AUSTRALIAN TAXATION OFFICE

Section 1: Agency overview and resources; variations and measures

OVERVIEW

There has been no change to the overview included in the *2005-06 Portfolio Budget Statements* (page 215).

Table 1.1: Agency outcomes and output groups

Outcome	Description	Output groups
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	The provision of an integrated platform for a viable and sustainable revenue administration.	Output Group 1.1 Australian Taxation Office

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of $15.5 million for the Australian Taxation Office (Tax Office).

Variations — measures

Table 1.2: Additional estimates and variations to outcomes — measures

	2005-06 $'000	2006-07 $'000	2007-08 $'000	2008-09 $'000
Outcome 1				
Increase in departmental appropriations				
Expanded promotion of 30 per cent Child Care Tax Rebate	1,122	1,170	-	-
Operation Wickenby - Investigations and Prosecutions	14,304	36,991	36,763	34,576
Operation Wickenby - Investigations and Prosecutions *(Related capital)*	100	2,121	1,119	-
Increase in administered revenue				
Operation Wickenby - Investigations and Prosecutions *(Related revenue)* [1]	-	91,000	98,000	100,000

1 This measure will increase revenue over the forward estimates.

Other variations to appropriations

Table 1.3: Additional estimates and variations to outcomes — other variations

	2005-06 $'000	2006-07 $'000	2007-08 $'000	2008-09 $'000
Outcome 1				
Variations in departmental appropriations				
Parameter movements	-	(2)	(4,562)	(6,934)

The Tax Office's appropriation is reduced from 2006-07 to 2008-09 due to adjustments to the indexation of base appropriation.

MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2005-06 Budget

Measure	Outcome	Output groups affected	2005-06 $'000			2006-07 $'000			2007-08 $'000			2008-09 $'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expanded promotion of 30 per cent Child Care Tax Rebate	1	1.1	-	1,122	1,122	-	1,170	1,170	-	-	-	-	-	-
Operation Wickenby - Investigations and Prosecutions	1	1.1	-	14,304	14,304	-	36,991	36,991	-	36,763	36,763	-	34,576	34,576
Operation Wickenby - Investigations and Prosecutions *(Related capital)*	1	1.1	-	100	100	-	2,121	2,121	-	1,119	1,119	-	-	-
Total expense and related capital			-	15,526	15,526	-	40,282	40,282	-	37,882	37,882	-	34,576	34,576
Operation Wickenby - Investigations and Prosecutions *(Related revenue)* [1]	1	1.1	-	-	-	91,000	-	91,000	98,000	-	98,000	100,000	-	100,000
Total revenue			-	-	-	91,000	-	91,000	98,000	-	98,000	100,000	-	100,000

1 This measure will increase revenue in the forward estimates.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2005-06

	2004-05 available $'000	2005-06 budget $'000	2005-06 revised $'000	Additional estimates $'000	Reduced estimates $'000
DEPARTMENTAL 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	2,372,219	2,443,613	2,459,039	15,426	-
Total Departmental	2,372,219	2,443,613	2,459,039	15,426	-

Table 1.6: Appropriation Bill (No. 4) 2005-06

	2004-05 available $'000	2005-06 budget $'000	2005-06 revised $'000	Additional estimates $'000	Reduced estimates $'000
Non-operating					
Equity injections	-	-	100	100	-
Total	-	-	100	100	-

SUMMARY OF STAFFING CHANGES

Table 1.7: Average Staffing Level (ASL)

	2005-06 budget	2005-06 revised	variation[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	20,792	20,854	62
Total	20,792	20,854	62

1 Movement in ASL is due to additional activity flowing from Operation Wickenby and the Expanded 30 per cent Child Care Tax Rebate campaign.

SUMMARY OF AGENCY SAVINGS

Table 1.8: Summary of agency savings

This table is not applicable to the Tax Office.

OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.9 provides details of other receipts available to be used and include *Financial Management and Accountability Act 1997* (FMA) section 31 receipts that are available to be spent, special accounts (non-appropriation receipts) and resources received free of charge.

Table 1.9: Other receipts available to be used

	Budget estimate 2005-06 $'000	Revised estimate 2005-06 $'000
Departmental other receipts		
Sales of goods and service	42,169	42,169
Total departmental other receipts available to be used	42,169	42,169
Administered other receipts		
Superannuation Guarantee (Administration) Act, 1992 - shortfalls, penalties and fines	149,000	200,000
Superannuation Industry (Supervision) Act, 1993 - Self Managed Superannuation Fund Levy	17,600	17,600
Miscellaneous receipts	11,000	30,000
Total administered other receipts available to be used	177,600	247,600

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.10: Estimates of expenses from special appropriations[1]

	Budget estimate 2005-06 $'000	Revised estimate 2005-06 $'000
Estimated expenses		
Refunds - s16 *Tax Administration Act, 1953*	52,761,000	54,789,000
Family Tax Benefit	1,614,082	1,768,000
Energy Grants (Credits) Scheme	3,712,000	3,535,783
Fuel Sales Grants Scheme	270,000	270,000
Measure for a Better Environment - Cleaner Fuels	8,000	8,000
Product Stewardship Waste Oil	19,000	19,000
Large Scale Film Production	95,000	95,000
R & D refundable tax offset for small companies	247,000	298,000
Superannuation Co-contribution	1,016,000	1,016,000
Superannuation Guarantee (Administration) Act, 1992		
Distribution of charges	217,000	190,000
Superannuation (Unclaimed Money and Lost Member)		
Act, 1999 - Repayment of unclaimed monies	5	5
Total estimated expenses	59,959,087	61,988,788

1 All estimated expenses from special appropriations are administered expenses.

ESTIMATES OF SPECIAL ACCOUNT FLOWS

Table 1.11: Estimates of special account flows

	Opening Balance 2005-06[1] *2004-05*[1] $'000	Receipts 2005-06 *2004-05* $'000	Payments 2005-06 *2004-05* $'000	Adjustments 2005-06 *2004-05* $'000	Closing Balance 2005-06 *2004-05* $'000
Australian Valuation Office (D)	**6,453**	**19,806**	**21,336**	-	**4,923**
	5,089	*24,264*	*22,900*	-	*6,453*
Excise Security Deposits (A)	**46**	**5**	**1**	-	**50**
	48	*515*	*517*	-	*46*
Other Trust Monies (A)	**21,276**	**4,216**	**24,216**	-	**1,276**
	21,228	*4,019*	*3,971*	-	*21,276*
Superannuation Holding Accounts	**59,300**	**9,000**	**20,000**	-	**48,300**
Reserve Trust Accounts[2]	*58,531*	*13,434*	*12,665*	-	*59,300*
Total special accounts					
2005-06 Budget estimate	**87,075**	**33,027**	**65,553**	**-**	**54,549**
Total special accounts 2004-05 actual	*84,896*	*42,232*	*40,053*	-	*87,075*

These special accounts are governed by the *Financial Management and Accountability Act 1997* and figures are cash based and include transactions between the Australian Valuation Office and the Tax Office.
(A) = Administered, (D) = Departmental.

1 The revised Opening Balance for 2005-06 is the same as the final closing balance for 2004-05. This balance may have changed from that shown in the *2005-06 Portfolio Budget Statements* as the actual for 2004-05 may have been updated to reflect the final budget outcome for that year.

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

Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Table 1.1 'Agency outcomes and output groups' lists the outcome statements and output groups for the Australian Taxation Office (Tax Office).

The Tax Office has not made any changes to its outcome or outputs since the *2005-06 Portfolio Budget Statements*.

Output cost attribution

The Tax Office 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 Full Time Employees (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.

Figure 1: Outcome and output structure for Outcome 1

Australian Taxation Office

Commissioner: Mr Michael D'Ascenzo

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: $2,503.0 million
Departmental outcomes appropriation: $2,459.0 million
Total administered appropriations: $7,854.8 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: $162.7 million	Price of output: $885.3 million	Price of output: $1,251.0 million	Price of output: $152.1 million	Price of output: $51.9 million

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

Revised performance information — 2005-06

The Tax Office has not made any changes to its performance information since the *2005-06 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 (Tax Office) 2005-06 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 schedules are consistent with the forms of financial statements specified under the 2004-05 Finance Minister's Orders *Requirements for the Preparation of Financial Statements of Australian Government Entities*.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

There has been no change in the Tax Office's 2005-06 budgeted operating loss of $15.1 million outlined in the *2005-06 Treasury Portfolio Budget Statements* (page 236).

Operating Revenues

Total departmenatl revenue is estimated to be $2,503.0 million and consists of $2,459.0 million appropriation and revenue from other sources of $44.0 million. This is an increase of $68.0 million from the 2004-05 actual revenue.

This rise in revenue is driven by additional operational activity as a result of Budget measures shown in Table 1.4 and those published in the *2005-06 Treasury Portfolio Budget Statements*, the *2004-05 Treasury Portfolio Additional Estimates Statements* and the *2004-05 Treasury Portfolio Budget Statements.*

Operating Expenses

Total expenses are estimated to be $2,517.9 million. This is an increase of $58.7 million from the 2004-05 actual expenditure.

Operating expenses consist of $1,576.6 million in labour expenditure, $823.7 million in supplier expenditure and $117.6 million in depreciation and amortisation.

This rise in expenses is driven by additional operational activity as a result of Budget Measures shown in Table 1.4 and those published in the *2005-06 Treasury Portfolio Budget Statements*, the *2004-05 Treasury Portfolio Additional Estimates Statements* and the *2004-05 Treasury Portfolio Budget Statements*.

Budgeted departmental balance sheet

In 2005-06 the Tax Office's equity position will be negative $56.7 million. This is a decline of $15.3 million predominantly from 2004-05 as a result of the approved operating loss.

Assets

In 2005-06 the Tax Office will be maintaining its commitment to long-term improvement, investing $154.5 million in capital.

Liabilities

The Tax Office's liabilities are predominantly employee entitlements. There is no significant movement in total liabilities from 2004-05.

BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

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

Budgeted departmental balance sheet

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

Budgeted departmental statement of cash flows

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

Departmental statement of changes in equity — summary of movement

This statement shows the movement in the Tax Office's equity over the Budget year.

Departmental capital budget statement

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

Departmental property, plant, equipment and intangibles — summary of movement

This statement shows the movement in the Tax Office's non-financial assets over the Budget year.

Schedule of administered activity

Details of transactions administered by the Tax Office on behalf of the Australian Government are shown in the following notes to the financial statements.

Schedule of budgeted income and expenses administered on behalf of government

This schedule 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.

Schedule of budgeted assets and liabilities administered on behalf of government

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

Schedule of budgeted administered cash flows

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

Table 3.1: Budgeted departmental income statement (for the period ended 30 June)

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
INCOME					
Revenue					
Revenues from government	2,372,219	2,459,039	2,479,377	2,491,559	2,519,740
Goods and services	59,540	42,169	41,828	41,869	42,610
Interest	287	-	-	-	-
Other Revenue	2,941	1,820	1,910	1,910	1,910
Total revenue	2,434,987	2,503,028	2,523,115	2,535,338	2,564,260
Total income	2,434,987	2,503,028	2,523,115	2,535,338	2,564,260
EXPENSE					
Employees	1,540,940	1,576,527	1,565,314	1,595,357	1,617,312
Suppliers	822,738	823,698	827,461	809,323	816,177
Depreciation and amortisation	89,140	117,633	129,472	129,792	129,902
Write-down of assets and impairment of assets	143	-	-	-	-
Net losses from sale of assets	6,153	-	-	-	-
Borrowing costs expense	726	-	-	-	-
Total expenses	2,459,840	2,517,858	2,522,247	2,534,472	2,563,391
Operating result from continuing operations	(24,853)	(14,830)	868	866	869
Income tax expenses	611	261	267	267	267
Net surplus/(deficit)	(25,464)	(15,091)	601	599	602
Total Revenues, Expenses and Valuation Adjustments	2,509	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	(22,955)	(15,091)	601	599	602

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

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
ASSETS					
Financial assets					
Cash	43,884	42,859	43,772	44,139	44,311
Receivables	205,544	173,044	170,044	173,044	173,044
Other receivables	21,186	18,961	19,040	18,974	19,276
Total financial assets	270,614	234,864	232,856	236,157	236,631
Non-financial assets					
Land and buildings	89,485	87,272	84,888	84,361	83,834
Infrastructure, plant and equipment	113,751	107,707	99,082	94,924	90,766
Intangibles	231,592	276,740	317,708	339,030	351,123
Other non-financial assets	27,523	27,691	27,900	28,109	28,109
Total non-financial assets	462,351	499,410	529,578	546,424	553,832
Total assets	732,965	734,274	762,434	782,581	790,463
LIABILITIES					
Interest bearing liabilities					
Leases	52,176	52,176	52,176	52,176	52,176
Other	6,682	6,603	6,524	6,445	6,445
Total interest bearing liabilities	58,858	58,779	58,700	58,621	58,621
Provisions					
Employees	497,187	522,391	546,944	567,079	574,866
Other	40,085	29,818	29,550	29,283	29,283
Total provisions	537,272	552,209	576,494	596,362	604,149
Payables					
Suppliers	174,359	176,096	177,630	176,578	176,381
Other	3,892	3,900	3,907	3,907	3,907
Total payables	178,251	179,996	181,537	180,485	180,288
Total liabilities	774,381	790,984	816,731	835,468	843,058
EQUITY*					
Contributed equity	184,796	184,896	187,017	188,136	188,136
Reserves	29,718	29,718	29,718	29,718	29,718
Retained surpluses or accumulated deficits	(255,930)	(271,324)	(271,032)	(270,741)	(270,449)
Total equity	(41,416)	(56,710)	(54,297)	(52,887)	(52,595)
Current assets	298,114	258,014	256,180	259,656	260,130
Non-current assets	434,851	476,260	506,254	522,925	530,333
Current liabilities	397,661	375,518	387,855	393,101	398,288
Non-current liabilities	376,720	415,466	428,876	442,367	444,770

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

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

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,372,219	2,491,539	2,482,377	2,488,559	2,519,740
Goods and services	54,798	44,479	41,882	41,861	42,912
Interest	280	-	-	-	-
GST - input credit receipts	77,505	84,139	85,551	84,936	85,425
GST - receipts from customers	4,799	2,212	2,175	2,179	4,261
Cash transferred from OPA	1,000	-	-	-	-
Other	99	-	-	-	-
Total cash received	2,510,700	2,622,369	2,611,985	2,617,535	2,652,338
Cash used					
Employees	1,558,851	1,551,322	1,540,756	1,575,223	1,609,524
Suppliers	770,536	830,661	824,575	809,018	816,370
GST payments	83,619	86,432	87,860	87,039	88,384
Income tax equivalent payment	584	261	267	267	267
Borrowing costs	726	-	-	-	-
Cash transferred to OPA	1,000	-	-	-	-
Total cash used	2,415,316	2,468,676	2,453,458	2,471,547	2,514,545
Net cash from or (used by) operating activities	95,384	153,693	158,527	145,988	137,793
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	732	-	-	-	-
Total cash received	732	-	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	124,856	154,524	159,431	146,429	137,310
Total cash used	124,856	154,524	159,431	146,429	137,310
Net cash from or (used by) investing activities	(124,124)	(154,524)	(159,431)	(146,429)	(137,310)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	9,616	100	2,121	1,119	-
Total cash received	9,616	100	2,121	1,119	-
Cash used					
Dividends paid	98	294	304	311	311
Return of contributed equity	1,200	-	-	-	-
Finance lease - principal amount	10,413	-	-	-	-
Total cash used	11,711	294	304	311	311
Net cash from or (used by) financing activities	(2,095)	(194)	1,817	808	(311)
Net increase or (decrease) in cash held	(30,835)	(1,025)	913	367	172
Cash at the beginning of the reporting period	74,719	43,884	42,859	43,772	44,139
Cash at the end of the reporting period	43,884	42,859	43,772	44,139	44,311

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget year 2005-06)

	Accumulated results	Asset revaluation reserve	Other reserves	Contributed equity/ capital	Total equity
	$'000	$'000	$'000	$'000	$'000
Opening balance as at 1 July 2005					
Balance carried forward from previous period	(255,929)	29,718	-	184,796	(41,415)
Opening balance	(255,929)	29,718	-	184,796	(41,415)
Income and expense					
Net operating result	(15,091)	-	-	-	(15,091)
Total income and expenses recognised directly in equity	(15,091)	-	-	-	(15,091)
Transactions with owners					
Contibution by owners					
Appropriation (equity injection)	-	-	-	100	100
Returns on capital - Dividends	(304)	-	-	-	(304)
Sub-total transactions with owners	(304)	-	-	100	(204)
Closing balance as at 30 June 2006	(271,324)	29,718	-	184,896	(56,710)

Table 3.5: Departmental capital budget statement

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
CAPITAL APPROPRIATIONS					
Total equity injections	(1,200)	100	2,121	1,119	-
Previous year's outputs	9,616	-	-	-	-
Total capital appropriations	8,416	100	2,121	1,119	-
Represented by:					
Other	8,416	-	-	-	-
Purchase of non-financial assets	-	100	2,121	1,119	-
Total represented by	8,416	100	2,121	1,119	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	100	2,121	1,119	-
Funded internally by					
Departmental resources	124,856	154,424	157,310	145,310	137,310
Total	124,856	154,524	159,431	146,429	137,310

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)

	Land	Investment property	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	$'000
As at 1 July 2005									
Gross book value	-	-	89,619	-	140,388	-	438,200	-	668,207
Accumulated depreciation	-	-	(134)	-	(26,637)	-	(206,608)	-	(233,379)
Opening net book value	-	-	89,485	-	113,751	-	231,592	-	434,828
Additions:									
by purchase	-	-	25,040	-	13,150	-	116,334	-	154,524
Depreciation/amortisation expense	-	-	(27,253)	-	(19,194)	-	(71,186)	-	(117,633)
As at 30 June 2006									
Gross book value	-	-	114,659	-	153,538	-	554,534	-	822,731
Accumulated depreciation	-	-	(27,387)	-	(45,831)	-	(277,794)	-	(351,012)
Closing net book value	-	-	87,272	-	107,707	-	276,740	-	471,719

Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	159,212,232	169,700,000	178,211,000	187,588,000	197,390,000
Indirect tax	57,919,866	59,820,000	62,560,000	65,210,000	67,860,000
Other taxes, fees and fines	4,111,655	4,677,600	4,898,900	5,130,200	5,361,500
Total taxation	221,243,753	234,197,600	245,669,900	257,928,200	270,611,500
Non-taxation					
Revenues from government	10,404,125	7,854,788	7,738,762	7,922,643	8,513,430
Other sources of non-taxation revenues	706,828	685,000	680,000	710,000	760,000
Total non-taxation	11,110,953	8,539,788	8,418,762	8,632,643	9,273,430
Total revenues administered on behalf of government	232,354,706	242,737,388	254,088,662	266,560,843	279,884,930
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	5,091,472	4,225,783	4,093,757	4,267,638	4,860,425
Personal benefits	4,866,818	3,224,000	3,250,000	3,250,000	3,223,000
Write down and impairment of assets	5,673,818	1,810,000	1,870,000	1,980,000	2,105,000
Interest	215,230	215,000	215,000	215,000	215,000
Other	230,605	190,005	180,005	190,005	215,005
Total expenses administered on behalf of government	16,077,943	9,664,788	9,608,762	9,902,643	10,618,430

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	69,350	69,350	69,350	69,350	69,350
Receivables	14,120,104	15,815,104	17,934,104	20,026,104	22,189,104
Total financial assets	14,189,454	15,884,454	18,003,454	20,095,454	22,258,454
Non-financial assets					
Other non-financial assets	9,368	9,369	9,369	9,369	9,369
Total non-financial assets	9,368	9,369	9,369	9,369	9,369
Total assets administered on behalf of government	14,198,822	15,893,823	18,012,823	20,104,823	22,267,823
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	1,392,334	1,392,334	1,392,334	1,392,334	1,392,334
Other provisions	489,164	529,164	569,164	609,164	654,164
Total provisions	1,881,498	1,921,498	1,961,498	2,001,498	2,046,498
Payables					
Grants and subsidies	1,140,750	1,112,533	1,046,385	1,022,387	1,135,608
Personal benefits payable	3,051,563	3,323,563	3,359,563	3,357,563	3,326,563
Other payables	18,062	18,062	18,062	18,062	18,062
Total payables	4,210,375	4,454,158	4,424,010	4,398,012	4,480,233
Total liabilities administered on behalf of government	6,091,873	6,375,656	6,385,508	6,399,510	6,526,731

Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)

	Actual 2004-05 $'000	Revised budget 2005-06 $'000	Forward estimate 2006-07 $'000	Forward estimate 2007-08 $'000	Forward estimate 2008-09 $'000
OPERATING ACTIVITIES					
Cash received					
Income tax	154,297,288	167,430,000	175,552,000	184,946,000	194,662,000
Indirect tax	57,024,219	58,900,000	61,520,000	64,120,000	66,710,000
Other taxes, fees and fines	4,292,215	4,467,600	4,708,900	4,900,200	5,091,500
Cash from Official Public Account - appropriations	6,331,033	7,571,005	7,728,911	7,908,641	8,386,208
Other non-taxation	300,357	580,000	580,000	600,000	640,000
Total cash received	222,245,112	238,948,605	250,089,811	262,474,841	275,489,708
Cash used					
Interest paid	215,230	215,000	215,000	215,000	215,000
Subsidies paid	4,072,250	4,254,000	4,159,906	4,291,636	4,747,203
Personal benefits	1,814,000	2,952,000	3,214,000	3,252,000	3,254,000
Cash to Official Public Account - other	216,027,784	231,377,600	242,360,900	254,566,200	267,103,500
Other	229,553	150,005	140,005	150,005	170,005
Total cash used	222,358,817	238,948,605	250,089,811	262,474,841	275,489,708
Net cash from or (used by) operating activities	(113,705)	-	-	-	-
Net increase or (decrease) in cash held	(113,705)	-	-	-	-
Cash at beginning of reporting period	183,055	69,350	69,350	69,350	69,350
Cash at end of reporting period	**69,350**	**69,350**	**69,350**	**69,350**	**69,350**

Table 3.10: Schedule of administered capital budget

This table is not applicable to the Tax Office.

Table 3.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2005-06)

This table is not applicable to the Tax Office.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

Notes to the departmental statements

Details of departmental items in the financial statements included in Table 3.1 to 3.6 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 Tax Office's departmental budget statements are consolidated to include the financial operations of the Australian Valuation Office.

Cost of administering goods and services tax

Departmental 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 Treasury.

Notes to the administered schedules

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 budgeted 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.