

# **Inspector-General of Taxation**

## **Entity resources and planned performance**



# 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) and Taxation Ombudsman is to improve tax administration through independent investigation of tax complaints, review investigations of systemic and broader community issues, reporting issues that are in the public interest and independent advice to Government and its relevant entities.

The IGT's strategic direction for 2022–23 is to achieve this by delivering independent investigation and advice for improvement through:

- a specialised Dispute Investigation Service for the Australian community
- review investigations into priority areas of tax administration for improvement, as informed by our Dispute Investigation Service and in consultation with the community
- independent advice and recommendations to the Minister, the Government, Parliament, the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB) through public reporting.

Our effectiveness in achieving our purpose is dependent on our ability to manage and adapt to the environment in which we operate.

## 1.2 Entity resource statement

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

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity’s operations) classification.

For more detailed information on special accounts and special appropriations, please refer to the October *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the ‘Budgeted expenses by Outcome 1’ tables 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 2022–23 as at October Budget 2022**

	2021-22 <i>Estimated actual</i> \$'000	2022-23 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	5,630	3,783
Departmental appropriation (b)	6,502	6,484
Departmental capital budget (c)	32	32
Total departmental annual appropriations	<u>12,164</u>	<u>10,299</u>
<b>Total departmental resourcing</b>	<b>12,164</b>	<b>10,299</b>
<b>Total resourcing for entity Inspector-General of Taxation</b>	<b>12,164</b>	<b>10,299</b>
	<u>2021-22</u>	<u>2022-23</u>
<b>Average staffing level (number)</b>	28	35

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

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

- a) Appropriation Bill (No. 1) 2022–23, Supply Bill (No. 3) 2022–23 and *Supply Act (No. 1) 2022–23*.
- b) Excludes departmental capital budget (DCB).
- c) 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'.

### 1.3 Budget measures

Budget measures in Part 1 relating to the Inspector General of Taxation are detailed in the October Budget Paper No. 2 and are summarised below.

**Table 1.2: Inspector-General of Taxation October 2022–23 Budget measures**  
**Part 1: Measures announced since the March 2022–23 Budget**

	Program	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000
<b>Payment measures</b>						
An Ambitious and Enduring APS Reform Plan (a)	1.1					
Departmental payment		-	(2)	(7)	(8)	-
Savings from External Labour, and Savings from Advertising, Travel and Legal Expenses (b)	1.1					
Departmental payment		-	(74)	-	-	-
<b>Total</b>		-	<b>(76)</b>	<b>(7)</b>	<b>(8)</b>	-
<b>Total payment measures</b>						
Departmental		-	(76)	(7)	(8)	-
<b>Total</b>		-	<b>(76)</b>	<b>(7)</b>	<b>(8)</b>	-

Prepared on a Government Finance Statistics (Underlying Cash) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

- The lead entity for measure An Ambitious and Enduring APS Reform Plan is the Department of Prime Minister and Cabinet. The full measure description and package details appear in Budget Paper No. 2, *Budget Measures 2022–23*, under the Prime Minister and Cabinet portfolio.
- The measure Savings from External Labour, and Savings from Advertising, Travel and Legal Expenses is a cross-portfolio measure. The full measure description and package details appear in Budget Paper No. 2, *Budget Measures 2022–23*, under Cross Portfolio 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.

The IGT's 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 Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measure 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 a complete picture of an entity's planned and actual performance.

The most recent corporate plan for the IGT can be found at:

(<https://www.igt.gov.au/corporate-plan-reports/corporate-plan-fy23-fy26>).

The most recent annual performance statement can be found at:

(<https://www.igt.gov.au/annual-reports/annual-report-2020-21>).



## 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

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

**Table 2.1: Budgeted expenses for Outcome 1**

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
<b>Program 1.1: Inspector-General of Taxation</b>					
Departmental expenses					
Departmental appropriations <sup>74</sup> External Revenue (a)	6,502	6,484	6,754	6,835	6,904
Expenses not requiring appropriation in the Budget year (b)	67	60	60	60	60
	205	240	46	46	46
<b>Departmental total</b>	<b>6,774</b>	<b>6,784</b>	<b>6,860</b>	<b>6,941</b>	<b>7,010</b>
<b>Total expenses for program 1.1</b>	<b>6,774</b>	<b>6,784</b>	<b>6,860</b>	<b>6,941</b>	<b>7,010</b>
<b>Total expenses for Outcome 1</b>	<b>6,774</b>	<b>6,784</b>	<b>6,860</b>	<b>6,941</b>	<b>7,010</b>

	2021-22	2022-23
<b>Average staffing level (number)</b>	28	35

a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

b) 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 measure for Outcome 1**

Table 2.2 details the performance measures for each program associated with Outcome 1. It also provides the related key activities as expressed in the current Corporate Plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured. Where relevant, details of the October 2022–23 Budget measures that have created new programs or materially changed existing programs are provided.

<b>Outcome 1 – Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities.</b>		
<b>Program 1.1 – 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 TPB.</b>		
<b>Key Activities</b>	<ul style="list-style-type: none"> <li>• Effective handling of tax administration complaints.</li> <li>• Identify and prioritise areas of tax administration for improvement.</li> <li>• Conduct reviews and make independent recommendations for improvement to Government, the ATO and the TPB.</li> </ul>	
<b>Year</b>	<b>Performance measures</b>	<b>Expected Performance Results</b>
Prior year 2021–22	<ul style="list-style-type: none"> <li>• Effective handling of tax administration complaints.</li> <li>• Efficient conduct of reviews into tax administration issues.</li> <li>• Publication of reports on tax administration.</li> <li>• Independent advice to government and relevant entities on improvements to tax administration.</li> </ul>	<ul style="list-style-type: none"> <li>• Tax administration complaint responses.</li> <li>• Positive feedback on complaints handling and broader reviews from community stakeholders including taxpayers, tax practitioners, other citizens and relevant government entities.</li> <li>• Areas of tax administration for improvement identified and prioritised through complaints handling and stakeholder consultation.</li> <li>• Reviews, reports and recommendations on areas of tax administration.</li> </ul>
<b>Year</b>	<b>Performance measures</b>	<b>Planned Performance Results</b>
Budget Year 2022–23	As per 2021–22	As per 2021–22
Forward Estimates 2023–26	As per 2021–22	As per 2021–22

## **Section 3: Budgeted financial statements**

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2022–23 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 entity 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 2022–23.

### 3.2 Budgeted financial statements tables

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

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	4,598	4,798	4,818	4,843	4,802
Suppliers	1,340	1,292	1,579	1,635	1,745
Depreciation and amortisation (a)	804	694	463	463	463
Finance costs	7	-	-	-	-
Losses from asset sales	27	-	-	-	-
<b>Total expenses</b>	<b>6,776</b>	<b>6,784</b>	<b>6,860</b>	<b>6,941</b>	<b>7,010</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	9	-	-	-	-
Other	58	60	60	60	60
<b>Total own-source revenue</b>	<b>67</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>Total own-source income</b>	<b>67</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>Net cost of/(contribution by) services</b>	<b>(6,709)</b>	<b>(6,724)</b>	<b>(6,800)</b>	<b>(6,881)</b>	<b>(6,950)</b>
Revenue from Government	6,502	6,484	6,754	6,835	6,904
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(207)</b>	<b>(240)</b>	<b>(46)</b>	<b>(46)</b>	<b>(46)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Changes in asset revaluation surplus	2	-	-	-	-
<b>Total other comprehensive income</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss)</b>	<b>(205)</b>	<b>(240)</b>	<b>(46)</b>	<b>(46)</b>	<b>(46)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(205)</b>	<b>(240)</b>	<b>(46)</b>	<b>(46)</b>	<b>(46)</b>

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)****Note: Impact of net cash appropriation arrangements**

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
<b>Total comprehensive income/(loss) - as per statement of Comprehensive Income</b>	<b>(205)</b>	<b>(240)</b>	<b>(46)</b>	<b>(46)</b>	<b>(46)</b>
plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) (a)	353	281	46	46	463
plus: depreciation/amortisation expenses for ROU assets (b)	451	413	417	417	-
less: lease principal repayments (b)	506	454	417	417	417
<b>Net Cash Operating Surplus/ (Deficit)</b>	<b>93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 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.

- b) Applies leases under AASB 16 Leases.

Prepared on Australian Accounting Standards basis.

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

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	20	20	20	20	20
Trade and other receivables	5,802	4,349	4,216	4,216	4,216
<b>Total financial assets</b>	<b>5,822</b>	<b>4,369</b>	<b>4,236</b>	<b>4,236</b>	<b>4,236</b>
<b>Non-financial assets</b>					
Land and buildings	637	1,431	2,899	2,471	2,043
Property, plant and equipment	205	202	167	132	97
Intangibles	25	25	57	89	122
Other non-financial assets	119	119	119	119	119
<b>Total non-financial assets</b>	<b>986</b>	<b>1,777</b>	<b>3,242</b>	<b>2,811</b>	<b>2,381</b>
<b>Total assets</b>	<b>6,808</b>	<b>6,146</b>	<b>7,478</b>	<b>7,047</b>	<b>6,617</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	209	209	209	209	209
Other payables	204	204	204	204	204
<b>Total payables</b>	<b>413</b>	<b>413</b>	<b>413</b>	<b>413</b>	<b>413</b>
<b>Interest bearing liabilities</b>					
Leases	409	(45)	1,301	884	467
<b>Total interest bearing liabilities</b>	<b>409</b>	<b>(45)</b>	<b>1,301</b>	<b>884</b>	<b>467</b>
<b>Provisions</b>					
Employee provisions	1,618	1,618	1,618	1,618	1,618
Other provisions	231	231	231	231	231
<b>Total provisions</b>	<b>1,849</b>	<b>1,849</b>	<b>1,849</b>	<b>1,849</b>	<b>1,849</b>
<b>Total liabilities</b>	<b>2,671</b>	<b>2,217</b>	<b>3,563</b>	<b>3,146</b>	<b>2,729</b>
<b>Net assets</b>	<b>4,137</b>	<b>3,929</b>	<b>3,915</b>	<b>3,901</b>	<b>3,888</b>
<b>EQUITY*</b>					
<b>Parent entity interest</b>					
Contributed equity	1,385	1,417	1,449	1,481	1,514
Reserves	411	411	411	411	411
Retained surplus (accumulated deficit)	2,341	2,101	2,055	2,009	1,963
<b>Total equity</b>	<b>4,137</b>	<b>3,929</b>	<b>3,915</b>	<b>3,901</b>	<b>3,888</b>

Prepared on Australian Accounting Standards basis.

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

**Table 3.3: Departmental statement of changes in equity – summary of movement (Budget year 2022–23)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2022</b>				
Balance carried forward from previous period	2,341	411	1,385	4,137
<b>Adjusted opening balance</b>	<b>2,341</b>	<b>411</b>	<b>1,385</b>	<b>4,137</b>
<b>Comprehensive income</b>				
Surplus/(deficit) for the period	(240)	-	-	(240)
<b>Total comprehensive income</b>	<b>(240)</b>	<b>-</b>	<b>-</b>	<b>(240)</b>
<b>Contributions by owners</b>				
Departmental Capital Budget (DCB)	-	-	32	32
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>32</b>
<b>Closing balance attributable to the Australian Government</b>	<b>2,101</b>	<b>411</b>	<b>1,417</b>	<b>3,929</b>

Prepared on Australian Accounting Standards basis.

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

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	6,530	7,937	6,887	6,835	6,904
Net GST received	148	-	-	-	-
Other	4	-	-	-	-
<b>Total cash received</b>	<b>6,682</b>	<b>7,937</b>	<b>6,887</b>	<b>6,835</b>	<b>6,904</b>
<b>Cash used</b>					
Employees	4,547	4,798	4,818	4,843	4,802
Suppliers	1,288	1,232	1,519	1,575	1,685
Net GST paid	156	-	-	-	-
s74 External Revenue transferred to the OPA	170	-	-	-	-
Interest payments on lease liability	7	-	-	-	-
<b>Total cash used</b>	<b>6,168</b>	<b>6,030</b>	<b>6,337</b>	<b>6,418</b>	<b>6,487</b>
<b>Net cash from/(used by) operating activities</b>	<b>514</b>	<b>1,907</b>	<b>550</b>	<b>417</b>	<b>417</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	40	1,485	165	32	33
<b>Total cash used</b>	<b>40</b>	<b>1,485</b>	<b>165</b>	<b>32</b>	<b>33</b>
<b>Net cash from/(used by) investing activities</b>	<b>(40)</b>	<b>(1,485)</b>	<b>(165)</b>	<b>(32)</b>	<b>(33)</b>



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

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	32	32	32	32	33
<b>Total cash received</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>33</b>
<b>Cash used</b>					
Principal payments on lease liability	506	454	417	417	417
<b>Total cash used</b>	<b>506</b>	<b>454</b>	<b>417</b>	<b>417</b>	<b>417</b>
<b>Net cash from/(used by) financing activities</b>	<b>(474)</b>	<b>(422)</b>	<b>(385)</b>	<b>(385)</b>	<b>(384)</b>
<b>Net increase/(decrease) in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	20	20	20	20	20
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>

Prepared on Australian Accounting Standards basis.

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

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Bill 1 (DCB)	32	32	32	32	33
<b>Total new capital appropriations</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>33</b>
<i>Provided for:</i>					
Purchase of non-financial assets	32	32	32	32	33
<b>Total items</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>33</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded internally from departmental resources	70	1,453	133	-	-
Funded by capital appropriation - DCB (a)	32	32	32	32	33
<b>TOTAL</b>	<b>102</b>	<b>1,485</b>	<b>165</b>	<b>32</b>	<b>33</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	102	1,485	165	32	33
<b>Total cash used to acquire assets</b>	<b>102</b>	<b>1,485</b>	<b>165</b>	<b>32</b>	<b>33</b>

Prepared on Australian Accounting Standards basis.

a) Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

**Table 3.6: Statement of departmental asset movements (Budget year 2022–23)**

	Buildings	Other property, plant and equipment	Computer software and intangibles	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2022</b>				
Gross book value	470	282	511	1,263
Gross book value - ROU assets	1,767	-	-	1,767
Accumulated depreciation/ amortisation and impairment	(245)	(77)	(486)	(808)
Accumulated depreciation/amortisation and impairment - ROU assets	(1,355)	-	-	(1,355)
<b>Opening net book balance</b>	<b>637</b>	<b>205</b>	<b>25</b>	<b>867</b>
<b>Capital asset additions</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation ordinary annual services (a)	1,453	32	-	1,485
<b>Total additions</b>	<b>1,453</b>	<b>32</b>	<b>-</b>	<b>1,485</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(246)	(35)	-	(281)
Depreciation/amortisation on ROU assets	(413)	-	-	(413)
<b>Total other movements</b>	<b>(659)</b>	<b>(35)</b>	<b>-</b>	<b>(694)</b>
<b>As at 30 June 2023</b>				
Gross book value	1,923	314	511	2,748
Gross book value - ROU assets	1,767	-	-	1,767
Accumulated depreciation/ amortisation and impairment	(491)	(112)	(486)	(1,089)
Accumulated depreciation/amortisation and impairment - ROU assets	(1,768)	-	-	(1,768)
<b>Closing net book balance</b>	<b>1,431</b>	<b>202</b>	<b>25</b>	<b>1,658</b>

Prepared on Australian Accounting Standards basis.

- a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2022–23 for depreciation/amortisation expenses, DCBs or other operational expenses.