

INSPECTOR-GENERAL OF TAXATION

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INSPECTOR-GENERAL OF TAXATION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The objective of the Inspector-General of Taxation (IGT) is to improve the administration of the tax laws for the benefit of all taxpayers.

The IGT's strategic direction for 2014-15 is to achieve this by delivering independent advice for improvement through:

- consulting with the community to ensure tax administration issues are identified;
- conducting reviews into the identified issues;
- developing a deeper understanding of the issues and advise on improvement options;
- reporting publicly on review outcomes, observations and improvement recommendations; and
- implementing a taxpayer complaints handling function.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for IGT.

Table 1.1: Inspector-General of Taxation 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
Ordinary annual services						
Departmental appropriation						
Prior year departmental appropriation	3,062	³	-		3,062	-
Departmental appropriation ²	-		3,359	¹	3,359	2,655
Total net resourcing for the IGT	3,062		3,359		6,421	2,655

1. Appropriation Bill (No. 1) 2014-15.

2. Includes \$0.03 million in 2014-15 for the departmental capital budget (also refer to Table 3.2.5).

3. Estimated adjusted balance carried forward from previous year.

1.3 BUDGET MEASURES

Budget measures relating to the IGT are summarised below.

Table 1.2: Inspector-General of Taxation 2014-15 Budget measures

Programme	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Expense measures					
Efficiency Dividend - temporary increase in the rate ¹	1.1	-	(27)	(61)	(94)
Efficiency Dividend - a further temporary increase of 0.25 per cent	1.1	-	(7)	(13)	(20)
Inspector-General of Taxation - transfer of tax complaints handling	1.1	-	731	652	649
Public Service efficiencies ²	1.1	(1)	(4)	(8)	(11)
Reforms to APS management and efficient procurement of agency software ¹	1.1	-	(3)	(8)	(11)
Total expense measures		(1)	690	562	513

1. This measure was included in the *Economic Statement 2013* and has not previously appeared in a portfolio statement.

2. This measure was included in Budget Paper No. 2, *Budget Measures 2013-14* and has not previously appeared in a portfolio statement.

Prepared on a Government Finance Statistics (fiscal) basis.

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 IGT's outcome is described below, specifying the strategy, programme objective, programme deliverables and programme key performance indicators used to assess and monitor the performance of the IGT.

Outcome 1: Improved tax administration through community consultation, review, and independent advice to Government

Outcome 1 strategy

Key strategies to achieve Outcome 1 are to:

- undertake community consultation, research and other processes to identify and prioritise areas of tax administration for improvement;
- call for submissions to review and to stimulate input by, for example, issuing terms of reference and similar materials;
- review identified areas and provide independent advice and recommendations to the Government and the Australian Taxation Office (ATO) on improvements to the administration of the tax laws;
- maintain a positive public profile for the IGT through participation in conferences and seminars;
- build on approaches that increase the ATO's involvement and contribution to review processes and outcomes;
- selectively engage external expertise and undertake overseas comparisons to enhance capabilities and objectivity for appropriate reviews; and
- implement a taxpayer complaints handling function.

The major projects and activities expected to commence or be completed during 2014-15 include the IGT's new work programme of reviews and the implementation of a taxpayer complaints handling function.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Improved tax administration through community consultation, review, and independent advice to government	2013-14 Estimated actual expenses \$'000	2014-15 Estimated expenses \$'000
Programme 1.1: Inspector-General of Taxation		
Departmental expenses		
Departmental appropriation	2,625	3,329
Expenses not requiring appropriation in the budget year	30	30
Total expenses for Outcome 1	2,655	3,359
	2013-14	2014-15
Average staffing level (number)	9	14

Contributions to Outcome 1

Programme 1.1: Inspector-General of Taxation

Programme objective

The IGT has the following objectives:

- identify areas of tax administration where community stakeholders believe improvements should be made or issues reviewed;
- consult with government agencies that review tax administration, in particular the Australian National Audit Office and the Commonwealth Ombudsman to foster cooperation and make efficient use of resources;
- prioritise areas of tax administration for review according to the IGT's work programme and ministerial direction as appropriate;
- provide independent advice to the Government and the ATO on tax administration and make recommendations on improvements;
- consideration of the ATO's implementation of IGT recommendations; and
- implement a taxpayer complaints handling function.

Programme expenses

The estimates for 2014-15 and the forward years has increased from 2013-14 levels due to the transfer of the taxation complaints case handling function from the Office of the Commonwealth Ombudsman to the IGT.

Table 2.2: Programme 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	2,655	3,359	3,254	3,229	3,268
Total programme expenses	2,655	3,359	3,254	3,229	3,268

Programme deliverables

The IGT has the following deliverables:

- a programme of reviews based on community input and consultation with other relevant agencies, and prioritised in line with principles of good tax administration;
- completed review reports incorporating independent advice to the Government on systemic issues and improvements to tax administration; and
- implementing a taxpayer complaints handling function.

Programme key performance indicators

The IGT has the following key performance indicators:

- positive feedback and continued support from community stakeholders including taxpayers, tax practitioners and their representative bodies; and
- recommendations for improvements in tax administration agreed and implemented by the ATO or adopted by the Government.

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 and programme expenses.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The IGT has no administered funds.

3.1.2 Special accounts

The IGT has no special accounts.

3.1.3 Australian Government Indigenous expenditure

The IGT has no Australian Government Indigenous expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

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

3.2.2 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 2014-15 after adding back non-appropriated depreciation and amortisation expenses.

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
EXPENSES					
Employee benefits	1,792	2,436	2,471	2,546	2,569
Supplier	833	893	754	654	669
Depreciation and amortisation	30	30	29	29	30
Total expenses	2,655	3,359	3,254	3,229	3,268
LESS:					
OWN-SOURCE INCOME					
Revenue					
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Total own-source income	-	-	-	-	-
Net cost of (contribution by) services	2,655	3,359	3,254	3,229	3,268
Appropriation revenue	2,625	3,329	3,225	3,200	3,238
Surplus (deficit) attributable to the Australian Government	(30)	(30)	(29)	(29)	(30)

Note: Impact of Net Cash Appropriation Arrangements

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Total Comprehensive Income (loss)					
less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(30)	(30)	(29)	(29)	(30)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(30)	(30)	(29)	(29)	(30)

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
ASSETS					
Financial assets					
Cash and equivalents	98	98	98	98	98
Trade and other receivables	3,071	3,071	3,071	3,071	3,071
Total financial assets	3,169	3,169	3,169	3,169	3,169
Non-financial assets					
Infrastructure, plant and equipment	188	188	188	188	188
Other	24	24	24	24	24
Total non-financial assets	212	212	212	212	212
Total assets	3,381	3,381	3,381	3,381	3,381
LIABILITIES					
Provisions					
Employees	303	303	303	303	303
Other	87	87	87	87	87
Total provisions	390	390	390	390	390
Payables					
Suppliers	66	66	66	66	66
Total payables	66	66	66	66	66
Total liabilities	456	456	456	456	456
Net assets	2,925	2,925	2,925	2,925	2,925
EQUITY					
Reserves	518	518	518	518	518
Contributed equity	60	90	119	148	178
Retained surpluses or accumulated deficits	2,347	2,317	2,288	2,259	2,229
Total equity	2,925	2,925	2,925	2,925	2,925
Current assets	3,193	3,193	3,193	3,193	3,193
Non-current assets	188	188	188	188	188
Current liabilities	196	196	196	196	196
Non-current liabilities	260	260	260	260	260

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
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,625	3,329	3,225	3,200	3,238
Other	-	-	-	-	-
Total cash received	2,625	3,329	3,225	3,200	3,238
Cash used					
Employees	1,792	2,436	2,471	2,546	2,569
Suppliers	833	893	754	654	669
Total cash used	2,625	3,329	3,225	3,200	3,238
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	30	30	29	29	30
Total cash used	30	30	29	29	30
Net cash from or (used by) investing activities	(30)	(30)	(29)	(29)	(30)
FINANCING ACTIVITIES					
Cash received					
Capital injections	30	30	29	29	30
Total cash received	30	30	29	29	30
Net cash from or (used by) financing activities	30	30	29	29	30
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	98	98	98	98	98
Cash at the end of the reporting period	98	98	98	98	98

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
Opening balance as at 1 July 2014					
Balance carried forward from previous period	2,347	442	76	60	2,925
Adjusted opening balance	2,347	442	76	60	2,925
Comprehensive income					
Surplus (deficit) for the period	(30)	-	-	-	(30)
Total comprehensive income recognised directly in equity	(30)	-	-	-	(30)
Transactions with owners					
Contributions by owners					
Appropriation (departmental capital budget)	-	-	-	30	30
Total transactions with owners	-	-	-	30	30
Estimated closing balance as at 30 June 2015	2,317	442	76	90	2,925

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) 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
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	30	30	29	29	30
Total new capital appropriations	30	30	29	29	30
Provided for:					
Purchase of non-financial assets	30	30	29	29	30
Total Items	30	30	29	29	30
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally by departmental resources	-	-	-	-	-
Funded by capital appropriation - DCB	30	30	29	29	30
TOTAL	30	30	29	29	30
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	30	30	29	29	30
Total cash used to acquire assets	30	30	29	29	30

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2014				
Gross book value	-	267	-	267
Accumulated depreciation/amortisation and impairment	-	233	-	233
Opening net book balance	-	34	-	34
Capital asset additions				
By purchase - appropriation ordinary annual services	-	30	-	30
Total additions	-	30	-	30
Other movements				
Depreciation/amortisation expense	-	30	-	30
Total other movements	-	30	-	30
As at 30 June 2015				
Gross book value	-	297	-	297
Accumulated depreciation/amortisation and impairment	-	263	-	263
Closing net book balance	-	34	-	34

Prepared on Australian Accounting Standards basis.

