



Key Outcomes

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Title:	PLS working group – Key outcomes		
Issue date:	25 November 2021		
Venue:	WEBEX		
Event date:	23 November 2021	Start: 1:00pm	Finish: 2:00pm

Chair:	Bernadette Basha	Facilitator:	Bernadette Basha
Contact	Sonya Summers	Contact phone:	02 47257383

Attendees: names/section	<p>ATO – Bernadette Basha, Danny Figueiredo, Sangitha Sivayogaraj, Anupama Duggirala, Carl Bennett, Dylon Moyle, Tania Andrews-Zanozin, Maree Caulfield, Martin Kenseley, Lloyd Williams, Renee Jones, Joanne Scriggens.</p> <p>Industry – Darin Carter, Michael Wright, Saiful Larry (Access Group), Jack Wee (Catsoft), Misha Ali, Trajan Goldsworthy (eTax), Sandeep Gopalan (GovReports), Mike Behling, Scott Reid, Eli Gomez, Andreas Robertson, Andrew Smith, Christine Savva (MYOB), Albert Lillie (One-Click), Kevin Johnson, Steven Ivanopoulos (Reckon), Shane Paxton, Linda Kerhoulas, Shifa Akbar, Ankit Rawat, Nikunj Simariya (Thomson Reuters), Mark Walmsley (Walmsley Family Trust), Danna Zheng, Sue Zhao (Wolters Kluwer), Andrew Sprankling, Kelvin Newton (Xero).</p>
Apologies: name/section	<p>Lex Edmonds (MicroTax), Andrew Smith, Michael Tong, (MYOB), Andrew Noble (Noble Accounting), Nathan Kerr (One-Click), (Reckon), Chardutta More (Sparken), Karl Farrand (TaxLab), James Barillaro, Alex Jacklin (Thomson Reuters), Krunal Patel, Raihani Rahmat, Farah Shaikh, Patrick Bogle (Wolters Kluwer).</p>

Agenda item: 1 – Welcome

Bernadette Basha welcomed the group and introduced herself as the new chair of the PLS working group. She advised that the last PLS meeting for the year would be 7 December, and the first one back in 2022 would be on 18 January.

The group supported the suggestion to publish draft documentation for review in a centralised location – it was decided that a new tab under ‘Controlled information’ in the Collaboration Hub made sense. The documents will still be accessible from the respective working group pages as well.

Agenda item: 2 – Action item updates

There are currently no open action items. The special character updates will continue to be tracked through Sangitha’s roadmap.

Agenda item: 3 – Tax time related documentation

No additional tax time documentation has been released since the last meeting.

Agenda item: 4 – Online services for DSPs

Work is occurring to address the on-going performance issues which have been experienced with Online Services for DSPs. On 15 November, an uplift to the SQL/Database server was implemented which saw an improvement in the speed of the system. Additional uplifts to Online Services for DSPs Application Servers are also in the process of being deployed – testing is currently underway and if there are no issues identified, the changes will move into the production environment on 29 November. Significant improvement in performance should be noticed from next Monday (29/11).

Agenda item: 5 – Amendments to LCB choice

In May 2021, updates to the legislation were introduced to enable Corporate tax entities to amend the specified amounts they chose to carry-back. This change in choice may have consequential impacts on returns that have been lodged for later financial years.

To support this change in choice and the consequential impact, Corporate entities will be required to notify the ATO via an amendment to the lodged Company Tax Return (CTR) and using the new loss carry back change in choice schedule, disclosing details of the amounts changed across all years.

There will be a new schedule to attach to the CTR when amending a LCB choice which will be available for CTR 2021 and 2022 from 01/07/2022. There will be a new schedule for each year.

SBR design impacts

A new version of CTR.2021 will be delivered which will include a new optional label – ‘Are you making an amendment to your LCB element?’

Validation rules will ensure:

- it is only included with amendments
- if it is an amendment, and the LCB section is completed in the amended CTR, then the new element must be supplied (Y or N)
- when set to Y, the new LCB schedule must be included, and LCB section in main CTR must be included.
- This new optional label and related VRs will also be included in CTR2022 (and 2023 if legislation extension occurs)
- The new LCB schedule can only be included in amended lodgments on or after 1/7/2022. This applies to both CTR2021 and 2022.

The new LCB amendment schedule will be delivered in XML. There will be a new schedule for each year (2021, 2022, and 2023 if legislation is extended), even though they will be essentially the same.

Draft documents are expected with the December 2021 EVTE release for CTR 2021, with CTR 2022 a month later. EVTE for the new CTR 2021 version is expected in February 2022. It is hoped that CTR.2022 will be available at the same time, but if not, it is expected to be available in EVTE in March 2022.

The updated 2021 CTR version will be delivered in PROD in time for 01 July 2022.

Further details about the solution for amending a LCB choice in an approved form can be found in the key messages from the [focus group meetings](#).

Agenda item: 6 – SSID validation API

The SSID validation API will validate that a client's Software Subscription Identifier (SSID) has been registered correctly in Access Manager for their SBR-enabled cloud software provider, preventing errors prior to the SBR transaction submission.

There are three main use cases:

- Identify that an SSID has been registered
- Validate the SSID (algorithm)
- Check the SSID is correct for the product in use.

Draft specifications are expected to be available in [OS4Ds](#) shortly with the API going into PROD by March 2022.

Agenda item: 7 – Working holiday makers

Recently there was a high court ruling impacting the ATO's application of Working Holiday Maker (WHM) tax rates to non-resident workers.

When WHMs are residents of countries with whom Australia has a double-tax treaty, the ruling requires they are taxed at resident tax rates instead.

Website content will be updated shortly to assist in identifying those WHMs who have lodged an ITR and who are eligible to be taxed at resident rates rather than WHM rates – those impacted can apply to have their ITRs reviewed.

Lloyd will come back to the group next meeting with additional information.

Agenda item: 8 – Base rate entity status

Label F2 is where companies indicate the status of their company and whether they are a Base Rate Entity (among other options too). The eligibility to be considered a Base Rate Entity is that a company:

- Has an aggregated turnover less than \$25m for the 2018 financial year, increasing to \$50m for subsequent financial years ie 2019,2020 and 2021 to date, AND
- 80% or less of their assessable income is base rate entity passive income

By completing Label F2, the Base Rate Entity status opens eligibility for companies to be taxed at a lower company tax rate - rather than the standard 30%.

It is important for DSPs to also note, that this Base Rate Entity label, F2 may be linked by some to the calculation statement – so if you are a Base Rate Entity, Label T1 Tax on taxable or net income may be calculated using the lower company rate of tax ie. the company pays tax for 2018-2020 at 27.5%, 2021 at 26% and soon to be 25% for 2022.

It has been identified that some DSPs are pre-populating the Base Rate Entity label F2 based on previous year lodgments and that this may cause problems downstream for tax professionals.

From this pre-population, we are finding the Base Rate Entity eligibility may not be considered on an annual basis. If tax professionals are not checking their eligibility annually, their group's circumstances (ie aggregated turnover and/or base rate entity passive income) may have changed during the year and therefore the company may no longer be eligible to the lower Base Rate Entity company tax rate.

It is really important for Tax professionals to consider the eligibility on an annual basis as during the 12 months their group's business operations may have expanded, new entrants may have joined their group, prior year eligibility errors may have gone undetected and/or their Base Rate Entity passive income % compared to assessable income may have increased.

We encourage DSP's to provide additional guidance to users to consider their eligibility as a base rate entity on a yearly basis.

Heading into company lodgments for FY2021, we expect to see many companies with significant changes to their aggregated turnover due to COVID-19. Exclusion of government incentives such as Jobkeeper from aggregated turnover is important and some companies will have experienced rapid growth which again may impact their eligibility to continue to claim the lower rate of tax year on year.

Agenda item: 9 – Update on general matters and Tax time delivery

DSPs are reminded that the new ELS prior years' service is available for testing in EVTE in preparation for the changes occurring in January 2022.

Agenda item: 10 – Delivery update

The November EVTE release is occurring this weekend (27/28 Nov).

The International Dealings Schedule (IDS) XML draft artefacts will be ready to share for review in the next fortnight.

The Q4 release will occur over the weekend of 3 December and will see the new ELS prior year and data visibility services move into PROD.

The R&D schedule will be released into EVTE on the weekend of 18 December.

Agenda item: 11 – Platform update

SBR1 PROD experienced issues this morning as a result of gateway changes – these have now been resolved.

SBR2 currently has no issues, however on 19 November some delayed responses in the back end resulted in some minor processing delays – these were resolved after a couple of hours.

We have made some changes to our deployment processes to ensure the ELS wrapper service comes back on-line properly after system upgrades.

Agenda item: 12 – Agent online environment update

All systems are currently stable. The Q4 release will be occurring over the weekend of 4/5 December.

There was discussion of the deployment of the upcoming changes to the activity statement and related services. Additional details can be found in the key messages from the [Activity statement changes working group](#).

Agenda item: 13 – DSP communications update

The final DSP newsletter for the year will issue on 14/12/2021.

Agenda item: 14 – DSP feedback

Expressions of interest for 2022 Strategic Working Group membership are open until 3 December 2021.