

Standard Business Reporting

Australian Taxation Office –

Self-managed Superannuation Fund Annual Return 2022 (SMSFAR.0012)

Business Implementation Guide

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Endorsement

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| --- | --- |
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| Endorsed for business context | Endorsed for publication |

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1. Introduction
   1. Purpose and document context

The purpose of this document is to provide information to assist Digital Service Providers in understanding the business context surrounding Self-Managed Superannuation Fund Annual Return (SMSFAR) interactions. The interactions are performed with the Australian Taxation Office (ATO) through the Standard Business Reporting (SBR) platform. The SMSFAR service refers to the interaction with the ATO for a user, depending on their role, to:

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

This document applies to the SBR SMSFAR service for the 2022 SMSFAR returns and the SBR ELStagFormat service for the years 2008-2016. It is designed to be read in conjunction with the ATO SBR documentation suite including the:

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

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

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

1. What are the SMSFAR services?

The SMSFAR services are used to report the income tax position, super regulatory information, member contributions and to pay the Self-Managed Superannuation Fund (SMSF) supervisory levy for an SMSF. This is done after the finalisation of an audit, for example an audit of the SMSF must be finished before lodging the SMSF annual return, as information from the audit report is needed to complete the regulatory information on the SMSF annual return.

* 1. Where SBR fits into SMSFAR lodgment obligations

The SMSFAR service provides numerous functions for lodgment of the trustee’s reporting obligations. These include the lodgment of:

* SMSF Annual Return
* SMSF Annual Return amendments (where appropriate).

The pre-lodge and lodge interactions are the core part of the SBR-enabled SMSFAR business process. When the trustee or intermediary has gathered all information required, they would then complete, validate (this is an optional step) and correct (if required) any labels of the return before lodgment.

**Table 1: SBR interactions and SMSFAR process – Context of SBR and SMSFAR interactions**

|  |  |
| --- | --- |
| **Initiating party** | **SBR service offering** |
| **Step 1**: Complete Self-Managed Superfund Annual Return | SMSFAR.Pre-lodge (optional interaction)  Validate report data |
| **Step 2**: Is submission rejected?  Yes – revisit step 1  No – Lodge | SMSFAR.*Lodge* |
| **Step 3:** View success message | Not applicable |

* 1. Schedules

A SMSFAR lodgment can include a schedule that contains additional information required to assess a fund’s income. Valid schedules that can be included in the SMSFAR message are shown in the table below.

Table 2: Valid schedules

| **Schedule** | **SBR Core Services** | **SBR ebMS3.0** |
| --- | --- | --- |
| Interposed Entity Election or Revocation | Yes | Yes |
| Family Trust Entity Election or Revocation | Yes | Yes |
| Pay As You Go (PAYG) payment summary schedule | Yes | Yes |
| Capital Gains Tax schedule | Yes | Yes |
| Losses schedule | Yes | Yes |

**Note:** For more information on the validation rules and circumstances that determine when a schedule needs to be used, see the SMSFAR message structure table and schedule structure tables, as well as the SMSFAR validation rules.

* 1. Interactions

The SMSFAR lodgment process could consist of the following interactions shown in the below table.

Table 3: Interactions available in the SMSFAR lodgment process

| **Service** | **Interaction** | **Detail** | **Single** | **Batch** | **Optional** |
| --- | --- | --- | --- | --- | --- |
| SMSFAR | SMSFAR.Prelodge | Validate SMSFAR message before lodgment (2021) | Yes | Yes | Yes |
| SMSFAR | SMSFAR.Lodge | Lodge SMSFAR (2021) | Yes | Yes | No |
| ELStagFormat | ELStagFormat.Lodge | Lodge SMSFAR for prior years as SBR message using ELS tag format | No | Yes | Yes |

* 1. Channels

The SMSFAR interaction is available in the following channel shown in the below table.

Table 4: Channel availability of SMSFAR interactions

|  |  |  |
| --- | --- | --- |
| **Interaction** | **SBR Core Services** | **SBR ebMS3.0** |
| SMSFAR.Prelodge | Yes | Yes |
| SMSFAR.Lodge | Yes | Yes |

1. Authorisation
   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 SMSFAR interaction, 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 SMSFAR interactions.

**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.
  1. Access and initiating parties

**See also:**

* *Common Business Implementation and Taxpayer Declaration Guide,* Section 3 – Access.

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

Table 5: SMSFAR permissions

| **Service** | **Interaction** | **Activity** | **Tax agent** | **BAS agent** | **Business** | **Business Intermediary** |
| --- | --- | --- | --- | --- | --- | --- |
| SMSFAR | SMSFAR*.Prelodge* | Validate data inputted into SMSFAR before submitting for processing | Yes | No | Yes | Yes |
| SMSFAR | SMSFAR*.Lodge* | Lodge SMSFAR for processing | Yes | No | Yes | Yes |
| ELStagFormat | ELStagFormat.Lodge | Lodge SMSFAR for prior years as an SBR message using ELS tag format | Yes | No | No | No |

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

**Table 6: Access Manager permissions**

| **Service** | **Access Manager permission** |
| --- | --- |
| SMSFAR | Self-Managed Superannuation Fund Annual Return   * Lodge check box |

1. Constraints and known issues
   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:**

* [Reasonable Use policy](https://softwaredevelopers.ato.gov.au/usage-restrictions)**,** for further information.

1. Taxpayer declarations

Each time 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.

**Note**: Trustees or directors of the body corporate of an SMSF signing this declaration have confirmed all trustees, or directors of a corporate trustee, have authorised the annual return. See Section K Declarations in the [SMSF fund annual return instructions](https://www.ato.gov.au/Forms/SMSF-annual-return-instructions/).

These declarations apply not just for original lodgments, but also when lodging amendments to a SMSFAR.

**See also**:

* The [ATO website](https://www.ato.gov.au/tax-professionals/prepare-and-lodge/managing-your-lodgment-program/client-declarations-and-lodgment-online/), for information on the retention of declarations**.**
* The *Common Business Implementation and Taxpayer Declaration Guide* – Section 6, for suggested wording.

1. SMSFAR guidance
   1. Prior year SMSFAR lodgment through SBR

**Find out about:**

* The *ATO ELSTagFormat 0002.2021Business Implementation Guide*, for recent changes to the prior year ELStagFormat service
  1. Using the additional free text field

The SMSFAR message contains a free text field, ‘additional information’ (SBR alias: SMSFAR 355 / ELS tag: AEB), 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 must be clear, concise, and necessary to determine the outcome of circumstances. Information entered that doesn’t meet these criteria will cause processing delays
* Software developers need to consider whether a ‘help’ or informational message concerning use of this field would be beneficial for tax agents.

Below 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 7: Examples of helpful free text scenarios

| **Scenario** | **Additional free text field content** |
| --- | --- |
| Reporting net foreign income sourced from a treaty country. | Treaty country net foreign income sourced in tax treaty country. $$ foreign income tax paid in tax treaty country. $$ foreign income tax paid in non-tax treaty country. |
| Reporting why a field was blank (especially for member closing balances). | Member 1 closing account balance was $$$/l left field blank as system won’t accept negative figures. Member 2 closing account balance was $$$$/l left field blank as system won’t accept negative figures. |

**See also:**

* [ATO website](https://www.ato.gov.au/Tax-professionals/Prepare-and-lodge/Tax-Time-2022/Before-you-lodge/Prevent-delays-in-processing-returns/#Providingadditionalinformation), for further information on the additional information field.
  1. TFN and ABN algorithm validation

**See also**:

* [http://softwaredevelopers.ato.gov.au/obtaintfnalgorithm](http://softwaredevelopers.ato.gov.au/obtainTFNalgorithm), to obtain access to the algorithm to validate TFNs in a BMS product.
* [http://softwaredevelopers.ato.gov.au/abnformat](http://softwaredevelopers.ato.gov.au/ABNformat), for information on Australian Business Number (ABN) validation.
  1. 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 2022-23 income tax returns before the end of the SMSF year of 30 June 2023).

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.

* 1. Truncating amounts

To ensure users of your software products complete SMSFARs correctly, only whole dollars must be shown (no cents). Once truncation has been performed, the truncated amount must be used in any calculation rather than the original amount (including the cents).The following examples show how to truncate amounts:

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

**Example 2:** $12.89 would be reported as $13

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

6.6 Auditor information

SMSF auditor information guidance (label 6), take note of the following:

* For audit completion date at question 6 – Label A, information must **not** be rolled over from the previous financial year or prepopulated with a date the SAR is completed. This label needs to be left blank each year for user input.
* For labels B, C or D at Question 6 must also not roll over information from the previous financial year or prepopulate with a ‘No’ (as these could change from year to year). This ensures the user completes these labels correctly.
* The auditors detail’s including name, SAN, phone number and address can be rolled over from the previous financial year. Your software must require the user to confirm this information prior to lodgment. This prevents the previous year’s auditors’ details being rolled over, without the new auditor details being updated by the user.
* If the user needs to change the SMSF auditor number, by default it’s recommended that all other details that were rolled over for the previous auditor **must** automatically empty. This ensures the name, address and contact details of the new auditor is also correct, preventing triggers for manual intervention or audit requirements due to a mismatch between the auditor’s name and SMSF auditor number when reviewing SARs.