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| Standard Business Reporting  Australian Taxation Office –  Consolidated Group Notification Service 2014 (CGNFT.0001)  Business Implementation Guide  Date: 25 February 2016  Final – suitable for use | |
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|  | For further information or questions, contact the SBR Service Desk at [SBRServiceDesk@sbr.gov.au](mailto:SBRServiceDesk@sbr.gov.au) or call 1300 488 231. International callers may use +61-2-6216 5577 |

VERSION CONTROL

|  |  |  |
| --- | --- | --- |
| **Version** | **Release date** | **Description of changes** |
| 0.1 | 01/06/2015 | Draft for consultation. |
| 0.2 | 04/06/2015 | Updated after ATO review  The following sections have been updated:   * 1.1: Minor change to wording * 2.1: Added wording to formation business process * 2.4: Removed note for CGNFT.lodge * 3.2: Removed note for CGNFT.lodge |
| 0.3 | 18/06/2015 | Accepted changes from previous version |
| 1.0 | 30/07/2015 | Updated after ATO Review   * 1.4: Updated Glossary to be consistent with other BIGs * 2.4: Clarified ebMS3 channel name * 3.1: Updated description of the authorisation requirement for business intermediaries.   Versioned to Final. |
| 1.1 | 25/02/2016 | Updated after ATO review:   * Page 7 section 2.1 Minor change to wording, deleted “A group must consist of one” to In order to form a consolidated group there must be a…” * Page 13 section 5.0 Added description of intermediary in 1st paragraph. |

**ENDORSEMENT**

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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 the Consolidated Group Notification of Formation and Member Entrance/Exit interactions, which from this point will be referred to as the Consolidated Group Notification (CGNFT) service. It is performed with the Australian Taxation Office (ATO) through the Standard Business Reporting (SBR) platform.

This document defines each of the services that are available to notify the Commissioner of a consolidated group, outlines which reporting parties can use the services and explains any constraints and known issues with the use of the services.

Specifically, the Consolidated Group Notification service refers to the interactions with the ATO for a user, depending on their role, to:

* Notify the Commissioner on the formation of a consolidated group
* Provide notification of members joining an existing consolidated group
* Provide notification of members leaving an existing consolidated group.

The service is also available to multiple entity groups[[1]](#footnote-1).

* 1. Audience

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

* 1. Document Context

The ATO Consolidated Group Notification 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

See the SBR [high level document](http://www.sbr.gov.au/__data/assets/pdf_file/0018/41085/High-Level-Document-Map.pdf) map for the relationship of this document with others in the suite.

* 1. Glossary

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

| **Term** | **Definition** |
| --- | --- |
| ATO | Australian Taxation Office |
| BMS | Business Management Software |
| CGNFT | Consolidated Groups Notification |
| ebMS3 | ebXML Messaging Service, version 3.0 |
| ELS | Electronic Lodgment Service  (for full definition please see the [SBR Glossary](http://www.sbr.gov.au/software-developers/developer-tools/glossary)) |
| Intermediary | A party that facilitates a transaction between a taxpayer and the ATO |
| IT | Income Tax |
| PAYG | Pay as you go |
| SBR | Standard Business Reporting  (for full definition please see the [SBR Glossary](http://www.sbr.gov.au/software-developers/developer-tools/glossary)) |

1. What are the Consolidated Group Notification Services?

The Consolidated Group Notification service allows tax agents, businesses and business intermediaries using SBR-enabled software to interact electronically with the ATO in the management of consolidated groups. The one interaction can be used to initiate a request to create, add or remove client information held on the ATO Client Register for the purpose of the consolidated group.

* 1. Formation of a Consolidated Group

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.

In order to form a consolidated group there must be a head company and at least one subsidiary member.

The formation of the group will be actioned in ATO systems when a CGNFT message accompanies a Company tax return for the applicable reporting period for which the consolidation is to be in effect. It is possible that the notification of the formation will be received by the ATO up to 18 months after the business event. Members will continue to have to pay and report PAYG instalments until the head company 'matures'. This happens when the head company is issued an instalment rate following the processing of the first group income tax return.



Figure 1: Formation of a consolidated group

* 1. Modification of a Consolidated Group

After the initial lodgment of the CGNFT with the company tax return, the CGNFT interaction can be sent independently to notify the ATO system of members joining or leaving the group.

The notification should be received by the Commissioner of Taxation within 28 days of the change occurring.



Figure 2: Modification of a consolidated group

* 1. Interactions

The consolidation service consists of the following interactions:

|  |  |  |  |
| --- | --- | --- | --- |
| **Interaction** | **Short Description** | **Single** | **Batch** |
| CGNFT.prelodge | Notification on the creation of a consolidated group | Y | Y |
| CGNFT.lodge | Notification on the creation or modification of a consolidated group | Y | Y |

Table 1: Interactions available in Consolidation process

* 1. Channels

The Consolidation interaction is available in the following channels:

|  |  |  |
| --- | --- | --- |
| **Interaction** | **SBR Core Services** | **SBR ebMS3** |
| *CGNFT.prelodge* | N | Y |
| *CGNFT.lodge* | N | Y |

Table 2: Channel availability of Consolidation interaction

1. Authorisation
   1. Intermediary Relationship

The SBR services an intermediary, such as a tax agent, 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 CGNFT interactions, a business intermediary must be appointed by a business in Access Manager to use this service on their behalf.

The intermediary relationship is a fundamental precondition for tax agents and business intermediaries to interact with SBR for the CGNFT service

attention_pms

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 web 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/use-online-services/general-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 CGNFT.

| **Service** | **Interaction** | **Activity** | **Tax agent** | **BAS agent** | **Business** | **Business Intermediary** |
| --- | --- | --- | --- | --- | --- | --- |
| CGNFT | *CGNFT.prelodge* | Submit the creation of a consolidated group | ✓ |  | ✓ | ✓ |
| CGNFT | *CGNFT.lodge* | Submit the modification of a consolidated group | ✓ |  | ✓ | ✓ |

Table 3: Parties able to use the CGNFT

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

|  |  |  |
| --- | --- | --- |
| **Interaction** | **Initiating Party** | **Access Manager Permission** |
| CGNFT.prelodge | Tax Agent | Consolidated group notification   * Prepare check box |
| Business |
| Business Intermediary |
| CGNFT.lodge | Tax Agent | Consolidated group notification   * Lodge check box |
| Business |
| Business Intermediary |

Table 4: Access Manager Permissions

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

This Consolidated Group Notification service has the following unique constraints:

|  |  |
| --- | --- |
| **#** | **Constraint** |
|  | The notification of the formation of a consolidated group can only be received with the lodgment of the head company’s income tax return. |
|  | The date of consolidation must be after 1 July 2002, and within the financial year of the accompanying income tax return for the head company. |

* 1. Known Issues

**N/A**

1. Taxpayer Declarations

Each time an intermediary lodges an approved form on behalf of a taxpayer the law requires theintermediary to have first received a signed written declaration from that taxpayer. An intermediary in this context refers to both a tax agent and a business intermediary.

Developers of SBR-enabled software products may elect to provide a printable version of the taxpayer declaration within their products to assist intermediaries.

A taxpayer declaration must be obtained by the intermediary for all lodgment obligations performed on behalf of a taxpayer

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These declarations apply, not just for the formation of the consolidated group, but when making any membership modifications.

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---frequently-asked-questions-and-examples/).

* 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. Consolidated Groups Notification Guidance

**N/A** - This service had been determined not to require specific guidance, however if a query you have is not answered in this document or the entire suite of documents, please contact the SBR service desk.

1. A Multiple Entity Consolidated group is a group of Australian entities that is wholly foreign owned and do not have a common Australian resident head company. [↑](#footnote-ref-1)