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| Standard Business Reporting  Australian Taxation Office –  Partnership tax return 2023 (PTR.0011)  Business Implementation Guide  Date: 07 September 2023  Status: Final  This  Status: Draft |

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Version control

|  |  |  |
| --- | --- | --- |
| **Version** | **Release date** | **Description of changes** |
| 1.0 | 07/09/2023 | Final version updated |
| 0.1 | 8/08/2023 | Initial Draft for Review and Feedback.  Changes include;   * Add [Small business technology investment boost and skills and training boost](https://www.ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Small-Business-Technology-Investment-Boost-and-Small-Business-Skills-and-Training-Boost/)new label * Add [Small business skills and training boost](https://www.ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Small-Business-Technology-Investment-Boost-and-Small-Business-Skills-and-Training-Boost/) new label * Add validation message for depreciation expenses related label, * update the taxpayer declaration and reformat the document |

Endorsement

Mark Elwell – Director, Small Business - Endorsed for business context

David Baker – Director, Individuals and Intermediaries - Endorsed for publication

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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 to understand the business context surrounding the ATO Partnership tax return (PTR) web service interactions. These interactions are performed with the Australian Taxation Office (ATO) through the Standard Business Reporting (SBR) ebMS3 electronic messaging service platform.

This document defines interactions available to lodge a PTR. Outlining which reporting parties can use the service, explains any constraints and known issues with the use of the interaction and provides guidance with certain identified issues.

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

* Lodge a PTR including schedules where appropriate.
* Lodge an amendment to a PTR.
* Lodge a PTR (original or amended) for a prior year as a SBR ebMS3 message. containing the electronic lodgment services (ELS) tag formatted data.

This document applies to the SBR PTR service for 2023 PTR returns and the SBR ELStagFormat service for the years 1998-2016. The PTR 2023 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](https://www.sbr.gov.au/sites/default/files/ato_common_business_implementation_and_taxpayer_declaration_guide_v1.1.docx).](https://www.sbr.gov.au/sites/default/files/ato_common_business_implementation_and_taxpayer_declaration_guide_v1.1.docx)
* test information, for example conformance suites.
* Message Structure Tables.
* validation rules.

## 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).
* [ATO Common Business Implementation and Taxpayer Declaration Guide](https://www.sbr.gov.au/sites/default/files/ato_common_business_implementation_and_taxpayer_declaration_guide_v1.1.docx).

## 1.3 Changes in 2023 PTR services

Items added:

**Small Business - Technology investment boost and Skills and training boost**

New tax return labels (see below) have been introduced to support the implementation of these measures:

* Item 52 – Small business boost
  + Label A -[Small business skills and training boost](https://www.ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Small-Business-Technology-Investment-Boost-and-Small-Business-Skills-and-Training-Boost/).
  + Label B - [Small business technology investment boost.](https://www.ato.gov.au/General/New-legislation/In-detail/Direct-taxes/Income-tax-for-businesses/Small-Business-Technology-Investment-Boost-and-Small-Business-Skills-and-Training-Boost/)

More information is available on the ATO website at:

* [Small business technology investment boost](https://www.ato.gov.au/Business/Income-and-deductions-for-business/Deductions/Small-business-technology-investment-boost/).
* [Small business skills and training boost](https://www.ato.gov.au/Business/Income-and-deductions-for-business/Deductions/Small-business-skills-and-training-boost/).

1. What are the PTR services?

The PTR lodgment interactions allow users of SBR-enabled software to interact electronically to validate and lodge the partnership income tax obligations. This allows easier and more accurate lodgment of returns.

The PTR is used to report income and deductions of the business and the subsequent distributions to the partners.

## 2.1 Where SBR fits into PTR lodgment obligations

The PTR service provides a number of functions for lodgment of a partnership’s reporting obligations. These include the lodgment of:

* PTR.
* PTR amendments (where appropriate).

The validate and submit interactions are the core part of the SBR-enabled PTR business process. When the partner or intermediary has gathered all information required, they would then complete the return, validate it, and if required, correct any labels before lodgment.

**Table 1: SBR interactions and PTR process**

|  |  |
| --- | --- |
| **Initiating party** | **SBR service offering** |
| Step 1: Complete PTR | PTR.prelodge (optional interaction)  Validate report data |
| Step 2: Is submission rejected?   * Yes – Revisit Step 1 * No – Lodge | PTR.lodge  Lodge the report |
| Step 3: View success message | Not applicable |

2.2 Schedules

A PTR lodgment can include a schedule that contains additional information required to assess a partnership’s income. Valid schedules that can be included in the PTR message are:

Table 2: Valid schedules

| **Schedule** | **SBR collaboration** | **SBR Core Services** | **SBR ebMS3.0** |
| --- | --- | --- | --- |
| Non-Individual PAYG payment summary schedule | pss.0002.2018.01.00 | N | Y |
| Rental property schedule | rs.0002.2018.01.00 | N | Y |
| International dealings schedule | ids.0006.2018.01.00 | N | Y |
| Interposed entity election or revocation | iee.0003.2018.01.00 | N | Y |

For more information on the validation rules and circumstances that determine when a schedule should be used, please see

* the PTR message structure table
* schedule structure tables,
* PTR validation rules.

## 2.3 Interactions

The PTR lodgment process could consist of the following interactions:

Table 3: Interactions available in the PTR lodgment process

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

1. Authorisation

## 3.1 Intermediary relationship

The type of SBR service 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 PTR interaction, a business intermediary must be appointed by a business in Access Manager to use the available services on their behalf. The tax agent must be linked at client level in ATO systems to request the service response.

The tax agent to taxpayer relationship is a fundamental precondition to interacting with SBR for PTR 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 [ATO CUREL 2018 Business Implementation Guide](https://www.sbr.gov.au/sites/default/files/ATO-CUREL-0004.2018-Business-Implementation-Guide.docx) and 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 and initiating parties

Access Manager is 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.

See:

* Section 3 – Authorisation in the [ATO Common Business Implementation and Taxpayer Declaration Guide](https://www.sbr.gov.au/sites/default/files/ato_common_business_implementation_and_taxpayer_declaration_guide_v1.1.docx).
* the [ATO website](https://www.ato.gov.au/general/online-services/access-manager/) for more information on Access Manager.

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

Table 4: PTR Permissions

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

## 3.3 Permissions

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

Table 5: Access Manager Permissions

|  |  |
| --- | --- |
| PTR | Non-individual income tax return   * Lodge check box |

1. Constraints and known issues

## 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.

Find out about the[Reasonable Use policy](https://softwaredevelopers.ato.gov.au/usage-restrictions)**.**

1. Taxpayer declaration

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.

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

These declarations apply, not just for original lodgments, but when lodging amendments to a PTR and required schedules. For information on the retention of declarations and frequently asked questions, see [Client declarations and lodgment online](https://www.ato.gov.au/tax-professionals/prepare-and-lodge/managing-your-lodgment-program/client-declarations-and-lodgment-online/)**.**

## 5.1 Suggested wording

For returns lodged via a tax agent:

|  |
| --- |
| **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 partner in our records. It is not an offence not to provide the TFNs. However, if the TFNs are not provided, it could increase the chance of delay or error in each partner’s assessment.  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  **Tax agent’s declaration**  I declare that:  this tax return has been prepared in accordance with information provided by the taxpayer, that the taxpayer has given me a declaration stating that the information provided to me is true and correct and that the taxpayer has authorised me to lodge this tax return. |

For returns lodged by the partner:

|  |
| --- |
| **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 partner in our records. It is not an offence not to provide the TFNs. However, if the TFNs are not provided, it could increase the chance of delay or error in each partner’s assessment.  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  **Taxpayer’s declaration**  I declare that the information on this tax return, all attached schedules and any additional documents is true and correct. |

See:

* Section 6 in the[ATO Common Business Implementation and Taxpayer Declaration Guide](https://www.sbr.gov.au/sites/default/files/ato_common_business_implementation_and_taxpayer_declaration_guide_v1.1.docx)**.**

1. PTR guidance

## 6.1 Prior year lodgment through SBR

In order to support prior year lodgments before 2017 via SBR, lodgment of PTR is possible using the ELStagFormat service. ELStagFormat is envisaged to be used for prior year PTR 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.

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

**Find out about:**

* The [ATO ELSTag Format 0002.2021 Business Implementation Guide](https://www.sbr.gov.au/sites/default/files/2021-10/ato_elstagformat.0002_2021_business_implementation_guide.docx)*,* for changes to the prior year ELStagFormat service

## 6.2 Using the additional free text field

The PTR message contains a free text field, Attachment a (SBR alias: PTR315/ ELS tag: AEB), to enable appropriate information to be added to a return for assessment purposes. Whilst validation cannot control the information is provided in the additional information field, it requires a manual review. Adhering to the following guidance will help to ensure unnecessary delays:

* This field must only be used under certain circumstances. Information that doesn’t meet the criteria will cause processing delays.
* Free text content should be clear, concise, and necessary to determine the outcome of the assessment.
* Digital services providers should consider providing a ‘help’ or informational message for tax agents regarding correct use of this field.

The following are key examples of where the field should be used, the type of business information that should be included, and the quality, tone and language of the information.

Table 6: Examples of helpful free text scenarios

| **Scenario** | **Additional free text field content** |
| --- | --- |
| A bonus or other amount in respect of a short-term life assurance policy issued after 7 December 1983 and included as Other Australian Income. | $$$ bonus received in respect of a short-term life insurance policy issued after 7 December 1983 included as Other Australian Income  OR  $$$ received in respect of a short-term life insurance policy issued after 7 December 1983 included as Other Australian Income |
| Partnership has been reconstituted. | Reconstituted partnership   * date of dissolution * date of the reconstitution * names of the new, continuing and retiring partners * TFN or address and date of birth of all new partners * details of the changes if the persons authorised to act on behalf of the partnership have changed. |
| Partnership paid or credited any amounts in the nature of interest to a non-resident of Australia or has received unfranked dividends or interest on behalf of a non-resident of Australia. | Amounts paid, credited or received on behalf of a non-resident  Interest $$$  Withholding tax deducted $$$  Unfranked dividends $$$  Withholding tax deducted $$$  Reason why withholding tax was not deducted (if applicable) |

The use of the additional information schedule must be avoided wherever possible unless the information being provided is relevant to the outcome of the assessment. Unnecessary use of the additional free text field will delay processing of the return with the need for the ATO to manually review the information.

See [additional information](https://www.ato.gov.au/Tax-professionals/Prepare-and-lodge/Tax-Time/Before-you-lodge/Prevent-delays-in-processing-returns/) instructions for more information.

## 6.3 TFN and ABN algorithm validation

For more information, see:

* [How to obtain the tax file number algorithm](https://developer.sbr.gov.au/collaborate/display/DSPCOLLAB/Tax+file+number+%28TFN%29+algorithm), to access the algorithm and validate TFNs in a BMS product. [ABN algorithm, ABN lookup web services and Super Fund lookup web services.](https://developer.sbr.gov.au/collaborate/display/DSD/Australian+Business+Number+%28ABN%29+algorithm)

## 6.4 Additional context

* Validation message to Depreciation expenses related label

Use this messaging when adding validation message to Depreciation expense related label:

To reduce the risk of compliant taxpayers being selected for ATO investigation we are proposing to introduce some messaging for taxpayers lodging PTRs. The messaging will inform what labels should be completed if they complete certain depreciation expenses labels. The messaging should result in more accurate returns being lodged, thereby reducing the need for the ATO to undertake follow up action with the taxpayer.

Warning message will appear for the label outlined in the table below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Label completed** | **Label to complete** | **Label name** | **Description of change / Recommended action that the taxpayer needs to take to rectify the issue** | **Corresponding validation message** |
| 5 | 5K | 5 – Total business income  5K – Depreciation expenses | If label 5 is greater than zero, then label 5K should be completed and the amount should be at least 0 or higher. | If Total business income is greater than zero, then Depreciation expenses should be completed, and the amount must be at least 0 or higher. |

Small business - Skills and training boost and Technology investment boost

Tool tip message for the new small business boost labels

Small businesses (with aggregated annual turnover of less than $50 million) may be eligible for the 20% bonus deduction (boost). The message is to inform that only eligibly entities can claim the boost and that a cap applies to the technology investment boost. The message is not mandatory but should result in more accurate returns being lodged, thereby reducing the need for the ATO to undertake follow up action with the taxpayer.

Tool tip message to appear when a client is completing the PTR, and hovers over:

**Item 52, label A** – Small business skills and training boost

Message: You cannot claim the boost if the entity’s aggregated turnover is $50 million or greater. More information is available on the [ATO website](https://www.ato.gov.au/Business/Income-and-deductions-for-business/Deductions/Small-business-skills-and-training-boost/).

**item 52, label B** – Small business technology investment boost

Message: You cannot claim the boost if the entity’s aggregated turnover is $50 million or greater. A $20,000 cap applies for each income year. More information is available on the [ATO website](https://www.ato.gov.au/Business/Income-and-deductions-for-business/Deductions/Small-business-technology-investment-boost/)**.**

6.5 Early lodgments

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

A future year return is a return that is lodged by or on behalf of a partnership before the end of the current reporting period. For example, a partnership lodging their 2022-23 income tax returns before the end of the PTR year of 30 June 2023 – this could include a partnership with a substitute accounting period (SAP).

Clients must meet certain conditions to lodge a future year return and cannot choose to lodge early solely out of personal preference. For guidance on the eligibility for individuals to lodge an early, refer to the [ATO website - lodging your tax return early.](https://www.ato.gov.au/Individuals/Your-tax-return/How-to-lodge-your-tax-return/Lodge-your-tax-return-before-leaving-Australia/)

In order for a partnership 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.

## 6.6 Truncating amounts

To ensure users of your software products complete Partnership tax returns 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 should 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.*