

AUSTRALIAN TAXATION OFFICE

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AUSTRALIAN TAXATION OFFICE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The role of the Australian Taxation Office (ATO) is to achieve 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 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 its capabilities to be more innovative, agile and responsive to challenges and opportunities; and
- Champion: The ATO champions 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.

Having just successfully implemented one of the most significant IT change programs in its history, the ATO is looking to optimise its new platforms by re-engineering business processes to encourage and support the community to willingly participate in Australia's taxation and superannuation systems.

There will need to be sustained focus in helping those recovering as a result of natural disasters. The ATO's help and assistance program of work will support this cause while remaining vigilant against those who seek an unfair advantage.

1.2 AGENCY RESOURCE STATEMENT

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

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2011-12 as at Budget May 2011

	Estimate of prior year amounts available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Ordinary annual services				
Departmental				
Prior year departmental appropriation	307,709 ⁵	-	307,709	-
Departmental appropriation ³	-	3,252,169 ¹	3,252,169	3,150,813
Receipts from other sources (s31)	-	27,660 ⁴	27,660	29,237
Total departmental	307,709	3,279,829	3,587,538	3,180,050
Administered expenses				
Outcome 1	-	10,213 ¹	10,213	930
Total administered expenses	-	10,213	10,213	930
Total ordinary annual services	A 307,709	3,290,042	3,597,751	3,180,980
Other services				
Departmental non-operating				
Equity injections	-	18,380 ²	18,380	30,579
Total other services	B -	18,380	18,380	30,579
Total available annual appropriations (A+B)	307,709	3,308,422	3,616,131	3,211,559

Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2011-12 as at Budget May 2011 (continued)

	Estimate of prior year amounts available in 2011-12 \$'000	Proposed at Budget 2011-12 \$'000	Total estimate 2011-12 \$'000	Actual available appropriation 2010-11 \$'000
Special appropriations				
<i>Product Grants and Benefits Administration Act 2000 - Cleaner fuel grants</i>	-	26,000	26,000	38,000
<i>Product Grants and Benefits Administration Act 2000 - Product stewardship for oil</i>	-	40,000	40,000	37,000
<i>Superannuation Guarantee (Administration) Act 1992</i>	-	271,000	271,000	258,000
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)⁷</i>	-	8,615,451	8,615,451	8,180,282
Total special appropriations	C -	8,952,451	8,952,451	8,513,282
Total appropriations excluding special accounts	307,709	12,260,873	12,568,582	11,724,841
Special accounts				
Opening balance ⁵	109,564	-	109,564	-
Appropriation receipts	-	12,400	12,400	28,700
Non-appropriation receipts to special accounts	-	47,423	47,423	44,980
Total special account	D 109,564	59,823	169,387	73,680
Total resourcing (A+B+C+D)	417,273	12,320,696	12,737,969	11,798,521
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	12,400	12,400	28,700
Total net resourcing for the ATO	417,273	12,308,296	12,725,569	11,769,821

1. Appropriation Bill (No. 1) 2011-12.

2. Appropriation Bill (No. 2) 2011-12.

3. Includes \$137.8 million in 2011-12 (\$137.3 million in 2010-11) for the Departmental Capital Budget (refer to Table 3.2.5 for further details).

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 (refer to Table 3.1.2 for further details).

7. These figures relate to administered expenses including fuel tax credits, superannuation co-contributions, education tax refunds and research and development subsidies. Estimated tax refund items for 2010-11 are \$88.2 billion (including \$75 million paid via the Australian Customs Service (ACS) on the ATO's behalf) and \$93.0 billion for 2011-12 (including \$80 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 2011-12* and are summarised below.

Table 1.2: Australian Taxation Office 2011-12 Budget measures

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures						
A Tax Plan for Our Future - Tax Forum						
Departmental expenses	1.1	(926)	-	-	-	-
Efficiency dividend - temporary increase in the rate						
Departmental expenses	1.1	-	(15,688)	(31,995)	(38,564)	(45,244)
Inspector-General of Taxation - additional funding						
Departmental expenses	1.1	-	(544)	(548)	(551)	(554)
Natural Disaster Recovery and Rebuilding - Temporary flood and cyclone reconstruction levy						
Departmental expenses	1.1	2,773	7,361	6,950	2,855	-
Not-for-profit sector reforms - Australian Charities and Not-for-profits Commission - establishment						
Departmental expenses	1.1	-	8,626	14,826	9,975	10,076
- introducing a statutory definition of 'charity'						
Departmental expenses	1.1	-	-	700	1,600	600
Stronger Super - self managed super funds						
Departmental expenses	1.1	2,269	5,655	9,684	9,158	9,202
Stronger Super - SuperStream - initial funding						
Departmental expenses	1.1	3,019	11,636	-	-	-
Superannuation - refund of excess concessional contributions						
Departmental expenses	1.1	-	3,057	4,283	5,061	3,209
Tax compliance - countering fraudulent phoenix activities by company directors						
Departmental expenses	1.1	607	5,808	7,509	4,413	3,821
- enhanced refund fraud detection and management						
Departmental expenses	1.1	-	14,400	15,100	14,300	12,600

Table 1.2: Australian Taxation Office 2011-12 Budget measures (continued)

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	
Expense measures (continued)							
Tax compliance							
- reporting Government grants and payments							
	Departmental expenses	1.1	-	6,682	12,349	12,066	12,195
- reporting taxable payments							
	Departmental expenses	1.1	-	3,558	8,823	17,180	15,407
Alternative fuels - delayed introduction of taxation and other changes							
	Administered expenses	1.6	-	(212,000)	(199,000)	(135,000)	(69,000)
Enhancements from the Review of the Australian Independent Screen Production Sector							
	Administered expenses	1.7	-	(2,500)	(1,500)	(500)	(500)
Superannuation co-contribution - extending the pause to the indexation of the income threshold							
	Administered expenses	1.10	-	-	(25,000)	(25,000)	(25,000)
Reform of family payments - pause indexation of upper limits and thresholds for a further two years							
	Administered expenses	1.13	-	-	(20,000)	(40,000)	(45,000)
Natural Disaster Recovery and Rebuilding - National Rental Affordability Scheme - deferral of dwelling target							
	Administered expenses	1.15	(5,940)	(45,038)	(52,411)	(66,235)	(84,244)
Ethanol Production Grants Program - extension							
	Administered expenses	1.20	-	(37,733)	-	-	-
Migration Program - allocation of places for 2011-12							
	Administered expenses	1.20	-	-	1,200	2,200	3,300
Total expense measures							
	Departmental		7,742	50,551	47,681	37,493	21,312
	Administered		(5,940)	(297,271)	(296,711)	(264,535)	(220,444)
	Total		1,802	(246,720)	(249,030)	(227,042)	(199,132)

Table 1.2: Australian Taxation Office 2011-12 Budget measures (continued)

		2010-11	2011-12	2012-13	2013-14	2014-15
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
Related capital						
Efficiency dividend - temporary increase in the rate	1.1	-	(700)	(1,412)	(1,780)	(2,167)
Natural Disaster Recovery and Rebuilding - Temporary flood and cyclone reconstruction levy	1.1	1,060	-	-	-	-
Not-for-profit sector reforms - Australian Charities and Not-for-profits Commission - establishment	1.1	-	1,000	9,126	-	-
Stronger Super - self managed super funds	1.1	1,124	1,124	992	992	-
Tax compliance - reporting taxable payments	1.1	-	-	1,431	-	-
Total related capital		2,184	1,424	10,137	(788)	(2,167)

Prepared on a government finance statistics (fiscal) basis.

1.4 CHANGES TO THE PROGRAM STRUCTURE

The ATO has revised its program structure since the 2010-11 Budget. The Australian Business Register (ABR) and the Australian Valuation Office (AVO) (previously part of Program 1.1) are now separate programs 1.3 and 1.4 respectively.

As a result of this there have also 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 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, the ABR and the AVO.

The ATO has five broad indicators of effectiveness. These help to measure performance and how effective the agency is in delivering a high level of service to the government and the community. They are:

- Deliver aspects of taxation and superannuation systems for government and the community.
- Maintain community confidence and engagement.

- Help people understand their rights and obligations.
- Improve ease of compliance and access to benefits.
- Manage non-compliance with the law.

The ATO publishes a range of governance publications including the Strategic Statement, Corporate Plan and 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.

The ATO also administers a range of subsidies and benefits, including fuel tax credits, research and development tax offsets, and superannuation incentives. These initiatives or schemes involve eligibility rules and conditions set out in legislation. Several of these administered programs deliver other government agencies' outcomes, with the ATO acting as a service delivery agency.

While the benefits delivered through these administered programs are funded through special appropriations the cost of the work and systems required to deliver the benefits is included in the ATO's departmental funding under Program 1 and is not specifically or separately identified.

Outcome expenses statement

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

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	2010-11 Estimated actual expenses \$'000	2011-12 Estimated expenses \$'000
Program 1.1: Australian Taxation Office		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	930	10,213
Departmental expenses		
Departmental appropriation	3,018,108	3,108,106
Expenses not requiring appropriation in budget year	104,538	118,202
Total for Program 1.1	3,123,576	3,236,521
Program 1.2: Tax Practitioners Board		
Departmental expenses		
Departmental appropriation	17,057	16,534
Total for Program 1.2	17,057	16,534
Program 1.3: Australian Business Register		
Departmental expenses		
Departmental appropriation	16,765	13,173
Total for Program 1.3	16,765	13,173
Program 1.4: Australian Valuation Office		
Departmental expenses		
Special accounts	34,106	36,532
Total for Program 1.4	34,106	36,532
Program 1.5: Product Stewardship for Oil		
Administered expenses		
Special appropriations	37,000	40,000
Total for Program 1.5	37,000	40,000
Program 1.6: Cleaner Fuels Grant Scheme		
Administered expenses		
Special appropriations	38,000	26,000
Total for Program 1.6	38,000	26,000
Program 1.7: Australian Screen Production Incentive		
Administered expenses		
Special appropriations	154,000	157,500
Total for Program 1.7	154,000	157,500
Program 1.8: Research and Development Tax Offset		
Administered expenses		
Special appropriations	1,149,000	1,137,000
Total for Program 1.8	1,149,000	1,137,000

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

	2010-11	2011-12
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	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.9: Private Health Insurance Rebate		
Administered expenses		
Special appropriations	200,000	207,000
Total for Program 1.9	200,000	207,000
Program 1.10: Superannuation Co-contribution Scheme		
Administered expenses		
Special appropriations	470,000	591,000
Total for Program 1.10	470,000	591,000
Program 1.11: Superannuation Guarantee Scheme		
Administered expenses		
Special appropriations	258,000	271,000
Total for Program 1.11	258,000	271,000
Program 1.12: Fuel Tax Credits Scheme		
Administered expenses		
Special appropriations	4,996,000	5,142,000
Total for Program 1.12	4,996,000	5,142,000
Program 1.13: Education Tax Refund		
Administered expenses		
Special appropriations	659,000	888,000
Total for Program 1.13	659,000	888,000
Program 1.14: National Urban Water and Desalination Plan		
Administered expenses		
Special appropriations	-	-
Total for Program 1.14	-	-
Program 1.15: National Rental Affordability Scheme		
Administered expenses		
Special appropriations	23,682	56,484
Subtotal for Program 1.15	23,682	56,484
Program 1.16: First Home Saver Accounts		
Administered expenses		
Special appropriations	23,600	39,700
Total for Program 1.16	23,600	39,700
Program 1.17: Baby Bonus		
Administered expenses		
Special appropriations	-	-
Total for Program 1.17	-	-
Program 1.18: Interest on Overpayment and Early Payments of Tax		
Administered expenses		
Special appropriations	500,000	330,000
Total for Program 1.18	500,000	330,000

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

	2010-11	2011-12
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	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.19: Bad and Doubtful Debts and Remissions		
Administered expenses		
Expenses not requiring appropriation in budget year	6,865,000	6,392,800
Total for Program 1.19	6,865,000	6,392,800
Program 1.20: Other Administered		
Administered expenses		
Special appropriations	5,000	66,767
Total Other Administered	5,000	66,767
Outcome 1 totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	930	10,213
Special appropriations	8,513,282	8,952,451
Expenses not requiring appropriation in budget year	6,865,000	6,392,800
Departmental expenses		
Departmental appropriation	3,051,930	3,137,813
Special accounts	34,106	36,532
Expenses not requiring appropriation in budget year	104,538	118,202
Total expenses for Outcome 1	18,569,786	18,648,011
	2010-11	2011-12
Average staffing level (number)	21,908	21,963

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

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Program Component 1.1.1 - Our expertise supports government priorities and encourages community participation					
Annual departmental expenses:					
Departmental items	523,039	540,403	553,963	539,071	528,312
Total component expenses	523,039	540,403	553,963	539,071	528,312
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	1,128,513	1,165,976	1,195,235	1,163,103	1,139,889
Total component expenses	1,128,513	1,165,976	1,195,235	1,163,103	1,139,889
Program Component 1.1.3 - We support and protect people by dealing with those not willing to comply					
Annual departmental expenses:					
Departmental items	1,471,094	1,519,929	1,558,070	1,516,184	1,485,923
Annual administered expenses:					
Administered item	930	10,213	14,756	5,384	2,258
Total component expenses	1,472,024	1,530,142	1,572,826	1,521,568	1,488,181
Total program expenses	3,123,576	3,236,521	3,322,024	3,223,741	3,156,381

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.
- 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

- Progress new services that support service delivery.
- 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 is 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 Tax Practitioners Board provides protection to clients of tax practitioner services by reducing the level of uncertainty and risks for people through a new, national, independent regulatory regime for tax agent services.

Program 1.2 expenses

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

Table 2.3: Program 1.2 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items ¹	17,057	16,534	13,507	13,468	13,468
Total program expenses	17,057	16,534	13,507	13,468	13,468

1. Does not include corporate overhead costs.

Program 1.2 deliverables

- Register tax practitioners.
- Ensure that records are current and accurate.
- Cancel the registrations of tax practitioners that are no longer active or entitled to be registered.

- Administer the Code of Professional Conduct that clearly provides high standards and expectations for professionals providing tax agent services.
- Apply consistent sanctions for those who do not comply with the law, including civil penalties and injunctions and other sanctions.
- Fairly investigate referrals from the ATO and community.
- 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

- Establish and broaden the regulatory framework across tax practitioners.
- Maintain acceptable 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

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

Reporting and governance arrangements have been enhanced to provide clearer delineation between the performance of the Registrar and the Commissioner of Taxation, who is a customer of the ABR.

This new program complements the ATO's fundamental role in administering aspects of Australia's taxation and superannuation systems.

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.

Program 1.3 expenses

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

Table 2.4: Program 1.3 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	16,765	13,173	9,121	9,019	9,057
Total program expenses	16,765	13,173	9,121	9,019	9,057

Program 1.3 deliverables

- Issue and maintain the ABN and AUSkey registrations to support interactions between government and businesses.
- Promote the ABR, AUSkey and SBR as whole-of-government resources. 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

- Progress new services that support whole-of-government projects.
- Increase agency awareness and engagement.
- Improve integrity of the ABR data.
- Maintain acceptable service standards.

Program 1.4: Australian Valuation Office

The AVO is set up as a special account and is the only commercially-focussed business area within the ATO. As a separate program it will now be visible within the outcome and program framework.

The AVO provides a service for all Commonwealth agencies and complements the ATO's fundamental role in administering aspects of Australia's taxation system and 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

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special account expenses:					
Valuation Services Special Account	34,106	36,532	38,423	40,381	43,428
Total program expenses	34,106	36,532	38,423	40,381	43,428

Program 1.4 deliverables

- Valuation services.
- Policy and strategic advice on valuation issues.

Program 1.4 key performance indicators

- Progress new services that support delivery of valuation services and policy advice.
- Maintain acceptable service standards.
- Strengthen relationships and satisfaction with key clients.
- Maintain appropriate governance and reporting processes.
- Maintain an appropriate level of quality of valuation services.

Program 1.5: Product Stewardship for Oil

Program 1.5 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 1.5 expenses

The estimates show moderate growth across the forward years.

Table 2.6: Program 1.5 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - product</i>					
stewardship waste (oil) scheme	37,000	40,000	44,000	47,000	48,000
Total program expenses	37,000	40,000	44,000	47,000	48,000

Program 1.5 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;
- the number of participants registered;
- the dollar value of payments processed; and
- the dollar value of revenue collected.

Program 1.5 key performance indicators

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

Program 1.6: Cleaner Fuels Grant Scheme

Program 1.6 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 1.6 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2011-12* for further information. The new tax arrangements for the alternative fuels will not involve payment of a grant from 1 December 2011

Table 2.7: Program 1.6 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - cleaner</i>					
fuel grants	38,000	26,000	-	-	-
Total program expenses	38,000	26,000	-	-	-

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 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 1.6 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: Australian Screen Production Incentive

Program 1.7 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 the Prime Minister and Cabinet (PM&C), along with Screen Australia and the ATO, have policy responsibility for the program. Screen Australia administers the Producer Offset while PM&C has administrative responsibility for the Location and PDV Offsets.

Program 1.7 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2011-12* for further information.

Table 2.8: Program 1.7 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	154,000	157,500	158,500	159,500	159,500
Total program expenses	154,000	157,500	158,500	159,500	159,500

Program 1.7 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 PM&C 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 1.7 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: Research and Development Tax Offset

Program 1.8 objective

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

The Department of Innovation, Industry, Science and Resources (DIISR) has key policy responsibility for the program, whilst administration of the offset is split between the ATO and AusIndustry, the operating arm of DIISR.

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 1.8 expenses

The estimates show moderate growth across the forward years.

Table 2.9: Program 1.8 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	1,149,000	1,137,000	1,201,000	1,268,000	1,339,000
Total program expenses	1,149,000	1,137,000	1,201,000	1,268,000	1,339,000

Program 1.8 deliverables

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

- the number and dollar value of 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 offsets;
- the percentage of R&D tax offset 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 1.8 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: Private Health Insurance Rebate

Program 1.9 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 1.9 expenses

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

Table 2.10: Program 1.9 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	200,000	207,000	215,000	224,000	233,000
Total program expenses	200,000	207,000	215,000	224,000	233,000

Program 1.9 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 1.9 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: Superannuation Co-contribution Scheme

Program 1.10 objective

The Superannuation Co-contribution Scheme is an Australian Government initiative to help low to 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 Department of 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 1.10 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2011-12* for further information.

Table 2.11: Program 1.10 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	470,000	591,000	539,000	523,000	505,000
Total program expenses	470,000	591,000	539,000	523,000	505,000

Program 1.10 deliverables

The ATO is responsible for determining eligibility, calculating the amount of entitlement to be paid and making the payment, and notifying individuals of their entitlement. Successful delivery is demonstrated by:

- the number of individuals eligible for co-contributions;
- the value of co-contributions distributed; and
- the percentage of co-contribution claims paid to superannuation funds within service standards.

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 Guarantee Scheme

Program 1.11 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 1.11 expenses

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

Table 2.12 Program 1.11 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations: <i>Superannuation Guarantee (Administration) Act 1992</i>	258,000	271,000	282,000	293,000	305,000
Total program expenses	258,000	271,000	282,000	293,000	305,000

Program 1.11 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 employer record checks;
- the number of employees whose superannuation funds have not received the superannuation to which the employees are entitled;
- the number of employers whose records are checked;
- the dollar value of superannuation guarantee charge raised;
- the dollar value of superannuation guarantee charge collected;
- the dollar value of penalties and interest;
- the percentage of superannuation complaints resolved in accordance with service standards; and
- the percentage of superannuation guarantee cases completed in accordance with service standards.

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: Fuel Tax Credits Scheme

Program 1.12 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 1.12 expenses

The expenses are impacted by the expansion to the Fuel Tax Credits Scheme commencing in July 2012.

Table 2.13: Program 1.12 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	4,996,000	5,142,000	5,614,000	5,715,000	5,819,000
Total program expenses	4,996,000	5,142,000	5,614,000	5,715,000	5,819,000

Program 1.12 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 1.12 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: Education Tax Refund

Program 1.13 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 has policy responsibility for the program, while the ATO administers the program on its behalf.

Program 1.13 expenses

The estimate in 2010-11 reflects adjustments for the over estimation of the first two years of the program. The estimates are expected to increase from 2011-12 onwards as a result of the extension of ETR claimable items to include school uniforms.

Table 2.14: Program 1.13 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	659,000	888,000	915,000	934,000	956,000
Total program expenses	659,000	888,000	915,000	934,000	956,000

Program 1.13 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. Successful delivery is demonstrated by:

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

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: National Urban Water and Desalination Plan

Program 1.14 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 will be 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 1.14 expenses

ATO expenses have been transferred to SEWPaC. Where tax offset certificates are to be issued to private sector projects in the future, the required funds will be transferred from SEWPaC to the ATO.

Table 2.15: Program 1.14 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 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 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 1.14 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 Rental Affordability Scheme

Program 1.15 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.

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

Program 1.15 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2011-12* for further information

Table 2.16: Program 1.15 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	23,682	56,484	103,964	149,960	136,756
Total program expenses	23,682	56,484	103,964	149,960	136,756

Program 1.15 deliverables

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

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

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: First Home Saver Accounts

Program 1.16 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 Department of 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 the Australian Securities and Investments Commission.

Program 1.16 expenses

Growth in the estimates across the forward years reflects an expected increase in entrants to the program.

Table 2.17: Program 1.16 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations: <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	23,600	39,700	49,800	67,700	89,000
Total program expenses	23,600	39,700	49,800	67,700	89,000

Program 1.16 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 1.16 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: Baby Bonus

Program 1.17 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 1.17 expenses

This program ceased on 30 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 2.18: Program 1.17 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
Total program expenses	-	-	-	-	-

Program 1.17 deliverables

Successful delivery is demonstrated by:

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

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: Interest on Overpayments and Early Payments of Tax

Program 1.18 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 1.18 expenses

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

Table 2.19: Program 1.18 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	500,000	330,000	330,000	330,000	330,000
Total program expenses	500,000	330,000	330,000	330,000	330,000

Program 1.18 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 1.18 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 1.19: Bad and Doubtful Debts and Remissions

Program 1.19 objective

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

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

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

Program 1.19 expenses

The estimates show moderate growth across the forward years.

Table 2.20: Program 1.19 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Administered item:					
Expenses not requiring appropriation in Budget year	6,865,000	6,392,800	6,829,300	7,252,200	7,695,000
Total program expenses	6,865,000	6,392,800	6,829,300	7,252,200	7,695,000

Program 1.19 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 1.19 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 1.20: Other Administered

Program 1.20 objective

Other Administered includes the Tax Bonus, Domestic Ethanol Assistance and Low Income Earner Contribution.

The Tax Bonus is part of the Australian Government's Nation Building Economic Stimulus Plan, which provides 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 Domestic Ethanol Assistance scheme is to introduce an energy content-based fuel excise system in order to give the Australian ethanol industry adequate time to prepare for forthcoming changes. The amended arrangement will ensure that there is no sudden loss of the tax differential between domestic and imported ethanol.

The Low Income Earner Contribution is to provide a superannuation contributions tax rebate of up to \$500 annually for low income earners, with effect from the 2012-13 income year. This rebate will improve the fairness of superannuation taxation arrangements by effectively rebating most of the tax payable on concessional superannuation contributions made by or for low-income earners.

Program 1.20 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 estimate for Domestic Ethanol Assistance in 2011-12 has been reduced due to a transfer of budget to the Department of Resources, Energy and Tourism as the ATO will not commence administering this scheme until December 2011. After 2012-13 the estimates decrease over the forward years as the rate of the offsetting assistance payment to domestic ethanol producers is progressively reduced.

The estimates for the Low Income Earner Contribution are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2011-12* for further information.

Table 2.20: Program 1.20 expenses

	2010-11 Revised budget \$'000	2011-12 Budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)					
- Tax Bonus	5,000	-	-	-	-
- Domestic Ethanol Assistance	-	66,767	85,100	66,300	46,500
- Low Income Earner Contribution	-	-	931,200	947,200	923,300
Total program expenses	5,000	66,767	1,016,300	1,013,500	969,800

Program 1.20 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 will be responsible for administering the domestic ethanol assistance scheme and providing compliance assurance and support. Successful delivery will be demonstrated by:

- the dollar value of claims; and
- the number of claims.

For the Low Income Earner Contribution it is intended that the ATO will be responsible for determining eligibility, calculating the amount of entitlement to be paid and making the payment, and notifying individuals of their entitlement. Successful delivery will be demonstrated by:

- the number of individuals eligible for the contribution; and
- the value of contributions distributed.

Program 1.20 key performance indicators

The ATO's role in successfully delivering this program 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 2011-12. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and 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

The ATO does not have any movement of administered funds.

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	Receipts	Payments	Adjustments	Closing balance
		2011-12	2011-12	2011-12	2011-12	2011-12
		2010-11	2010-11	2010-11	2010-11	2010-11
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Excise Security Deposits	1	59	-	-	-	59
Account (A)		49	10	-	-	59
Other Trust Moneys	1	1,040	10,000	10,000	-	1,040
Account (A)		1,040	10,000	10,000	-	1,040
Superannuation Holding	1	95,656	12,400	12,900	-	95,156
Accounts Special Account (A)		83,656	28,700	16,700	-	95,656
Valuation Services Special	1	12,809	37,423	38,360	-	11,872
Account (D)		12,202	34,970	34,363	-	12,809
Total special accounts						
2011-12 Budget estimate		109,564	59,823	61,260	-	108,127
Total special accounts						
2010-11 estimate actual		96,947	73,680	61,063	-	109,564

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

3.1.3 Australian Government Indigenous Expenditure

Table 3.1.3: Australian Government Indigenous Expenditure

	Appropriations				Other	Total	Program
	Bill No. 1	Bill No. 2	Special approp	Total approp			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Australian Taxation Office Outcome 1							
Total outcome 2011-12	4,302	-	-	4,302	-	4,302	1.1
<i>Total outcome 2010-11</i>	<i>3,461</i>	-	-	<i>3,461</i>	-	<i>3,461</i>	<i>1.1</i>

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

The ATO does not have any differences between the resource information presented in the Budget Papers and Portfolio Budget Statements.

3.2.2 Analysis of budgeted financial statements

Budgeted departmental income statement

The ATO is planning a balanced budget in 2011-12 after income tax equivalents expense from the 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 2011-12, the ATO is planning a significant capital works program which will focus on:

- the development or improvement of internally developed systems and software in support of the ATO's intention of making people's experience with the revenue systems easier, cheaper and more personalised, and improving the integrity and flexibility of the superannuation business systems; and
- refreshing a number of the ATO's 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: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	2,069,057	2,175,775	2,241,965	2,214,651	2,159,256
Supplier	1,014,009	996,425	998,000	917,321	902,306
Depreciation and amortisation	107,508	120,347	128,354	149,254	158,514
Income tax	912	644	977	1,036	1,157
Total expenses	3,191,486	3,293,191	3,369,296	3,282,262	3,221,233
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	65,195	64,328	66,488	68,790	74,110
Other revenue	670	550	624	674	700
Total revenue	65,865	64,878	67,112	69,464	74,810
Gains					
Other	3,640	3,786	3,937	4,095	4,095
Total gains	3,640	3,786	3,937	4,095	4,095
Total own-source income	69,505	68,664	71,049	73,559	78,905
Net cost of (contribution by) services	3,121,981	3,224,527	3,298,247	3,208,703	3,142,328
Appropriation revenue	3,016,531	3,105,681	3,172,174	3,061,866	2,986,515
Surplus (deficit) attributable to the Australian Government	(105,450)	(118,846)	(126,073)	(146,837)	(155,813)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	(105,450)	(118,846)	(126,073)	(146,837)	(155,813)
Plus non-appropriated expenses depreciation and amortisation expenses	107,508	120,347	128,354	149,254	158,514
Operating result attributable to the ATO	2,058	1,501	2,281	2,417	2,701

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	27,354	32,335	33,897	34,515	28,799
Trade and other receivables	336,098	306,555	303,206	302,798	304,727
Total financial assets	363,452	338,890	337,103	337,313	333,526
Non-financial assets					
Land and buildings	169,327	190,928	202,602	204,245	199,228
Infrastructure, plant and equipment	78,554	73,270	65,729	57,137	48,806
Intangibles	427,652	471,432	526,790	528,723	529,708
Other	34,689	34,689	34,689	34,689	34,689
Total non-financial assets	710,222	770,319	829,810	824,794	812,431
Total assets	1,073,674	1,109,209	1,166,913	1,162,107	1,145,957
LIABILITIES					
Interest bearing liabilities					
Leases	32,785	32,785	32,785	32,785	32,785
Total interest bearing liabilities	32,785	32,785	32,785	32,785	32,785
Provisions					
Employees	677,260	677,242	677,242	677,242	677,242
Total provisions	677,260	677,242	677,242	677,242	677,242
Payables					
Suppliers	231,778	231,020	230,098	228,931	226,552
Dividends	1,029	751	1,140	1,209	1,350
Other	19,867	19,853	19,853	19,953	20,053
Total payables	252,674	251,624	251,091	250,093	247,955
Total liabilities	962,719	961,651	961,118	960,120	957,982
Net assets	110,955	147,558	205,795	201,987	187,975
EQUITY					
Contributed equity	483,261	639,461	824,911	969,149	1,112,300
Reserves	90,544	90,544	90,544	90,544	90,544
Retained surpluses or accumulated deficits	(462,850)	(582,447)	(709,660)	(857,706)	(1,014,869)
Total equity	110,955	147,558	205,795	201,987	187,975
Current assets	362,794	374,802	394,300	392,676	387,219
Non-current assets	710,880	734,407	772,613	769,431	758,738
Current liabilities	778,455	777,591	777,160	776,353	774,624
Non-current liabilities	184,264	184,060	183,958	183,767	183,358

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	64,147	63,598	67,696	69,301	72,185
Appropriations	2,986,269	3,111,728	3,171,924	3,061,766	2,986,515
Interest	522	473	495	521	546
Other	123,327	119,979	123,711	120,368	120,368
Total cash received	3,174,265	3,295,778	3,363,826	3,251,956	3,179,614
Cash used					
Employees	2,069,270	2,175,793	2,241,965	2,214,651	2,159,256
Suppliers	1,107,378	1,089,634	1,093,732	1,008,698	994,895
Income taxes paid	306	658	977	936	1,057
Other	26,806	23,667	24,839	25,913	25,913
Total cash used	3,203,760	3,289,752	3,361,513	3,250,198	3,181,121
Net cash from or (used by) operating activities	(29,495)	6,026	2,313	1,758	(1,507)
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	151,154	180,444	187,845	144,238	146,151
Total cash used	151,154	180,444	187,845	144,238	146,151
Net cash from or (used by) investing activities	(151,154)	(180,444)	(187,845)	(144,238)	(146,151)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	171,770	180,428	187,845	144,238	143,151
Total cash received	171,770	180,428	187,845	144,238	143,151
Cash used					
Dividends paid	1,057	1,029	751	1,140	1,209
Total cash used	1,057	1,029	751	1,140	1,209
Net cash from or (used by) financing activities	170,713	179,399	187,094	143,098	141,942
Net increase or (decrease) in cash held	(9,936)	4,981	1,562	618	(5,716)
Cash at the beginning of the reporting period	37,290	27,354	32,335	33,897	34,515
Cash at the end of the reporting period	27,354	32,335	33,897	34,515	28,799

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2011-12)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	(462,850)	90,544	-	483,261	110,955
Adjusted opening balance	(462,850)	90,544	-	483,261	110,955
Transactions with owners					
<i>Operating result after extraordinary items</i>	(118,846)	-	-	-	(118,846)
<i>Distribution to owners</i>					
Returns on capital dividends	(751)	-	-	-	(751)
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	18,380	18,380
Injection for departmental capital budget	-	-	-	137,820	137,820
Total transactions with owners	(119,597)	-	-	156,200	36,603
Estimated closing balance as at 30 June 2012	(582,447)	90,544	-	639,461	147,558

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	137,310	137,820	138,740	139,746	141,651
Equity injections - Bill 2	28,639	18,380	46,710	4,492	1,500
Total capital appropriations	165,949	156,200	185,450	144,238	143,151
Represented by:					
Purchase of non-financial assets	165,949	156,200	185,450	144,238	143,151
Total represented by	165,949	156,200	185,450	144,238	143,151
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	36,644	40,424	49,105	4,492	1,500
Funded by capital appropriation - DCB	113,310	137,820	138,740	139,746	141,651
Funded internally from departmental resources	1,200	2,200	-	-	3,000
TOTAL	151,154	180,444	187,845	144,238	146,151
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	151,154	180,444	187,845	144,238	146,151
Total cash used to acquire assets	151,154	180,444	187,845	144,238	146,151

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 2011				
Gross book value	208,529	122,289	858,129	1,188,947
Accumulated depreciation/amortisation and impairment	39,202	43,735	430,477	513,414
Opening net book balance	169,327	78,554	427,652	675,533
Capital asset additions				
By purchase - appropriation equity	-	10,435	29,989	40,424
By purchase - appropriation ordinary annual services	50,085	3,954	85,981	140,020
Total additions	50,085	14,389	115,970	180,444
Other movements				
Depreciation/amortisation expense	28,484	19,673	72,190	120,347
Total other movements	28,484	19,673	72,190	120,347
As at 30 June 2012				
Gross book value	258,614	136,678	974,099	1,369,391
Accumulated depreciation/amortisation and impairment	67,686	63,408	502,667	633,761
Closing net book balance	190,928	73,270	471,432	735,630

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 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	206,040,000	240,630,000	268,540,000	285,690,000	301,930,000
Indirect tax	75,460,000	78,230,000	82,480,000	86,580,000	90,810,000
Other taxes, fees and fines	546,000	569,000	594,000	619,000	645,000
Total taxation	282,046,000	319,429,000	351,614,000	372,889,000	393,385,000
Total revenues administered on behalf of government	282,046,000	319,429,000	351,614,000	372,889,000	393,385,000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	6,397,682	6,625,751	7,206,564	7,405,760	7,548,756
Personal benefits	1,357,600	1,725,700	2,650,000	2,695,900	2,706,300
Suppliers	930	10,213	14,756	5,384	2,258
Write down and impairment of assets	6,865,000	6,392,800	6,829,300	7,252,200	7,695,000
Finance costs	500,000	330,000	330,000	330,000	330,000
Other	258,000	271,000	282,000	293,000	305,000
Total expenses administered on behalf of government	15,379,212	15,355,464	17,312,620	17,982,244	18,587,314

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 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	425,666	425,666	425,666	425,666	425,666
Receivables	15,244,221	16,158,421	17,166,121	18,270,921	19,526,921
Accrued revenues	10,512,738	10,972,738	11,462,738	11,672,738	12,267,738
Total financial assets	26,182,625	27,556,825	29,054,525	30,369,325	32,220,325
Total assets administered on behalf of government	26,182,625	27,556,825	29,054,525	30,369,325	32,220,325
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	1,764,235	1,764,235	1,764,235	1,764,235	1,764,235
Other provisions	426,254	450,254	475,254	456,254	475,254
Total provisions	2,190,489	2,214,489	2,239,489	2,220,489	2,239,489
Payables					
Subsidies	1,967,560	2,211,862	2,350,442	2,486,738	2,568,229
Personal benefits payable	1,922,892	2,011,992	2,937,292	3,081,292	3,112,492
Other payables	1,098,515	1,098,015	1,092,715	1,128,215	1,127,615
Total payables	4,988,967	5,321,869	6,380,449	6,696,245	6,808,336
Total liabilities administered on behalf of government	7,179,456	7,536,358	8,619,938	8,916,734	9,047,825

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 2010-11 \$'000	Budget estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	274,120,000	311,320,000	342,930,000	363,950,000	383,450,000
Other	347,700	354,400	363,600	423,500	403,500
Total cash received	274,467,700	311,674,400	343,293,600	364,373,500	383,853,500
Cash used					
Borrowing costs	500,000	330,000	330,000	330,000	330,000
Subsidies paid	5,845,587	6,381,449	7,067,984	7,269,464	7,467,265
Personal benefits	1,692,000	1,636,600	1,724,700	2,551,900	2,675,100
Payments to suppliers	930	10,213	14,756	5,384	2,258
Other	251,700	259,900	268,900	328,000	301,100
Total cash used	8,290,217	8,618,162	9,406,340	10,484,748	10,775,723
Net cash from or (used by) operating activities	266,177,483	303,056,238	333,887,260	353,888,752	373,077,777
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	8,290,217	8,618,162	9,406,340	10,484,748	10,775,723
Total cash received	8,290,217	8,618,162	9,406,340	10,484,748	10,775,723
Cash used					
Cash to Official Public Account	274,467,700	311,674,400	343,293,600	364,373,500	383,853,500
Total cash used	274,467,700	311,674,400	343,293,600	364,373,500	383,853,500
Net cash from or (used by) financing activities	(266,177,483)	(303,056,238)	(333,887,260)	(353,888,752)	(373,077,777)
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at beginning of reporting period	425,666	425,666	425,666	425,666	425,666
Cash at end of reporting period	425,666	425,666	425,666	425,666	425,666

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.

