

AUSTRALIAN TAXATION OFFICE

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AUSTRALIAN TAXATION OFFICE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

There has been no significant change to the strategic direction of the Australian Taxation Office (ATO) from that outlined in the *Portfolio Budget Statements 2011-12* (pages 183-184).

The ATO is seeking an additional \$18 million in departmental outputs through Appropriation Bill (No. 3) 2011-12 for the Clean Energy Future – Putting a Price on Pollution – fuel tax credit reductions (\$2.2 million), Clean Energy Future – Putting a Price on Pollution – revenue from sale of carbon units (\$1.1 million) and Fringe benefits tax – reform of living-away-from-home allowances and benefits (\$0.5 million) measures, offset by the Personal income tax – 50 per cent discount for interest income – deferral (-\$2.1 million) and Personal income tax – standard deduction for work-related expenses and the cost of managing tax affairs – deferral (-\$1.9 million) measures as outlined in the *Mid-Year Economic and Fiscal Outlook 2011-12*, and for the Stronger Super – Superstream measure (\$18.3 million) that was agreed after the 2011-12 Mid-Year Economic and Fiscal Outlook

The ATO is also seeking an additional \$12.3 million as an equity injection through Appropriation Bill (No. 4) 2011-12 for the Stronger Super – Superstream measure.

The Stronger Super – Superstream measure is designed to enhance the back office of the superannuation system and make the process of everyday transactions easier, cheaper and faster.

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 departmental classification.

Table 1.1: Australian Taxation Office resource statement — additional estimates for 2011-12 as at Additional Estimates February 2012

	Estimate as at Budget 2011-12 \$'000	Proposed additional estimates 2011-12 \$'000	Total estimate at Additional Estimates 2011-12 \$'000	Total available appropriation 2010-11 \$'000
Ordinary annual services				
Departmental appropriation				
Prior year departmental appropriation	307,709	20,924	328,633	-
Departmental appropriation ²	3,252,169	17,981 ¹	3,270,150	3,146,456
s31 Relevant agency receipts	27,660	21,470	49,130	60,642
Total	3,587,538	60,375	3,647,913	3,207,098
Administered expenses				
Outcome 1	10,213	(1,233)	8,980	930
Total	10,213	(1,233)	8,980	930
Total ordinary annual services	A 3,597,751	59,142	3,656,893	3,208,028
Other services				
Departmental non-operating				
Equity injections	18,380	12,312 ³	30,692	28,639
Total other services	B 18,380	12,312	30,692	28,639
Total available annual appropriations (A+B)	3,616,131	71,454	3,687,585	3,236,667
Special appropriations				
<i>Product Grants and Benefits</i>				
<i>Administration Act 2000 -</i>				
Cleaner Fuel Grants	26,000	5,906	31,906	31,385
Product Stewardship for oil	40,000	-	40,000	34,909
<i>Superannuation Guarantee</i>				
<i>(Administration) Act 1992</i>	271,000	-	271,000	310,839
<i>Taxation Administration Act 1953 -</i>				
<i>section 16 (Non-refund items)⁴</i>	8,615,451	79,685	8,695,136	8,138,145
Total special appropriations	C 8,952,451	85,591	9,038,042	8,515,278
Total appropriations excluding special accounts (A+B+C)	12,568,582	157,045	12,725,627	11,751,945

Table 1.1: Australian Taxation Office resource statement — additional estimates for 2011-12 as at Additional Estimates February 2012 (continued)

	Estimate as at Budget 2011-12 \$'000	Proposed additional estimates 2011-12 \$'000	=	Total estimate at Additional Estimates 2011-12 \$'000	Total available appropriation 2010-11 \$'000
Special accounts					
Opening balance	109,564	(22,702)		86,862	96,947
Appropriation receipts	12,400	7,800		20,200	4,089
Non-appropriation receipts to special accounts	47,423	5,047		52,470	41,197
Total special account	D 169,387	(9,855)		159,532	142,233
Total resourcing (A+B+C+D)	12,737,969	147,190		12,885,159	11,894,178
Less receipts from other sources and credited to special accounts	12,400	7,800		20,200	4,089
Total net resourcing for ATO	12,725,569	139,390		12,864,959	11,890,089

1. Appropriation Bill (No. 3) 2011-12.

2. Includes \$137.8 million in 2011-12 for the departmental capital budget (also refer to Table 3.2.5).

3. Appropriation Bill (No. 4) 2011-12.

4. These figures relate to administered expenses including fuel tax credits, superannuation co-contributions, education tax refunds and research and development subsidies. Tax refund items for 2010-11 are \$79.1 billion including \$74 million paid via the Australian Customs Service (ACS) on the ATO's behalf. Estimated tax refund items for 2011-12 are \$88.8 billion (including \$80 million paid via the ACS on the ATO's behalf).

1.3 AGENCY MEASURES

Table 1.2 summarises new Government measures taken since the 2011-12 Budget. The table is split into expense and capital measures, with the affected program identified.

Table 1.2: Agency measures since Budget

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures					
Alternative fuels - continuing the existing arrangements for ethanol, biodiesel, renewable diesel and methanol(a)					
Administered Expenses	1.6	31,161	53,787	54,157	54,530
Administered Expenses	1.12	(2,900)	(4,300)	(5,700)	(5,500)
Administered Expenses	1.20	(66,767)	(85,100)	(66,300)	(46,500)
		(38,506)	(35,613)	(17,843)	2,530

Table 1.2: Agency measures since Budget (continued)

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures (continued)					
Clean Energy Future					
- Creating Opportunities on the Land - extending the benefits of the Carbon Farming Initiative					
Administered Expenses	1.20	-	14,000	14,000	15,000
- Putting a Price on Pollution - fuel tax credit reductions					
Departmental Expenses	1.1	2,200	4,200	1,000	1,000
Administered Expenses	1.12	-	(530,000)	(50,000)	(460,000)
		2,200	(525,800)	(49,000)	(459,000)
- Putting a Price on Pollution - revenue from sale of carbon units(a)					
Departmental Expenses	1.1	1,051	1,606	2,460	2,300
Establishment of a Tax Studies Institute					
Departmental Expenses	1.1	-	(1,000)	(1,120)	(1,120)
Family Tax Benefit - Cease fortnightly payments to families who have zero entitlement for two consecutive years					
Departmental Expenses	1.1	-	-	-	-
Fringe benefits tax - reform of living-away-from-home allowances and benefits(a)					
Departmental Expenses	1.1	493	1,906	2,301	2,032
New R&D Tax Incentive - deferral(a)					
Administered Expenses	1.8	-	-	-	-
Personal income tax					
- 50 per cent tax discount for interest income - deferral(a)(b)					
Departmental Expenses	1.1	(2,111)	(4,691)	374	691
Administered Expenses	1.1	(2,123)	(1,542)	3,615	50
Administered Expenses	1.13	(2,000)	-	-	2,000
		(6,234)	(6,233)	3,989	2,741
- standard deduction for work-related expenses and the cost of managing tax affairs - deferral(a)(b)					
Departmental Expenses	1.1	(1,927)	(11,314)	(12,632)	25,873
Administered Expenses	1.1	-	(4,680)	1,462	3,218
Administered Expenses	1.13	-	(2,000)	(4,000)	6,000
		(1,927)	(17,994)	(15,170)	35,091

Table 1.2: Agency measures since Budget (continued)

	Program	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Expense measures (continued)					
Stronger Shipping for a Stronger Economy(a)					
Departmental Expenses	1.1	-	(8,000)	(500)	(500)
Administered Expenses	1.20	-	6,500	15,800	16,700
		-	(1,500)	15,300	16,200
Superannuation					
- abolishing the maximum superannuation guarantee age limit(a)					
Administered Expenses	1.20	-	-	6,000	6,000
- low income superannuation contribution - modified eligibility criteria					
Administered Expenses	1.20	-	(25,600)	(26,600)	(25,600)
Superannuation Co-contribution					
- better targeting concession for low income earners					
Administered Expenses	1.10	-	(352,000)	(342,000)	(329,000)
Stronger Super - Superstream(c)					
Departmental Expenses	1.1	18,275	62,736	91,195	71,249
Administered Expenses	1.1	-	-	2,136	558
		18,275	62,736	93,331	71,807
Tax compliance - increased data matching resources(a)					
Departmental Expenses	1.1	-	17,022	20,436	20,334
Capital measures					
Personal income tax					
- 50 per cent tax discount for interest income - deferral(a)					
Administered Expenses	1.1	-	(4,321)	4,321	-
- standard deduction for work-related expenses and the cost of managing tax affairs - deferral(a)					
Administered Expenses	1.1	-	(11,422)	11,422	-
Stronger Super - Superstream(c)	1.1	12,312	22,304	12,725	6,968
Tax compliance — increased data matching resources(a)					
Administered Expenses	1.1	-	-	600	-

(a) These measures also relate to revenue measures.

(b) Figures updated since the Mid-Year Economic and Fiscal Outlook.

(c) Measures that impact on Appropriation Bills No. 3 and No. 4 that were agreed after the Mid-Year Economic and Fiscal Outlook.

Note. Details of these measures, with the exception of (c), are in the Mid-Year Economic and Fiscal Outlook 2011-12.

1.4 ADDITIONAL ESTIMATES AND VARIATIONS

Table 1.3 details the additional estimates and variations resulting from new measures since the 2011-12 Budget in Appropriation Bills No.3 and No.4.

Table 1.3: Additional estimates and variations to outcomes from measures since the 2011-12 Budget

	Program impacted	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Outcome 1					
Increase in estimates (departmental)					
Clean Energy Future					
- Putting a Price on Pollution - fuel tax credit reductions	1.1	2,200	4,200	1,000	1,000
- Putting a Price on Pollution - revenue from sale of carbon units	1.1	1,051	1,606	2,460	2,300
Fringe benefits tax - reform of living-away-from-home allowances and benefits	1.1	493	1,906	2,301	2,032
Stronger Super - Superstream	1.1	18,275	62,736	91,195	71,249
Decrease in estimates (departmental)					
Personal income tax					
- 50 per cent tax discount for interest income - deferral	1.1	(2,111)	(4,691)	374	691
- standard deduction for work-related expenses and the cost of managing tax affairs - deferral	1.1	(1,927)	(11,314)	(12,632)	25,873
Net impact on estimates for outcome 1 (departmental)		17,981	54,443	84,698	103,145
Increase in estimates (capital)					
Stronger Super - Superstream	1.1	12,312	22,304	12,725	6,968
Net impact on estimates for outcome 1 (capital)		12,312	22,304	12,725	6,968

Table 1.4: Additional estimates and variations to outcomes from other variations

The ATO does not have any other variations since the 2011-12 Budget that affect additional estimates.

1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5 details the additional estimates sought for the ATO through Appropriation Bill No. 3. Table 1.6 details the additional estimates sought for the ATO through Appropriation Bill No. 4.

Table 1.5: Appropriation Bill (No. 3) 2011-12

	2010-11 available \$'000	2011-12 budget \$'000	2011-12 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL PROGRAMS					
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					
- Departmental	3,146,456	3,252,169	3,270,150	17,981	-
Total	3,146,456	3,252,169	3,270,150	17,981	-

Table 1.6: Appropriation Bill (No. 4) 2011-12

	2010-11 available \$'000	2011-12 budget \$'000	2011-12 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Non-operating					
Equity Injection	28,639	18,380	30,692	12,312	-
Total	28,639	18,380	30,692	12,312	-

Section 2: Revisions to agency outcomes and planned performance

2.1 RESOURCES AND PERFORMANCE INFORMATION

There has been no change to the ATO's outcome or outcome strategy from that included in the *Portfolio Budget Statements 2011-12* (pages 189-190).

There has been no change to the program objective, expenses, deliverables or key performance indicators for programs 1.2 to 1.20 that affect Appropriation Bills No. 3 and No. 4.

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law	2010-11 Actual expenses \$'000	2011-12 Revised estimated expenses \$'000
Program 1.1: Australian Taxation Office		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1 and No. 3)	27	8,980
Departmental expenses		
Departmental appropriation	2,927,986	3,065,093
Expenses not requiring appropriation in budget year	144,731	135,017
Total for Program 1.1	3,072,744	3,209,090
	2010-11	2011-12
Average staffing level (number)	21,764	21,856

Program 1.1: Australian Taxation Office

There has been no change to the program objective, deliverables or key performance indicators included in the *Portfolio Budget Statements 2011-12*.

Table 2.2: Program expenses

	2010-11 Actuals \$'000	2011-12 Revised budget \$'000	2012-13 Forward year 1 \$'000	2013-14 Forward year 2 \$'000	2014-15 Forward year 3 \$'000
Program Component 1.1.1 - Our expertise supports government priorities and encourages community participation					
Annual departmental expenses:					
Departmental items	356,998	371,798	376,272	368,225	362,718
Total component expenses	356,998	371,798	376,272	368,225	362,718
Program Component 1.1.2 - We support people willing to participate and make it as easy as possible for them to fulfil their responsibilities at minimum cost					
Annual departmental expenses:					
Departmental items	1,124,808	1,171,442	1,185,537	1,160,181	1,142,833
Total component expenses	1,124,808	1,171,442	1,185,537	1,160,181	1,142,833
Program Component 1.1.3 - We support and protect people by dealing with those not willing to comply					
Annual departmental expenses:					
Departmental items	1,590,911	1,656,870	1,676,805	1,640,943	1,616,406
Annual administered expenses:					
Administered items	27	8,980	8,534	12,597	6,084
Total component expenses	1,590,938	1,665,850	1,685,339	1,653,540	1,622,490
Total program expenses	3,072,744	3,209,090	3,247,148	3,181,946	3,128,041

Section 3: Explanatory tables and budgeted financial statements

3.1 EXPLANATORY TABLES

3.1.1 Estimates of special account flows

Special accounts provide a means to set aside and record amounts used for specific purposes. Table 3.1.1 shows the expected additions (receipts) and reductions (payments) for each account used by the ATO.

Table 3.1.1: Estimates of special account flows

		Opening balance 2011-12 2010-11	Receipts 2011-12 2010-11	Payments 2011-12 2010-11	Adjustments 2011-12 2010-11	Closing balance 2011-12 2010-11
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Excise Security Deposits	1	59	-	-	-	59
Account (A)		49	10	-	-	59
Other Trust Moneys	1	1,632	10,000	10,000	-	1,632
Account (A)		1,040	6,510	5,918	-	1,632
Superannuation Holding	1	71,757	20,200	12,900	-	79,057
Accounts Special Account (A)		83,656	4,089	15,988	-	71,757
Valuation Services Special	1	13,414	42,470	42,345	-	13,539
Account (D)		12,202	34,677	33,465	-	13,414
Total special accounts						
2011-12 Budget estimate		86,862	72,670	65,245	-	94,287
Total special accounts						
2010-11 actual		96,947	45,286	55,371	-	86,862

(A) Administered.

(D) Departmental.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

Budgeted departmental comprehensive income statement

The ATO is planning a balanced budget in 2011-12 after income tax equivalents expense from the Australian Valuation Office. This excludes the impact of appropriation funding for depreciation and amortisation expenses from 2010-11 onward under the Operation Sunlight changes to agency funding.

The budgeted departmental comprehensive income statement also reflects changes arising from Budget measures as outlined in Table 2.1

Budgeted departmental balance sheet

The ATO's assets are predominantly non-financial assets. In 2011-12, the ATO is pursuing a significant capital works program to focus on:

- developing or improving internally generated systems and software to support the ATO's intention to make people's experience with the revenue systems easier, cheaper and more personalised, and to improve the integrity and flexibility of the superannuation business systems; and
- building and fitting out several new offices.

The ATO's liabilities continue to be predominantly employee entitlements.

3.2.2 Budgeted financial statements

Departmental financial statements

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Actual 2010-11 \$'000	Revised budget 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
EXPENSES					
Employee benefits	2,046,683	2,119,811	2,099,768	2,095,171	2,018,527
Supplier	1,056,806	1,097,274	1,156,243	1,092,831	1,116,418
Depreciation and amortisation	125,579	131,893	134,133	135,370	143,734
Income tax	1,416	638	705	817	923
Total expenses	3,230,484	3,349,616	3,390,849	3,324,189	3,279,602
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	71,949	91,952	95,355	98,788	104,316
Other revenue	1,992	550	574	599	625
Total revenue	73,941	92,502	95,929	99,387	104,941
Gains					
Other	11,140	3,786	3,937	4,095	4,095
Total gains	11,140	3,786	3,937	4,095	4,095
Total own-source income	85,081	96,288	99,866	103,482	109,036
Net cost of (contribution by) services	3,145,403	3,253,328	3,290,983	3,220,707	3,170,566
Appropriation revenue	3,016,437	3,123,662	3,159,495	3,088,192	3,029,936
Surplus (deficit) attributable to the Australian Government	(128,966)	(129,666)	(131,488)	(132,515)	(140,630)
Note: Reconciliation of operating result attributable to the agency					
	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
Operating result attributable to the Australian Government	(128,966)	(129,666)	(131,488)	(132,515)	(140,630)
Plus non-appropriated expenses depreciation and amortisation expenses	125,579	131,893	134,133	135,370	143,734
Operating result attributable to the ATO	(3,387)	2,227	2,645	2,855	3,104

Prepared on Australian Accounting Standards basis.

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

	Actual 2010-11 \$'000	Revised budget 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS					
Financial assets					
Cash and equivalents	35,464	34,002	33,189	34,812	36,409
Trade and other receivables	348,140	353,477	366,564	390,922	405,134
Total financial assets	383,604	387,479	399,753	425,734	441,543
Non-financial assets					
Land and buildings	155,142	194,866	235,635	239,123	236,685
Infrastructure, plant and equipment	87,631	76,266	64,041	64,388	66,166
Intangibles	367,238	439,430	461,767	468,215	450,449
Other	45,580	45,581	45,385	45,175	44,950
Total non-financial assets	655,591	756,143	806,828	816,901	798,250
Total assets	1,039,195	1,143,622	1,206,581	1,242,635	1,239,793
LIABILITIES					
Interest bearing liabilities					
Leases	29,254	29,254	29,254	29,254	29,254
Total interest bearing liabilities	29,254	29,254	29,254	29,254	29,254
Provisions					
Employees	694,717	732,296	739,247	757,198	768,235
Total provisions	694,717	732,296	739,247	757,198	768,235
Payables					
Suppliers	205,849	211,797	217,599	223,352	229,050
Dividends	1,653	745	823	953	1,077
Other	18,667	42,374	60,441	60,553	60,659
Total payables	226,169	254,916	278,863	284,858	290,786
Total liabilities	950,140	1,016,466	1,047,364	1,071,310	1,088,275
Net assets	89,055	127,156	159,217	171,325	151,518
EQUITY					
Contributed equity	485,444	653,956	818,328	963,904	1,085,804
Reserves	90,601	90,601	90,601	90,601	90,601
Retained surpluses or accumulated deficits	(486,990)	(617,401)	(749,712)	(883,180)	(1,024,887)
Total equity	89,055	127,156	159,217	171,325	151,518
Current assets	351,144	386,430	407,704	419,886	418,926
Non-current assets	688,051	757,192	798,877	822,749	820,867
Current liabilities	768,283	821,914	846,899	866,261	879,979
Non-current liabilities	181,857	194,552	200,465	205,049	208,296

Prepared on Australian Accounting Standards basis.

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

	Actual 2010-11 \$'000	Revised budget 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	82,289	91,600	94,809	98,077	103,358
Appropriations	3,060,836	3,083,365	3,145,651	3,065,204	3,020,333
Interest	617	475	499	524	550
Other	162,941	189,659	189,278	170,963	174,006
Total cash received	3,306,683	3,365,099	3,430,237	3,334,768	3,298,247
Cash used					
Employees	2,030,345	2,088,043	2,089,579	2,073,580	2,006,510
Suppliers	1,153,842	1,181,524	1,249,395	1,181,090	1,204,746
Income taxes paid	1,390	638	705	817	923
Other	60,643	69,961	72,548	76,705	80,395
Total cash used	3,246,220	3,340,166	3,412,227	3,332,192	3,292,574
Net cash from or (used by) operating activities	60,463	24,933	18,010	2,576	5,673
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	1,094	-	-	-	-
Total cash received	1,094	-	-	-	-
Cash used					
Purchase of property, plant and equipment	148,217	232,016	184,767	145,576	124,899
Total cash used	148,217	232,016	184,767	145,576	124,899
Net cash from or (used by) investing activities	(147,123)	(232,016)	(184,767)	(145,576)	(124,899)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	85,890	206,366	166,767	145,576	121,900
Total cash received	85,890	206,366	166,767	145,576	121,900
Cash used					
Dividends paid	1,056	745	823	953	1,077
Total cash used	1,056	745	823	953	1,077
Net cash from or (used by) financing activities	84,834	205,621	165,944	144,623	120,823
Net increase or (decrease) in cash held	(1,826)	(1,462)	(813)	1,623	1,597
Cash at the beginning of the reporting period	37,290	35,464	34,002	33,189	34,812
Cash at the end of the reporting period	35,464	34,002	33,189	34,812	36,409

Prepared on Australian Accounting Standards basis.

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

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2011					
Balance carried forward from previous period	(486,990)	90,601	-	485,444	89,055
Adjusted opening balance	(486,990)	90,601	-	485,444	89,055
Transactions with owners					
<i>Operating result after extraordinary items</i>	(129,666)	-	-	-	(129,666)
<i>Distribution to owners</i>					
Returns on capital dividends	(745)	-	-	-	(745)
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	-	-
Injection for capital works	-	-	-	30,692	30,692
Injection for departmental capital budget	-	-	-	137,820	137,820
Total transactions with owners	(130,411)	-	-	168,512	38,101
Estimated closing balance as at 30 June 2012	(617,401)	90,601	-	653,956	127,156

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Actual 2010-11 \$'000	Revised budget 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	137,310	137,820	111,101	112,016	113,432
Equity injections - Bill 2	28,639	30,692	53,271	33,560	8,468
Total capital appropriations	165,949	168,512	164,372	145,576	121,900
Represented by:					
Purchase of non-financial assets	165,949	168,512	164,372	145,576	121,900
Total represented by	165,949	168,512	164,372	145,576	121,900
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	35,013	68,546	55,666	33,560	8,468
Funded by capital appropriation - DCB	71,087	137,820	111,101	112,016	113,432
Funded internally from departmental resources	-	25,650	18,000	-	3,000
TOTAL	106,100	232,016	184,767	145,576	124,900
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	106,100	232,016	184,767	145,576	124,900
Total cash used to acquire assets	106,100	232,016	184,767	145,576	124,900

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — Departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2011				
Gross book value	164,540	117,283	798,860	1,080,683
Accumulated depreciation/amortisation and impairment	9,429	28,955	431,860	470,244
Opening net book balance	155,111	88,328	367,000	610,439
Capital asset additions				
By purchase - appropriation equity	8,565	-	59,981	68,546
By purchase - appropriation ordinary annual services	64,970	14,389	84,111	163,470
Total additions	73,535	14,389	144,092	232,016
Other movements				
Depreciation/amortisation expense	33,780	26,451	71,662	131,893
Total other movements	33,780	26,451	71,662	131,893
As at 30 June 2012				
Gross book value	238,075	131,672	942,952	1,312,699
Accumulated depreciation/amortisation and impairment	43,209	55,406	503,522	602,137
Closing net book balance	194,866	76,266	439,430	710,562

Prepared on Australian Accounting Standards basis.

Schedule of administered activity

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Actual 2010-11 \$'000	Revised budget 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	204,734,487	236,180,000	260,890,000	279,960,000	296,160,000
Indirect tax	75,132,076	77,940,000	82,740,000	85,330,000	89,340,000
Other taxes, fees and fines	1,022,361	584,000	609,000	634,000	660,000
Total taxation	280,888,924	314,704,000	344,239,000	365,924,000	386,160,000
Total revenues administered on behalf of government	280,888,924	314,704,000	344,239,000	365,924,000	386,160,000
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	5,956,404	6,838,042	7,019,117	7,808,163	7,697,043
Personal benefits	1,136,153	1,599,000	2,255,600	2,321,600	2,368,700
Suppliers	27	8,980	8,534	12,597	6,084
Write down and impairment of assets	5,744,740	5,232,045	5,990,733	6,372,931	6,748,530
Finance costs	655,267	330,000	330,000	330,000	330,000
Other	287,957	271,000	282,000	293,000	305,000
Total expenses administered on behalf of government	13,780,548	14,279,067	15,885,984	17,138,291	17,455,357

Prepared on Australian Accounting Standards basis.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Actual 2010-11 \$'000	Revised budget 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	290,867	290,867	290,867	290,867	290,867
Receivables	16,301,094	18,426,049	20,326,316	22,240,385	24,282,855
Accrued revenues	10,346,331	10,836,331	11,276,331	11,136,331	11,661,331
Total financial assets	26,938,292	29,553,247	31,893,514	33,667,583	36,235,053
Total assets administered on behalf of government	26,938,292	29,553,247	31,893,514	33,667,583	36,235,053
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	1,415,716	1,415,716	1,415,716	1,415,716	1,415,716
Other provisions	477,321	501,321	526,321	507,321	526,321
Total provisions	1,893,037	1,917,037	1,942,037	1,923,037	1,942,037
Payables					
Subsidies	1,520,286	2,086,712	2,248,267	2,445,625	2,518,053
Personal benefits payable	1,747,717	1,809,717	2,429,317	2,572,117	2,631,217
Other payables	1,065,994	1,073,294	1,081,494	1,124,694	1,123,894
Total payables	4,333,997	4,969,723	5,759,078	6,142,436	6,273,164
Total liabilities administered on behalf of government	6,227,034	6,886,760	7,701,115	8,065,473	8,215,201

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Actual 2010-11 \$'000	Revised budget 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	272,293,872	306,510,000	335,540,000	357,390,000	376,440,000
Other	761,459	367,200	387,500	446,500	418,500
Total cash received	273,055,331	306,877,200	335,927,500	357,836,500	376,858,500
Cash used					
Borrowing costs	589,638	330,000	330,000	330,000	330,000
Subsidies paid	5,851,554	6,271,616	6,857,562	7,610,805	7,624,615
Personal benefits	1,647,702	1,537,000	1,636,000	2,178,800	2,309,600
Payments to suppliers	47	8,980	8,534	12,597	6,084
Other	190,207	259,900	268,300	328,300	301,300
Total cash used	8,279,148	8,407,496	9,100,396	10,460,502	10,571,599
Net cash from or (used by) operating activities	264,776,183	298,469,704	326,827,104	347,375,998	366,286,901
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	8,279,148	8,407,496	9,100,396	10,460,502	10,571,599
Total cash received	8,279,148	8,407,496	9,100,396	10,460,502	10,571,599
Cash used					
Cash to Official Public Account	273,190,130	306,877,200	335,927,500	357,836,500	376,858,500
Total cash used	273,190,130	306,877,200	335,927,500	357,836,500	376,858,500
Net cash from or (used by) financing activities	(264,910,982)	(298,469,704)	(326,827,104)	(347,375,998)	(366,286,901)
Net increase or (decrease) in cash held	(134,799)	-	-	-	-
Cash at beginning of reporting period	425,666	290,867	290,867	290,867	290,867
Cash at end of reporting period	290,867	290,867	290,867	290,867	290,867

Prepared on Australian Accounting Standards basis.

Table 3.2.10: Schedule of administered capital budget

The ATO does not have any administered capital.

Table 3.2.11: Schedule of asset movements — Administered

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

Notes to the financial statements

Basis of accounting

The budgeted financial statements have been prepared on an accrual basis.

Departmental

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.

Cost of administering the goods and services tax

Departmental statements include the estimated costs of administering the goods and services tax (GST) under 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 recovered GST administration costs are reported under the Treasury Portfolio.

Administered

The administered financial statements at 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. This methodology, known as the Economic Transaction Method (ETM), relies on the estimation of the probable future flows of taxes from transactions that have occurred in the economy, but have not yet been reported, and are likely to be reported to the ATO through an assessment or disclosure.

In circumstances when there is an ‘inability to measure tax revenues reliably when the underlying transactions or events occur’, the accounting standards permit an alternative approach known as the Taxation Liability Method (TLM). Under this method, taxation revenue is recognised at the earlier of when a tax liability has been assessed, or, the ATO receives payment. This recognition policy means that taxation revenue is generally measured at a later time than it would have been had it been 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. Revenue from these sources is 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.

