

AUSTRALIAN TAXATION OFFICE

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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.

In 2012-13, the ATO will focus on tailoring delivery as part of a balanced approach to support people willing to properly participate in the taxation and superannuation systems, and protect 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 2012-13 as at Budget May 2012

	Estimate of prior year amounts available in + 2012-13 \$'000	Proposed at Budget = 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	354,607 ⁵	-	354,607	-
Departmental appropriation ³	-	3,333,657 ¹	3,333,657	3,277,508
Receipts from other sources (s31)	-	47,329 ⁴	47,329	51,506
Total departmental	354,607	3,380,986	3,735,593	3,329,014
Administered expenses				
Outcome 1	-	4,286 ¹	4,286	537
Total administered expenses	-	4,286	4,286	537
Total ordinary annual services	A 354,607	3,385,272	3,739,879	3,329,551
Other services				
Departmental non-operating				
Equity injections	-	62,975 ²	62,975	32,175
Total other services	B -	62,975	62,975	32,175
Total available annual appropriations (A+B)	354,607	3,448,247	3,802,854	3,361,726

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2012-13 as at Budget May 2012 (continued)

	Estimate of prior year amounts available in 2012-13 \$'000	Proposed at Budget 2012-13 \$'000	Total estimate 2012-13 \$'000	Actual available appropriation 2011-12 \$'000
Special appropriations				
<i>Product Grants and Benefits Administration Act 2000 - Cleaner fuel grants</i>	-	33,501	33,501	31,906
<i>Product Grants and Benefits Administration Act 2000 - Product stewardship for oil Superannuation Guarantee (Administration) Act 1992</i>	-	44,000	44,000	40,000
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)⁷</i>	-	319,000	319,000	303,000
	-	8,809,219	8,809,219	8,419,620
Total special appropriations	C	9,205,720	9,205,720	8,794,526
Total appropriations excluding special accounts	354,607	12,653,967	13,008,574	12,156,252
Special accounts				
Opening balance ⁶	86,862	-	86,862	-
Appropriation receipts	-	19,500	19,500	23,600
Non-appropriation receipts to special accounts	-	52,832	52,832	49,058
Total special account	D	72,332	159,194	72,658
Total resourcing (A+B+C+D)	441,469	12,726,299	13,167,768	12,228,910
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	19,500	19,500	23,600
Total net resourcing for the ATO	441,469	12,706,799	13,148,268	12,205,310

1. Appropriation Bill (No. 1) 2012-13.
2. Appropriation Bill (No. 2) 2012-13.
3. Includes \$110.9 million in 2012-13 (\$137.8 million in 2011-12) for the Departmental Capital Budget (also refer to Table 3.2.5).
4. Receipts received under s31 of the *Financial Management and Accountability Act 1997*.
5. Estimated adjusted balance carried from previous year for annual appropriations.
6. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.
7. 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 2011-12 are \$87.8 billion (including \$90 million paid via the Australian Customs Service (ACS) on the ATO's behalf) and \$90.6 billion for 2012-13 (including \$95 million paid via the ACS on the ATO's behalf).

1.3 BUDGET MEASURES

Budget measures relating to the ATO are detailed in Budget Paper No. 2, *Budget Measures 2012-13* and are summarised on the following pages.

Table 1.2: Australian Taxation Office 2012-13 Budget measures

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Expense measures						
Australia's civilian engagement in Afghanistan - an integrated whole-of-government approach - continuation						
Departmental expenses	1.1	-	-	-	-	-
Company tax cut - do not proceed						
Departmental expenses	1.1	-	(559)	(1,245)	-	-
Fringe benefits tax - further reform of living-away-from home allowances and benefits						
Departmental expenses	1.1	-	2,925	2,830	2,408	564
GST - compliance program - two year extension						
Departmental expenses	1.1	-	-	-	97,194	98,147
Official development assistance - Pacific Police Development Program - continuation						
Departmental expenses	1.1	-	-	-	-	-
Personal Income Tax						
- better targeting of the employment termination payment tax offset ¹						
Departmental expenses	1.1	2,907	5,345	261	111	-
- consolidate the dependency offsets into one						
Departmental expenses	1.1	-	2,387	103	104	-
- do not proceed with 50 per cent tax discount for interest income ³						
Departmental expenses	1.1	-	(2,111)	(6,802)	(6,428)	(3,700)
Administered expenses	1.1	-	(1,988)	(3,665)	(50)	-
Administered expenses	1.14	-	(2,000)	(2,000)	(2,000)	(2,000)
- do not proceed with standard deduction ³						
Departmental expenses	1.1	-	(1,800)	(12,720)	(26,482)	(19,300)
Administered expenses	1.1	-	-	(4,680)	(3,218)	-
Administered expenses	1.14	-	-	(2,000)	(6,000)	(6,000)
Spreading the Benefits of the Boom - company loss carry back						
Departmental expenses	1.1	-	3,954	3,321	1,228	720
Stronger Super						
- implementation of SuperStream reforms ²						
Departmental expenses	1.1	18,275	62,736	91,195	71,249	58,221
Administered expenses	1.1	-	-	2,136	558	485

Table 1.2: Australian Taxation Office 2012-13 Budget measures (continued)

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Expense measures (continued)						
Stronger Super						
- self managed superannuation funds auditor registration ¹						
	Departmental expenses	1.1	4,451	1,353	1,220	1,038
				1,220	1,038	1,047
Superannuation						
- deferral of higher concessional contributions cap						
	Departmental expenses	1.1	-	(20,620)	(15,017)	(2,521)
	Administered expenses	1.1	-	(2,125)	-	3,050
						3,079
- reduction of higher tax concession for contributions of very high income earners						
	Departmental expenses	1.1	-	13,856	23,910	22,993
				23,910	22,993	19,146
Tax compliance						
- maintaining the cross agency approach to preventing abuse of secrecy jurisdictions (Project Wickenby)						
	Departmental expenses	1.1	-	-	29,347	18,092
	Administered expenses	1.1	-	-	351	254
						-
- managing tax debt in challenging times: a balanced and differentiated approach						
	Departmental expenses	1.1	-	37,600	30,300	27,100
				30,300	27,100	11,000
Australian Business Register - towards a better business future						
	Departmental expenses	1.3	-	23,318	13,765	13,268
				13,765	13,268	12,928
Australian Screen Production Incentive – Producer Offset – defining a documentary						
	Administered expenses	1.8	-	-	-	-
Heavy Vehicle Road User Charging						
	Administered expenses	1.13	-	(166,000)	(172,000)	(177,000)
				(172,000)	(177,000)	(183,000)
Replacing the Education Tax Refund with a Schoolkids Bonus						
	Administered expenses	1.14	(812,000)	(852,000)	(857,000)	(884,000)
			(852,000)	(857,000)	(884,000)	(901,000)
Stronger Shipping for a Stronger Economy - minor amendments						
	Administered expenses	1.22	-	2,000	2,000	2,000
				2,000	2,000	2,000
Total expense measures						
	Departmental		25,633	128,384	160,468	219,354
	Administered		(812,000)	(1,022,113)	(1,036,858)	(1,066,406)
			(786,367)	(893,729)	(876,390)	(847,052)
						(903,055)

Table 1.2: Australian Taxation Office 2012-13 Budget measures (continued)

	2011-12	2012-13	2013-14	2014-15	2015-16
Program	\$'000	\$'000	\$'000	\$'000	\$'000
Related capital					
Official development assistance					
- extension of AFP commitment to the UN Mission in Timor-Leste	1.1	-	-	-	-
- Pacific Police Development Program - continuation	1.1	-	-	-	-
Personal Income Tax					
- consolidate the dependency offsets into one	1.1	-	541	-	-
- do not proceed with 50 per cent tax discount for interest income	1.1	-	-	(4,300)	-
- do not proceed with standard deduction	1.1	-	-	(11,100)	-
Spreading the Benefits of the Boom - company loss carry back	1.1	-	2,775	1,932	-
Stronger Super					
- implementation of SuperStream reforms ²	1.1	12,312	22,304	12,725	6,968
- self managed superannuation funds auditor registration ¹	1.1	1,483	-	-	-
Superannuation - reduction of higher tax concession for contributions of very high income earners	1.1	-	1,793	1,794	-
Australian Business Register - towards a better business future	1.3	-	4,595	577	-
Total related capital		13,795	32,008	1,628	6,968
				6,968	6,709

1. This measure is also included in the 2011-12 Portfolio Supplementary Additional Estimates Statements.

2. This measure was included in the 2011-12 Portfolio Additional Estimates Statements.

3. This measure is included within a cross portfolio measure in Budget Paper No. 2, *Budget Measures 2012-13*.

Prepared on a government finance statistics (fiscal) basis.

1.4 CHANGES TO THE PROGRAM STRUCTURE

The ATO has amended its program structure since the 2011-12 Budget to include a new program for the Australian Charities and Not-for-profits Commission.

As a result of this there have been some minor changes to other program numbers, which are shown as part of 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, corporate plans and the Compliance Program 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

	2011-12 Estimated actual expenses \$'000	2012-13 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 1.1: Australian Taxation Office		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	537	4,286
Departmental expenses		
Departmental appropriation	3,065,010	3,110,637
Expenses not requiring appropriation in budget year	183,516	138,928
Total for Program 1.1	3,249,063	3,253,851
Program 1.2: Tax Practitioners Board		
Departmental expenses		
Departmental appropriation	16,360	15,945
Total for Program 1.2	16,360	15,945
Program 1.3: Australian Business Register		
Departmental expenses		
Departmental appropriation	105,924	126,549
Total for Program 1.3	105,924	126,549
Program 1.4: Australian Valuation Office		
Departmental expenses		
Special accounts	37,389	41,024
Total for Program 1.4	37,389	41,024
Program 1.5: Australian Charities and Not-for-profits Commission (ACNC)		
Departmental expenses		
Special accounts	-	17,276
Total for Program 1.5	-	17,276
Program 1.6: Product Stewardship for Oil		
Administered expenses		
Special appropriations	40,000	44,000
Total for Program 1.6	40,000	44,000
Program 1.7: Cleaner Fuels Grant Scheme		
Administered expenses		
Special appropriations	31,906	33,501
Total for Program 1.7	31,906	33,501
Program 1.8: Australian Screen Production Incentive		
Administered expenses		
Special appropriations	279,000	221,000
Total for Program 1.8	279,000	221,000
Program 1.9: Research and Development Tax Offset		
Administered expenses		
Special appropriations	1,137,000	1,201,000
Total for Program 1.9	1,137,000	1,201,000

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

	2011-12 Estimated actual expenses \$'000	2012-13 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: Private Health Insurance Rebate		
Administered expenses		
Special appropriations	200,000	220,000
Total for Program 1.10	200,000	220,000
Program 1.11: Superannuation Co-contribution Scheme		
Administered expenses		
Special appropriations	545,000	145,000
Total for Program 1.11	545,000	145,000
Program 1.12: Superannuation Guarantee Scheme		
Administered expenses		
Special appropriations	303,000	319,000
Total for Program 1.12	303,000	319,000
Program 1.13: Fuel Tax Credits Scheme		
Administered expenses		
Special appropriations	5,732,000	5,600,000
Total for Program 1.13	5,732,000	5,600,000
Program 1.14: Education Tax Refund		
Administered expenses		
Special appropriations	-	-
Total for Program 1.14	-	-
Program 1.15: National Urban Water and Desalination Plan		
Administered expenses		
Special appropriations	-	-
Total for Program 1.15	-	-
Program 1.16: National Rental Affordability Scheme		
Administered expenses		
Special appropriations	19,620	86,619
Subtotal for Program 1.16	19,620	86,619
Program 1.17: First Home Saver Accounts		
Administered expenses		
Special appropriations	17,000	21,000
Total for Program 1.17	17,000	21,000
Program 1.18: Baby Bonus		
Administered expenses		
Special appropriations	-	-
Total for Program 1.18	-	-
Program 1.19: Interest on Overpayments and Early Payments of Tax		
Administered expenses		
Special appropriations	490,000	330,000
Total for Program 1.19	490,000	330,000

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

	2011-12 Estimated actual expenses \$'000	2012-13 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	4,805,097	5,312,536
Total for Program 1.20	4,805,097	5,312,536
Program 1.21: Low Income Superannuation Contribution (LISC)		
Administered expenses		
Special appropriations	-	955,600
Total for Program 1.21	-	955,600
Program 1.22: Other Administered		
Administered expenses		
Special appropriations	-	29,000
Total Other Administered	-	29,000
Outcome 1 totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	537	4,286
Special appropriations	8,794,526	9,205,720
Expenses not requiring appropriation in budget year	4,805,097	5,312,536
Departmental expenses		
Departmental appropriation	3,187,294	3,253,131
Special accounts	37,389	58,300
Expenses not requiring appropriation in budget year	183,516	138,928
Total expenses for Outcome 1	17,008,359	17,972,901
	2011-12	2012-13
Average staffing level (number)¹	21,991	20,952

1. The decrease in projected 2012-13 ASL represents departmental efficiencies.

Contributions to Outcome 1

Program 1.1: Australian Taxation Office

Program 1.1 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 1.1 expenses

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

Table 2.2: Program 1.1 expenses by Program component

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Program Component 1.1.1 - Our expertise supports government priorities and encourages community participation					
Annual departmental expenses:					
Departmental items	375,967	376,087	369,955	373,733	368,606
Total component expenses	375,967	376,087	369,955	373,733	368,606
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	1,198,865	1,199,248	1,179,695	1,191,743	1,175,395
Total component expenses	1,198,865	1,199,248	1,179,695	1,191,743	1,175,395
Program Component 1.1.3 - We support and protect people by dealing with those not willing to comply					
Annual departmental expenses:					
Departmental items	1,673,694	1,674,230	1,646,932	1,663,751	1,640,926
Annual administered expenses:					
Administered item	537	4,286	4,603	6,120	3,564
Total component expenses	1,674,231	1,678,516	1,651,535	1,669,871	1,644,490
Total program expenses	3,249,063	3,253,851	3,201,185	3,235,347	3,188,491

Program 1.1 deliverables

Program Component 1.1.1: 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 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

- Register taxpayers.
- Facilitate timely lodgments and follow up overdue lodgments.
- Process returns and check accuracy.
- Receive payments, facilitate timely payments, and follow up overdue payments.
- Provide guidance to taxpayers on how to meet obligations.
- Collect and manage debt.

Program Component 1.1.3: We support and protect people by dealing with those not willing to comply

- Communicate and market products, services and benefits to the community.
- Provide interpretative advice and practical guidance.
- Identify and respond to behaviours presenting a compliance risk.
- Undertake preventative actions to reduce the rate of occurrence of non-compliant behaviour.

Program 1.1 key performance indicators

Program Component 1.1.1: Our expertise supports government priorities and encourages community participation

- Progress new administrative solutions to support taxation and superannuation administration.
- Reduce legal risks and increase certainty through ATO views.
- Manage the ATO's commitments to governments and other agencies.

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

- Maintain correct registrations.
- Progress new services that support service delivery.
- Proportion of lodgments on time.

- Proportion of payments received on time.
- Maintain acceptable service standards.
- Maintain quality and practical means of assistance.
- Optimise debt collection for the current environment.

Program Component 1.1.3: We support and protect people by dealing with those not willing to comply

- Products, services and tools are available to help people meet their obligations.
- Issue advice and practical guidance that assists people to meet their obligations.
- Reduce non-compliant behaviours through deterring, detecting and dealing with taxpayers not willing to comply.
- Establish the nature and extent of non-compliant behaviour and, where appropriate, apply penalties and prosecute.

Program 1.2: Tax Practitioners Board

Program 1.2 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 with flexibility.

The Board provides 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 1.2 expenses

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

Table 2.3: Program 1.2 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items ¹	16,360	15,945	12,616	12,296	11,984
Total program expenses	16,360	15,945	12,616	12,296	11,984

1. Does not include corporate overhead costs.

Program 1.2 deliverables

- Register tax practitioners and ensure that records are current and accurate.
- Terminate the registrations of tax practitioners where there are grounds to do so.
- Administer the Code of Professional Conduct that clearly provides high standards and expectations for professionals providing tax agent services.
- Fairly investigate referrals from the ATO and complaints from the community.
- Apply consistent sanctions for those who do not comply with the law, including seeking civil penalties and injunctions and applying other sanctions.
- Provide guidance to agents on appropriate standards of conduct.
- Provide the community with access to public data to assist in verifying registered tax practitioners.
- Manage and promote the role and functions of the Board.

Program 1.2 key performance indicators

- Maintain acceptable registration service standards.
- Work cooperatively with tax practitioners.
- Reduce risks for consumers in using tax practitioners.
- Increase awareness and engagement amongst tax practitioners.

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 1.3 objective

The ABR provides an authoritative and trusted source of business identity information and issues the Australian Business Number (ABN) to uniquely identify businesses and streamline government and business interaction.

The objective of the program is to progress the ABR as a whole-of-government resource for streamlining business and government interactions. The ABN acts as the unique identifier enabling these interactions. AUSkey is a common authentication solution and Standard Business Reporting (SBR) provides the development and management of the operating solution for business-to-government online services.

Program 1.3 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, Budget Measures 2012-13 for further information.

Table 2.4: Program 1.3 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	105,924	126,549	114,381	111,333	107,550
Total program expenses	105,924	126,549	114,381	111,333	107,550

Program 1.3 deliverables

- Maintain and manage the ABR, AUSkey registrations and systems including the integrity of the data and information.
- Progress the ABR, AUSkey and SBR operating solutions as whole-of-government resources to streamline interactions between government and business.
- Provide eligible government agencies with access to details of registered ABN holders.

- Provide the community with access to publicly available data to assist in verifying core business identity and other government registration information.

Program 1.3 key performance indicators

- Increase agency awareness and engagement of the ABR.
- Improve integrity of the ABR data.
- Maintain acceptable service standards.
- SBR system is operational and delivering within agreed standards.
- Increase the adoption and use of AUSkey by business, intermediaries and government agencies.

Program 1.4: Australian Valuation Office

The Australian Valuation Office (AVO) is set up as a special account and is the only commercially-focussed business area within the ATO. As a separate program it is more visible within the current outcome and program framework.

The AVO provides services for Australian Government agencies and complements the ATO's fundamental role in administering Australia's taxation system and regulating aspects of the superannuation system.

Program 1.4 objective

The AVO aims to provide independent, impartial and fee-competitive valuation services and advice on behalf of the Australian Government.

The objective of the AVO is to be recognised as the valuer of choice for government. This requires it to focus both on the needs of clients and on the capability of its people to collectively build a resilient, viable and sustainable business into the future.

Program 1.4 expenses

The estimates show moderate growth across the forward years based on revenue projections.

Table 2.5: Program 1.4 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special account expenses:					
Valuation Services Special Account	37,389	41,024	44,559	47,257	50,544
Total program expenses	37,389	41,024	44,559	47,257	50,544

Program 1.4 deliverables

- Valuation services.
- Strategic advice on valuation issues.

Program 1.4 key performance indicators

- Progress new services that support delivery of valuation services and strategic advice.
- Maintain acceptable service standards.
- Strengthen relationships and satisfaction with key clients.
- Maintain quality valuation services.

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

The Australian Charities and Not-for-profits Commission (ACNC) is set up as a special account with a distinct function to determine charity, public benevolent institution and not-for-profit status for all Commonwealth purposes. It will have responsibility to provide support and education to the not-for-profit sector, to implement a 'report-once, use often' general reporting framework and to implement and operate a public information portal.

The ACNC, from its start date, will provide services for Australian Government agencies and complements the ATO's fundamental role in administering aspects of Australia's taxation and superannuation systems.

Program 1.5 objective

The ACNC aims to provide independent determination of charity, public benevolent institution and not-for-profit status for all Commonwealth purposes.

The objective of operating a public information portal is to improve the transparency and accountability of the not-for-profit sector to the public and ensure increased public confidence about the delivery of services by the not-for-profit sector to some of the most vulnerable and disadvantaged citizens of Australia. The implementation of a

"report-once, use-often" general reporting framework is to reduce "red tape", in co-operation with state and territory governments, to make it easier for not-for-profits to deliver their services to the community. The ACNC has a further objective to assist the strength and governance of the not-for-profit sector through the delivery of education and support to the sector.

Program 1.5 expenses

As this is the first year of operation of the ACNC, the higher estimates in 2012-13 reflect initial start-up costs.

Table 2.6: Program 1.5 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special account expenses:					
ACNC Special Account	-	17,276	14,010	13,275	12,809
Total program expenses	-	17,276	14,010	13,275	12,809

Program 1.5 deliverables

- Register and determine charitable status determinations.
- Provide the community with access to information about the not-for-profits sector.

Program 1.5 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.

Program 1.6: Product Stewardship for Oil Program

Program 1.6 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.

The Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) has policy responsibility for the program, with the ATO administering the program on its behalf.

Program 1.6 expenses

The estimates show moderate growth across the forward years.

Table 2.7: Program 1.6 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations:					
<i>Product Grants and Benefits</i>					
Administration Act 2000 - product stewardship (oil) benefits	40,000	44,000	47,000	48,000	51,000
Total program expenses	40,000	44,000	47,000	48,000	51,000

Program 1.6 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
- the dollar value of revenue collected.

Program 1.6 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 1.7 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 1.7 expenses

These estimates reflect a policy decision taken since the 2011-12 Budget, for the continuing inclusion of biodiesel and renewable diesel in the Cleaner Fuels Grant Scheme from 2012-13 onwards, consistent with the alternative fuels legislation.

Table 2.8: Program 1.7 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations:					
<i>Product Grants and Benefits</i>					
Administration Act 2000 - cleaner fuel grants	31,906	33,501	35,176	36,935	38,781
Total program expenses	31,906	33,501	35,176	36,935	38,781

Program 1.7 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 SEWPaC. Successful delivery is demonstrated by:

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

Program 1.7 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: Australian Screen Production Incentive

Program 1.8 objective

The Australian Screen Production Incentive comprises 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 1.8 expenses

The estimates are decreasing in 2012-13 and the forward years due to an expected reduction in the take up of Location Offsets.

Table 2.9: Program 1.8 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	279,000	221,000	159,000	159,000	159,000
Total program expenses	279,000	221,000	159,000	159,000	159,000

Program 1.8 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
- the number of tax offsets processed.

Program 1.8 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: Research and Development Tax Incentive

Program 1.9 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, Science, Research and Tertiary Education (DIISRTE) has key policy responsibility for the program, whilst administration of the offset is split between the ATO and AusIndustry, the operating arm of DIISRTE.

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 1.9 expenses

The estimates show moderate growth across the forward years.

Table 2.10: Program 1.9 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	1,137,000	1,201,000	1,268,000	1,339,000	1,414,000
Total program expenses	1,137,000	1,201,000	1,268,000	1,339,000	1,414,000

Program 1.9 deliverables

The ATO is responsible for administering the concession through the income tax return lodgement 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 claims processed for Australian owned R&D general concession claimants;
- the number of incremental concession claims made by general concession claimants;
- the number of claims processed for R&D tax incentives;
- the percentage of R&D tax incentive claims processed in accordance with service standards;
- the number and dollar value of claims processed for foreign-owned R&D (100 per cent deduction); and
- the number and dollar value of claims processed for 175 per cent international premium concessions.

Program 1.9 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: Private Health Insurance Rebate

Program 1.10 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, Medicare Australia and registered health insurers, depending on the claim method.

Program 1.10 expenses

The estimates show moderate growth across the forward years.

Table 2.11: Program 1.10 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	200,000	220,000	231,000	243,000	255,000
Total program expenses	200,000	220,000	231,000	243,000	255,000

Program 1.10 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
- the dollar value of rebates processed.

Program 1.10 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: Superannuation Co-contribution Scheme

Program 1.11 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 1.11 expenses

The estimates reflect decisions taken at the 2011-12 Mid-Year Economic and Fiscal Outlook.

Table 2.12: Program 1.11 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	545,000	145,000	147,000	150,000	154,000
Total program expenses	545,000	145,000	147,000	150,000	154,000

Program 1.11 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;
- the value of individual co-contribution entitlements determined; and
- the percentage of original, current year, co-contributions paid to superannuation funds within 60 days.

Program 1.11 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: Superannuation Guarantee Scheme

Program 1.12 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 1.12 expenses

The estimates show moderate growth across the forward years.

Table 2.13 Program 1.12 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations: <i>Superannuation Guarantee (Administration) Act 1992</i>	303,000	319,000	331,000	344,000	357,000
Total program expenses	303,000	319,000	331,000	344,000	357,000

Program 1.12 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;
- the number of employees who have had superannuation guarantee entitlements raised through compliance activities and voluntary disclosures;
- the number of employers whose records are checked;
- the dollar value of superannuation guarantee charge:
 - raised (including penalties and interest);
 - collected; and
 - transferred to superannuation funds or paid to individuals.
- the percentage of superannuation guarantee cases completed in a timely manner; and
- the value of superannuation guarantee debt on hand and the amount of superannuation guarantee debt written off.

Program 1.12 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: Fuel Tax Credits Scheme

Program 1.13 objective

The Fuel Tax Credits Scheme provides fuel tax relief in the form of fuel tax credits for fuel tax embedded in the price of the fuel, such as excise or customs duty, for fuel used in business activities, machinery, plant, equipment and heavy vehicles.

Under the Fuel Tax Credits Scheme, all fuels including petrol, acquired, manufactured or imported into Australia for business use or the generation of electricity for domestic use will become excise tax-free over time, with some exceptions.

Program 1.13 expenses

The expenses are impacted by the expansion to the Fuel Tax Credits Scheme commencing in July 2012 and by Budget measures. Also refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2012-13* for further information.

Table 2.14: Program 1.13 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	5,732,000	5,600,000	6,179,000	5,880,000	5,919,000
Total program expenses	5,732,000	5,600,000	6,179,000	5,880,000	5,919,000

Program 1.13 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
- the number of registered participants.

Program 1.13 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: Education Tax Refund

Program 1.14 objective

The Education Tax Refund (ETR) is an initiative to help with the cost of educating primary and secondary school children. It means eligible parents, carers, legal guardians and independent students could get 50 per cent back on some education expenses such as computers, educational software, textbooks and stationery.

The Department of Education, Employment and Workplace Relations had policy responsibility for the program, while the ATO administered the program on its behalf.

The ATO will stop paying the Education Tax Refund for 2011-12 and the forward years. As a result of a 2012-13 Budget measure this will now be a Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) program to be known as the Schoolkids Bonus. The ATO will continue to make payments to claimants who lodge late claims in respect of years prior to 2011-12.

Program 1.14 expenses

The estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2012-13* for further information.

Table 2.15: Program 1.14 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
Total program expenses	-	-	-	-	-

Program 1.14 deliverables

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

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

Program 1.14 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: National Urban Water and Desalination Plan

Program 1.15 objective

The National Urban Water and Desalination Plan aims to support desalination, water recycling and stormwater harvesting projects in Australian cities.

The private sector, water utilities and state, territory and local governments are able to apply for funds, which will be provided through grants and refundable tax offsets.

SEWPaC has responsibility for the program, including the payment of grants.

Program 1.15 expenses

As part of the 2011-12 Budget, ATO expenses were transferred to SEWPaC. It is unlikely that tax offset certificates will be issued in the future.

Table 2.16: Program 1.15 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
Total program expenses	-	-	-	-	-

Program 1.15 deliverables

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

- the number of certificates lodged with the ATO by SEWPaC.

Program 1.15 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: National Rental Affordability Scheme

Program 1.16 objective

The National Rental Affordability Scheme aims to provide affordable rental properties across Australia for low and middle 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.

FaHCSIA has policy responsibility for the program, 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 1.16 expenses

The estimates show strong growth across the forward years.

Table 2.17: Program 1.16 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	19,620	86,619	130,944	150,395	169,597
Total program expenses	19,620	86,619	130,944	150,395	169,597

Program 1.16 deliverables

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

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

Program 1.16 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: First Home Saver Accounts

Program 1.17 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 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 1.17 expenses

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

Table 2.18: Program 1.17 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	17,000	21,000	21,000	20,000	22,000
Total program expenses	17,000	21,000	21,000	20,000	22,000

Program 1.17 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;
- the number of first home saver accounts;
- the dollar value of account balances; and
- the percentage of government contributions paid to account holders in accordance with service standards.

Program 1.17 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: Baby Bonus

Program 1.18 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 1.18 expenses

This program ceased on 3 June 2009. There will be no further expenses as all 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 2.19: Program 1.18 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	-	-	-	-	-
Total program expenses	-	-	-	-	-

Program 1.18 deliverables

Successful delivery is demonstrated by:

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

Program 1.18 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 1.19 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 1.19 expenses

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

Table 2.20: Program 1.19 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	490,000	330,000	330,000	330,000	330,000
Total program expenses	490,000	330,000	330,000	330,000	330,000

Program 1.19 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 1.19 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 1.20 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 lodgement 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 1.20 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2012-13* for further information.

Table 2.21: Program 1.20 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Administered item:					
Expenses not requiring appropriation in Budget year	4,805,097	5,312,536	5,645,728	6,076,996	6,460,110
Total program expenses	4,805,097	5,312,536	5,645,728	6,076,996	6,460,110

Program 1.20 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
- the dollar value of remissions.

Program 1.20 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: Low Income Superannuation Contribution

Program 1.21 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 1.21 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2012-13* for further information.

Table 2.22: Program 1.21 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	955,600	976,600	953,700	964,400
Total program expenses	-	955,600	976,600	953,700	964,400

Program 1.21 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;
- the percentage of original, current year, contributions paid to superannuation funds within 60 days.

Program 1.21 key performance indicators

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

Program 1.22: Other Administered

Other Administered includes the Tax Bonus, the Seafarer Tax Offset and the Conservation Tillage Refundable Tax Offset.

Program 1.22 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 will take effect 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.

Program 1.22 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.

The Seafarer Tax Offset estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2012-13* for further information.

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

Table 2.23: Program 1.22 expenses

	2011-12 Revised budget \$'000	2012-13 Budget \$'000	2013-14 Forward year 1 \$'000	2014-15 Forward year 2 \$'000	2015-16 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
- Conservation Tillage Refundable Tax Offset	-	14,000	14,000	15,000	2,000
Total program expenses	-	29,000	34,600	31,800	24,200

Program 1.22 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
- the 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
- the 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
- the number of tax offsets processed.

Program 1.22 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 2012-13. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, program expenses, 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.

	2011-12	2012-13	2013-14	2014-15	2015-16
	\$'000	\$'000	\$'000	\$'000	\$'000
Program 1.1 ¹	135	(135)	-	-	-
Total Movement of Administered Funds	135	(135)	-	-	-

1. The movement of funds relates to a public awareness and education campaign scheduled for 2012-13, however some funds were required to be moved into 2011-12 for initial research work.

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 2012-13 2011-12	Receipts 2012-13 2011-12	Payments 2012-13 2011-12	Adjustments 2012-13 2011-12	Closing balance 2012-13 2011-12
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Excise Security Deposits Account (A)	1	129 59	- 100	- 30	- -	129 129
Other Trust Moneys Account (A)	1	1,632 1,632	10,000 10,000	10,000 10,000	- -	1,632 1,632
Superannuation Holding Accounts Special Account (A)	1	76,457 71,757	19,500 23,600	10,500 18,900	- -	85,457 76,457
Valuation Services Special Account (D)	1	12,772 13,414	42,832 38,958	43,096 39,600	- -	12,508 12,772
Total special accounts						
2012-13 Budget estimate		90,990	72,332	63,596	-	99,726
Total special accounts 2011-12 estimate actual		86,862	72,658	68,530	-	90,990

(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 2012-13	5,268	-	-	5,268	-	5,268	1.1
<i>Total outcome 2011-12</i>	<i>2,977</i>	-	-	<i>2,977</i>	-	<i>2,977</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 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 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 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.

3.2.3 Budgeted financial statements tables

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
EXPENSES					
Employee benefits	2,196,075	2,139,213	2,099,178	2,121,926	2,089,074
Supplier	1,079,476	1,174,212	1,142,433	1,146,434	1,128,412
Depreciation and amortisation	131,789	135,950	139,178	143,537	148,914
Income tax	859	984	1,359	1,491	1,414
Total expenses	3,408,199	3,450,359	3,382,148	3,413,388	3,367,814
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	94,786	89,997	89,653	96,181	102,968
Other revenue	619	646	675	705	735
Total revenue	95,405	90,643	90,328	96,886	103,703
Gains					
Other	3,786	3,937	4,095	4,095	4,095
Total gains	3,786	3,937	4,095	4,095	4,095
Total own-source income	99,191	94,580	94,423	100,981	107,798
Net cost of (contribution by) services	3,309,008	3,355,779	3,287,725	3,312,407	3,260,016
Appropriation revenue	3,131,020	3,222,773	3,152,165	3,172,740	3,114,832
Surplus (deficit) attributable to the Australian Government	(177,988)	(133,006)	(135,560)	(139,667)	(145,184)
Note: Impact of Net Cash Appropriation Arrangements					
	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000
Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations	(46,199)	2,944	3,618	3,870	3,730
plus depreciation/amortisation expenses previously funded through revenue appropriations ¹	(131,156)	(134,916)	(138,201)	(142,561)	(147,927)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(177,355)	(131,972)	(134,583)	(138,691)	(144,197)

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
ASSETS					
Financial assets					
Cash and equivalents	33,235	32,971	35,788	38,595	37,413
Trade and other receivables	379,864	382,630	413,181	444,016	492,615
Total financial assets	413,099	415,601	448,969	482,611	530,028
Non-financial assets					
Land and buildings	208,871	229,245	245,714	231,329	265,363
Infrastructure, plant and equipment	66,195	62,827	56,489	68,141	53,139
Intangibles	422,322	480,833	465,604	446,886	404,356
Other	45,334	45,385	45,175	44,950	44,725
Total non-financial assets	742,722	818,290	812,982	791,306	767,583
Total assets	1,155,821	1,233,891	1,261,951	1,273,917	1,297,611
LIABILITIES					
Interest bearing liabilities					
Leases	29,254	29,254	29,254	29,254	29,254
Total interest bearing liabilities	29,254	29,254	29,254	29,254	29,254
Provisions					
Employees	792,183	805,021	828,232	854,417	887,758
Total provisions	792,183	805,021	828,232	854,417	887,758
Payables					
Suppliers	211,481	218,565	225,638	230,595	245,240
Dividends	833	955	1,319	1,447	1,372
Other	42,585	60,713	61,088	61,220	61,143
Total payables	254,899	280,233	288,045	293,262	307,755
Total liabilities	1,076,336	1,114,508	1,145,531	1,176,933	1,224,767
Net assets	79,485	119,383	116,420	96,984	72,844
EQUITY					
Contributed equity	655,439	829,298	963,215	1,084,893	1,207,309
Reserves	90,601	90,601	90,601	90,601	90,601
Retained surpluses or accumulated deficits	(666,555)	(800,516)	(937,396)	(1,078,510)	(1,225,066)
Total equity	79,485	119,383	116,420	96,984	72,844
Current assets	390,552	416,932	426,413	430,457	438,463
Non-current assets	765,269	816,959	835,538	843,460	859,148
Current liabilities	870,325	901,191	926,276	951,668	990,347
Non-current liabilities	206,011	213,317	219,255	225,265	234,420

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	89,923	89,590	89,125	95,461	102,559
Appropriations	3,066,609	3,220,978	3,122,267	3,142,747	3,067,085
Interest	544	571	600	630	659
Other	157,276	167,208	164,200	172,986	162,466
Total cash received	3,314,352	3,478,347	3,376,192	3,411,824	3,332,769
Cash used					
Employees	2,100,258	2,132,420	2,080,923	2,099,991	2,057,415
Suppliers	1,133,208	1,236,613	1,213,433	1,225,821	1,189,442
Income taxes paid	859	984	1,359	1,491	1,414
Other	69,961	72,548	76,705	80,395	81,233
Total cash used	3,304,286	3,442,565	3,372,420	3,407,698	3,329,504
Net cash from or (used by) operating activities	10,066	35,782	3,772	4,126	3,265
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	218,491	211,467	133,917	121,678	125,416
Total cash used	218,491	211,467	133,917	121,678	125,416
Net cash from or (used by) investing activities	(218,491)	(211,467)	(133,917)	(121,678)	(125,416)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	207,849	176,254	133,917	121,678	122,416
Total cash received	207,849	176,254	133,917	121,678	122,416
Cash used					
Dividends paid	1,653	833	955	1,319	1,447
Total cash used	1,653	833	955	1,319	1,447
Net cash from or (used by) financing activities	206,196	175,421	132,962	120,359	120,969
Net increase or (decrease) in cash held	(2,229)	(264)	2,817	2,807	(1,182)
Cash at the beginning of the reporting period	35,464	33,235	32,971	35,788	38,595
Cash at the end of the reporting period	33,235	32,971	35,788	38,595	37,413

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
Opening balance as at 1 July 2012					
Balance carried forward from previous period	(666,555)	90,601	-	655,439	79,485
Adjusted opening balance	(666,555)	90,601	-	655,439	79,485
Transactions with owners					
<i>Operating result after extraordinary items</i>	(133,006)	-	-	-	(133,006)
<i>Distribution to owners</i>	-	-	-	-	-
Returns on capital dividends	(955)	-	-	-	(955)
<i>Contribution by owners</i>	-	-	-	-	-
Appropriation (equity injection)	-	-	-	62,975	62,975
Injection for departmental capital budget	-	-	-	-	-
	-	-	-	110,884	110,884
Total transactions with owners	(133,961)	-	-	173,859	39,898
Estimated closing balance as at 30 June 2013	(800,516)	90,601	-	829,298	119,383

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	137,820	110,884	111,797	113,210	114,207
Equity injections - Bill 2	32,175	62,975	22,120	8,468	8,209
Total new capital appropriations	169,995	173,859	133,917	121,678	122,416
Provided for:					
Purchase of non-financial assets	169,995	173,859	133,917	121,678	122,416
Total Items	169,995	173,859	133,917	121,678	122,416
PURCHASE OF NON-FINANCIAL ASSETS					
ASSETS					
Funded by capital appropriations	55,316	80,083	22,120	8,468	8,209
Funded by capital appropriation - DCB	137,820	110,884	111,797	113,210	114,207
Funded internally from departmental resources	25,355	20,500	-	-	3,000
TOTAL	218,491	211,467	133,917	121,678	125,416
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	218,491	211,467	133,917	121,678	125,416
Total cash used to acquire assets	218,491	211,467	133,917	121,678	125,416

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 2012				
Gross book value	254,241	121,619	923,561	1,299,421
Accumulated depreciation/amortisation and impairment	45,370	55,424	501,239	602,033
Opening net book balance	208,871	66,195	422,322	697,388
Capital asset additions				
By purchase - appropriation equity	-	-	80,083	80,083
Own source revenue	18,000	999	1,501	20,500
By purchase - appropriation ordinary annual services	38,495	22,234	50,155	110,884
Total additions	56,495	23,233	131,739	211,467
Other movements				
Assets held for sale or in a disposal group held for sale	-	-	-	-
Depreciation/amortisation expense	36,121	26,601	73,228	135,950
Disposals ³				
From disposal of entities or operations (including restructuring)	-	-	-	-
Other	-	-	-	-
Total other movements	36,121	26,601	73,228	135,950
As at 30 June 2013				
Gross book value	310,736	144,852	1,055,300	1,510,888
Accumulated depreciation/amortisation and impairment	81,491	82,025	574,467	737,983
Closing net book balance	229,245	62,827	480,833	772,905

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 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	7,239,526	7,215,120	7,853,720	7,645,130	7,775,578
Personal benefits	762,000	1,341,600	1,375,600	1,366,700	1,395,400
Suppliers	537	4,286	4,603	6,120	3,564
Write down and impairment of assets	4,805,097	5,312,536	5,645,728	6,076,996	6,460,110
Finance costs	490,000	330,000	330,000	330,000	330,000
Other	303,000	319,000	331,000	344,000	357,000
Total expenses administered on behalf of government	13,600,160	14,522,542	15,540,651	15,768,946	16,321,652
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Income tax	231,976,000	257,670,000	278,692,000	296,557,000	316,051,000
Indirect tax	74,820,000	78,601,000	81,187,000	85,071,000	88,783,000
Other taxes, fees and fines	548,000	585,952	604,197	629,486	654,791
Total taxation revenue	307,344,000	336,856,952	360,483,197	382,257,486	405,488,791
Total own-source revenues administered on behalf of Government	307,344,000	336,856,952	360,483,197	382,257,486	405,488,791
Net Cost of (contribution by) services	(293,743,840)	(322,334,410)	(344,942,546)	(366,488,540)	(389,167,139)
Surplus (Deficit)	293,743,840	322,334,410	344,942,546	366,488,540	389,167,139

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 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	290,867	290,867	290,867	290,867	290,867
Receivables	17,458,997	19,042,461	20,593,733	22,387,737	24,287,627
Accrued revenues	11,106,331	11,826,331	11,916,331	12,511,331	13,156,331
Total financial assets	28,856,195	31,159,659	32,800,931	35,189,935	37,734,825
Total assets administered on behalf of government	28,856,195	31,159,659	32,800,931	35,189,935	37,734,825
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	1,415,716	1,415,716	1,415,716	1,415,716	1,415,716
Other provisions	502,321	529,321	487,321	508,321	530,321
Total provisions	1,918,037	1,945,037	1,903,037	1,924,037	1,946,037
Payables					
Subsidies	2,121,296	2,353,380	2,511,395	2,572,140	2,675,840
Personal benefits payable	1,003,717	1,531,317	1,669,117	1,678,217	1,721,117
Other payables	1,070,694	1,079,694	1,141,194	1,140,194	1,139,694
Total payables	4,195,707	4,964,391	5,321,706	5,390,551	5,536,651
Total liabilities administered on behalf of government	6,113,744	6,909,428	7,224,743	7,314,588	7,482,688
Net assets/(liabilities)	22,742,451	24,250,231	25,576,188	27,875,347	30,252,137

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 2011-12 \$'000	Budget estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	300,240,000	328,825,000	352,763,000	373,340,000	396,014,000
Other	404,600	435,452	510,297	465,986	484,291
Total cash received	300,644,600	329,260,452	353,273,297	373,805,986	396,498,291
Cash used					
Borrowing costs	490,000	330,000	330,000	330,000	330,000
Subsidies paid	6,638,516	6,983,036	7,695,705	7,584,385	7,671,878
Personal benefits	1,506,000	814,000	1,237,800	1,357,600	1,352,500
Payments to suppliers	537	4,286	4,603	6,120	3,564
Other	296,900	302,500	388,600	338,500	350,000
Total cash used	8,931,953	8,433,822	9,656,708	9,616,605	9,707,942
Net cash from or (used by) operating activities	291,712,647	320,826,630	343,616,589	364,189,381	386,790,349
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	8,931,953	8,433,822	9,656,708	9,616,605	9,707,942
Total cash received	8,931,953	8,433,822	9,656,708	9,616,605	9,707,942
Cash used					
Cash to Official Public Account	300,644,600	329,260,452	353,273,297	373,805,986	396,498,291
Total cash used	300,644,600	329,260,452	353,273,297	373,805,986	396,498,291
Net cash from or (used by) financing activities	(291,712,647)	(320,826,630)	(343,616,589)	(364,189,381)	(386,790,349)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	290,867	290,867	290,867	290,867	290,867
Cash at end of reporting period	290,867	290,867	290,867	290,867	290,867

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 – the Economic Transaction Method (ETM). This methodology relies on the estimation of the probable flows of taxes from transactions which have occurred in the economy, but not yet

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 standards permit an alternative approach – 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.