changes in 2020 TRT service

New labels have been introduced for Non-concessional MIT income (NCMI).

Table 1: Non-concessional MIT income (NCMI) fields

| **Label** | **Alias** | **Action** | **Report label** |
| --- | --- | --- | --- |
| 32A | TRT523 | ADD | Primary production - Non-Concessional MIT Income - Business Income |
| 32B | TRT524 | ADD | Primary production - Excluded from Non-Concessional MIT Income - Business Income |
| 32C | TRT525 | ADD | Non-primary production - Non-Concessional MIT Income - Business Income |
| 32D | TRT526 | ADD | Non-primary production - Excluded from Non-Concessional MIT Income - Business Income |
| 32E | TRT527 | ADD | Primary production - Non-Concessional MIT Income - Distribution from partnerships |
| 32F | TRT528 | ADD | Primary production - Excluded from Non-Concessional MIT Income - Distribution from partnerships |
| 32G | TRT529 | ADD | Primary production - Non-Concessional MIT Income - Share of net income from trusts |
| 32H | TRT530 | ADD | Primary production - Excluded from Non-Concessional MIT Income - Share of net income from trusts |
| 32I | TRT531 | ADD | Non-primary production - Non-Concessional MIT Income - Distribution from partnerships less foreign income |
| 32J | TRT532 | ADD | Non-primary production - Excluded from Non-Concessional MIT Income - Distribution from partnerships less foreign income |
| 32K | TRT533 | ADD | Non-primary production - Non-Concessional MIT Income - Share of net income from trusts, less capital gains, foreign income and franked distributions |
| 32L | TRT534 | ADD | Non-primary production - Excluded from Non-Concessional MIT Income - Share of net income from trusts, less capital gains, foreign income and franked distributions |
| 32X | TRT535 | ADD | Non-Concessional MIT Income - Net capital gain |
| 32Z | TRT536 | ADD | Excluded from Non-Concessional MIT Income - Net capital gain |
| 56A1  (Beneficiaries) | TRT537 | ADD | Share of income - Primary production - Beneficiary share - Non-Concessional MIT Income |
| 56A2  (Beneficiaries) | TRT538 | ADD | Share of income - Primary production - Beneficiary share - Excluded from Non-Concessional MIT Income |
| 56B1  (Beneficiaries) | TRT539 | ADD | Share of income - Non-primary production - Beneficiary share - Non-Concessional MIT Income |
| 56B2  (Beneficiaries) | TRT540 | ADD | Share of income - Non-primary production - Beneficiary share - Excluded from Non-Concessional MIT Income |
| 56F1  (Beneficiaries) | TRT541 | ADD | Capital gains - Beneficiary share - Non-Concessional MIT Income |
| 56F2  (Beneficiaries) | TRT542 | ADD | Capital gains - Beneficiary share - Excluded from Non-Concessional MIT Income |
| 56C1 (Beneficiaries) | TRT549 | ADD | Div6AA Eligible income |
| 56A1  (No beneficiary presently entitled) | TRT543 | ADD | Primary production share of income - No beneficiary presently entitled - Non-Concessional MIT Income |
| 56A2  (No beneficiary presently entitled) | TRT544 | ADD | Primary production share of income - No beneficiary presently entitled - Excluded from Non-Concessional MIT Income |
| 56B1  (No beneficiary presently entitled) | TRT545 | ADD | Non-primary production share of income - No beneficiary presently entitled - Non-Concessional MIT Income |
| 56B2  (No beneficiary presently entitled) | TRT546 | ADD | Non-primary production share of income - No beneficiary presently entitled - Excluded from Non-Concessional MIT Income |
| 56F1  (No beneficiary presently entitled) | TRT547 | ADD | Net capital gain - No beneficiary presently entitled - Non-Concessional MIT Income |
| 56F2  (No beneficiary presently entitled) | TRT548 | ADD | Net capital gain - No beneficiary presently entitled - Excluded from Non-Concessional MIT Income |

Table 2: Managed investment trusts changes

|  |  |  |  |
| --- | --- | --- | --- |
| **Label** | **Alias** | **Action** | **Report label** |
| N/A | TRT520 | ADD | Is the trust a managed investment trust (MIT)? |
| N/A | TRT521 | ADD | If the trust is a managed investment trust (MIT), specify MIT type |
| N/A | TRT352 | MOD | If the trust is a managed investment trust (MIT), has the trustee made an election into capital account treatment? |

Table 3: Other changes

|  |  |  |  |
| --- | --- | --- | --- |
| **Label** | **Alias** | **Action** | **Report label** |
| 2G1 | TRT487 | MOD | Significant global entity |
| 2G2 | TRT550 | ADD | Country by Country Reporting Entity indicator |
| N/A | TRT32 | MOD | Type of trust  The code “E - Testamentary trust” is now added to TRT32 |

# What are the Trust Tax Return services?

The TRT service is an interaction that supports trustees to meet their income tax reporting obligations. The TRT service allows a trustee to report or amend the income and deductions of the trust, present entitlements of the trust’s beneficiaries and income to which no beneficiary is presently entitled.

## Where SBR fits into TRT lodgment obligations

The TRT service provides numerous functions to support trusts to meet their reporting obligations. These include the lodgment of:

* Trust Tax Return and required schedules
* Trust Tax Return and required schedules amendments.

The pre-lodge and lodge interactions are the core parts of the SBR-enabled TRT business process. When the trustee or intermediary has gathered all information required, they would then complete the return, validate it and correct any labels (if required) before lodgment.

The tax agent could check the status of the lodged TRT at a later date through their BMS.

Table 4: SBR interactions and TRT process

|  |  |
| --- | --- |
| **Initiating party** | **SBR service offering** |
| **Step 1**: Complete Trust Tax Return | TRT.Prelodge (Optional interaction)  Validate report data |
| **Step 3**: Check if submission rejected?   * **Yes**: Revisit step 1 * **No**: Lodge | TRT.Lodge  Lodge the report |
| **Step 4:** View success message | Not applicable |

## Schedules

A TRT lodgment can include a schedule that contains additional information required to assess a trust’s income. The below table shows valid schedules that can be included in the TRT.

Table 5: Valid schedules

| **Schedule** | **SBR core services** | **SBR ebMS3.0** |
| --- | --- | --- |
| Non-Individual PAYG payment summary schedule | Y | Y |
| Rental property schedule | Y | Y |
| International dealings schedule | Y | Y |
| Interposed entity election or revocation | Y | Y |
| Losses schedule | Y | Y |
| Family trust entity election, revocation or variation | Y | Y |
| Capital gains tax (CGT) schedule | Y | Y |
| Attribution managed investment trust (AMIT) schedule | Y | Y |

For more information on the validation rules and circumstances that determine when a schedule should be used, see the TRT Message Structure Table and Schedule Structure Tables, as well as the TRT Validation Rules.

## Interactions

Table 6: Interactions available in the TRT lodgment process

| **Service** | **Interaction** | **Detail** | **Single** | **Batch** | **Optional** |
| --- | --- | --- | --- | --- | --- |
| TRT | *TRT.Prelodge* | Validate TRT message before lodgment (2020) | Y | Y | Y |
| TRT | *TRT.Lodge* | Lodge TRT (2020) | Y | Y | N |
| ELStagFormat | *ELStagFormat.Lodge* | Lodge TRT for prior years as SBR message using ELS tag format | N | Y | Y |

## Channels

The TRT interactions available in the following channels in the below table.

Table 7: Channel availability of TRT interactions

|  |  |  |
| --- | --- | --- |
| **Interaction** | **SBR core services** | **SBR ebMS3.0** |
| *TRT.Prelodge* | Y | Y |
| *TRT.Lodge* | Y | Y |

# Authorisation

## Intermediary relationship

The SBR services an intermediary can use on behalf of their clients depend on the activity being undertaken and whether the intermediary has a relationship with the client. That is, an intermediary has the appropriate authorisation for the interaction being performed on behalf of the taxpayer recorded in ATO systems. To use the TRT interactions, an intermediary must be appointed by a business in Access Manager to use the available services on their behalf.

In relation to the tax agent to taxpayer relationship, system level linkages are a fundamental precondition to interacting with SBR for TRT interactions.

**Note**: If the relationship doesn’t exist, the SBR Add Client Relationship interaction of the Client Update services can be used to establish a relationship between the intermediary and the taxpayer.

For further information**, see also:**

* [*Client Update Relationship Business Implementation Guide*](https://www.sbr.gov.au/digital-service-providers/developer-tools/australian-taxation-office-ato/obligation-management-oblmgt/client-management-clntmgt)
* [The ATO SBR Service Registry](https://www.sbr.gov.au/digital-service-providers/developer-tools/australian-taxation-office-ato/non-individual-income-tax-return-nitr#2021).

## Access and initiating parties

ATO systems will check that the initiating party is authorised to use the interaction that is received through the SBR channel.

The table below displays the interactions available to each initiating party via SBR for TRT and ELStagFormat.

Table 8: TRT permissions

| **Service** | **Interaction** | **Activity** | **Tax agent** | **BAS agent** | **Business** | **Business Intermediary** |
| --- | --- | --- | --- | --- | --- | --- |
| TRT | *TRT.Prelodge* | Validate data inputted into TRT before submitting for processing | Y | N | Y | Y |
| TRT | *TRT.Lodge* | Lodge TRT for processing | Y | N | Y | Y |
| ELStagFormat | *ELStagFormat.*  *Lodge* | Lodge TRT for prior years as an SBR message using ELS tag format | Y | N | Y | Y |

A user must be assigned the appropriate authorisation permissions to use the TRT service. The table below references the SBR service to the relevant permission in Access Manager.

Table 9: Access Manager permissions

| **Service** | **Access Manager Permission** |
| --- | --- |
| TRT | Trust Tax Return   * *Lodge* check box |

For further information, **See also:**

* Section 3 - Authorisation in the *Common Business Implementation and Taxpayer Declaration Guide*
* [ATO website](https://www.ato.gov.au/general/online-services/access-manager/) – Access Manager

# Constraints and known issues

Digital Service Providers must 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.

**Find out about:**

* The [Reasonable Use Policy](https://softwaredevelopers.ato.gov.au/Usingourservices#Reasonableuse)

# Taxpayer declarations

When an intermediary lodges an approved form on behalf of a taxpayer, the law requires the intermediary to have first received a signed written declaration from that taxpayer.

Developers of SBR-enabled software products may elect to provide a printable version of the taxpayer declaration within their products to assist intermediaries.

A taxpayer declaration must be obtained by the intermediary for all lodgment obligations performed on behalf of their client.

**Note:** These declarations apply for both original and newly amended lodgments for the Trust Tax Return.

**Find out about:**

* Information on the retention of declarations and frequently asked questions on the [ATO website](https://www.ato.gov.au/tax-professionals/prepare-and-lodge/managing-your-lodgment-program/client-declarations-and-lodgment-online/).

## Suggested wording

|  |
| --- |
| **Privacy**  The ATO is authorised by the *Taxation Administration Act 1953* to request the provision of tax file numbers (TFNs). The ATO will use the TFNs to identify each beneficiaryin our records. It is not an offence not to provide the TFNs. However, lodgments cannot be accepted electronically if the TFN is not quoted.  Taxation law authorises the ATO to collect information and to disclose it to other government agencies. For information about your privacy go to ato.gov.au/privacy  **Declaration**  I declare that:   * All of the information I have provided to the agent for the preparation of this document is true and correct * I authorise the agent to give this document to the Commissioner of Taxation. |

# TRT guidance

## Prior year TRT lodgment through SBR

In order to support prior year lodgments before 2017 via SBR, lodgment of TRT is possible using the *ELStagFormat* service. *ELStagFormat* is envisaged to be used for prior year TRT lodgments from 1998-2016. ELS formatted data can be submitted as an SBR ebMS3 message using the ELS tag, which encapsulates the legacy ELS message. ELStagFormat is only available as a batch lodgment.

**See also:**

* The A06\_DIS\_SBR specification from the ELS suite of artefacts, available from the ATO [software developer website](http://softwaredevelopers.ato.gov.au/ELSspecification).

## Using the additional free text field

The TRT message contains a free text field, *Attachment A* (SBR alias: TRT405), to enable appropriate information to be added to a return for assessment.

While validation cannot control what information is provided in the additional field, below is some advice users can follow to ensure returns lodged with the field are processed without unnecessary delays:

* Free text content needs to be clear, concise and necessary to determine the outcome of the assessment for the return being lodged and must only be used under the correct circumstances. Information entered that doesn’t meet these criteria will cause processing delays.
* Digital Service Providers must consider whether a ‘help’ or informational message concerning use of this field would be beneficial for tax agents.

The following are key examples of:

* where the field needs to be used
* the type of business information that must be included
* the quality, tone and language of the information.

**Table 10: Example of helpful free text scenarios**

| **Scenario** | **Additional free text field content** |
| --- | --- |
| Trustee who is assessable on behalf of a beneficiary, who is presently entitled but under a legal disability (see section 98 of the ITAA 1936) and the beneficiary is entitled to a tax offset under the Private Health Insurance rebate. | Private Health Insurance tax offset   * trust's name * trust's TFN (tax file number) * beneficiary’s name * beneficiary’s TFN * beneficiary’s share of the net income of the trust estate * income of the beneficiary’s spouse, for surcharge purposes (if they had a spouse on 30 June 2020 * all the lines of information separately, as they are displayed on the Private Health Insurance statement * ‘Health insurer ID’ at B on the beneficiary’s health insurance statement * ‘Membership number’ at C on the beneficiary’s health insurance statement * ‘Your premiums eligible for Australian Government rebate’ at J on the beneficiary’s health insurance statement * ‘Your Australian Government rebate received’ at K on the beneficiary’s health insurance statement * ‘Benefit code’ at L on the beneficiary’s health insurance statement * tax claim code (see Private Health Insurance policy details 2020 in the Individual Tax Return instructions 2020) * number of beneficiary’s dependent children who are under 21 years old or full-time students under 25 years old. |

**Find out about:**

* Providing additional information on the [ATO website](https://www.ato.gov.au/Tax-professionals/Prepare-and-lodge/Tax-Time-2021/Before-you-lodge/Prevent-delays-in-processing-returns/).

## TFN and ABN algorithm validation

**Find out about:**

* [How to obtain the tax file number algorithm](https://softwaredevelopers.ato.gov.au/obtainTFNalgorithm), to access the algorithm and validate TFNs in a BMS product
* [ABN algorithm, ABN lookup web services and Super Fund lookup web services](https://softwaredevelopers.ato.gov.au/ABNformat).

## Future years

The functionality to enable lodgment of future year (early lodged) returns is available as part of this service.

A future year return is a lodgment by a client or their authorised intermediary prior to the end of the current reporting period. For example, a client lodging their 2019-20 income tax returns before the end of the financial year on 30 June 2020 (or the end of their Substituted Accounting Periods).

For a client or their authorised intermediary to lodge a future year return, the year cannot be greater than one year (Current Year + 1) into the future and certain criteria must be met.

## Truncating amounts

Most fields in the TRT require only whole dollars and no cents to be shown. To ensure users of your software products complete TRT correctly, the following examples show how to enter amounts in whole dollar only fields:

**Example 1:** $24.37 would be reported as $24

**Example 2:** $12.89 would be reported as $12

**Example 3:** $6.50 could be reported as $6.

Once truncation has been performed, the truncated amount must be used in any calculation rather than the original amount.

The requirement to truncate amounts is in accordance with section 388-85 of Schedule 1 to the *Taxation Administration Act 1953*.