



Professional firms – get your lodgments right

Lodgment requirements for clients who are professional firms, or who get income from professional firms.

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Professional firms offer customised, knowledge-based services to clients in a variety of professions including accounting, architecture, engineering, financial services, law, medicine, and management consulting.

If your clients are professional firms, they need to lodge **statements of distribution** accurately and on time. If they receive income from professional firms they must report it at the correct label in the recipient's individual, company, or trust tax returns.

Here are some important aspects to help get it right:

- be clear on which entity type is making the distribution – this will help you categorise the distribution correctly in the recipient's return, as professional firms operate under a range of structures and entity types
- report income correctly – our reviews show partnership income can be wrongly reported as trust income, primary production income or 'other income'
- report at the right label – if the distributing entity is a
 - partnership, report at 13O for individuals, 6D for companies and 8B for trusts
 - trust, report at 13U for individuals, 6E for companies and 8R for trusts.

Best tax practice includes digital record keeping and lodgment – that extends to statements of distribution too. We see many partnerships lodging their tax returns digitally, but still choosing to lodge their statements of distribution in paper form. Our **practitioner lodgment service** allows for recording distributions for up to 160 partners.

If you're unable to submit all your clients' distributions this way, our preferred format is a digital extraction of their statement of distribution. Remember that all statements of distribution need to be readable to be compliant.

As part of our Private Wealth Adviser Program we'll continue to share with you key areas where errors are being made, such as record keeping and lodgment. Professional firm lodgments are just one aspect we'd like to put on your radar to get right.

QC 101780

Our commitment to you

We are committed to providing you with accurate, consistent and clear information to help you understand your rights and entitlements and meet your obligations.

If you follow our information and it turns out to be incorrect, or it is misleading and you make a mistake as a result, we will take that into account when determining what action, if any, we should take.

Some of the information on this website applies to a specific financial year. This is clearly marked. Make sure you have the information for the right year before making decisions based on that information.

If you feel that our information does not fully cover your circumstances, or you are unsure how it applies to you, contact us or seek professional advice.

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