

# AUSTRALIAN TAXATION OFFICE

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# AUSTRALIAN TAXATION OFFICE

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION

The Australian Taxation Office (ATO) exists to improve the wellbeing of all Australians by undertaking important responsibilities for the care of Australia's taxation and superannuation systems and the Australian Business Register.

Revenue from Australia's tax system helps fund public goods and services that give effect to economic and social policies. Australia's superannuation system helps secure retirement income for Australians.

In undertaking these responsibilities the ATO seeks to achieve confidence in the administration of Australia's taxation and superannuation systems.

The ATO's Strategic Statement 2010–15 outlines the strategic direction, including a vision that Australia values its tax and superannuation systems as community assets, where willing participation is recognised as good citizenship.

In achieving the strategic direction, the ATO delivers government's priorities and, works with the community to:

- encourage people to support and understand the benefits of participation so that they are engaged and willingly participate;
- support people so that they are helped and assisted to understand their obligations and are able to comply easily at minimal cost;
- protect citizens by ensuring they are not disadvantaged by deterring, detecting and dealing with those who fail to comply;
- enhance and improve the ATO's capabilities to be more innovative, agile and responsive to challenges and opportunities; and
- champion the systems by advising the Government on the systems in operation and the way the law is impacting participants in the systems where the law is not achieved.

The ATO's corporate values guide this work by 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 who don't, being consultative, collaborative and willing to co-design, open and accountable, and responsive to challenges and opportunities.

As the economy emerges from the global financial crisis, the ATO will maintain its focus on nurturing an environment that is conducive to high levels of voluntary compliance. The ATO will do this by delivering a balanced program of assistance to the community, while remaining vigilant to protect against emerging risks.

The ATO will also remain responsive to challenges and opportunities arising from the outcomes of various reforms impacting the tax and superannuation systems.

## 1.2 AGENCY RESOURCE STATEMENT

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

**Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2010-11 as at Budget May 2010**

	Estimate of prior year amounts available in 2010-11 \$'000	Proposed at Budget 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
<b>Ordinary annual services</b>				
<b>Departmental</b>				
Prior year departmental carried forward	203,054 <sup>5</sup>	-	203,054	-
Departmental appropriation <sup>3</sup>	-	3,150,907 <sup>1</sup>	3,150,907	3,006,102
Receipts from other sources (s31)	-	26,034 <sup>4</sup>	26,034	26,157
<b>Total departmental</b>	<b>203,054</b>	<b>3,176,941</b>	<b>3,379,995</b>	<b>3,032,259</b>
<b>Administered expenses</b>				
Outcome 1	-	8,594 <sup>1</sup>	8,594	18,723
<b>Total administered expenses</b>	<b>-</b>	<b>8,594</b>	<b>8,594</b>	<b>18,723</b>
<b>Total ordinary annual services</b>	<b>A 203,054</b>	<b>3,185,535</b>	<b>3,388,589</b>	<b>3,050,982</b>
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections	-	30,579 <sup>2</sup>	30,579	8,212
Previous years' outputs	-	-	-	16,332
<b>Total other services</b>	<b>B -</b>	<b>30,579</b>	<b>30,579</b>	<b>24,544</b>
<b>Total available annual appropriations (A+B)</b>	<b>203,054</b>	<b>3,216,114</b>	<b>3,419,168</b>	<b>3,075,526</b>

**Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2009-10 as at Budget May 2009 (continued)**

	Estimate of prior <sup>+</sup> year amounts available in 2010-11 \$'000	Proposed at Budget <sup>=</sup> 2010-11 \$'000	Total estimate 2010-11 \$'000	Actual available appropriation 2009-10 \$'000
<b>Special appropriations</b>				
<i>Product Grants and Benefits Administration Act 2000 - cleaner fuel grants</i>	-	53,000	53,000	42,000
<i>Product Grants and Benefits Administration Act 2000 - product stewardship waste (oil) scheme</i>	-	30,000	30,000	30,000
<i>Superannuation Guarantee (Administration) Act 1992 Taxation Administration Act 1953 - section 16 (Non-refund items)<sup>7</sup></i>	-	278,000	278,000	266,000
	-	8,427,443	8,427,443	7,881,800
<b>Total special appropriations</b>	<b>C</b>	<b>8,788,443</b>	<b>8,788,443</b>	<b>8,219,800</b>
<b>Total appropriations excluding special accounts</b>	203,054	12,004,557	12,207,611	11,295,326
<b>Special accounts</b>				
Opening balance <sup>6</sup>	92,749	-	92,749	-
Appropriation receipts	-	30,700	30,700	25,900
Non-appropriation receipts to special accounts	-	41,553	41,553	39,355
<b>Total special account</b>	<b>D</b>	<b>72,253</b>	<b>165,002</b>	<b>65,255</b>
<b>Total resourcing (A+B+C+D)</b>	<b>295,803</b>	<b>12,076,810</b>	<b>12,372,613</b>	<b>11,360,581</b>
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	30,700	30,700	25,900
<b>Total net resourcing for the ATO</b>	<b>295,803</b>	<b>12,046,110</b>	<b>12,341,913</b>	<b>11,334,681</b>

1. Appropriation Bill (No. 1) 2010-11.

2. Appropriation Bill (No. 2) 2010-11.

3. Includes \$137.3 million in 2010-11 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, education tax refunds and research and development subsidies. Estimated tax refund items for 2009-10 are \$85.5 billion (including \$70 million paid via the Australian Customs Service (ACS) on the ATO's behalf) and \$89.2 billion for 2010-11 (including \$85 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 2010-11* and are summarised below.

**Table 1.2: Australian Taxation Office 2010-11 Budget measures**

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
<b>Expense measures</b>						
ATO compliance program - dealing with the cash economy						
Departmental expenses	1.1	-	15,551	30,557	30,789	31,051
Administered expenses	1.20	-	3,800	9,800	12,300	14,000
Australian Business Number and Business Names Registration System - expansion						
Departmental expenses	1.1	-	(1,319)	(5,835)	(5,959)	(5,955)
Film tax offsets - change in eligibility						
Administered expenses	1.6	-	700	1,100	2,200	2,900
Fraud prevention and compliance - Centrelink debts - Improvements to the tax garnishee process						
Departmental expenses	1.1	-	1,274	232	234	235
Fuel tax - amending the arrangements for fuel ethanol						
Administered expenses	1.5, 1.18	-	-	3,500	-	(2,000)
GST compliance program - working together to improve voluntary compliance						
Departmental expenses	1.1	-	62,417	86,783	90,740	91,084
Standards Business Reporting - ongoing funding						
Departmental expenses	1.1	(1,262)	15,997	18,683	14,431	13,457
Stronger, fairer, simpler tax reform - 50 per cent discount for interest income						
Departmental expenses	1.1	-	2,897	6,249	6,260	5,737
Administered expenses	1.1, 1.12	-	-	13,438	2,000	2,000
Stronger, fairer, simpler tax reform - development and implementation						
Departmental expenses	1.1	300	1,380	-	-	-
Stronger, fairer, simpler tax reform - early start to the company tax rate cut for small business companies						
Departmental expenses	1.1	-	-	4,694	559	1,245

**Table 1.2: Australian Taxation Office 2010-11 Budget measures (continued)**

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
<b>Expense measures (continued)</b>						
Stronger, fairer, simpler tax reform - Government superannuation contributions tax rebate for low income earners						
Departmental expenses	1.1	-	-	664	10,419	35,235
Stronger, fairer, simpler tax reform - increasing concessional contribution caps for individuals over 50 with low superannuation balances						
Departmental expenses	1.1	-	6,760	8,641	23,218	23,375
Administered expenses	1.1	-	3,990	5,799	2,125	-
Stronger, fairer, simpler tax reform - increasing the superannuation guarantee rate to 12 per cent						
Departmental expenses	1.1	-	628	4,733	9,524	9,043
Administered expenses	1.1	-	-	2,270	4,265	2,116
Stronger, fairer, simpler tax reform - phasing down interest withholding tax on financial institutions						
Departmental expenses	1.1	-	-	118	119	120
Stronger, fairer, simpler tax reform - raising the superannuation guarantee age limit from 70 to 75						
Departmental expenses	1.1	-	-	-	-	3,210
Stronger, fairer, simpler tax reform - resource exploration refundable tax offset						
Departmental expenses	1.1	-	534	1,603	1,167	1,178
Administered expenses	1.17	-	-	520,000	600,000	680,000
Stronger, fairer, simpler tax reform - resource super profits tax						
Departmental expenses	1.1	-	7,692	23,912	32,152	27,296
Stronger, fairer, simpler tax reform - small business instant asset write-off and simplified pooling						
Departmental expenses	1.1	-	-	-	2,006	-
Stronger, fairer, simpler tax reform - standard deduction for work-related expenses and the cost of managing tax affairs						
Departmental expenses	1.1	-	-	1,927	13,241	25,873
Administered expenses	1.1, 1.12	-	-	-	6,680	10,818

**Table 1.2: Australian Taxation Office 2010-11 Budget measures (continued)**

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
<b>Expense measures</b>						
<b>(continued)</b>						
Superannuation - permanent reduction to the superannuation co-contribution matching rate and maximum payable						
Administered expenses	1.9	-	-	-	(175,000)	(175,000)
Superannuation co-contribution - enhancing administration						
Departmental expenses	1.1	1,077	4,227	3,903	3,400	3,403
Administered expenses	1.9	(35,000)	(35,000)	(35,000)	(45,000)	(45,000)
Superannuation co-contribution - pause to the indexation of the income threshold for two years						
Administered expenses	1.9	-	(35,000)	(70,000)	(95,000)	(95,000)
<b>Total expense measures</b>						
Departmental		115	118,038	186,864	232,300	265,587
Administered		(35,000)	(61,510)	450,907	314,570	394,834
<b>Total</b>		<b>(34,885)</b>	<b>56,528</b>	<b>637,771</b>	<b>546,870</b>	<b>660,421</b>
<b>Related Capital</b>						
Australian Business Number and Business Names Registration System - expansion	1.1	-	3,411	-	-	-
Fraud prevention and compliance - Centrelink debts - improvements to the tax garnishee process	1.1	-	1,413	-	-	-
GST compliance program - working together to improve voluntary compliance	1.1	-	6,503	-	-	-
Standards Business Reporting - ongoing funding	1.1	(3,633)	689	-	1,500	-
Stronger, fairer, simpler tax reform - 50 per cent discount for interest income	1.1	-	1,940	2,379	-	-
Stronger, fairer, simpler tax reform - Government superannuation contributions tax rebate for low income earners	1.1	-	-	-	9,207	1,500
Stronger, fairer, simpler tax reform - increasing concessional contribution caps for individuals over 50 with low superannuation balances	1.1	-	11,651	2,000	3,081	2,000



**Table 1.2: Australian Taxation Office 2010-11 Budget measures (continued)**

	Program	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
<b>Related capital (continued)</b>						
Stronger, fairer, simpler tax reform - resource super profits tax	1.1	-	-	9,775	5,630	-
Stronger, fairer, simpler tax reform - standard deduction for work-related expenses and the cost of managing tax affairs	1.1	-	-	-	11,422	-
<b>Total related capital</b>		(3,633)	25,607	14,154	30,840	3,500

Prepared on a Government Financial Statistics (fiscal) basis.

## 1.4 CHANGES TO THE PROGRAM STRUCTURE

The following table outlines changes to the ATO's program structure since the 2009-10 Budget. The previous programs 1.1 to 1.5 have been combined into a new program 1.1. Three new programs have been created 1.2, 1.17 and 1.18. The remaining programs have been renumbered.

**Figure 2: Transition table**

2009-10 Budget year	2010-11 Budget year				
<p>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</p>	<p>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</p>				
<table border="1"> <tr> <td>Program 1.1: Shape, design and build administrative systems</td> </tr> <tr> <td>Departmental items: Program Support</td> </tr> </table>	Program 1.1: Shape, design and build administrative systems	Departmental items: Program Support	<table border="1"> <tr> <td>Program 1.1: Australian Taxation Office</td> </tr> <tr> <td>Departmental items: Program Support P1.1, P1.2, P1.3, P1.4 and P1.5</td> </tr> </table>	Program 1.1: Australian Taxation Office	Departmental items: Program Support P1.1, P1.2, P1.3, P1.4 and P1.5
Program 1.1: Shape, design and build administrative systems					
Departmental items: Program Support					
Program 1.1: Australian Taxation Office					
Departmental items: Program Support P1.1, P1.2, P1.3, P1.4 and P1.5					
<table border="1"> <tr> <td>Program 1.2: Management of revenue collections and transfers</td> </tr> <tr> <td>Departmental items: Program Support</td> </tr> </table>	Program 1.2: Management of revenue collections and transfers	Departmental items: Program Support	<table border="1"> <tr> <td>Program 1.2: Tax Practitioners Board</td> </tr> <tr> <td>Departmental items: Program Support P1.3 and P1.5</td> </tr> </table>	Program 1.2: Tax Practitioners Board	Departmental items: Program Support P1.3 and P1.5
Program 1.2: Management of revenue collections and transfers					
Departmental items: Program Support					
Program 1.2: Tax Practitioners Board					
Departmental items: Program Support P1.3 and P1.5					
<table border="1"> <tr> <td>Program 1.3: Compliance assurance and support for revenue collections</td> </tr> <tr> <td>Departmental items: Program Support</td> </tr> </table>	Program 1.3: Compliance assurance and support for revenue collections	Departmental items: Program Support			
Program 1.3: Compliance assurance and support for revenue collections					
Departmental items: Program Support					
<table border="1"> <tr> <td>Program 1.4: Compliance assurance and support for transfers and regulation of superannuation funds</td> </tr> <tr> <td>Departmental items: Program Support</td> </tr> </table>	Program 1.4: Compliance assurance and support for transfers and regulation of superannuation funds	Departmental items: Program Support			
Program 1.4: Compliance assurance and support for transfers and regulation of superannuation funds					
Departmental items: Program Support					
<table border="1"> <tr> <td>Program 1.5: Services to government and agencies</td> </tr> <tr> <td>Departmental items: Program Support</td> </tr> </table>	Program 1.5: Services to government and agencies	Departmental items: Program Support			
Program 1.5: Services to government and agencies					
Departmental items: Program Support					

## 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. Agencies deliver programs which are the Government actions taken to deliver the stated outcomes. 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 contributes to this outcome by:

- administering aspects of Australia's taxation and superannuation systems; and
- supporting delivery of government benefits to the community.

The ATO also manages a number of whole-of-government programs that deliver a range of services. These include:

- progressing the Australian Business Register as a whole-of-government resource for streamlining business and government interactions; and
- providing expert valuation services and advice to government agencies.

The ATO also provides services to the Tax Practitioners Board.

The ATO measures effectiveness through five broad indicators that represent the most significant contributions made to achieving the outcome above:

- deliver aspects of tax and superannuation systems for government and the community;

*Australian Taxation Office Budget Statements*

- maintain community confidence and engagement;
- help people understand their rights and obligations;
- improve ease of compliance and access to benefits; and
- manage non-compliance with the law.

The Government and the community understand the ATO's commitments, which are published in the Strategic Statement, the Corporate Plan and the Compliance Program and are assessed in the ATO's Annual Report. The ATO also publishes the Taxpayers' Charter which includes commitments to service the community.

More specifically, key strategies as outlined in the Corporate Plan 2010–11 include:

- designing and building administrative services to support government, the community and other agencies;
- providing strategies that make it as easy and cheap as possible for people to meet their obligations; and
- implementing compliance strategies to provide support for those willing to participate, who may need assistance, and deals firmly with those not willing to comply.

### **Outcome 1 Budgeted expenses and resources**

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

**Table 2.1: Budgeted expenses and resources for Outcome 1**

<b>Outcome 1:</b> Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access benefits and managing non-compliance with the law	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
<b>Program 1.1: Australian Taxation Office</b>		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,443	8,594
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,992,933	2,998,686
Revenues from independent sources (s31)	29,207	30,446
Special accounts	28,605	30,781
Expenses not requiring appropriation in the Budget year	-	115,086
<b>Total for Program 1.1</b>	<b>3,056,188</b>	<b>3,183,593</b>
<b>Program 1.2: Tax Practitioners Board</b>		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	14,546	13,534
<b>Total for Program 1.2</b>	<b>14,546</b>	<b>13,534</b>

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

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 benefits and managing non-compliance with the law	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
<b>Program 1.3: Tax Bonus</b>		
Administered expenses		
Special appropriations	141,500	-
<b>Total for Program 1.3</b>	141,500	-
<b>Program 1.4: Product Stewardship Waste (Oil) Scheme</b>		
Administered expenses		
Special appropriations	30,000	30,000
<b>Total for Program 1.4</b>	30,000	30,000
<b>Program 1.5: Cleaner Fuels Grant Scheme</b>		
Administered expenses		
Special appropriations	42,000	53,000
<b>Total for Program 1.5</b>	42,000	53,000
<b>Program 1.6: Refundable Film and Television Tax Offset</b>		
Administered expenses		
Special appropriations	143,000	146,700
<b>Total for Program 1.6</b>	143,000	146,700
<b>Program 1.7: Research and Development Tax Offset</b>		
Administered expenses		
Special appropriations	632,000	1,007,000
<b>Total for Program 1.7</b>	632,000	1,007,000
<b>Program 1.8: Private Health Insurance Rebate</b>		
Administered expenses		
Special appropriations	201,000	200,000
<b>Total for Program 1.8</b>	201,000	200,000
<b>Program 1.9: Superannuation Co-contribution Scheme</b>		
Administered expenses		
Special appropriations	784,000	785,000
<b>Total for Program 1.9</b>	784,000	785,000
<b>Program 1.10: Superannuation Guarantee Scheme</b>		
Administered expenses		
Special appropriations	266,000	278,000
<b>Total for Program 1.10</b>	266,000	278,000
<b>Program 1.11: Fuel Tax Credits Scheme</b>		
Administered expenses		
Special appropriations	5,118,300	5,162,400
<b>Total for Program 1.11</b>	5,118,300	5,162,400
<b>Program 1.12: Education Tax Refund</b>		
Administered expenses		
Special appropriations	515,000	742,000
<b>Total for Program 1.12</b>	515,000	742,000
<b>Program 1.13: National Urban Water and Desalination Plan</b>		
Administered expenses		
Special appropriations	-	-
<b>Total for Program 1.13</b>	-	-

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

	2009-10 Estimated actual expenses \$'000	2010-11 Estimated expenses \$'000
<b>Outcome 1:</b> Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access benefits and managing non-compliance with the law		
<b>Program 1.14: National Rental Affordability Scheme</b>		
Administered expenses		
Special appropriations	5,000	30,743
<b>Subtotal for Program 1.14</b>	<b>5,000</b>	<b>30,743</b>
<b>Program 1.15: First Home Saver Accounts</b>		
Administered expenses		
Special appropriations	12,000	23,600
<b>Total for Program 1.15</b>	<b>12,000</b>	<b>23,600</b>
<b>Program 1.16: Baby Bonus</b>		
Administered expenses		
Special appropriations	-	-
<b>Total for Program 1.16</b>	<b>-</b>	<b>-</b>
<b>Program 1.17: Resource Exploration Rebate</b>		
Administered expenses		
Special appropriations	-	-
<b>Total for Program 1.17</b>	<b>-</b>	<b>-</b>
<b>Program 1.18: Domestic Ethanol Assistance</b>		
Administered expenses		
Special appropriations	-	-
<b>Total for Program 1.18</b>	<b>-</b>	<b>-</b>
<b>Program 1.19: Interest on Overpayment and Early Payments of Tax</b>		
Administered expenses		
Special appropriations	330,000	330,000
<b>Total for Program 1.19</b>	<b>330,000</b>	<b>330,000</b>
<b>Program 1.20: Bad and Doubtful Debts and Remissions</b>		
Administered expenses		
Expenses not requiring appropriation in the Budget year	5,555,000	4,823,400
<b>Total for Program 1.20</b>	<b>5,555,000</b>	<b>4,823,400</b>
<b>Outcome 1 totals by appropriation type</b>		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,443	8,594
Special appropriations	8,219,800	8,788,443
Expenses not requiring appropriation in the Budget year	5,555,000	4,823,400
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	3,007,479	3,012,220
Revenues from independent sources (s31)	29,207	30,446
Special accounts	28,605	30,781
Expenses not requiring appropriation in the Budget year	-	115,086
<b>Total expenses for Outcome 1</b>	<b>16,845,534</b>	<b>16,808,970</b>
	2009-10	2010-11
<b>Average staffing level (number)</b>	<b>21,553</b>	<b>21,828</b>

## **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.

The ATO also manages a number of whole-of-government programs that deliver a range of services. These include:

- progressing the Australian Business Register as a whole-of-government resource for streamlining business and government interactions; and
- providing expert valuation services and advice to government agencies.

#### **Program 1.1 expenses**

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

**Table 2.2: Program 1.1 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
<b>Program Component 1.1.1 - Design and build administrative services to support government, the community and other agencies</b>					
Annual departmental expenses					
Departmental items	481,591	500,240	510,138	520,915	507,376
Total component expenses	481,591	500,240	510,138	520,915	507,376
<b>Program Component 1.1.2 - Provide strategies to make it easy and as cheap as possible for people to meet their obligations</b>					
Annual departmental expenses					
Departmental items	1,013,468	1,052,711	1,073,541	1,096,220	1,067,730
Total component expenses	1,013,468	1,052,711	1,073,541	1,096,220	1,067,730
<b>Program Component 1.1.3 - Implement compliance strategies to support those willing to participate, who may need assistance, and who deals firmly with those not willing to comply</b>					
Annual departmental expenses					
Departmental items	1,519,327	1,578,158	1,609,386	1,643,384	1,600,675
Annual administered expenses					
Administered item	5,443	8,594	21,976	11,091	6,934
Total component expenses	1,524,770	1,586,752	1,631,362	1,654,475	1,607,609
<b>Program Component 1.1.4 - Australian Business Register</b>					
Annual departmental expenses					
Departmental items	7,754	13,109	9,068	8,958	8,978
Total component expenses	7,754	13,109	9,068	8,958	8,978
<b>Program Component 1.1.5 - Australian Valuation Office</b>					
Special account expenses					
Valuation Services Special Account	28,605	30,781	32,351	33,999	35,734
Total component expenses	28,605	30,781	32,351	33,999	35,734
<b>Total program expenses</b>	<b>3,056,188</b>	<b>3,183,593</b>	<b>3,256,460</b>	<b>3,314,567</b>	<b>3,227,427</b>

**Program Component 1.1.1: Design and build administrative services to support government, the community and other agencies**

**Deliverables**

- 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 governments and other agencies.

**Key performance indicators**

- 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: Provide strategies to make it easy and as cheap as possible for people to meet their obligations**

**Deliverables**

- 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.

**Key performance indicators**

- 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: Implement compliance strategies to support those willing to participate, who may need assistance, and deals firmly with those not willing to comply**

**Deliverables**

- Communicate and market products, services and benefits to the community.
- Provide interpretative advice and practical guidance.

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- Identify and respond to behaviours presenting a compliance risk.
- Undertake preventative actions to reduce the rate of occurrence of non-compliant behaviour.

**Key performance indicators**

- 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 Component 1.1.4: Australian Business Register (ABR)**

**Deliverables**

- Issue, maintain and cancel Australian Business Numbers and AUSkey registrations to support interactions between government and businesses.
- Promote the ABR as a whole-of-government resource and provide eligible government agencies with access to details of registered Australian Business Number holders.
- Provide the community with access to public data to assist in verifying core business identity and other government registration information.

**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 Component 1.1.5: Australian Valuation Office**

**Deliverables**

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

**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.
- Improve governance and reporting processes.
- Improve quality of valuation services.

## Program 1.2: Tax Practitioners Board

### Program 1.2 objective

The objective of the Tax Practitioners Board is to strengthen the integrity of the tax 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**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Annual departmental expenses					
Departmental items <sup>1</sup>	14,546	13,534	13,534	13,534	13,534
<b>Total program expenses</b>	<b>14,546</b>	<b>13,534</b>	<b>13,534</b>	<b>13,534</b>	<b>13,534</b>

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; and
- 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; and
- Increase awareness and engagement amongst tax practitioners.

### Program 1.3: Tax Bonus

#### Program 1.3 objective

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.

#### Program 1.3 expenses

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

**Table 2.4: Program 1.3 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	141,500	-	-	-	-
<b>Total program expenses</b>	141,500	-	-	-	-

#### Program 1.3 deliverables

The ATO's role 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 bonuses paid; and
- the number of eligible recipients.

#### Program 1.3 key performance indicators

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

## Program 1.4: Product Stewardship Waste (Oil) Scheme

### Program 1.4 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 Environment, Water, Heritage and the Arts has policy responsibility for the program, whilst the ATO administers the program on its behalf.

### Program 1.4 expenses

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

**Table 2.5: Program 1.4 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Product Grants and Benefits</i>					
Administration Act 2000 - product stewardship waste (oil) scheme	30,000	30,000	30,000	31,000	31,000
<b>Total program expenses</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>31,000</b>	<b>31,000</b>

### Program 1.4 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 Department of Environment, Water, Heritage and the Arts. 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 1.4 key performance indicators

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

## Program 1.5: Cleaner Fuels Grant Scheme

### Program 1.5 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 has policy responsibility for the program, whilst the ATO administers the program on its behalf.

### Program 1.5 expenses

There is an increase in expenses from 2011-12 due to the commencement of payments for gaseous fuels, particularly LPG, made as part of the phase-in of effective fuel taxation. The expenses then decrease as the assistance is phased out in the period to 1 July 2015.

**Table 2.6: Program 1.5 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - cleaner</i>					
fuel grants	42,000	53,000	452,800	337,500	220,900
<b>Total program expenses</b>	<b>42,000</b>	<b>53,000</b>	<b>452,800</b>	<b>337,500</b>	<b>220,900</b>

### 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 the Department of Environment, Water, Heritage and the Arts. Successful delivery is demonstrated by:

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

### 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: Refundable Film and Television Tax Offset**

**Program 1.6 objective**

This program comprises three film tax offsets: the Producer Offset, the Location Offset and the Post, Digital and Visual Effects (PDV) Offset. The 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 Environment, Water, Heritage and the Arts (DEWHA) along with Screen Australia and the ATO have policy responsibility for the program. Screen Australia administers the Producer Offset while DEWHA has administrative responsibility for the Location and PDV Offsets.

**Program 1.6 expenses**

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

**Table 2.7: Program 1.6 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	143,000	146,700	126,100	127,200	127,900
<b>Total program expenses</b>	<b>143,000</b>	<b>146,700</b>	<b>126,100</b>	<b>127,200</b>	<b>127,900</b>

**Program 1.6 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 DEWHA 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 1.6 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: Research and Development Tax Offset

### Program 1.7 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 1.7 expenses

The increases in expenses from 2010-11 reflect the impact of the 2009-10 Budget measure 'An Innovation and Higher Education System for the 21<sup>st</sup> Century – Research and Development Tax Credit'.

**Table 2.8: Program 1.7 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	632,000	1,007,000	1,063,000	1,122,000	1,185,000
<b>Total program expenses</b>	<b>632,000</b>	<b>1,007,000</b>	<b>1,063,000</b>	<b>1,122,000</b>	<b>1,185,000</b>

### Program 1.7 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 1.7 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: Private Health Insurance Rebate

### Program 1.8 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 1.8 expenses

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

**Table 2.9: Program 1.8 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	201,000	200,000	207,000	215,000	224,000
<b>Total program expenses</b>	<b>201,000</b>	<b>200,000</b>	<b>207,000</b>	<b>215,000</b>	<b>224,000</b>

### Program 1.8 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 1.8 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: Superannuation Co-contribution Scheme

### Program 1.9 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, whilst the ATO administers the program on its behalf, including providing information and support for individuals and superannuation funds through marketing and education services.

### Program 1.9 expenses

These estimates are impacted by Budget measures. Refer to Table 1.2 and Budget Paper No. 2, *Budget Measures 2010-11* for further information.

**Table 2.10: Program 1.9 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	784,000	785,000	742,000	725,000	696,000
<b>Total program expenses</b>	<b>784,000</b>	<b>785,000</b>	<b>742,000</b>	<b>725,000</b>	<b>696,000</b>

### Program 1.9 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 1.9 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 Guarantee Scheme

### Program 1.10 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 1.10 expenses

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

**Table 2.11: Program 1.10 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Superannuation Guarantee (Administration) Act 1992</i>	266,000	278,000	292,000	305,000	318,000
<b>Total program expenses</b>	<b>266,000</b>	<b>278,000</b>	<b>292,000</b>	<b>305,000</b>	<b>318,000</b>

### Program 1.10 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 1.10 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: Fuel Tax Credits Scheme**

**Program 1.11 objective**

The Fuel Tax Credit 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 1.11 expenses**

The expenses are impacted by the expansion to the Fuel Tax Credits Scheme commencing in 1 July 2012.

**Table 2.12: Program 1.11 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	5,118,300	5,162,400	5,289,300	5,680,400	5,799,300
<b>Total program expenses</b>	<b>5,118,300</b>	<b>5,162,400</b>	<b>5,289,300</b>	<b>5,680,400</b>	<b>5,799,300</b>

**Program 1.11 deliverables**

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

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

**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: Education Tax Refund

### Program 1.12 objective

The Education Tax Refund 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, whilst the ATO administers the program on its behalf.

### Program 1.12 expenses

The estimates are expected to increase over future years as a result of CPI indexation. The estimates in 2009-10 reflect adjustments for the over estimation of the first year of the program.

**Table 2.13: Program 1.12 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	515,000	742,000	748,000	778,000	813,000
<b>Total program expenses</b>	<b>515,000</b>	<b>742,000</b>	<b>748,000</b>	<b>778,000</b>	<b>813,000</b>

### Program 1.12 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 1.12 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: National Urban Water and Desalination Plan

#### Program 1.13 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.

The Department of Environment, Water, Heritage and the Arts (DEWHA) has responsibility for the program, including the payment of grants.

#### Program 1.13 expenses

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

**Table 2.14: Program 1.13 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
<b>Total program expenses</b>	-	-	-	-	-

#### Program 1.13 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 DEWHA.

#### 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 Rental Affordability Scheme**

**Program 1.14 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 50,000 new affordable rental properties by managing a competitive process for allocation of the incentive and monitoring compliance and eligibility.

**Program 1.14 expenses**

The projected expenses across the forward years have been updated in the 2010-11 Budget following an update to the implementation phasing of the existing scheme and the revision of the original budget assumptions.

**Table 2.15: Program 1.14 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	5,000	30,743	122,716	228,376	268,141
<b>Total program expenses</b>	<b>5,000</b>	<b>30,743</b>	<b>122,716</b>	<b>228,376</b>	<b>268,141</b>

**Program 1.14 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 1.14 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: First Home Saver Accounts

### Program 1.15 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 Australian Securities and Investments Commission.

### Program 1.15 expenses

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

**Table 2.16: Program 1.15 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	12,000	23,600	39,700	49,800	67,700
<b>Total program expenses</b>	12,000	23,600	39,700	49,800	67,700

### Program 1.15 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 1.15 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: Baby Bonus**

**Program 1.16 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 1.16 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.

**Table 2.17: Program 1.16 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations <i>Taxation Administration Act 1953</i> - section 16 (Non-refund items)	-	-	-	-	-
<b>Total program expenses</b>	-	-	-	-	-

**Program 1.16 deliverables**

Successful delivery is demonstrated by:

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

**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: Resource Exploration Rebate

#### Program 1.17 objective

The Resource Exploration Rebate program aims to attract new resource development, grow investment and jobs in the resources sector and to provide better support to resource exploration companies. The definition of exploration expenditure will be expanded to include expenditure incurred in exploring for geothermal energy.

The Department of the Treasury has policy responsibility for the program, whilst the ATO will administer the program on its behalf.

The Resource Exploration Rebate will provide a refundable tax offset at the company tax rate for eligible exploration expenses from 1 July 2011.

#### Program 1.17 expenses

The estimates have a steady growth from 2011-12 across the forward years.

**Table 2.18: Program 1.17 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	520,000	600,000	680,000
<b>Total program expenses</b>	-	-	520,000	600,000	680,000

#### Program 1.17 deliverables

The ATO will be responsible for administering the Resource Exploration Rebate and providing compliance assurance and support for the process.

Successful delivery will be demonstrated by:

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

#### Program 1.17 key performance indicators

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

**Program 1.18: Domestic Ethanol Assistance**

**Program 1.18 objective**

The program 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.

**Program 1.18 expenses**

The estimates decrease over the forward years as the rate of the offsetting assistance payment to domestic ethanol producers is progressively reduced.

**Table 2.19: Program 1.18 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	99,000	74,000	49,500
<b>Total program expenses</b>	-	-	99,000	74,000	49,500

**Program 1.18 deliverables**

Details of the assistance for domestic ethanol, including deliverables, will be finalised after consultation with industry.

**Program 1.18 key performance indicators**

The ATO's role in successfully delivering this program will be demonstrated by assistance being delivered 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 Act 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**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	330,000	330,000	330,000	330,000	330,000
<b>Total program expenses</b>	<b>330,000</b>	<b>330,000</b>	<b>330,000</b>	<b>330,000</b>	<b>330,000</b>

**Program 1.19 deliverables**

The ATO administers this 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 cannot 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 1.20 expenses

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

**Table 2.21: Program 1.20 expenses**

	2009-10 Revised budget \$'000	2010-11 Budget \$'000	2011-12 Forward year 1 \$'000	2012-13 Forward year 2 \$'000	2013-14 Forward year 3 \$'000
Administered item					
Expenses not requiring appropriation in the Budget year	5,555,000	4,823,400	5,184,200	5,520,400	5,805,500
<b>Total program expenses</b>	<b>5,555,000</b>	<b>4,823,400</b>	<b>5,184,200</b>	<b>5,520,400</b>	<b>5,805,500</b>

### Program 1.20 deliverables

The ATO administers the 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.

## 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 2010-11. 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

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 2010-11 2009-10	Receipts 2010-11 2009-10	Payments 2010-11 2009-10	Adjustments 2010-11 2009-10	Closing balance 2010-11 2009-10
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Excise Security Deposits Account (A)	1	49	-	-	-	49
Other Trust Moneys Account (A)	1	1,035	10,000	10,000	-	1,035
Superannuation Holding Accounts Special Account (A)	1	84,885	30,700	12,200	-	103,385
Valuation Services Special Account (D)	1	131,485	25,900	72,500	-	84,885
Services for other Governments and Non- agency Bodies Account (D)	1	6,780	31,553	31,016	-	7,317
		9,370	29,355	31,945	-	6,780
<b>Total special accounts 2010-11 Budget estimate</b>		<b>92,749</b>	<b>72,253</b>	<b>53,216</b>	<b>-</b>	<b>111,786</b>
Total special accounts 2009-10 estimate actual		141,939	65,255	114,445	-	92,749

(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			
	<b>Australian Taxation Office Outcome 1</b>						
<b>Total outcome 2010-11</b>	<b>4,258</b>	-	-	<b>4,258</b>	-	<b>4,258</b>	<b>1.1</b>
<i>Total outcome 2009-10</i>	<i>3,768</i>	-	-	<i>3,768</i>	-	<i>3,768</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 2010-11 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 2010-11, a significant proportion of the ATO's capital investment is again directed toward 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.

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>EXPENSES</b>					
Employee benefits	1,958,245	2,059,720	2,134,409	2,200,366	2,178,233
Supplier expenses	998,513	1,013,241	985,775	980,829	908,741
Depreciation and amortisation	108,347	115,263	127,479	135,314	146,483
Income tax	186	309	355	501	570
<b>Total expenses</b>	<b>3,065,291</b>	<b>3,188,533</b>	<b>3,248,018</b>	<b>3,317,010</b>	<b>3,234,027</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	53,932	57,182	55,577	58,361	61,126
Other revenue	380	405	442	478	521
<b>Total revenue</b>	<b>54,312</b>	<b>57,587</b>	<b>56,019</b>	<b>58,839</b>	<b>61,647</b>
<b>Gains</b>					
Other	3,500	3,640	3,786	3,937	4,095
<b>Total gains</b>	<b>3,500</b>	<b>3,640</b>	<b>3,786</b>	<b>3,937</b>	<b>4,095</b>
<b>Total own-source income</b>	<b>57,812</b>	<b>61,227</b>	<b>59,805</b>	<b>62,776</b>	<b>65,742</b>
<b>Net cost of (contribution by) services</b>	<b>3,007,479</b>	<b>3,127,306</b>	<b>3,188,213</b>	<b>3,254,234</b>	<b>3,168,285</b>
Appropriation revenue	3,007,479	3,012,220	3,060,886	3,119,020	3,021,902
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>-</b>	<b>(115,086)</b>	<b>(127,327)</b>	<b>(135,214)</b>	<b>(146,383)</b>
<b>Note: Reconciliation of operating result attributable to the agency</b>					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
<b>Operating result attributable to the Australian Government</b>	<b>-</b>	<b>(115,086)</b>	<b>(127,327)</b>	<b>(135,214)</b>	<b>(146,383)</b>
Plus non-appropriated expenses depreciation and amortisation expenses		115,086	127,327	135,214	146,383
<b>Operating result attributable to the ATO</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	26,838	27,028	26,638	26,162	25,364
Trade and other receivables	210,630	210,408	210,702	210,952	211,052
<b>Total financial assets</b>	<b>237,468</b>	<b>237,436</b>	<b>237,340</b>	<b>237,114</b>	<b>236,416</b>
<b>Non-financial assets</b>					
Land and buildings	149,964	152,404	174,040	185,707	187,374
Infrastructure, plant and equipment	51,922	44,964	38,006	30,998	22,990
Intangibles	415,314	472,458	484,062	512,239	512,907
Other	30,703	30,703	30,703	30,703	30,703
<b>Total non-financial assets</b>	<b>647,903</b>	<b>700,529</b>	<b>726,811</b>	<b>759,647</b>	<b>753,974</b>
<b>Total assets</b>	<b>885,371</b>	<b>937,965</b>	<b>964,151</b>	<b>996,761</b>	<b>990,390</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	28,564	28,564	28,564	28,564	28,564
<b>Total interest bearing liabilities</b>	<b>28,564</b>	<b>28,564</b>	<b>28,564</b>	<b>28,564</b>	<b>28,564</b>
<b>Provisions</b>					
Employees	653,456	653,243	653,225	653,225	653,225
Other	-	-	-	-	-
<b>Total provisions</b>	<b>653,456</b>	<b>653,243</b>	<b>653,225</b>	<b>653,225</b>	<b>653,225</b>
<b>Payables</b>					
Suppliers	196,182	196,280	196,364	196,306	196,024
Dividends	217	361	414	585	665
Other	17,495	17,617	17,664	17,810	17,879
<b>Total payables</b>	<b>213,894</b>	<b>214,258</b>	<b>214,442</b>	<b>214,701</b>	<b>214,568</b>
<b>Total liabilities</b>	<b>895,914</b>	<b>896,065</b>	<b>896,231</b>	<b>896,490</b>	<b>896,357</b>
<b>Net assets</b>	<b>(10,543)</b>	<b>41,900</b>	<b>67,920</b>	<b>100,271</b>	<b>94,033</b>
<b>EQUITY</b>					
Contributed equity	320,041	487,930	641,691	809,841	950,651
Reserves	66,266	66,266	66,266	66,266	66,266
Retained surpluses or accumulated deficits	(396,850)	(512,296)	(640,037)	(775,836)	(922,884)
<b>Total equity</b>	<b>(10,543)</b>	<b>41,900</b>	<b>67,920</b>	<b>100,271</b>	<b>94,033</b>
<b>Current assets</b>	<b>299,167</b>	<b>316,938</b>	<b>325,787</b>	<b>336,806</b>	<b>334,653</b>
<b>Non-current assets</b>	<b>586,204</b>	<b>621,027</b>	<b>638,364</b>	<b>659,955</b>	<b>655,737</b>
<b>Current liabilities</b>	<b>724,436</b>	<b>724,558</b>	<b>724,692</b>	<b>724,902</b>	<b>724,794</b>
<b>Non-current liabilities</b>	<b>171,478</b>	<b>171,507</b>	<b>171,539</b>	<b>171,588</b>	<b>171,563</b>

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	55,132	57,182	55,577	58,361	61,126
Appropriations	3,053,897	3,012,442	3,060,592	3,118,770	3,021,802
Interest	305	320	337	353	371
Other	95,896	96,461	96,342	98,872	94,455
<b>Total cash received</b>	<b>3,205,230</b>	<b>3,166,405</b>	<b>3,212,848</b>	<b>3,276,356</b>	<b>3,177,754</b>
<b>Cash used</b>					
Employees	1,967,747	2,059,933	2,134,427	2,200,366	2,178,233
Suppliers	1,096,056	1,105,879	1,078,142	1,075,697	999,233
Income taxes paid	-	187	308	355	501
<b>Total cash used</b>	<b>3,063,803</b>	<b>3,165,999</b>	<b>3,212,877</b>	<b>3,276,418</b>	<b>3,177,967</b>
<b>Net cash from or (used by) operating activities</b>	<b>141,427</b>	<b>406</b>	<b>(29)</b>	<b>(62)</b>	<b>(213)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	145,389	167,889	153,761	168,150	140,810
<b>Total cash used</b>	<b>145,389</b>	<b>167,889</b>	<b>153,761</b>	<b>168,150</b>	<b>140,810</b>
<b>Net cash from or (used by) investing activities</b>	<b>(145,389)</b>	<b>(167,889)</b>	<b>(153,761)</b>	<b>(168,150)</b>	<b>(140,810)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	4,579	167,889	153,761	168,150	140,810
<b>Total cash received</b>	<b>4,579</b>	<b>167,889</b>	<b>153,761</b>	<b>168,150</b>	<b>140,810</b>
<b>Cash used</b>					
Dividends paid	918	216	361	414	585
<b>Total cash used</b>	<b>918</b>	<b>216</b>	<b>361</b>	<b>414</b>	<b>585</b>
<b>Net cash from or (used by) financing activities</b>	<b>3,661</b>	<b>167,673</b>	<b>153,400</b>	<b>167,736</b>	<b>140,225</b>
<b>Net increase or (decrease) in cash held</b>	<b>(301)</b>	<b>190</b>	<b>(390)</b>	<b>(476)</b>	<b>(798)</b>
Cash at the beginning of the reporting period	27,139	26,838	27,028	26,638	26,162
<b>Cash at the end of the reporting period</b>	<b>26,838</b>	<b>27,028</b>	<b>26,638</b>	<b>26,162</b>	<b>25,364</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2010-11)**

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2010</b>					
Balance carried forward from previous period	(396,850)	66,266	-	320,041	(10,543)
<b>Adjusted opening balance</b>	(396,850)	66,266	-	320,041	(10,543)
<b>Transactions with owners</b>					
<i>Operating result after extraordinary items</i>	(115,086)	-	-	-	(115,086)
<i>Distribution to owners</i>					
Returns on capital dividends	(360)	-	-	-	(360)
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	30,579	30,579
Injection for departmental capital budget	-	-	-	137,310	137,310
<b>Total transactions with owners</b>	(115,446)	-	-	167,889	52,443
<b>Estimated closing balance as at 30 June 2011</b>	(512,296)	66,266	-	487,930	41,900

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget statement**

	Estimated actual 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	-	137,310	137,310	137,310	137,310
Equity injections - Bill 2	8,212	30,579	16,451	30,840	3,500
Previous years' outputs - Bill 2	16,332	-	-	-	-
<b>Total capital appropriations</b>	24,544	167,889	153,761	168,150	140,810
<b>Represented by:</b>					
Purchase of non-financial assets	8,212	167,889	153,761	168,150	140,810
Other	16,332	-	-	-	-
<b>Total represented by</b>	24,544	167,889	153,761	168,150	140,810
<b>ACQUISITION OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	8,212	30,579	16,451	30,840	3,500
Funded by capital appropriation - DCB	-	137,310	137,310	137,310	137,310
Funded internally from departmental resources	137,177	-	-	-	-
<b>TOTAL</b>	145,389	167,889	153,761	168,150	140,810

Note: Under the net cash appropriation arrangements implemented as part of Operation Sunlight, agencies are no longer funded for depreciation, amortisation or makegood expenses. Funding for these expenses have been replaced with a Departmental Capital Budget (DCB).

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements — departmental**

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 1 July 2010</b>				
Gross book value	190,125	119,351	817,754	1,127,230
less Accumulated depreciation/amortisation	40,161	67,429	402,440	510,030
<b>Opening net book balance</b>	<b>149,964</b>	<b>51,922</b>	<b>415,314</b>	<b>617,200</b>
<b>Asset movements</b>				
Additions	30,000	12,150	125,739	167,889
less Depreciation/amortisation expense	27,560	19,108	68,595	115,263
<b>Total asset movements</b>	<b>2,440</b>	<b>(6,958)</b>	<b>57,144</b>	<b>52,626</b>
<b>As at 30 June 2011</b>				
Gross book value	220,125	131,501	943,493	1,295,119
less Accumulated depreciation/amortisation	67,721	86,537	471,035	625,293
<b>Closing net book balance</b>	<b>152,404</b>	<b>44,964</b>	<b>472,458</b>	<b>669,826</b>

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Income tax	188,140,000	216,630,000	245,100,000	267,000,000	286,710,000
Indirect tax	72,940,000	76,550,000	81,560,000	84,710,000	88,940,000
Other taxes, fees and fines	515,000	539,000	564,000	587,000	610,000
<b>Total taxation</b>	<b>261,595,000</b>	<b>293,719,000</b>	<b>327,224,000</b>	<b>352,297,000</b>	<b>376,260,000</b>
<b>Non-taxation</b>					
Other sources of non-taxation revenues	26,000	26,000	26,000	26,000	26,000
<b>Total non-taxation</b>	<b>26,000</b>	<b>26,000</b>	<b>26,000</b>	<b>26,000</b>	<b>26,000</b>
<b>Total revenues administered on behalf of government</b>	<b>261,621,000</b>	<b>293,745,000</b>	<b>327,250,000</b>	<b>352,323,000</b>	<b>376,286,000</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Subsidies	5,970,300	6,429,843	7,702,916	8,200,476	8,361,741
Personal benefits	1,653,500	1,750,600	1,736,700	1,767,800	1,800,700
Suppliers	5,443	8,594	21,976	11,091	6,934
Write down and impairment of assets	5,555,000	4,823,400	5,184,200	5,520,400	5,805,500
Finance costs	330,000	330,000	330,000	330,000	330,000
Other	266,000	278,000	292,000	305,000	318,000
<b>Total expenses administered on behalf of government</b>	<b>13,780,243</b>	<b>13,620,437</b>	<b>15,267,792</b>	<b>16,134,767</b>	<b>16,622,875</b>

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	210,752	210,752	210,752	210,752	210,752
Receivables	18,526,237	20,910,837	22,967,637	24,870,237	26,775,737
Accrued revenues	9,419,034	10,029,034	10,524,034	10,959,034	11,374,034
<b>Total financial assets</b>	<b>28,156,023</b>	<b>31,150,623</b>	<b>33,702,423</b>	<b>36,040,023</b>	<b>38,360,523</b>
<b>Total assets administered on behalf of government</b>	<b>28,156,023</b>	<b>31,150,623</b>	<b>33,702,423</b>	<b>36,040,023</b>	<b>38,360,523</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Provisions</b>					
Taxation refunds provided	1,832,529	1,877,529	1,902,529	1,932,529	1,932,529
Other provisions	422,509	422,509	423,509	404,509	400,509
<b>Total provisions</b>	<b>2,255,038</b>	<b>2,300,038</b>	<b>2,326,038</b>	<b>2,337,038</b>	<b>2,333,038</b>
<b>Payables</b>					
Subsidies	1,516,024	2,008,467	2,843,840	3,127,600	3,342,465
Personal benefits payable	2,114,779	2,068,379	2,039,479	2,057,579	2,081,479
Other payables	151,241	151,241	151,241	151,241	151,241
<b>Total payables</b>	<b>3,782,044</b>	<b>4,228,087</b>	<b>5,034,560</b>	<b>5,336,420</b>	<b>5,575,185</b>
<b>Total liabilities administered on behalf of government</b>	<b>6,037,082</b>	<b>6,528,125</b>	<b>7,360,598</b>	<b>7,673,458</b>	<b>7,908,223</b>

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 2009-10 \$'000	Budget estimate 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Taxes	253,310,000	285,670,000	319,110,000	344,090,000	367,630,000
Other	147,000	302,000	429,000	405,000	530,000
<b>Total cash received</b>	<b>253,457,000</b>	<b>285,972,000</b>	<b>319,539,000</b>	<b>344,495,000</b>	<b>368,160,000</b>
<b>Cash used</b>					
Borrowing costs	330,000	330,000	330,000	330,000	330,000
Subsidies paid	5,793,300	5,937,400	6,867,543	7,916,716	8,146,876
Personal benefits	2,725,500	1,797,000	1,765,600	1,749,700	1,776,800
Payments to suppliers	7,368	8,594	21,976	11,091	6,934
Other	266,000	278,000	291,000	324,000	322,000
<b>Total cash used</b>	<b>9,122,168</b>	<b>8,350,994</b>	<b>9,276,119</b>	<b>10,331,507</b>	<b>10,582,610</b>
<b>Net cash from or (used by) operating activities</b>	<b>244,334,832</b>	<b>277,621,006</b>	<b>310,262,881</b>	<b>334,163,493</b>	<b>357,577,390</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	9,122,168	8,350,994	9,276,119	10,331,507	10,582,610
<b>Total cash received</b>	<b>9,122,168</b>	<b>8,350,994</b>	<b>9,276,119</b>	<b>10,331,507</b>	<b>10,582,610</b>
<b>Cash used</b>					
Cash to Official Public Account	253,457,000	285,972,000	319,539,000	344,495,000	368,160,000
<b>Total cash used</b>	<b>253,457,000</b>	<b>285,972,000</b>	<b>319,539,000</b>	<b>344,495,000</b>	<b>368,160,000</b>
<b>Net cash from or (used by) financing activities</b>	<b>(244,334,832)</b>	<b>(277,621,006)</b>	<b>(310,262,881)</b>	<b>(334,163,493)</b>	<b>(357,577,390)</b>
<b>Net increase or (decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at beginning of reporting period	210,751	210,751	210,751	210,751	210,751
<b>Cash at end of reporting period</b>	<b>210,751</b>	<b>210,751</b>	<b>210,751</b>	<b>210,751</b>	<b>210,751</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.10: Schedule of administered capital budget**

The ATO does not have any administered capital.

**Table 3.2.11: Schedule of asset movements — Administered**

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

### 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.

**Australian Valuation Office**

The ATO's budget statements are consolidated to include the financial operations of the Australian Valuation Office.

**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.