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 2022‑23 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 2022‑23 as at Budget March 2022

|  |  |  |
| --- | --- | --- |
|  | *2021‑22 Estimated actual $’000* | 2022‑23 Estimate  $’000 |
| **Departmental** |  |  |
| Annual appropriations – ordinary annual services (a) |  |  |
| Prior year appropriations available | *5,630* | 4,398 |
| Departmental appropriation (b) | *6,502* | 6,560 |
| Departmental capital budget (c) | *32* | 32 |
| Total departmental annual appropriations | *12,164* | 10,990 |
| ***Total departmental resourcing*** | ***12,164*** | **10,990** |
| **Total resourcing for entity Inspector‑General of Taxation** | ***12,164*** | **10,990** |
|  |  |  |
|  | *2021‑22* | 2022‑23 |
| **Average staffing level (number)** | *35* | 35 |

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

1. Appropriation Bill (No. 1) 2022‑23.
2. Excludes departmental capital budget (DCB).
3. 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/corporate‑plan‑reports/corporate‑plan‑fy22‑fy25/](https://austreasury.sharepoint.com/sites/Budget/Shared%20Documents/2022-23%20Budget/21%20PBS/01%20Chapters%20and%20Tables/12%20IGT/(https:/www.igt.gov.au/corporate-plan-reports/corporate-plan-fy22-fy25))  The most recent annual performance statement can be found at: ([https://www.igt.gov.au/annual‑reports/annual‑report‑2019‑20/](https://www.igt.gov.au/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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **Program 1.1: Inspector‑General of Taxation** | | | | | |
| Departmental expenses |  |  |  |  |  |
| Departmental appropriation | 6,502 | 6,560 | 6,598 | 6,652 | 6,698 |
| s74 External Revenue (a) | 60 | 60 | 60 | 60 | 60 |
| Expenses not requiring  appropriation in the Budget  year (b) | 309 | 240 | 46 | 46 | 46 |
| **Departmental total** | 6,871 | 6,860 | 6,704 | 6,758 | 6,804 |
| **Total expenses for program 1.1** | **6,871** | **6,860** | **6,704** | **6,758** | **6,804** |
|  |  |  |  |  |  |
|  | 2021‑22 | 2022‑23 |  |  |  |
| **Average staffing level (number)** | 35 | 35 |  |  |  |

1. Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.
2. Expenses not requiring appropriation in the Budget year are made up of depreciation expenses and amortisation expenses.

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 2022‑23 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** | * 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** |
| 2021‑22 | * 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 | * 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 |
| 2022‑23 | As per 2021‑22 | As per 2021‑22 |
| 2023‑24 and beyond | As per 2021‑22 | As per 2021‑22 |
| **Purposes** | The IGT is an independent statutory agency. Our role is to:   * 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 2022‑23 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 2022‑23.3.2. Budgeted financial statements tables

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **EXPENSES** |  |  |  |  |  |
| Employee benefits | 4,801 | 4,798 | 4,818 | 4,843 | 4,802 |
| Suppliers | 1,287 | 1,368 | 1,423 | 1,452 | 1,539 |
| Depreciation and amortisation (a) | 775 | 694 | 463 | 463 | 463 |
| Finance costs | 8 | ‑ | ‑ | ‑ | ‑ |
| **Total expenses** | **6,871** | **6,860** | **6,704** | **6,758** | **6,804** |
| **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** | **(6,811)** | **(6,800)** | **(6,644)** | **(6,698)** | **(6,744)** |
| Revenue from Government | 6,502 | 6,560 | 6,598 | 6,652 | 6,698 |
| **Surplus/(deficit) attributable to the  Australian Government** | **(309)** | **(240)** | **(46)** | **(46)** | **(46)** |
| **Total comprehensive income/(loss)  attributable to the Australian  Government** | **(309)** | **(240)** | **(46)** | **(46)** | **(46)** |

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 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) | 325 | 281 | 46 | 46 | 463 |
| plus: depreciation/amortisation  expenses for ROU (b) | 450 | 413 | 417 | 417 | ‑ |
| less: principal repayments on leased  assets (b) | 466 | 454 | 417 | 417 | 417 |
| **Total comprehensive income/(loss)  – as per the statement of  comprehensive income** | **(309)** | **(240)** | **(46)** | **(46)** | **(46)** |

Prepared on Australian Accounting Standards basis.

1. 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.
2. Applies leases under AASB 16 Leases.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 202‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **ASSETS** |  |  |  |  |  |
| **Financial assets** |  |  |  |  |  |
| Cash and cash equivalents | 20 | 20 | 20 | 20 | 20 |
| Trade and other receivables | 5,586 | 4,133 | 4,000 | 4,000 | 4,000 |
| ***Total financial assets*** | ***5,606*** | ***4,153*** | ***4,020*** | ***4,020*** | ***4,020*** |
| **Non‑financial assets** |  |  |  |  |  |
| Land and buildings | 669 | 1,463 | 2,931 | 2,503 | 2,075 |
| Property, plant and equipment | 213 | 210 | 175 | 140 | 105 |
| Intangibles | 103 | 103 | 134 | 165 | 197 |
| Other non‑financial assets | 115 | 115 | 115 | 115 | 115 |
| ***Total non‑financial assets*** | ***1,100*** | ***1,891*** | ***3,355*** | ***2,923*** | ***2,492*** |
| Assets held for sale |  |  |  |  |  |
| **Total assets** | **6,706** | **6,044** | **7,375** | **6,943** | **6,512** |
| **LIABILITIES** |  |  |  |  |  |
| **Payables** |  |  |  |  |  |
| Suppliers | 212 | 212 | 212 | 212 | 212 |
| Other payables | 80 | 80 | 80 | 80 | 80 |
| ***Total payables*** | ***292*** | ***292*** | ***292*** | ***292*** | ***292*** |
| **Interest bearing liabilities** |  |  |  |  |  |
| Leases | 449 | (5) | 1,341 | 924 | 507 |
| ***Total interest bearing liabilities*** | ***449*** | ***(5)*** | ***1,341*** | ***924*** | ***507*** |
| **Provisions** |  |  |  |  |  |
| Employee provisions | 1,700 | 1,700 | 1,700 | 1,700 | 1,700 |
| Other provisions | 233 | 233 | 233 | 233 | 233 |
| ***Total provisions*** | ***1,933*** | ***1,933*** | ***1,933*** | ***1,933*** | ***1,933*** |
| **Total liabilities** | **2,674** | **2,220** | **3,566** | **3,149** | **2,732** |
| **Net assets** | **4,032** | **3,824** | **3,809** | **3,794** | **3,780** |
| **EQUITY\*** |  |  |  |  |  |
| **Parent entity interest** |  |  |  |  |  |
| Contributed equity | 1,385 | 1,417 | 1,448 | 1,479 | 1,511 |
| Reserves | 409 | 409 | 409 | 409 | 409 |
| Retained surplus (accumulated  deficit) | 2,238 | 1,998 | 1,952 | 1,906 | 1,860 |
| ***Total equity*** | ***4,032*** | ***3,824*** | ***3,809*** | ***3,794*** | ***3,780*** |

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 2022‑23)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Retained earnings  $’000 | Asset revaluation reserve $’000 | Contributed equity/ capital $’000 | Total equity   $’000 |
| **Opening balance as at 1 July 2022** |  |  |  |  |
| Balance carried forward from  previous period | 2,238 | 409 | 1,385 | 4,032 |
| ***Adjusted opening balance*** | ***2,238*** | ***409*** | ***1,385*** | ***4,032*** |
| **Comprehensive income** |  |  |  |  |
| Other comprehensive income |  |  |  | ‑ |
| Surplus/(deficit) for the period | (240) | ‑ | ‑ | (240) |
| ***Total comprehensive income*** | ***(240)*** | ***‑*** | ***‑*** | ***(240)*** |
| **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** | **1,998** | **409** | **1,417** | **3,824** |

Prepared on Australian Accounting Standards basis.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **OPERATING ACTIVITIES** |  |  |  |  |  |
| **Cash received** |  |  |  |  |  |
| Appropriations | 6,572 | 8,013 | 6,731 | 6,652 | 6,698 |
| ***Total cash received*** | ***6,572*** | ***8,013*** | ***6,731*** | ***6,652*** | ***6,698*** |
| **Cash used** |  |  |  |  |  |
| Employees | 4,801 | 4,798 | 4,818 | 4,843 | 4,802 |
| Suppliers | 1,227 | 1,308 | 1,363 | 1,392 | 1,479 |
| Interest payments on lease liability | 8 | ‑ | ‑ | ‑ | ‑ |
| ***Total cash used*** | ***6,036*** | ***6,106*** | ***6,181*** | ***6,235*** | ***6,281*** |
| **Net cash from/(used by)  operating activities** | **536** | **1,907** | **550** | **417** | **417** |
| **INVESTING ACTIVITIES** |  |  |  |  |  |
| **Cash used** |  |  |  |  |  |
| Purchase of property, plant and  equipment and intangibles | 102 | 1,485 | 164 | 31 | 32 |
| ***Total cash used*** | ***102*** | ***1,485*** | ***164*** | ***31*** | ***32*** |
| **Net cash from/(used by)  investing activities** | **(102)** | **(1,485)** | **(164)** | **(31)** | **(32)** |
| **FINANCING ACTIVITIES** |  |  |  |  |  |
| **Cash received** |  |  |  |  |  |
| Contributed equity | 32 | 32 | 31 | 31 | 32 |
| ***Total cash received*** | ***32*** | ***32*** | ***31*** | ***31*** | ***32*** |
| **Cash used** |  |  |  |  |  |
| Principal payments on lease liability | 466 | 454 | 417 | 417 | 417 |
| ***Total cash used*** | ***466*** | ***454*** | ***417*** | ***417*** | ***417*** |
| **Net cash from/(used by)  financing activities** | **(434)** | **(422)** | **(386)** | **(386)** | **(385)** |
| **Net increase/(decrease) in cash  held** | **‑** | **‑** | **‑** | **‑** | **‑** |
| Cash and cash equivalents at the  beginning of the reporting period | 20 | 20 | 20 | 20 | 20 |
| **Cash and cash equivalents at  the end of the reporting period** | **20** | **20** | **20** | **20** | **20** |

Prepared on Australian Accounting Standards basis.

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2021‑22 Estimated actual $’000 | 2022‑23 Budget  $’000 | 2023‑24 Forward estimate $’000 | 2024‑25 Forward estimate $’000 | 2025‑26 Forward estimate $’000 |
| **NEW CAPITAL APPROPRIATIONS** |  |  |  |  |  |
| Capital budget – Bill 1 (DCB) | 32 | 32 | 31 | 31 | 32 |
| **Total new capital appropriations** | **32** | **32** | **31** | **31** | **32** |
| ***Provided for:*** |  |  |  |  |  |
| *Purchase of non‑financial assets* | *(32)* | *(32)* | *(31)* | *(31)* | *(32)* |
| ***Total items*** | ***(32)*** | ***(32)*** | ***(31)*** | ***(31)*** | ***(32)*** |
| **PURCHASE OF NON‑FINANCIAL  ASSETS** |  |  |  |  |  |
| Funded by capital appropriation –  DCB | (32) | (32) | (31) | (31) | (32) |
| Funded internally from departmental resources (a) | (70) | (1,453) | (133) | ‑ | ‑ |
|  | **(102)** | **(1,485)** | **(164)** | **(31)** | **(32)** |
| **RECONCILIATION OF CASH USED  TO ACQUIRE ASSETS TO ASSET  MOVEMENT TABLE** |  |  |  |  |  |
| Total purchases | (102) | (1,485) | (164) | (31) | (32) |
| **Total cash used to acquire assets** | **(102)** | **(1,485)** | **(164)** | **(31)** | **(32)** |

Prepared on Australian Accounting Standards basis.

1. 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 2022‑23)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Buildings    $’000 | Other property, plant and equipment $’000 | Computer software and intangibles  $’000 | Total    $’000 |
| **As at 1 July 2022** |  |  |  |  |
| Gross book value | 509 | 286 | 581 | 1,376 |
| Gross book value – ROU assets | 1,767 | ‑ | ‑ | 1,767 |
| Accumulated depreciation/ amortisation and impairment | (253) | (73) | (478) | (804) |
| Accumulated depreciation/amortisation and impairment – ROU assets | (1,354) | ‑ | ‑ | (1,354) |
| **Opening net book balance** | **669** | **213** | **103** | **985** |
| **Capital asset additions** |  |  |  |  |
| **Estimated expenditure on new  or replacement assets** |  |  |  |  |
| By purchase – appropriation equity (a) | 1,453 | 32 | ‑ | 1,485 |
| **Total additions** | **1,453** | **32** | **‑** | **1,485** |
| **Other movements** |  |  |  |  |
| Depreciation/amortisation expense | (246) | (35) | ‑ | (281) |
| Depreciation/amortisation on   ROU assets | (413) | ‑ | ‑ | (413) |
| **Total other movements** | **(659)** | **(35)** | **‑** | **(694)** |
| **As at 30 June 2023** |  |  |  |  |
| Gross book value | 1,962 | 318 | 581 | 2,861 |
| Gross book value – ROU assets | 1,767 | ‑ | ‑ | 1,767 |
| Accumulated depreciation/  amortisation and impairment | (499) | (108) | (478) | (1,085) |
| Accumulated depreciation/amortisation and impairment – ROU assets | (1,767) | ‑ | ‑ | (1,767) |
| **Closing net book balance** | **1,463** | **210** | **103** | **1,776** |

Prepared on Australian Accounting Standards basis.

1. ‘Appropriation equity’ refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2021‑22.