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| Standard Business Reporting  Australian Taxation Office –  Consolidated Group Notification Service 2018 (CGNFT.0002)  Business Implementation Guide  Date: 8 November 2018  FINAL | |
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VERSION CONTROL

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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 of companies or other qualifying corporate entities and outlines which end users or reporting parties can use the services and explains any constraints and known issues with the use of the service.

Specifically, the Consolidated Group Notification service refers to the interactions with the ATO for an end user or reporting party, 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 MEC (multiple entry consolidated 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 or service. 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
* [ATO Common Business Implementation Guide](http://www.sbr.gov.au/__data/assets/file/0019/43264/ATO-Common-Business-Implementation-Guide-v0.2.docx)
* ATO SBR Service Registry, and
* Test information, for example conformance suites
* Message Structure Tables
* Validation Rules.

See the [ATO SBR Logical Artefact Map](http://www.sbr.gov.au/__data/assets/file/0016/44314/SBR-ATO-Site-and-Document-maps.xlsx) 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 |
| MEC | Multiple Entry Consolidated group |
| PLS | Practitioner lodgment service |
| 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 end users such as 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 : 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 : 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 : 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 : Channel availability of Consolidation interaction

1. Authorisation
   1. Intermediary Relationship

The SBR identifies services an intermediary can use on behalf of their clients depending 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 client 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

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Note: If the relationship does not exist, the Client Update Relationship services can be used to establish the relationship between the tax agent and the taxpayer. See the [Client Update Relationship Business Implementation Guide](http://www.sbr.gov.au/__data/assets/file/0014/47102/ATO-CUREL-0004.2018-Business-Implementation-Guide.docx) and the [ATO SBR Service Registry](https://www.sbr.gov.au/sites/g/files/net5641/f/ATO-Service-Registry.xlsx) 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 : 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 : 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

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. 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

**Not applicable** - 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.

For additional information and requirements on reporting obligation for these services see:

* [Notifying the ATO of consolidation](https://www.ato.gov.au/Business/Consolidation/In-detail/Notifying-the-ATO-of-consolidation/).

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