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| Standard Business Reporting  Australian Taxation Office –  Company Tax Return 2016 (CTR.0007)  Business Implementation Guide  Date: 06th July 2017  Status: Final | |
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VERSION CONTROL

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| **Version** | **Release date** | **Description of changes** |
| 1.1 | 06.07.2017 | Minor non-functional changes made to conform to the 2017 BIG style. |
| 1.0 | 22.06.2017 | Versioned to Final. No functional change. |
| 0.1 | October 2016 | Draft for consultation |

ENDORSEMENT

APPROVAL

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1. Introduction
   1. Purpose

The purpose of this document is to provide information to assist software developers in understanding the business context surrounding the company tax return (CTR) interactions. These interactions are performed with the Australian Taxation Office (ATO) through the Standard Business Reporting (SBR) platform.

This document defines the interactions that are available to lodge a CTR, outlines which reporting parties can use the services, and explains any constraints and known issues with the use of the interaction, providing guidance with certain identified issues.

The company tax return service refers to the interaction with the ATO for a user, depending on their role, to:

* Lodge a CTR
* Lodge an amendment to a CTR
* Lode a CTR 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 CTR service for the 2016 CTR and the SBR ELStagFormat service for the years 1998-2016.

* 1. Audience

The audience for this document is any organisation implementing the ATO CTR interactions into their products. Typically this will be software application developers and business analysts.

* 1. Document context

The ATO CTR 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
* Message information, and
* Test information as an example Conformance Suites

* 1. Glossary

For a glossary of terms, refer to the [SBR website](http://www.sbr.gov.au/software-developers/developer-tools/glossary).

1. What are the Company tax return services?

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

The CTR is to be used for company business structures. It is about ensuring the correct amount of tax is paid on the income of the various type of company structures.

* 1. Where SBR fits into ctr lodgment obligations

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

* The Company tax return where appropriate
* Amendments to the Company tax return

The pre-lodge and lodge interactions are the core part of the SBR-enabled CTR business process.

When the company or intermediary has gathered all information required, they would then complete the return, validate it, and if required, correct any labels before lodgment.



Figure : SBR interactions and CTR process

* 1. Schedules

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

| **Schedule** | **SBR collaboration** | **SBR Core Services** | **SBR ebMS3.0** |
| --- | --- | --- | --- |
| Consolidated groups losses schedule | cgls.0005.lodge.request.02.00 | Y | Y |
| Losses schedule | ls.0005.lodge.request.02.00 | Y | Y |
| Interposed entity election or revocation | iee.0002.lodge.request.02.00 | Y | Y |
| PAYG Payment summary schedule | pss.0001.lodge.request.02.00 | Y | Y |
| Capital gains tax schedule | cgts.0004.lodge.request.02.00 | Y | Y |
| Research and development tax incentive schedule | rdtis.0002.lodge.request.02.00 | Y | Y |
| International dealings schedule | ids.0004.lodge.request.02.00 | Y | Y |
| Dividend and interest schedule | dis.0002.lodge.request.02.01 | Y | Y |
| Consolidated Groups Notification of Formation and Member Entrance/Exit | cgnft.0001.lodge.request.02.00 | N | Y |

Table : Valid schedules for the CTR interactions

For more information on the validation rules and circumstances that determine when a schedule should be used, please see the CTR message structure table and schedule structure tables, as well as the CTR validation rules.

* 1. Interactions

The CTR lodgment process could consist of the following interactions:

| **Service** | **Interaction** | **Detail** | **Single** | **Batch** | **Optional** |
| --- | --- | --- | --- | --- | --- |
| CTR | *CTR.Prelodge* | Validate CTR message before lodgment (2016) | Y | Y | Y |
| *CTR.Lodge* | Lodge CTR (2016) | Y | Y | N |
| ELStagFormat | *ELStagFormat.Lodge* | Lodge CTR for prior years as SBR message using ELS tag format | N | Y | Y |

Table : Interactions available in the CTR lodgment process

* 1. Channels

The CTR interaction is available in the following channels:

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

Table : Channel availability of CTR interactions

1. Authorisation
   1. 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. 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 CTR interaction, a business intermediary must be appointed by a business in Access Manager to use the available services on their behalf.

|  |  |
| --- | --- |
| attention_pms | The tax agent to taxpayer relationship is a fundamental precondition to interacting with SBR for CTR interactions |

**Note**: If the relationship does not exist, the SBR Add Client Relationship interaction of the Client Update services can be used to establish a relationship between the intermediary and the taxpayer. See the Client Update Business Implementation Guide and Client Update Message Implementation Guide for further information.

* 1. Access Manager

AUSkey and Access Manager are 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/). For further information on AUSkey, see the Australian Business Register’s [website](https://abr.gov.au/AUSkey/).

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

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

Table : CTR Permissions

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

| **Service** | **Access Manager Permission** |
| --- | --- |
| CTR | Company Tax Return   * *Lodge* check box |

Table : Access Manager Permissions

1. Constraints and Known Issues
   1. Constraints When Using This Service

This service has the following unique constraints:

|  |  |
| --- | --- |
| **#** | **Constraint** |
|  | Currently, the CTR service cannot be used for non-resident entities with an overseas address due to the address fields only catering for domestic addresses. |

Table : Constraints when using CTR interactions

* 1. Known Issues

Not applicable.

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.

|  |  |
| --- | --- |
| attention_pms | 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.

For information on the retention of declarations and frequently asked questions, please refer to the [ATO website](https://www.ato.gov.au/tax-professionals/prepare-and-lodge/managing-your-lodgment-program/client-declarations-and-lodgment-online).

* 1. Suggested wording

|  |
| --- |
| **Privacy**  Taxation law authorises the ATO to collect information including personal information about the person authorised to sign the declaration. 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. |

1. CTR Guidance
   1. Prior year CTR lodgment through SBR

In order to support prior year lodgments before 2016 via SBR, lodgment of CTR is possible using the *ELStagFormat* service. *ELStagFormat* is envisaged to be used for prior year CTR lodgments from 2002 -2015. 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.

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

* 1. Using the additional free text field

The CTR message contains a free text field, Attachment A (SBR alias: CTR263/ 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 should be clear, concise and necessary to determine the outcome of the assessment for the return being lodged, and should only be used under the correct circumstances. Information entered which does not meet these criteria will cause processing delays.
* Software developers should consider whether a ‘help’ or informational message concerning use of this field would be beneficial for tax agents.

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.

**Examples of helpful scenarios:**

| **Scenario** | **Additional free text field content** |
| --- | --- |
| An RSA provider is claiming an Interest on no-TFN tax offset amount at Other credits label H7. | $c <inserted amount> Interest on no-TFN tax offset included at H7 |

Table : Examples of helpful free text scenarios

For further information on the additional information field, see the [ATO website](https://www.ato.gov.au/Tax-professionals/Prepare-and-lodge/Tax-Time-2016/Before-you-lodge/Preventing-delays-in-processing-returns/#TaxTime_Before_Situations_MR)

* 1. TFN and ABN algorithm validation

To obtain access to the algorithm to validate TFNs in a BMS product, refer to the ATO software developer page on this topic: <http://softwaredevelopers.ato.gov.au/obtainTFNalgorithm>

For information on ABN validation see this page:<http://softwaredevelopers.ato.gov.au/ABNformat>

* 1. Rounding amounts

To ensure users of your software products do not encounter unnecessary validation error, we suggest rounding any amounts at items 6 (income and expenses) and 7 (reconciliation to taxable income or loss).

**Example 1:** $24.37 would be rounded down to $24

**Example 2:** $12.89 would be rounded up to $13

**Example 3:** $6.50 could be rounded to either $6

Once rounding has been performed, the rounded amount should be used in any calculation rather than the original amount (including the cents).

* 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 (e.g. a client lodging their 2016-17 income tax returns before the end of the CTR year of 31 March 2017 or the end of their Substituted Accounting Period [SAP]).

In order 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. Formation of a Consolidated Group

To notify the Commissioner of Taxation on the formation of a consolidated group, the submission of the head company’s income tax return must include the Consolidated Groups Notification of Formation and Member Entrance/Exit (CGNFT) schedule.

A consolidated group operates as a single entity for income tax purposes, lodging a single income tax return and then paying a single set of pay as you go (PAYG) instalments.

The CTR with the CGNFT schedule needs to be lodged for the applicable reporting period for which the consolidation is to be in effect.



Figure : Formation of a consolidated group

See the Consolidated Group Notification of Formation and Member Entrance/Exit Business Implementation Guide for further information.