

INSPECTOR-GENERAL OF TAXATION

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INSPECTOR-GENERAL OF TAXATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The objective of the Inspector-General of Taxation (IGT) is to improve tax administration through investigation of tax complaints, conducting broader reviews, public reporting and independent advice to Government and its relevant entities.

The IGT's strategic direction for 2021-22 is to achieve this by delivering independent advice for improvement through:

- providing a specialised tax complaints investigation service to the Australian community;
- identifying and prioritising areas of tax administration for improvement through our complaints investigation service and consultations with the community; and
- conducting review investigations into these areas and providing independent advice and recommendations to Government, the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB) through public reporting.

Our effectiveness in achieving our purpose is dependent on our ability to manage and adapt to the environment in which we operate.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Inspector General of Taxation resource statement – Budget estimates for 2021-22 as at Budget May 2021

	2020-21 <i>Estimated actual</i> \$'000	2021-22 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	5,608	5,630
Departmental appropriation (b)	6,477	6,502
Departmental capital budget (c)	31	32
Total departmental annual appropriations	<u>12,116</u>	<u>12,164</u>
Total departmental resourcing	12,116	12,164
Total resourcing for entity Inspector-General of Taxation	12,116	12,164
<hr/>		
Average staffing level (number)	<u>35</u>	<u>35</u>

All figures shown above are GST exclusive - these may not match figures in the cash flow statement.

(a) Appropriation Bill (No. 1) 2021-22.

(b) Excludes departmental capital budget (DCB).

(c) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 BUDGET MEASURES

The IGT has no new budget measures.

Section 2: Outcomes and planned performance

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 entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

The IGT's outcome is described below together with its related program. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for the IGT can be found at:
(<https://www.igt.gov.au/news-publications/news/corporate-plan-fy21-fy24>)

The most recent annual performance statement can be found at:
(<https://www.igt.gov.au/news-and-publications/annual-reports/annual-report-2019-20>)

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1: Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
Program 1.1: Inspector-General of Taxation					
Departmental expenses					
Departmental appropriation	6,477	6,502	6,535	6,560	6,586
s74 External Revenue (a)	60	60	60	60	60
Expenses not requiring appropriation in the Budget year (b)	295	309	240	46	46
Departmental total	6,832	6,871	6,835	6,666	6,692
Total expenses for program 1.1	6,832	6,871	6,835	6,666	6,692
	<u>2020-21</u>	<u>2021-22</u>			
Average staffing level (number)	35	35			

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses and amortisation expenses.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2021-22 Budget measures have created new programs or materially changed existing programs.

Outcome 1 – Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities.		
Program 1.1 – To improve tax administration through investigation of complaints, consulting with stakeholders to prioritise areas of tax administration for review as well as providing independent advice to the Government, the ATO and the TPB.		
Delivery	<ul style="list-style-type: none"> • effective handling of tax administration complaints • identify and prioritise areas of tax administration for improvement • conduct reviews and make independent recommendations for improvement to Government, the ATO and the TPB 	
Performance information		
Year	Performance criteria	Targets
2020-21	<ul style="list-style-type: none"> • effective handling of tax administration complaints • efficient conduct of reviews into tax administration issues • publication of reports on tax administration • independent advice to Government and relevant entities on improvements to tax administration 	<ul style="list-style-type: none"> • tax administration complaint responses • positive feedback on complaints handling and broader reviews from community stakeholders including taxpayers, tax practitioners, other citizens and relevant government entities • areas of tax administration for improvement identified and prioritised through complaints handling and stakeholder consultation • reviews, reports and recommendations on areas of tax administration
2021-22	As per 2020-21	As per 2020-21
2022-23 and beyond	As per 2020-21	As per 2020-21
Purposes	<p>The IGT is an independent statutory agency. Our role is to:</p> <ul style="list-style-type: none"> • improve the administration of taxation laws for the benefit of the community; and • provide independent advice (to the Minister and the Government, the ATO or TPB) and assurance (to individual taxpayers, practitioners, agencies or the community in general) through complaint enquiries and investigation, review investigations and reporting that Australian taxation administration laws are operating consistently, effectively and in accordance with community expectations. 	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2021-22 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between entity resourcing and the financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The financial statements have been prepared on an Australian Accounting Standards basis.

The IGT is budgeting for a break-even operating result in 2021-22.

3.2. BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
EXPENSES					
Employee benefits	4,840	4,801	4,798	4,818	4,843
Suppliers	1,244	1,287	1,343	1,385	1,386
Depreciation and amortisation (a)	731	775	694	463	463
Finance costs	17	8	-	-	-
Total expenses	6,832	6,871	6,835	6,666	6,692
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	60	60	60	60	60
Total own-source revenue	60	60	60	60	60
Net (cost of)/contribution by services	(6,772)	(6,811)	(6,775)	(6,606)	(6,632)
Revenue from Government	6,477	6,502	6,535	6,560	6,586
Surplus/(deficit) attributable to the Australian Government	(295)	(309)	(240)	(46)	(46)
Total comprehensive income/(loss) attributable to the Australian Government	(295)	(309)	(240)	(46)	(46)

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)

Note: Impact of net cash appropriation arrangements

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
Total comprehensive income/(loss)					
less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus: depreciation/amortisation expenses previously funded through revenue appropriations (a)	281	325	281	46	46
plus: depreciation/amortisation expenses for ROU (b)	450	450	413	417	417
less: principal repayments on leased assets (b)	436	466	454	417	417
Total comprehensive income/(loss) - as per the statement of comprehensive income	(295)	(309)	(240)	(46)	(46)

Prepared on Australian Accounting Standards basis.

- (a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.
- (b) Applies leases under AASB 16 Leases.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	42	42	42	42	42
Trade and other receivables	5,617	5,617	5,617	5,617	5,617
Total financial assets	5,659	5,659	5,659	5,659	5,659
Non-financial assets					
Land and buildings	1,372	670	11	1,346	918
Property, plant and equipment	267	226	223	188	153
Intangibles	-	-	-	31	62
Other non-financial assets	54	54	54	54	54
Total non-financial assets	1,693	950	288	1,619	1,187
Assets held for sale					
Total assets	7,352	6,609	5,947	7,278	6,846
LIABILITIES					
Payables					
Suppliers	217	217	217	217	217
Other payables	75	75	75	75	75
Total payables	292	292	292	292	292
Interest bearing liabilities					
Leases	923	457	3	1,349	932
Total interest bearing liabilities	923	457	3	1,349	932
Provisions					
Employee provisions	1,655	1,655	1,655	1,655	1,655
Other provisions	173	173	173	173	173
Total provisions	1,828	1,828	1,828	1,828	1,828
Total liabilities	3,043	2,577	2,123	3,469	3,052
Net assets	4,309	4,032	3,824	3,809	3,794
EQUITY*					
Parent entity interest					
Contributed equity	1,353	1,385	1,417	1,448	1,479
Reserves	453	453	453	453	453
Retained surplus (accumulated deficit)	2,503	2,194	1,954	1,908	1,862
Total equity	4,309	4,032	3,824	3,809	3,794

Prepared on Australian Accounting Standards basis.

*Equity is the residual interest in assets after the deduction of liabilities.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2021-22)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2021				
Balance carried forward from previous period	2,503	453	1,353	4,309
Adjusted opening balance	2,503	453	1,353	4,309
Comprehensive income				
Other comprehensive income				-
Surplus/(deficit) for the period	(309)	-	-	(309)
Total comprehensive income	(309)	-	-	(309)
Transactions with owners				
Contributions by owners				
Departmental Capital Budget (DCB)	-	-	32	32
Sub-total transactions with owners	-	-	32	32
Closing balance attributable to the Australian Government	2,194	453	1,385	4,032

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,477	6,502	6,535	6,560	6,586
Total cash received	6,477	6,502	6,535	6,560	6,586
Cash used					
Employees	4,840	4,801	4,798	4,818	4,843
Suppliers	1,184	1,227	1,283	1,325	1,326
Interest payments on lease liability	17	8	-	-	-
Total cash used	6,041	6,036	6,081	6,143	6,169
Net cash from/(used by) operating activities	436	466	454	417	417
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	31	32	32	31	31
Total cash used	31	32	32	31	31
Net cash from/(used by) investing activities	(31)	(32)	(32)	(31)	(31)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	31	32	32	31	31
Total cash received	31	32	32	31	31
Cash used					
Principal payments on lease liability	436	466	454	417	417
Total cash used	436	466	454	417	417
Net cash from/(used by) financing activities	(405)	(434)	(422)	(386)	(386)
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	42	42	42	42	42
Cash and cash equivalents at the end of the reporting period	42	42	42	42	42

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2020-21 Estimated actual \$'000	2021-22 Budget \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	31	32	32	31	31
Total new capital appropriations	31	32	32	31	31
<i>Provided for:</i>					
Purchase of non-financial assets	31	32	32	31	31
Total items	31	32	32	31	31
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	31	32	32	31	31
TOTAL	31	32	32	31	31
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	31	32	32	31	31
Total cash used to acquire assets	31	32	32	31	31

Prepared on Australian Accounting Standards basis.

(a) Includes both current Bill 2 and prior Act 2/4/6 appropriations and special capital appropriations.

Table 3.6: Statement of departmental asset movements (Budget year 2021-22)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2021				
Gross book value	1,503	513	471	2,487
Gross book value - ROU assets	1,776	-	-	1,776
Accumulated depreciation/ amortisation and impairment	(1,004)	(246)	(471)	(1,721)
Accumulated depreciation/amortisation and impairment - ROU assets	(903)	-	-	(903)
Opening net book balance	1,372	267	-	1,639
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity (a)	-	32	-	32
Total additions	-	32	-	32
Other movements				
Depreciation/amortisation expense	(252)	(73)	-	(325)
Depreciation/amortisation on ROU assets	(450)	-	-	(450)
Total other movements	(702)	(73)	-	(775)
As at 30 June 2022				
Gross book value	1,503	545	471	2,519
Gross book value - ROU assets	1,776	-	-	1,776
Accumulated depreciation/ amortisation and impairment	(1,256)	(319)	(471)	(2,046)
Accumulated depreciation/amortisation and impairment - ROU assets	(1,353)	-	-	(1,353)
Closing net book balance	670	226	-	896

Prepared on Australian Accounting Standards basis.

(a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2021-22, including Collection Development Acquisition Budget.

