

AUSTRALIAN TAXATION OFFICE

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AUSTRALIAN TAXATION OFFICE

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

There has been no significant change to the strategic direction of the Australian Taxation Office (ATO) from that outlined in the *Portfolio Budget Statements 2015-16* (page 191).

The ATO is seeking an additional \$46.2 million in departmental funding through Appropriation Bill (No. 3) 2015-16. This relates to an additional \$36.0 million for the following measures as outlined in the *Mid-Year Economic and Fiscal Outlook 2015-16*:

- Enhanced Welfare Payment Integrity – non-employment income data matching (\$0.7 million);
- Reducing red tape – improvements to data and analytics infrastructure of the Australian Taxation Office (\$9.5 million); and
- Tax administration – Single Touch Payroll Reporting (\$25.8 million).

This funding also includes the Growing Jobs and Small Business - streamlining business registration measure (\$5.9 million) outlined in Budget Paper No. 2, *Budget Measures 2015-16* and an adjustment to reflect movement of funds (\$5.5 million), offset by a reduction of \$1.2 million relating to the Public Sector Superannuation Accumulation Plan administration fees outlined in the *Mid-Year Economic and Fiscal Outlook 2014-15*.

The ATO is also seeking an additional \$74.0 million as an equity injection through Appropriation Bill (No. 4) 2015-16. This relates to an additional \$72.5 million for the following measures as outlined in the *Mid-Year Economic and Fiscal Outlook 2015-16*:

- Higher Education Loan Programme – strengthened compliance (\$1.6 million);
- Reducing red tape – improvements to data and analytics infrastructure of the Australian Taxation Office (\$11.4 million); and
- Tax administration – Single Touch Payroll Reporting (\$59.5 million).

This funding also includes the Growing Jobs and Small Business - streamlining business registration measure (\$2.4 million) outlined in Budget Paper No. 2, *Budget Measures 2015-16* and an adjustment to reflect the re-appropriation of \$0.9 million from prior year's appropriation before it is repealed. The funding is offset by a reduction of \$1.8 million of prior year's appropriation.

1.2 ENTITY RESOURCE STATEMENT

The Entity Resource Statement details the resourcing for the Australian Taxation Office at Additional Estimates. Table 1.1 outlines the total resourcing available from all sources for the 2015-16 Budget year, including variations through Appropriation Bill Nos. 3 and 4, Special Appropriations and Special Accounts.

Table 1.1: Australian Taxation Office Resource Statement — Additional Estimates for 2015-16 as at Additional Estimates February 2016

	<i>Actual available appropriation</i>	Estimate as at Budget	Proposed Additional Estimate	Total estimate at Additional Estimates
	<i>2014-15</i>	2015-16	2015-16	2015-16
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Ordinary annual services(a)				
Departmental appropriation				
Prior year departmental appropriation(b)		416,816		416,816
Departmental appropriation(c)	3,352,116	3,258,560	46,226	3,304,786
s.74 Retained Revenue Receipts(d)	118,282	133,133	(27,389)	105,744
Total	3,470,398	3,808,509	18,837	3,827,346
Administered expenses				
Outcome 1	284	611	-	611
Total	284	611	-	611
Total ordinary annual services [A]	3,470,682	3,809,120	18,837	3,827,957
Other services(e)				
Departmental non-operating				
Equity injections	23,223	68,461	74,025	142,486
Total	23,223	68,461	74,025	142,486
Total other services [B]	23,223	68,461	74,025	142,486
Total available annual appropriations	3,493,905	3,877,581	92,862	3,970,443

Table 1.1: Australian Taxation Office Resource Statement — Additional Estimates for 2015-16 as at Additional Estimates February 2016 (continued)

	Actual available appropriation	Estimate as at Budget	Proposed Additional Estimate	Total estimate at Additional Estimates
	2014-15 \$'000	2015-16 \$'000	2015-16 \$'000	2015-16 \$'000
Special appropriations				
Special appropriations limited by criteria/entitlement				
Public Governance, Performance and Accountability Act 2013 - s.77(f)	93,088	100,000	-	100,000
Product Grants and Benefits Administration Act 2000 -				
Cleaner fuel grants	4,113	-	6,000	6,000
Product stewardship for oil	48,893	62,000	1,000	63,000
Superannuation Guarantee (Administration) Act 1992	434,987	481,000	(117,000)	364,000
Taxation Administration Act 1953 - s.16 (Non-refund items)(g)	10,100,625	10,734,404	300,924	11,035,328
Total special appropriations [C]	10,681,706	11,377,404	190,924	11,568,328
Total appropriations excluding Special Accounts	14,175,611	15,254,985	283,786	15,538,771
Special Accounts				
Opening balance	114,088	114,087	(4,289)	109,798
Appropriation Receipts	49,501	75,512	19,200	94,712
Non-appropriation receipts to Special Accounts	1,714,378	3,032,000	(408,000)	2,624,000
Total Special Account [D]	1,877,967	3,221,599	(393,089)	2,828,510
Total resourcing [A+B+C+D]	16,053,578	18,476,584	(109,303)	18,367,281
Less appropriations drawn from annual or special appropriations above and credited to special accounts	(49,501)	(75,512)	(19,200)	(94,712)
Total net resourcing for ATO	16,004,077	18,401,072	(128,503)	18,272,569

- (a) *Appropriation Act (No. 1) 2015-16* and Appropriation Bill (No. 3) 2015-16.
- (b) Estimated adjusted balance carried from previous year for annual appropriations.
- (c) Includes an amount of \$115.1m in 2015-16 for the Departmental Capital Budget (refer to table 3.2.5 for further details).
- (d) Estimated retained revenue receipts under s.74 of the *Public Governance, Performance and Accountability (PGPA) Act 2013*.
- (e) *Appropriation Act (No. 2) 2015-16* and Appropriation Bill (No. 4) 2015-16.
- (f) Section 77 of the *Public Governance, Performance and Accountability Act 2013* is used for repayments not provided for in any other appropriation. Amounts received on or before 30 June 2014 were repaid under s.28 of the *Financial Management and Accountability Act 1997*.
- (g) These figures relate to administered expenses such as fuel tax credits, research and development tax incentives, and Australian Screen Production Incentive. Tax refunds for 2014-15 were \$89.2 billion including \$165.7 million made on behalf of the ATO by the Department of Immigration and Border Protection (DIBP). Estimated tax refund items for 2015-16 are \$98.9 billion including \$190 million made on behalf of the ATO by the DIBP.

Reader note: All figures are GST exclusive.

Table 1.1: Australian Taxation Office resource statement — Additional Estimates for 2015-16 as at Additional Estimates February 2016 (continued)

Third party payments from and on behalf of other entities

	Estimate at Budget 2015-16 \$'000	Estimate at Additional Estimates 2015-16 \$'000
Payments made on behalf of other entities (disclosed in the respective Entity Resource Statement)		
Attorney-General's Department	-	-
Australian Bureau of Statistics	-	500
Australian Crime Commission	-	144
Australian Federal Police	-	615
Australian Securities and Investments Commission	-	-
Australian Transaction Reports and Analysis Centre	-	6
Department of Education and Training	-	990
Department of Human Services	-	-
Department of the Prime Minister and Cabinet	-	467
Department of the Treasury	-	4,119
Total payments made on behalf of other entities	-	6,841
Receipts received from other entities for the provision of services (disclosed above in s.74 Retained Revenue Receipts section above)		
Attorney-General's Department	-	-
Australian Bureau of Statistics	-	500
Australian Crime Commission	6	205
Australian Federal Police	323	615
Australian Securities and Investments Commission	-	-
Australian Transaction Reports and Analysis Centre	424	483
Department of Education and Training	-	990
Department of Finance	-	-
Department of Foreign Affairs and Trade	1,500	964
Department of Human Services	3,869	5,948
Department of Immigration and Border Protection	2	2
Department of Infrastructure and Regional Development	778	1,513
Department of Social Services	602	602
Department of the Prime Minister and Cabinet	-	1,482
Department of the Treasury	-	73
Inspector-General of Taxation	-	-
Parliamentary Budget Office	-	-
Reserve Bank of Australia	111,312	77,904
Total s.74 relevant entity receipts received for the provision of services	118,816	91,281

Table 1.1: Australian Taxation Office resource statement — Additional Estimates for 2015-16 as at Additional Estimates February 2016 (continued)

	Estimate at Budget 2015-16 \$'000	Estimate at Additional Estimates 2015-16 \$'000
Payments made to other entities for the provision of services (disclosed above)		
Attorney-General's Department	13,959	16,251
Australian Bureau of Statistics	-	2
Australian Crime Commission	-	2,916
Australian Electoral Commission	-	6
Australian Federal Police	-	4,400
Australian Financial Security Authority	478	1,248
Australian National Audit Office	-	149
Australian Postal Corporation	91,828	47,145
Australian Prudential Regulation Authority	230	-
Australian Public Service Commission	1,356	1,326
Australian Securities and Investments Commission	1,202	1,972
Australian Transaction Reports and Analysis Centre	-	1,593
Comcare	4,500	4,500
Commonwealth Director of Public Prosecutions	3,500	9,658
ComSuper	4,286	4,327
CrimTrac Agency	162	257
Department of Communications	33,650	-
Department of Defence	196	325
Department of Employment and Training	-	-
Department of Finance	11,772	9,844
Department of Foreign Affairs and Trade	-	25
Department of Human Services	6,482	14,518
Department of Immigration and Border Protection	55,233	55,550
Department of Industry, Innovation & Science	947	947
Department of Parliamentary Services	-	7
Department of the Prime Minister and Cabinet	-	33,663
Department of the Treasury	-	1,066
Office of Parliamentary Counsel	-	29
Total payments made to other entities for the provision of services	229,781	211,724
Payments made to corporate entities within the Portfolio		
Reserve Bank of Australia		
Departmental annual appropriation	121,527	87,937

1.3 ENTITY MEASURES

Table 1.2 summarises new Government measures taken since the 2015-16 Budget. The table is split into expense and capital measures, with the affected programme identified.

Table 1.2: Entity 2015-16 measures since Budget

	Programme	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Expense measures					
Enhanced Welfare Payment Integrity - non-employment income data matching					
Departmental expenses	1.1	734	50	50	-
Freeze Road User Charge Collections					
Administered expenses	1.10	-	39,000	79,000	-
Higher Education Loan Programme - strengthened compliance					
Administered expenses	1.1	-	-	48	96
Departmental expenses	1.1	-	-	944	812
National Innovation and Science Agenda - tax incentives for angel investors					
Departmental expenses	1.1	-	1,001	1,111	1,303
Public Sector Superannuation Accumulation Plan - administration fees (a)					
Departmental expenses	1.1	(1,230)	(1,230)	(1,230)	(1,230)
Public Sector Savings - Enterprise Resource Planning Systems (b)					
Departmental expenses	1.1	-	-	(1,874)	(2,277)
Reducing red tape - improvements to data and analytics infrastructure of the Australian Taxation Office					
Departmental expenses	1.1	9,514	12,697	13,872	13,616
Tax administration - Single Touch Payroll Reporting					
Administered expenses	1.1	-	248	5,248	75
Departmental expenses	1.1	25,821	27,837	18,291	18,075

Table 1.2: Entity 2015-16 measures since Budget (continued)

	Programme	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Tax compliance - improving compliance through third party reporting and data matching - delayed start					
Departmental expenses	1.1	-	(5,304)	(2,833)	8,136
Taxation treatment of biodiesel – extension of phase-in for new arrangement					
Administered expenses	1.10	-	(500)	(1,000)	(2,000)
Total expense measures					
Administered		-	38,748	83,296	(1,829)
Departmental		34,839	35,051	28,331	38,435
Total		34,839	73,799	111,627	36,606
Capital measures					
Higher Education Loan Programme - strengthened compliance					
Departmental capital	1.1	1,637	3	-	-
Reducing red tape - improvements to data and analytics infrastructure of the Australian Taxation Office					
Departmental expenses	1.1	11,385	843	-	-
National Innovation and Science Agenda - tax incentives for angel investors					
Departmental capital	1.1	-	2,140	-	-
Tax administration - Single Touch Payroll Reporting					
Departmental expenses	1.1	59,524	19,946	12,671	1,286
Total capital measures					
Departmental		72,546	22,932	12,671	1,286
Total		72,546	22,932	12,671	1,286

(a) This measure was announced in the *Mid-Year Economic and Fiscal Outlook 2014-15* as a cross portfolio measure and has not previously appeared in a portfolio statement.

(b) This measure was announced in the *Budget 2015-16* as a cross-portfolio measure and has not previously appeared in a portfolio statement.

Prepared on a Government Financial Statistics (fiscal) basis.

1.4 ADDITIONAL ESTIMATES AND VARIATIONS

The following tables detail the changes to the resourcing for the Australian Taxation Office at Additional Estimates, by outcome. Table 1.3 details the Additional Estimates and variations resulting from new measures since the 2015-16 Budget in Appropriation Bills Nos. 3 and 4. Table 1.4 details Additional Estimates or variations through other factors, such as parameter adjustments.

Table 1.3: Additional estimates and variations to outcomes from measures since 2015-16 Budget

	Programme	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Outcome 1					
Increase in estimates (departmental)					
Enhanced Welfare Payment Integrity - non-employment income data	1.1	734	50	50	-
Higher Education Loan Programme - strengthened compliance	1.1	-	-	944	812
National Innovation and Science Agenda - tax incentives for angel investors	1.1	-	1,001	1,111	1,303
Reducing red tape - improvements to data and analytics infrastructure of the Australian Taxation Office	1.1	9,514	12,697	13,872	13,616
Tax administration - Single Touch Payroll Reporting	1.1	25,821	27,837	18,291	18,075
Decrease in estimates (departmental)					
Public Sector Superannuation Accumulation Plan - administration fees (a)	1.1	(1,230)	(1,230)	(1,230)	(1,230)
Public Sector Savings - Enterprise Resource Planning Systems (b)	1.1	-	-	(1,874)	(2,277)
Net impact on estimates for Outcome 1 (Departmental)		34,839	40,355	31,164	30,299
Increase in estimates (capital)					
Higher Education Loan Programme - strengthened compliance	1.1	1,637	3	-	-
National Innovation and Science Agenda - tax incentives for angel investors	1.1	-	2,140	-	-
Reducing red tape - improvements to data and analytics infrastructure of the Australian Taxation Office	1.1	11,385	843	-	-
Tax administration - Single Touch Payroll Reporting	1.1	59,524	19,946	12,671	1,286
Net impact on estimates for Outcome 1 (capital)		72,546	22,932	12,671	1,286

(a) This measure was announced in the *Mid-Year Economic and Fiscal Outlook 2014-15* as a cross portfolio measure and has not previously appeared in a portfolio statement.

(b) This measure was announced in the *Budget 2015-16* as a cross-portfolio measure and has not previously appeared in a portfolio statement.

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

	Programme	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Outcome 1					
Adjustment to reflect movement in indices relating to prices and wages	1.1	-	-	(2,912)	(5,631)
Net impact on estimates for Outcome 1 (departmental)		-	-	(2,912)	(5,631)
Increase in estimates (capital)					
Adjustment to reflect movement of funds	1.1	5,490	-	-	-
Adjustment to reflect the re-appropriation of prior year's appropriation before being repealed	1.1	880	-	-	-
Decrease in estimates (capital)					
Adjustment to reflect movement in indices relating to prices and wages	1.1	-	-	(113)	(228)
Adjustment to reflect the reduction of prior year's appropriation	1.1	(1,800)	-	-	-
Net impact on estimates for Outcome 1 (capital)		4,570	-	(113)	(228)

1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following tables detail the Additional Estimates sought for the Australian Taxation Office through Appropriation Bills Nos. 3 and 4.

Table 1.5: Appropriation Bill (No. 3) 2015-16

	2014-15 Available \$'000	2015-16 Budget \$'000	2015-16 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Departmental programmes					
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.	3,352,116	3,258,560	3,304,786	46,226	-
Total departmental	3,352,116	3,258,560	3,304,786	46,226	-

2014–15 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year. Available appropriation is the amount available to be drawn down, and is equal to: Budget Appropriation + Additional Estimates Appropriation - Movement of Funds to 2015-16.

Table 1.6: Appropriation Bill (No. 4) 2015-16

	2014-15 Available \$'000	2015-16 Budget \$'000	2015-16 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Non-operating					
Equity injections	23,223	68,461	142,486	74,025	-
Total non-operating	23,223	68,461	142,486	74,025	-

2014–15 available appropriation is included to allow a comparison of this year's appropriation with what was made available for use in the previous year. Available appropriation is the amount available to be drawn down, and is equal to: Budget Appropriation + Additional Estimates Appropriation.

Section 2: Revisions to outcomes and planned performance

2.1 OUTCOME AND PERFORMANCE INFORMATION

There has been no change to the ATO's outcome or outcome strategy from that included in the *Portfolio Budget Statements 2015-16* (page 197).

There has been no change to the programme objective, expenses, deliverables or key performance indicators for programmes 1.2 to 1.24 that affect Appropriation Bills Nos. 3 and 4.

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1: Confidence in the administration of aspects of Australia's taxation and superannuation systems through helping people understand their rights and obligations, improving ease of compliance and access to benefits, and managing non-compliance with the law	2014-15 Actual expenses \$'000	2015-16 Revised estimated expenses \$'000
Programme 1.1: Australian Taxation Office		
Departmental expenses		
Departmental appropriation(a)	3,158,983	3,112,738
Expenses not requiring appropriation in the budget year(b)	90,972	189,240
Total for Programme 1.1	3,249,955	3,301,978
	2014-15	2015-16
Average Staffing Level (number)	18,435	18,497

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation Act No. 1 and Bill No. 3)' and 'Retained Revenue Receipts under s.74 of the PGPA Act 2013'.

(b) Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Programme objective 1.1 Australian Taxation Office

There has been no change to the programme objective, deliverables or key performance indicators included in the *Portfolio Budget Statements 2015-16*.

Table 2.2: Programme expenses 1.1 Australian Taxation Office

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward year 1 \$'000	2017-18 Forward year 2 \$'000	2018-19 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	3,158,983	3,112,738	3,051,670	2,921,529	2,837,082
Expenses not requiring appropriation in the Budget year	90,972	189,240	190,728	192,226	193,739
Total programme expenses	3,249,955	3,301,978	3,242,398	3,113,755	3,030,821

Section 3: Explanatory tables and budgeted financial statements

3.1 EXPLANATORY TABLES

3.1.1 Estimates of special account flows

Special accounts provide a means to set aside and record amounts used for specific purposes. Table 3.1.1 shows the expected additions (receipts) and reductions (payments) for each account used by the ATO. The corresponding table in the *Portfolio Budget Statements 2015-16* is Table 3.1.1.

Table 3.1.1: Estimates of special account flows and balances

	Outcome	Opening balance	Receipts	Payments	Adjustments	Closing balance
		\$'000	\$'000	\$'000	\$'000	\$'000
Excise Security Deposits (A)						
2015-16	1	356	-	-	-	356
2014-15		355	1	-	-	356
Services for Other Entities and Trust Moneys Special Account (A)						
2015-16	1	2,292	10,000	10,000	-	2,292
2014-15		2,596	1,371	1,675	-	2,292
Superannuation Clearing House Special Account (A)						
2015-16	1	28,762	2,614,000	2,629,000	-	13,762
2014-15		20,005	1,708,825	1,700,068	-	28,762
Superannuation Holding Accounts Special Account (A)						
2015-16	1	72,098	79,900	13,700	-	138,298
2014-15		74,583	27,101	29,586	-	72,098
Services for Other Entities and Trust Moneys Special Account (D)						
2015-16	1	-	-	-	-	-
2014-15		-	570	570	-	-
Australian Charities and Not-for-profits Commission Special Account (D)						
2015-16	1	6,290	14,812	16,686	-	4,416
2014-15		5,341	15,398	14,449	-	6,290
Valuation Services Special Account (D)						
2015-16	1	-	-	-	-	-
2014-15		11,209	10,611	21,820	-	-
Total special accounts						
2015-16 Budget estimate		109,798	2,718,712	2,669,386	-	159,124
2014-15 actual		114,089	1,763,877	1,768,168	-	109,798

(A) Administered

(D) Departmental

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

Budgeted departmental comprehensive income statement

The ATO is budgeting for a balanced budget in 2015-16.

The budgeted departmental comprehensive income statement also reflects changes arising from measures since Budget as outlined in Table 1.2.

Budgeted departmental balance sheet

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

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

3.2.2 Budgeted financial statements

Departmental financial statements

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

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
Employee benefits	2,024,395	1,918,089	1,902,937	1,832,094	1,795,089
Suppliers	1,209,486	1,378,856	1,324,502	1,259,506	1,210,686
Depreciation and amortisation	163,830	182,662	184,150	185,648	187,161
Finance costs	981	-	-	-	-
Write-down and impairment of assets	2,735	-	-	-	-
Losses from asset sales	2	-	-	-	-
Other expenses	1,482	-	-	-	-
Total expenses	3,402,911	3,479,607	3,411,589	3,277,248	3,192,936
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	96,740	100,709	92,295	96,235	99,271
Other revenue	4,532	3,528	3,528	3,528	3,528
Total own-source revenue	101,272	104,237	95,823	99,763	102,799
Gains					
Sale of assets					
Other	2,053	3,050	3,050	3,050	3,050
Total gains	2,053	3,050	3,050	3,050	3,050
Total own-source income	103,325	107,287	98,873	102,813	105,849
Net cost of (contribution by) services	3,299,586	3,372,320	3,312,716	3,174,435	3,087,087
Revenue from Government	3,215,199	3,189,658	3,128,566	2,988,787	2,899,926
Surplus/(deficit) attributable to the Australian Government	(84,387)	(182,662)	(184,150)	(185,648)	(187,161)
OTHER COMPREHENSIVE INCOME					
Revaluation of restoration obligations provision	(490)	-	-	-	-
Changes in asset revaluation surplus	8,102	-	-	-	-
Total other comprehensive income	7,612	-	-	-	-
Total comprehensive income/(loss)	(76,775)	(182,662)	(184,150)	(185,648)	(187,161)

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

Note: Impact of net cash appropriation arrangements

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	87,055	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations(a)	163,830	182,662	184,150	185,648	187,161
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(76,775)	(182,662)	(184,150)	(185,648)	(187,161)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Appropriation Act No. 1 or Bill No. 3 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Appropriation Act No. 1 or Bill No. 3 equity appropriations. For information regarding DCBs, please refer to Table 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	46,087	46,087	46,087	46,087	46,087
Trade and other receivables	413,911	279,703	303,474	292,353	288,499
Total financial assets	459,998	325,790	349,561	338,440	334,586
Non-financial assets					
Land and buildings	215,645	229,437	238,807	263,976	290,365
Property, plant and equipment	55,195	60,423	68,154	65,810	63,389
Intangibles	472,741	525,648	479,551	413,449	325,551
Other non-financial assets	109,726	105,635	101,328	97,562	95,364
Total non-financial assets	853,307	921,143	887,840	840,797	774,669
Total assets	1,313,305	1,246,933	1,237,401	1,179,237	1,109,255
LIABILITIES					
Payables					
Suppliers	228,099	227,149	225,236	224,643	225,360
Employees	71,815	13,181	21,628	21,113	20,646
Other payables	3,158	3,158	3,132	3,124	3,134
Total payables	303,072	243,488	249,996	248,880	249,140
Interest bearing liabilities					
Leases	113,581	99,004	87,175	75,797	64,419
Total interest bearing liabilities	113,581	99,004	87,175	75,797	64,419
Provisions					
Employee provisions	659,721	593,734	615,533	621,685	627,899
Other provisions	16,535	15,359	14,427	13,391	12,243
Total provisions	676,256	609,093	629,960	635,076	640,142
Total liabilities	1,092,909	951,585	967,131	959,753	953,701
Net assets	220,396	295,348	270,270	219,484	155,554

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

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EQUITY*					
Parent entity interest					
Contributed equity	1,086,245	1,343,859	1,502,931	1,637,793	1,761,024
Reserves	109,165	109,165	109,165	109,165	109,165
Retained surplus/(accumulated deficit)	(975,014)	(1,157,676)	(1,341,826)	(1,527,474)	(1,714,635)
Total parent entity interest	220,396	295,348	270,270	219,484	155,554
Total Equity	220,396	295,348	270,270	219,484	155,554

*Equity is the residual interest in assets after the deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (budget year 2015-16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2015				
Balance carried forward from previous period	(975,014)	109,165	1,086,245	220,396
Adjusted opening balance	(975,014)	109,165	1,086,245	220,396
Comprehensive income				
Other comprehensive income				-
Surplus/(deficit) for the period	(182,662)			(182,662)
Total comprehensive income	(182,662)	-	-	(182,662)
of which:				
Attributable to the Australian Government	(182,662)			(182,662)
Transactions with owners				
Contributions by owners				
Equity Injection - Appropriation			142,486	142,486
Departmental Capital Budget (DCB)			115,128	115,128
Sub-total transactions with owners	-	-	257,614	257,614
Estimated closing balance as at 30 June 2016	(1,157,676)	109,165	1,343,859	295,348
Closing balance attributable to the Australian Government	(1,157,676)	109,165	1,343,859	295,348

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	3,273,566	3,324,300	3,103,342	2,997,585	2,902,219
Sale of goods and rendering of services	95,315	105,744	97,052	101,091	104,181
Interest	21	-	-	-	-
Net GST received	115,636	121,492	120,204	113,523	108,454
Cash from the OPA	223,645	233,784	231,814	231,203	231,941
Other	6	-	-	-	-
Total cash received	3,708,189	3,785,320	3,552,412	3,443,402	3,346,795
Cash used					
Employees	2,146,322	2,040,975	1,872,547	1,825,780	1,788,769
Suppliers	1,326,997	1,513,586	1,451,969	1,378,910	1,326,085
Cash to the OPA	232,759	233,784	231,814	231,203	231,941
Total cash used	3,706,078	3,788,345	3,556,330	3,435,893	3,346,795
Net cash from/(used by) operating activities	2,111	(3,025)	(3,918)	7,509	-
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	8	-	-	-	-
Total cash received	8	-	-	-	-
Cash used					
Purchase of property, plant and equipment	37,583	56,047	56,289	61,716	63,176
Purchase of intangibles - computer software	115,380	198,542	98,865	80,655	60,055
Total cash used	152,963	254,589	155,154	142,371	123,231
Net cash from/(used by) investing activities	(152,955)	(254,589)	(155,154)	(142,371)	(123,231)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	152,963	257,614	159,072	134,862	123,231
Total cash received	152,963	257,614	159,072	134,862	123,231
Cash used					
Dividends paid	510	-	-	-	-
Total cash used	510	-	-	-	-
Net cash used by financing activities	152,453	257,614	159,072	134,862	123,231
Net increase/(decrease) in cash held	1,609	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	44,478	46,087	46,087	46,087	46,087
Cash and cash equivalents at the end of the reporting period	46,087	46,087	46,087	46,087	46,087

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget statement
(for the period ended 30 June)**

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Act No. 1 (DCB)	133,795	115,128	109,889	114,886	115,897
Equity injections - Act No. 2	26,537	142,486	49,183	19,976	7,334
Total new capital appropriations	160,332	257,614	159,072	134,862	123,231
Provided for:					
<i>Purchase of non-financial assets</i>	160,332	257,614	159,072	134,862	123,231
<i>Other Items</i>	-	-	-	-	-
Total Items	160,332	257,614	159,072	134,862	123,231
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations(a)	21,315	139,461	45,265	27,485	7,334
Funded by capital appropriation - DCB(b)	128,539	115,128	109,889	114,886	115,897
Funded internally from departmental resources(c)	-	-	-	-	-
TOTAL AMOUNT SPENT	149,854	254,589	155,154	142,371	123,231
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	149,854	254,589	155,154	142,371	123,231
TOTAL CASH REQUIRED TO ACQUIRE ASSETS	149,854	254,589	155,154	142,371	123,231

(a) Includes both current and prior Act 2 and Bills 4/6 appropriations.

(b) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

(c) Includes the following sources of funding:

- current and prior year Act (No. 1) and Bills 3/5 appropriations (excluding amounts from the DCB);
- donations and contributions;
- gifts;
- internally developed assets;
- s74 Retained revenue receipts; and
- proceeds from the sale of assets.

Prepared on Australian Accounting Standards basis.

**Table 3.2.6: Statement of asset movements (2015-16 Budget year) —
Departmental**

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2015				
Gross book value	217,487	91,319	1,179,695	1,488,501
Accumulated depreciation/amortisation and impairment	(1,842)	(36,124)	(706,954)	(744,920)
Opening net book balance	215,645	55,195	472,741	743,581
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity(a)	431	-	139,030	139,461
By purchase - appropriation ordinary annual services(b)	39,556	16,060	59,512	115,128
By purchase - other	-	-	-	-
Total additions	39,987	16,060	198,542	254,589
Other movements				
Depreciation/amortisation expense	(26,195)	(10,832)	(145,635)	(182,662)
Total other movements	(26,195)	(10,832)	(145,635)	(182,662)
As at 30 June 2016				
Gross book value	257,474	107,379	1,378,237	1,743,090
Accumulated depreciation/amortisation and impairment	(28,037)	(46,956)	(852,589)	(927,582)
Closing net book balance	229,437	60,423	525,648	815,508

(a) 'Appropriation equity' refers to equity injections provided through *Appropriation Act (No.2) 2015-16* and Bill (No.4) 2015-16.

(b) 'Appropriation ordinary annual services' refers to funding provided through *Appropriation Act (No.1) 2015-16* and Bill (No.3) 2015-16 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

Schedule of administered activity

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

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
EXPENSES					
ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers	181	611	5,303	8,797	272
Subsidies	9,472,449	9,685,928	10,086,246	10,552,435	11,119,988
Personal benefits	1,164,287	1,121,400	1,097,400	384,000	393,000
Finance costs	222,537	275,000	275,000	275,000	275,000
Write-down and impairment of assets	5,330,176	6,916,408	7,118,000	7,714,000	8,419,000
Other expenses	351,693	386,000	373,000	347,000	340,000
Total expenses administered on behalf of Government	16,541,323	18,385,347	18,954,949	19,281,232	20,547,260
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Taxation revenue					
Income tax	259,171,506	274,609,537	291,414,085	311,986,545	335,122,030
Indirect tax	81,517,012	82,553,000	86,620,000	90,850,000	95,430,000
Other taxes	915,295	982,019	1,051,155	1,070,900	1,136,200
Total taxation revenue	341,603,813	358,144,556	379,085,240	403,907,445	431,688,230
Non-taxation revenue					
Other revenue	404,810	573,500	579,000	369,000	369,000
Total non-taxation revenue	404,810	573,500	579,000	369,000	369,000
Total own-source revenue administered on behalf of Government	342,008,623	358,718,056	379,664,240	404,276,445	432,057,230
Net cost of/(contribution by) services	(325,467,300)	(340,332,709)	(360,709,291)	(384,995,213)	(411,509,970)
Surplus/(Deficit)	325,467,300	340,332,709	360,709,291	384,995,213	411,509,970

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)

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	314,859	314,859	314,859	314,859	314,859
Taxation receivables	17,511,796	17,746,924	18,364,009	19,201,554	20,352,584
Accrued revenues	12,711,279	13,376,279	14,071,279	14,766,279	15,581,279
Total financial assets	30,537,934	31,438,062	32,750,147	34,282,692	36,248,722
Total assets administered on behalf of Government	30,537,934	31,438,062	32,750,147	34,282,692	36,248,722
LIABILITIES					
Provisions					
Taxation refunds provided	2,251,926	2,251,926	2,251,926	2,251,926	2,251,926
Other provisions	873,274	1,076,274	1,190,274	1,046,274	934,274
Total provisions	3,125,200	3,328,200	3,442,200	3,298,200	3,186,200
Payables					
Subsidies	4,093,190	4,553,479	4,889,636	5,178,625	5,497,378
Personal benefits	1,278,974	1,258,424	1,239,874	527,274	450,574
Other payables	837,372	903,572	925,772	937,872	929,272
Total payables	6,209,536	6,715,475	7,055,282	6,643,771	6,877,224
Total liabilities administered on behalf of Government	9,334,736	10,043,675	10,497,482	9,941,971	10,063,424
Net assets/(liabilities)	21,203,198	21,394,387	22,252,665	24,340,721	26,185,298

Prepared on Australian Accounting Standards basis.

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

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes	336,197,246	349,940,001	370,205,000	394,175,000	420,830,000
Other	1,070,909	1,393,419	1,297,255	868,100	868,800
Total cash received	337,268,155	351,333,420	371,502,255	395,043,100	421,698,800
Cash used					
Borrowing costs	220,374	275,000	275,000	275,000	275,000
Subsidies paid	8,864,918	9,225,639	9,750,089	10,263,446	10,801,235
Personal benefits	1,205,409	1,141,950	1,115,950	1,096,600	469,700
Suppliers	409	611	5,303	8,797	272
Other	401,288	548,700	504,900	492,100	487,200
Total cash used	10,692,398	11,191,900	11,651,242	12,135,943	12,033,407
Net cash from/(used by) operating activities	326,575,757	340,141,520	359,851,013	382,907,157	409,665,393

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

	2014-15 Actual \$'000	2015-16 Revised budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	10,692,398	11,191,900	11,651,242	12,135,943	12,033,407
Total cash received	10,692,398	11,191,900	11,651,242	12,135,943	12,033,407
Cash used					
Cash to Official Public Account	337,396,374	351,333,420	371,502,255	395,043,100	421,698,800
Total cash used	337,396,374	351,333,420	371,502,255	395,043,100	421,698,800
Net cash from/(used by) financing activities	(326,703,976)	(340,141,520)	(359,851,013)	(382,907,157)	(409,665,393)
Net increase/(decrease) in cash held	(128,219)	-	-	-	-
Cash and cash equivalents at beginning of reporting period	443,078	581,639	581,639	581,639	581,639
Cash and cash equivalents at end of reporting period	314,859	581,639	581,639	581,639	581,639

Prepared on Australian Accounting Standards basis.

Notes to the financial statements

Basis of accounting

The ATO's 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 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 goods and services tax (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 GST administration costs are reported in the annual GST Administration Performance Report.

Notes to the administered statements

The administered financial statements at Tables 3.2.7 to 3.2.9 have been prepared on the basis of Australian Accounting Standards and Department of Finance 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, superannuation funds, superannuation surcharge and the minerals resource rent tax (repealed September 2014) 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.