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| Standard Business Reporting  Australian Taxation Office –  Fund Income Tax Return (FITR.0004) 2016  Business Implementation Guide  Date: 22nd June 2017  Status: Final | |
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ENDORSEMENT

APPROVAL

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1. Introduction
   1. Purpose

The purpose of this document is to provide information that will assist software developers in understanding the business context surrounding Fund income tax return (FITR) 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 in FITR services, 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.

Specifically, the FITR services refer to the interactions with the ATO for a user, depending on their role, to:

* Lodge a Fund income tax return
* Lodge an amendment to a Fund income tax return
* Lodge a Fund income tax 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 FITR services for 2016 Fund income tax returns and the SBR ELStagFormat service for the years 1998-2016.

* 1. Audience

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

* 1. Document Context

The ATO FITR 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 eg ATO Message Implementation Guide, and
* Test information eg 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 Fund Income Tax Return 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 is about ensuring the correct amount of tax is paid on the income of super funds, and on benefit payments made by super funds, including the payment of income streams.

* 1. Where 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:

* The Fund Income Tax Return where appropriate
* Amendments to the FITR

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



Figure : SBR interactions and FITR process

* 1. Schedules

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

| **Schedule** | **SBR collaboration** | **SBR Core Services** | **SBR ebMS3.0** |
| --- | --- | --- | --- |
| PAYG payment summary schedule | pss.0001.lodge.request.02.00 | Y | Y |
| Capital gains tax schedule | cgts.0004.lodge.request.02.01 | Y | Y |
| Losses schedule | ls.0005.lodge.request.02.00 | Y | Y |

Table : Valid schedules

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

* 1. Interactions

The FITR lodgment process could consist of the following interactions. Batch requests are only accepted via the SBR ebMS3 platform.

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

Table : Interactions available in the FITR lodgment process

* 1. Channels

The FITR interaction is available in the following channels:

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

Table : Channel availability of FITR 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 FITR 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 FITR 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 FITR and ELStagFormat:

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

Table : FITR Permissions

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:

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

Table : Access Manager Permissions

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

N/A

* 1. Known Issues

N/A

1. Taxpayer Declarations

Each time tax agent lodges an approved form on behalf of a taxpayer the law requires the agent 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 agents.

|  |  |
| --- | --- |
| attention_pms | A taxpayer declaration must be obtained by the agent for all lodgment obligations performed on behalf of their client |

These declarations apply to both original and amended lodgments of the Fund income 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**  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 the 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. |

1. FITR Guidance
   1. Prior year FITR

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

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 FITR message contains a free text field, *Attachment A* (SBR alias: FITR202 / 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.

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/)

* 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. 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 2015-16 income tax returns before the end of the FITR year of 31 March 2016 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. Rounding amounts

To ensure users of your software products complete Fund income tax returns correctly, only whole dollars should be shown (do not show cents). The following examples show how to round amounts:

**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 or $7

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