

Australian Taxation Office -

Individual Income Tax Return Profile Compare 2022 (IITRPRFL.0005)

Business Implementation Guide

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Draft

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Endorsement

|  |
| --- |
| **Bronwen Arthur - endorsed for business context** |
| Business Analyst – Individuals and Intermediaries |

|  |
| --- |
| **Katrena Cawthorne - endorsed for publication** |
| Director – Individuals and Intermediaries |

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1. Introduction

## 1.1 Purpose and audience

The purpose of this document is to provide information that will assist Digital Service Providers in understanding the business context surrounding the ATO Individual Income Tax Return profile compare (IITRPRFL) service.

The IITRPRFL service is a functionality that provides tax agents acting on behalf of individuals with a facility to make discretionary calls to the ATO. Where applicable a message will be returned to the tax agent to assist them in preparation of their client’s tax return.

This service provides messaging for clients for the following risk areas:

* work-related expenses
* interest and dividend income
* cost of managing tax affairs
* other deductions label
* rental interest deductions
* sole trader business income and business expenses.

This document is designed to be read in conjunction with the ATO SBR documentation suite including the:

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

## 1.2 Glossary

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

* [SBR glossary](https://www.sbr.gov.au/digital-service-providers/developer-tools/glossary)

* [ATO definitions](https://www.ato.gov.au/Definitions/?anchor=top)
* *Common Business Implementation and Taxpayer Declaration Guide.*

# What is the Individual Income Tax Return profile compare service (IITRPRFL)?

The IITRPRFL compare service will allow tax agents using SBR-enabled software to receive a notification where selected data, such as income and deductions, is identified as being outside the expected normal amount.

The IITRPRFL service:

* Assists tax agents and their clients in lodging a correct IITR.
* Available to be used by authorised tax agents for IITRs.
* Designed to be used by a tax agent after the ‘pre-fill’ interaction and during the preparation of an IITR.
* Provides messaging when a real-time risk assessment identifies data at certain fields as anomalous or irregular (for instance, where claims appear high compared to similar taxpayers, or where it appears that data may be missing based on prior-year information).
* Enables tax agents to call the ATO risk modelling system at their discretion for one or more specified items on a tax return.
* Returns the equivalent response as myTax real-time analytics.

## 2.1 Interactions

**Table 1: Interactions available in IITR lodgment process**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Service** | **Interaction** | **Detail** | **Single** | **Batch** | **Optional** |
| **LDGLST**  **(Lodgment List)** | LDGLST.list | See the Lodgment List Business Implementation Guide for further information | Y | Y | Y |
| **IITR** | IITR.Prefill | See the Pre-fill IITR Business Implementation Guide for further information | Y | Y | Y |
| **IITR** | IITR.Prelodge | See the Individual Income Tax Return Business Implementation Guide for further information | Y | Y | Y |
| **IITR** | IITR.Lodge | See the Individual Income Tax Return Business Implementation Guide for further information | Y | Y | N |
| **IITRPRFL** | IITRPRFL.Get | Request profile compare response message from the ATO | Y | N | Y |

## 2.2 Service orchestration

**Table 2: SBR interactions and IITR lodgment business process**

|  |  |  |  |
| --- | --- | --- | --- |
| **Step** | **Individual taxpayer** | **Tax agent** | **SBR service offering** |
| **Step 1**: Agent is engagement by client | Engages tax agent for original or amended return. | * Check client lodgments * Review status of lodgment | * LDGLST.LIST Request the list of a clients expected and received lodgments |
| **Step 2**: Interview client | Provides additional information (if required) | * Retrieve client data * Interview client | * IITR.PrefillRetrieve prefill data |
| **Step 3**: Pre-lodge / lodge | N/A | * Completes IITR or RFC (original or amended) * Does data need to be correction? * Yes – Reassess * No – Lodge IITR * View success message | * IITRPRFL.Get   Request response message   * IITR.Prelodge validate the IITR before lodgment * IITR.Lodge   Lodge the IITR |
| **Step 4:** Check status | N/A | * Check status of lodgment | * LDGLST.LIST   Request the list of a client’s expected and received lodgments |
| **Step 5:** NOA received | Receives Notice of Assessment ( refund payment if applicable) | * Receives Notice of Assessment (refund payment if applicable) | * Refund to agent or client |

## 2.3 IITR profile compare get request (IITRPRFL.GET)

The IITRPRFL get request relies on data inputs from the current return form, all relevant fields must be completed before the request is made. Tax agents can invoke the IITRPRFL service to return risk messages in any combination of the following six risk areas:

* interest and/or dividend income
* total work-related expenses
* cost of managing tax affairs – other
* other deductions – other
* rental interest deductions
* total business income and total business expenses for sole traders.

Certain fields are required for a request to be accepted in SBR, these are specified in the Request Message Structure Table and Validation Rules, in the IITRPRFL.0004 2021 Package. In addition, for the total work-related expenses request and the other deductions request, the following income fields are all used to complete the request and needs to be supplied where information is present.

For the request to be accepted the user must have information in at least one of the following fields:

* salary and wage income
* allowances, earnings, tips, director’s fees and other payments of income from working
* total reportable fringe benefits amount.

If information is added to or deleted from fields used in generating the response and the request is made again, different response messages may be received.

2.4 IITR profile compare get response (IITRPRFL.GET.RESPONSE)

The IITRPRFL service provides an advisory message designed to prompt the tax agent to check inputs before lodging, receipt of a message doesn’t mean the claim is wrong. Similarly, a non-receipt of a message doesn’t constitute advice that a claim is correct.

Response messages will be sent by the system based on:

* risk area/s requested
* values provided at the required labels (at the time of the call).

The IITRPRFL service message description must be presented to the tax agent without alteration.

Examples of each message type are provided below for context only. Variables will be populated in the response message based on the input information and service outputs.

**Table 3: IITR profile compare response messages**

| **Message group** | **Message examples (subject to change)** | **Details** |
| --- | --- | --- |
| **Work-related expenses** | Your total work-related expenses of **$xxx** are high compared to others in your occupation with similar income. Please review these amounts, particularly your claims for **car, travel, uniform, self-education and other deductions**. (Occupation: **xxx**)  Your total work-related expenses of **$xxx** have changed significantly compared with last year's return. Please review your claims. | The text elements of ‘car’, ‘travel’, ‘uniform’, ‘self- education’ and ‘other deductions’ are variables determined within the models.  These messages advise where claims appear to be high in comparison to similar taxpayers or the prior year. |
| **Cost of managing tax affairs - other** | Your claim of **$xxx** for the cost of managing your tax affairs is higher than expected given you lodged your own return last year. Please review this claim. | This message advises where there are significant claims for other expenses incurred in managing tax affairs, where there is no clear evidence of associated services in the prior financial year. |
| **Other deductions - other** | Your other deductions claim of **$xxx** appears high compared to your income. Remember: you cannot claim for private expenses. Please review your claims and keep your records as we may ask for them. | This message advises where there are significant claims at the ‘Other deductions label’ that are high in comparison to the taxpayer’s income and overall financial affairs. |
| **Interest and/or Dividend income** | You have declared less than $1 in **interest** income. Your last return showed **$xxx** in interest. Please check that you have included all your income for this year. | This message advises where interest or dividend income may be missing (based on prior year information). If both labels are triggered, a combined message is  provided. |
| **Rental interest deductions** | Your claim of **<$xx>** for **total interest on loans for rental properties** is higher than the amount claimed in your last return. Remember, you can only claim the part of the interest that is related to your rental property. Please review this claim. | This message advises where there is an unexpected increase in the interest deduction compared with the previous year, factoring in capital works expenditure and property purchases. |
| **Sole trader – total business income and total business expenses** | Your total business income amount of <$xx> is lower than other clients with similar circumstances whilst your business expenses of <$xx> are higher. Please review the amounts and ensure you have included the correct income and expenses for the year. | This message advises where business income declared appears to be low and business expenses claims appear to be high in comparison to taxpayers with similar circumstances. |
| **Sole trader – total business income** | Your total business income amount of <$xx> is lower than other clients with similar circumstances. Please review this amount and ensure you have included the correct income and expenses for the year. | This message advises where business income declared appears to be low in comparison to taxpayers with similar circumstances. |
| **Sole trader – total business expenses** | Your total business expenses amount of <$xx> is higher than other clients with similar circumstances. review this amount and ensure you have included the correct income and expenses for the year. | These messages advise where business expense claims appear to be high in comparison to taxpayers with similar circumstances. |

# Authorisation

## 3.1 Intermediary relationship

The type of SBR services an intermediary can use on behalf of their clients depends 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 IITR profile compare service, a business intermediary must be appointed by a business in Access Manager to use the available services on their behalf.

The tax agent to taxpayer relationship is a fundamental precondition to interacting with SBR for IITR profile compare service.

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

**See also:**

* The *CUREL Business Implementation Guide***,** for further information.
* The [SBR website](https://www.sbr.gov.au/digital-service-providers/developer-tools/australian-taxation-office-ato/obligation-management-oblmgt/client-management-clntmgt)**,** for more information on client management.

## 3.2 Access manager

Access Manager and myGovID are used to manage access and permissions for SBR online services. ATO systems will check that the initiating party is allowed to use the interaction that is received through the SBR channel.

**Find out about:**

* More information on Access Manager, on the [ATO website](https://www.ato.gov.au/General/Online-services/In-detail/Using-Access-Manager/).
* More information on myGovID, on the [myGovID website](https://www.mygovid.gov.au/).

**See also:**

* Section 3, Access in the *Common Business Implementation and Taxpayer Declaration Guide*

## 3.3 Initiating parties

ATO systems will check that the initiating party is allowed to use the interaction that is received through the SBR channel. The initiating party is subject to restrictions on the client’s account based on their Access Manager permissions.

The table below displays the interactions available to each initiating party via SBR for the IITR Profile Compare service.

**Table 4: Initiating parties**

| **Service** | **Interaction** | **Activity** | **Tax agent** | **BAS agent** | **Business** | **Business intermediary** |
| --- | --- | --- | --- | --- | --- | --- |
| **LDGLST\***  **(Lodgment List)** | LDGLST.list | Request the list of a client’s expected and received lodgments | Y | N | N | N |
| **IITR** | IITR.Prefill | Request taxpayer data held by the ATO, mainly provided by third party information providers | Y | N | N | N |
| **IITR** | IITR.Prelodge | Validate data inputted into IITR, including an amendment or RFC before submitting for processing | Y | N | N | N |
| **IITR** | IITR.Lodge | Lodge IITR, including an amendment or RFC for processing | Y | N | N | N |
| **IITRPRFL** | IITRPRFL.Get | Request profile compare response message from the ATO | Y | N | N | N |

**Note:** The lodgment list service is available to other entity types, but is not applicable for the purposes of a tax agent lodging IITRs on behalf of an individual.

## 3.4 Permissions

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

**Table 5: Access Manager permissions**

|  |  |
| --- | --- |
| **Service** | **Access Manager permission** |
| Lodgment List (LDGLST.list) | View client reports   * Client.LodgmentCalendar.View |
| IITR (IITR.Prefill) | Individual Income Tax Return   * Prepare check box |
| IITR (IITRPRFL.Get) | Individual Income Tax Return   * Lodge check box |
| IITR (IITR.Prelodge and IITR.Lodge) | Individual Income Tax Return   * Lodge check box |

# Constraints and known issues

**Table 6: IITR profile compare service constraints**

| **Constraint** |
| --- |
| 1. This profile compare interaction can only be used for IITRs. |
| 1. The IITR profile compare interaction can only be used for the current processing year, for example, currently 2021. |
| 1. The IITR profile compare interaction cannot be used for SAP clients. |

## 4.1 Usage restrictions

Digital Service Providers (DSPs) 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.

**See also:**

* The [Reasonable Use policy](https://softwaredevelopers.ato.gov.au/Usingourservices#Reasonableuse), for further information.

# IITR profile compare service guidance

## 5.1 Appropriate use

The IITRPRFL service is intended for use (only once the return or relevant section is fully complete), to alert tax agents and their clients where it may be appropriate to review labels. Repetitive requests may have the potential to impact system performance.

**Note:** The ATO will monitor usage of this service and may restrict access if inappropriate or excessive use is identified.

## 5.2 Validity and completeness of client claims

The tax agent must not rely on the IITRPRFL service to verify validity or completeness of client claims (this includes where no response is provided from the service). Where no response is provided, care is still required to ensure all income is entered and only legitimate expense claims are made. The tax agent and client are still responsible for ensuring true and correct information is included in the IITR before lodgment.