AUSTRALIAN TAXATION OFFICE

AUSTRALIAN TAXATION OFFICE

Section 1: Agency overview and resources; variations and measures

OVERVIEW

There has been no change to the overview included in the Portfolio Budget Statements 2007-08 (page 197).

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 in Table 1.2 and Table 1.3 contributed to a net increase in agency outputs in 2007-08.

Table 1.2: Additional estimates and variations to outcomes — measures

	2007-08 $'000	2008-09 $'000	2009-10 $'000	2010-11 $'000
Outcome 1				
Expense measures				
Efficiency dividend - increase in the rate from 1 per cent to 1.25 per cent	-	(6,062)	(6,258)	(6,212)
Election Commitment Savings: 2 per cent Efficiency Dividend	(11,194)	(47,871)	(47,225)	(46,939)
Regulations for private rulings requiring valuations	4,100	-	-	-
Screen Media Support Package - further policy amendment *(administered)*	2,100	1,100	1,100	1,100
Simplified Superannuation – additional funding for media coverage	3,200	-	-	-
Standard Business Reporting	10,967	8,724	9,845	7,778
Standard Business Reporting *(related capital)*	9,603	19,384	3,495	-
Revenue measures				
Australian Taxation Office - enhanced compliance activity *(related expense)*	-	73,322	122,256	117,702
Australian Taxation Office - enhanced compliance activity *(related capital)*	-	8,565	-	-
Superannuation – payment of temporary residents' superannuation to the Australian Government *(related expense)*	10,000	10,000	10,000	10,000

Note: These figures represent the impact on the fiscal balance

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

	2007-08 $'000	2008-09 $'000	2009-10 $'000	2010-11 $'000
Outcome 1				
Superannuation - taxation of lump sum superannuation death benefit payments to non-dependents of defence personnel and police *(administered)*	300	(300)	-	-
Adjustment to reflect movement in indices relating to prices and wages *(departmental)*	-	4,643	4,627	6,886

Note: These figures represent the impact on the fiscal balance

MEASURES — AGENCY SUMMARY

Table 1.4: Summary of measures since the 2007-08 Budget

Measure	Outcome	Output groups affected	2007-08 $'000			2008-09 $'000			2009-10 $'000			2010-11 $'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Expense measures														
Efficiency dividend - increase in the rate from 1 per cent to 1.25 per cent	1	1.1	-	-	-	-	(6,062)	(6,062)	-	(6,258)	(6,258)	-	(6,212)	(6,212)
Election Commitment Savings: 2 per cent Efficiency Dividend	1	1.1	-	(11,194)	(11,194)	-	(47,871)	(47,871)	-	(47,225)	(47,225)	-	(46,939)	(46,939)
Regulations for private rulings requiring valuations[1]	1	1.1	-	4,100	4,100	-	-	-	-	-	-	-	-	-
Screen Media Support Package - further policy amendment *(administered)*	1	1.1	2,100	-	2,100	1,100	-	1,100	1,100	-	1,100	1,100	-	1,100
Simplified Superannuation – additional funding for media coverage[1]	1	1.1	-	3,200	3,200	-	-	-	-	-	-	-	-	-
Standard Business Reporting[2]	1	1.1	-	10,967	10,967	-	8,724	8,724	-	9,845	9,845	-	7,778	7,778
Total expense measures			2,100	7,073	9,173	1,100	(45,209)	(44,109)	1,100	(43,638)	(42,538)	1,100	(45,373)	(44,273)
Related capital														
Standard Business Reporting	1	1.1	-	9,603	9,603	-	19,384	19,384	-	3,495	3,495	-	-	-
Total related capital			-	9,603	9,603	-	19,384	19,384	-	3,495	3,495	-	-	-

Table 1.4: Summary of measures since the 2007-08 Budget (continued)

Measure	Outcome	Output groups affected	2007-08 $'000			2008-09 $'000			2009-10 $'000			2010-11 $'000		
			Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
Revenue measures														
Related expenses														
Australian Taxation Office - enhanced compliance activity	1	1.1	-	-	-	-	73,322	73,322	-	122,256	122,256	-	117,702	117,702
Superannuation – payment of temporary residents' superannuation to the Australian Government	1	1.1	-	10,000	10,000	-	10,000	10,000	-	10,000	10,000	-	10,000	10,000
Total related expenses			-	10,000	10,000	-	83,322	83,322	-	132,256	132,256	-	127,702	127,702
Related capital														
Australian Taxation Office - enhanced compliance activity	1	1.1	-	-	-	-	8,565	8,565	-	-	-	-	-	-
Total related capital			-	-	-	-	8,565	8,565	-	-	-	-	-	-
Total of all measures			2,100	26,676	28,776	1,100	66,062	67,162	1,100	92,113	93,213	1,100	82,329	83,429

1. The Government has varied these measures announced by the previous government in the 2007-08 Mid Year Economic and Fiscal Outlook (MYEFO).
2. The Admin items for Standard Business Reporting have been transferred from the Australian Taxation Office to the Treasury.

Note: These figures represent the impact on the fiscal balance

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2007-08

	2006-07 available $'000	2007-08 budget $'000	2007-08 revised $'000	Additional estimates[1] $'000	Reduced estimates $'000
ADMINISTERED ITEMS					
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	-	-	1,100	1,100	-
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	2,593,135	2,782,828	2,798,805	15,977	-
Total administered and departmental	2,593,135	2,782,828	2,799,905	17,077	-

1. These figures represent the impact on appropriations.

Table 1.6: Appropriation Bill (No. 4) 2007-08

	2006-07 available $'000	2007-08 budget $'000	2007-08 revised $'000	Additional estimates[1] $'000	Reduced estimates $'000
Non-operating					
Equity injections	14,457	46,580	56,183	9,603	-
Total	14,457	46,580	56,183	9,603	-

1. This figures represent the impact on appropriations

SUMMARY OF STAFFING CHANGES

Table 1.7: Average Staffing Level (ASL)

	2007-08 budget	2007-08 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	20,792	21,205	413
Total	20,792	21,205	413

OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.8: Other receipts available to be used

The ATO has not made any changes to other receipts available to be used since the *Portfolio Budget Statements 2007-08.*

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.9: Estimates of expenses from special appropriations

	Outcome No.	Budget estimate 2007-08 $'000	Revised estimate 2007-08 $'000
Estimated expenses (administered)			
Refunds - s16 *Tax Administration Act 1953* [1]	1	72,744,100	76,181,100
Family Tax Benefit[2]	1	2,138,000	2,070,000
Cleaner Fuels Grant Scheme	1	226,000	146,000
Product Stewardship (Oil)	1	30,000	30,000
Large Scale Film Production	1	120,000	122,100
R&D refundable tax offset for small companies	1	320,000	343,000
Superannuation Co-contribution	1	1,266,000	1,189,000
Superannuation Guarantee (Administration) Act 1992 - Distribution of charges	1	205,000	205,000
Total estimated expenses[3]		77,049,100	80,286,200

1. Refunds under section 16 of the *Tax Administration Act 1953* are primarily taxation refunds from revenue but may include amounts for the First Child tax offset, the Private Health Insurance Benefit, Fuel Tax Credits and interest on overpayments.
2. This represents the portion of the Family Tax Benefit administered by the Tax Office only.
3. The total amount showing for special appropriations differs to the amount shown in Figure 2 as it includes appropriations for taxation refunds from revenue. In Figure 2, taxation refunds are netted off against taxation revenue.

ESTIMATES OF SPECIAL ACCOUNT FLOWS

Table 1.10: Estimates of special account flows

	Outcome No.	Opening Balance	Receipts	Payments	Adjustments	Closing Balance
		2007-08	**2007-08**	**2007-08**	**2007-08**	**2007-08**
		2006-07	*2006-07*	*2006-07*	*2006-07*	*2006-07*
		$'000	$'000	$'000	$'000	$'000
Australian Valuation Office						
Financial Management and Accountability Act 1997	1	**5,847**	**25,499**	**25,354**	-	**5,992**
(FMA Act 1997)		*3,296*	*27,360*	*24,809*	*-*	*5,847*
Excise Security Deposits						
- sections 20 to 22 FMA	1	**46**	**-**	**-**	**-**	**46**
Act 1997		*52*	*-*	*6*	*-*	*46*
Other Trust Monies						
- sections 20 to 22 FMA	1	**24,982**	**30,000**	**-**	**-**	**54,982**
Act 1997		*19,844*	*16,002*	*10,864*	*-*	*24,982*
Superannuation Holding Accounts Reserve Trust Accounts - *Small Superannuation Accounts*	1	**47,840**	**210,000**	**32,500**	**-**	**225,340**
Act 1995		*57,743*	*174*	*10,077*	*-*	*47,840*
Total special accounts						
2007-08 Budget estimate		**78,715**	**265,499**	**57,854**	-	**286,360**
Total special accounts						
2006-07 actual		*80,935*	*43,536*	*45,756*	*-*	*78,715*

Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

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

The Tax Office has not made any changes to its outcome or outputs since the *Portfolio Budget Statements 2007-08.*

Figure 2: Contributions to outcome and outputs

Australian Taxation Office

Commissioner: Mr Michael D'Ascenzo

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 departmental resources: $2,865.6 million
Departmental appropriation: $2,798.8 million
Administered appropriation: $9,176.3 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
Total resources: $231.4 million	Total resources: $986.1 million	Total resources: $1,413.3 million	Total resources: $142.6 million	Total resources: $92.2 million

* Transfers: movement of money that is not revenue e.g. tax offsets, grants, super guarantee vouchers, and benefits distribution.

Revised performance information — 2007-08

The Tax Office has not made any changes to its performance information since the *Portfolio Budget Statements 2007-08*.

Section 3: Budgeted financial statements

The budgeted departmental and administered financial statements and related notes for the Australian Taxation Office (Tax Office) are in this section. The financial statements are produced for 2006-07 (actual results), 2007-08 (revised budget estimate) and three forward years. The financial statements should be read in conjunction with the accompanying notes.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Budgeted departmental income statement

There has been no change to the Tax Office budgeting for a balanced budget in 2007-08 (as outlined in the *Portfolio Budget Statements 2007-08*).

Revenue

Total departmental revenue is estimated to be $2,865.6 million. This consists of government appropriations of $2,798.8 million and income from other sources of $66.8 million. This represents an increase in government appropriations, from the *Portfolio Budget Statements 2007-08,* of $16.0 million due to measures.

Expenses

Total departmental expenses are estimated to be $2,865.3 million. This consists of $1,680.8 million in employee expenses, $1,063.2 million in suppliers and $121.3 million in depreciation/amortisation. The increase in expenses from the *Portfolio Budget Statements 2007-08,* of $16.0 million corresponds to the increase in total departmental revenue.

Budgeted departmental balance sheet

Equity

The estimated equity position of the Tax Office at the end of 2007-08 is $98 million. This represents an increase in equity of $55.9 million from the 2006-07 actual results, due to equity injections in 2007-08.

Assets

The Tax Office's assets are predominantly non-financial assets. In 2007-08 the Tax Office will continue to maintain its commitment to long term improvement, investing $201.5 million in capital expenditure. This represents an increase of $9.6 million from the *Portfolio Budget Statements 2007-08,* due to asset purchases associated with measures shown in Table 1.2 and Table 1.4.

BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

This statement provides a picture of the expected financial results of the Tax Office by identifying full accrual revenues and expenses.

Budgeted departmental balance sheet

This statement shows the financial position of the Tax Office. It helps decision makers track the management of assets and liabilities.

Budgeted departmental statement of cash flows

This statement provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating, investing and financing activities.

Departmental statement of changes in equity — summary of movement

This statement provides details of changes in the amount and nature of equity balances for 2007-08.

Departmental capital budget statement

This statement shows the amount of planned capital expenditure, whether funded through capital appropriations or from internal resources.

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

This statement shows expected acquisitions and disposals of non-financial assets for 2007-08.

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of government

This statement shows the main revenues and expenses administered by the Tax Office on behalf of the Australian Government.

Schedule of budgeted assets and liabilities administered on behalf of government

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

Schedule of budgeted administered cash flows

This statement shows the cash flows administered on behalf of the Australian Government. It also discloses transfers to the Official Public Account.

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

	Actual 2006-07 $'000	Revised budget 2007-08 $'000	Forward estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000
INCOME					
Revenue					
Revenues from Government	2,593,135	2,798,805	2,805,099	2,832,414	2,814,338
Goods and services	63,294	63,894	52,456	52,696	52,891
Interest	249	-	-	-	-
Other	2,008	2,900	3,200	3,500	3,800
Total revenue	2,658,686	2,865,599	2,860,755	2,888,610	2,871,029
Gains					
Other	2,500	-	-	-	-
Total gains	2,500	-	-	-	-
Total income	2,661,186	2,865,599	2,860,755	2,888,610	2,871,029
EXPENSE					
Employees	1,651,992	1,680,799	1,716,409	1,775,155	1,774,662
Suppliers	844,165	1,063,215	1,001,000	952,866	934,348
Depreciation and amortisation	90,466	121,318	143,079	160,322	161,752
Write-down of assets and impairment of assets	11,193	-	-	-	-
Net losses from sale of assets	6	-	-	-	-
Other	1,932	-	-	-	-
Total expenses	2,599,754	2,865,332	2,860,488	2,888,343	2,870,762
Operating result before Income Tax	61,432	267	267	267	267
Income Tax expense	549	267	267	267	267
Net surplus or (deficit) attributable to the Australian Government	60,883	-	-	-	-

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

	Actual 2006-07 $'000	Revised budget 2007-08 $'000	Forward estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000
ASSETS					
Financial assets					
Cash and cash equivalents	31,397	26,783	29,795	40,358	39,756
Receivables	234,541	231,740	232,525	263,391	288,702
Total financial assets	265,938	258,523	262,320	303,749	328,458
Non-financial assets					
Land and buildings	132,739	132,212	139,393	138,020	136,656
Infrastructure, plant and equipment	58,582	54,424	50,266	46,108	41,950
Intangibles	340,563	425,423	471,678	458,992	440,072
Deferred tax asset	1,127	1,127	1,127	1,127	1,127
Other	38,421	38,630	38,630	38,630	38,630
Total non-financial assets	571,432	651,816	701,094	682,877	658,435
Total assets	837,370	910,339	963,414	986,626	986,893
LIABILITIES					
Payables					
Suppliers	194,841	194,493	186,792	180,215	180,215
Dividends	641	641	641	641	641
Tax liabilities	-	-	-	267	534
Other Payables and Accrued expenses	4,613	4,613	4,613	4,613	4,613
Total payables	200,095	199,747	192,046	185,736	186,003
Interest bearing liabilities					
Leases	32,048	30,058	28,147	26,236	26,236
Total interest bearing liabilities	32,048	30,058	28,147	26,236	26,236
Provisions					
Employees	527,412	547,114	555,065	581,703	581,703
Other provisions	35,705	35,438	35,438	35,438	35,438
Total provisions	563,117	582,552	590,503	617,141	617,141
Total liabilities	795,260	812,357	810,696	829,113	829,380
EQUITY					
Contributed equity	198,648	254,831	309,878	314,673	314,673
Reserves	47,121	47,121	47,121	47,121	47,121
Retained surpluses or accumulated deficits	(203,659)	(203,970)	(204,281)	(204,281)	(204,281)
Total equity	42,110	97,982	152,718	157,513	157,513
Current assets	274,657	298,591	316,000	323,613	323,701
Non-current assets	562,713	611,748	647,414	663,013	663,192
Current liabilities	606,783	619,828	618,561	632,613	632,817
Non-current liabilities	188,477	192,529	192,135	196,500	196,563

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

	Actual 2006-07 $'000	Revised budget 2007-08 $'000	Forward estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	73,369	68,665	54,364	54,606	52,891
Appropriations	2,550,543	2,805,472	2,797,020	2,799,565	2,789,027
Cash from the Official Public Account	(705)	-	-	-	-
Net GST received	84,499	90,547	98,380	89,819	84,790
Other cash received	106	(1,871)	3,200	3,500	3,800
Total cash received	2,707,812	2,962,813	2,952,964	2,947,490	2,930,508
Cash used					
Employees	1,614,360	1,661,098	1,708,458	1,748,516	1,774,662
Suppliers	874,943	1,064,120	1,010,606	961,354	934,348
Taxes Paid	302	267	267	-	-
Net GST paid	91,241	96,321	93,000	89,747	84,790
Other cash used	1,932	-	-	-	-
Total cash used	2,582,778	2,821,806	2,812,331	2,799,617	2,793,800
Net cash from or (used by) operating activities	125,034	141,007	140,633	147,873	136,708
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	155	-	-	-	-
Total cash received	155	-	-	-	-
Cash used					
Purchase of property, plant and equipment & intangibles	144,292	201,493	192,357	142,105	137,310
Total cash used	144,292	201,493	192,357	142,105	137,310
Net cash from or (used by) investing activities	(144,137)	(201,493)	(192,357)	(142,105)	(137,310)
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	14,457	56,183	55,047	4,795	-
Total cash received	14,457	56,183	55,047	4,795	-
Cash used					
Dividends paid	369	311	311	-	-
Total cash used	369	311	311	-	-
Net cash from or (used by) financing activities	14,088	55,872	54,736	4,795	-
Net increase or (decrease) in cash held	(5,015)	(4,614)	3,012	10,563	(602)
Cash at the beginning of the reporting period	36,412	31,397	26,783	29,795	40,358
Cash at the end of the reporting period	31,397	26,783	29,795	40,358	39,756

Table 3.4: Departmental statement of changes in equity — summary of movement (Budget 2007-08)

	Accumulated results $'000	Asset revaluation reserve $'000	Other reserves $'000	Contributed equity/ capital $'000	Total equity $'000
Opening balance as at 1 July 2007					
Balance carried forward from previous period	(203,659)	47,121		198,648	42,110
Adjusted opening balance	(203,659)	47,121	-	198,648	42,110
Transactions with owners					
Distributions to owners					
Returns on capital					
Dividends	(311)	-	-	-	(311)
Contribution by owners					
Appropriation (equity injection)	-	-	-	56,183	56,183
Sub-total transactions with owners	(311)	-	-	56,183	55,872
Closing balance less minority interests	(203,970)	47,121	-	254,831	97,982
Estimated closing balance as at 30 June 2008	(203,970)	47,121	-	254,831	97,982

Table 3.5: Departmental capital budget statement

	Actual 2006-07 $'000	Revised budget 2007-08 $'000	Forward estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000
CAPITAL APPROPRIATIONS					
Total equity injections	14,457	56,183	55,047	4,795	-
Total capital appropriations	14,457	56,183	55,047	4,795	-
Represented by:					
Purchase of non-financial assets	14,457	56,183	55,047	4,795	-
Total represented by	14,457	56,183	55,047	4,795	-
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	14,457	56,183	55,047	4,795	-
Funded internally by departmental resources	129,835	145,310	137,310	137,310	137,310
Total	144,292	201,493	192,357	142,105	137,310

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2007-08)

	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 2007									
Gross book value	-	-	149,008	-	62,388	-	582,213	-	793,609
Accumulated depreciation			(16,269)		(3,806)		(241,650)		(261,725)
Opening net book value	-	-	132,739	-	58,582	-	340,563	-	531,884
Additions:									
by purchase	-	-	25,140	-	12,150	-	164,203	-	201,493
Depreciation/amortisation expense	-	-	(25,667)	-	(16,308)	-	(79,343)	-	(121,318)
As at 30 June 2008									
Gross book value	-	-	174,148	-	74,538	-	746,416	-	995,102
Accumulated depreciation	-	-	(41,936)	-	(20,114)	-	(320,993)	-	(383,043)
Estimated closing net book value	-	-	132,212	-	54,424	-	425,423	-	612,059

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

	Actual 2006-07 $'000	Revised budget 2007-08 $'000	Forward estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Income tax	189,382,121	203,057,800	213,213,590	226,279,460	233,038,620
Indirect tax	65,018,244	67,930,000	71,370,000	74,340,000	77,750,000
Other taxes, fees and fines	420,820	330,200	395,500	443,800	485,800
Total taxation	254,821,185	271,318,000	284,979,090	301,063,260	311,274,420
Non-taxation					
Other sources of non-taxation revenues	-	26,000	26,000	26,000	26,000
Total non-taxation	-	26,000	26,000	26,000	26,000
Total revenues administered on behalf of Government	254,821,185	271,344,000	285,005,090	301,089,260	311,300,420
Total income administered on behalf of Government	254,821,185	271,344,000	285,005,090	301,089,260	311,300,420
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	4,693,639	5,148,200	5,461,200	5,730,200	6,095,100
Personal benefits	4,266,552	3,543,100	3,551,000	3,601,000	3,682,000
Write down and impairment of assets	3,497,283	3,778,000	3,873,000	4,108,000	4,193,000
Interest	221,899	280,000	330,000	330,000	330,000
Other	87,597	205,000	230,000	250,000	280,000
Total expenses administered on behalf of Government	12,766,970	12,954,300	13,445,200	14,019,200	14,580,100

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

	Actual 2006-07 $'000	Revised budget 2007-08 $'000	Forward estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	335,801	335,801	335,801	335,801	335,801
Receivables	12,902,821	13,279,821	14,071,821	15,068,821	16,360,821
Accrued revenues	8,145,220	8,690,220	9,305,220	9,680,220	10,045,220
Total financial assets	21,383,842	22,305,842	23,712,842	25,084,842	26,741,842
Total assets administered on behalf of Government	21,383,842	22,305,842	23,712,842	25,084,842	26,741,842
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Provisions					
Taxation refunds provided	1,476,116	1,476,116	1,476,116	1,476,116	1,476,116
Other provisions	418,617	443,617	473,617	503,617	533,617
Total provisions	1,894,733	1,919,733	1,949,733	1,979,733	2,009,733
Payables					
Grants and subsidies	1,065,406	1,015,306	965,306	926,306	1,005,306
Personal benefits payable	3,776,223	3,647,223	3,624,223	3,650,223	3,710,223
Other payables	22,804	22,804	22,804	22,804	22,804
Total payables	4,864,433	4,685,333	4,612,333	4,599,333	4,738,333
Total liabilities administered on behalf of Government	6,759,166	6,605,066	6,562,066	6,579,066	6,748,066

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

	Actual 2006-07 $'000	Revised budget 2007-08 $'000	Forward estimate 2008-09 $'000	Forward estimate 2009-10 $'000	Forward estimate 2010-11 $'000
OPERATING ACTIVITIES					
Cash received					
Income tax	213,239,910	199,857,800	209,583,590	222,429,460	229,168,620
Indirect tax	95,202,256	66,460,000	69,780,000	72,810,000	76,040,000
Other taxes, fees and fines	317,105	300,200	335,500	343,800	215,800
Other	-	26,000	26,000	26,000	26,000
Total cash received	308,759,271	266,644,000	279,725,090	295,609,260	305,450,420
Cash used					
Grant payments	-	-	-	-	-
Interest paid	262,643	280,000	330,000	330,000	330,000
Subsidies paid	4,900,791	5,198,300	5,511,200	5,769,200	6,016,100
Personal benefits	4,243,098	3,672,100	3,574,000	3,575,000	3,622,000
Other	205,297	180,000	200,000	220,000	250,000
Total cash used	9,611,829	9,330,400	9,615,200	9,894,200	10,218,100
Net cash from operating activities	299,147,442	257,313,600	270,109,890	285,715,060	295,232,320
FINANCING ACTIVITIES					
Cash received					
Cash from Official Public Account	9,611,829	9,330,400	9,615,200	9,894,200	10,218,100
Total cash received	9,611,829	9,330,400	9,615,200	9,894,200	10,218,100
Cash used					
Cash to Official Public Account	308,647,445	266,644,000	279,725,090	295,609,260	305,450,420
Total cash used	308,647,445	266,644,000	279,725,090	295,609,260	305,450,420
Net cash from financing activities	(299,035,616)	(257,313,600)	(270,109,890)	(285,715,060)	(295,232,320)
Net increase or (decrease) in cash held	111,826	-	-	-	-
Cash at beginning of reporting period	223,976	335,802	335,802	335,802	335,802
Cash at end of reporting period	335,802	335,802	335,802	335,802	335,802

Table 3.10: Schedule of administered capital budget

The ATO does not have any administered capital.

Table 3.11: Schedule of administered property, plant, equipment and intangibles – summary of movement (Budget year 2007-08)

The ATO does not have any administered property, plant, equipment or intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

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

Notes to the departmental statements

The departmental financial statements, included in Table 3.1 through to Table 3.6 have been prepared on the basis of Australian Accounting Standards and Department of Finance and Deregulation 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 budgeted financial 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 Regulations'. 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.

Administered

The administered financial statements included in Table 3.7 through to Table 3.9 have been prepared on the basis of Australian Accounting Standards.

The standards require that taxation revenues are recognised on an accrual basis when the following conditions apply:

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

The amount of taxation revenue recognised takes account of legislative steps, discretion to be exercised and any refunds and/or credit amendments to which the taxpayers may become entitled.

Recognition of taxation revenue

Taxation revenue is recognised when the Government, through the application of legislation by the Tax Office and other relevant activities, gains control over the future economic benefits that flow from taxes and other statutory charges — the Economic Transaction Method (ETM). This methodology relies on the estimation of the probable flows of taxes from transactions which have occurred in the economy, but not yet reported, and are likely to be reported, to the Tax Office through an assessment or disclosure.

However in circumstances when there is an 'inability to reliably measure tax revenues when the underlying transactions or events occur', the standards permit an alternative approach — the Taxation Liability Method (TLM). Under this basis, taxation revenue is recognised at the earlier of when an assessment of a tax liability is made or payment is received by the Tax Office. This recognition policy means that taxation revenue is generally measured at a later time than would be the case if it were measured under the ETM method.

In accordance with the above revenue recognition approach, the Tax Office uses ETM as the basis for revenue recognition, except for income tax for individuals, companies and superannuation funds and superannuation surcharge which are recognised on a TLM basis.

Items recognised as reductions to taxation revenue

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

- refunds of revenue; and
- increase (decrease) in movement of provision for credit amendments.