AUSTRALIAN TAXATION OFFICE

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the *2003-04 Portfolio Budget Statements* (page 167).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The Australian Taxation Office (ATO) is seeking a net increase in agency outputs of $0.659 million for the Comcover premium and $0.227 million for the implementation of the Budget Estimates and Framework Review in Appropriation Bill (No. 3) 2003-04.

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, superannuation, excise and other related systems

	2003-04 $'000	2004-05 $'000	2005-06 $'000	2006-07 $'000
Outcome 1				
Baby Bonus adoptions(1)	..	..	..	..
Refundable film tax offset - amendment(1)	-	-	-	-
Superannuation - extended Government superannualtion co-contribution for low income earners(1)	(125,000)	95,000	120,000	110,000
Budget estimates - enhanced quality and timeliness(2)	227	103	153	109
Family Tax Benefit and Child Care Benefit - extension of time for top-up payments and claims(3)	-	20,700	20,800	20,900

(1) These measures are administered in nature.
(2) This measure is departmental in nature.
(3) This is a cross portfolio measure. This table shows Australian Taxation Office's contribution to the measure. Further information can be found in the Department of Family and Community Services *2003-04 Portfolio Additional Estimates Statements*.

Baby Bonus adoptions

The Government will amend the application of the Baby Bonus in relation to adoptive parents. Once legally responsible for the child, adoptive parents will be able to claim the Baby Bonus for the period between commencing care for the child and being granted legal responsibility via an adoption order. Previously, adoptive parents' eligibility for the Baby Bonus commenced on the date that they were granted legal responsibility, through an adoption order, which may have been some time after they commenced care of the child.

The measure will be given effect from 1 July 2001, which was the date on which the Baby Bonus came into effect.

Refundable film tax offset — amendment

The Government will make minor amendments to the provisions for the refundable tax offset for large-scale films. These changes concern the interaction of the refundable film tax offset and the film concession contained in Division 10BA of the *Income Tax Assessment Act 1936*.

The amendment will ensure that, where Division 10BA benefits have not been accessed, provisional Division 10BA certification can be revoked, enabling film producers to be eligible to apply for the refundable film tax offset instead.

Currently film producers routinely seek provisional Division 10BA film certification as the first stage in raising funds for a film concept without knowing whether or not a foreign studio will fund the project. However, such provisional certification currently causes films to be ineligible for the film tax offset, regardless of whether investors have accessed Division 10BA benefits.

Further information can be found in the joint press release of 15 August 2003 issued by the Minister for the Arts and Sport and the Minister for Revenue and Assistant Treasurer.

Superannuation — extended Government superannuation co-contribution for low income earners

The Government has extended the income threshold for the superannuation co-contribution for low income earners from 1 July 2003. This will have a cost of $325 million over the three years from 2004-05.

The co-contribution matches eligible personal superannuation contributions made by qualifying low income earners after 1 July 2003. A maximum co-contribution of $1,000 is payable in respect of individuals whose assessable income and reportable fringe benefits do not exceed $27,500 (previously $20,000). The maximum co-contribution is reduced by 8 cents for each dollar of assessable income and reportable fringe benefits over $27,500, phasing out at $40,000 (previously $32,500). The co-contribution is treated as an undeducted contribution for tax purposes.

The start date for the Government superannuation co-contribution was delayed from 1 July 2002 to 1 July 2003. This delay reflects the failure of certain superannuation legislation to achieve passage through Parliament prior to 30 June 2003, and will result in a saving of $125 million in 2003-04.

Further information can be found in the press release of 7 September 2003 issued by the Minister for Revenue and Assistant Treasurer.

See also the related revenue measure titled *Superannuation — delayed replacement of the personal superannuation contributions rebate* in the Treasury portfolio.

Budget estimates — enhanced quality and timeliness

The Government will provide additional funding to agencies of $88.5 million over five years (including $0.1 million in 2007-08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of $7.4 million over four years.

In the 2003-04 Budget the Government made provision for $78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra $10.5 million over five years to fund agencies to implement the BEFR recommendations.

Family Tax Benefit and Child Care Benefit — extension of time for top-up payments and claims[1]

The Government has decided to modify the arrangements under which families can claim the Family Tax Benefit (FTB) and Child Care Benefit (CCB) at an expected cost of $181.2 million over four years.

The Government will extend by 12 months the amount of time families have to lodge their tax return in order to receive a top-up to their FTB and CCB payments when they have received less than their correct entitlement. The measure will also give families an extra twelve months to claim FTB and CCB as a lump sum payment. Families will now have two years after the end of the relevant income year in which to receive a top-up payment and to make a lump sum claim.

The changes will apply to the 2001-02 income year and subsequent income years. As a transitional measure, the Government will allow taxpayers who lodge an FTB claim with Centrelink between 1 July 2003 and 30 June 2004 in relation to the 2001-02 income year to claim a tax deduction for tax agent fees incurred in preparing these claims.

---

1 This is a cross portfolio measure. Further information can be found in the Department of Family and Community Services *2003-04 Portfolio Additional Estimates Statements*.

Further information can be found in the press release of 5 September 2003 issued by the Minister for Family and Community Services.

Other variations to appropriations

The ATO is seeking additional price of outputs funding of $0.659 million for the increase in the Comcover premium in 2003-04.

MEASURES — AUSTRALIAN TAXATION OFFICE SUMMARY

Table 1.1: Summary of measures since the 2003-04 Budget

Measure	Outcome	Output Groups affected	2003-04 appropriations budget $'000			2004-05 appropriations forward estimate $'000			2005-06 appropriations forward estimate $'000			2006-07 appropriations forward estimate $'000		
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total
Baby Bonus adoptions	1	1.1	..	-	..	..	-	..	..	-	..	..	-	..
Refundable film tax offset - amendment	1	1.1	-	-	-	-	-	-	-	-	-	-	-	-
Superannuation - extended Government superannuation co-contribution for low income earners	1	1.1	(125,000)	-	(125,000)	95,000	-	95,000	120,000	-	120,000	110,000	-	110,000
Budget estimates - enhanced quality and timeliness	1	1.1	-	227	227	-	103	103	-	153	153	-	109	109
Family Tax Benefit and Child Care Benefit - extension of time for top-up payments and claims(1)	1	1.1	-	-	-	20,700	-	20,700	20,800	-	20,800	20,900	-	20,900

(1) This is a cross portfolio measure. This table shows Australian Taxation Office's contribution to the measure. Further information can be found in the Department of Family and Community Services *2003-04 Portfolio Additional Estimates Statements*.

Map 2: Outcomes and output groups for the agency

Australian Taxation Office

Commissioner: Mr Michael Carmody

Overall outcome

Strong, sustainable economic growth and the improved wellbeing of Australians

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, superannuation, excise and other related systems

Total price of outputs: $2,306.6 million
Agency outcomes appropriation: $2,241.7 million
Total administered appropriations: $4,877.0 million

Output Group 1.1

Australian Taxation Office

Output 1.1.1	Output 1.1.2	Output 1.1.3	Output 1.1.4	Output 1.1.5
Shape, design and build administrative systems	Management of revenue collection and transfers	Compliance assurance and support — revenue collection	Compliance assurance and support for transfers* and regulation of superannuation funds compliance with retirement income standards	Services to governments and agencies
Price of output: $104.8 million	Price of output: $840.9 million	Price of output: $1,193.5 million	Price of output: $98.9 million	Price of output: $68.5 million

* Transfers – movement of money that is not revenue for example tax offsets, grants, super guarantee vouchers, and benefits distribution.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available $'000	2003-04 budget $'000	2003-04 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, superannuation, excise and other related systems	2,148,573	2,240,834	2,241,720	886	-
Total	2,148,573	2,240,834	2,241,720	886	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 budget	2003-04 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, superannuation, excise and other related systems	20,930	20,750	(180)
Total	20,930	20,750	(180)

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

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

	2003-04 total approp budget $'000	2003-04 total approp 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, superannuation, excise and other related systems	2,240,834	2,241,720	59,791	63,259	3,468
Total	2,240,834	2,241,720	59,791	63,259	3,468

AGENCY AND ADMINISTERED REVENUES

Table 1.6: Agency and administered revenues

	2003-04 budget estimate $'000	2003-04 revised estimate $'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Agency section 31 receipts	59,791	63,259
Other	1,650	1,650
Total non-appropriation agency revenues	61,441	64,909
Appropriation revenue	2,240,834	2,241,720
Total estimated agency revenues	2,302,275	2,306,629
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
Superannuation (Unclaimed Money and Lost Member) Act 1999 - Unclaimed Monies	350	15
Superannuation Guarantee (Administration) Act 1992 - Shortfalls, penalties and fines	192,000	284,000
Superannuation Industry (Supervision) Act 1993 - Self Managed Superannuation Fund Levy	11,400	12,700
Total Taxation Revenue	191,439,650	196,600,000
Miscellaneous Receipts	12,000	12,000
Total non-appropriation administered revenues	191,655,400	196,908,715
Appropriation revenue	4,676,911	4,877,015
Total estimated administered revenues	196,332,311	201,785,730
Total estimated agency and administered revenues	198,634,586	204,092,359

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.7: Estimates of expenses from special appropriations

	2003-04 budget estimate $'000	2003-04 revised estimate $'000
ESTIMATED AGENCY EXPENSES		
Special appropriations		
Energy Grants (Credits) Scheme	3,175,000	3,260,000
Fuel Sales Grants Scheme	220,000	240,000
Family Tax Benefit	410,000	450,000
Measure for a Better Environment - Cleaner Fuel	28,000	28,000
Product Stewardship Waste Oil	24,000	12,000
Refunds of Receipts (Individuals) - *Tax Administration Act 1953*	12,702,561	13,017,000
Less amount of refunds deducted from receipts items	(12,200,000)	(12,300,000)
Superannuation Co-contribution	125,000	-
Superannuation Guarantee (Administration) Act 1992		
Distribution of charges	192,000	170,000
Superannuation (Unclaimed Money and Lost member) Act 1999		
Repayments of unclaimed monies	350	15
Total estimated agency expenses	4,676,911	4,877,015

ESTIMATED SPECIAL ACCOUNT FLOWS

Table 1.8: Estimated special account flows

A[1] / B[1]	2003-04 / 2002-03 opening balance $'000	2003-04 / 2002-03 receipts $'000	2003-04 / 2002-03 payments $'000	2003-04 / 2002-03 adjustments $'000	2003-04 / 2002-03 closing balance $'000
SPECIAL ACCOUNTS					
Australian Valuation Office [2]	**5,663**	**18,218**	**18,013**	**-**	**5,868**
	7,800	20,029	22,166	-	5,663
Excise Security Deposits[3]	**36**	**20**	**20**	**-**	**36**
	17	26	7	-	36
Other Trust Monies[3]	**20,352**	**250**	**20**	**-**	**20,582**
	20,117	235	-	-	20,352
Superannuation Holding Accounts	**56,021**	**40,000**	**30,000**	**-**	**66,021**
Reserve Trust Account[4]	57,118	20,775	21,872	-	56,021
Total special accounts	**82,072**	**58,488**	**48,053**	**-**	**92,507**

(1) The revised Opening Balance for 2003-04 (reference A) is the same as the final actual closing balance for 2002-03 (reference B). This balance may have changed from that shown in the *2003-04 Portfolio Budget Statements* as the actual for 2002-03 will have been updated to reflect the final budget outcome for the year.

(2) This special account is departmental in nature and is governed by the *Financial Management and Accountability Act 1997*.

(3) These special accounts are administered in nature and are governed by the *Financial Management and Accountability Act 1997*.

(4) This special account is administered in nature and is governed by the *Superannuation Supervision Act 1995*.

Note 1: Figures are cash based and include transactions between the Australian Valuation Office and the Australian Taxation Office.

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Australian Taxation Office (ATO) has not made any changes to its outcome or outputs since the *2003-04 Portfolio Budget Statements*.

Output cost attribution

The ATO uses a process of cost allocation to estimate its actual costs incurred on each of the five outputs.

Direct costs are assigned by cost centre managers to the five outputs. Enabling costs such as information technology, corporate overheads and accommodation are attributed to cost centres using actual usage where effective to do so, or through the use of a variety of drivers including headcount.

Table 2.1: Total resources for Outcome 1

	2003-04 budget estimate $'000	2003-04 revised estimate $'000
Administered appropriations		
Special appropriations	4,676,911	4,877,015
Total administered appropriations	4,676,911	4,877,015
Agency appropriations		
Output Group 1.1 - Australian Taxation Office		
Output 1.1.1 - Shape, design and build administrative systems	52,135	104,750
Output 1.1.2 - Management of revenue collection and transfers	870,656	840,944
Output 1.1.3 - Compliance assurance and support - revenue collection	1,208,329	1,193,593
Output 1.1.4 - Compliance assurance and support for transfers and regulation of superannuation funds compliance with retirement income standards	102,922	98,907
Output 1.1.5 - Services to governments and agencies	6,792	3,526
Total revenues from government (appropriations) contributing to price of agency outputs	2,240,834	2,241,720
Revenue from other sources		
Agency Section 31 receipts	59,791	63,259
Other	1,650	1,650
Total revenue from other sources	61,441	64,909
Total price from agency outputs (Total revenues from government and from other sources)	2,302,275	2,306,629
Total estimated resourcing (Total price of outputs and administered appropriations)	6,979,186	7,183,644

	2003-04	2003-04
Average staffing level (number)	20,930	20,750

Revised performance information and level of achievement – 2003-04

The ATO has not made any changes to its performance information since the *2003-04 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

The budgeted financial statements will form the basis of the financial statements that will appear in the Australian Taxation Office (ATO) 2003-04 Annual Report, and for the input into the Whole of Government Accounts. The financial statements should be read in conjunction with the accompanying notes.

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

This statement provides 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.

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

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

Agency capital budget statement

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

Agency non-financial assets — summary of movement

This statement shows the movement in the ATO's non-financial assets over the budget year.

NOTE OF ADMINISTERED ACTIVITY

Details of transactions administered by the ATO on behalf of the Commonwealth are shown in the following notes to the financial statements.

Note of budgeted administered financial performance

This note identifies the main revenues and expenses administered on behalf of the Government. It also discloses administered revenues from government and transfers to the Official Public Account.

Note of budgeted administered financial position

This note shows the assets and liabilities administered on behalf of the Government.

Note of budgeted administered cash flows

This note shows cash flows administered on behalf of the Government.

Table 3.1: Budgeted Agency Statement of Financial Performance (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	2,148,573	2,241,720	2,276,699	2,322,762	2,352,875
Goods and services	62,334	63,259	47,111	41,113	41,493
Interest	2,912	-	-	-	-
Revenue from sales of assets	81	-	-	-	-
Other	2,571	1,650	1,730	1,820	1,910
Revenues from ordinary activities	2,216,471	2,306,629	2,325,540	2,365,695	2,396,278
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	1,310,360	1,423,749	1,414,782	1,447,362	1,461,050
Suppliers	744,123	791,480	805,221	799,841	805,096
Depreciation and amortisation	73,902	90,318	104,697	117,623	129,242
Write-down of assets	4,294	-	-	-	-
Value of assets sold	368	-	-	-	-
Other	-	270	-	-	-
Expenses from ordinary activities (excluding borrowing costs expense)	2,133,047	2,305,817	2,324,700	2,364,826	2,395,388
Borrowing costs expense	261	-	-	-	-
Operating surplus or deficit from ordinary activities	83,163	812	840	869	890
Income tax expense	99	243	252	261	267
Net surplus or deficit	83,064	569	588	608	623

Table 3.2: Budgeted Agency Statement of Financial Position (as at 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
ASSETS					
Financial assets					
Cash	32,122	32,194	32,985	33,049	30,282
Appropriation Receivables	229,544	194,544	171,544	176,044	196,044
Other Receivables	25,790	25,898	23,431	22,429	22,529
Total financial assets	287,456	252,636	227,960	231,522	248,855
Non-financial assets					
Land and buildings	70,503	74,406	81,624	86,446	88,585
Infrastructure, plant and equipment	79,727	85,066	88,711	92,275	90,889
Intangibles	159,098	187,994	192,599	204,840	212,155
Other	34,049	34,028	34,132	34,300	34,509
Total non-financial assets	343,377	381,494	397,066	417,861	426,138
Total assets	630,833	634,130	625,026	649,383	674,993
LIABILITIES					
Interest bearing liabilities					
Other	10,242	10,143	10,064	9,985	9,906
Total interest bearing liabilities	10,242	10,143	10,064	9,985	9,906
Provisions					
Employees	453,191	454,280	442,590	467,554	492,067
Other	29,555	29,651	29,384	29,117	28,849
Total provisions	482,746	483,931	471,974	496,671	520,916
Payables					
Suppliers	152,613	154,549	157,179	156,603	157,729
Other	903	894	904	914	921
Total payables	153,516	155,443	158,083	157,517	158,650
Total liabilities	646,504	649,517	640,121	664,173	689,472
EQUITY					
Parent equity interest					
Contributed equity	185,996	185,996	185,996	185,996	185,996
Reserves	13,087	13,087	13,087	13,087	13,087
Retained surpluses or accumulated deficits	(214,754)	(214,470)	(214,178)	(213,873)	(213,562)
Total parent equity interest	(15,671)	(15,387)	(15,095)	(14,790)	(14,479)
Total equity	(15,671)	(15,387)	(15,095)	(14,790)	(14,479)
Current liabilities	332,331	323,839	303,525	314,265	326,181
Non-current liabilities	314,173	325,678	336,596	349,908	363,291
Current assets	315,931	281,095	256,506	260,208	277,717
Non-current assets	314,902	353,035	368,520	389,175	397,276

Table 3.3: Budgeted Agency Statement of Cash Flows (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,148,573	2,276,720	2,299,699	2,322,762	2,352,875
Goods and services	62,390	63,350	49,694	42,072	41,432
GST - input credit receipts	68,073	78,753	80,212	79,836	80,274
GST - receipts from customers	4,526	2,176	2,120	2,106	2,141
Interest	3,056	-	-	-	-
Total cash received	2,286,618	2,420,999	2,431,725	2,446,776	2,476,722
Cash used					
Employees	1,268,423	1,423,889	1,427,597	1,423,649	1,437,787
Suppliers	772,087	788,322	801,311	799,109	802,616
GST payments to suppliers	75,062	81,129	82,449	81,899	82,455
Taxes paid	319	243	252	261	267
Cash to the OPA	233,544	-	-	4,500	20,000
Total cash used	2,349,435	2,293,583	2,311,609	2,309,418	2,343,125
Net cash from/(used by) operating activities	(62,817)	127,416	120,116	137,358	133,597
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	81	-	-	-	-
Total cash received	81	-	-	-	-
Cash used					
Purchase of property, plant and equipment	76,144	127,227	119,041	137,000	136,060
Total cash used	76,144	127,227	119,041	137,000	136,060
Net cash from/(used by) investing activities	(76,063)	(127,227)	(119,041)	(137,000)	(136,060)
FINANCING ACTIVITIES					
Cash received					
Cash from capital injections	28,863	-	-	-	-
Total cash received	28,863	-	-	-	-
Cash used					
Return of capital	63,091	-	-	-	-
Dividends paid	2,179	116	284	294	304
Total cash used	65,270	116	284	294	304
Net cash from/(used by) financing activities	(36,407)	(116)	(284)	(294)	(304)
Net increase/(decrease) in cash held	(175,287)	73	791	64	(2,767)
Cash at the beginning of the reporting period	207,409	32,122	32,194	32,985	33,049
Cash at the end of the reporting period	32,122	32,194	32,985	33,049	30,282

Table 3.4: Agency Capital Budget Statement

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
CAPITAL APPROPRIATIONS					
Total equity injections	28,863	-	-	-	-
Total	28,863	-	-	-	-
Represented by					
Purchase of non-financial assets	28,863	-	-	-	-
Total	28,863	-	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	28,863	-	-	-	-
Funded internally by agency resources	75,158	127,227	119,041	137,000	136,060
Total	104,021	127,227	119,041	137,000	136,060

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at the start of year	-	70,503	-	79,727	-	159,098	-	309,328
Additions	-	20,040	-	10,110	-	98,306	-	128,456
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(16,137)	-	(4,771)	-	(69,410)	-	(90,318)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	74,406	-	85,066	-	187,994	-	347,466
Total additions								
Self funded	-	20,040	-	10,110	-	98,306	-	128,456
Appropriations	-	-	-	-	-	-	-	-
Total	-	20,040	-	10,110	-	98,306	-	128,456

Table 3.6: Note of Budgeted Financial Performance Administered on behalf of the Government (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
REVENUES					
Taxation					
Income tax	131,278,000	138,360,000	146,060,000	155,680,000	165,310,000
Indirect tax	52,939,480	54,720,000	56,450,000	58,730,000	61,310,000
Other taxes, fees and fines	3,420,553	3,816,700	3,767,800	3,869,000	3,980,100
Total taxation	187,638,033	196,896,700	206,277,800	218,279,000	230,600,100
Non-taxation					
Other sources of non-taxation revenues	12,845	12,000	12,000	12,000	12,000
Total non-taxation	12,845	12,000	12,000	12,000	12,000
Total revenues administered on behalf of the Government	187,650,878	196,908,700	206,289,800	218,291,000	230,612,100
EXPENSES					
Subsidies	3,471,337	3,745,000	3,879,000	3,986,000	4,165,000
Personal benefits	618,900	782,000	1,141,712	1,225,791	1,281,870
Write-down and impairment of assets	1,686,508	1,730,000	1,310,000	1,370,000	1,375,000
Interest	188,361	180,000	180,000	180,000	180,000
Other	142,707	170,015	170,020	170,030	170,035
Total expenses administered on behalf of the Government	6,107,813	6,607,015	6,680,732	6,931,821	7,171,905

Table 3.7: Note of Budgeted Financial Position Administered on behalf of the Government (as at 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
ASSETS					
Financial assets					
Cash	83,598	83,598	83,598	83,598	83,598
Receivables	13,674,512	14,384,512	15,124,512	15,954,512	17,309,512
Total financial assets	13,758,110	14,468,110	15,208,110	16,038,110	17,393,110
Non-financial assets					
Other	4,440	4,440	4,440	4,440	4,440
Total non-financial assets	4,440	4,440	4,440	4,440	4,440
Total assets administered on behalf of the Government	13,762,550	14,472,550	15,212,550	16,042,550	17,397,550
LIABILITIES					
Provisions					
Taxation refunds provided	1,183,236	1,122,370	1,122,370	1,122,370	1,122,370
Other	574,605	545,471	545,471	545,471	545,471
Total provisions	1,757,841	1,667,841	1,667,841	1,667,841	1,667,841
Payables					
Grants and subsidies	64,730	64,730	64,730	64,730	64,730
Other	1,663	1,663	1,663	1,663	1,663
Total payables	66,393	66,393	66,393	66,393	66,393
Total liabilities administered on behalf of the Government	1,824,234	1,734,234	1,734,234	1,734,234	1,734,234
Current liabilities	1,824,234	1,734,234	1,734,234	1,734,234	1,734,234
Non-current liabilities	-	-	-	-	-
Current assets	13,762,550	14,472,550	15,212,550	16,042,550	17,397,550
Non-current assets	-	-	-	-	-

Table 3.8: Note of Budgeted Administered Cash Flows (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Income tax	130,035,240	136,570,000	144,420,000	153,950,000	163,090,000
Indirect tax	52,290,065	54,010,000	55,980,000	58,200,000	60,750,000
Other taxes, fees and fines	3,724,859	3,786,700	3,827,800	3,929,000	4,030,100
Cash from Official Public Account	3,678,058	4,877,015	5,370,732	5,561,821	5,796,905
Other	12,845	12,000	12,000	12,000	12,000
Total cash received	189,741,067	199,255,715	209,610,532	221,652,821	233,679,005
Cash used					
Interest paid	188,361	180,000	180,000	180,000	180,000
Subsidies paid	3,471,337	3,745,000	3,879,000	3,986,000	4,165,000
Personal benefits	618,900	782,000	1,141,712	1,225,791	1,281,870
Cash to Official Public Account	185,412,545	194,378,700	204,239,800	216,091,000	227,882,100
Other	142,707	170,015	170,020	170,030	170,035
Total cash used	189,833,850	199,255,715	209,610,532	221,652,821	233,679,005
Net cash from operating activities	(92,783)	-	-	-	-
Net increase/(decrease) in cash held	(92,783)	-	-	-	-
Cash at beginning of reporting period	176,381	83,598	83,598	83,598	83,598
Cash at end of reporting period	83,598	83,598	83,598	83,598	83,598

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The budgeted financial statements have been prepared on an accrual basis.

Notes to the agency statements

Details of agency items in the financial statements included in Table 3.1 to 3.5 have been prepared in accordance with the requirements and guidance for the preparation of financial statements.

The budget statements and estimated forward years have been prepared to reflect the following matters.

Australian Valuation Office

The Australian Taxation Office's agency budget statements are aggregated to include the financial operations of the Australian Valuation Office.

Cost of administering goods and services tax

Agency statements include the estimated costs of administering the goods and services tax 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 Commonwealth for the agreed GST administration costs.

The recovery of GST administration costs are reported under the Department of the Treasury.

Notes to the administered statements

Details of administered items in the financial statements included in Tables 3.6 to 3.8 have been prepared under the Tax Liability Method (TLM) of revenue recognition, consistent with the Commonwealth's recognition of taxation revenue. Under TLM, taxation revenue is recognised at the time a taxpayer makes a self-assessment or when an assessment of a tax liability is raised by the Australian Tax Office or the Australian Customs Service. This method retains some elements of cash revenue recognition, for example, when a cash payment occurs prior to an assessment being raised.

The budget statements and forward years have been prepared on the basis noted below and to reflect the following matters.

Recognition of taxation revenue

Since 1999-2000 administered taxation revenue has been brought to account on a year by year basis where:

- the client or the client group can be identified in a reliable manner;
- an amount of tax or other statutory charge is payable by the client or client group under legislative provisions; and
- the amount of the tax or statutory charge payable by the client or client group can be reliably measured, and it is probable that the amount will be collected.

This recognition policy does not include the following items 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 resource rent tax due after 30 June; and
- actual payments for Pay As You Go, GST, excise 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; and
- increase (decrease) in movement of provision for credit amendments.

Discontinuation of the Agency Banking Incentive Scheme

Previously, under the Agency Banking Incentive Scheme (ABIS), the ATO could invest surplus cash balances in term deposits with the Reserve Bank of Australia to earn interest. As a result of the discontinuation of ABIS from 1 July 2003, the ATO ceased to earn interest on cash holdings from 2003-04 onwards.

'As needs' cash drawdown arrangements

As part of the Budget Estimates and Framework Review (BEFR) recommendations, the ATO moved to an 'As needs' drawdown arrangement from 1 July 2003. The ATO now operates within an agreed working cash balance of $33 million. Cash in excess of that balance is returned to the Official Public Account and recognised as a receivable.