



Key Outcomes

UNCLASSIFIED External

Title:	IITR Granular data: Income schedule workshop		
Issue date:	9 August 2019		
Venue:	ATO Sydney Office Latitude East, 52 Goulburn Street, Sydney		
Event date:	31 July 2019	Start: 9:00am	Finish: 2:30pm

Chair:	Ross Barns	Facilitator:	Sonia Lark
Contact	Sonya Summers	Contact phone:	02 47257383

Attendees: names/section	<p>ATO:</p> <p>Ross Barns – Individuals and Intermediaries Beth Strods - Individuals and Intermediaries Karen Greaves - Individuals and Intermediaries Matthew Musolino - Individuals and Intermediaries Martin Kenseley - Digital Wholesale & Integration Services Rachel Phillips - Digital Wholesale & Integration Services Jade Ly - Application Architecture & Design Sonia Lark – Digital Partnership Office Danny Figueiredo - Digital Partnership Office Sonya Summers - Digital Partnership Office</p> <p>Industry:</p> <p>Scott Reid (MYOB) Trent Hayes (MYOB) Christine Savva (MYOB) Kevin Johnson (Reckon) Andrew Sprankling (Xero) Rohan Walder (Xero) Darin Carter (Sage)</p>
Apologies: name/section	<p>Warren Sturgiss – Digital Wholesale & Integration Services Simon Smart (eTax)</p>

Next meeting	TBC
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Agenda item: 1 – Welcome and Introduction

Sonia Lark welcomed the group and the introductions were made.

Agenda item: 2 – Overview of the Tax Gap program of work – What's left for TT20

Ross Barns outlined the objectives of the changes to the level of granular detail in the various schedules in the IITR:

- To align the data from the SBR and myTax solutions
- To better understand what drives expenditure and income
- Allows us to provide analytical services to tax agents (via their DSPs) and the community

Ross advised that lodgment of granular deductions data through tax agent business management software commenced for Tax Time 2019. There were plenty of challenges throughout the development of the deduction schedule, and issues that are now arising from lodgments – these are being dealt with one by one.

Over the next 12 months, the remainder of the schedules will be updated to align with the appropriate ATO associated form design:

- Multi-Property Rental Schedule (RNTLPRPTY) – available for build now. Mandatory for 2020.
- Income schedule
- Capital Gains Tax (CGT) schedule
- Non-resident foreign income (NRFI) schedule, and
- the granular Copy of return service.
 - 2017 Copy of return service is available for build – albeit just a copy of the main form labels.
 - 2018 Copy of return service has not been built – discussion was held around the usefulness of this service. The group were of the opinion that the service will only really become useful once the granular data is being provided. DSPs stated that they would forgo the 2018 service and focus on the 2019 service which will include the deductions schedule. (Agents can view previous returns at the label level through OSFA).

Agenda item: 3 – Update on Pre-fill

Ross Barns and John Mellifont advised the group that there will be no changes to IITR pre-fill for TT20.

Ross asked the group whether there were any issues that the group wanted to raise with respect to pre-fill. The group agreed that the pre-fill service was great, and that almost all agents used the information, but not all automatically integrate it into their business management software. Some DSPs still just provide the TAP pre-fill report. Agents often just key the data directly into the return from the report.

The issue of pre-fill for Government payments/Welfare data was raised – there was often a degree of guesswork required as to which label the payments needed to be reported at. The suggestion was to provide the label the payment needed to be reported at (element/item number) similar to the portal pre-fill service. There are issues for DSP's with matching based on the naming conventions.

Note: The Welfare data label mapping is provided in the PIITR BIG at Appendix A; but DSPs would like it to be provided as part of the pre-fill SBR data strings.

In regard to STP pre-fill – there was differential treatment of STP pre-fill. Some DSPs only integrate finalised STP data, some give the agent the choice to integrate unfinalised and / or finalised STP data.

Reckon commented that prefill sends back long strings, and consideration needs to be given to ensuring these are not truncated.

Q. What makes sense for a field length limit?

Most 30 chars; but a couple are 200 (e.g. D12 PSCD Superfund nm)

Sage suggested a roll-over from prior year for some pre-fill items would be good.

Agenda item: 4 – Learnings from the deductions schedule

Matt Musolino went over some of the learnings taken from the introduction and implementation of granular data for the deductions schedule for TT19. He conceded it was not as smooth as it could have been, and we want to improve the process for the income schedule implementation.

Matt asked the group whether the lead time was sufficient for the new design given that the deduction schedule MST and validations were delivered mid-December 2018. The DSPs agreed that the time allowed did work, but the longer the lead time the better. The work involved in developing the income schedule will be significantly more than the deductions schedule.

The DSP's advised that the deduction schedule was delivered as a 'fait accompli', which meant they had a lot of work to make the changes to match the MST requirements; especially given there was no early co-design or discussion. The ATO had assumed it would be simple, but there are many limitations on field length and repetitions, splits for cars, d4 self-education, truncation of fields and rounding issues.

Also, given that there are no instructions published (like there are for paper forms) many agents did not understand the new requirements. DSPs suggested that further instruction for tax agents be placed on the web. It should include guidelines for fields where things are not obvious, e.g. what to include for decline in value, car travel as a whole vs individual car trips, exceptions.

Communication for tax agents was further discussed. Some agents weren't aware granular was an ATO initiative and have threatened going to another DSP, stating that they don't want to use software that sends this level of data to the ATO.

The group queried whether the MST could be released in stages to facilitate work beginning as early as possible. Rachel Phillips suggested that we could look at providing logical smaller chunks of the schedule early. Iterative versions vs big bang – e.g. payment summary section first; then DSPs can provide feedback and pain points, etc.

There was also acknowledgement that internal testing was inadequate as issues such as those with whole dollars v's dollars and cents in some fields were not picked up.

Other issues included Schedule W (WRE) validation conflicts with the new Deductions schedule. And further discussion around the fact that some agents still want to complete sched. W by default (it should only be completed if requested by the ATO).

MYOB commented that the conformance suites were inadequate and didn't meet the purpose. They need to be expanded to test more of the data connections. More meaningful, realistic data required.

Matt suggested that we could provide the DSPs with useful parts of the feature docs e.g. Acceptance criteria.

Action item:	Due date:	Responsibility:
20190731_01	TBC	DPO
The DPO will reach out to DSPs to provide details of what they need in the EVTE conformance suites to give more confidence in the test process.		

Reckon advised that the PVT requirements, although adjusted, were onerous, and consideration needs to be given on how to improve it. It can be difficult to find agents with clients that have the requisite attributes to pass the specific hot spots. DSPs don't always know which agents have clients that meet the criteria.

Discussion followed regarding timing of PVT, and that it would be good to be able to complete it in EVTE. Matt advised that the ATO tried to streamline the process, but had concerns as, in the past; issues were found in production which were undetected in EVTE.

Reckon countered that EVTE should reflect production, but currently EVTE data is not realistic and the conformance suites are inadequate. They suggested there should be more complicated cases in EVTE.

The ATO can see ALL returns coming in and can analyse how many returns across the board are hitting specific deductions labels. Maybe this analysis be used for PVT rather than expecting DSPs to find 'friendly' agents, as this can prove very difficult. It was suggested that perhaps the ATO should

go direct to the agents to get the pdf. More work will be done on improving the PVT process. It was suggested that DSPs could provide the cases that the ATO could use for EVTE.

MYOB asked whether the pre-lodge service matches the lodge service, and if so, could this be used.

Danny Figueiredo spoke about PVT analysis that had been conducted. The group asked if the analysis results could be provided to DSPs.

Action item:	Due date:	Responsibility:
20190731_02	TBC	Matt Musolino
The ATO will determine whether the pre-lodge service data matches the lodge data, and whether this can be used for PVT.		

Matt posed the question to the group whether the BIG design was useful.

Response: When there is no detail in the BIG and it is provided late, it is useless. This time around the answers were provided in the Q&A document. The BIGs need to be provided earlier so they can be used to build. The update process needs to be more dynamic.

Ross advised that the Q&A document was a work around to get answers out quickly. The details should have been in the BIG upfront. The intent is that the process will run better next time around. (i.e. with the income schedule, etc.)

DSPs suggested that perhaps separate BIGs could be provided for each schedule. There was also discussion about the pre-fill BIG being revamped.

There was discussion around the limits on the number of line items allowed. If no one is hitting the limits, consideration needs to be given to whether a solution is even required. If the ATO does the aggregation, the treatment would be consistent for those that did hit the limit. The limits in the schedule are based on the limitations in ATO systems (capacity in ICP).

Response:

- As at 2/08/2019, the total number of Deduction schedules lodged is just over 1.5 million.
- Of these, only 112 have reached or exceeded the limit of repeatable fields.
- They are distributed across a number of software types.
- The impacted labels are:

D1	Car expenses	14
D2	Travel expenses	18
D4	Self-education expenses	5
D5	Other work related expenses	11
D9	Gifts and donations	64
	Total	112

Jade Ly advised that the prescribed limits are due to ATO system capacity in ICP. As a generality, there is no reason why more data couldn't be provided, then we could aggregate the data if it exceeds the limits. Would this provide problems with the provision of data back to agents through the Copy f return service?. Martin Kenseley will take this on notice to see if this is something that can actually be built into the design.

The issues which were identified with the deductions schedule and addressed in the Q&A document were:

- label D4
- truncation
- rounding
- exceeding repeat limits
- car expenses
- precision for decimal points
- shared schedules between individuals and non-individuals (e.g. Rental schedule)
- WRE labels do not align with the deduction schedule

Ross advised that the intention is for the WRE schedule to be decommissioned. We are still working on this – hopefully the data provided through the Deductions schedule will suffice. Can we expand the deductions schedule to include nexus questions?

In the meantime, DSPs should ensure the default setting for the WRE schedule is set to: OFF. The schedule is ONLY required if requested by the ATO.

There was some discussion around the fact there are no instructions published for agents outside of those for paper forms. Many of the DSPs agreed there was a need for more detail for some of the elements in SBR forms (e.g. IITR schedules) but not all of them.

It can be confusing when there are variances between business guidance, report guidance and full enumeration. Particularly when there are two schedules using similar fields e.g. D3 in WRE schedule vs Deductions schedule.

Agenda item: 5 – Objectives for the income schedule and value proposition

Ross Barns advised this agenda item was already covered in Agenda item 2.

Agenda item: 6 – Options for the income schedule design

Refer slides.

Rollover of pre-fill IITR (PIITR)

- No change to the structure of pre-fill at this stage

New Copies of Return service (LDG.Get) (XML)

- Will provide back ITR details as it was lodged, whether it be through myTax, PLS, etc. This is one of the reasons for moving to granular data, so the data is aligned across all lodgment channels.
- 2019 service (with granular deduction data) expected to be available from Dec 2019
- 2020 service (with granular deduction, income, NRFI and CGT data) expected to be available from Oct 2020
- The current year service will never be available from 01/07, there will always be a lag to assure the data

IITR Profile service (IITR PRFL) (XML)

- IITRPRFL.2018 is now deactivated
- IITRPRFL.2019 remains the service to use for 2020 and onwards until such time as there are changes to the analytical model
- The service can be called for current year only, cannot be used retrospectively for prior year returns – DSP indicated that there may be interest in being able to request back year calls for agents
- The analytics used to determine the response are independent of the financial year for the data source i.e. it uses a multi-year predictive model

New Capital Gain Transaction service (CGTTX) (XML)

- This will be a new information service that enables an Agent to call all share information held by the ATO for a particular entity. However there is no guarantee that the ATO has everything for the entity. Expected to be available Q1 2020
- As it is not directly linked to tax time, it is usable any time

Martin Kenseley took the group through some of the design considerations for the new income schedule:

- myTax data collection is already aligned to ICP back-end (e.g. lines, field length, number of repeatable fields), hence we also want to align the income schedule. This will enable seamless movement of clients across channels and providers.
- Income schedule structure – design considerations (see presentation pack for details)
- DSPs preferred option was 1 MST for the Income schedule. It should include all income labels that are currently located on the main form being moved to the income schedule. E.g. salary and wage payment summaries.
- There was some discussion about what needs to be considered when designing the new schedules. It was agreed that consistency was paramount – truncation, rounding, aggregation, where the totals are applied.

There was discussion of clarity in regard to validation rules, particularly for:

- Income calculations
 - Gifts and donations, apportionable/non-apportionable
 - DSP would like apportionable deductions for gifts and donations
 - Monetary data type
 - Decimal places/points
 - Base item types
 - Sequence numbers vs tuples
 - C# front end validations
 - XBRL vs partial XML
 - Other change advices and their impacts on the Income schedule e.g. Black economy decline PAYGW claim if not remitted (WR 2020-303)
 - Where should the data rules be – schema vs validation rules
 - Centralised rules e.g. If form type = x, then VR applies
 - Consistency across rule types e.g. If the rule is for a schedule, keep the VR with the schedule (not as part of the main form VRs) eg. rental
- Rachel Phillips advised that moving some of the validation to the schema will assist with the move of services to XML. Crossfield VRs will become Crossform
 - Reckon was in favour of putting as much validation into the schema as possible.

Martin asked the group whether there would be value in ATO releasing early drafts of MSTs, bearing in mind there could be changes as it went along.

- The group agreed that the earlier the MST was available, the better, with the opportunity for DSPs to provide feedback along the way.
- Early access to drafts for planning would be great.
- Smaller, early, iterative versions would be good for Income schedule rather than big bang – e.g. payment summary section, feedback and pain points could also be iterative, allowing adaptation and change on the fly; agile dev.
- Andrew Sprankling commented that he found the deduction schedule MST was better organised than previous MSTs.
- The group agreed that having label numbers and letters (where they exist on the paper form) specified in the MST would be valuable.
- It would also be helpful to have examples for labels added to the MST e.g. what constitutes an email address.
- Define data types/ which column in MST should/n't be used
- Add label totals to the main form – these are used for pdf's and in calculations for things like ATI, income tests and estimates.

The DPO will also be contacting IITR developers to gauge interest and/or ability to move to XML and potential timeframes.

Agenda item: 7 – Design considerations – understanding the challenges

Some of the challenges identified by the group include:

- Provision of 'Additional information': software feeds back a single free-text field, whereas myTax is more structured, allowing information at each label it is required. Structuring will make for smoother processing – instructions to be reviewed by ATO
- For the income schedule:
 - 1 set of data input – e.g. Totals for ATI and ETI etc – Income tests etc – what labels are used for calcs (ATI, Income tests, MLS, ESS, rebates)
 - could be problematic if aggregated and then disaggregation required to complete specific labels. E.g. rounding rules.
 - o Amount of detail for foreign income
 - Foreign income comes from many places in the return; aggregated in software and then needs to be disaggregated to become granular for the return; how much detail is required? s23AG?
 - o CGT - Capital gain calc – sched. Only
 - o Deferred non-commercial losses
 - Non-commercial losses \$250K – sometimes reject on lodgement without enough reason;
 - rejected if >3 NCLs – only room for 3 (outstanding query)
 - CAS rep – agent providing info as a remediation strategy
 - Another way to provide the info? E.g. tick box to say additional info via portal
 - o Employee share schemes
 - o Pship/Trust components
 - o Will income and dividends be granular
 - o Welfare mapping – differences in pre-fill BIG Appendix A – doesn't match string provided
 - Pre-fill mapping in general
- Removal of the payment summary schedule (PSS) – disaggregation of amounts
 - Existing schedules for worksheets
- Use of tools

Action item:
20190731_03

Due date:
TBC

Responsibility:
Ross Barns

Ross will share a list of the breakdown of the schedules with the group.

Agenda item: 7 – Design considerations – understanding the challenges

Darin Carter commented that developers were already capturing the majority of the data, and that it was just a matter of including it in the payload. MYOB agreed, but added that the income schedule would be significantly more work than the deductions schedule.

There were some questions raised about how the ATO can support DSPs when they roll out granular changes:

- Provide more details for agents on ato.gov.au
- More information cascaded through professional associations – Ross advised that all associations were well engaged, but it appears they made a decision not to cascade the information to agents.

Agenda item: 8 – Next steps

1. Once analysis is complete, Ross will communicate back to the group the challenges that have been identified from the implementation of the deductions schedule, both at the systemic and agent levels.
2. Ross will circulate a summary of the backlog items which were noted at the workshop back to the group. Action items will be taken from the list, and outcomes will be presented back to the PLS working group.
3. It is intended that a 'first cut' MST will be made available by the end of August. This will NOT be a full MST, but will provide some detail in relation to fields, repeatable numbers, etc.

➤ Morning tea and lunch were provided.