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| Standard Business Reporting  Australian Taxation Office –  Trust tax return (TRT.0005) 2016  Business Implementation Guide  Date: 22nd June 2017  Status: Final | |
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VERSION CONTROL

|  |  |  |
| --- | --- | --- |
| **Version** | **Release date** | **Description of changes** |
| 1.0 | 22.06.2017 | Versioned to Final. No functional change. |
| 0.1 | 15.12.2016 | 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 Trust tax return (TRT) 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 TRT, 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 Trust tax return service refers to the interaction with the ATO for a user, depending on their role, to:

* Lodge a TRT
* Lodge an amendment to a TRT
* Lodge a TRT (original or amended) for a prior year as a SBR ebMS3 message containing the ELS tag formatted data.

This document applies to the SBR TRT service for 2016 TRT 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 TRT interactions into their products. Typically this will be software application developers and business analysts.

* 1. Document context

The ATO TRT 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 Trust Tax Return services?

The TRT is used to report the income and deductions of the trust, and the subsequent distributions, to the beneficiaries.

* 1. Where SBR fits into TRT lodgment obligations

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

* The Trust tax return
* Amendments to the Trust tax return.

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

* 1. Schedules

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

| **Schedule** | **SBR collaboration** | **SBR Core Services** | **SBR ebMS3.0** |
| --- | --- | --- | --- |
| PAYG payment summary schedule | pss.0001.lodge.request.02.00 | Y | Y |
| Rental schedule | rs.0001.lodge.request.02.00 | Y | Y |
| International dealings schedule | ids.0004.lodge.request.02.00 | Y | Y |
| Interposed entity election or revocation | iee.0002.lodge.request.02.00 | Y | Y |
| Losses schedule | ls.0005.lodge.request.02.00 | Y | Y |
| Family trust entity election or revocation | fter.0001.lodge.request.02.00 | Y | Y |
| Capital gains tax schedule | cgts.0004.lodge.request.02.01 | Y | Y |
| Trust attribution managed investment schedule | trtamis.0001.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 TRT message structure table and schedule structure tables, as well as the TRT validation rules.

* 1. Interactions

The TRT lodgment process could consist of the following interactions:

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

Table : Interactions available in the TRT lodgment process

* 1. Channels

The TRT interactions available in the following channels:

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

Table : Channel availability of TRT 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 TRT 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 TRT 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 TRT and ELStagFormat:

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

Table : TRT Permissions

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

| **Service** | **Access Manager Permission** |
| --- | --- |
| TRT | Trust Tax 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 Trust 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 each beneficiaryin 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. TRT Guidance
   1. Prior year TRT lodgment through SBR

In order to support prior year lodgments before 2016 via SBR, lodgment of TRT is possible using the *ELStagFormat* service. *ELStagFormat* is envisaged to be used for prior year TRT 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 TRT message contains a free text field, *Attachment A* (SBR alias: TRT405 / 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** |
| --- | --- |
| Trustee who is assessable on behalf of a beneficiary who is presently entitled but under a legal disability (see section 98 of the ITAA 1936) and the beneficiary is entitled to a tax offset under the private health insurance rebate. | Private Health Insurance tax offset   * trust's name * trust's TFN (tax file number) * beneficiary’s name * beneficiary’s TFN * beneficiary’s share of the net income of the trust estate * beneficiary’s spouse’s income for surcharge purposes (if they had a spouse on 30 June 2016) * all the lines of information separately as they are displayed on the private health insurance statement   -‘Health insurer ID’ at B on the beneficiary’s health insurance statement  - ‘Membership number’ at C on the beneficiary’s health insurance statement  - ‘Your premiums eligible for Australian Government rebate’ at J on the beneficiary’s health insurance statement  - ‘Your Australian Government Rebate received’ at K on the beneficiary’s health insurance statement  - ‘Benefit code’ at L on the beneficiary’s health insurance statement  - tax claim code (see Private health insurance policy details 2016 in the Individual tax return instructions 2016)  - number of beneficiary’s dependent children who are under 21 years old or full-time students under 25 years old. |
| Trustee assessed under section 98 of the ITAA 1936 claiming an offset where the trustee has paid for eligible medical expenses in respect of a resident beneficiary. | Net medical Expenses Offset   * trust’s name * trust’s TFN * beneficiary’s name * beneficiary’s TFN * beneficiary’s share of trust net income * the amount of total net medical expenses for disability aids, attendant care or aged care claimed by, or on behalf of, the beneficiary * full name of beneficiary’s spouse, if they had a spouse on 30 June * if the beneficiary's spouse died during the year (the period they had the spouse)   - the date from which the beneficiary had a spouse  - the date to which the beneficiary had a spouse   * spouse’s adjusted taxable income, if applicable * number of the beneficiary’s dependent children, if applicable. |

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. 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 TRT year of 30 June 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. Rounding amounts

Most fields in the Trust tax return require only whole dollars (do not show cents) to be shown. To ensure users of your software products complete Trust 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 would be reported as $6.

The requirement to truncate amounts is in accordance with section 388-85 of Schedule 1 to the *Taxation Administration Act 1953*.