

# AUSTRALIAN TAXATION OFFICE

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## AUSTRALIAN TAXATION OFFICE

### Section 1: Agency overview and resources

#### 1.1 STRATEGIC DIRECTION

There has been no significant change to the strategic direction of the Australian Taxation Office (ATO) from that outlined in the *Portfolio Budget Statements 2012-13* (pages 181-182).

The ATO is seeking \$19.0 million in departmental funding through Appropriation Bill (No. 3) 2012-13. This relates to an additional \$36.5 million which is offset by a reduction of \$17.5 million.

The additional \$36.5 million relates to \$0.1 million for supplementation for fringe benefits tax changes to living-away-from-home allowances and benefits, \$0.2 million for the 2015 Cricket World Cup, and the following measures outlined in the *Mid-Year Economic and Fiscal Outlook 2012-13*:

- Monthly PAYG instalments for large companies (\$2.4 million);
- Private Health Insurance Rebate – indexing the Government's contribution (\$2.2 million);
- Private Health Insurance Rebate – removal of rebate on lifetime health cover loading (\$1.2 million);
- Superannuation – reform of arrangements relating to transfer of lost member accounts to the ATO (\$5.6 million);
- Superannuation – reform of SMSF levy arrangements (\$0.6 million); and
- Tax compliance – maintaining the integrity of the tax and superannuation system (\$24.3 million).

This funding is offset by a reduction of \$17.5 million that relates to the Company tax cut – do not proceed (\$0.6 million) and Fire Service Levy – reduction (\$0.2 million) measures as outlined in Budget Paper No. 2, *Budget Measures 2012-13*, and the following measures outlined in the *Mid-Year Economic and Fiscal Outlook 2012-13*:

- SuperStream – reduction in Superannuation Supervisory levy (\$2.0 million); and
- Targeted savings – public service efficiencies (\$14.8 million).

Agency Additional Estimates Statements – ATO

The ATO is also seeking an additional \$0.3 million in administered items through Appropriation Bill (No. 3) 2012-13. This is associated with the Superannuation – reform of arrangements relating to transfer of lost member accounts to the ATO measure outlined in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

The ATO is also seeking an additional \$1.7 million as an equity injection through Appropriation Bill (No. 4) 2012-13. This is associated with the Superannuation – reform of arrangements relating to transfer of lost member accounts to the ATO measure outlined in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and departmental classification.

**Table 1.1: Australian Taxation Office resource statement — additional estimates for 2012-13 as at Additional Estimates February 2013**

	Estimate as at Budget 2012-13 \$'000	Proposed additional estimates 2012-13 \$'000	Total estimate at Additional Estimates 2012-13 \$'000	Total available appropriation 2011-12 \$'000
<b>Ordinary annual services</b>				
<b>Departmental appropriation</b>				
Prior year departmental appropriation	429,913	-	429,913	-
Departmental appropriation <sup>1</sup>	3,333,657	18,995 <sup>2</sup>	3,352,652	3,277,508
s31 Relevant agency receipts	47,329	23,586	70,915	110,674
<b>Total</b>	<b>3,810,899</b>	<b>42,581</b>	<b>3,853,480</b>	<b>3,388,182</b>
<b>Administered expenses</b>				
Outcome 1	4,286	250	4,536	537
<b>Total</b>	<b>4,286</b>	<b>250</b>	<b>4,536</b>	<b>537</b>
<b>Total ordinary annual services</b>	<b>A 3,815,185</b>	<b>42,831</b>	<b>3,858,016</b>	<b>3,388,719</b>
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections	62,975	1,674 <sup>3</sup>	64,649	32,175
<b>Total other services</b>	<b>B 62,975</b>	<b>1,674</b>	<b>64,649</b>	<b>32,175</b>
<b>Total available annual appropriations (A+B)</b>	<b>3,878,160</b>	<b>44,505</b>	<b>3,922,665</b>	<b>3,420,894</b>
<b>Special appropriations</b>				
<i>Product Grants and Benefits</i>				
<i>Administration Act 2000 -</i>				
Cleaner Fuel Grants	33,501	6,499	40,000	31,906
Product Stewardship for oil	44,000	-	44,000	40,000
<i>Superannuation Guarantee</i>				
<i>(Administration) Act 1992</i>	319,000	-	319,000	303,000
<i>Taxation Administration Act 1953 -</i>				
<i>section 16 (Non-refund items)<sup>4</sup></i>	8,809,219	236,000	9,045,219	8,419,620
<b>Total special appropriations</b>	<b>C 9,205,720</b>	<b>242,499</b>	<b>9,448,219</b>	<b>8,794,526</b>
<b>Total appropriations excluding special accounts (A+B+C)</b>	<b>13,083,880</b>	<b>287,004</b>	<b>13,370,884</b>	<b>12,215,420</b>

**Table 1.1: Australian Taxation Office resource statement — additional estimates for 2012-13 as at Additional Estimates February 2013 (continued)**

	Estimate as at Budget 2012-13 \$'000	Proposed additional estimates 2012-13 \$'000	=	Total estimate at Additional Estimates 2012-13 \$'000	Total available appropriation 2011-12 \$'000
<b>Special accounts</b>					
Opening balance	84,878	-		84,878	86,862
Appropriation receipts	19,500	(16,900)		2,600	9,089
Non-appropriation receipts to special accounts	52,832	(1,862)		50,970	49,984
<b>Total special account</b>	<b>D 157,210</b>	<b>(18,762)</b>		<b>138,448</b>	<b>145,935</b>
<b>Total resourcing (A+B+C+D)</b>	<b>13,241,090</b>	<b>268,242</b>		<b>13,509,332</b>	<b>12,361,355</b>
Less receipts from other sources and credited to special accounts	19,500	(16,900)		2,600	9,089
<b>Total net resourcing for ATO</b>	<b>13,221,590</b>	<b>285,142</b>		<b>13,506,732</b>	<b>12,352,266</b>

1. Includes \$110.9 million in 2012-13 for the departmental capital budget (also refer to Table 3.2.5).

2. Appropriation Bill (No. 3) 2012-13.

3. Appropriation Bill (No. 4) 2012-13.

4. These figures relate to administered expenses including fuel tax credits, superannuation co-contributions, low income superannuation contributions and research and development subsidies. Tax refund items for 2011-12 are \$83.4 billion including \$87 million paid via the Australian Customs Service (ACS) on the ATO's behalf. Estimated tax refund items for 2012-13 are \$92.2 billion (including \$125 million paid via the ACS on the ATO's behalf).

### 1.3 AGENCY MEASURES

Table 1.2 summarises new Government measures taken since the 2012-13 Budget. The table is split into expense and capital measures, with the affected program identified.

**Table 1.2: Agency measures since Budget**

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Expense measures</b>					
Conservation tillage offset - change to eligibility criteria					
Administered expenses	1.22	-	-	-	-
Fire Service Levy - reduction(a)					
Departmental expenses	1.1	(178)	(186)	(194)	(194)
Linking the Australian carbon pricing mechanism and European Union emissions trading scheme					
Administered expenses	1.13	-	-	-	-
Monthly PAYG instalments for large companies					
Departmental expenses	1.1	2,447	4,049	2,606	2,464
More convenient access to online government services					
Departmental expenses	1.1	-	-	-	-
Private Health Insurance Rebate - indexing the Government's contribution					
Departmental expenses	1.1	2,161	1,575	98	99
- removal of rebate on lifetime health cover loading					
Departmental expenses	1.1	1,209	1,142	2,843	99
Superannuation					
- reform of arrangements relating to transfer of lost member accounts to the ATO(b)					
Departmental expenses	1.1	5,563	42,860	5,621	5,123
Administered expenses	1.1	250	-	-	-
Administered expenses	1.22	34,000	1,000	1,000	1,000
		39,813	43,860	6,621	6,123
- reform of SMSF levy arrangements(b)					
Departmental expenses	1.1	557	1,257	770	450
SuperStream - reduction in Superannuation Supervisory levy					
Departmental expenses	1.1	(2,000)	(7,442)	(7,888)	(6,864)
Administered expenses	1.1	-	(2,136)	(558)	(485)
		(2,000)	(9,578)	(8,446)	(7,349)

**Table 1.2: Agency measures since Budget (continued)**

	Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Expense measures (continued)</b>					
Targeted savings - public service efficiencies					
Departmental expenses	1.1	(14,752)	(14,265)	(14,347)	(14,133)
Tax compliance - maintaining the integrity of the tax and superannuation system(b)					
Departmental expenses	1.1	24,338	122,787	120,714	122,041
Administered expenses	1.1	-	30	30	31
Administered expenses	1.12	-	17,900	18,300	18,700
<b>Total expense measures</b>		24,338	140,717	139,044	140,772
Departmental		19,345	151,777	110,223	109,085
Administered		34,250	16,794	18,772	19,246
		53,595	168,571	128,995	128,331
<b>Capital measures</b>					
Superannuation					
- reform of arrangements relating to transfer of lost member accounts to the ATO					
	1.1	1,674	1,676	-	-
<b>Total capital measures</b>		1,674	1,676	-	-

Note: Details of these measures, except that denoted (a), are in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

(a) This measure was included in Budget Paper No. 2, *Budget Measures 2012-13*.

(b) These measures also relate to revenue measures.

## 1.4 ADDITIONAL ESTIMATES AND VARIATIONS

Table 1.3 details the additional estimates resulting from new measures since the 2012-13 Budget. Table 1.4 details the additional estimates resulting from other variations since the 2012-13 Budget.

**Table 1.3: Additional estimates and variations to outcomes from measures since the 2012-13 Budget**

	Program impacted	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Outcome 1</b>					
<b>Increase in estimates</b>					
Monthly PAYG instalments for large companies					
Departmental expenses	1.1	2,447	4,049	2,606	2,464
Private Health Insurance Rebate - indexing the Government's contribution					
Departmental expenses	1.1	2,161	1,575	98	99
- removal of rebate on lifetime health cover loading					
Departmental expenses	1.1	1,209	1,142	2,843	99
Superannuation					
- reform of arrangements relating to transfer of lost member accounts to the ATO					
Departmental expenses	1.1	5,563	42,860	5,621	5,123
Administered expenses	1.1	250	-	-	-
- reform of SMSF levy arrangements					
Departmental expenses	1.1	557	1,257	770	450
Tax compliance - maintaining the integrity of the tax and superannuation system					
Departmental expenses	1.1	24,338	122,787	120,714	122,041
<b>Decrease in estimates</b>					
Company tax cut - do not proceed(a)					
Departmental expenses	1.1	(600)	(1,200)	-	-
Fire Service Levy - reduction					
Departmental expenses	1.1	(178)	(186)	(194)	(194)
SuperStream - reduction in Superannuation Supervisory levy					
Departmental expenses	1.1	(2,000)	(7,442)	(7,888)	(6,864)



**Table 1.3: Additional estimates and variations to outcomes from measures since the 2012-13 Budget (continued)**

	Program impacted	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Decrease in estimates (continued)</b>					
Targeted savings - public service efficiencies					
Departmental expenses	1.1	(14,752)	(14,265)	(14,347)	(14,133)
<b>Net impact on estimates for outcome 1</b>					
Departmental		<b>18,745</b>	<b>150,577</b>	<b>110,223</b>	<b>109,085</b>
Administered		<b>250</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>18,995</b>	<b>150,577</b>	<b>110,223</b>	<b>109,085</b>
<b>Increase in estimates (capital)</b>					
Superannuation					
- reform of arrangements relating to transfer of lost member accounts to the ATO					
	1.1	1,674	1,676	-	-
<b>Net impact on estimates for outcome 1 (capital)</b>					
		<b>1,674</b>	<b>1,676</b>	<b>-</b>	<b>-</b>

(a) This was a measure included in Budget Paper No. 2, *Budget Measures 2012-13*.

**Table 1.4: Additional estimates and variations to outcomes from other variations**

	Program impacted	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Outcome 1</b>					
<b>Increase in estimates</b>					
2015 Cricket World Cup					
Departmental expenses	1.1	150	32	1,226	32
Supplementation for fringe benefits tax changes to living-away-from-home allowances and benefits					
Departmental expenses	1.1	100	100	200	200
<b>Net impact on estimates for outcome 1</b>					
		<b>250</b>	<b>132</b>	<b>1,426</b>	<b>232</b>

## 1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5 details the additional estimates sought for the ATO through Appropriation Bill No. 3. Table 1.6 details the additional estimates sought for the ATO through Appropriation Bill No. 4.

**Table 1.5: Appropriation Bill (No. 3) 2012-13**

	2011-12 available \$'000	2012-13 budget \$'000	2012-13 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>ORDINARY ANNUAL SERVICES</b>					
<b>Outcome 1:</b> 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					-
Departmental	3,277,508	3,333,657	3,352,652	18,995	-
Administered	537	4,286	4,536	250	-
<b>Total</b>	<b>3,278,045</b>	<b>3,337,943</b>	<b>3,357,188</b>	<b>19,245</b>	<b>-</b>

**Table 1.6: Appropriation Bill (No. 4) 2012-13**

	2011-12 available \$'000	2012-13 budget \$'000	2012-13 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
<b>Non-operating</b>					
Equity Injection	32,175	62,975	64,649	1,674	-
<b>Total</b>	<b>32,175</b>	<b>62,975</b>	<b>64,649</b>	<b>1,674</b>	<b>-</b>

## Section 2: Revisions to agency outcomes and planned performance

### 2.1 RESOURCES AND PERFORMANCE INFORMATION

There has been no change to the ATO's outcome or outcome strategy from that included in the *Portfolio Budget Statements 2012-13* (page 187).

There has been no change to the program objective, expenses, deliverables or key performance indicators for programs 1.2 to 1.22 that affect Appropriation Bills No. 3 and No. 4.

**Table 2.1: Budgeted expenses 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	2011-12 Actual expenses \$'000	2012-13 Revised estimated expenses \$'000
<b>Program 1.1: Australian Taxation Office</b>		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1 and No. 3)	528	4,536
Departmental expenses		
Departmental appropriation	3,063,492	3,121,612
Expenses not requiring appropriation in budget year	222,436	131,724
<b>Total for Program 1.1</b>	<b>3,286,456</b>	<b>3,257,872</b>
	2011-12	2012-13
<b>Average staffing level (number)</b>	21,864	21,440

**Program 1.1: Australian Taxation Office**

There has been no change to the program objective, deliverables or key performance indicators included in the *Portfolio Budget Statements 2012-13*.

**Table 2.2: Program expenses**

	2011-12 Actuals \$'000	2012-13 Revised budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
<b>Program Component 1.1.1 - Our expertise supports government priorities and encourages community participation</b>					
Annual departmental expenses:					
Departmental items	447,337	443,370	450,641	447,728	439,790
<b>Total component expenses</b>	<b>447,337</b>	<b>443,370</b>	<b>450,641</b>	<b>447,728</b>	<b>439,790</b>
<b>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</b>					
Annual departmental expenses:					
Departmental items	1,094,448	1,096,507	1,114,488	1,107,283	1,087,653
<b>Total component expenses</b>	<b>1,094,448</b>	<b>1,096,507</b>	<b>1,114,488</b>	<b>1,107,283</b>	<b>1,087,653</b>
<b>Program Component 1.1.3 - We support and protect people by dealing with those not willing to comply</b>					
Annual departmental expenses:					
Departmental items	1,744,143	1,713,459	1,741,558	1,730,299	1,699,624
Annual administered expenses:					
Administered items	528	4,536	2,497	5,592	3,110
<b>Total component expenses</b>	<b>1,744,671</b>	<b>1,717,995</b>	<b>1,744,055</b>	<b>1,735,891</b>	<b>1,702,734</b>
<b>Total program expenses</b>	<b>3,286,456</b>	<b>3,257,872</b>	<b>3,309,184</b>	<b>3,290,902</b>	<b>3,230,177</b>

## Section 3: Explanatory tables and budgeted financial statements

### 3.1 EXPLANATORY TABLES

#### 3.1.1 Estimates of special account flows

Special accounts provide a means to set aside and record amounts used for specific purposes. Table 3.1.1 shows the expected additions (receipts) and reductions (payments) for each account used by the ATO.

**Table 3.1.1: Estimates of special account flows**

		Opening balance <b>2012-13</b> 2011-12	Receipts <b>2012-13</b> 2011-12	Payments <b>2012-13</b> 2011-12	Adjustments <b>2012-13</b> 2011-12	Closing balance <b>2012-13</b> 2011-12
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Excise Security Deposits Account (A)	1	<b>401</b> 59	- 348	- 6	- -	<b>401</b> 401
Services for Other Entities and Trust Moneys Special Account (A)	1	<b>1,814</b> 1,632	<b>10,000</b> 9,766	<b>10,000</b> 9,584	- -	<b>1,814</b> 1,814
Superannuation Holding Accounts Special Account (A)	1	<b>68,287</b> 71,757	<b>2,600</b> 9,089	<b>8,300</b> 12,559	- -	<b>62,587</b> 68,287
Valuation Services Special Account (D)	1	<b>14,376</b> 13,414	<b>40,970</b> 39,870	<b>43,028</b> 38,908	- -	<b>12,318</b> 14,376
<b>Total special accounts 2012-13 Budget estimate</b>		<b>84,878</b>	<b>53,570</b>	<b>61,328</b>	-	<b>77,120</b>
Total special accounts 2011-12 actual		86,862	59,073	61,057	-	84,878

(A) Administered.

(D) Departmental.

## **3.2 BUDGETED FINANCIAL STATEMENTS**

### **3.2.1 Analysis of budgeted financial statements**

#### **Budgeted departmental comprehensive income statement**

The ATO is budgeting for a balanced budget in 2012-13 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 comprehensive income statement also reflects changes arising from Budget measures as outlined in Table 1.2.

#### **Budgeted departmental balance sheet**

The ATO's assets are predominantly non-financial assets. In 2012-13, the increase in non-financial assets 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.

### 3.2.2 Budgeted financial statements

#### Departmental financial statements

**Table 3.2.1: Budgeted departmental comprehensive income statement  
(for the period ended 30 June)**

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>EXPENSES</b>					
Employee benefits	2,238,587	2,182,735	2,223,228	2,198,927	2,142,149
Supplier	1,077,692	1,170,157	1,168,314	1,167,469	1,163,325
Depreciation and amortisation	126,169	128,601	131,396	133,975	136,599
Income tax	1,887	1,314	1,183	1,064	1,118
<b>Total expenses</b>	<b>3,444,335</b>	<b>3,482,807</b>	<b>3,524,121</b>	<b>3,501,435</b>	<b>3,443,191</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	91,742	107,239	106,702	106,679	109,049
Other revenue	6,519	547	525	500	500
<b>Total revenue</b>	<b>98,261</b>	<b>107,786</b>	<b>107,227</b>	<b>107,179</b>	<b>109,549</b>
<b>Gains</b>					
Other	3,271	3,937	4,095	4,095	4,095
<b>Total gains</b>	<b>3,271</b>	<b>3,937</b>	<b>4,095</b>	<b>4,095</b>	<b>4,095</b>
<b>Total own-source income</b>	<b>101,532</b>	<b>111,723</b>	<b>111,322</b>	<b>111,274</b>	<b>113,644</b>
<b>Net cost of (contribution by) services</b>	<b>3,342,803</b>	<b>3,371,084</b>	<b>3,412,799</b>	<b>3,390,161</b>	<b>3,329,547</b>
Appropriation revenue	3,131,020	3,241,768	3,281,317	3,256,681	3,193,925
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(211,783)</b>	<b>(129,316)</b>	<b>(131,482)</b>	<b>(133,480)</b>	<b>(135,622)</b>
<b>Note: Impact of Net Cash Appropriation Arrangements</b>					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>(85,614)</b>	<b>(715)</b>	<b>(86)</b>	<b>495</b>	<b>977</b>
plus depreciation/amortisation expenses previously funded through revenue appropriations <sup>1</sup>	125,208	127,712	130,266	132,871	135,529
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>39,594</b>	<b>126,997</b>	<b>130,180</b>	<b>133,366</b>	<b>136,506</b>

Prepared on Australian Accounting Standards basis.

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

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	74,573	32,781	29,515	29,117	29,184
Trade and other receivables	416,032	466,814	473,727	501,518	440,329
<b>Total financial assets</b>	<b>490,605</b>	<b>499,595</b>	<b>503,242</b>	<b>530,635</b>	<b>469,513</b>
<b>Non-financial assets</b>					
Land and buildings	203,644	227,449	246,577	234,483	269,863
Infrastructure, plant and equipment	81,397	77,197	68,943	78,284	59,683
Intangibles	393,235	427,197	450,721	443,017	411,241
Other	46,537	46,407	45,593	44,898	44,296
<b>Total non-financial assets</b>	<b>724,813</b>	<b>778,250</b>	<b>811,834</b>	<b>800,682</b>	<b>785,083</b>
<b>Total assets</b>	<b>1,215,418</b>	<b>1,277,845</b>	<b>1,315,076</b>	<b>1,331,317</b>	<b>1,254,596</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	76,852	72,695	72,354	72,314	72,293
<b>Total interest bearing liabilities</b>	<b>76,852</b>	<b>72,695</b>	<b>72,354</b>	<b>72,314</b>	<b>72,293</b>
<b>Provisions</b>					
Employees	857,291	873,429	900,675	924,880	847,810
<b>Total provisions</b>	<b>857,291</b>	<b>873,429</b>	<b>900,675</b>	<b>924,880</b>	<b>847,810</b>
<b>Payables</b>					
Suppliers	232,478	239,274	246,280	251,179	265,855
Dividends	764	-	-	-	-
Other	14,434	12,631	12,605	12,576	12,590
<b>Total payables</b>	<b>247,676</b>	<b>251,905</b>	<b>258,885</b>	<b>263,755</b>	<b>278,445</b>
<b>Total liabilities</b>	<b>1,181,819</b>	<b>1,198,029</b>	<b>1,231,914</b>	<b>1,260,949</b>	<b>1,198,548</b>
<b>Net assets</b>	<b>33,599</b>	<b>79,816</b>	<b>83,162</b>	<b>70,368</b>	<b>56,048</b>
<b>EQUITY</b>					
Contributed equity	638,872	814,405	949,233	1,069,917	1,191,219
Reserves	98,050	98,050	98,050	98,050	98,050
Retained surpluses or accumulated deficits	(703,323)	(832,639)	(964,121)	(1,097,599)	(1,233,221)
<b>Total equity</b>	<b>33,599</b>	<b>79,816</b>	<b>83,162</b>	<b>70,368</b>	<b>56,048</b>
<b>Current assets</b>	<b>514,779</b>	<b>536,695</b>	<b>552,332</b>	<b>559,153</b>	<b>526,930</b>
<b>Non-current assets</b>	<b>700,639</b>	<b>741,150</b>	<b>762,744</b>	<b>772,164</b>	<b>727,666</b>
<b>Current liabilities</b>	<b>556,259</b>	<b>563,074</b>	<b>579,000</b>	<b>592,646</b>	<b>563,318</b>
<b>Non-current liabilities</b>	<b>625,560</b>	<b>634,955</b>	<b>652,914</b>	<b>668,303</b>	<b>635,230</b>

Prepared on Australian Accounting Standards basis.



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

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	92,176	110,536	109,771	109,440	112,320
Appropriations	3,073,208	3,159,888	3,262,679	3,217,407	3,242,601
Interest	550	472	450	425	425
Other	223,166	183,959	184,116	184,933	185,067
<b>Total cash received</b>	<b>3,389,100</b>	<b>3,454,855</b>	<b>3,557,016</b>	<b>3,512,205</b>	<b>3,540,413</b>
<b>Cash used</b>					
Employees	2,078,066	2,136,965	2,183,847	2,162,456	2,206,386
Suppliers	1,113,385	1,264,309	1,255,450	1,257,067	1,241,519
Income taxes paid	1,247	1,499	1,358	1,223	1,284
Other	118,506	88,649	88,824	89,431	90,857
<b>Total cash used</b>	<b>3,311,204</b>	<b>3,491,422</b>	<b>3,529,479</b>	<b>3,510,177</b>	<b>3,540,046</b>
<b>Net cash from or (used by) operating activities</b>	<b>77,896</b>	<b>(36,567)</b>	<b>27,537</b>	<b>2,028</b>	<b>367</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	38	-	-	-	-
<b>Total cash received</b>	<b>38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	182,612	180,758	165,631	123,110	121,602
<b>Total cash used</b>	<b>182,612</b>	<b>180,758</b>	<b>165,631</b>	<b>123,110</b>	<b>121,602</b>
<b>Net cash from or (used by) investing activities</b>	<b>(182,574)</b>	<b>(180,758)</b>	<b>(165,631)</b>	<b>(123,110)</b>	<b>(121,602)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	145,440	175,533	134,828	120,684	121,302
<b>Total cash received</b>	<b>145,440</b>	<b>175,533</b>	<b>134,828</b>	<b>120,684</b>	<b>121,302</b>
<b>Cash used</b>					
Dividends paid	1,653	-	-	-	-
<b>Total cash used</b>	<b>1,653</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>143,787</b>	<b>175,533</b>	<b>134,828</b>	<b>120,684</b>	<b>121,302</b>
Net Cash from/(to) Clearing Accounts	-	-	-	-	-
Manual Allocations	-	-	-	-	-
<b>Net increase or (decrease) in cash held</b>	<b>39,109</b>	<b>(41,792)</b>	<b>(3,266)</b>	<b>(398)</b>	<b>67</b>
Cash at the beginning of the reporting period	35,464	74,573	32,781	29,515	29,117
<b>Cash at the end of the reporting period</b>	<b>74,573</b>	<b>32,781</b>	<b>29,515</b>	<b>29,117</b>	<b>29,184</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2012-13)**

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2012</b>					
Balance carried forward from previous period	(703,323)	98,050	-	638,872	33,599
<b>Adjusted opening balance</b>	(703,323)	98,050	-	638,872	33,599
<b>Transactions with owners</b>					
<i>Operating result after extraordinary items</i>	(129,316)	-	-	-	(129,316)
<i>Distribution to owners</i>					
Returns on capital dividends	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Injection for capital works	-	-	-	64,649	64,649
Injection for departmental capital budget	-	-	-	110,884	110,884
<b>Total transactions with owners</b>	(129,316)	-	-	175,533	46,217
<b>Estimated closing balance as at 30 June 2013</b>	(832,639)	98,050	-	814,405	79,816

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget statement**

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	137,820	110,884	111,032	112,216	113,093
Equity injections - Bill 2	32,175	64,649	23,796	8,468	8,209
<b>Total new capital appropriations</b>	169,995	175,533	134,828	120,684	121,302
<b>Provided for:</b>					
Purchase of non-financial assets	169,995	175,533	134,828	120,684	121,302
<b>Total items</b>	169,995	175,533	134,828	120,684	121,302
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	30,024	51,328	52,099	10,594	8,209
Funded by capital appropriation - DCB	137,741	110,884	111,032	112,216	113,093
Funded internally from departmental resources	35,999	18,546	2,500	300	300
<b>TOTAL</b>	203,764	180,758	165,631	123,110	121,602
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	203,764	180,758	165,631	123,110	121,602
<b>Total cash used to acquire assets</b>	203,764	180,758	165,631	123,110	121,602

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
<b>As at 1 July 2012</b>				
Gross book value	212,718	138,760	890,536	1,242,014
Accumulated depreciation/amortisation and impairment	9,074	55,998	497,256	562,328
<b>Opening net book balance</b>	<b>203,644</b>	<b>82,762</b>	<b>393,280</b>	<b>679,686</b>
<b>Capital asset additions</b>				
By purchase - appropriation equity	-	-	51,328	51,328
By purchase - appropriation ordinary annual services	41,866	18,863	50,155	110,884
By purchase - other	14,629	3,671	246	18,546
<b>Total additions</b>	<b>56,495</b>	<b>22,534</b>	<b>101,729</b>	<b>180,758</b>
<b>Other movements</b>				
Depreciation/amortisation expense	32,690	28,099	67,812	128,601
<b>Total other movements</b>	<b>32,690</b>	<b>28,099</b>	<b>67,812</b>	<b>128,601</b>
<b>As at 30 June 2013</b>				
Gross book value	269,213	161,294	992,265	1,422,772
Accumulated depreciation/amortisation and impairment	41,764	84,097	565,068	690,929
<b>Closing net book balance</b>	<b>227,449</b>	<b>77,197</b>	<b>427,197</b>	<b>731,843</b>

Prepared on Australian Accounting Standards basis.

**Schedule of administered activity**

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

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Suppliers	528	4,536	2,497	5,592	3,110
Subsidies	7,242,826	7,256,619	7,951,544	7,693,195	7,813,797
Personal benefits	717,856	1,341,600	1,375,600	1,366,700	1,395,400
Finance costs	668,413	500,000	500,000	500,000	500,000
Write-down and impairment of assets	6,114,902	6,672,536	6,055,728	6,356,996	6,780,110
Other expenses	339,119	350,000	349,900	363,300	376,700
<b>Total expenses administered on behalf of Government</b>	<b>15,083,644</b>	<b>16,125,291</b>	<b>16,235,269</b>	<b>16,285,783</b>	<b>16,869,117</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Taxation revenue</b>					
Income tax	231,290,771	254,810,000	279,430,000	293,529,000	312,873,000
Indirect tax	75,484,526	78,450,000	81,370,000	85,100,000	88,820,000
Other taxes	761,125	1,110,952	816,897	739,986	766,091
<b>Total taxation revenue</b>	<b>307,536,422</b>	<b>334,370,952</b>	<b>361,616,897</b>	<b>379,368,986</b>	<b>402,459,091</b>
<b>Total own-sourced income administered on behalf of Government</b>	<b>307,536,422</b>	<b>334,370,952</b>	<b>361,616,897</b>	<b>379,368,986</b>	<b>402,459,091</b>
<b>Net Cost of (contribution by) services</b>					
<b>Surplus (Deficit)</b>	<b>292,452,778</b>	<b>318,245,661</b>	<b>345,381,628</b>	<b>363,083,203</b>	<b>385,589,974</b>

Prepared on Australian Accounting Standards basis.

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

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	480,056	480,056	480,056	480,056	480,056
Receivables	17,310,820	19,128,284	21,563,356	24,051,560	26,775,050
Accrued revenues	10,626,630	11,156,630	11,241,630	11,861,630	12,521,630
<b>Total financial assets</b>	<b>28,417,506</b>	<b>30,764,970</b>	<b>33,285,042</b>	<b>36,393,246</b>	<b>39,776,736</b>
<b>Total assets administered on behalf of government</b>	<b>28,417,506</b>	<b>30,764,970</b>	<b>33,285,042</b>	<b>36,393,246</b>	<b>39,776,736</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Provisions</b>					
Taxation refunds provided	2,705,293	2,705,293	2,705,293	2,705,293	2,705,293
Other provisions	686,943	713,943	671,943	692,943	714,943
<b>Total provisions</b>	<b>3,392,236</b>	<b>3,419,236</b>	<b>3,377,236</b>	<b>3,398,236</b>	<b>3,420,236</b>
<b>Payables</b>					
Subsidies	2,183,255	2,389,254	2,615,179	2,650,830	2,749,432
Personal benefits payable	961,802	1,489,402	1,627,202	1,636,302	1,679,202
Other payables	916,026	1,491,326	1,348,426	1,200,826	1,047,826
<b>Total payables</b>	<b>4,061,083</b>	<b>5,369,982</b>	<b>5,590,807</b>	<b>5,487,958</b>	<b>5,476,460</b>
<b>Total liabilities administered on behalf of government</b>	<b>7,453,319</b>	<b>8,789,218</b>	<b>8,968,043</b>	<b>8,886,194</b>	<b>8,896,696</b>
<b>Net assets/(liabilities)</b>	<b>20,964,187</b>	<b>21,975,752</b>	<b>24,316,999</b>	<b>27,507,052</b>	<b>30,880,040</b>

Prepared on Australian Accounting Standards basis.

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

	Actual 2011-12 \$'000	Revised budget 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Taxes	301,378,146	324,450,000	352,360,000	369,239,000	391,693,000
Other	9,089	1,453,552	555,797	539,086	477,191
<b>Total cash received</b>	<b>301,387,235</b>	<b>325,903,552</b>	<b>352,915,797</b>	<b>369,778,086</b>	<b>392,170,191</b>
<b>Cash used</b>					
Borrowing costs	546,647	500,000	500,000	500,000	500,000
Subsidies paid	6,575,290	7,050,620	7,725,619	7,657,544	7,715,195
Personal benefits	1,508,004	814,000	1,237,800	1,357,600	1,352,500
Payments to suppliers	-	4,536	2,497	5,592	3,110
Other	368,254	300,300	409,500	364,200	382,400
<b>Total cash used</b>	<b>8,998,195</b>	<b>8,669,456</b>	<b>9,875,416</b>	<b>9,884,936</b>	<b>9,953,205</b>
<b>Net cash from or (used by) operating activities</b>	<b>292,389,040</b>	<b>317,234,096</b>	<b>343,040,381</b>	<b>359,893,150</b>	<b>382,216,986</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	8,935,745	8,669,456	9,875,416	9,884,936	9,953,205
<b>Total cash received</b>	<b>8,935,745</b>	<b>8,669,456</b>	<b>9,875,416</b>	<b>9,884,936</b>	<b>9,953,205</b>
<b>Cash used</b>					
Cash to Official Public Account	301,135,596	325,903,552	352,915,797	369,778,086	392,170,191
<b>Total cash used</b>	<b>301,135,596</b>	<b>325,903,552</b>	<b>352,915,797</b>	<b>369,778,086</b>	<b>392,170,191</b>
<b>Net cash from or (used by) financing activities</b>	<b>(292,199,851)</b>	<b>(317,234,096)</b>	<b>(343,040,381)</b>	<b>(359,893,150)</b>	<b>(382,216,986)</b>
<b>Net increase or (decrease) in cash held</b>	<b>189,189</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at beginning of reporting period	290,867	480,056	480,056	480,056	480,056
<b>Cash at end of reporting period</b>	<b>480,056</b>	<b>480,056</b>	<b>480,056</b>	<b>480,056</b>	<b>480,056</b>

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.

## **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) under 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 at 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.