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| Standard Business Reporting  Australian Taxation Office –  Self-managed superannuation fund annual return 2016 (smsfar.0006)  Business Implementation Guide  Date: 22nd June 2017  Status: Final | |
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VERSION CONTROL

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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 Self-managed superannuation fund annual return (SMSFAR) 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 a SMSFAR, outlining 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 Self-Managed superannuation fund annual return service refers to the interaction with the ATO for a user, depending on their role, to:

* Lodge a SMSFAR
* Lodge an amendment to a SMSFAR
* Lodge a SMSFAR 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 SMSFAR service for the 2016 SMSFAR returns and the SBR ELStagFormat service for the years 2008-2016.

* 1. Audience

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

* 1. Document context

The ATO SMSFAR 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, for example ATO Message Implementation Guide, and
* Test information, for 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 SMSFAR services?

The SMSFAR interactions are used to report the income tax position, super regulatory information, member contributions and to pay the Self-Managed Superannuation Fund (SMSF) supervisory levy for a self-managed superannuation fund. This is done after the completion of an audit to report.

* 1. Where SBR fits into SMSFAR lodgment obligations

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

* The self-managed super fund annual return
* Amendments to the self-managed super fund annual return where appropriate.

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

When the trustee or intermediary has gathered all information required, they would then complete the return, validate it (this is an optional step), and if required, correct any labels before lodgment.



Figure 1: SBR interactions and SMSFAR process

* 1. Schedules

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

| **Schedule** | **SBR collaboration** | **SBR Core Services** | **SBR ebMS3.0** |
| --- | --- | --- | --- |
| Interposed entity election or revocation | iee.0002.lodge.request.02.00 | Y | Y |
| Family trust entity election or revocation | fter.0001.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.02.01 | 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 SMSFAR message structure table and schedule structure tables, as well as the SMSFAR validation rules.

* 1. Interactions

The SMSFAR lodgment process could consist of the following interactions:

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

Table : Interactions available in the SMSFAR lodgment process

* 1. Channels

The SMSFAR interaction is available in the following channels:

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

Table : Channel availability of SMSFAR 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 SMSFAR 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 SMSFAR 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 SMSFAR and ELStagFormat:

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

Table : SMSFAR Permissions

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

| **Service** | **Access Manager Permission** |
| --- | --- |
| SMSFAR | Self-managed superannuation fund annual return   * *Lodge* check box |

Table : Access Manager Permissions

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

Not applicable.

* 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 Self-managed Superannuation Fund Annual 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, lodgements 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:   * I have received the audit report and am aware of all matters raised * 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. SMSFAR Guidance
   1. Prior year SMSFAR lodgment through SBR

In order to support prior year lodgments before 2016 via SBR, lodgment of SMSFAR is possible using the *ELStagFormat* service. *ELStagFormat* is envisaged to be used for prior year SMSFAR lodgments from 2008-2015. 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 SMSFAR message contains a free text field, *Additional information* (SBR alias: SMSFAR 355 / 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** |
| --- | --- |
| Reporting net foreign income sourced from a treaty country | Treaty country net foreign income sourced in tax treaty country $$ foreign income tax paid in tax treaty country foreign income tax paid in non-tax treaty country |
| Reporting why a field was blank, especially for member closing balances. | Member 1 closing account balance was $$$/l left field blank as system will not accept negative figures member 2 closing account balance was $$$$/l left field blank as system will not accept negative figures |

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 Australian Business Number (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 2016-17 income tax returns before the end of the SMSF year of 30 June 2017).

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 Self-managed superannuation fund annual 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).