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| Standard Business Reporting  Australian Taxation Office –  Partnership tax return 2024 (PTR.0012)  Business Implementation Guide  Date: 25 July 2024  Status: Final |

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Version control

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| **Version** | **Release date** | **Description of changes** |
| 1.0 | 25/07/2024 | Update to include the new ‘Small Business Energy Incentive’s measure |
| 0.1 | 14/03/2024 | Initial Draft for Review and Feedback. Changes include:   * PTR.0012 2024 service updates * Removal of Temporary Full Expensing (TFE) and associated Validation Rues (VRs). * Updated links to point to correct page |

Endorsement

Amanda Bucciol – Director, Small Business - Endorsed for business context.

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# 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 2024 PTR returns and the SBR ELStagFormat service for the years 1998-2016. The PTR 2024 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/2024-06/ATO_Common_Business_Implementation_and_Taxpayer_Declaration_Guide.docx)
* test information, for example conformance suites
* Message Structure Tables
* validation rules (VRs).

## 1.2 Glossary

For a glossary of terminology, see:

* [SBR glossary](https://www.sbr.gov.au/digital-service-providers/developer-tools/glossary)
* [ATO definitions](https://www.ato.gov.au/Definitions/?anchor=top).

## 1.3 Changes in 2024 Partnership Tax Return (PTR) service

**Items added:**

New tax return label (see below) has been introduced to support the implementation of the measure:

* Item 52, label C – Small business energy incentive

**Item removed:**

Small business bonus deductions (previously Small business boost)

* Item 52 – Small business 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/)

Removal of Temporary Full Expensing (TFE) labels and associated VRs.

* Item 49 – Capital allowances
  + Label P – Are you making a choice to opt out of temporary full expensing for some or all of your eligible assets?
  + Label Q – Number of assets you are opting out for
  + Label R – Value of assets you are opting out for
  + Label S – Temporary full expensing deductions
  + Label T – Number of assets you are claiming for

## 1.4 Consolidation of records

When there are ATO system limitations on the number of records that can be stored for a particular section of the PRT, and a client has more records than the maximum allowed for that section, consolidation of records is recommended.

**Note:** [Online Services for DSPs](https://developer.sbr.gov.au/login.html?request_uri=https://developer.sbr.gov.au/collaborate/pages/viewpage.action?pageId=42991664) provides information as a controlled information resource, made available only to digital service providers for the sole purpose of assisting in the development of tax-related software (both commercial and in-house). In some cases, the information is in draft form or has been made available for the purposes of consultation, proof of concept work and or pilots. You **must** not on-forward controlled information to persons or organisations outside your own organisation.

# 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 several functions for lodgment of a partnership’s reporting obligations. These include the lodgment of:

* PTR and required schedules.
* 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 | ato.pss.0002.2018.01.00 | N | Y |
| Rental property schedule | ato.rs.0002.2018.01.00 | N | Y |
| International dealings schedule | ato.ids.0011.2024.01.00 | N | Y |
| Interposed entity election or revocation | ato.iee.0003.2018.01.00 | N | Y |
| Trust income schedule | ato.distbentrt.0001.2024.01.00 | 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 (MST)
* schedule structure tables
* PTR validation rules (VR).

## 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 |

# 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 does not 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 the:

* The [ATO Client Update Relationships 2018 Business Implementation Guide](https://www.sbr.gov.au/sites/default/files/ATO-CUREL-0004.2018-Business-Implementation-Guide.docx) 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.

For more information on Access Manager, see the [ATO website](https://www.ato.gov.au/General/online-services/access-manager/) and Section 3 – Authorisation in the [ATO Common Business Implementation and Taxpayer Declaration Guide](https://www.sbr.gov.au/sites/default/files/2024-06/ATO_Common_Business_Implementation_and_Taxpayer_Declaration_Guide.docx). 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

| **Service** | **Access Manager Permission** |
| --- | --- |
| PTR | Non-individual income tax return  Lodge check box |

# 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](https://softwaredevelopers.ato.gov.au/sites/default/files/2020-06/Reasonable_use_of_ATO_digital_wholesale_services.pdf). The ATO actively monitors the use of services and will notify DSPs that contravene this policy. Continued breaches may result in de-whitelisting.

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

**Note:** 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. |

For further information on declarations, see section 6 in the[ATO Common Business Implementation and Taxpayer Declaration Guide](https://www.sbr.gov.au/sites/default/files/2024-06/ATO_Common_Business_Implementation_and_Taxpayer_Declaration_Guide.docx)**.**

# PTR guidance

## 6.1 Prior year lodgment through SBR

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 for more information.
* [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 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 [[Prevent delays in processing returns](https://www.ato.gov.au/tax-and-super-professionals/for-tax-professionals/prepare-and-lodge/tax-time/before-you-lodge/prevent-delays-in-processing-returns)](https://www.ato.gov.au/Tax-professionals/Prepare-and-lodge/Tax-Time/Before-you-lodge/Prevent-delays-in-processing-returns/) for more information.

## 6.3 TFN and ABN algorithm validation

Find out about:

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

## 6.4 Additional context

**Tool tip messages to item 52 – Reconciliation to taxable income**

Label 52A - Small business bonus deductions (previously Small business boost):

* 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/).

Label 52C - Small Business Energy Incentive:

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

Item 52, label C – Small business energy incentive

**Message:** You cannot claim the energy incentive bonus deduction if the entity’s aggregated annual turnover is $50 million or greater. A $20,000 cap applies. More information is available on the [ATO website.](https://www.ato.gov.au/energyincentive)

**Validation messages for Item 5 – Deprecation expenses labels**

Use messaging when adding validation message to Depreciation expenses 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.

Table 7: Validation messages for depreciation expense labels

| **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. |

## 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 2023-24 income tax returns before the end of the PTR year of 30 June 2024 – 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 [Lodge your tax return before leaving Australia.](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.*

# Schedule guidance

## 7.1 Trust income schedule (TIS)

**Ordering of distributing trust identifier**

It is recommended that only one identifier is provided for the distributing trust. Where the distributing trust is:

* A managed fund, complete the identifier in the following order of priority
  + Investor number of the distributing trust (DISTBENTRT42)
  + Australian Business Number of the distributing trust (DISTBENTRT4)
  + Australian Company Number of the distributing trust (DISTBENTRT41)
* A non-managed fund, complete the identifier in the following order of priority
  + Australian Business Number of the distributing trust (DISTBENTRT4)
  + Australian Company Number of the distributing trust (DISTBENTRT41)

**Consolidation of records for the Trust income schedule**

***Trust Distributions (including managed funds)***

For Trust distributions both managed and non-managed, the maximum number of records that can be returned is 150 per taxpayer – including any consolidation records. Where there are more records than the maximum allowed, the remaining records must be consolidated into one or two records.

***Ordering***

There is no requirement to order records for the trust income schedule. However, it is recommended that the records are reported and ordered as follows:

* All distributions recorded from highest value to lowest value.

Where there are more than 150 records in total aggregate as follows:

* If there are only non-managed fund records, record at 150 will be the aggregate of records 150 onwards.
* If there are only managed fund records, record at 150 will be the aggregate of records 150 onwards.
* If there are non-managed fund and managed fund records, record at 149 non-managed funds onwards, and record at 150 managed funds onwards.

The ordering will ensure that as part of the future copy of return service, the individual records with the highest value are presented back to the tax agent when the data is returned. It will also support the accuracy of the ATOs risk modelling services.

**Note:** This is not a mandatory requirement, and no validation will be implemented to verify this approach.

***Standard description***   
A standard description for the consolidated record is to be completed at ‘*Name of distributing trust*’ (DISTBENTRT5) and should be recorded as:

* “**Consolidation - XX non-managed fund records**” (with XX being the number of distributions consolidated into the last record).
* “**Consolidation - XX managed fund records**” (with XX being the number of distributions consolidated into the last record).