

INSPECTOR-GENERAL OF TAXATION

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INSPECTOR-GENERAL OF TAXATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

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

The IGT's strategic direction for 2017-18 is to achieve this by delivering independent advice for improvement through:

- establishing and maintaining an effective and efficient complaints handling function;
- identifying and prioritising areas of tax administration for improvement; and
- conducting reviews and making recommendations for improvement to Government, the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB).

1.2 ENTITY RESOURCE STATEMENT

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

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

Table 1.1: Inspector-General of Taxation resource statement — Budget estimates for 2017-18 as at Budget May 2017

	<i>2016-17 Estimated actual \$'000</i>	<i>2017-18 Estimate \$'000</i>
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	5,188	6,647
Departmental appropriation (c)	6,565	6,495
Departmental capital budget (d)	29	30
Annual appropriations - other services - non-operating		
Prior year appropriations available (e)	323	323
<i>Total departmental annual appropriations</i>	<i>12,105</i>	<i>13,495</i>
Total departmental resourcing	12,105	13,495
Total resourcing for the Inspector-General of Taxation	12,105	13,495
	<i>2016-17</i>	<i>2017-18</i>
Average staffing level (number)	35	35

Prepared on a resourcing (i.e. appropriations available) basis.

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

(a) Appropriation Bill (No. 1) 2017-18.

(b) Excludes \$0.5 million subject to administrative quarantine by Finance or withheld under section 51 of the PGPA Act.

(c) Excludes departmental capital budget (DCB).

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

(e) Appropriation Bill (No. 2) 2014-15 and 2015-16.

1.3 BUDGET MEASURES

The IGT has no new budget measures.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which Government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

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

Note:

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

The most recent corporate plan for the IGT can be found at: [Corporate Plan](#).

The most recent annual performance statement can be found at: [Annual Performance Statement](#).

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

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

Budgeted expenses for Outcome 1

Table 2.1 shows how much the IGT intends to spend (on an accrual basis) on achieving the outcome, broken down by program and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
Program 1.1: Inspector-General of Taxation					
Departmental expenses					
Departmental appropriation	6,565	6,495	6,465	6,469	6,499
Expenses not requiring appropriation in the Budget year (a)	331	352	336	336	281
Departmental total	6,896	6,847	6,801	6,805	6,780
Total expenses for program 1.1	6,896	6,847	6,801	6,805	6,780
	2016-17	2017-18			
Average staffing level (number)	35	35			

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

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

Table 2.2: Performance criteria for Outcome 1

The table below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2017-18 Budget measures have created new programs or materially changed existing programs.

<p>Outcome 1 Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities.</p>		
<p>Program 1.1 – Inspector-General of Taxation To improve tax administration through investigation of complaints, consulting with stakeholders to prioritise areas of tax administration for review as well as providing independent advice to the Government, the ATO and the Tax Practitioners Board (TPB).</p>		
<p>Delivery</p>	<ul style="list-style-type: none"> • effective handling of tax administration complaints • identify and prioritise areas of tax administration for improvement • conduct reviews and make independent recommendations for improvement to Government, the ATO and the TPB 	
<p>Performance information</p>		
<p>Performance criteria</p>	<p>2016-17 targets</p>	<p>2017-18 and the forward year targets</p>
<ul style="list-style-type: none"> • effective handling of tax administration complaints • efficient conduct of reviews into tax administration issues • publication of reports on tax administration • independent advice to Government and relevant entities on improvements to tax administration 	<ul style="list-style-type: none"> • positive feedback on IGT complaints handling and broader reviews from community stakeholders including taxpayers, tax practitioners, other citizens and relevant Government entities • responding to tax administration complaints • responding to tax administration issues through reviews • issuing public reports on tax administration issues • providing independent advice and recommendations to Government and its relevant entities on improvements in tax administration 	<ul style="list-style-type: none"> • tax administration complaint responses • positive feedback on complaints handling and broader reviews from community stakeholders including taxpayers, tax practitioners, other citizens and relevant Government entities • areas of tax administration for improvement identified and prioritised through complaints handling and stakeholder consultation • reviews, reports and recommendations on areas of tax administration identified for improvement

Inspector-General of Taxation Budget Statements

Performance information		
Performance criteria	2016-17 targets	2017-18 and the forward year targets
Purposes	Our role is to improve tax administration through investigation of tax complaints, conducting broader reviews, public reporting and independent advice to Government and its relevant agencies. Our objectives are to: <ul style="list-style-type: none">• establish and maintain an effective and efficient complaints handling function;• identify and prioritise areas of tax administration for improvement; and• conduct reviews and make recommendations for improvement to Government, the ATO and the TPB.	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of IGT's finances for the 2017-18 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between the IGT's resourcing and the financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

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

The IGT is budgeting for a break-even operating result in 2017-18.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
EXPENSES					
Employee benefits	4,047	4,269	4,516	4,718	4,837
Suppliers	2,518	2,226	1,949	1,751	1,662
Depreciation and amortisation	331	352	336	336	281
Total expenses	6,896	6,847	6,801	6,805	6,780
LESS:					
Gains					
Other	-	-	-	-	-
Total gains	-	-	-	-	-
Total own-source income	-	-	-	-	-
Net (cost of)/contribution by services	(6,896)	(6,847)	(6,801)	(6,805)	(6,780)
Revenue from Government	6,565	6,495	6,465	6,469	6,499
Surplus/(deficit) attributable to the Australian Government	(331)	(352)	(336)	(336)	(281)

Note: Impact of net cash appropriation arrangements

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	331	352	336	336	281
Total comprehensive income/(loss) - as per the statement of comprehensive income	(331)	(352)	(336)	(336)	(281)

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

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	109	109	109	109	109
Trade and other receivables	3,940	3,940	3,940	3,940	3,940
Total financial assets	4,049	4,049	4,049	4,049	4,049
Non-financial assets					
Land and buildings	1,486	1,240	994	748	502
Property, plant and equipment	92	80	84	79	75
Intangibles	184	120	56	2	2
Total non-financial assets	1,762	1,440	1,134	829	579
Total assets	5,811	5,489	5,183	4,878	4,628
LIABILITIES					
Payables					
Suppliers	35	35	35	35	35
Other payables	120	120	120	120	120
Total payables	155	155	155	155	155
Provisions					
Employee provisions	1,046	1,046	1,046	1,046	1,046
Total provisions	1,046	1,046	1,046	1,046	1,046
Total liabilities	1,201	1,201	1,201	1,201	1,201
Net assets	4,610	4,288	3,982	3,677	3,427
EQUITY*					
Contributed equity	1,230	1,260	1,290	1,321	1,352
Reserves	398	398	398	398	398
Retained surplus	2,982	2,630	2,294	1,958	1,677
Total equity	4,610	4,288	3,982	3,677	3,427

*'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2017-18)

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2017					
Balance carried forward from previous period	2,982	319	79	1,230	4,610
Adjusted opening balance	2,982	319	79	1,230	4,610
Comprehensive income					
Surplus/(deficit) for the period	(352)	-	-	-	(352)
Total comprehensive income	2,630	319	79	1,230	4,258
Transactions with owners					
Contributions by owners					
Departmental capital budget (DCB)	-	-	-	30	30
Total transactions with owners	-	-	-	30	30
Closing balance attributable to the Australian Government	2,630	319	79	1,260	4,288

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	8,042	6,495	6,465	6,482	6,499
Total cash received	8,042	6,495	6,465	6,482	6,499
Cash used					
Employees	4,047	4,269	4,516	4,718	4,837
Suppliers	2,518	2,226	1,949	1,764	1,662
Total cash used	6,565	6,495	6,465	6,482	6,499
Net cash from/(used by) operating activities	1,477	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	1,506	30	30	31	31
Total cash used	1,506	30	30	31	31
Net cash from/(used by) investing activities	(1,506)	(30)	(30)	(31)	(31)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	29	30	30	31	31
Total cash received	29	30	30	31	31
Net cash from/(used by) financing activities	29	30	30	31	31
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	109	109	109	109	109
Cash and cash equivalents at the end of the reporting period	109	109	109	109	109

Prepared on Australian Accounting Standards basis.

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

	2016-17 Estimated actual \$'000	2017-18 Budget \$'000	2018-19 Forward estimate \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	29	30	30	31	31
Total new capital appropriations	29	30	30	31	31
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	1,506	30	30	31	31
Total items	1,506	30	30	31	31
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	29	30	30	31	31
Funded internally from departmental resources (b)	1,477	-	-	-	-
TOTAL	1,506	30	30	31	31
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,506	30	30	31	31
Total cash used to acquire assets	1,506	30	30	31	31

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' departmental capital budgets (DCBs).

(b) Consists of funding from current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2017-18)

	Land and Buildings	Property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2017				
Gross book value	1,646	486	312	2,444
Accumulated depreciation/ amortisation and impairment	(160)	(394)	(128)	(682)
Opening net book balance	1,486	92	184	1,762
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	-	30	-	30
Total additions	-	30	-	30
Other movements				
Depreciation/amortisation expense	(246)	(42)	(64)	(352)
Total other movements	(246)	(42)	(64)	(352)
As at 30 June 2018				
Gross book value	1,646	516	312	2,474
Accumulated depreciation/ amortisation and impairment	(406)	(436)	(192)	(1,034)
Closing net book balance	1,240	80	120	1,440

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No.1) 2017-18 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

