AUSTRALIAN TAXATION OFFICE

Section 1: Overview, additional estimates and variations to outcomes

OVERVIEW

There has been no change to the overview included in the 2000-01 Portfolio Budget Statements.

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in Departmental Appropriations of $202.0 million for the Australian Taxation Office (ATO).

Measures

Outcome 1 – Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax system

	2000-01 $'000	2001-02 $'000	2002-03 $'000	2003-04 $'000
Outcome 1				
Additional funding for the ATO to cover the increased cost of administering the GST	183,000	141,000	-	-
Extension of Diesel and Alternative Fuels Grants Scheme	17,000	17,300	17,700	18,000
Additional fuels sales grants in remote areas	5,000	5,000	5,000	5,000

Additional funding for the ATO to cover the increased cost of administering the GST

The New Tax System has seen a significantly higher number of Goods and Services Tax (GST) registrations compared to the original estimates underlying initial administration costs. As a result of these higher registrations, there have been substantial increases in Business Activity Statement processing workloads, related telephone inquiries and technical advice.

The Government has therefore decided to provide the Australian Taxation Office with additional funding to cover the increased cost of administering the GST.

Under the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations*, the States and Territories pay to the Commonwealth agreed GST administration costs. Additional payments from the States and Territories will offset this measure, with the first of these payments expected to be made in 2000-01.

Extension of Diesel and Alternative Fuels Grants Scheme

The Government has extended the Diesel and Alternative Fuels Grants Scheme from 1 July 2000 to include the following vehicles over 4.5 but less than 20 tonnes gross vehicle mass (GVM):

- buses using alternative fuel such as liquid petroleum gas or compressed natural gas in metropolitan areas;
- emergency vehicles that use diesel and alternative fuels in both metropolitan and non-metropolitan areas; and
- primary production businesses and contractors carrying passengers or goods solely on behalf of primary production businesses, operating in metropolitan areas.

Additional fuels sales grants in remote areas

The Government has announced that under the Fuels Sales Grants Scheme, fuel retailers in remote areas may apply to the Australian Taxation Office for an additional grant where fuel prices are beyond $1.20 per litre.

OTHER VARIATIONS TO APPROPRIATIONS

Additional Business Tax Reform expense

An additional $20 million was approved by Government for expenses relating to the 1999-00 year. These funds are to be appropriated to the ATO in 2000-01.

Fuels Sales Grants Scheme

The Fuels Sales Grants Scheme was a 2000-01 Budget Measure covering 1999-2000 and 2000-01.

Operating expenses of $3.2 million were approved by Government for expenses relating to the 1999-2000 year. These funds are to be appropriated to the ATO in 2000-01.

Comcover

An additional $0.457 million supplementation will be appropriated to the ATO to cover actual Comcover premiums.

Interest earnings

An increase in $1.669 million in departmental revenue appropriations is matched by a decrease in external revenue to account for the estimated interest earnings of the ATO.

Capital user charge

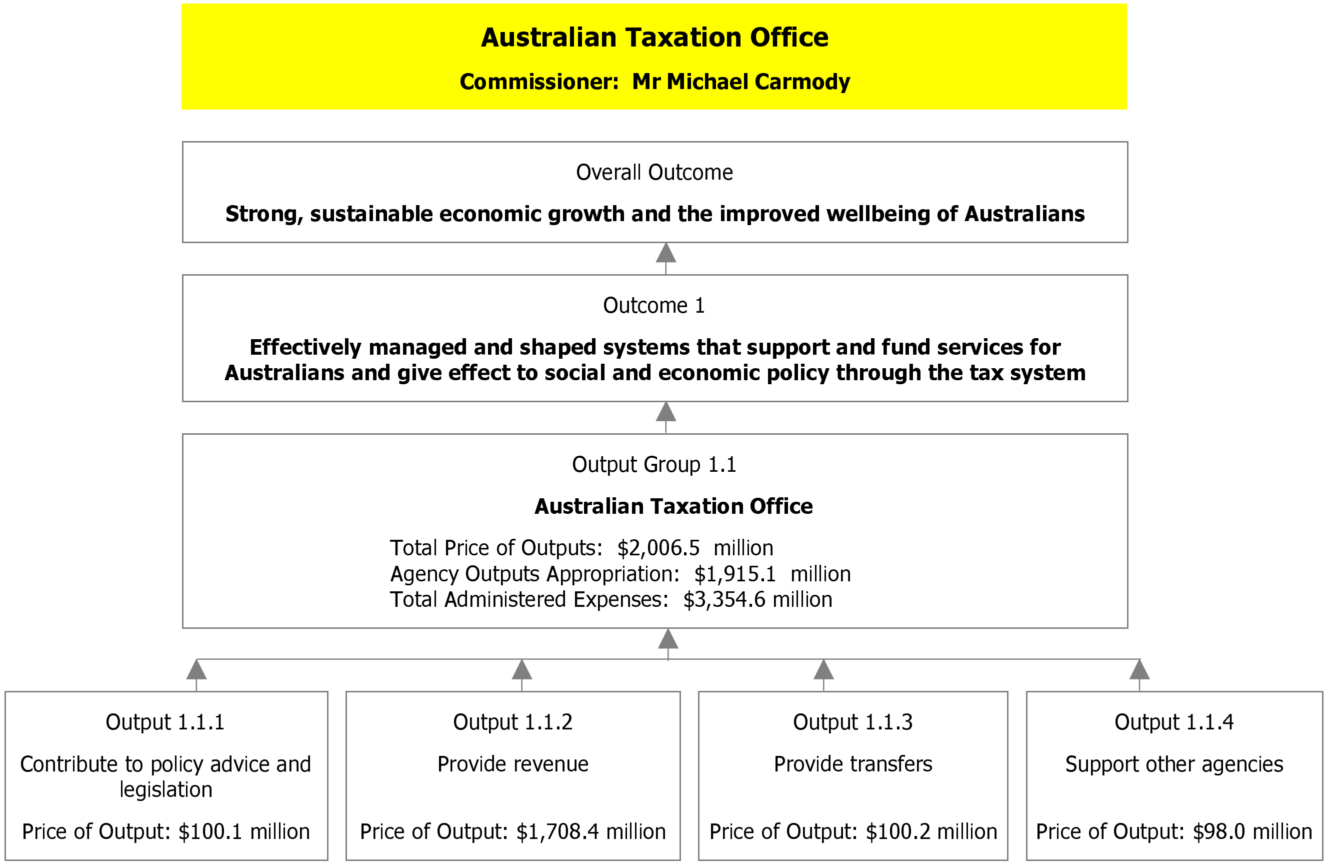
Supplementation of $6.361 million has been removed from appropriations as a result of revised calculations for the capital user charge.

Other

External revenue has been estimated to increase by $4.179 million based on current purchaser provider arrangements.

A net adjustment of $0.724 million is sought as an equity injection as a result of the previous year's carryover relating to the Fuels Sales Grants Scheme.

Chart 6: Australian Taxation Office outcomes and outputs



MEASURES: AUSTRALIAN TAXATION OFFICE SUMMARY

Table 1.1: Summary of measures since the 2000-01 Budget

Measure	Outcome	Output groups affected	Appropriations 2000-01 $'000			Appropriations 2001-02 $'000			Appropriations 2002-03 $'000			Appropriations 2003-04 $'000		
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total
Additional funding for the ATO to cover the incresed cost of administering the GST	1	1.1	-	183,000	183,000	-	141,000	141,000	-	-	-	-	-	-
Extension of the Diesel and Fuels Grants Scheme	1	1.1	17,000	-	17,000	17,300	-	17,300	17,700	-	17,700	18,000	-	18,000
Additional fuels sales grants in remote areas	1	1.1	5,000	-	5,000	5,000	-	5,000	5,000	-	5,000	5,000	-	5,000
Total	1	1.1	22,000	183,000	205,000	22,300	141,000	163,300	22,700	-	22,700	23,000	-	23,000

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATIONS BILL

Table 1.2: Appropriation Bill (No. 3) 2000-01

	1999-00 actual $'000	2000-01 budget $'000	2000-01 revised $'000	Additional estimates $'000	Reduced estimates $'000
AGENCY OUTPUTS					
Outcome 1					
Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax system	1,633,812	1,713,118	1,915,083	201,965	-
Total	1,633,812	1,713,118	1,915,083	201,965	-
Appropriation Bill No. 3	-	-	-	201,965	-
Total	-	-	-	201,965	-

Table 1.3: Appropriation Bill (No. 4) 2000-01

	1999-00 actual $'000	2000-01 budget $'000	2000-01 revised $'000	Additional estimates $'000	Reduced estimates $'000
Equity injections and loans					
Equity injections and loans	88,569	58,421	59,145	724	-
Carryover from previous year	24,260	4,438	4,438	-	-
Total capital	112,829	58,421	63,583	724	-
Appropriation Bill No. 4	-	-	-	724	-
Total	-	-	-	724	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2000-01 Budget	2000-01 Revised	Variation
Outcome 1			
Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax system	18,355	19,132	777
Total	18,355	19,132	777

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED APPROPRIATIONS (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (section 31) receipts

	Total approp 2000-01 budget $'000	Total approp 2000-01 revised $'000	Receipts from independent sources budget $'000	Receipts from independent sources revised $'000	Variation in non-govt revenue $'000
Outcome 1					
Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax system	1,858,796	2,070,102	87,257	91,436	4,179
Total	1,858,796	2,075,422	87,257	91,436	4,179

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The ATO has not made any changes to its outcome or outputs since the 2000-01 Portfolio Budget Statements.

Revised performance information and level of achievement — 2000-01

The ATO has not made any changes to its performance information since the 2000-01 Portfolio Budget Statements.

Section 3: Budgeted financial statements

Budget statement of revenues and expenses

This statement provides a picture of the expected financial results for the ATO by identifying full accrual expenses and revenues, which highlights whether the ATO is operating at a sustainable level.

Budget statement of assets and liabilities

This statement shows the financial position of the ATO. It enables decision makers to track the management of the ATO's assets and liabilities.

Budget cash flow statement

This statement identifies expected cash flows from operating activities, investing activities and financing activities.

Capital budget statement

This statement shows all proposed capital expenditure funded either through the Budget as appropriations or from internal sources.

Table 3.1: Budget statement of revenues and expenses

	Actual 1999-00 $'000	Revised Budget 2000-01 $'000	2001-02 $'000	Estimated 2002-03 $'000	2003-04 $'000
AGENCY REVENUE AND EXPENSES					
Revenues					
Revenue from government					
Ordinary annual appropriations	1,635,536	1,915,083	1,739,011	1,559,213	1,539,016
Revenue from other sources					
Sales of goods and services	113,116	86,605	90,982	87,682	86,323
Other revenue from other sources	2,500	4,831	5,500	8,500	12,600
Total revenue	1,751,152	2,006,519	1,835,493	1,655,395	1,637,939
Expenses					
Employees	911,613	1,176,639	1,070,561	907,036	902,762
Depreciation and amortisation	45,820	68,209	94,239	106,571	110,724
Costs of providing goods & services	773,589	797,634	671,591	637,821	606,140
Other	45	45	45	45	45
Total expenses	1,731,067	2,042,527	1,836,436	1,651,473	1,619,671
Operating result before capital user charge	20,085	(36,008)	(943)	3,922	18,268
Capital user charge	-	-	(1,017)	(3,843)	(5,679)
Operating result after capital user charge	20,085	(36,008)	(1,960)	79	12,589
Opening Accumulated results	(204,495)	(184,410)	(220,418)	(222,378)	(222,299)
Accumulated results at year end	(184,410)	(220,418)	(222,378)	(222,299)	(209,710)
ADMINISTERED REVENUE AND EXPENSES					
Revenues					
Income Tax	113,687,715	116,823,725	119,421,413	125,855,715	135,891,719
Other Indirect Tax	15,635,434	2,072,771	813,000	853,000	878,000
GST	-	26,302,565	28,029,176	29,083,285	30,737,234
Fringe Benefits Tax	3,707,709	3,695,000	3,935,000	4,065,000	4,205,000
Excise	14,122,086	19,697,540	20,273,163	20,907,884	21,789,311
Other non-taxation revenue	479,429	(265,400)	112,000	112,000	112,000
Appropriations	1,613,485	2,967,600	3,259,700	3,449,400	3,609,200
Total revenue	149,245,858	171,293,801	175,843,452	184,326,284	197,222,464
Expenses					
Interest and financing costs	239,091	150,000	150,000	150,000	150,000
Net Writedown of assets	914,945	387,000	393,000	390,000	390,000
Benefits and subsidies	1,634,023	2,757,400	3,049,500	3,239,200	3,399,000
expense	63,854	60,200	60,200	60,200	60,200
Total expenses	2,851,913	3,354,600	3,652,700	3,839,400	3,999,200
Net cost to government	146,393,945	167,939,201	172,190,752	180,486,884	193,223,264
Cash transfer to/from DoFA	(144,661,132)	(164,015,016)	(173,510,752)	(181,686,884)	(193,608,264)
Opening accumulated results	2,839,355	4,572,168	8,496,353	7,176,353	5,976,353
Accumulated results after transfer	4,572,168	8,496,353	7,176,353	5,976,353	5,591,353

Table 3.2: Budget statement of assets and liabilities (Agency)

	Actual 1999-00 $'000	Revised Budget 2000-01 $'000	2001-02 $'000	Estimated 2002-03 $'000	2003-04 $'000
AGENCY ASSETS AND LIABILITIES					
Debt					
Loans	500	500	500	500	500
Finance leases	73,360	73,360	62,552	56,925	52,691
Other debt	1,937	1,937	1,508	1,409	1,310
Total debt	75,797	75,797	64,560	58,834	54,501
Provisions and payables					
Employees	384,444	377,071	409,207	433,570	458,722
Supplies	98,547	69,199	58,739	55,941	53,311
Total provisions and payables	482,991	446,270	467,946	489,511	512,033
Equity					
Accumulated results	(184,410)	(220,418)	(222,378)	(222,299)	(209,710)
Reserves	829	2,454	3,329	4,204	4,204
Capital	115,370	178,953	221,897	244,360	244,360
Total equity	(68,211)	(39,011)	2,848	26,265	38,854
Total liabilities and equity	490,577	483,056	535,354	574,610	605,388
Financial assets					
Cash	188,449	67,310	128,069	205,928	233,367
Receivables	32,785	39,216	38,866	38,057	37,576
Investments	2,354	2,854	2,125	1,709	1,479
Total financial assets	223,588	109,380	169,060	245,694	272,422
Non-financial assets					
Land and buildings	81,705	98,357	81,485	81,317	73,879
Infrastructure, plant and equipment	38,145	72,884	71,874	68,601	75,226
Intangibles	127,882	182,971	193,262	159,116	163,770
Other	19,254	19,464	19,673	19,882	20,091
Total non-financial assets	266,986	373,676	366,294	328,916	332,966
Total assets	490,574	483,056	535,354	574,610	605,388

Table 3.2: Budget statement of assets and liabilities (Administered)

	Actual 1999-00 $'000	Revised budget 2000-01 $'000	Estimated 2001-02 $'000	2002-03 $'000	2003-04 $'000
ADMINISTERED ASSETS AND LIABILITIES					
Provisions and payables					
Other	1,293,697	1,293,697	1,293,697	1,293,697	1,293,697
Total provisions and payables	1,293,697	1,293,697	1,293,697	1,293,697	1,293,697
Equity					
Accumulated results	4,572,168	8,496,353	7,176,353	5,976,353	5,591,353
Total equity	4,572,168	8,496,353	7,176,353	5,976,353	5,591,353
Total liabilities and equity	5,865,865	9,790,050	8,470,050	7,270,050	6,885,050
Financial assets					
Cash	480,704	139,289	139,289	139,289	139,289
Receivables	5,382,620	9,648,220	8,328,220	7,128,220	6,743,220
Investments	2,541	2,541	2,541	2,541	2,541
Total financial assets	5,865,865	9,790,050	8,470,050	7,270,050	6,885,050
Non-financial assets					
Other non-financial assets	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets	5,865,865	9,790,050	8,470,050	7,270,050	6,885,050

Table 3.3: Budget cash flow statement (Agency)

	Actual 1999-00 $'000	Revised budget 2000-01 $'000	2001-02 $'000	Estimated 2002-03 $'000	2003-04 $'000
AGENCY CASH FLOWS					
Operating activities					
Cash received					
Appropriations	1,633,812	1,915,083	1,739,011	1,559,213	1,539,016
Sales of goods and services	65,978	86,821	90,282	88,210	86,541
Interest	7,153	4,831	5,500	8,500	12,600
Other	-	-	6,644	5,593	5,312
Total cash received	1,706,943	2,006,735	1,841,437	1,661,516	1,643,469
Cash used					
Employees	858,071	1,186,357	1,039,829	883,360	879,192
Supplies	693,942	833,880	698,406	651,496	618,175
Other	-				
Total cash used	1,552,013	2,020,237	1,738,235	1,534,856	1,497,367
Net cash from operating activities	154,930	(13,502)	103,202	126,660	146,102
Investing activities					
Cash received					
Proceeds from sale of property, plant and equipment	18,700	-	-	-	-
Total cash received	18,700	-	-	-	-
Cash used					
Purchase of property, plant and equipment	105,444	171,220	84,370	67,421	112,984
Total cash used	105,444	171,220	84,370	67,421	112,984
Net cash from investing activities	(86,744)	(171,220)	(84,370)	(67,421)	(112,984)
Financial activities					
Cash received					
Capital injections	112,830	63,583	42,944	22,463	-
Total cash received	112,830	63,583	42,944	22,463	-
Cash used					
Capital user charge paid	-	-	1,017	3,843	5,679
Total cash used	-	-	1,017	3,843	5,679
Net cash from financing activities	112,830	63,583	41,927	18,620	(5,679)
Net increase/(decrease) in cash held	181,016	(121,139)	60,759	77,859	27,439
Add cash as at 1 July	7,433	188,449	67,310	128,069	205,928
Cash as at 30 June	188,449	67,310	128,069	205,928	233,367

Table 3.3: Budget Cash Flow Statement (Administered)

	Actual 1999-00 $'000	Revised budget 2000-01 $'000	Estimated 2001-02 $'000	2002-03 $'000	2003-04 $'000
ADMINISTERED CASH FLOWS					
Operating activities					
Cash received					
Taxes, fees and fines	160,434,452	163,561,601	173,398,752	181,574,884	193,496,264
Interest and dividends		-	-	-	-
Appropriations receipts	1,613,485	2,967,600	3,259,700	3,449,400	3,609,200
Other	102,029	112,000	112,000	112,000	112,000
Total cash received	162,149,966	166,641,201	176,770,452	185,136,284	197,217,464
Cash used					
Grants					
Borrowing costs					
Cash to CRF	160,597,192	164,015,016	173,510,752	181,686,884	193,608,264
Other	1,613,485	2,967,600	3,259,700	3,449,400	3,609,200
Total cash used	162,210,677	166,982,616	176,770,452	185,136,284	197,217,464
Net cash from operating activities	(60,711)	(341,415)	-	-	-
Net increase/(decrease) in cash held	(60,711)	(341,415)	-	-	-
Add cash as at 1 July	514,415	480,704	139,289	139,289	139,289
Cash as at 30 June	453,704	139,289	139,289	139,289	139,289

Table 3.4: Capital budget statement

	Actual 1999-00 $'000	Revised budget 2000-01 $'000	Estimated 2001-02 $'000	2002-03 $'000	2003-04 $'000
AGENCY					
Equity injections	88,569	59,145	42,944	22,463	-
Appropriations of previous years carryover	19,822	4,438	-	-	-
Total capital appropriations	108,391	63,583	42,944	22,463	-
Represented by					
Purchase of non-current assets	108,391	63,583	42,994	22,463	-
Total agency	108,391	63,583	42,994	22,463	-
Purchase of non-financial assets					
Funded by capital approriation	108,391	63,583	42,944	22,463	-
Funded internally by agency reources	-	107,637	41,426	44,958	112,984
Total items	108,391	171,220	84,370	67,421	112,984

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

Agency

The ATO is budgeting for an Operating Deficit for 2000-01. Approval for this deficit was obtained from the Treasurer and comes about as a result of pressures on the ATO budget in relation to unexpected workload volumes, the increase in activity to meet community demands and the steps being taken to maintain the integrity of the tax system in transition.

Administered

Recognition of Taxation Revenue

For 1999-2000 to 2000-01 and forward years administered taxation revenue has been brought to account on a year by year basis where:

- the identity of the taxpayer is certain;
- the amount of the liability or refund is certain;
- the liability or entitlement to a refund has been notified to the Commissioner or advised by the taxpayer;

- there is an intention on the part of the Commissioner to collect the liability; and
- there is a legislative intent by the Commonwealth to change the basis or application of taxation law.

This recognition policy does not include the following item as revenue of the period:

- estimates of future collections or refunds from Individuals in respect of income tax returns to be lodged for the current financial year ended at 30 June;
- estimates of instalments of tax and final payments for companies due after 30 June;
- estimates of final amounts for Petroleum Rent Resource Tax due after 30 June; and
- actual payments for Pay As You Earn, Pay As You Go, Wholesale Sales Tax, Goods and Services Tax, Excise, Prescribed Payments and Withholding Taxes for amounts collected or withheld in June but not remitted to the Commissioner until July.

Items recognised as reductions to taxation revenue

The following items are recognised as reductions (increases) to taxation revenue and not as expense:

- refunds of revenue;
- increase (decrease) in movement of provision for credit amendments;
- diesel fuel rebates and diesel fuel credits; and
- increases (decreases) in movement of provision for diesel fuel rebates.

Appendix 1

Non-appropriation agency and administered revenue

	Budget estimate 2000-01 $'000	Revised estimate 2000-01 $'000
AGENCY REVENUE		
Agency section 31 receipts	87,527	91,436
Total non-appropriation agency revenue	87,527	91,436
Appropriations	1,713,118	1,915,083
Total agency revenue	1,800,645	2,006,519
ADMINISTERED REVENUE		
Total Taxation Revenue	162,928,026	168,591,601
Superannuation Guarantee (Administration) Act 1992 - shortfalls, penalties and fines	80,000	100,000
Superannuation Guarantee (Supervision) Act 1993 - Unclaimed monies	200	200
Miscellanous receipts	12,000	12,000
GST administration charged to states (see note below)	433,000	(377,600)
Total non-appropriation administered revenue	163,453,226	168,326,201
Appropriations	2,898,646	2,967,600
Total administered revenue	166,351,872	171,293,801

Note: GST administration charges are now reported by the Department of the Treasury

Appendix 2

Estimates of expenses from special appropriations

	Budget estimate 2000-01 $'000	Revised estimate 2000-01 $'000
Refunds	11,169,802	11,230,000
less amount of refunds deducted from receipts	(11,169,802)	(11,230,000)
Deisel Fuel Rebate	1,991,601	1,900,000
Product Stewardship Waste Oil	-	12,400
Fuels Sales Grants Scheme	110,000	205,000
Wine Equalisation Tax	14,700	-
Superannuation Guarantee (Administration) Act 1992 - Distribution of charges	40,000	60,000
Superannuation Guarantee (Supervision) Act 1993 - Repayments of unclaimed monies	200	200
Taxation Administration Act 1953 - Taxation *(interest on over and early payments)*	120,000	150,000
Conversion of diesel fuel credits to alternative fuel grants scheme	622,145	640,000
Total estimated expenses	2,898,646	2,967,600