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| Standard Business Reporting  Australian Taxation Office –  Company Tax Return 2021 (CTR.0012)  Business Implementation Guide  Date: 11 June 2021  FINAL | |
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| This document and its attachments are **Official** |  |
|  | For further information raise an enquiry via [*Online Services for DSPs*](https://softwaredevelopers.ato.gov.au/OnlineservicesforDSPs) If you are unable to access this contact [SBRServiceDesk@sbr.gov.au](mailto:SBRServiceDesk@sbr.gov.au) or call 1300 488 231. International callers may use +61-2-6216 5577 |

Version Control

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| **Version** | **Release date** | **Description of changes** |
| 1.0 | 11/06/2021 | Final version endorsed for publishing to include;   * incorporated 2020/21 dates for Reportable Tax Position schedule * updated Constraints When Using This Service * updated to include reasonable use policy guideline * updated 2021 changes to Company Tax Return. |

Endorsement

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1. Introduction
   1. Purpose

The purpose of this document is to provide information to assist Digital Service Providers in understanding the business context surrounding the Company Tax Return (CTR) 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 CTR, outlines those reporting parties that can use the services, and explains any constraints and known issues with the use of the interaction, providing guidance with certain identified issues.

The company tax return service refers to the interaction with the ATO for a user, depending on their role, to:

* lodge a CTR, including all required schedules
* lodge an amendment to a CTR
* lodge a CTR (original or amended) for a prior year as an SBR ebMS3 message containing the ELS tag formatted data.

This document applies to the SBR CTR service for the 2021 CTR and the SBR ELStagFormat service for the years 1998-2016.

For 2016 CTR’s – see the ATO CTR 2016 (CTR.0007) Business Implementation Guide.

For 2017 CTR’s – see the ATO CTR 2017 (CTR.0008) Business Implementation Guide.

For 2018 CTR’s – see the ATO CTR 2018 (CTR.0009) Business Implementation Guide.

For 2019 CTR’s – see the ATO CTR 2019 (CTR.0010) Business Implementation Guide.

For 2020 CTR’s – see the ATO CTR 2020 (CTR.0011) Business Implementation Guide.

* 1. Document context

The ATO CTR 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
* ATO SBR service registry
* test information, for example conformance suites
* Message Structure Tables
* validation rules.
  1. Glossary

For a glossary of terms, see also the [SBR glossary](http://www.sbr.gov.au/software-developers/developer-tools/glossary), [ATO glossary](https://www.ato.gov.au/Definitions/?anchor=top) or the Common Business Implementation and Taxpayer Declaration Guide.

## Changes in 2021 Company Tax Return (CTR) service

Main changes In the 2021 CTR are:

* Opening franking account balance (P) is added at item 8 – Financial and other information
* Closing franking account balance (M) – the word ‘Closing’ has been added to label M (Franking account balance) at item 8 – Financial and other information
* Select your aggregated turnover range (X) and additional wording next to the completion box ‘(select range A to P)’ is added at item 8 – Financial and other information
* Aggregated turnover (Y) is added at item 8 – Financial and other information
* Are you making a choice to opt out of temporary full expensing for some or all of your eligible assets? (P) and additional wording next to the completion box ‘(A – Some eligible assets: B – All eligible assets) is added at item 9 – Capital allowances
* Number of assets you are opting out for (Q) is added at item 9 – Capital allowances
* Value of assets you are opting out for (R) is added at item 9 – Capital allowances
* Temporary full expensing deductions (S) is added at item 9 – Capital allowances
* Number of assets you are claiming for (T) is added at item 9 – Capital allowances
* Are you using the alternative income test? (U) and additional wording next to the completion boxes ‘Yes’ and ‘No’ is added at item 9 – Capital allowances
* Are you making a choice to opt out of Backing business investment for some or all of your eligible assets? (V) is added at item 9 – Capital allowances
* Number of assets you are opting out for (W) is added at item 9 – Capital allowances
* Value of assets you are opting out for (X) is added at item 9 – Capital allowances
* First year accelerated depreciation deductions for assets using Backing business investment (M) is added at item 9 – Capital allowances
* Instant asset write-off deductions for non-small business entities (O) is added at item 9 – Capital allowances
* Have you self-assessed the effective life of any of these assets? (C) and additional wording next to the completion boxes ‘Yes’ and ‘No’ is added at item 9 – Capital allowances
* Subsequent year accelerated depreciation deductions for assets using Backing business investment (N) is added at item 9 – Capital allowances
* Tax loss 2019-20 carried back to 2018-19 (A) is added to item 13 – Losses information
* Tax loss 2020-21 carried back to 2018-19 (B) is added to item 13 – Losses information
* Tax loss 2020-21 carried back to 2019-20 (C) is added to item 13 – Losses information
* Tax Rate 2019-20 (G) is added to item 13 – Losses information
* Net exempt income 2018-19 (I) is added to item 13 – Losses information
* Net exempt income 2019-20 (J) is added to item 13 – Losses information
* Income tax liability 2018-19 (L) is added to item 13 – Losses information
* Income tax liability 2019-20 (M) is added to item 13 – Losses information
* Aggregated turnover in 2019-20 – Select your aggregated turnover range (O) is added to item 13 – Losses information
* Aggregated turnover (P) is added to item 13 – Losses information
* Loss carry back tax offset (S) is added to item 13 – Losses information
* Loss carry back tax offset (S) new instructions ‘Include amount in calculation statement at label E – *Refundable tax offsets*” is added to item 13 – Losses information.

1. What are the CTR services?

The CTR lodgment interactions allow users of SBR-enabled software to interact electronically to validate and lodge the company income tax obligations. this allows easier and more accurate lodgment of returns.

the CTR is to be used for company business structures. it is about ensuring the correct amount of tax is paid on the income of the various types of company structures.

* 1. Where SBR fits into ctr lodgment obligations

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

* the CTR and required schedules
* amendments to the CTR where appropriate.

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

When the company or intermediary has gathered all information required, they would then complete the return, validate it, and if required, correct any labels before lodgment.



Figure 1: SBR interactions and CTR process

* 1. Schedules

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

* Consolidated Groups Losses Schedule (CGLS)
* Losses Schedule(LS)
* Interposed Entity Election or revocation (IEE)
* Non-individual PAYG Payment Summary Schedule (PSS)
* Capital Gains Tax Schedule (CGTS)
* Research and Development Tax Incentive Schedule (RDTIS)
* International Dealings Schedule(IDS)
* Dividend and Interest Schedule (DIS)
* Reportable Tax Position Schedule (RPTTAXPOS)
* life insurance companies taxation schedule.

For more information on the validation rules and circumstances that determine when a schedule should be used, refer to the ATO Service Registry (SR), the CTR message structure table and schedule structure tables, as well as the CTR validation rules.

* 1. Interactions

The CTR lodgment process could consist of the following interactions:

| **Service** | **Interaction** | **Detail** | **Single** | **Batch** | **Optional** |
| --- | --- | --- | --- | --- | --- |
| CTR | *CTR.Prelodge* | Validate CTR message before lodgment (2021) | Y | Y | Y |
| *CTR.Lodge* | Lodge CTR (2021) | Y | Y | N |
| ELStagFormat | *ELStagFormat.Lodge* | Lodge CTR for prior years as SBR message using ELS tag format | N | Y | Y |

Table 1: Interactions available in the CTR lodgment process

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 taxpayer recorded in ATO systems.

To use the CTR interaction:

* a business intermediary must be appointed by a business in Access Manager to use the available services on their behalf.
* a tax agent must be linked at client level in ATO systems to request the service response.

|  |  |
| --- | --- |
| attention_pms | The tax agent to taxpayer relationship is a fundamental precondition to interact with SBR for CTR interactions. |

**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 also the Client Update Relationship Business Implementation Guide and the ATO SBR Service Registry for further information.

* 1. Access and initiating parties

See also Section 3, Access in the Common Business Implementation and Taxpayer Declaration Guide.

ATO systems will check that the initiating party is allowed to use the interaction that is received through the SBR channel. The initiating party is subject to restrictions on the clients account based on their Access Manager permissions. The table below displays the interactions available to each initiating party via SBR for CTR and ELStagFormat:

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

Table 2: CTR permissions

* 1. Permissions

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

| **Service** | **Access Manager Permission** |
| --- | --- |
| CTR | Company Tax Return   * *Lodge* check box |

Table 3: Access Manager Permissions

1. Constraints and known issues
   1. Constraints when using this service

Not applicable.

* 1. usage restrictions

Digital service providers (DSPs) should be aware of the usage restrictions, which are described within the Reasonable Use policy. The ATO actively monitors the use of services and will notify DSPs that contravene this policy. Continued breaches may result in de-whitelisting.

[Find out about the Reasonable Use policy.](https://softwaredevelopers.ato.gov.au/Usingourservices#Reasonableuse)

* 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 a Company Tax Return and required Schedules.

Find out about more information on the retention of declarations and frequently asked questions on 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

For returns lodged via a tax agent:

|  |
| --- |
| **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 tax return, all attached schedules and any additional documents is true and correct. * I authorise the agent to lodge this tax return and all attached schedules to the Commissioner of Taxation. |

For returns lodged by the Public Officer:

|  |
| --- |
| **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 the information on this tax return, all attached schedules and any additional documents is true and correct. |

See also Section 6 in the Common Business Implementation and Taxpayer Declaration Guide.

1. CTR guidance
   1. Prior year CTR lodgment through SBR

In order to support prior year lodgments before 2017 via SBR, lodgment of CTR is possible using the *ELStagFormat* service. *ELStagFormat* can be used for prior year CTR 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.

See also the A06\_DIS\_SBR specification from the ELS suite of artefacts, available from the ATO [software developer website.](https://softwaredevelopers.ato.gov.au/ELSspecification)

* 1. Using the additional free text field

The CTR message contains a free text field, Attachment A (SBR alias: CTR263/ 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 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 that 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** |
| --- | --- |
| A Retirement Savings Account (RSA) provider is claiming an Interest on no-TFN tax offset amount at Other credits label H7. | $c <inserted amount> Interest on no-TFN tax offset included at H7. |

Table 5: Examples of helpful free text scenarios

Find out about further information on the additional information field, on the [ATO website](https://www.ato.gov.au/Tax-professionals/Prepare-and-lodge/Tax-Time-2021/Before-you-lodge/Prevent-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 also:<http://softwaredevelopers.ato.gov.au/ABNformat>.

* 1. Truncating amounts

To ensure users of your software products don’t encounter unnecessary validation errors, we suggest truncating any amounts at items 6 (income and expenses) and 7 (reconciliation to taxable income or loss).

**Example 1:** $24.37 would be reported as $24

**Example 2:** $12.89 would be reported as $12

**Example 3:** $6.50 could be reported as $6.

Once truncation has been performed, the truncated amount should be used in any calculation rather than the original amount.

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

* 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 (for example, a client lodging their 2020-21 Income Tax Returns before the end of the income year of 30 June 2021 (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. Formation of a consolidated group

To notify the Commissioner of Taxation on the formation of a consolidated group, the head company's public officer as listed in the Australian Business Register (ABR), must notify within 28 days of an entity joining a consolidated group. When this occurs before the commission has been notified of the formation of the consolidated group, the details of the changes in membership must be given as part of the formation notice – see also section 3 or 4 of the formation notice.

The form ‘Notification of members joining and/or leaving an income tax consolidated group’ will need to be completed. Alternatively, the head company's registered tax agent can notify the ATO of the changes via the Practitioner Lodgment Service (PLS).

Notification of members joining and/or leaving an income tax 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.

As the notification timeframe is within 28 days of an entity joining a consolidated group, The Notification of members joining and/or leaving an income tax consolidated group is not lodged with CTR for the applicable reporting period, for which the consolidation is to be in effect.

**Figure 2: Formation of a consolidated group**

See also the Consolidated Group Notification of Formation and Member Entrance/Exit Message Implementation Guide for further information.

1. Schedule guidance
   1. Reportable Tax Position (RTP) schedule (rpttaxpos)

The RTP Message Structure Table (MST) file does not contain a list of the category C description (or the sub-categories) for the associated values. This requires tax payers and tax professionals to see also [ato.gov.au](https://www.ato.gov.au) to access the detailed descriptions as your software will not have the information provided as part of the SBR development files.

In order to enhance the user experience, we request that your software (under the appropriate User Interface(UI) either provides the user the detailed list of category C descriptions or a link directly to the ATO web page with the relevant information. Discussions with key agents indicated this would be a welcomed feature for the user experience.

The information below provides changes to the category C list of questions for the 2020-21 income year:

The following Category C questions have changed:

* Question 7 no longer references Taxpayer Alert [TA 2016/4](https://www.ato.gov.au/law/view/document?DocID=TPA/TA20164/NAT/ATO/00001&PiT=99991231235958)
* Question 14 requires the three most material arrangements to be disclosed, plus the highest risk arrangement, if not one of the three most material arrangements
* Question 23 requires the three most material arrangements to be disclosed, plus the highest risk arrangement, if not one of the three most material arrangements
* Question 24 now only has one subcategory outside those related to industry risk zones in Practical Compliance Guideline [PCG 2019/1](https://www.ato.gov.au/law/view/document?LocID=%22COG%2FPCG20191%2FNAT%2FATO%22&PiT=99991231235958)
* All questions that ask for self-assessed ratings under practical compliance guidelines have now split the subcategory for disclosing a high-risk rating and not having applied the practical compliance guideline.

Some Category C questions now require information to be provided in the Comments field:

* Question 9
* Question 13
* Question 14
* Question 19
* Question 21
* Question 22
* Question 23.

New Category C questions:

* Question 27 – payments under a structured arrangement ([LCR 2019/3](https://www.ato.gov.au/law/view/document?src=hs&pit=99991231235958&arc=false&start=1&pageSize=10&total=3&num=0&docid=COG%2FLCR20193%2FNAT%2FATO%2F00001&dc=false&stype=find&tm=phrase-basic-LCR%202019%2F3) and [PCG 2019/6](https://www.ato.gov.au/law/view/document?docid=COG/PCG20196/NAT/ATO/00001))
* Question 28 – private company consolidated group heads and loans to shareholders or associates ([TD 2004/68](https://www.ato.gov.au/law/view/print?docid=TXD/TD200468/NAT/ATO/00001) and [TD 2018/13](https://www.ato.gov.au/law/view/document?src=hs&pit=99991231235958&arc=false&start=1&pageSize=10&total=4&num=0&docid=TXD%2FTD201813%2FNAT%2FATO%2F00001&dc=false&stype=find&tm=phrase-basic-TD%202018%2F13))
* Question 29 – trusts avoiding CGT by exploiting restructure rollover ([TA 2019/2](https://www.ato.gov.au/law/view/document?docid=TPA/TA20192/NAT/ATO/00001))
* Question 30 – private companies with trustee shareholders ([TD 2019/14](https://www.ato.gov.au/law/view/document?docid=TXD/TD201914/NAT/ATO/00001))
* Question 31 – foreign income tax credits ([ATO ID 2010/175](https://www.ato.gov.au/law/view/document?DOCID=AID/AID2010175/00001))
* Question 32 – non-arm’s length arrangements and intangible assets ([TA 2020/1](https://www.ato.gov.au/law/view/document?DocID=TPA/TA20201/NAT/ATO/00001))
* Question 33 – mischaracterised arrangements and schemes connected with foreign investment in Australian entities ([TA 2020/2](https://www.ato.gov.au/law/view/pdf/tpa/ta2020-002.pdf))
* Question 34 – arrangements involving interposed offshore entities to avoid interest withholding tax ([TA 2020/03](https://www.ato.gov.au/law/view/document?docid=TPA/TA20203/NAT/ATO/00001))
* Question 35 – the transfer of assets in a multiple entry consolidated group ([TA 2020/4](https://www.ato.gov.au/law/view/document?DocID=TPA/TA20204/NAT/ATO/00001&PiT=99991231235958))
* Question 36 – arrangements that provide imputation benefits on shares acquired where economic exposure is offset through use of derivative instruments ([TA 2020/05](https://www.ato.gov.au/law/view/document?docid=TPA/TA20205/NAT/ATO/00001))
* Question 37 – the arm's length debt test for thin capitalisation ([PCG 2020/7](https://www.ato.gov.au/law/view/document?DocID=COG/PCG20207/NAT/ATO/00001))
* Question 38 – newly published practical compliance guidelines.

The link below can be used within your software to allow for quick access to the category C questions relevant for income year 2021, for users.

[2021 RTP Category C questions description link](https://www.ato.gov.au/Forms/Reportable-tax-position-schedule-instructions-2020/?page=5#Section_C__Category_C_reportable_tax_positions).