

Australian Taxation Office

Section 1: Agency overview and resources	179
1.1 Strategic direction statement	179
1.2 Agency resource statement	180
1.3 Budget measures.....	182
1.4 Changes to the program structure	184
Section 2: Outcomes and planned performance	185
2.1 Outcomes and performance information	185
Section 3: Explanatory tables and budgeted financial statements	215
3.1 Explanatory tables	215
3.2 Budgeted financial statements.....	217

AUSTRALIAN TAXATION OFFICE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The role of the Australian Taxation Office (ATO) is to ensure the community has confidence in the administration of Australia's taxation and superannuation systems.

The taxation and superannuation systems are part of Australia's social and economic infrastructure. A major part of the ATO's administration of these systems is emphasising to the community the importance of willing and proper participation, in underpinning nation building.

The ATO's *Strategic statement 2010-15* strengthens this view by outlining a strategic vision for the taxation and superannuation systems. The vision aspires for Australians to value their taxation and superannuation systems as community assets, where willing participation is recognised as good citizenship.

The journey towards achievement of the *Strategic statement* is guided by five strategic themes that intersect at all levels in the ATO's vision and daily activities. The strategic themes are:

- Encourage: People support and understand the benefits of participation – they are engaged and willingly participate;
- Support: People are helped and assisted to understand their rights and responsibilities and are able to fulfil their obligations easily at minimal cost;
- Protect: Protecting people and the community by deterring, detecting and dealing with those who have not complied;
- Enhance: The ATO is passionate about improving our capabilities to be more innovative, agile and responsive to challenges and opportunities; and
- Champion: The ATO champions the interests of both individual taxpayers and the community, advising government on ways to improve the operation of Australia's taxation and superannuation systems.

These themes are supported by the ATO's corporate values of being fair and professional, applying the rule of law, supporting people who want to do the right thing and being fair but firm with those that don't, being consultative, collaborative

and willing to co-design, being open and accountable and being responsive to challenges and opportunities.

The ATO will focus on delivery to the community including supporting people willing to properly participate in the tax and superannuation systems, and protecting people and the community by deterring, detecting and dealing with those that do not comply.

The ATO's differentiation capability supports this approach, enabling the ATO to provide tailored assistance to businesses and individuals as well as to make refined risk-based choices to prioritise work.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the ATO.

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	473,384 ¹	-	473,384	-
Departmental appropriation ^c	-	3,472,767 ³	3,472,767	3,352,652
Receipts from other sources (s31)	-	71,387 ⁴	71,387	71,481
Total departmental	473,384	3,544,154	4,017,538	3,424,133
Administered expenses				
Outcome 1	-	6,697 ³	6,697	4,536
Total administered expenses	-	6,697	6,697	4,536
Total ordinary annual services	A 473,384	3,550,851	4,024,235	3,428,669
Other services				
Departmental non-operating				
Equity injections	-	47,359 ⁵	47,359	64,649
Total other services	B -	47,359	47,359	64,649
Total available annual appropriations (A+B)	473,384	3,598,210	4,071,594	3,493,318

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2013-14 as at Budget May 2013 (continued)

	Estimate of prior year amounts available in 2013-14 \$'000	Proposed at Budget 2013-14 \$'000	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Special appropriations				
<i>Product Grants and Benefits Administration Act 2000 - Cleaner fuel grants</i>	-	43,000	43,000	40,000
<i>Product Grants and Benefits Administration Act 2000 - Product stewardship for oil</i>	-	47,000	47,000	35,000
<i>Superannuation Guarantee (Administration) Act 1992</i>	-	339,000	339,000	328,000
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)⁶</i>	-	9,508,144	9,508,144	9,111,600
Total special appropriations	C	9,937,144	9,937,144	9,514,600
Total appropriations excluding special accounts	473,384	13,535,354	14,008,738	13,007,918
Special accounts				
Opening balance ⁷	78,735	-	78,735	-
Appropriation receipts	-	78,530	78,530	10,055
Non-appropriation receipts to special accounts	-	45,854	45,854	48,773
Total special account	D	124,384	203,119	58,828
Total resourcing (A+B+C+D)	552,119	13,659,738	14,211,857	13,066,746
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	78,530	78,530	10,055
Total net resourcing for the ATO	552,119	13,581,208	14,133,327	13,056,691

1. Estimated adjusted balance carried from previous year for annual appropriations.
2. Includes \$111.0 million in 2013-14 (\$110.9 million in 2012-13) for the departmental capital budget (also refer to Table 3.2.5).
3. Appropriation Bill (No. 1) 2013-14.
4. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.
5. Appropriation Bill (No. 2) 2013-14.
6. These figures relate to administered expenses including fuel tax credits, superannuation co-contributions, low income superannuation contributions and research and development tax incentives. Estimated tax refund items for 2012-13 are \$92.0 billion (including \$125 million paid via the Australian Customs Service (ACS) on the ATO's behalf) and \$95.7 billion for 2013-14 (including \$135 million paid via the ACS on the ATO's behalf).
7. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

1.3 BUDGET MEASURES

Budget measures relating to the ATO are summarised on the following pages.

Table 1.2: Australian Taxation Office 2013-14 Budget measures

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures						
HECS-HELP Discount and Voluntary HELP Repayment Bonus - ending discounting Departmental expenses	1.1	-	910	296	245	206
Official development assistance - Australian Federal Police contribution to the United Nations Mission in the Republic of South Sudan Departmental expenses	1.1	-	-	-	-	-
Personal income tax - net medical expenses tax offset phase out Departmental expenses	1.1	126	2,513	768	423	184
- reforms to work-related self-education expenses Departmental expenses	1.1	-	296	734	2,223	2,178
Protecting the corporate tax base from erosion and loopholes - improving the integrity of the foreign resident capital gains tax regime Departmental expenses	1.1	-	-	208	2,587	6,849
- increasing ATO compliance checks on offshore marketing hubs and business restructures Departmental expenses	1.1	-	21,559	25,490	29,994	32,072
Research and Development tax incentive - quarterly credits Departmental expenses	1.1	1,779	3,114	1,477	1,020	990
Student Start-up Scholarships - conversion to Income Contingent Loans Departmental expenses	1.1	-	4,091	685	542	405
Superannuation reforms - a fairer excess contributions tax system Departmental expenses	1.1	-	2,374	1,269	578	550
- higher concessional contributions cap Departmental expenses	1.1	168	334	72	(817)	(858)

Table 1.2: Australian Taxation Office 2013-14 Budget measures (continued)

	2012-13	2013-14	2014-15	2015-16	2016-17	
Program	\$'000	\$'000	\$'000	\$'000	\$'000	
Expense measures						
(Continued)						
Superannuation reforms (continued)						
- reforming the tax exemption for earnings on superannuation assets supporting retirement income streams						
Departmental expenses	1.1	-	3,794	7,456	13,681	13,705
- transfer of lost member accounts to the ATO						
Departmental expenses	1.1	-	-	70	2,229	2,263
Administered expenses	1.21	-	-	-	3,400	3,600
Targeted Savings - public service efficiencies ¹						
Departmental expenses	1.1	-	(6,761)	(3,503)	(1,859)	(685)
Tax compliance						
- Australian Taxation Office trusts taskforce						
Departmental expenses	1.1	-	9,188	16,590	19,730	22,407
- improving compliance through third party reporting and data matching						
Departmental expenses	1.1	-	8,841	20,228	24,217	22,309
Tax System Advisory Board - establishment						
Departmental expenses	1.1	-	-	-	-	-
The Conversation - funding support						
Departmental expenses	1.1	-	-	-	-	-
Tax administration - enhancing Standard Business Reporting, the Australian Business Register and Australian Business Number Administration						
Departmental expenses	1.3	-	21,227	13,780	7,878	6,742
Low Income Superannuation Contribution - technical amendment						
Administered expenses	1.15	3,000	3,000	3,000	3,000	3,000
		2,073	71,480	85,620	102,671	109,317
Departmental						
Administered		3,000	3,000	3,000	6,400	6,600
Total expense measures		5,073	74,480	88,620	109,071	115,917

Table 1.2: Australian Taxation Office 2013-14 Budget measures (continued)

	2012-13	2013-14	2014-15	2015-16	2016-17
Program	\$'000	\$'000	\$'000	\$'000	\$'000
Related capital					
Personal income tax					
- net medical expenses tax offset phase out	1.1	- 416	-	87	-
- reforms to work-related self-education expenses	1.1	-	286	-	-
Protecting the corporate tax base from erosion and loopholes					
- improving the integrity of the foreign resident capital gains tax regime	1.1	-	-	364	837
Research and Development tax incentive - quarterly credits					
	1.1	863	466	-	-
Student Start-up Scholarships - conversion to Income Contingent Loans					
	1.1	-	1,047	-	-
Superannuation reforms					
- a fairer excess contributions tax system	1.1	-	254	-	-
- reforming the tax exemption for earnings on superannuation assets supporting retirement income streams	1.1	-	-	1,589	-
Tax compliance - improving compliance through third party reporting and data matching					
	1.1	-	1,607	566	-
Tax administration - enhancing Standard Business Reporting, the Australian Business Register and Australian Business Number Administration					
	1.3	-	18,327	11,877	-
Total related capital		863	22,117	14,318	451
Related revenue					
Tax agent services licensing regime - online registration for financial advisors					
	1.1	-	-	-	6,500
Total related revenue		-	-	-	6,500

1. This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*. The fiscal impact reported for this measure is in addition to the impact previously reported for this measure in the Treasury *Portfolio Additional Estimates Statements 2012-13*. Prepared on a Government Finance Statistics (fiscal) basis.

1.4 CHANGES TO THE PROGRAM STRUCTURE

The ATO has reorganised its administered program structure to group together subsidies, followed by personal benefits, followed by other administered expenses. The revised program structure is shown in Table 2.1.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the budget and forward years.

The ATO's outcome is described below specifying the strategy, programs, objectives, deliverables and key performance indicators used to assess and monitor the performance of ATO.

Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law

Outcome 1 strategy

The ATO seeks to deliver this outcome by:

- encouraging community participation in Australia's taxation and superannuation systems;
- supporting people willing to participate and making it as easy as possible for them to fulfil their responsibilities at minimum cost; and
- protecting people by deterring, detecting and dealing with those not willing to comply.

The ATO does this both as a single agency, as well as through managing a number of whole-of-government initiatives that deliver a range of services. The ATO also provides support to the Tax Practitioners Board, Australian Business Register, Australian Valuation Office and Australian Charities and Not-for-profits Commission.

The ATO publishes a range of governance publications including the Strategic Statement and corporate plans which outline the ATO's strategic direction and annual commitments to the community. The ATO's Annual Report assesses the achievements of the agency against these commitments.

Outcome 1 Budgeted expenses and resources

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Program 1.1: Australian Taxation Office		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	4,536	6,697
Departmental expenses		
Departmental appropriation	3,127,182	3,221,364
Expenses not requiring appropriation in budget year	141,605	140,664
Total for Program 1.1	3,273,323	3,368,725
Program 1.2: Tax Practitioners Board		
Departmental expenses		
Departmental appropriation	16,982	14,411
Total for Program 1.2	16,982	14,411
Program 1.3: Australian Business Register		
Departmental expenses		
Departmental appropriation	162,092	176,225
Total for Program 1.3	162,092	176,225
Program 1.4: Australian Valuation Office		
Departmental expenses		
Special accounts	34,553	32,495
Total for Program 1.4	34,553	32,495
Program 1.5: Australian Charities and Not-for-profits Commission		
Departmental expenses		
Special accounts	14,544	15,161
Total for Program 1.5	14,544	15,161
Program 1.6: Australian Screen Production Incentive		
Administered expenses		
Special appropriations	267,000	237,000
Total for Program 1.6	267,000	237,000
Program 1.7: Cleaner Fuels Grant Scheme		
Administered expenses		
Special appropriations	40,000	43,000
Total for Program 1.7	40,000	43,000
Program 1.8: Fuel Tax Credits Scheme		
Administered expenses		
Special appropriations	5,519,000	5,871,000
Total for Program 1.8	5,519,000	5,871,000
Program 1.9: National Rental Affordability Scheme		
Administered expenses		
Special appropriations	33,000	130,944
Total for Program 1.9	33,000	130,944

Table 2.1: Budgeted expenses and resources for Outcome 1 (continued)

	2012-13 Estimated actual expenses \$'000	2013-14 Estimated expenses \$'000
Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law		
Program 1.10: Product Stewardship for Oil		
Administered expenses		
Special appropriations	35,000	47,000
Total for Program 1.10	35,000	47,000
Program 1.11: Research and Development Tax Incentive		
Administered expenses		
Special appropriations	1,471,000	1,410,000
Total for Program 1.11	1,471,000	1,410,000
Program 1.12: Baby Bonus Tax Offsets		
Administered expenses		
Special appropriations	1,000	-
Total for Program 1.12	1,000	-
Program 1.13: Education Tax Refund		
Administered expenses		
Special appropriations	-	-
Total for Program 1.13	-	-
Program 1.14: First Home Saver Accounts		
Administered expenses		
Special appropriations	17,000	19,000
Subtotal for Program 1.14	17,000	19,000
Program 1.15: Low Income Earner Superannuation Contribution		
Administered expenses		
Special appropriations	954,600	975,600
Total for Program 1.15	954,600	975,600
Program 1.16: Private Health Insurance Rebate		
Administered expenses		
Special appropriations	206,000	191,000
Total for Program 1.16	206,000	191,000
Program 1.17: Superannuation Co-contribution Scheme		
Administered expenses		
Special appropriations	83,000	138,000
Total for Program 1.17	83,000	138,000
Program 1.18: Superannuation Guarantee Scheme		
Administered expenses		
Special appropriations	328,000	339,000
Total for Program 1.18	328,000	339,000
Program 1.19: Interest on Overpayment and Early Payments of Tax		
Administered expenses		
Special appropriations	500,000	500,000
Total for Program 1.19	500,000	500,000

Table 2.1: Budgeted expenses and resources for Outcome 1 (continued)

	2012-13	2013-14
	Estimated actual expenses \$'000	Estimated expenses \$'000
Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law		
Program 1.20: Bad and Doubtful Debts and Remissions		
Administered expenses		
Expenses not requiring appropriation in budget year	6,782,536	6,985,728
Total for Program 1.20	6,782,536	6,985,728
Program 1.21: Other Administered		
Administered expenses		
Special appropriations	60,000	35,600
Total Other Administered	60,000	35,600
Outcome 1 totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	4,536	6,697
Special appropriations	9,514,600	9,937,144
Expenses not requiring appropriation in budget year	6,782,536	6,985,728
Departmental expenses		
Departmental appropriation	3,306,256	3,412,000
Special accounts	49,097	47,656
Expenses not requiring appropriation in budget year	141,605	140,664
Total expenses for Outcome 1	19,798,630	20,529,889
	2012-13	2013-14
Average staffing level (number)	21,514	22,022

Contributions to Outcome 1

Program 1.1: Australian Taxation Office

Program objective

The ATO is the Government's principal revenue collection agency, administering Australia's taxation system, regulating aspects of the superannuation system, and supporting delivery of government benefits to the community.

The objective of the ATO is to administer aspects of Australia's taxation and superannuation systems fairly by helping people do the right thing, by making it as easy as possible for taxpayers to comply, ensuring effective strategies are in place to deter, detect and deal with non-compliance, and developing and supporting the capability of its people and of others in the system.

Program expenses

Estimates for the forward years reflect the impact of government policy initiatives.

Table 2.2: Program 1.1 expenses by Program component

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Program Component 1.1.1 - Our expertise supports government priorities and encourages community participation					
Annual departmental expenses					
Departmental items	446,107	458,832	460,609	453,239	457,180
Total component expenses	446,107	458,832	460,609	453,239	457,180
Program Component 1.1.2 - We support people willing to participate and make it as easy as possible for them to fulfil their responsibilities at minimum cost					
Annual departmental expenses					
Departmental items	1,101,536	1,132,957	1,137,344	1,119,145	1,128,878
Total component expenses	1,101,536	1,132,957	1,137,344	1,119,145	1,128,878
Program Component 1.1.3 - We support and protect people by dealing with those not willing to comply					
Annual departmental expenses					
Departmental items	1,721,144	1,770,239	1,777,094	1,748,658	1,763,865
Annual administered expenses					
Administered item	4,536	6,697	784	531	31
Total component expenses	1,725,680	1,776,936	1,777,878	1,749,189	1,763,896
Total program expenses	3,273,323	3,368,725	3,375,831	3,321,573	3,349,954

Program deliverables

Program Component: Our expertise supports government priorities and encourages community participation

- Advise government on policy, forecasting and administrative matters.
- Design and build administrative solutions for new policy, law and other initiatives.
- Clarify the law and provide clear advice as to the ATO's view of the law.
- Support other agencies.
- Manage government and stakeholder relations.

Program Component: We support people willing to participate and make it as easy as possible for them to fulfil their responsibilities at minimum cost

- Register taxpayers.
- Ensure taxpayers are meeting their lodgment obligations.
- Process returns and activity statements and check accuracy.
- Receive and facilitate timely payments.
- Collect and manage debt.
- Provide a client centred and user friendly experience to our customers by delivering timely services through appropriate channels.
- Provide interpretative advice and guidance to taxpayers and practitioners on how to meet obligations.

Program Component: We support and protect people by dealing with those not willing to comply

- Communicate and market products and services that encourage compliance and deter non-compliance.
- Identify behaviours presenting compliance risks and prioritise for treatment.
- Undertake differentiated compliance treatments based on perceived level of risk to the integrity of the tax and superannuation systems.

Program key performance indicators

- Impact of ATO advice to The Treasury and Government that supports the delivery of the policy intent and integrity of the tax and superannuation systems.
- Trend over time in Treasury perception of ATO performance.
- Trend over time in community and tax agent perception of ATO performance.
- Trend in individual tax file number registration population as compared to the ABS estimated resident population.
- Trend in company tax file number registration population as compared to the ASIC registered population.
- Proportion of income tax returns lodged on time, including by entity type.
- Proportion of activity statements lodged on time.

- Proportion of the value of income tax liabilities paid on time, including by entity type.
- Proportion of the value of activity statement liabilities paid on time.
- ATO collectable debt as a percentage of collections in the context of the current economic environment.
- Meet service commitments.
- Trend in the time-cost index for business and superannuation funds to prepare and complete key tax forms.
- Trend in the adjusted average cost to individual taxpayers of managing their tax affairs.
- Adjusted gross operating surplus compared to company profit and tax payable.
- Trend over time in GST gap.
- Growth in salary and wages reported on income tax returns compared to growth in salary and wages estimated by the ABS.
- Trend over time in level of lost and ATO held superannuation.
- Trend in adjusted employer superannuation contributions as a proportion of adjusted salary and wages.

Program 1.2: Tax Practitioners Board

Program objective

The objective of the Tax Practitioners Board (the Board) is to ensure that tax agent services are provided to the public in accordance with appropriate standards of professional and ethical conduct. The Board aims to strengthen the integrity of the taxation system and tax profession by including all tax practitioners in a single national regulatory regime and regulating them fairly, consistently and flexibly.

The Board aims to provide protection to clients of tax practitioner services by reducing the level of uncertainty and risks for people through a national, independent regulatory regime for tax agent services.

Program expenses

The reduction in expenses from 2012-13 to 2013-14 reflects the removal of temporary supplementation from Program 1.1. There are no significant changes to estimates across the forward years.

Table 2.3: Program 1.2 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items ¹	16,982	14,411	14,716	14,852	15,006
Total program expenses	16,982	14,411	14,716	14,852	15,006

1. Does not include corporate overhead costs.

Program deliverables

- Administer a system for the registration of tax practitioners.
- Provide guidance to registered tax practitioners on their rights and obligations.
- Provide the community with access to public data to assist in verifying registered tax practitioners.
- Administer the Code of Professional Conduct, which regulates the personal and professional conduct of registered tax practitioners.
- Investigate complaints from the community, including those from registered tax practitioners and other stakeholders, and take action where the Board suspects non-compliance with the *Tax Agent Services Act 2009* (TASA).
- Apply consistent sanctions for those who do not comply with the TASA, including seeking civil penalties and injunctions, where appropriate.
- Terminate or suspend the registrations of tax practitioners where there are grounds to do so.
- Manage and promote the role and functions of the Board.

Program key performance indicators

- Registration and renewal applications are processed within Board service standards.
- A register of registered and deregistered tax practitioners is current and available publicly.
- Regulatory assurance (compliance cases) are finalised within Board service standards.
- The risk for consumers in using tax practitioner services is reduced by ensuring registered tax practitioners maintain appropriate professional indemnity insurance cover.

- Regular communication and consultation is undertaken with registered tax practitioners and their intermediaries.
- Regular publication of information sheets and other guidance to registered tax practitioners on their rights and obligations.

Program 1.3: Australian Business Register (ABR)

The Commissioner of Taxation is also the Registrar of the Australian Business Register (ABR). The Registrar however has separate and distinct responsibilities as outlined in section 28 of the *A New Tax System (Australian Business Number) Act 1999*.

Reporting and governance arrangements provide clearer delineation between the performance of the Registrar and the Commissioner of Taxation, who is a major user of the ABR data.

Program objective

The ABR undertakes work to enable streamlined interactions between businesses and government. The ABR is also moving to better support improved planning by government agencies for program and service delivery to the community through increased awareness and use of its services.

This is done by registering businesses and issuing them with an Australian Business Number (ABN) as their unique identifier, to reliably identify themselves and facilitate their dealings with government. These dealings are further streamlined through the use of AUSkey, an authentication system that provides secure and easy-to-use access to online services for business-to-government interaction. Standard Business Reporting (SBR) reduces the compliance reporting burden experienced by business in reporting to government through a common reporting language and development and management of the operating solution used for online services.

Program expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2013-14* for further information.

Table 2.4: Program 1.3 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	162,092	176,225	148,377	150,980	156,955
Total program expenses	162,092	176,225	148,377	150,980	156,955

Program deliverables

- A comprehensive, up to date and accessible business register for use across the government and business community.
- An authentication solution that enables government and the business community to reliably and securely fulfil information and reporting obligations.
- Improved online services through expanded adoption of the SBR capabilities, including the use of the common reporting language and the SBR operating solution.
- Increased efficiency of government service delivery through the awareness and use of registration and authentication services.

Program key performance indicators

- Proportion of registered ABNs that are eligible.
- Trend over time in the accuracy of the data held on the ABR.
- Trend over time in the adoption and use of AUSkey by business, intermediaries and government agencies.
- Trend over time in the adoption of SBR.
- Level of satisfaction of stakeholders with quality and timeliness of SBR services.
- Level of performance in accordance with service standards.

Program 1.4: Australian Valuation Office

The Australian Valuation Office (AVO) is set up as a special account and is the only dedicated fee-for-service business area within the ATO.

The AVO provides asset-related services for Federal, State, Territory and Local Governments and complements the ATO's fundamental role in administering Australia's taxation system and regulating aspects of the superannuation system.

Program objective

The AVO delivers professional, ethical and intelligent solutions for Australian Governments regarding assets – supporting policy development, program delivery and compliance outcomes.

Program expenses

After a small decline in 2013-14, the estimates show moderate growth across the forward years based on revenue projections.

Table 2.5: Program 1.4 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special account expenses					
Valuation Services Special Account	34,553	32,495	32,860	33,189	33,527
Total program expenses	34,553	32,495	32,860	33,189	33,527

Program deliverables

- Conduct valuations, assessments and searches.
- Deliver supporting asset-related products and services for government clients.

Program key performance indicators

- Trend over time in satisfaction of key clients.
- Financial performance in line with Commonwealth competitive neutrality guidelines.
- Impact of the innovation in new asset solutions for Australian Governments.
- Trend in the quality of valuation services.

Program 1.5: Australian Charities and Not-for-profits Commission

The Australian Charities and Not-for-profits Commission (ACNC) has been set up as a special account with statutory objects:

- to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector;
- to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector; and
- to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.

The ACNC Commissioner (the Commissioner) has a number of statutory functions and regulatory powers contained in the *Australian Charities and Not-for-profits Act 2012* (the ACNC Act) and accompanying legislation and regulations. These include the

distinct function to determine charity, health promotion charity, public benevolent institution and not-for-profit status for all Commonwealth purposes and to maintain a free public Charity Register. The Commissioner also provides support and education to the not-for-profit sector, investigates non-compliance with the ACNC Act and implements a 'report-once, use often' general reporting framework.

The ACNC complements the ATO's fundamental role in administering aspects of Australia's taxation and superannuation systems.

Program objective

The ACNC provides independent determination of charity, health promotion charity, public benevolent institution and not-for-profit status for all Commonwealth purposes. It operates a public information portal to improve the transparency and accountability of the not-for-profit sector to the public. It also investigates non-compliance with the ACNC Act. All of this is to increase public trust and confidence in the charitable and not-for-profit sector.

The ACNC delivers education, advice and support to the sector to improve its governance and compliance with the ACNC Act. This promotes the sustainability and effectiveness of the not-for-profit sector.

The implementation of a 'report-once, use-often' general reporting framework is to reduce red tape and simplify the regulatory framework, in co-operation with other Australian Government agencies and state and territory governments, to make it easier for not-for-profits to deliver their services to the community.

Program expenses

The higher estimate in 2013-14 reflects the partial return to the ACNC special account of funds not required in 2012-13.

Table 2.6: Program 1.5 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special account expenses					
ACNC Special Account	14,544	15,161	14,381	12,926	13,193
Total program expenses	14,544	15,161	14,381	12,926	13,193

Program deliverables

- Register and determine charitable status determinations.
- Maintain a public information portal and charity register to provide the community with access to information about the not-for-profit sector.

- Investigate non-compliance with the ACNC Act and take appropriate action to address failings.
- Provide guidance, education, advice and support to charities to improve their governance and compliance with the ACNC Act.
- Implement a 'report once, use often' reporting framework with a focus on reducing red tape.

Program key performance indicators

- Issue advice, practical guidance and determinations within agreed timeframes.
- Website and publications that are accessible and a source of relevant and up-to-date information.
- Establish 25 working groups by charity type to focus on reducing red tape.

Program 1.6: Australian Screen Production Incentive

Program objective

The Australian Screen Production Incentive comprises of three film tax offsets: the Producer Offset, the Location Offset and the Post, Digital and Visual Effects (PDV) Offset. These offsets are designed to ensure Australia remains competitive in attracting high budget film and television productions and are aimed at providing increased opportunities for Australian casts, crew, post-production companies and other services to participate in these productions.

The Department of Regional Australia, Local Government, Arts and Sport (DRALGAS), along with Screen Australia and the ATO, have policy responsibility for the program. Screen Australia administers the Producer Offset while DRALGAS has administrative responsibility for the Location and PDV Offsets.

Program expenses

The estimates show a moderate decline from 2012-13 to 2015-16 before increasing again in 2016-17.

Table 2.7: Program 1.6 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	267,000	237,000	219,000	189,000	215,000
Total program expenses	267,000	237,000	219,000	189,000	215,000

Program deliverables

The ATO is responsible for administering the processing of claims, following certification, through the income tax return lodgment process and under co-administration arrangements with DRALGAS and Screen Australia. The ATO also provides a degree of compliance assurance and support for the claims process. Successful delivery is demonstrated by the:

- dollar value of tax offsets processed; and
- number of tax offsets processed.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.7: Cleaner Fuels Grant Scheme

Program objective

The Cleaner Fuels Grant Scheme encourages the manufacture or importation of fuels that have a reduced impact on the environment. Manufacturers and importers of cleaner fuels that meet the relevant fuel standard under the *Fuel Quality Standards Act 2000* may be entitled to a cleaner fuel grant.

The Department of the Treasury (the Treasury) has policy responsibility for the program, with the ATO administering the program on its behalf.

Program expenses

The estimates show moderate growth across the forward years. Biodiesel and renewable diesel continue to be included in the Cleaner Fuels Grant Scheme, consistent with the alternative fuels legislation.

Table 2.8: Program 1.7 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - cleaner</i>					
fuel grants	40,000	43,000	45,000	47,000	49,000
Total program expenses	40,000	43,000	45,000	47,000	49,000

Program deliverables

The ATO is responsible for delivery of products and services by undertaking all processes, decisions and actions required to administer the program. The ATO provides compliance assurance and support to the Treasury and the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC). Successful delivery is demonstrated by the:

- number of claims processed;
- number of participants registered; and
- dollar value of payments processed.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.8: Fuel Tax Credits Scheme

Program objective

The fuel tax credits scheme provides taxpayers with a credit for the fuel tax (excise or customs duty) included in the price of fuel used for business activities in machinery, plant and equipment and heavy vehicles. It also provides a credit for fuel used for the domestic generation of electricity by taxpayers not in business.

Since 1 July 2012, an effective carbon charge is also being collected through the fuel tax credit scheme, through a reduction in the fuel tax credit rate for many fuels and activities.

Program expenses

The estimates show moderate growth across the forward years.

Table 2.9: Program 1.8 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	5,519,000	5,871,000	5,906,000	6,270,000	6,360,000
Total program expenses	5,519,000	5,871,000	5,906,000	6,270,000	6,360,000

Program deliverables

The ATO is responsible for administering the fuel tax credits scheme and providing compliance assurance and support. Successful delivery is demonstrated by the:

- dollar value of claims; and
- number of registered participants.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.9: National Rental Affordability Scheme

Program objective

The National Rental Affordability Scheme aims to provide affordable rental properties across Australia for low and moderate income earners. An annual incentive will be paid by refundable tax offsets for complying institutional investors and by grants for not-for-profit housing organisations that are exempt from income tax.

The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) has policy responsibility for the program (FaHCSIA's Program 2.2), which aims to see the building of 50,000 new affordable rental properties by managing a competitive process for allocation of the incentive and monitoring compliance and eligibility.

Program expenses

The estimates show strong growth across the forward years reflecting the rollout to the full 50,000 properties to be allocated under the scheme.

Table 2.10: Program 1.9 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	33,000	130,944	150,395	169,597	228,001
Total program expenses	33,000	130,944	150,395	169,597	228,001

Program deliverables

The ATO is responsible for administering the tax offset through the income tax return lodgment process and providing compliance assurance and support for the process. Successful delivery is demonstrated by the:

- dollar value of tax offsets processed;
- number of tax offsets processed; and
- ratio of claims made through the ATO to direct claims made through FaHCSIA.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.10: Product Stewardship for Oil Program

Program objective

The Product Stewardship for Oil program is aimed at supporting and encouraging environmentally sustainable management of used oil including the recycling of used oil and use of the recycled product. The program is intended to reinforce existing state and territory regulations and arrangements in this area.

SEWPaC has policy responsibility for the program, with the ATO administering the program on its behalf.

Program expenses

The estimate for 2012-13 has been revised downwards reflecting delays in the completion of upgrades to processing facilities. The estimates show moderate growth across the forward years.

Table 2.11: Program 1.10 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Product Grants and Benefits</i>					
Administration Act 2000 - product stewardship (oil) benefits	35,000	47,000	48,000	51,000	53,000
Total program expenses	35,000	47,000	48,000	51,000	53,000

Program deliverables

The ATO is responsible for delivery of products and services, by undertaking all processes, decisions and actions required to administer the program. The ATO provides compliance assurance and support to SEWPaC. Successful delivery is demonstrated by the:

- number of claims processed;
- number of participants registered;
- dollar value of payments processed; and
- dollar value of revenue collected.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.11: Research and Development Tax Incentive

Program objective

The Research and Development (R&D) Tax Incentive is an ongoing scheme designed to increase the level of research and development being conducted by Australian companies.

The Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education (DIICCSRTE) has key policy responsibility for the program, whilst administration of the offset is split between the ATO and AusIndustry, the operating arm of DIICCSRTE.

AusIndustry is responsible for processing registrations for companies intending to claim the concession, determining eligible activities, determining whether the research and development is exploited for the benefit of the Australian economy, processing applications for overseas activities and making determinations as to whether technology constitutes core technology.

Program expenses

The estimates show growth across the forward years.

Table 2.12: Program 1.11 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	1,471,000	1,410,000	1,470,000	1,547,000	1,628,000
Total program expenses	1,471,000	1,410,000	1,470,000	1,547,000	1,628,000

Program deliverables

The ATO is responsible for administering the concession through the income tax return lodgment process and providing compliance assurance and support for the process. The ATO has responsibility for the expenditure aspects of the concession and also provides marketing and education support for companies and their agents. Successful delivery is demonstrated by the:

- number and dollar value of R&D tax concession claims;
- number and dollar value of R&D tax concession incremental concession claims;
- number and dollar value of claims processed for 40 per cent non-refundable R&D tax offset claimants; and
- number and dollar value of claims processed for 45 per cent refundable R&D tax offset claimants.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.12: Baby Bonus

Program objective

The primary intent of the Baby Bonus tax offset is to provide compensation, in the form of a refundable tax offset, for the economic loss experienced in leaving the workforce to care for a new child and to provide a basic benefit for low income earners caring for a new child.

Program expenses

This program ceased on 3 June 2009 and therefore the majority of expenses have been recognised in prior years. However, payments will be made to claimants who lodge late claims. Claimants have until 30 June 2014 to lodge baby bonus claims with the ATO.

Table 2.13: Program 1.12 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	1,000	-	-	-	-
Total program expenses	1,000	-	-	-	-

Program deliverables

Successful delivery is demonstrated by the:

- dollar value of payments processed; and
- number of eligible individuals receiving payments.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.13: Education Tax Refund

Program objective

The Education Tax Refund was an initiative to help with the cost of educating primary and secondary school children. It was replaced, from 2011-12, by the Schoolkids Bonus program as a result of a 2012-13 Budget measure. The Schoolkids Bonus is administered by FaHCSIA.

Program expenses

There will be no further expenses as all expenses have been recognised in prior years. However, the ATO will continue to make payments to claimants who lodge late claims in respect of years prior to 2011-12.

Table 2.14: Program 1.13 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
Total program expenses	-	-	-	-	-

Program deliverables

The ATO is responsible for administering the tax offset through the income tax return lodgment process and providing compliance assurance and support for the process. Successful delivery is demonstrated by the:

- dollar value of tax offsets processed; and
- number of tax offsets processed.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.14: First Home Saver Accounts

Program objective

First Home Saver Accounts assist first home buyers to save a larger deposit through a combination of lower taxes and a government contribution. These accounts are offered by eligible financial institutions.

The Treasury has policy responsibility for the program which aims to increase the proportion of homes being bought by first home buyers by helping them save a deposit and supporting national savings levels. Administration is split between the ATO, the Australian Prudential Regulation Authority and Australian Securities and Investments Commission.

Program expenses

There are no significant changes to estimates across the forward years.

Table 2.15: Program 1.14 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	17,000	19,000	18,000	18,000	19,000
Total program expenses	17,000	19,000	18,000	18,000	19,000

Program deliverables

The ATO is responsible for the calculation and payment of the government contribution and compliance of first home saver account holders and providers. Successful delivery is demonstrated by the:

- dollar value of government contributions paid;
- number of first home saver accounts;
- dollar value of account balances; and
- percentage of government contributions paid to account holders in accordance with service standards.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.15: Low Income Superannuation Contribution

Program objective

The Low Income Super Contribution is an Australian Government initiative aimed at helping low income earners to save for retirement. The program starts from the 2012-13 income year. From 2013-14 eligible individuals will have up to \$500 paid into their superannuation fund. This effectively rebates the tax payable on concessional superannuation contributions made by or for low-income earners.

Program expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2013-14* for further information.

Table 2.16: Program 1.15 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	954,600	975,600	952,700	963,400	976,400
Total program expenses	954,600	975,600	952,700	963,400	976,400

Program deliverables

The ATO is responsible for administering the Low Income Super Contribution. This involves determining eligibility and the amount of the contribution, making payments to super funds, processing any adjustments and recoveries and completing requests for review. Successful delivery is demonstrated by the:

- number of beneficiaries of individual contribution entitlements determined;

- value of individual contribution entitlements determined; and
- percentage of original, current year, contributions paid to superannuation funds within 60 days.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.16: Private Health Insurance Rebate

Program objective

The Australian Government introduced the Private Health Insurance Rebate as an incentive to take up private health insurance.

The Department of Health and Ageing has policy responsibility for the program, whilst administration of the program is split between the ATO, the Department of Human Services (Program 1.1) and registered health insurers, depending on the claim method.

Program expenses

The estimates show moderate growth across the forward years.

Table 2.17: Program 1.16 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	206,000	191,000	200,000	210,000	221,000
Total program expenses	206,000	191,000	200,000	210,000	221,000

Program deliverables

The ATO is responsible for administering the rebate through the income tax return lodgment process and providing compliance assurance and support for the process. The ATO also provides marketing and education support for individuals and their agents. Successful delivery is demonstrated by the:

- number of claims processed; and
- dollar value of rebates processed.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.17: Superannuation Co-contribution Scheme

Program objective

The Superannuation Co-contribution Scheme is an Australian Government initiative to help low and middle income earners save for their retirement. Eligible individuals that make personal superannuation contributions to a complying superannuation fund or retirement savings account receive a co-contribution from the Government up to certain limits.

The Treasury has policy responsibility for the program, while the ATO administers the program and provides information and support to individuals and superannuation funds through marketing and education services.

Program expenses

The lower estimate in 2012-13 reflects a lower take-up rate than previously expected. Estimates for 2013-14 and the forward years show moderate growth.

Table 2.18: Program 1.17 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	83,000	138,000	140,000	144,000	148,000
Total program expenses	83,000	138,000	140,000	144,000	148,000

Program deliverables

The ATO is responsible for determining eligibility and the amount of entitlement, making payments, processing any adjustments and recoveries and completing requests for review. Successful delivery is demonstrated by the:

- number of beneficiaries of individual co contribution entitlements determined;
- value of individual co-contribution entitlements determined; and
- percentage of original, current year, co-contributions paid to superannuation funds within 60 days.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.18: Superannuation Guarantee Scheme

Program objective

Under the *Superannuation Guarantee (Administration) Act 1992*, most employers must pay superannuation contributions (in addition to gross salary and wages paid) into a complying superannuation fund or retirement savings account so that their eligible employees can enjoy the benefits of superannuation in their retirement.

Program expenses

The estimates show moderate growth across the forward years.

Table 2.19 Program 1.18 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations:					
<i>Superannuation Guarantee (Administration) Act 1992</i>	328,000	339,000	362,300	384,000	419,000
Total program expenses	328,000	339,000	362,300	384,000	419,000

Program deliverables

To ensure that employers meet their obligations, the ATO checks employer records, investigates employee complaints and referrals in relation to choice of fund and superannuation guarantee contributions. Successful delivery is demonstrated by the:

- number of superannuation guarantee complaints leading to a superannuation liability being raised and those leading to no result;
- number of employees who have had superannuation guarantee entitlements raised through compliance activities and voluntary disclosures;
- number of employers whose records are checked;
- dollar value of superannuation guarantee charge:
 - raised (including penalties and interest);
 - collected; and

- transferred to superannuation funds or paid to individuals;
- percentage of superannuation guarantee cases completed in a timely manner; and
- value of superannuation guarantee debt on hand and the amount of superannuation guarantee debt irrecoverable at law or uneconomical to pursue.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by payments being made in accordance with the law.

Program 1.19: Interest on Overpayments and Early Payments of Tax

Program objective

Various laws provide for credit interest to be paid to taxpayers in certain circumstances on certain refunded amounts where the amounts are not refunded within a specified time.

There are three general categories under the *Taxation (Interest on Overpayments and Early Payments) Act 1983* which create credit interest entitlements for taxpayers in certain circumstances:

- interest on early payments of tax;
- interest on overpayments of tax; and
- delayed refund interest.

Program expenses

There are no significant changes to estimates across the forward years.

Table 2.20: Program 1.19 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	500,000	500,000	500,000	500,000	500,000
Total program expenses	500,000	500,000	500,000	500,000	500,000

Program deliverables

The ATO administers eligibility and payments under the *Taxation (Interest on Overpayments and Early Payments) Act 1983*. Successful delivery is demonstrated by the:

- dollar value of interest paid.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by interest entitlements being made in accordance with the law.

Program 1.20: Bad and Doubtful Debts and Remissions

Program objective

Taxpayers are expected to pay their taxation debts as and when they fall due for payment. Where tax debts are not paid by the due date, the ATO has the responsibility of collecting the outstanding amount.

This program deals with both the tax debt and the additional charges for late payment (such as general interest charge) automatically imposed by legislation, that is unlikely to be recovered.

While the program is primarily concerned with assisting taxpayers to meet their payment and lodgment obligations, the provision for bad and doubtful debts and discretion allowed for remission of additional charges for late payment is an expense to the Australian Government.

Program expenses

Bad debt write-offs are expected to be higher in 2012-13 and 2013-14 than in the forward years.

Table 2.21: Program 1.20 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Administered item					
<i>Expenses not requiring appropriation</i>					
in Budget year	6,782,536	6,985,728	5,886,996	6,280,110	6,680,000
Total program expenses	6,782,536	6,985,728	5,886,996	6,280,110	6,680,000

Program deliverables

The ATO administers Bad and Doubtful Debts and Remissions based on legislation and ATO policy. Successful delivery is demonstrated by the:

- dollar value of provisions; and
- dollar value of remissions.

Program key performance indicators

The ATO's role in successfully delivering this program is demonstrated by determining bad and doubtful debts and remissions in accordance with ATO policy and legislation.

Program 1.21: Other Administered

Other Administered includes the Tax Bonus, the Seafarer Tax Offset, the Conservation Tillage Refundable Tax Offset and Interest on Lost Superannuation Accounts.

Program objectives

The Tax Bonus is part of the Australian Government's Nation Building Economic Stimulus Plan, which provided for targeted bonus payments to assist households and support economic growth. The Tax Bonus payment commenced from April 2009 and will continue until all eligible people have been paid.

The Seafarer Tax Offset commenced from 1 July 2012. This measure is part of the Government's shipping policy reform *Stronger Shipping for a Stronger Economy* announced in the 2010 election, and is designed to stimulate employment opportunities for Australian seafarers to gain maritime skills. The offset will provide a refundable tax offset for qualifying companies employing eligible seafarers.

The Conservation Tillage Refundable Tax Offset is part of the Carbon Farming Futures program, which has been established to help farmers and landholders benefit from carbon farming. The offset will help landholders benefit from carbon farming by enabling primary producers to claim a 15 per cent refundable tax offset for new eligible conservation tillage equipment installed and ready for use between 1 July 2012 and 30 June 2015, provided that they participate in soil carbon sequestration research.

Interest payments on lost superannuation accounts held by the ATO were announced in the Government's 2012-13 MYEFO statement. This change aims to preserve the value of lost member accounts by ensuring the ATO pays interest at a rate equivalent to the Consumer Price Index. Interest will accrue from 1 July 2013 on all unclaimed superannuation accounts currently held and from the due date future lost accounts are to be reported to the ATO.

Program expenses

The Tax Bonus is a one-off payment. The program ceased in 2009-10 but payments will continue until all eligible people have been paid.

There has been no change to the Seafarer Tax Offset estimates.

As the Conservation Tillage Refundable Tax Offset program ceases on 30 June 2015, the estimates decrease significantly in 2015-16.

Interest on lost superannuation accounts estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2013-14* for further information.

Table 2.22: Program 1.21 expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)					
- Tax Bonus	-	-	-	-	-
- Seafarer Tax Offset	15,000	20,600	16,800	22,200	24,000
- Conservation Tillage Refundable Tax Offset	14,000	14,000	15,000	2,000	-
- Interest on Unclaimed Superannuation Money	31,000	1,000	1,000	4,400	4,600
Total program expenses	60,000	35,600	32,800	28,600	28,600

Program deliverables

The ATO's role in delivery of the Tax Bonus involves automatically calculating eligibility and entitlement and sending payments of up to \$900 to those eligible taxpayers. Successful delivery is demonstrated by the:

- dollar value of tax bonus paid; and
- number of claims.

The ATO is responsible for administering the Seafarer Tax Offset through the income tax return lodgment process. Successful delivery is demonstrated by the:

- dollar value of tax offsets processed; and
- number of tax offsets processed.

The ATO is responsible for administering the Conservation Tillage Refundable Tax Offset through the income tax return lodgment process. Successful delivery is demonstrated by the:

- dollar value of tax offsets processed; and
- number of tax offsets processed.

Australian Taxation Office Budget Statements

The ATO is responsible for the calculation and payment of interest on all unclaimed superannuation accounts when the accounts are reclaimed from the ATO. Successful delivery is demonstrated by the:

- dollar value of interest payments processed; and
- number of interest payments processed.

Program key performance indicators

The ATO's role in successfully delivering these measures is demonstrated by payments being made in accordance with the law.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses, and movements in administered funds, special accounts and government indigenous expenditure.

3.1 Explanatory tables

3.1.1 Movement of administered funds between years

Administered funds can be provided for a specified period, for example, under annual Appropriation Acts. Table 3.1 shows the approved movement of administered funds between years.

	2012-13	2013-14	2014-15	2015-16	2016-17
	\$'000	\$'000	\$'000	\$'000	\$'000
Program 1.1 ¹	-	4,079	(5,308)	(3,079)	-
Total Movement of Administered Funds	-	4,079	(5,308)	(3,079)	-

1. The movement of funds enables campaign advertising for superannuation reforms to be brought forward.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by the ATO.

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2013-14 2012-13	Receipts 2013-14 2012-13	Payments 2013-14 2012-13	Adjustments 2013-14 2012-13	Closing balance 2013-14 2012-13
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Charities and Not-for-profits Commission Special Account(D)	1	-	15,130	15,130	-	-
		-	7,455	7,455	-	-
Excise Security Deposits Account(A)	1	551 401	-	-	-	551 551
Services for Other Entities and Trust Moneys Special Account(A)	1	1,814 1,814	10,000 10,000	10,000 10,000	-	1,814 1,814
Superannuation Holding Accounts Special Account(A)	1	62,687 68,287	63,400 2,600	12,500 8,200	-	113,587 62,687
Valuation Services Special Account(D)	1	13,683 14,376	35,854 38,623	37,134 39,316	-	12,403 13,683
Total special accounts 2013-14 Budget estimate		78,735	124,384	74,764	-	128,355
Total special accounts 2012-13 estimate actual		84,878	58,828	64,971	-	78,735

(A) = Administered.
(D) = Departmental.

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
	Australian Taxation Office Outcome 1						
Total outcome 2013-14	13,367	-	-	13,367	-	13,367	1.1
<i>Total outcome 2012-13</i>	<i>5,686</i>	-	-	<i>5,686</i>	-	<i>5,686</i>	<i>1.1</i>

3.2 Budgeted financial statements

3.2.1 Differences in agency resourcing and financial statements

There are no material differences in agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

The ATO is budgeting for a balanced budget in 2013-14 after income tax equivalents expense from the Australian Valuation Office (AVO).

This excludes the impact of Operation Sunlight changes to funding whereby depreciation and amortisation expenses are not funded by appropriation from 2010-11 onward.

The budgeted departmental income statement also reflects changes arising from Budget measures as outlined in Table 2.1.

Budgeted departmental balance sheet

The ATO's assets are predominantly non-financial assets. In 2013-14, the increase in non-financial assets mainly reflects the continued development or improvement of internally developed systems and software in support of the Government's 'Stronger Super' initiatives. The ATO is also continuing to refresh a number of property holdings which are subject to lease expiry.

The ATO's liabilities continue to be predominantly employee entitlements.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost of Services)
(for the period ended 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	2,183,706	2,266,481	2,256,135	2,227,917	2,257,402
Supplier	1,174,768	1,196,708	1,197,637	1,182,372	1,190,932
Depreciation and amortisation	138,227	137,070	131,458	122,504	120,017
Income tax	257	61	151	196	253
Total expenses	3,496,958	3,600,320	3,585,381	3,532,989	3,568,604
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	106,489	103,981	105,739	108,105	111,313
Other revenue	525	538	543	547	552
Total revenue	107,014	104,519	106,282	108,652	111,865
Gains					
Other	3,937	4,095	4,095	4,095	4,216
Total gains	3,937	4,095	4,095	4,095	4,216
Total own-source income	110,951	108,614	110,377	112,747	116,081
Net cost of (contribution by) services	3,386,007	3,491,706	3,475,004	3,420,242	3,452,523
Appropriation revenue	3,249,014	3,355,354	3,344,436	3,298,697	3,333,568
Surplus (deficit) attributable to the Australian Government	(136,993)	(136,352)	(130,568)	(121,545)	(118,955)
Note: Impact of Net Cash Appropriation Arrangements					
	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	600	142	352	458	593
plus depreciation/amortisation expenses previously funded through revenue appropriations	137,593	136,494	130,920	122,003	119,548
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	138,193	136,636	131,272	122,461	120,141

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	26,902	32,866	32,578	32,246	31,954
Trade and other receivables	506,928	470,897	489,294	419,136	439,130
Total financial assets	533,830	503,763	521,872	451,382	471,084
Non-financial assets					
Land and buildings	230,696	223,904	223,873	236,765	239,277
Infrastructure, plant and equipment	52,978	30,324	30,306	28,560	17,113
Intangibles	450,592	557,758	568,331	557,317	565,488
Other	46,368	46,292	46,376	46,491	46,454
Total non-financial assets	780,634	858,278	868,886	869,133	868,332
Total assets	1,314,464	1,362,041	1,390,758	1,320,515	1,339,416
LIABILITIES					
Interest bearing liabilities					
Leases	106,727	98,792	93,192	83,657	74,224
Total interest bearing liabilities	106,727	98,792	93,192	83,657	74,224
Provisions					
Employees	867,942	895,165	919,807	843,754	872,252
Total provisions	867,942	895,165	919,807	843,754	872,252
Payables					
Suppliers	239,252	246,249	251,238	265,890	265,908
Dividends	765	300	72	176	229
Other	12,839	12,627	12,701	12,728	12,792
Total payables	252,856	259,176	264,011	278,794	278,929
Total liabilities	1,227,525	1,253,133	1,277,010	1,206,205	1,225,405
Net assets	86,939	108,908	113,748	114,310	114,011
EQUITY					
Contributed equity	829,504	987,895	1,123,480	1,245,816	1,364,769
Reserves	98,050	98,050	98,050	98,050	98,050
Retained surpluses or accumulated deficits	(840,615)	(977,037)	(1,107,782)	(1,229,556)	(1,348,808)
Total equity	86,939	108,908	113,748	114,310	114,011
Current assets	556,729	576,880	589,043	559,292	567,297
Non-current assets	757,735	785,161	801,715	761,223	772,119
Current liabilities	577,772	589,825	601,064	567,737	576,774
Non-current liabilities	649,753	663,308	675,946	638,468	648,631

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	106,184	103,561	105,131	107,964	111,313
Appropriations	3,128,102	3,359,009	3,300,660	3,350,718	3,303,036
Interest	366	375	375	375	375
Other	213,395	183,777	188,218	185,028	189,702
Total cash received	3,448,047	3,646,722	3,594,384	3,644,085	3,604,426
Cash used					
Employees	2,142,110	2,240,461	2,231,435	2,305,746	2,228,851
Suppliers	1,228,539	1,253,216	1,262,479	1,245,418	1,280,322
Income taxes paid	1,693	1,380	1,482	1,541	1,600
Other	119,026	89,002	92,807	91,236	93,416
Total cash used	3,491,368	3,584,059	3,588,203	3,643,941	3,604,189
Net cash from or (used by) operating activities	(43,321)	62,663	6,181	144	237
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	179,326	214,790	141,982	122,636	119,253
Total cash used	179,326	214,790	141,982	122,636	119,253
Net cash from or (used by) investing activities	(179,326)	(214,790)	(141,982)	(122,636)	(119,253)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	175,741	158,391	135,585	122,336	118,953
Total cash received	175,741	158,391	135,585	122,336	118,953
Cash used					
Dividends paid	765	300	72	176	229
Total cash used	765	300	72	176	229
Net cash from or (used by) financing activities	174,976	158,091	135,513	122,160	118,724
Net increase or (decrease) in cash held	(47,671)	5,964	(288)	(332)	(292)
Cash at the beginning of the reporting period	74,573	26,902	32,866	32,578	32,246
Cash at the end of the reporting period	26,902	32,866	32,578	32,246	31,954

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	(840,615)	98,050	-	829,504	86,939
Adjusted opening balance	(840,615)	98,050	-	829,504	86,939
Transactions with owners					
<i>Operating result after extraordinary items</i>	(136,352)	-	-	-	(136,352)
<i>Distribution to owners</i>					
Returns on capital dividends	(70)	-	-	-	(70)
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	47,359	47,359
Injection for departmental capital budget	-	-	-	111,032	111,032
Total transactions with owners	(136,422)	-	-	158,391	21,969
Estimated closing balance as at 30 June 2014	(977,037)	98,050	-	987,895	108,908

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	110,884	111,032	112,216	113,093	115,326
Equity injections - Bill 2	64,857	47,359	23,369	9,243	3,627
Total new capital appropriations	175,741	158,391	135,585	122,336	118,953
Provided for:					
Purchase of non-financial assets	175,741	157,528	135,585	122,336	118,953
Other Items	-	863	-	-	-
Total Items	175,741	158,391	135,585	122,336	118,953
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	51,536	74,799	25,495	9,243	3,627
Funded by capital appropriation - DCB	110,884	111,032	112,216	113,093	115,326
Funded internally from departmental resources	16,906	28,959	4,271	300	300
TOTAL	179,326	214,790	141,982	122,636	119,253
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	179,326	214,790	141,982	122,636	119,253
Total cash used to acquire assets	179,326	214,790	141,982	122,636	119,253

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013				
Gross book value	274,482	137,445	1,040,992	1,452,919
Accumulated depreciation/amortisation and impairment	43,786	84,467	590,400	718,653
Opening net book balance	230,696	52,978	450,592	734,266
Capital asset additions				
By purchase - appropriation equity	-	-	74,799	74,799
Own source revenue	28,059	-	900	28,959
By purchase - appropriation ordinary annual services	-	1,000	110,032	111,032
Total additions	28,059	1,000	185,731	214,790
Other movements				
Depreciation/amortisation expense	34,851	23,654	78,565	137,070
Total other movements	34,851	23,654	78,565	137,070
As at 30 June 2014				
Gross book value	302,541	138,445	1,226,723	1,667,709
Accumulated depreciation/amortisation and impairment	78,637	108,121	668,965	855,723
Closing net book balance	223,904	30,324	557,758	811,986

Prepared on Australian Accounting Standards basis.

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	7,394,000	7,773,544	7,870,195	8,297,797	8,557,001
Personal benefits	1,261,600	1,323,600	1,310,700	1,335,400	1,364,400
Suppliers	4,536	6,697	784	531	31
Write down and impairment of assets	500,000	500,000	500,000	500,000	500,000
Finance costs	6,782,536	6,985,728	5,886,996	6,280,110	6,680,000
Other	359,000	340,000	363,300	388,400	423,600
Total expenses administered on behalf of government	16,301,672	16,929,569	15,931,975	16,802,238	17,525,032
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Income tax	242,440,000	265,570,000	284,700,000	311,320,000	334,550,000
Indirect tax	76,970,000	80,310,000	83,890,000	87,630,000	91,340,000
Other taxes, fees and fines	629,952	690,197	733,486	776,791	841,402
Total taxation revenue	320,039,952	346,570,197	369,323,486	399,726,791	426,731,402
Non-taxation revenue					
Fees and fines	-	-	-	6,500	-
Other revenue	525,000	140,000	36,000	94,000	103,000
Total non-taxation revenue	525,000	140,000	36,000	100,500	103,000
Total own-source revenues administered on behalf of Government	320,564,952	346,710,197	369,359,486	399,827,291	426,834,402
Net Cost of (contribution by) services	(304,263,280)	(329,780,628)	(353,427,511)	(383,025,053)	(409,309,370)
Surplus (Deficit)	304,263,280	329,780,628	353,427,511	383,025,053	409,309,370

Prepared on Australian Accounting Standards basis. Also refer note in Section 3.2.4 on Recognition of taxation revenue and Items recognised as reductions to taxation revenue.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	480,056	480,056	480,056	480,056	480,056
Receivables	18,909,284	21,410,556	24,891,560	28,755,450	32,824,991
Accrued revenues	10,736,630	10,986,630	11,621,630	12,256,630	12,901,630
Total financial assets	30,125,970	32,877,242	36,993,246	41,492,136	46,206,677
Total assets administered on behalf of government	30,125,970	32,877,242	36,993,246	41,492,136	46,206,677
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	2,305,293	2,305,293	2,305,293	2,305,293	2,305,293
Other provisions	1,294,943	1,112,943	963,243	861,643	887,543
Total provisions	3,600,236	3,418,236	3,268,536	3,166,936	3,192,836
Payables					
Subsidies	2,408,255	2,592,799	2,473,450	2,587,052	2,717,456
Personal benefits payable	1,430,702	1,552,202	1,559,302	1,598,202	1,644,090
Other payables	910,426	961,326	977,126	1,002,026	1,025,726
Total payables	4,749,383	5,106,327	5,009,878	5,187,280	5,387,272
Total liabilities administered on behalf of government	8,349,619	8,524,563	8,278,414	8,354,216	8,580,108
Net assets/(liabilities)	21,776,351	24,352,679	28,714,832	33,137,920	37,626,569

Prepared on Australian Accounting Standards basis. Also refer note in Section 3.2.4 on Recognition of taxation revenue and Items recognised as reductions to taxation revenue.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	310,770,000	336,310,000	358,700,000	388,380,000	414,750,000
Other	1,456,552	536,597	541,086	623,691	775,861
Total cash received	312,226,552	336,846,597	359,241,086	389,003,691	415,525,861
Cash used					
Borrowing costs	500,000	500,000	500,000	500,000	500,000
Subsidies paid	7,169,000	7,589,000	7,989,544	8,184,195	8,426,597
Personal benefits	792,700	1,202,100	1,303,600	1,296,500	1,318,512
Payments to suppliers	4,536	6,697	784	531	31
Other	309,200	344,500	381,800	420,500	460,000
Total cash used	8,775,436	9,642,297	10,175,728	10,401,726	10,705,140
Net cash from or (used by) operating activities	303,451,116	327,204,300	349,065,358	378,601,965	404,820,721
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	8,775,436	9,642,297	10,175,728	10,401,726	10,705,140
Total cash received	8,775,436	9,642,297	10,175,728	10,401,726	10,705,140
Cash used					
Cash to Official Public Account	312,226,552	336,846,597	359,241,086	389,003,691	415,525,861
Total cash used	312,226,552	336,846,597	359,241,086	389,003,691	415,525,861
Net cash from or (used by) financing activities	(303,451,116)	(327,204,300)	(349,065,358)	(378,601,965)	(404,820,721)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	480,056	480,056	480,056	480,056	480,056
Cash at end of reporting period	480,056	480,056	480,056	480,056	480,056

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

The ATO does not have any administered capital.

Table 3.2.11: Schedule of asset movements — Administered

The ATO does not have any administered non-financial assets.

3.2.4 Notes to the financial statements

Basis of accounting

The budgeted financial statements have been prepared on an accrual basis.

Notes to the departmental statements

The departmental financial statements, included in Tables 3.2.1 to 3.2.6 have been prepared on the basis of Australian Accounting Standards and Department of Finance and Deregulation guidance for the preparation of financial statements.

The budget statements and estimated forward years have been prepared to reflect the following matters.

Cost of administering goods and services tax

Departmental statements include the estimated costs of administering the goods and services tax (GST) pursuant to the 'intergovernmental agreement on the reform of Commonwealth-State Financial Relations'. The GST revenue is collected on behalf of the States and Territories which agree to compensate the Australian Government for the agreed GST administration costs.

The recovery of GST administration costs are reported under the Treasury.

Notes to the administered statements

The administered financial statements included in Tables 3.2.7 to 3.2.9 have been prepared on the basis of Australian Accounting Standards and Department of Finance and Deregulation guidance for the preparation of financial statements.

The standards require that taxation revenues are recognised on an accrual basis when the following conditions apply:

- the taxpayer or the taxpayer group can be identified in a reliable manner;
- the amount of tax or other statutory charge is payable by the taxpayer or taxpayer group under legislative provisions; and
- the amount of the tax or statutory charge payable by the taxpayer or taxpayer group can be reliably measured, and it is probable that the amount will be collected.

The amount of taxation revenue recognised takes account of legislative steps, discretion to be exercised and any refunds and/or credit amendments to which the taxpayers may become entitled.

Recognition of taxation revenue

Taxation revenue is recognised when the Government, through the application of legislation by the ATO and other relevant activities, gains control over the future economic benefits that flow from taxes and other statutory charges. This methodology, known as the Economic Transaction Method (ETM), relies on the estimation of probable flows of taxes from transactions which have occurred in the economy, but have not yet been reported, and are likely to be reported to the ATO through an assessment or disclosure.

However in circumstances when there is an 'inability to reliably measure tax revenues when the underlying transactions or events occur', the accounting standards permit an alternative approach known as the Taxation Liability Method (TLM). Under this basis, taxation revenue is recognised at the earlier of when an assessment of a tax liability is made or payment is received by the ATO. This recognition policy means that taxation revenue is generally measured at a later time than would be the case if it were measured under the ETM method.

In accordance with the above revenue recognition approach, the ATO uses ETM as the basis for revenue recognition, except for income tax for individuals, companies and superannuation funds and superannuation surcharge which are recognised on a TLM basis.

Items recognised as reductions to taxation revenue

The following items are recognised as reductions (increases) to taxation revenue and not as an expense:

- refunds of revenue; and
- increase (decrease) in movement of provision for credit amendments.