



## Avoid mistakes when claiming LCB

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- <https://www.ato.gov.au/Tax-professionals/Newsroom/Your-practice/Avoid-mistakes-when-claiming-LCB/>
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## Avoid mistakes when claiming loss carry back

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We have noticed some [common errors](#) with recent claims for loss carry back (LCB).

To prevent these mistakes and ensure we can process your client's company tax return as quickly as possible, review their records carefully when calculating their tax offset and completing the LCB labels. You can also take the following tips into consideration:

- Correctly calculate the tax offset – To calculate the tax offset you need to use your client's tax rate in the income year in which they made the loss. For example, generally a base rate entity carrying back a tax loss made in the 2020–21 income year should use the base rate entity company tax rate for the 2020–21 income year, which is 26%.
- Use the correct income tax liability amount – The amount of your client's tax offset cannot exceed their income tax liability for the income year they are carrying the loss back to. This is the amount at label T5 Tax payable in the calculation statement of your client's company tax return for that year.
- Get the franking account balance right – The amount of your client's tax offset cannot exceed their franking account closing balance at the end of the claim year. We recommend a review of your client's franking account is undertaken prior to lodging their company tax return.
- Complete all mandatory labels – If you are claiming LCB, it's important that you complete all of the required LCB labels in item 13 as well as the opening and closing franking account balance labels in item 8 of your client's company tax return. Use our company tax return instructions to help work out which labels you need to complete.

We will update our website as we notice new common errors being made.

If you think you have made a mistake on a client's company tax return that has already been lodged, you can contact us.

See also:

- [Working out the tax offset](#)
- [How to claim the tax offset](#)
- [Company tax rates](#)
- [Company tax return instructions 2021](#)

## 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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