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| **2021 Partnership tax return checklist** | **Yes** | **No** | **N/A** |
| * Is there a partnership agreement? |  |  |  |
| * Could the partnership be classified as a corporate limited partnership for tax purposes (i.e., if so, it would be taxed as a company)? |  |  |  |
| * Is the partnership a small business entity (SBE) (i.e., a business that meets the $10 million aggregated turnover threshold)? If so, confirm which concessions the partnership is entitled to. |  |  |  |
| * If the partnership is an SBE, is it using the simplified depreciation rules? |  |  |  |
| * If the partnership’s aggregated turnover is less than $5 million, complete the ‘net small business income’ labels for ‘small business income tax offset’ purposes. * Net small business income (item 5, label V) * Each partner’s ‘Share of net small business income’ (item 51, label H) |  |  |  |
| **Income** |  |  |  |
| * Have partners ‘salaries’ been excluded for tax purposes (see TR 2005/7)? |  |  |  |
| * Check for any cash earnings or payments that may not have been accounted for. |  |  |  |
| * Consider goods taken for own use by partners (refer TD 2021/1). |  |  |  |
| * Agree investment income e.g., dividends, interest with external source data. |  |  |  |
| * Have employee contributions for FBT purposes been taken up in the accounts and appropriate GST journal entries made? |  |  |  |
| * Has the partnership made/received an allocation of profits from a professional firm? If yes, consider ATO former guidance ‘Assessing the risk: allocation of profits within professional firms’ (the guidelines could be relied upon in 2017-18 to 2020-21 where arrangements were entered into prior to 14 December 2017, see PCG 2021/D2 which applies from 1 July 2021). |  |  |  |
| **Expenses** |  |  |  |
| * Put through depreciation entries and agree asset balances to depreciation schedule (including journaling asset purchases and sales). |  |  |  |
| * For asset purchases:   + Have the rules both pre- and post-6 October 2020 been considered?   + Have the accelerated depreciation rules been considered?   + Should the partnership consider opting out of temporary full expensing and/or accelerated depreciation? (Note the opt-out is not available to SBEs using simplified depreciation) |  |  |  |
| * Perform annual entries for lease and hire purchase transactions. |  |  |  |
| * Look for unusual balances of the profit and loss items (perhaps compare balances with the prior year). |  |  |  |
| * Accounting fees – check against billings. |  |  |  |
| * If fees are being paid to a service entity, ensure that the service fees are in line with TR 2006/2. |  |  |  |
| * When prepayments were made during the year that cover services in the following tax year, has deductibility been determined in accordance with the prepayment rules? |  |  |  |
| * Where any part of a prepayment was non-deductible in 2020 as a result of the prepayment rules, is the amount deductible in 2021? |  |  |  |
| * Has entertainment expenditure been added back for tax purposes, unless it was included in the partnership’s FBT return? |  |  |  |
| * Have other non-deductible expenses been added back for tax purposes? |  |  |  |
| * Has the partnership paid the required superannuation guarantee contributions for employees? If not, ensure that a Superannuation guarantee charge statement has been lodged with the ATO. |  |  |  |
| * Were employee superannuation contributions ‘made’ in the current income year per TR 2010/1 (to determine deductibility)? |  |  |  |
| * Do wages on the income statements agree to the general ledger and activity statements lodged? |  |  |  |
| * Has the payment summary information been lodged with the ATO (where required)? |  |  |  |
| * For single touch payroll purposes, has a finalisation declaration been performed for each employee? |  |  |  |
| * Did the partnership fail to meet its PAYGW obligations to withhold or notify the Commissioner? If so, a deduction is denied unless the taxpayer voluntarily discloses the issue to the ATO. |  |  |  |
| * If the partnership is liable for workers compensation, have all payments been made in relevant year? |  |  |  |
| * If the partnership is not registered for payroll tax, should it be? |  |  |  |
| * Has the June 2021 FBT instalment been deducted per TR 95/24? |  |  |  |
| * If the partnership is engaging contractors, have you checked whether they would be classified as employees for the purposes of PAYG withholding, superannuation guarantee, workers compensation, payroll tax, etc.? |  |  |  |
| * Ensure that the financials are in line with ATO benchmarks, and investigate discrepancies where necessary. |  |  |  |
| **Balance sheet** |  |  |  |
| * Agree bank and loan balances against statements/bank reconciliations |  |  |  |
| * Agree hire purchase balances against schedule |  |  |  |
| * Agree debtor and creditor balances |  |  |  |
| * Verify with client all plant and equipment is still on hand (i.e., identify sales, purchases, items scrapped) |  |  |  |
| * Agree trading stock figures to stock take |  |  |  |
| * Verify all other balance sheet balances |  |  |  |
| **PSI** |  |  |  |
| * If the partnership derived any personal services income (PSI), is the partnership carrying on a personal services business (PSB)? * If no, consider the PSI that must be attributed to an individual. * If yes, consider whether the Commissioner could apply Part IVA to the arrangement. |  |  |  |
| **Capital gains** |  |  |  |
| * If the partnership sold, redeemed, or disposed of an asset in any other way during the year, has the partnership advised the partners of the CGT event? |  |  |  |
| * Have exemptions, reductions, or rollovers been considered? |  |  |  |
| * If there was a partnership reconstitution (e.g., admission of a new partner), has the CGT impact been considered? |  |  |  |
| **GST** |  |  |  |
| * If the partnership is not registered for GST, should it be registered? |  |  |  |
| * If the partnership is registered for GST, do the GST accounts reconcile to the BAS lodged? |  |  |  |
| * Does the income declared in the activity statements reconcile with the income disclosed in the tax return? |  |  |  |
| **International** |  |  |  |
| * Does the partnership have transactions/loans with international related parties? If yes, consider the transfer pricing rules, and consider whether an [international dealings schedule](https://www.ato.gov.au/Forms/International-dealings-schedule-instructions-2020/) has been completed (at the time of writing, the 2021 form was yet to be released – link provided is to the 2020 form) |  |  |  |
| * Does the partnership have a bank account in another country or buy/sell products offshore? If so, consider the foreign exchange rules. |  |  |  |
| **Distributions** |  |  |  |
| * If there is a partnership agreement, has the partnership distribution been made in accordance with the partnership agreement? |  |  |  |