

# Australian Taxation Office

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# AUSTRALIAN TAXATION OFFICE

## Section 1: Agency overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The role of the Australian Taxation Office (ATO) is to effectively manage and shape the tax, excise and superannuation systems that support and fund services for Australians, including ensuring the community has confidence in the administration of these systems.

The taxation and superannuation systems are part of Australia's social and economic infrastructure. A major part of the ATO's administration of these systems is emphasising to the community the importance of willing and proper participation, in underpinning nation building. While the ATO will continue with its major responsibilities, the way it conducts its business will change significantly with a focus on new products and services, a drive for productivity improvements and a commitment to improve its services. The ATO's vision is to be a leading taxation and superannuation administration, known for its contemporary service, expertise and integrity. In seeking to achieve this vision, the ATO has four main goals:

- easy for people to participate;
- contemporary and tailored service;
- purposeful and respectful relationships; and
- professional and productive organisation.

The journey towards achievement of these goals is guided by the following strategies:

- build a culture that embodies values and transforms the client experience;
- simplify interactions, maximise automation and reduce costs;
- connect with the community and other agencies in meaningful ways;
- influence policy and law design for more certain outcomes;
- use data in a smarter way to improve decisions, services and compliance; and
- reshape the workforce to optimise capability and performance.

The goals and strategies are supported by the ATO's values of being impartial, committed to service, accountable, respectful and ethical.

## 1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for the ATO.

**Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2014-15 as at Budget May 2014**

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
<b>Ordinary annual services</b>				
<b>Departmental</b>				
Prior year departmental appropriation	550,250 <sup>1</sup>	-	550,250	-
Departmental appropriation <sup>2</sup>	-	3,342,775 <sup>3</sup>	3,342,775	3,434,597
Receipts from other sources (s31)	-	73,572 <sup>4</sup>	73,572	75,049
<b>Total departmental</b>	550,250	3,416,347	3,966,597	3,509,646
<b>Administered expenses</b>				
Outcome 1	-	284 <sup>3</sup>	284	6,697
<b>Total administered expenses</b>	-	284	284	6,697
<b>Total ordinary annual services</b>	<b>A</b> 550,250	3,416,631	3,966,881	3,516,343
<b>Other services</b>				
<b>Departmental non-operating</b>				
Equity injections	-	25,943 <sup>5</sup>	25,943	38,962
<b>Total other services</b>	<b>B</b> -	25,943	25,943	38,962
<b>Total available annual appropriations (A+B)</b>	550,250	3,442,574	3,992,824	3,555,305
<b>Special appropriations</b>				
<i>Product Grants and Benefits Administration Act 2000 - Cleaner fuel grants</i>	-	132,000	132,000	82,000
<i>Product Grants and Benefits Administration Act 2000 - Product stewardship for oil</i>	-	50,000	50,000	47,000
<i>Superannuation Guarantee (Administration) Act 1992</i>	-	468,000	468,000	429,000
<i>Taxation Administration Act 1953 - section 16 (Non-refund items)<sup>6</sup></i>	-	9,552,650	9,552,650	9,165,400
<b>Total special appropriations</b>	<b>C</b> -	10,202,650	10,202,650	9,723,400
<b>Total appropriations excluding special accounts</b>	550,250	13,645,224	14,195,474	13,278,705

**Table 1.1: Australian Taxation Office resource statement — Budget estimates for 2014-15 as at Budget May 2014 (continued)**

	Estimate of prior year amounts available in 2014-15 \$'000	Proposed at Budget 2014-15 \$'000	Total estimate 2014-15 \$'000	Actual available appropriation 2013-14 \$'000
<b>Special accounts</b>				
Opening balance <sup>7</sup>	92,774	-	92,774	-
Appropriation receipts	-	55,339	55,339	89,161
Non-appropriation receipts to special accounts	-	1,779,010	1,779,010	463,452
<b>Total special account</b>	<b>D 92,774</b>	<b>1,834,349</b>	<b>1,927,123</b>	<b>552,613</b>
<b>Total resourcing (A+B+C+D)</b>	<b>643,024</b>	<b>15,479,573</b>	<b>16,122,597</b>	<b>13,831,318</b>
Less appropriations drawn from annual or special appropriations above and credited to special accounts	-	55,339	55,339	89,161
<b>Total net resourcing for the ATO</b>	<b>643,024</b>	<b>15,424,234</b>	<b>16,067,258</b>	<b>13,742,157</b>

1. Estimated adjusted balance carried forward from previous year.
2. Includes \$115.8 million in 2014-15 (\$105.9 million in 2013-14) for the departmental capital budget (also refer to Table 3.2.5).
3. Appropriation Bill (No. 1) 2014-15.
4. Receipts received under section 31 (s31) of the *Financial Management and Accountability Act 1997*.
5. Appropriation Bill (No. 2) 2014-15.
6. These figures relate to administered expenses including fuel tax credits, research and development tax incentives and, interest on overpayment and early payment of tax. Estimated tax refund items for 2013-14 are \$96.2 billion (including \$145 million paid via the Australian Customs Service (ACS) on the ATO's behalf) and \$99.3 billion for 2014-15 (including \$160 million paid via the ACS on the ATO's behalf).
7. Estimated opening balance for special accounts. For further detail on special accounts see Table 3.1.2.

### 1.3 BUDGET MEASURES

Budget measures relating to the ATO are summarised on the following pages.

**Table 1.2: Australian Taxation Office 2014-15 Budget measures  
Part 1: Measures announced since the 2013-14 MYEFO**

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>Expense measures</b>						
Australian Taxation Office - savings						
Departmental expenses	1.1	-	-	(16,800)	(42,000)	(84,000)
Efficiency Dividend - a further temporary increase of 0.25 per cent						
Departmental expenses	1.1	-	(8,266)	(16,055)	(23,178)	(22,790)
Higher Education Superannuation Programme - resumption of payments to universities in NSW						
Departmental expenses	1.1	-	-	-	-	-
Migration Programme - allocation of places for 2014-15						
Departmental expenses	1.1	-	-	-	-	-
Remove Grandfathering of Student Start-Up Scholarship Recipients						
Departmental expenses	1.1	-	221	147	157	159
Restoring integrity in the Australian tax system - further decisions						
Departmental expenses	1.1	(1,348)	(7,884)	(10,894)	(5,173)	10,441
Social Security Agreement with India						
Departmental expenses	1.1	-	-	-	-	-
Trade Support Loans - establishment						
Departmental expenses	1.1	1,212	2,196	713	604	537
Korea-Australia Free Trade Agreement						
Administered expenses	1.6	-	-	300	300	300
Taxation treatment of biodiesel - modification						
Administered expenses	1.7	-	-	(52,000)	(54,000)	(56,000)
Administered expenses	1.9	-	-	-	1,000	5,000

**Table 1.2: Australian Taxation Office 2014-15 Budget measures (continued)**  
**Part 1: Measures announced since the 2013-14 MYEFO (continued)**

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	
<b>Expense measures (continued)</b>							
Exploration Development							
Incentive - introduction							
	Administered expenses	1.8	-	25,000	35,000	40,000	-
Reintroduction of fuel excise indexation							
	Administered expenses	1.10	-	100,700	350,000	550,000	800,000
National Rental Affordability Scheme - discontinue incentive allocations							
	Administered expenses	1.11	-	-	(28,800)	(78,500)	(80,900)
Product Stewardship for Oil Scheme - modification to the levy							
	Administered expenses	1.12	-	2,000	2,000	2,000	3,000
Research and Development Tax Incentive - reducing the rates of the refundable and non-refundable tax offsets							
	Administered expenses	1.13	-	(70,000)	(70,000)	(70,000)	(70,000)
Abolish the Seafarer Tax Offset							
	Administered expenses	1.14	-	-	(4,000)	(4,000)	(4,000)
First Home Saver Accounts scheme - cessation							
	Departmental expenses	1.1	-	-	(18,100)	(18,100)	(18,100)
	Administered expenses	1.17	(1,000)	(18,000)	(18,000)	(19,000)	(20,000)
	Departmental expenses		(136)	(13,733)	(60,989)	(87,690)	(113,753)
	Administered expenses		(1,000)	39,700	214,500	367,800	577,400
<b>Total expense measures</b>			<b>(1,136)</b>	<b>25,967</b>	<b>153,511</b>	<b>280,110</b>	<b>463,647</b>
<b>Related capital</b>							
Efficiency Dividend - a further temporary increase of 0.25 per cent							
		1.1	-	(284)	(564)	(851)	(893)
Social Security Agreement with India							
		1.1	-	793	-	-	-
Trade Support Loans - establishment							
		1.1	387	2,804	-	-	-
<b>Total related capital</b>			<b>387</b>	<b>3,313</b>	<b>(564)</b>	<b>(851)</b>	<b>(893)</b>

Prepared on a Government Finance Statistics (fiscal) basis.

**Table 1.2: Australian Taxation Office 2014-15 Budget measures (continued)**  
**Part 2: Measures not previously reported in a portfolio statement**

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>Expense measures</b>						
<i>Budget Measures 2013-14</i>						
Public Service efficiencies						
Departmental expenses	1.1	(1,219)	(4,732)	(10,398)	(14,512)	(13,770)
<i>Economic Statement 2013</i>						
Addressing the level of unpaid tax and superannuation in the community						
Departmental expenses	1.1	15,565	19,845	29,781	34,080	34,837
Administered expenses	1.21	-	15,000	15,000	15,000	15,000
Efficiency Dividend - temporary increase in the rate						
Departmental expenses	1.1	-	(34,997)	(77,290)	(120,784)	(120,784)
Personal income tax - deferring the cap on work-related self-education expenses						
Departmental expenses	1.1	-	(700)	(1,200)	-	-
Reforms to the APS management and efficient procurement of agency software						
Departmental expenses	1.1	(4,974)	(8,629)	(14,100)	(13,769)	(13,769)
Superannuation - reform of arrangements relating to transfer of lost member accounts to the ATO						
Departmental expenses	1.1	-	27	3,195	2,325	3,048
Administered expenses	1.22	-	-	9,629	7,257	-
Carbon pricing mechanism - replacing fixed price with an emissions trading scheme from 1 July 2014						
Administered expenses	1.9	-	350,000	-	-	-
<i>Mid-Year Economic and Fiscal Outlook 2013-14</i>						
Reducing superannuation compliance costs for small business						
Departmental expenses	1.1	1,182	6,099	6,210	6,186	6,246
Repeal of the Minerals Resource Rent Tax - abolishing related tax and superannuation measures						
Departmental expenses	1.1	-	(15,204)	(27,111)	(25,780)	(25,780)
Administered expenses	1.18	(960,600)	(922,700)	(908,400)	(896,400)	-
- forgone revenue from repeal						
Departmental expenses	1.1	(21,740)	(19,123)	(19,842)	(21,259)	(21,259)



**Table 1.2: Australian Taxation Office 2014-15 Budget measures (continued)**  
**Part 2: Measures not previously reported in a portfolio statement (continued)**

	Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>Expense measures (continued)</b>						
Restoring integrity in the Australian tax system						
Departmental expenses	1.1	(9,078)	(10,596)	(16,153)	(17,050)	(17,050)
Simplified indexation of the private health insurance Government contribution						
Departmental expenses	1.1	856	882	684	456	400
Superannuation advertising savings						
Administered expenses	1.1	(1,007)	(500)	(500)	-	-
Repeal of the Carbon Tax						
- abolishing land initiatives and unnecessary bureaucracies						
Administered expenses	1.8	-	(20,000)	-	-	-
- abolishing other measures						
Departmental expenses	1.1	-	(2,300)	-	-	-
- forgone revenue from repeal of the Carbon Tax						
Administered expenses	1.9	-	100,000	250,000	350,000	500,000
2013-14 Humanitarian Programme						
Administered expenses	1.18	-	-	-	-	-
Repeal the tax bonus for working Australians						
Administered expenses	1.22	-	-	-	-	-
Departmental expenses		(19,408)	(69,428)	(126,224)	(170,107)	(167,881)
Administered expenses		(961,607)	(478,200)	(634,271)	(524,143)	515,000
<b>Total expense measures</b>		<b>(981,015)</b>	<b>(547,628)</b>	<b>(760,495)</b>	<b>(694,250)</b>	<b>347,119</b>
<b>Related capital</b>						
<i>Economic Statement 2013</i>						
Personal income tax - deferring the cap on work-related self-education expenses						
	1.1	-	(300)	-	-	-
<i>Mid-Year Economic and Fiscal Outlook 2013-14</i>						
Repeal of the Minerals Resource Rent Tax - abolishing related tax and superannuation measures						
	1.1	-	-	(1,500)	-	-
Restoring integrity in the Australian tax system						
	1.1	(1,069)	(2,660)	-	-	-
Simplified indexation of the private health insurance Government contribution						
	1.1	100	-	-	-	-
<b>Total related capital</b>		<b>(969)</b>	<b>(2,960)</b>	<b>(1,500)</b>	<b>-</b>	<b>-</b>

Prepared on a Government Finance Statistics (fiscal) basis.

## **1.4 CHANGES TO THE PROGRAMME STRUCTURE**

The ATO has made changes to its programme structure for 2014-15.

- The Conservation Tillage Refundable Tax Offset, the Seafarer Tax Offset and Targeted assistance through the taxation system (previously part of Programme 1.21) are now separate Programmes 1.8, 1.14 and 1.22 respectively.
- The Exploration Development Incentive (Programme 1.12) has been established as a new programme.
- The component structure for Programme 1.1 has also been removed.

The revised programme structure is shown in Table 2.1

## Section 2: Outcomes and planned performance

### 2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programmes are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programmes which contribute to Government outcomes over the budget and forward years.

The ATO's outcome is described below specifying the strategy, programmes, objectives, deliverables and key performance indicators used to assess and monitor the performance of the ATO.

**Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law**

#### **Outcome 1 strategy**

The ATO seeks to deliver its outcome by:

- providing contemporary service and fostering willing participation;
- sharing data intelligence and expertise across government and internationally;
- collecting revenue and delivering benefits to the community;
- managing non-compliance; and
- securing retirement income.

The ATO will continue to work with the Department of the Treasury to advise the government of operational implications of policy initiatives, as well as changes to legislation that could improve the regulatory framework or reduce the cost of compliance for business or the community.

The ATO will maintain robust and effective relationships across government and international jurisdictions and will encourage stakeholders to communicate their views to the ATO, in order to improve outcomes and minimise compliance costs.

The ATO provides support to the Tax Practitioners Board, the Australian Business Register and the Australian Charities and Not-for-profits Commission. It also manages

and contributes to a number of whole-of-government initiatives that deliver a range of services.

The ATO's corporate plan outlines its strategic direction, service commitments and a set of performance measures, which includes all programme deliverables and key performance indicators listed in this Portfolio Budget Statement. The ATO's annual report assesses the achievements of the agency against this plan.

## Outcome 1 Budgeted expenses and resources

**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	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
<b>Programme 1.1: Australian Taxation Office</b>		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,690	284
Departmental expenses		
Departmental appropriation	3,218,202	3,115,373
Expenses not requiring appropriation in budget year	160,606	163,301
<b>Total for Programme 1.1</b>	<b>3,384,498</b>	<b>3,278,958</b>
<b>Programme 1.2: Tax Practitioners Board</b>		
Departmental expenses		
Departmental appropriation	18,206	15,243
<b>Total for Programme 1.2</b>	<b>18,206</b>	<b>15,243</b>
<b>Programme 1.3: Australian Business Register</b>		
Departmental expenses		
Departmental appropriation	143,836	143,362
<b>Total for Programme 1.3</b>	<b>143,836</b>	<b>143,362</b>
<b>Programme 1.4: Australian Valuation Office</b>		
Departmental expenses		
Special accounts	43,542	-
<b>Total for Programme 1.4</b>	<b>43,542</b>	<b>-</b>
<b>Programme 1.5: Australian Charities and Not-for-profits Commission</b>		
Departmental expenses		
Special accounts	15,161	15,039
<b>Total for Programme 1.5</b>	<b>15,161</b>	<b>15,039</b>
<b>Programme 1.6: Australian Screen Production Incentive</b>		
Administered expenses		
Special appropriations	284,000	264,000
<b>Total for Programme 1.6</b>	<b>284,000</b>	<b>264,000</b>
<b>Programme 1.7: Cleaner Fuels Grant Scheme</b>		
Administered expenses		
Special appropriations	82,000	132,000
<b>Total for Programme 1.7</b>	<b>82,000</b>	<b>132,000</b>

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

	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
<b>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</b>		
<b>Programme 1.8: Conversation Tillage Refundable Tax Offset</b>		
Administered expenses		
Special appropriations	20,000	-
<b>Total for Programme 1.8</b>	20,000	-
<b>Programme 1.9: Exploration Development Incentive</b>		
Administered expenses		
Special appropriations	-	25,000
<b>Total for Programme 1.9</b>	-	25,000
<b>Programme 1.10: Fuel Tax Credits Scheme</b>		
Administered expenses		
Special appropriations	5,822,900	6,270,200
<b>Total for Programme 1.10</b>	5,822,900	6,270,200
<b>Programme 1.11: National Rental Affordability Scheme</b>		
Administered expenses		
Special appropriations	128,500	177,650
<b>Total for Programme 1.11</b>	128,500	177,650
<b>Programme 1.12: Product Stewardship for Oil</b>		
Administered expenses		
Special appropriations	47,000	50,000
<b>Total for Programme 1.12</b>	47,000	50,000
<b>Programme 1.13: Research and Development Tax Incentive</b>		
Administered expenses		
Special appropriations	2,246,000	1,940,000
<b>Total for Programme 1.13</b>	2,246,000	1,940,000
<b>Programme 1.14: Seafarer Tax Offset</b>		
Administered expenses		
Special appropriations	4,000	4,000
<b>Total for Programme 1.14</b>	4,000	4,000
<b>Programme 1.15: Baby Bonus Tax Offsets</b>		
Administered expenses		
Special appropriations	700	-
<b>Total for Programme 1.15</b>	700	-
<b>Programme 1.16: Education Tax Refund</b>		
Administered expenses		
Special appropriations	-	-
<b>Total for Programme 1.16</b>	-	-
<b>Programme 1.17: First Home Saver Accounts</b>		
Administered expenses		
Special appropriations	18,000	-
<b>Total for Programme 1.17</b>	18,000	-

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

	2013-14 Estimated actual expenses \$'000	2014-15 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 to benefits, and managing non-compliance with the law		
<b>Programme 1.18: Low Income Earner Superannuation Contribution</b>		
Administered expenses		
Special appropriations	-	-
<b>Total for Programme 1.18</b>	-	-
<b>Programme 1.19: Private Health Insurance Rebate</b>		
Administered expenses		
Special appropriations	191,000	200,000
<b>Total for Programme 1.19</b>	191,000	200,000
<b>Programme 1.20: Superannuation Co-contribution Scheme</b>		
Administered expenses		
Special appropriations	161,000	167,000
<b>Total for Programme 1.20</b>	161,000	167,000
<b>Programme 1.21: Superannuation Guarantee Scheme</b>		
Administered expenses		
Special appropriations	429,000	468,000
<b>Total for Programme 1.21</b>	429,000	468,000
<b>Programme 1.22 Targeted Assistance Through the Taxation system</b>		
Administered expenses		
Special appropriations	39,300	4,800
<b>Total for Programme 1.22</b>	39,300	4,800
<b>Programme 1.23: Interest on Overpayment and Early Payments of Tax</b>		
Administered expenses		
Special appropriations	250,000	500,000
<b>Total for Programme 1.23</b>	250,000	500,000
<b>Programme 1.24: Bad and Doubtful Debts and Remissions</b>		
Administered expenses		
Expenses not requiring appropriation in budget year	7,163,728	7,131,996
<b>Total for Programme 1.24</b>	7,163,728	7,131,996
<b>Outcome 1 totals by appropriation type</b>		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	5,690	284
Special appropriations	9,723,400	10,202,650
Expenses not requiring appropriation in budget year	7,163,728	7,131,996
Departmental expenses		
Departmental appropriation	3,380,244	3,273,978
Special accounts	58,703	15,039
Expenses not requiring appropriation in budget year	160,606	163,301
<b>Total expenses for Outcome 1</b>	<b>20,492,371</b>	<b>20,787,248</b>
	2013-14	2014-15
<b>Average staffing level (number)</b>	21,397	19,068

## Contributions to Outcome 1

### Programme 1.1: Australian Taxation Office

#### Programme 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.

#### Programme expenses

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

**Table 2.2: Programme 1.1 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
<b>Programme 1.1: Australian Taxation</b>					
Annual departmental expenses					
Departmental items	3,378,808	3,278,674	3,140,890	2,997,300	2,913,043
Annual administered expenses					
Administered item	5,690	284	31	31	-
<b>Total programme expenses</b>	<b>3,384,498</b>	<b>3,278,958</b>	<b>3,140,921</b>	<b>2,997,331</b>	<b>2,913,043</b>

#### Programme deliverables

The ATO has the following programme deliverables:

- number of significant matters that have been consulted on;
- number of customer service interactions delivered through the multi-channel environment;
- number of registrations processed;
- number of taxpayers who meet their lodgement obligations;
- number of returns, statements and forms processed;
- number of interpretive guidance products, objections and rulings provided;
- number of payments processed;

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- value of net tax collected;
- number of refunds issued;
- value of refunds paid;
- number of compliance audits, reviews and other checks undertaken;
- value of compliance liabilities raised and collected as a result of compliance audits, reviews and other checks;
- value of debt collected;
- number of disputed cases resolved;
- number of lost and ATO-held superannuation accounts;
- value of lost and ATO-held superannuation accounts; and
- number of international information exchanges.

**Programme key performance indicators**

The ATO has the following programme key performance indicators:

- community and key stakeholder engagement and satisfaction with ATO performance;
- client satisfaction with independence of review and the service provided;
- proportion of draft legislation which is assured before introduction to Parliament;
- earlier resolution of disputed cases;
- proportion of individual tax file number registrations compared to the Australian Bureau of Statistics estimated resident population;
- proportion of company tax file number registrations compared to the Australian Securities and Investments Commission registered population;
- proportion of taxpayers who lodge their income tax returns on time;
- proportion of taxpayers who lodge their activity statements on time;
- time-cost index for business and superannuation funds to prepare and complete key tax forms;



- adjusted average cost to individual taxpayers of managing their tax affairs;
- proportion of liabilities paid on time by value for each of the major tax revenue types;
- net cost to collect \$100;
- ratio of collectable debt to net tax collections;
- adjusted gross operating surplus compared to company profit and tax payable;
- goods and services tax (GST) gap as a proportion of GST revenue;
- growth in salary and wages reported on income tax returns compared to growth in salary and wages estimated by the Australian Bureau of Statistics;
- adjusted employer superannuation contributions as a proportion of adjusted salary and wages; and
- proportion of self-managed superannuation funds contraventions compared to the number of fund lodgements.

### **Programme 1.2: Tax Practitioners Board**

#### **Programme objective**

The Tax Practitioners Board (TPB) has the general administration of the *Tax Agent Services Act 2009* (TASA) and is responsible for the regulation of tax practitioners. These practitioners include tax agents, business activity statement (BAS) agents and, from 1 July 2014, tax (financial) advisers.

The objective of the TPB is to ensure that tax agent services are provided to the public in accordance with appropriate standards of professional and ethical conduct.

The TPB's purpose is to regulate tax practitioners in a fair, consistent and practical way under the TASA to protect consumers, thereby strengthening the integrity of the tax practitioner profession.

#### **Programme expenses**

The reduction in expenses from 2013-14 to 2014-15 reflects the removal of temporary supplementation from Programme 1.1. There are no significant changes to estimates across the forward years.

**Table 2.3: Programme 1.2 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	18,206	15,243	15,093	15,001	14,895
<b>Total programme expenses</b>	<b>18,206</b>	<b>15,243</b>	<b>15,093</b>	<b>15,001</b>	<b>14,895</b>

### Programme deliverables

The TPB has the following programme deliverables:

- maintain a public register of registered and deregistered tax practitioners;
- maintain an effective complaints handling and review process;
- administer a system for the registration of tax practitioners;
- actions taken to deter non-compliant or illegal behaviour; and
- number and types of sanctions applied.

### Programme key performance indicators

The TPB has the following programme key performance indicators:

- improvement in the number of registration and renewal applications processed without requiring further applicant interaction;
- proportion of complaints resolved within service standard;
- significant majority of registered tax practitioners have maintained appropriate professional indemnity insurance cover;
- tax practitioners' and other stakeholders' satisfaction with communication and consultation by the TPB; and
- regular publication of guidance to registered tax practitioners on their rights and obligations.

### Programme 1.3: Australian Business Register

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

The ABR programme encompasses:

- the ABR: a comprehensive national business dataset;
- AUSkey: a secure authentication system giving business easy-to-use access to online government services; and
- Standard Business Reporting (SBR): SBR defines a common language for business information and standards for electronic information sharing. It is used in business record-keeping software to support running the business and reduce the burden of reporting to government.

#### Programme objective

The ABR programme contributes to improving the wellbeing of the Australian people through enhanced business productivity by:

- reducing the administrative cost to business of complying with government regulation;
- influencing government policy development and implementation, through advocating the use of services, technologies and processes to minimise the administrative impact on business; and
- encouraging the adoption of new practices by businesses to reduce operating costs.

#### Programme expenses

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

**Table 2.4: Programme 1.3 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses					
Departmental items	143,836	143,362	142,257	141,672	141,374
<b>Total programme expenses</b>	<b>143,836</b>	<b>143,362</b>	<b>142,257</b>	<b>141,672</b>	<b>141,374</b>

#### Programme deliverables

The ABR has the following programme deliverables to reduce business costs leading to improved business productivity and competitiveness by:

- increased use by business and government of a complete and single source of business information for planning and service delivery;
- broader adoption and use of consistent information exchange standards by business and government; and
- facilitating more streamlined online interactions between business and government including a single business entry point.

#### Programme key performance indicators

The ABR has the following programme key performance indicators:

- increased use of the national business dataset by government agencies and the community;
- improvement in the quality of national business dataset;
- increase in the adoption and use of AUSkey by business;
- increase in the number of businesses using SBR-enabled software;
- increased use of the SBR common language and standards; and
- reduction in administrative costs to business.

#### Programme 1.4: Australian Valuation Office

On 24 January 2014, it was announced that the Australian Valuation Office (AVO) would cease trading on 30 June 2014. A small number of AVO staff will be retained in the 2014-15 financial year to close the AVO's corporate operations. This includes records management, closing AVO's financial records, formally transferring legal and administrative responsibilities and notifying the Government of the closure of the AVO. It is expected that these activities will be completed by the end of September 2014.

#### Programme expenses

Programme expenses reflect the residual wind up costs to support the cessation of AVO operations.

**Table 2.5: Programme 1.4 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special account expenses					
Valuation Services Special Account	43,542	-	-	-	-
<b>Total programme expenses</b>	<b>43,542</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### **Programme 1.5: Australian Charities and Not-for-profits Commission**

The Australian Charities and Not-for-profits Commission (ACNC) has been set up as a special account with statutory objects:

- to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector;
- to support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector; and
- to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.

The ACNC Commissioner (the Commissioner) has a number of statutory functions and regulatory powers contained in the *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act) and accompanying legislation and regulations. These include the distinct function to determine and register charities, health promotion institutions, and public benevolent institutions for all Commonwealth purposes and to maintain a free public charity register. The Commissioner also provides support and education to the not-for-profit sector, investigates non-compliance with the ACNC Act and implements a 'report-once, use often' general reporting framework.

The ACNC complements the ATO's fundamental role in administering aspects of Australia's taxation and superannuation systems.

#### **Programme objective**

The ACNC provides independent determination and registration of charities, health promotion institutions, and public benevolent institutions for all Commonwealth purposes. It operates a public information portal to improve the transparency and accountability of the not-for-profit sector to the public. It also investigates non-compliance with the ACNC Act. All of this is to increase public trust and confidence in the charitable and not-for-profit sector.

The ACNC delivers education, advice and support to the sector to improve its governance and compliance with the ACNC Act. This promotes the sustainability and effectiveness of the not-for-profit sector.

The implementation of a 'report-once, use-often' general reporting framework is to reduce red tape and simplify the regulatory framework, in cooperation with other Australian Government agencies and State and Territory Governments, to make it easier for not-for-profits to deliver their services to the community.

**Programme expenses**

On 19 March 2014, the Government introduced the Australian Charities and Not-for-profits Commission (Repeal) (No. 1) Bill 2014. However, the ACNC will continue to operate in its current form whilst the current ACNC Act remains in effect and the programme expenses reflect this.

**Table 2.6: Programme 1.5 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special account expenses					
ACNC Special Account	15,161	15,039	14,845	14,752	14,858
<b>Total programme expenses</b>	<b>15,161</b>	<b>15,039</b>	<b>14,845</b>	<b>14,752</b>	<b>14,858</b>

**Programme deliverables**

The ACNC has the following programme deliverables:

- number of charitable status determinations made within agreed timeframes;
- number of visits to website, and charity register;
- number of investigations into non-compliance with the ACNC Act and actions taken; and
- ACNC deregulation target met.

**Programme key performance indicators**

The ACNC has the following programme key performance indicators:

- proportion of determinations delivered within agreed timeframes;
- proportion of complaints and concerns of non-compliance with the ACNC Act addressed within agreed timeframes;
- proportion of advice, education and guidance delivered within agreed timeframes; and
- percentage of charities' annual information statements submitted compared to the number of registered charities.

**Programme 1.6: Australian Screen Production Incentive**

**Programme objective**

The Australian Screen Production Incentive comprises three refundable film tax offsets: the Producer Offset, the Location Offset and the Post, Digital and Visual Effects (PDV) Offset. These offsets are designed to ensure Australia remains competitive in attracting high budget film and television productions and are aimed at providing increased opportunities for Australian casts, crew, post-production companies and other services to participate in these productions.

The Ministry for the Arts, along with Screen Australia and the ATO, have co-administration responsibilities for the programme. Screen Australia has responsibility for the Producer Offset while the Ministry for the Arts has responsibility for the Location and PDV Offset.

**Programme expenses**

The estimates show variations across the forward years. This reflects the fluctuation in the number of films that are expected to be certified across these years. Also refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

**Table 2.7: Programme 1.6 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	284,000	264,000	219,300	245,300	219,300
<b>Total programme expenses</b>	<b>284,000</b>	<b>264,000</b>	<b>219,300</b>	<b>245,300</b>	<b>219,300</b>

**Programme deliverables**

The ATO is responsible for administering the processing of claims, following certification, through the income tax return lodgement process and under co-administration arrangements with the Ministry for the Arts and Screen Australia. The ATO also provides a degree of compliance assurance and support for the claims process. Successful delivery is demonstrated by the:

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

**Programme key performance indicators**

The ATO has the following programme key performance indicators:

- number of tax offsets issued compared to the number of tax offset entitlements; and
- value of tax offsets issued compared to the value of tax offset entitlements.

**Programme 1.7: Cleaner Fuels Grant Scheme**

**Programme objective**

The objective of the Cleaner Fuels Grant Scheme is to encourage the manufacture or importation of cleaner fuels that have a lower impact on the environment, by paying a grant in relation to the manufacture or importation of those cleaner fuels.

**Programme expenses**

The estimates show growth in 2013-14 and 2014-15. There are no estimates from 2015-16 and the forward years. This reflects the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

**Table 2.8: Programme 1.7 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Product Grants and Benefits</i>					
<i>Administration Act 2000 - cleaner fuel grants</i>	82,000	132,000	-	-	-
<b>Total programme expenses</b>	<b>82,000</b>	<b>132,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Programme deliverables**

The ATO is responsible for delivery of products and services by undertaking all processes, decisions and actions required to administer the programme. The ATO provides compliance assurance and support to the Department of the Treasury and the Department of the Environment. Successful delivery is demonstrated by the:

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

**Programme key performance indicators**

The ATO has the following programme key performance indicator:

- proportion of payments processed within service standard timeframes.



**Programme 1.8: Conservation Tillage Refundable Tax Offset**

**Programme objective**

The Conservation Tillage Refundable Tax Offset is part of the Carbon Farming Futures Programme, which was established to help farmers and landholders benefit from carbon farming. The offset will help landholders benefit from carbon farming by enabling primary producers to claim a 15 per cent refundable tax offset for new eligible conservation tillage equipment installed and ready for use between 1 July 2012 and 30 June 2015, provided they participate in soil carbon sequestration research.

The Government announced in the *Mid-Year Economic and Fiscal Outlook 2013-14* that it will abolish the Conservation Tillage Refundable Tax Offset starting from 1 July 2014.

**Programme expenses**

The estimates reflect the programme ceasing on 1 July 2014.

**Table 2.9: Programme 1.8 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	20,000	-	-	-	-
<b>Total programme expenses</b>	20,000	-	-	-	-

**Programme deliverables**

The ATO is responsible for administering the Conservation Tillage Refundable Tax Offset through the income tax return lodgement process. Successful delivery is demonstrated by the:

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

**Programme key performance indicators**

The ATO has the following programme key performance indicator:

- proportion of the value of notice data relating to tillage certificates (collected by the Department of Agriculture) that the ATO is able to match with tax return data.

**Programme 1.9: Exploration Development Incentive**

**Programme objective**

The Exploration Development Incentive will allow small mineral exploration companies with no taxable income to provide exploration credits, paid as a refundable tax offset, to their Australian resident shareholders for greenfield mineral exploration.

**Programme expenses**

The estimates reflect the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

**Table 2.10: Programme 1.9 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	25,000	35,000	40,000	-
<b>Total programme expenses</b>	-	25,000	35,000	40,000	-

**Programme deliverables**

The ATO has the following programme deliverables:

- number of applications made by mining exploration companies; and
- value of exploration credits sought before ATO applies cap.

**Programme key performance indicators**

The ATO has the following programme key performance indicator:

- modulation factor provided by the ATO in sufficient time to allow allocation of capped exploration credits to shareholders.

## Programme 1.10: Fuel Tax Credits Scheme

### Programme objective

The objective of the Fuel Tax Credits Scheme is to remove or reduce the incidence of fuel tax levied on taxable fuels by providing a credit for fuel used for:

- business activities in machinery, plant and equipment and heavy vehicles; and
- the domestic generation of electricity by taxpayers not in business.

Since 1 July 2012, an effective carbon charge is also being collected through the fuel tax credit scheme, through a reduction in the fuel tax credit rate for many fuels and activities.

### Programme expenses

The estimates reflect the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

**Table 2.11: Programme 1.10 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	5,822,900	6,270,200	6,821,800	7,211,300	7,615,300
<b>Total programme expenses</b>	<b>5,822,900</b>	<b>6,270,200</b>	<b>6,821,800</b>	<b>7,211,300</b>	<b>7,615,300</b>

### Programme deliverables

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

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

### Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of payments processed within service standard timeframes.

## Programme 1.11: National Rental Affordability Scheme

### Programme objective

The Department of Social Services has policy responsibility for the National Rental Affordability Scheme. The objectives are to:

- increase the supply of new affordable rental housing;
- reduce rental costs for low and moderate income households — National Rental Affordability Scheme homes rented to eligible tenants at a rate that is at least 20 per cent below the market value rent; and
- encourage large-scale investment and innovative delivery of affordable housing through the provision of the following incentives:
  - an Australian Government incentive per dwelling per year as a tax offset or direct payment; and
  - a State or Territory government incentive as a direct payment per dwelling per year or in-kind financial support.

The tax offset is claimed through the tax system.

### Programme expenses

The estimates show moderate growth across the forward years. The estimates also reflect the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

**Table 2.12: Programme 1.11 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	128,500	177,650	202,232	243,929	251,247
<b>Total programme expenses</b>	<b>128,500</b>	<b>177,650</b>	<b>202,232</b>	<b>243,929</b>	<b>251,247</b>

### Programme deliverables

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

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

**Programme key performance indicators**

The ATO has the following programme key performance indicator:

- ratio of claims made through the ATO compared to the Department of Social Services.

**Programme 1.12: Product Stewardship for Oil Programme**

**Programme objective**

The objective of the Product Stewardship for Oil Programme is to:

- provide incentives to increase used oil recycling; and
- encourage the environmentally sustainable management and re-refining of used oil and its re-use.

These objectives are met through the payment of a levy on producers and importers of petroleum based oils and their synthetic equivalents. Benefits are paid to oil recyclers as an incentive to undertake increased recycling of used oil.

The Department of the Environment has policy responsibility for the programme, with the ATO administering the programme on its behalf.

**Programme expenses**

The estimates show moderate growth across the forward years. The estimates also reflect the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

**Table 2.13: Programme 1.12 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Product Grants and Benefits</i>					
Administration Act 2000 - product stewardship (oil) benefits	47,000	50,000	53,000	55,000	58,000
<b>Total programme expenses</b>	<b>47,000</b>	<b>50,000</b>	<b>53,000</b>	<b>55,000</b>	<b>58,000</b>

**Programme deliverables**

The ATO is responsible for delivery of products and services, by undertaking all processes, decisions and actions required to administer the programme. The ATO provides compliance assurance and support to the Department of the Environment. Successful delivery is demonstrated by the:

- number of claims processed;
- number of participants registered;
- value of payments processed; and
- value of revenue collected.

**Programme key performance indicators**

The ATO has the following programme key performance indicator:

- proportion of payments processed within service standard timeframes.

**Programme 1.13: Research and Development Tax Incentive**

**Programme objective**

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

The Department of Industry has the primary policy responsibility for the programme with the aim of increasing both the number of companies investing in innovation and the value of innovation investment over time.

The ATO has an important supporting role in processing claims through the tax system for the R&D offset.

**Programme expenses**

The estimate for 2013-14 has been revised upward to incorporate previous years' under-estimation. Forward year estimates show moderate growth. The estimates also reflect the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information

**Table 2.14: Programme 1.13 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	2,246,000	1,940,000	2,000,000	2,062,000	2,126,000
<b>Total programme expenses</b>	<b>2,246,000</b>	<b>1,940,000</b>	<b>2,000,000</b>	<b>2,062,000</b>	<b>2,126,000</b>

### Programme deliverables

The ATO is responsible for administering the concession through the income tax return lodgement 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 of claims processed for 40 per cent non-refundable research and development tax offset claimants;
- number of claims processed for 45 per cent refundable research and development tax offset claimants;
- value of claims processed for 40 per cent non-refundable research and development tax offset claimants; and
- value of claims processed for 45 per cent refundable research and development tax offset claimants.

### Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of offsets processed within service standard timeframes.

### Programme 1.14: Seafarer Tax Offset

#### Programme objective

The Seafarer Tax Office commenced from 1 July 2012 and is designed to stimulate employment opportunities for Australian seafarers to gain maritime skills. The offset will provide a refundable tax offset for qualifying companies employing eligible seafarers. The Government announced that this programme will be abolished from 2015-16.

#### Programme expenses

The estimates reflect the programme ceasing on 1 July 2015. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

**Table 2.15: Programme 1.14 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	4,000	4,000	-	-	-
<b>Total programme expenses</b>	<b>4,000</b>	<b>4,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Programme deliverables**

The ATO is responsible for administering the Seafarer Tax Offset through the income tax return lodgement process. Successful delivery is demonstrated by the:

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

**Programme key performance indicators**

The ATO has the following programme key performance indicator:

- relevant taxpayers are aware of how to claim the offset.

**Programme 1.15: Baby Bonus**

**Programme objective**

The objective of the Baby Bonus (first child) tax offset was to provide access to a benefit, 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.

**Programme expenses**

This programme ceased on 30 June 2009. However, payments will be made to claimants who lodge late claims. Claimants have until 30 June 2014 to lodge baby bonus claims with the ATO. The corresponding expenses have also been recognised in 2013-14.

**Table 2.16: Programme 1.15 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	700	-	-	-	-
<b>Total programme expenses</b>	700	-	-	-	-

**Programme deliverables**

The Baby Bonus Programme ceased on 30 June 2009 but claimants may lodge claims until 30 June 2014. There will be no deliverables for the Baby Bonus Programme in 2014-15.



**Programme key performance indicators**

The Baby Bonus Programme ceased on 30 June 2009 but claimants may lodge claims until 30 June 2014. There will be no key performance indicators for Baby Bonus Programme in 2014-15.

**Programme 1.16: Education Tax Refund**

**Programme objective**

The objective of the Education Tax Refund was to provide eligible claimants access to a benefit to assist with the cost of educating primary and secondary school children.

**Programme expenses**

All expenses have been recognised in prior years. However, the ATO will continue to make payments to claimants who lodge late claims in respect of years prior to 2011-12.

**Table 2.17: Programme 1.16 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
<b>Total programme expenses</b>	-	-	-	-	-

**Programme deliverables**

The Education Tax Refund finished on 30 June 2012. There will be no deliverables for the Education Tax Refund Programme in 2014-15.

**Programme key performance indicators**

The Education Tax Refund finished on 30 June 2012. There will be no key performance indicators for the Education Tax Refund Programme in 2014-15.

**Programme 1.17: First Home Saver Accounts**

**Programme objective**

The First Home Saver Accounts Programme aims to increase the proportion of homes being purchased by first home buyers by helping them to save a deposit and supporting national savings levels through a combination of lower taxes and a government contribution. These accounts are offered by eligible financial institutions.

Administration of the First Home Saver Accounts Programme is split between the ATO, the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission.

The ATO contributes to helping eligible individuals access the benefits of the programme and understand and comply with their obligations.

### Programme expenses

There are no estimates from 2014-15 and the forward years to reflect the impact of Government initiatives. Refer to Budget Paper No. 2, *Budget Measures 2014-15* for further information.

**Table 2.18: Programme 1.17 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	18,000	-	-	-	-
<b>Total programme expenses</b>	<b>18,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Programme 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:

- number of government contributions paid;
- value of government contributions paid; and
- value of account balances.

### Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of government contributions paid to eligible account holders within 60 days.

## Programme 1.18: Low Income Superannuation Contribution

### Programme objective

The Low Income Super Contribution aimed to address some of the inequity in the superannuation system, where low income earners with a marginal rate of tax less than 15 per cent, pay a higher rate of tax on superannuation contributions than if they had received the money as salary and wages. The programme started from the 2012-13 income year.

The Government announced in the *Mid-Year Economic and Fiscal Outlook 2013-14* that it will abolish the low income superannuation contribution, for contributions made from 1 July 2013.

The Treasury has policy responsibility for the programme, while the ATO administers the programme and provides information and support to individuals and superannuation funds through advice and education services.

### Programme expenses

The estimates reflect the Government's announced intention to close the programme with effect from 1 July 2013.

**Table 2.19: Programme 1.18 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	-	-	-	-	-
<b>Total programme expenses</b>	-	-	-	-	-

### Programme deliverables

The ATO is responsible for administering the Low Income Super Contribution. This involves determining eligibility and the amount of the contribution, making payments to super funds, processing any adjustments and recoveries and completing requests for review. Successful delivery is demonstrated by the:

- number of beneficiaries of entitlements determined; and
- value of entitlements determined.

### Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of original contributions paid to superannuation funds within 60 days.

## Programme 1.19: Private Health Insurance Rebate

### Programme objective

The objective of the Private Health Insurance Rebate is to provide access to a benefit to eligible individuals with private health insurance and to act as an incentive to take up private health insurance.

The Department of Health has policy responsibility for the programme, and the administration of the programme is split between the ATO, the Department of Human Services and registered health insurers, depending on the claim method.

### Programme expenses

The estimates show moderate growth across the forward years.

**Table 2.20: Programme 1.19 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations:					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	191,000	200,000	210,000	221,000	233,000
<b>Total programme expenses</b>	<b>191,000</b>	<b>200,000</b>	<b>210,000</b>	<b>221,000</b>	<b>233,000</b>

### Programme deliverables

The ATO is responsible for administering the rebate through the income tax return lodgement 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
- value of rebates processed.

### Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of private health insurance rebates claimed through the tax system, and liability imposed on, lodging eligible individuals.

**Programme 1.20: Superannuation Co-contribution Scheme**

**Programme objective**

The Superannuation Co-contribution Scheme is to help low and middle income earners save for their retirement. Eligible individuals who 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 Treasury has policy responsibility for the programme, while the ATO administers the programme and provides information and support to individuals and superannuation funds through marketing and education services.

**Programme expenses**

The estimates show minor growth across the forward years.

**Table 2.21: Programme 1.20 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	161,000	167,000	169,000	172,000	171,000
<b>Total programme expenses</b>	<b>161,000</b>	<b>167,000</b>	<b>169,000</b>	<b>172,000</b>	<b>171,000</b>

**Programme deliverables**

The ATO is responsible for determining eligibility and the amount of entitlement, making payments, processing any adjustments and recoveries and completing requests for review. Successful delivery is demonstrated by the:

- number of beneficiaries of entitlements determined; and
- value of entitlements determined.

**Programme key performance indicators**

The ATO has the following programme key performance indicator:

- proportion of original co-contributions paid to superannuation funds within 60 days.

## Programme 1.21: Superannuation Guarantee Scheme

### Programme objective

Under the *Superannuation Guarantee (Administration) Act 1992*, most employers must pay superannuation contributions into a complying superannuation fund or retirement savings account.

Non-compliance with the *Superannuation Guarantee (Administration) Act 1992* by employers means that eligible employees will not receive their entitlements to, and benefits of, superannuation in their retirement. The ATO administers the programme by supporting employers to comply with their superannuation guarantee obligations and identifying and dealing with those who do not.

### Programme expenses

The estimates show moderate growth across the forward years.

**Table 2.22 Programme 1.21 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations:					
<i>Superannuation Guarantee (Administration) Act 1992</i>	429,000	468,000	481,000	494,000	501,000
<b>Total programme expenses</b>	<b>429,000</b>	<b>468,000</b>	<b>481,000</b>	<b>494,000</b>	<b>501,000</b>

### Programme 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 a superannuation liability being raised and those leading to no result;
- number of employees who have had superannuation guarantee entitlements raised as a result of ATO compliance activities and voluntary disclosures;
- number of employers whose records are checked;
- value of superannuation guarantee charge:
  - raised (including penalties and interest); and
  - collected;

- value of superannuation guarantee entitlements distributed to individuals or superannuation funds; and
- value of superannuation guarantee debt on hand and the amount of superannuation guarantee debt irrecoverable at law or uneconomical to pursue.

### Programme key performance indicators

The ATO has the following programme key performance indicator:

- proportion of employers for whom superannuation guarantee liabilities were raised by the ATO.

## Programme 1.22: Targeted assistance through the taxation system

### Programme objective

#### Tax Bonus

The Tax Bonus provides for targeted bonus payments to assist households and support economic growth. The Tax Bonus for Working Australians Repeal Bill 2013 was introduced in March 2014, as the objective of making Tax Bonus payments to eligible Australians has been met.

#### Interest on Unclaimed Superannuation Monies

Under the *Superannuation (Unclaimed Money and Lost Members) Act 1999*, superannuation funds must identify certain types of lost and former temporary resident accounts as unclaimed superannuation money and transfer amounts to the ATO every six months.

From 1 July 2013 onwards, any unclaimed superannuation money payments from the ATO to individuals will include interest, at a rate equivalent to the consumer price index, to preserve the value of these accounts. While the Treasury has policy responsibility, the ATO administers the programme.

### Programme expenses

The estimates reflect the impact of various implementation dates of unclaimed monies.

**Table 2.23: Programme 1.22 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)					
- Tax Bonus	-	-	-	-	-
- Interest on unclaimed money	39,300	4,800	26,900	23,200	5,900
<b>Total programme expenses</b>	<b>39,300</b>	<b>4,800</b>	<b>26,900</b>	<b>23,200</b>	<b>5,900</b>

**Programme deliverables**

The ATO is responsible for the calculation and payment of interest on all unclaimed superannuation accounts when the accounts are transferred from the ATO. Successful delivery is demonstrated by the:

- number of interest payments processed; and
- value of interest payments processed.

**Programme key performance indicators**

The ATO has the following programme key performance indicator:

- proportion of unclaimed superannuation accounts where interest is paid to the account owner compared to total accounts transferred.

**Programme 1.23: Interest on Overpayments and Early Payments of Tax**

**Programme objective**

The objective of the programme is to apply credit interest to taxpayers’ accounts where they are entitled under the law.

The application of credit interest is non-discretionary where an entitlement exists under the *Taxation (Interest on Overpayments and Early Payments) Act 1983*. Administered interest regimes include:

- interest on overpayments of tax;
- delayed refund interest; and
- interest on early payments of tax.

**Programme expenses**

Estimates for 2013-14 are lower, mainly due to a small number of large cases that have been settled and paid during the year, with no significant changes to estimates across the forward years.

**Table 2.24: Programme 1.23 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Special appropriations					
<i>Taxation Administration Act 1953</i>					
- section 16 (Non-refund items)	250,000	500,000	500,000	500,000	500,000
<b>Total programme expenses</b>	<b>250,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>



### **Programme deliverables**

The ATO administers eligibility and payments under the *Taxation (Interest on Overpayments and Early Payments) Act 1983*. Successful delivery is demonstrated by the:

- number of clients entitled to credit interest due to processing performance; and
- value of credit interest applied to client accounts due to processing performance.

### **Programme key performance indicators**

The ATO has the following programme key performance indicator:

- proportion of credit interest paid due to processing performance compared to all credit interest paid.

## **Programme 1.24: Bad and Doubtful Debts and Remissions**

### **Programme objective**

#### **Bad and doubtful debts**

The primary objective of the programme is to help ensure that the value of tax receivables reported is a true and fair estimate of what can be collected on behalf of the Australian Government.

The ATO may not be able to collect all tax liabilities due. The ATO estimates the amount it does not expect to recover and, in accordance with accepted accounting practice, creates a bad and doubtful debts provision for this amount. This provision is one of the amounts offset against gross total taxation receivables to determine net total taxation receivables, which is a true and fair estimate of what can be collected on behalf of the Australian Government.

#### **Remissions**

The primary objective of the programme is to ensure that taxpayers are relieved of the requirement to pay interest charges or penalties where appropriate based on their individual circumstances in accordance with ATO policy and legislation.

The provision for bad and doubtful debts and remissions are expenses to the Australian Government.

### **Programme expenses**

The estimates show moderate growth across the forward years, which is consistent with the growth in tax receivables.

**Table 2.25: Programme 1.24 expenses**

	2013-14 Revised budget \$'000	2014-15 Budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Administered item					
<i>Expenses not requiring appropriation</i> in Budget year	7,163,728	7,131,996	7,600,110	8,055,000	8,639,000
<b>Total programme expenses</b>	<b>7,163,728</b>	<b>7,131,996</b>	<b>7,600,110</b>	<b>8,055,000</b>	<b>8,639,000</b>

**Programme deliverables**

The ATO administers Bad and Doubtful Debts and Remissions based on legislation and ATO policy. Successful delivery is demonstrated by the:

- value of provision for bad and doubtful debts; and
- value of remissions.

**Programme key performance indicators**

The ATO has the following programme key performance indicators:

- provision for bad and doubtful debts as a proportion of total tax receivables;
- penalty remissions as a proportion of penalty imposed; and
- interest remissions as a proportion of interest imposed.

## 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 2014-15. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations, programme expenses, and movements in administered funds, special accounts and government Indigenous expenditure.

### 3.1 Explanatory tables

#### 3.1.1 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 3.1.1: Estimates of special account cash flows and balances**

		Opening balance <b>2014-15</b> 2013-14	Receipts <b>2014-15</b> 2013-14	Payments <b>2014-15</b> 2013-14	Adjustments <b>2014-15</b> 2013-14	Closing balance <b>2014-15</b> 2013-14
	Outcome	\$'000	\$'000	\$'000	\$'000	\$'000
Australian Charities and Not-for-profits Commission Special Account(D)	1	<b>2,683</b> 2,637	<b>15,039</b> 15,161	<b>14,827</b> 15,115	- -	<b>2,895</b> 2,683
Excise Security Deposits Account(A)	1	<b>686</b> 586	- 100	- -	- -	<b>686</b> 686
Services for Other Entities and Trust Moneys Special Account(A)	1	<b>2,246</b> 2,246	<b>10,000</b> 10,000	<b>10,000</b> 10,000	- -	<b>2,246</b> 2,246
Superannuation Holding Accounts Special Account(A)	1	<b>78,770</b> 63,770	<b>32,900</b> 74,000	<b>8,400</b> 59,000	- -	<b>103,270</b> 78,770
Superannuation Clearing House Special Account(A) <sup>1</sup>	1	<b>7,557</b> 4,801	<b>1,766,908</b> 423,790	<b>1,762,076</b> 421,034	- -	<b>12,389</b> 7,557
Valuation Services Special Account(D)	1	<b>832</b> 12,008	<b>9,502</b> 29,562	<b>10,334</b> 40,738	- -	- 832
<b>Total special accounts</b> <b>2014-15 Budget estimate</b>		<b>92,774</b>	<b>1,834,349</b>	<b>1,805,637</b>	-	<b>121,486</b>
Total special accounts 2013-14 estimate actual		86,048	552,613	545,887	-	92,774

1. The Superannuation Clearing House Special Account was transferred from the Department of Human Services from 1 April 2014.

(A) = Administered.

(D) = Departmental.

### 3.1.2 Australian Government Indigenous expenditure

**Table 3.1.2: Australian Government Indigenous expenditure**

	Appropriations				Other \$'000	Total \$'000	Program
	Bill No. 1 \$'000	Bill No. 2 \$'000	Special approp \$'000	Total approp \$'000			
	Australian Taxation Office Outcome 1						
<b>Total outcome 2014-15</b>	<b>9,932</b>	-	-	<b>9,932</b>	-	<b>9,932</b>	<b>1.1</b>
<i>Total outcome 2013-14</i>	<i>4,998</i>	-	-	<i>4,998</i>	-	<i>4,998</i>	<i>1.1</i>

## 3.2 Budgeted financial statements

### 3.2.1 Differences in agency resourcing and financial statements

There are no material differences in agency resourcing and financial statements.

### 3.2.2 Analysis of budgeted financial statements

#### Budgeted departmental income statement

The ATO is budgeting for a balanced budget in 2014-15 after income tax equivalents expense from the AVO.

This excludes the impact of Operation Sunlight changes to funding whereby depreciation and amortisation expenses are not funded by appropriation from 2010-11 onward.

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

#### Budgeted departmental balance sheet

The ATO's assets are predominantly non-financial assets.

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

### 3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (showing net cost of services)  
(for the period ended 30 June)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>EXPENSES</b>					
Employee benefits	2,237,318	2,152,033	2,055,911	1,958,201	1,897,475
Supplier	1,194,890	1,142,234	1,105,621	1,065,009	1,045,723
Depreciation and amortisation	167,345	158,051	151,553	145,515	140,972
Income tax	-	-	-	-	-
<b>Total expenses</b>	<b>3,599,553</b>	<b>3,452,318</b>	<b>3,313,085</b>	<b>3,168,725</b>	<b>3,084,170</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Revenue</b>					
Sale of goods and rendering of services	96,363	70,649	71,375	74,141	70,929
Other revenue	2,278	2,000	2,000	2,000	2,000
<b>Total revenue</b>	<b>98,641</b>	<b>72,649</b>	<b>73,375</b>	<b>76,141</b>	<b>72,929</b>
<b>Gains</b>					
Other	3,050	3,250	3,250	3,250	3,250
<b>Total gains</b>	<b>3,050</b>	<b>3,250</b>	<b>3,250</b>	<b>3,250</b>	<b>3,250</b>
<b>Total own-source income</b>	<b>101,691</b>	<b>75,899</b>	<b>76,625</b>	<b>79,391</b>	<b>76,179</b>
<b>Net cost of (contribution by) services</b>	<b>3,497,862</b>	<b>3,376,419</b>	<b>3,236,460</b>	<b>3,089,334</b>	<b>3,007,991</b>
Appropriation revenue	3,330,905	3,218,368	3,084,907	2,943,819	2,867,019
<b>Surplus (deficit) attributable to the Australian Government</b>	<b>(166,957)</b>	<b>(158,051)</b>	<b>(151,553)</b>	<b>(145,515)</b>	<b>(140,972)</b>
<b>Note: Impact of Net Cash Appropriation Arrangements</b>					
	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>Total Comprehensive Income (loss) less depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(166,957)	(158,051)	(151,553)	(145,515)	(140,972)
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(166,957)</b>	<b>(158,051)</b>	<b>(151,553)</b>	<b>(145,515)</b>	<b>(140,972)</b>

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and equivalents	20,689	28,856	28,856	28,856	28,856
Trade and other receivables	582,292	563,881	472,040	473,559	467,739
<b>Total financial assets</b>	<b>602,981</b>	<b>592,737</b>	<b>500,896</b>	<b>502,415</b>	<b>496,595</b>
<b>Non-financial assets</b>					
Land and buildings	200,998	220,037	221,066	209,346	188,533
Infrastructure, plant and equipment	60,899	52,380	45,147	38,914	39,397
Intangibles	497,205	476,082	449,238	436,478	433,696
Other	36,173	35,974	35,510	34,825	34,488
<b>Total non-financial assets</b>	<b>795,275</b>	<b>784,473</b>	<b>750,961</b>	<b>719,563</b>	<b>696,114</b>
<b>Total assets</b>	<b>1,398,256</b>	<b>1,377,210</b>	<b>1,251,857</b>	<b>1,221,978</b>	<b>1,192,709</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	124,017	112,956	100,964	89,072	77,390
<b>Total interest bearing liabilities</b>	<b>124,017</b>	<b>112,956</b>	<b>100,964</b>	<b>89,072</b>	<b>77,390</b>
<b>Provisions</b>					
Employees	926,477	934,690	857,445	874,698	882,452
<b>Total provisions</b>	<b>926,477</b>	<b>934,690</b>	<b>857,445</b>	<b>874,698</b>	<b>882,452</b>
<b>Payables</b>					
Suppliers	236,325	234,454	231,420	226,943	224,739
Dividends	-	-	-	-	-
Other	10,827	10,813	10,779	10,729	10,704
<b>Total payables</b>	<b>247,152</b>	<b>245,267</b>	<b>242,199</b>	<b>237,672</b>	<b>235,443</b>
<b>Total liabilities</b>	<b>1,297,646</b>	<b>1,292,913</b>	<b>1,200,608</b>	<b>1,201,442</b>	<b>1,195,285</b>
<b>Net assets</b>	<b>100,610</b>	<b>84,297</b>	<b>51,249</b>	<b>20,536</b>	<b>(2,576)</b>
<b>EQUITY</b>					
Contributed equity	973,575	1,115,313	1,233,818	1,348,620	1,466,480
Reserves	101,553	101,553	101,553	101,553	101,553
Retained surpluses or accumulated deficits	(974,518)	(1,132,569)	(1,284,122)	(1,429,637)	(1,570,609)
<b>Total equity</b>	<b>100,610</b>	<b>84,297</b>	<b>51,249</b>	<b>20,536</b>	<b>(2,576)</b>
<b>Current assets</b>	<b>573,078</b>	<b>564,452</b>	<b>513,076</b>	<b>500,830</b>	<b>488,834</b>
<b>Non-current assets</b>	<b>825,178</b>	<b>812,758</b>	<b>738,781</b>	<b>721,148</b>	<b>703,875</b>
<b>Current liabilities</b>	<b>583,783</b>	<b>581,654</b>	<b>540,128</b>	<b>540,503</b>	<b>537,733</b>
<b>Non-current liabilities</b>	<b>713,863</b>	<b>711,259</b>	<b>660,480</b>	<b>660,939</b>	<b>657,552</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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	104,611	73,572	74,825	77,262	74,580
Appropriations	3,271,102	3,198,741	3,160,290	2,946,278	2,893,364
Interest	-	-	-	-	-
Other	330,947	335,264	346,219	360,629	377,405
<b>Total cash received</b>	<b>3,706,660</b>	<b>3,607,577</b>	<b>3,581,334</b>	<b>3,384,169</b>	<b>3,345,349</b>
<b>Cash used</b>					
Employees	2,153,372	2,122,394	2,125,998	1,934,442	1,893,560
Suppliers	1,283,089	1,239,833	1,213,018	1,192,596	1,178,939
Income taxes paid	-	-	-	-	-
Other	225,016	230,641	242,318	257,131	272,850
<b>Total cash used</b>	<b>3,661,477</b>	<b>3,592,868</b>	<b>3,581,334</b>	<b>3,384,169</b>	<b>3,345,349</b>
<b>Net cash from or (used by) operating activities</b>	<b>45,183</b>	<b>14,709</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment	200,563	147,448	118,505	114,802	117,860
<b>Total cash used</b>	<b>200,563</b>	<b>147,448</b>	<b>118,505</b>	<b>114,802</b>	<b>117,860</b>
<b>Net cash from or (used by) investing activities</b>	<b>(200,563)</b>	<b>(147,448)</b>	<b>(118,505)</b>	<b>(114,802)</b>	<b>(117,860)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	144,885	141,738	118,505	114,802	117,860
<b>Total cash received</b>	<b>144,885</b>	<b>141,738</b>	<b>118,505</b>	<b>114,802</b>	<b>117,860</b>
<b>Cash used</b>					
Dividends paid	400	-	-	-	-
<b>Total cash used</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from or (used by) financing activities</b>	<b>144,485</b>	<b>141,738</b>	<b>118,505</b>	<b>114,802</b>	<b>117,860</b>
<b>Net increase or (decrease) in cash held</b>	<b>(10,895)</b>	<b>8,999</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	31,584	19,857	28,856	28,856	28,856
<b>Cash at the end of the reporting period</b>	<b>20,689</b>	<b>28,856</b>	<b>28,856</b>	<b>28,856</b>	<b>28,856</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2014-15)**

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2014</b>					
Balance carried forward from previous period	(974,518)	101,553	-	973,575	100,610
<b>Adjusted opening balance</b>	(974,518)	101,553	-	973,575	100,610
<b>Transactions with owners</b>					
<i>Operating result after extraordinary items</i>	(158,051)	-	-	-	(158,051)
<i>Distribution to owners</i>					
Returns on capital dividends	-	-	-	-	-
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	25,943	25,943
Injection for departmental capital budget	-	-	-	115,795	115,795
<b>Total transactions with owners</b>	(158,051)	-	-	141,738	(16,313)
<b>Estimated closing balance as at 30 June 2015</b>	(1,132,569)	101,553	-	1,115,313	84,297

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget statement**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 - DCB	105,923	115,795	109,962	110,431	115,906
Equity injections - Bill 2	38,962	25,943	8,543	4,371	1,954
<b>Total new capital appropriations</b>	144,885	141,738	118,505	114,802	117,860
<b>Provided for:</b>					
Purchase of non-financial assets	143,814	141,351	118,505	114,802	117,860
Other Items	1,071	387	-	-	-
<b>Total Items</b>	144,885	141,738	118,505	114,802	117,860
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriations	66,194	27,682	8,543	4,371	1,954
Funded by capital appropriation - DCB	105,923	115,795	109,962	110,431	115,906
Funded internally from departmental resources	28,446	3,971	-	-	-
<b>TOTAL</b>	200,563	147,448	118,505	114,802	117,860
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	200,563	147,448	118,505	114,802	117,860
<b>Total cash used to acquire assets</b>	200,563	147,448	118,505	114,802	117,860

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 2014</b>				
Gross book value	253,219	78,158	1,126,511	1,457,888
Accumulated depreciation/amortisation and impairment	52,221	17,259	629,306	698,786
<b>Opening net book balance</b>	<b>200,998</b>	<b>60,899</b>	<b>497,205</b>	<b>759,102</b>
<b>Capital asset additions</b>				
By purchase - appropriation equity	-	-	27,682	27,682
Own source revenue	3,971	-	-	3,971
By purchase - appropriation ordinary annual services	61,531	2,541	51,723	115,795
<b>Total additions</b>	<b>65,502</b>	<b>2,541</b>	<b>79,405</b>	<b>147,448</b>
<b>Other movements</b>				
Depreciation/amortisation expense	46,463	11,060	100,528	158,051
<b>Total other movements</b>	<b>46,463</b>	<b>11,060</b>	<b>100,528</b>	<b>158,051</b>
<b>As at 30 June 2015</b>				
Gross book value	318,721	80,699	1,205,916	1,605,336
Accumulated depreciation/amortisation and impairment	98,684	28,319	729,834	856,837
<b>Closing net book balance</b>	<b>220,037</b>	<b>52,380</b>	<b>476,082</b>	<b>748,499</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 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>EXPENSES</b>					
<b>ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Subsidies	8,634,400	8,862,850	9,331,332	9,857,529	10,269,847
Personal benefits	370,700	367,000	379,000	393,000	404,000
Suppliers	5,690	284	31	31	-
Write down and impairment of assets	7,163,728	7,131,996	7,600,110	8,055,000	8,639,000
Finance costs	250,000	500,000	500,000	500,000	500,000
Other	468,300	472,800	507,900	517,200	506,900
<b>Total expenses administered on behalf of government</b>	<b>16,892,818</b>	<b>17,334,930</b>	<b>18,318,373</b>	<b>19,322,760</b>	<b>20,319,747</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
<b>Taxation revenue</b>					
Income tax	250,169,000	271,218,000	293,504,000	314,486,000	335,551,000
Indirect tax	80,690,000	84,590,000	88,900,000	93,790,000	98,830,000
Other taxes, fees and fines	840,000	883,560	915,919	944,955	957,000
<b>Total taxation revenue</b>	<b>331,699,000</b>	<b>356,691,560</b>	<b>383,319,919</b>	<b>409,220,955</b>	<b>435,338,000</b>
<b>Non-taxation revenue</b>					
Fees and fines	-	-	6,500	-	-
Other revenue	320,000	233,000	501,000	456,000	245,000
<b>Total non-taxation revenue</b>	<b>320,000</b>	<b>233,000</b>	<b>507,500</b>	<b>456,000</b>	<b>245,000</b>
<b>Total own-source revenues administered on behalf of Government</b>	<b>332,019,000</b>	<b>356,924,560</b>	<b>383,827,419</b>	<b>409,676,955</b>	<b>435,583,000</b>
<b>Net Cost of (contribution by) services</b>	<b>(315,126,182)</b>	<b>(339,589,630)</b>	<b>(365,509,046)</b>	<b>(390,354,195)</b>	<b>(415,263,253)</b>
<b>Surplus (Deficit)</b>	<b>315,126,182</b>	<b>339,589,630</b>	<b>365,509,046</b>	<b>390,354,195</b>	<b>415,263,253</b>

Also refer note in section 3.2.4 on recognition of taxation revenue and Items recognised as reductions to taxation revenue.

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)**

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash and cash equivalents	393,600	393,600	393,600	393,600	393,600
Receivables	19,988,860	22,282,864	24,820,754	27,330,754	29,927,754
Accrued revenues	11,042,000	11,842,000	12,592,000	13,217,000	13,862,000
<b>Total financial assets</b>	<b>31,424,460</b>	<b>34,518,464</b>	<b>37,806,354</b>	<b>40,941,354</b>	<b>44,183,354</b>
<b>Total assets administered on behalf of government</b>	<b>31,424,460</b>	<b>34,518,464</b>	<b>37,806,354</b>	<b>40,941,354</b>	<b>44,183,354</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Provisions</b>					
Taxation refunds provided	2,741,595	2,741,595	2,741,595	2,741,595	2,741,595
Other provisions	966,605	994,605	1,314,605	1,539,805	1,510,205
<b>Total provisions</b>	<b>3,708,200</b>	<b>3,736,200</b>	<b>4,056,200</b>	<b>4,281,400</b>	<b>4,251,800</b>
<b>Payables</b>					
Subsidies	3,343,258	3,361,119	3,560,501	3,681,998	3,755,116
Personal benefits payable	528,566	397,866	407,366	422,366	435,366
Other payables	987,080	1,011,580	1,051,080	1,058,580	1,038,780
<b>Total payables</b>	<b>4,858,904</b>	<b>4,770,565</b>	<b>5,018,947</b>	<b>5,162,944</b>	<b>5,229,262</b>
<b>Total liabilities administered on behalf of government</b>	<b>8,567,104</b>	<b>8,506,765</b>	<b>9,075,147</b>	<b>9,444,344</b>	<b>9,481,062</b>
<b>Net assets/(liabilities)</b>	<b>22,857,356</b>	<b>26,011,699</b>	<b>28,731,207</b>	<b>31,497,010</b>	<b>34,702,292</b>

Also refer note in section 3.2.4 on Recognition of taxation revenue and Items recognised as reductions to taxation revenue.

Prepared on Australian Accounting Standards basis.

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

	Estimated actual 2013-14 \$'000	Budget estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Taxes	321,870,000	345,870,000	371,920,000	397,440,000	422,820,000
Other	833,000	800,460	1,303,119	1,177,955	742,000
<b>Total cash received</b>	<b>322,703,000</b>	<b>346,670,460</b>	<b>373,223,119</b>	<b>398,617,955</b>	<b>423,562,000</b>
<b>Cash used</b>					
Borrowing costs	520,000	500,000	500,000	500,000	500,000
Subsidies paid	8,073,611	8,844,989	9,131,950	9,736,032	10,196,729
Personal benefits	1,264,500	497,700	369,500	378,000	391,000
Payments to suppliers	5,690	284	31	31	-
Other	435,100	392,200	432,100	415,500	416,300
<b>Total cash used</b>	<b>10,298,901</b>	<b>10,235,173</b>	<b>10,433,581</b>	<b>11,029,563</b>	<b>11,504,029</b>
<b>Net cash from or (used by) operating activities</b>	<b>312,404,099</b>	<b>336,435,287</b>	<b>362,789,538</b>	<b>387,588,392</b>	<b>412,057,971</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Cash from Official Public Account	10,298,901	10,235,173	10,433,581	11,029,563	11,504,029
<b>Total cash received</b>	<b>10,298,901</b>	<b>10,235,173</b>	<b>10,433,581</b>	<b>11,029,563</b>	<b>11,504,029</b>
<b>Cash used</b>					
Cash to Official Public Account	322,703,000	346,670,460	373,223,119	398,617,955	423,562,000
<b>Total cash used</b>	<b>322,703,000</b>	<b>346,670,460</b>	<b>373,223,119</b>	<b>398,617,955</b>	<b>423,562,000</b>
<b>Net cash from or (used by) financing activities</b>	<b>(312,404,099)</b>	<b>(336,435,287)</b>	<b>(362,789,538)</b>	<b>(387,588,392)</b>	<b>(412,057,971)</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	393,600	393,600	393,600	393,600	393,600
<b>Cash at end of reporting period</b>	<b>393,600</b>	<b>393,600</b>	<b>393,600</b>	<b>393,600</b>	<b>393,600</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.

### **Cost of administering goods and services tax**

Departmental statements include the estimated costs of administering the 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 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 probable flows of taxes from transactions which 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.

However, in circumstances when there is an 'inability to reliably measure tax revenues when the underlying transactions or events occur', the accounting standards permit an alternative approach known as 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.