 Standard Business Reporting

Australian Taxation Office –

Fund Income Tax Return 2024 (FITR.0011)

Business Implementation Guide

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This document and its attachments are **Official**

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Endorsement

Deborah Robinson – Director Public Groups - (Endorsed for business context)

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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 2024 FITR and the SBR ELStagFormat service for the years 1998-2016.

The ATO FITR 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:

* [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)
* web service/platform information
* 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 2024 FITR the main change is:

* **Removed** label E – Eligible rollover fund, at Item 8 – Status of fund or trust

## Consolidation of Records

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

**Note:** Online Services for DSPs provides informationas 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 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 |
| Trust income schedule | ato.distbentrt.0001.2024.01.00 | 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 (2024) | Y | Y | Y |
| FITR | FITR.Lodge | Lodge FITR (2024) | 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 |

# 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.

**Note:** If the relationship does not exist, the Client Update Relationship services can be used to establish the relationship between the tax agent and the taxpayer. See the [ATO CUREL 2018 Business Implementation Guide](https://www.sbr.gov.au/sites/default/files/ATO-CUREL-0004.2018-Business-Implementation-Guide.docx) and 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.

## 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 |

# 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.

For further information, see the[DSP conditions of use](https://softwaredevelopers.ato.gov.au/usingourservices/dsp-conditions-use) and [Reasonable Use policy](https://softwaredevelopers.ato.gov.au/sites/default/files/2020-06/Reasonable_use_of_ATO_digital_wholesale_services.pdf).

# Taxpayer declarations

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 Company Tax Return and required Schedules. For information on the retention of declarations, 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/).

## Suggested wording

For returns lodged via a tax agent:

|  |
| --- |
| **Privacy statement**  We are authorised to request TFNs by the Taxation Administration Act 1953. We use them to identify you in our records. It is not an offence not to provide TFNs. However, this may cause delays in processing your form. Taxation law authorises us to collect information and disclose it to other government agencies. This includes personal information of the person authorised to complete the form and sign the declaration. See more about your privacy at **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. |

For further information surrounding taxpayer declarations refer to:

* Section 6 of 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).

# 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 are encouraged to include a ‘help’ or informational message concerning use of this field would be beneficial for end users.

See [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/#Providingadditionalinformation) for more 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

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

A future year 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 FITR’s 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 into the future (Current Year + 1) 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 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*.

# Schedules

## Trust income schedule

**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 ATO’s 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).