AUSTRALIAN TAXATION OFFICE

Section 1: Overview, variations and measures

AGENCY OVERVIEW

There has been no change to the overview included in the *2004-05 Portfolio Budget Statements* (page 185).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency appropriation of $42.6 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, superannuation, excise and other related systems

	2004-05 $'000	2005-06 $'000	2006-07 $'000	2007-08 $'000
Outcome 1				
Review of Aspects of Income Self-Assessment	15,600	16,700	15,600	18,400
Simplified Tax System - extension	200	600	500	900
Introducing a 25 per cent entrepreneurs' tax discount	600	1,900	2,600	2,200
30 per cent Child Care Tax Rebate	1,469	4,120	2,683	1,647
Choice of Superannuation Fund	14,625	18,625	8,025	7,225

Other variations to appropriations

	2004-05 $'000	2005-06 $'000	2006-07 $'000	2007-08 $'000
Outcome 1				
Administered				
State, territory and local government organisations - transitional grants as compensation for lost access to a fringe benefits tax concession(1)	60,000	60,000	60,000	60,000
Departmental				
Comcover premium adjustment	(223)	-	-	-
Additional appropriation for GST administration costs for the Australian Customs Service	6,000	7,100	8,100	9,200
Adjustment to parameter indexation of appropriation	4,363	13,341	17,853	20,269

(1) This is additional appropriation for a past measure which was documented in the 2004-05 Budget. Refer to pages 190 and 201 of the *2004-05 Portfolio Budget Statements* for more information.

The ATO is seeking additional price of outputs funding of $10.1 million for variations associated with the administration of GST through the Australian Customs Service (subject to the agreement of the State and Territory governments); a reduction in the supplementation for the ATO's Comcover insurance premium; and adjustments to the indexation of base appropriation.

The ATO is also seeking a variation in administered appropriations of $60.0 million. This appropriation is for a measure which was announced in the 2004-05 Budget to provide transitional grants to state, territory and local government organisations as compensation for lost access to a fringe benefit tax concession.

Table 1.1: Summary of measures since the 2004-05 Budget

Measure	Outcome	Output Groups affected	2004-05 appropriations budget $'000			2005-06 appropriations forward estimate $'000			2006-07 appropriations forward estimate $'000			2007-08 appropriations forward estimate $'000		
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total
Review of Aspects of Income Self-Assessment	1	1.1	-	15,600	15,600	-	16,700	16,700	-	15,600	15,600	-	18,400	18,400
Simplified Tax System - extension	1	1.1	-	200	200	-	600	600	-	500	500	-	900	900
Introducing a 25 per cent entrepreneurs' tax discount	1	1.1	-	600	600	-	1,900	1,900	-	2,600	2,600	-	2,200	2,200
30 per cent Child Care Tax Rebate	1	1.1	-	1,469	1,469	-	4,120	4,120	-	2,683	2,683	-	1,647	1,647
Choice of Superannuation Fund	1	1.1	-	14,625	14,625	-	18,625	18,625	-	8,025	8,025	-	7,225	7,225

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: $2,430.5 million
Agency outcomes appropriation: $2,372.2 million
Total administered appropriations: $7,174.7 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: $118.5 million	Price of output: $851.1 million	Price of output: $1,267.2 million	Price of output: $134.6 million	Price of output: $59.1 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) 2004-05

	2003-04 available $'000	2004-05 budget $'000	2004-05 revised $'000	Additional estimates $'000	Reduced estimates $'000
ADMINISTERED ITEMS(1)					
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	-	-	60,000	60,000	-
Total	-	-	60,000	60,000	-
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	2,241,720	2,329,585	2,372,219	42,634	-
Total	2,241,720	2,329,585	2,372,219	42,634	-
Total administered and agency	2,241,720	2,329,585	2,432,219	102,634	-

(1) $43 million of the $60 million Administered Additional Estimate will supersede an Advance from the Finance Minister (received December 2004) in relation to FBT Transitional Grants.

Table 1.3: Appropriation Bill (No. 4) 2004-05

	2003-04 available $'000	2004-05 budget $'000	2004-05 revised $'000	Additional estimates $'000	Reduced estimates $'000
Non-operating					
Previous year's outputs	-	9,616	9,616	-	-
Total	-	9,616	9,616	-	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2004-05 budget	2004-05 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	20,511	20,800	289
Total	20,511	20,800	289

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

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

	2004-05 total approp budget $'000	2004-05 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	2,329,585	2,372,219	53,420	56,596	3,176
Total	2,329,585	2,372,219	53,420	56,596	3,176

AGENCY AND ADMINISTERED REVENUES

Table 1.6: Agency and administered revenues

	2004-05 budget estimate $'000	2004-05 revised estimate $'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Agency section 31 receipts	53,420	56,596
Other	1,730	1,730
Total non-appropriation agency revenues	55,150	58,326
Appropriation revenue	2,329,585	2,372,219
Total estimated agency revenues	2,384,735	2,430,545
ESTIMATED ADMINISTERED REVENUES		
Non-appropriation administered revenues		
Superannuation Guarantee (Administration) Act 1992 - shortfalls, penalties and fines	326,000	298,000
Superannuation Industry (Supervision) Act 1993 - Self Managed Superannuation Fund Levy	13,800	13,800
Total Taxation Revenue	211,160,000	216,442,000
Other non-taxation revenue - miscellaneous	12,000	12,000
Total non-appropriation administered revenues	211,511,800	216,765,800
Appropriation revenue	5,568,660	7,174,740
Total estimated administered revenues	217,080,460	223,940,540
Total estimated agency and administered revenues	219,465,195	226,371,085

Note: The amount showing for administered appropriation revenue represents appropriations to deliver Australian Taxation Office administered programmes and benefits. This amount does not include expenditure against appropriations to pay taxation refunds. Total taxation revenue is shown net of taxation refunds.

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.7: Estimates of expenses from special appropriations

	2004-05 budget estimate $'000	2004-05 revised estimate $'000
ESTIMATED AGENCY EXPENSES		
Special appropriations		
Refunds - section 16 *Tax Administration Act 1953*	46,509,000	49,328,300
Family Tax Benefit	523,712	1,932,492
Energy Grants (Credits) Scheme	3,353,000	3,420,000
Fuel Sales Grants Scheme	250,000	250,000
Measure for a Better Environment - Cleaner Fuels	73,000	34,000
Product Stewardship Waste Oil	15,943	15,943
Large Scale Film Production	93,000	83,000
Research and development refundable tax offset for small companies	205,000	205,000
Superannuation Co-contribution	275,000	275,000
Superannuation Guarantee (Administration) Act 1992 - distribution of charges	182,000	279,000
Superannuation (Unclaimed Money and Lost Member) Act 1999 - repayment of unclaimed monies	5	5
Transitional Grants for State and Territory Government Organisations - Compensation for lost access to a FBT concession	23,000	-
Total estimated agency expenses	51,502,660	55,822,740

Note 1: The total amount showing for special appropriations differs to the $7,114.7 million shown in Table 2.1 as it includes appropriations for tax refunds. In other tables, taxation refunds are netted off against the tax revenue. Refunds under section 16 of the *Tax Administration Act 1953* are primarily taxation refunds but may include amounts for the Baby bonus, the Private Health Insurance Benefit and interest on overpayments.

Note 2: Amounts required for FBT Transitional Grants are now included in Appropriation Bill No. 3 (see Table 1.2).

ESTIMATED SPECIAL ACCOUNT FLOWS

Table 1.8: Estimated special account flows

A(1)	**2004-05**	**2004-05**	**2004-05**	**2004-05**	**2004-05**
B(1)	2003-04	2003-04	2003-04	2003-04	2003-04
	opening balance	receipts	payments	adjustments	closing balance
	$'000	$'000	$'000	$'000	$'000
SPECIAL ACCOUNTS					
Australian Valuation Office(2)	**5,089**	**19,021**	**18,552**	**-**	**5,558**
	5,663	19,875	20,449	-	5,089
Excise Security Deposits(3)	**49**	**20**	**20**	**-**	**49**
	36	26	13	-	49
Other Trust Monies(3)	**21,228**	**250**	**20**	**-**	**21,458**
	20,352	895	19	-	21,228
Superannuation Holding Accounts	**58,531**	**38,000**	**34,000**	**-**	**62,531**
Reserve Trust Accounts(4)	56,021	28,800	26,290	-	58,531
Total special accounts	**84,897**	**57,291**	**52,592**	**-**	**89,596**

(1) The revised opening balance for 2004-05 (reference A) is the same as the final actual closing balance for 2003-04 (reference B). This balance may have changed from that shown in the *2004-05 Portfolio Budget Statements* as the actual for 2003-04 will have been updated to reflect the final budget outcome for that year.

(2) This special account is departmental in nature and is governed by the *Financial Management and Accountability Act 1997*. Figures are cash based and include transactions between the Australian Valuation Office and the Australian Taxation Office.

(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*.

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 *2004-05 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.

Mappings are based on cost centre manager estimates. The costs of corporate services and facilities, for example accommodation and information technology, are attributed to cost centres using relevant cost drivers. The cost drivers generally represent resource usage or FTE. Corporate overhead and some information technology related costs are not attributed to cost centres but are instead attributed to outputs as a final step in the costing process.

Table 2.1: Total resources for Outcome 1

	2004-05 budget estimate $'000	2004-05 revised estimate $'000
Administered appropriations		
Special appropriations[(1)]	5,568,660	7,114,740
Annual appropriations	-	60,000
Total revenues from government (appropriations)	5,568,660	7,174,740
Agency appropriations		
Output Group 1.1 - Australian Taxation Office		
Output 1.1.1 - Shape, design and build administrative systems	117,430	118,512
Output 1.1.2 - Management of revenue collection and transfers	847,938	851,166
Output 1.1.3 - Compliance assurance and support - revenue collection	1,244,900	1,267,209
Output 1.1.4 - Compliance assurance and support for transfers and regulation of superannuation funds compliance with retirement income standards	115,496	131,579
Output 1.1.5 - Services to government and agencies	3,821	3,753
Total revenues from government (appropriations)		
Contributing to price of agency outputs	2,329,585	2,372,219
Revenue from other sources		
Goods and services	53,420	56,596
Other	1,730	1,730
Total revenue from other sources	55,150	58,326
Total price of agency outputs		
(Total revenues from government and from other sources)	2,384,735	2,430,545
Total estimated resourcing for Outcome 1		
(Total price of outputs and administered appropriations)	7,953,395	9,605,285
	2004-05	2004-05
Average staffing level (number)	20,511	20,800

(1) The amount showing for administered special appropriations represents appropriations to deliver Australian Taxation Office programmes. Amounts disclosed under special appropriations do not include the expenditures to pay refunds under the tax system.

Revised performance information and level of achievement — 2004-05

The ATO has not made any changes to its performance information since the *2004-05 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) 2004-05 Annual Report, and for the input into the Whole of Government Accounts. The financial statements should be read in conjunction with the accompanying notes.

These budgeted financial statements and administered notes are consistent with the forms of financial statements specified under the 2003-04 Finance Minister's Orders '*Requirements for the Preparation of Financial Statements of Australian Government Entities*'.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

There has been no change in the ATO's 2004-05 budgeted operating loss of $35.0 million outlined in the *2004-05 Treasury Portfolio Budget Statements* (page 209).

Operating Revenues

Total agency revenue is estimated to be $2,430.5 million and consists of $2,372.2 million appropriation and revenue from other sources of $58.3 million. This is an increase of $117.0 million from the 2003-04 actual.

This rise in revenue is primarily an increase in appropriation as a result of Budget measures shown in Table 1.1 and those published in the *2004-05 Treasury Portfolio Budget Statements*.

Operating Expenses

Total expenses are estimated to be $2,465.3 million. This is an increase of $150.3 million from the 2003-04 actual.

Operating expenses consist of $1,501.7 million in labour expenditure, $858.9 million in supplier expenditure and $104.7 million in depreciation and amortisation.

This rise in expenses is driven by additional operational activity as a result of Budget measures shown in Table 1.1 and those published in the *2004-05 Treasury Portfolio Budget Statements*.

Budgeted agency statement of financial position

In 2004-05 the ATO's equity position will be negative $51.8 million. This is a decline of $35.3 million from 2003-04, predominantly as a result of the approved operating loss.

Assets

In 2004-05 the ATO will be maintaining its commitment to long term improvement, investing $124.4 million in capital.

The ATO had an unusually high cash balance on 30 June 2004 to ensure sufficient cash was available for salary payments on 1 July 2004. This accounts for the majority of the $42.6 million difference in cash.

Liabilities

The ATO's liabilities are predominantly employee entitlements. There is no significant movement in total liabilities from 2003-04.

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

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.

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 Australian Government 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 Australian 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 Australian Government.

Note of budgeted administered cash flows

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

Table 3.1: Budgeted agency statement of financial performance (for the period ended 30 June)

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	2,251,336	2,372,219	2,443,588	2,454,179	2,478,467
Goods and services	60,173	56,596	41,361	41,828	41,869
Other revenues	2,021	1,730	1,820	1,910	1,910
Total revenues from ordinary activities	2,313,530	2,430,545	2,486,769	2,497,917	2,522,246
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	1,476,607	1,501,654	1,559,301	1,547,996	1,583,570
Suppliers	753,106	858,943	808,976	819,809	808,566
Depreciation and amortisation	73,670	104,697	117,623	129,242	129,242
Write-down of assets	11,396	-	-	-	-
Other expenses	232	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	2,315,011	2,465,294	2,485,900	2,497,047	2,521,378
Borrowing costs expense	176	-	-	-	-
Operating surplus or (deficit) from ordinary activities	(1,657)	(34,749)	869	870	868
Income tax expense	84	252	261	267	267
Net surplus or (deficit)	(1,741)	(35,001)	608	603	601

Table 3.2: Budget agency statement of financial position (as at 30 June)

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
ASSETS					
Financial assets					
Cash	74,719	31,419	28,144	28,972	26,202
Receivables	215,160	206,761	206,261	224,261	239,261
Other receivables	16,737	16,516	13,418	13,586	13,490
Total financial assets	306,616	254,696	247,823	266,819	278,953
Non-financial assets					
Land and buildings	91,550	83,714	81,501	79,117	78,590
Infrastructure, plant and equipment	56,679	52,953	46,909	38,284	34,126
Intangibles	185,732	216,936	249,994	269,071	281,824
Other non-financial assets	31,026	31,130	31,298	31,507	31,716
Total non-financial assets	364,987	384,733	409,702	417,979	426,256
Total assets	671,603	639,429	657,525	684,798	705,209
LIABILITIES					
Interest bearing liabilities					
Other interest bearing liabilities	8,701	8,622	8,543	8,464	8,385
Total interest bearing liabilities	8,701	8,622	8,543	8,464	8,385
Provisions					
Employees	514,904	503,115	528,396	553,052	573,470
Other provisions	34,834	34,567	34,300	34,032	33,765
Total provisions	549,738	537,682	562,696	587,084	607,235
Payables					
Suppliers	128,371	144,958	137,805	140,470	140,519
Other payables	1,341	10	20	27	27
Total payables	129,712	144,968	137,825	140,497	140,546
Total liabilities	688,151	691,272	709,064	736,045	756,166
EQUITY(1)					
Parent equity interest					
Contributed equity	185,996	185,996	185,996	185,996	185,996
Reserves	27,209	27,209	27,209	27,209	27,209
Retained surpluses or (accumulated deficits)	(229,753)	(265,048)	(264,744)	(264,452)	(264,162)
Total parent equity interest	(16,548)	(51,843)	(51,539)	(51,247)	(50,957)
Total equity	(16,548)	(51,843)	(51,539)	(51,247)	(50,957)
Current assets	337,597	280,721	273,988	293,159	305,468
Non-current assets	334,006	358,708	383,537	391,639	399,741
Current liabilities	341,942	326,607	331,195	344,763	351,405
Non-current liabilities	346,209	364,665	377,869	391,282	404,761

(1) 'Equity' is the residual interest in assets after deduction of liabilities.

Table 3.3: Budgeted agency statement of cash flows (for the period ended 30 June)

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,269,720	2,380,618	2,448,588	2,456,179	2,478,467
Goods and services	62,691	57,835	43,800	41,753	41,861
GST - input credit receipts	72,654	83,807	81,468	81,766	80,868
GST - receipts from customers	5,138	3,069	2,131	2,175	2,179
Cash transferred from the Official Public Account	1,000	-	-	-	-
Interest	2	-	-	-	-
Total cash received	2,411,205	2,525,329	2,575,987	2,581,873	2,603,375
Cash used					
Employees	1,414,828	1,513,444	1,534,019	1,523,338	1,563,153
Suppliers	764,705	842,415	814,828	815,791	807,159
GST - payments to suppliers	78,340	85,775	80,830	81,894	80,804
GST - payments (agency)	-	2,120	2,106	2,141	2,141
Taxes paid	99	252	261	267	267
Cash transferred to the Official Public Account	1,000	-	4,500	20,000	15,000
Total cash used	2,258,972	2,444,006	2,436,544	2,443,431	2,468,524
Net cash from/(used by) operating activities	152,233	81,323	139,443	138,442	134,851
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	92	-	-	-	-
Total cash received	92	-	-	-	-
Cash used					
Purchase of property, plant and equipment	109,612	124,339	142,424	137,310	137,310
Total cash used	109,612	124,339	142,424	137,310	137,310
Net cash from/(used by) investing activities	(109,520)	(124,339)	(142,424)	(137,310)	(137,310)
FINANCING ACTIVITIES					
Cash used					
Dividends paid	116	284	294	304	311
Total cash used	116	284	294	304	311
Net cash from/(used by) financing activities	(116)	(284)	(294)	(304)	(311)
Net increase/(decrease) in cash held	42,597	(43,300)	(3,275)	828	(2,770)
Cash at the beginning of the reporting period	32,122	74,719	31,419	28,144	28,972
Cash at the end of the reporting period	74,719	31,419	28,144	28,972	26,202

Table 3.4: Agency capital budget statement

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
CAPITAL APPROPRIATIONS					
Previous year's outputs	-	9,616	-	-	-
Total	-	9,616	-	-	-
Represented by					
Other	-	9,616	-	-	-
Total	-	9,616	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	-	-	-	-
Funded internally by agency resources	108,903	124,339	142,424	137,310	137,310
Total	108,903	124,339	142,424	137,310	137,310

Table 3.5: Agency non-financial assets — Summary of movement (Budget year 2004-05)

	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	-	91,550	-	56,679	-	185,732	-	333,961
Additions	-	20,040	-	10,105	-	94,194	-	124,339
Disposals	-	-	-	-	-	-	-	-
Net revaluation increment / (decrement)	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation / amortisation expense	-	(27,876)	-	(13,831)	-	(62,990)	-	(104,697)
Write-off of assets	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	83,714	-	52,953	-	216,936	-	353,603
Total additions								
Self funded	-	20,040	-	10,105	-	94,194	-	124,339
Appropriations	-	-	-	-	-	-	-	-
Total	-	20,040	-	10,105	-	94,194	-	124,339

Table 3.6: Note of budgeted financial performance administered on behalf of government (for the period ended 30 June)

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
REVENUES					
Taxation					
Income tax	142,142,690	154,200,000	161,620,000	171,180,000	181,840,000
Indirect tax	55,315,910	57,830,000	60,070,000	62,640,000	65,330,000
Other taxes, fees and fines	4,289,058	4,033,800	4,327,600	4,488,900	4,650,200
Total taxation	201,747,658	216,063,800	226,017,600	238,308,900	251,820,200
Non-taxation					
Revenues from government(1)	4,999,939	7,174,740	7,405,723	7,491,199	7,636,774
Other	791,259	690,000	765,000	751,000	748,000
Total non-taxation	5,791,198	7,864,740	8,170,723	8,242,199	8,384,774
Total revenues administered on behalf of the government	207,538,856	223,928,540	234,188,323	246,551,099	260,204,974
EXPENSES					
Grants and subsidies	3,643,165	4,067,943	4,224,003	4,180,000	4,343,000
Personal benefits(2)	710,900	2,647,792	2,664,715	2,815,194	2,808,769
Write-down and impairment of assets	2,503,197	1,700,000	1,825,000	1,900,000	1,940,000
Interest	147,019	180,000	180,000	180,000	180,000
Other	506,397	279,005	337,005	316,005	305,005
Total expenses administered on behalf of the government	7,510,678	8,874,740	9,230,723	9,391,199	9,576,774

(1) The amount showing for 'Revenues from government' represents special appropriations and annual appropriations to deliver Australian Taxation Office administered programs and benefits. This amount does not include amounts to pay taxation refunds. Total taxation revenue is shown net of taxation refunds.

(2) The significant increase in personal benefits expense form 2003-04 to 2004-05 reflects a change in the accounting treatment of the family tax benefit supplementary payment.

Table 3.7: Note of budgeted financial position administered on behalf of government (as at 30 June)

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
ASSETS					
Financial assets					
Cash	183,055	183,055	183,055	183,055	183,055
Receivables	13,961,297	16,373,297	17,917,297	19,997,297	22,234,297
Total financial assets	14,144,352	16,556,352	18,100,352	20,180,352	22,417,352
Non-financial assets					
Other	4,662	4,662	4,662	4,662	4,662
Total non-financial assets	4,662	4,662	4,662	4,662	4,662
Total assets administered on behalf of the government	14,149,014	16,561,014	18,105,014	20,185,014	22,422,014
LIABILITIES					
Provisions					
Taxation refunds provided	1,297,960	1,297,960	1,297,960	1,297,960	1,297,960
Other	541,326	547,326	560,326	568,326	575,326
Total provisions	1,839,286	1,845,286	1,858,286	1,866,286	1,873,286
Payables					
Grants and subsidies	109,605	109,605	109,605	109,605	109,605
Personal benefits payable	-	930,822	969,524	994,915	1,020,855
Other	5,019	5,019	5,019	5,019	5,019
Total payables	114,624	1,045,446	1,084,148	1,109,539	1,135,479
Total liabilities administered on behalf of the government	1,953,910	2,890,732	2,942,434	2,975,825	3,008,765
Current assets	14,149,014	16,561,014	18,105,014	20,185,014	22,422,014
Non-current assets	-	-	-	-	-
Current liabilities	1,953,910	2,890,732	2,942,434	2,975,825	3,008,765
Non-current liabilities	-	-	-	-	-

Table 3.8: Note of budgeted administered cash flows (for the period ended 30 June)

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Income tax	141,450,204	150,780,000	159,110,000	168,150,000	178,710,000
Indirect tax	54,794,810	56,990,000	59,230,000	61,690,000	64,270,000
Other taxes, fees and fines	4,215,169	4,203,800	4,347,600	4,508,900	4,670,200
Cash from Official Public Account - appropriations	4,999,939	6,237,918	7,354,021	7,457,808	7,603,834
Other	654,596	668,000	726,000	731,000	741,000
Total cash received	206,114,718	218,879,718	230,767,621	242,537,708	255,995,034
Cash used					
Interest paid	147,019	180,000	180,000	180,000	180,000
Grants and subsidies	3,643,165	4,067,943	4,224,003	4,180,000	4,343,000
Personal benefits paid	710,900	1,716,970	2,626,013	2,789,803	2,782,829
Cash to Official Public Account	201,015,322	212,641,800	223,413,600	235,079,900	248,391,200
Other	498,855	273,005	324,005	308,005	298,005
Total cash used	206,015,261	218,879,718	230,767,621	242,537,708	255,995,034
Net cash from/(used by) operating activities	99,457	-	-	-	-
Net increase/(decrease) in cash held	99,457	-	-	-	-
Cash at beginning of reporting period	83,598	183,055	183,055	183,055	183,055
Cash at end of reporting period	183,055	183,055	183,055	183,055	183,055

Note: The amount showing for 'appropriations' represents appropriations to deliver Australian Taxation Office administered programmes and benefits. This amount does not include amounts to pay taxation refunds. Taxation receipts are shown net of taxation refunds.

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 consolidated 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 Australian Government for the agreed GST administration costs.

The recovery of GST administration costs are reported under 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 Australian Government'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 Taxation 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.