 Standard Business Reporting

Australian Taxation Office –

Fund Income Tax Return 2023 (FITR.0010)

Business Implementation Guide

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This document and its attachments are **Official**

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Endorsement

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# Introduction

## 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 Fund income tax return (FITR) interactions. These interactions are performed with the Australian Taxation Office (ATO) through the Standard Business Reporting (SBR) platform. The FITR service refers to the interactions with the ATO for a user, depending on their role, to lodge:

* a FITR
* an amendment to a FITR
* a FITR (original or amendment) for a prior year as an ABR ebMS3 message containing the ELS tag formatted data.

This document defines the interactions that are available in FITR services, outlines those reporting parties that can use the services, explains constraints and known issues with the use of the interaction and provides guidance with certain identified issues. It applies to the SBR ATO FITR services for the 2023 FITR and the SBR ELStagFormat service for the years 1998-2016.

The ATO FITR 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:

* 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)
* test information, for example, conformance suites
* Message Structure Tables
* validation rules.

## Glossary

For a glossary of terms see

* [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).

## Changes to the Fund Income Tax Return

In the 2023 FITR the main changes are:

* Removed label H1 - 'Credit for interest on early payments - amount of interest' at Section D, Income tax calculation statement
* Removed H1 from instructions below Label H – ‘Eligible credits’.

## What are the FITR services?

The FITR is to be used for Australian Prudential Regulation Authority (APRA) regulated and non-regulated superannuation funds and Pooled Superannuation Trusts (PSTs). It ensures the correct amount of tax is paid on the income of super funds.

## Where Standard Business Reporting (SBR) fits into FITR lodgment obligations

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

* FITR and required schedules
* FITR amendments (where appropriate).

The pre-lodge and lodge interactions are the core part of the SBR-enabled FITR business process. When the fund’s intermediary has gathered all information required, they would prepare the return, validate it (this is an optional step) and if required correct any labels before lodgment.

Table 1 Context of SBR interactions and the FITR process

|  |  |
| --- | --- |
| **Initiating party** | **SBR service offering** |
| **Step 1**: Complete FITR | FITR.Prelodge\*  Validate report data |
| **Step 2**: Is submission rejected?  Yes: Revisit step 1  No: Lodge | FITR.Lodge\*  Lodge the report |
| **Step 3**: View success message | Not applicable |

## Schedules

A FITR lodgment can include a schedule that contains additional information required to assess a Funds' income. Valid schedules that can be included in the FITR message are:

Table 2: Valid schedules

| **Schedule** | **SBR collaboration** | **SBR Core Services**  **(2020 onwards)\*** | **SBR ebMS3.0** |
| --- | --- | --- | --- |
| Non-Individual PAYG payment summary schedule | ato.pss.0002.2018.01.00 | N | Y |
| Capital Gains Tax schedule | ato.cgts.0006.2018.01.00 | N | Y |
| Losses schedule | ato.ls.0006.2017.01.00 | N | Y |

FITR is currently available via SBR Core for the 2016 – 2019 services. From 2020 onwards, FITR is available via SBR ebMS3.0.

For more information on the validation rules and circumstances that determine when a schedule needs to be used, See:

* FITR message structure table
* schedule structure tables
* FITR validation rules.

## Interactions

The FITR lodgment process could consist of the following interactions:

Table 3 Interactions available in the FITR lodgment process

| **Service** | **Interaction** | **Detail** | **Single** | **Batch** | **Optional** |
| --- | --- | --- | --- | --- | --- |
| FITR | FITR.Prelodge | Validate FITR message before lodgment (2023) | Y | Y | Y |
| FITR | FITR.Lodge | Lodge FITR (2023) | Y | Y | N |
| ELStagFormat | ELStagFormat.Lodge | Lodge FITR for prior years as SBR message using ELS tag format | N | Y | Y |

## Channels

Table 4: Interactions available in the channel for FITR lodgment process

|  |  |  |
| --- | --- | --- |
| **Interaction** | **SBR Core Services** | **SBR ebMS3.0** |
| FITR.Prelodge | Y | Y |
| FITR.Lodge | Y | Y |

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# Authorisations

## Intermediary relationship

The 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. An intermediary must have the appropriate authorisation for the interaction being performed on behalf of the taxpayer recorded in ATO systems.

For the FITR interaction, 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 FITR interactions.

If the relationship doesn’t exist, the Client Update Relationship services can be used to establish between the tax agent and the taxpayer.

See the:

* [ATO Client Update Relationship 2018 Business Implementation Guide](https://www.sbr.gov.au/sites/default/files/ATO-CUREL-0004.2018-Business-Implementation-Guide.docx)
* SBR website for more information on [client management](https://www.sbr.gov.au/digital-service-providers/developer-tools/australian-taxation-office-ato/obligation-management-oblmgt/client-management-clntmgt)
* ATO Company Tax Return Business Implementation Guide.

## Access and initiating parties

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

See:

* Section 3 – Authorisationin the[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 see Access Manager.

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

Table 5: FITR permissions

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

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

Table 6: Access Manager permissions

| **Service** | **Access Manager Permission** |
| --- | --- |
| FITR | Fund Income Tax Return – Lodge check box |

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# Constraints and known issues

## 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).

# 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. 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 FITR. More information is available at [Retention of declarations](https://www.ato.gov.au/tax-professionals/prepare-and-lodge/managing-your-lodgment-program/client-declarations-and-lodgment-online/).

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).

## 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 the entity in our records. It is not an offence not to provide 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.

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# FITR guidance

## Prior year FITR

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

## Using the additional free text field

While validation cannot control what information is provided in the additional field, below is some advice for end-users to follow to ensure returns lodged when this field contains content are processed without unnecessary delays:

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

See the [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.

## TFN and ABN algorithm validation

For 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 obtain access to the algorithm and to validate TFNs in a BMS product.
* [ABN algorithm](https://developer.sbr.gov.au/collaborate/display/DSD/Australian+Business+Number+%28ABN%29+algorithm) for information on ABN validation.

## Future years

A future year return is a return that is lodged by a client or their authorised intermediary prior to the end of the current reporting period. An example of this is the lodgment of a fund’s income tax return before the end of the reporting period of 30 June or the end of their Substituted Accounting Period [SAP].

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

To ensure users of your software products complete FITRs correctly, whole dollars must be truncated. The following examples show how to round amounts:

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 truncating has been performed, the truncated amount needs to 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.