

INSPECTOR-GENERAL OF TAXATION

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INSPECTOR-GENERAL OF TAXATION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The objective of the Inspector-General of Taxation (IGT) is to improve the administration of the tax laws for the benefit of all taxpayers.

The IGT's strategic direction for 2013-14 is to achieve this by delivering independent advice for improvement through:

- consulting with the community to ensure tax administration issues are identified;
- conducting reviews into the identified issues;
- developing a deeper understanding of the issues and advise on improvement options; and
- reporting publicly on review outcomes, observations and improvement recommendations.

In 2013-14, the IGT will establish a new work program through a broad-based community consultation process which remains in effect for that year.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources for IGT.

Table 1.1: Inspector-General of Taxation resource statement — Budget estimates for 2013-14 as at Budget May 2013

	Estimate of prior year amounts available in 2013-14 \$'000	+	Proposed at Budget 2013-14 \$'000	=	Total estimate 2013-14 \$'000	Actual available appropriation 2012-13 \$'000
Ordinary annual services						
Departmental appropriation						
Prior year departmental appropriation	2,940	³	-		2,940	-
Departmental appropriation ²	-		2,656	¹	2,656	2,652
Total net resourcing for the IGT	2,940		2,656		5,596	2,652

1. Appropriation Bill (No. 1) 2013-14.

2. Includes \$0.03 million in 2013-14 for the departmental capital budget (also refer to Table 3.2.5).

3. Estimated adjusted balance carried from previous year for annual appropriations.

1.3 BUDGET MEASURES

Budget measures relating to the IGT are summarised below.

Table 1.2: Inspector-General of Taxation 2013-14 Budget measures

Program	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Expense measures					
Targeted savings – public service efficiencies ¹	1.1	(12)	(18)	(15)	(14)
Total expense measures		(12)	(18)	(15)	(14)

¹ This measure was included as a cross portfolio measure in the *Mid-Year Economic and Fiscal Outlook 2012-13*.

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government agencies achieve the intended results of their outcome statements. Agencies are required to identify the programs which contribute to Government outcomes over the Budget and forward years.

The IGT's outcome is described below, specifying the strategy, program objective, program deliverables and program key performance indicators used to assess and monitor the performance of the IGT.

Outcome 1: Improved tax administration through community consultation, review, and independent advice to Government

Outcome 1 strategy

Key strategies to achieve Outcome 1 are to:

- undertake community consultation, research and other processes to identify and prioritise areas of tax administration for improvement;
- call for submissions to review and to stimulate input by, for example, issuing terms of reference and similar materials;
- review identified areas and provide independent advice and recommendations to the Government and the Australian Taxation Office (ATO) on improvements to the administration of the tax laws;
- maintain a positive public profile for the IGT through participation in conferences and seminars;
- build on approaches that increase the ATO's involvement and contribution to review processes and outcomes; and
- selectively engage external expertise and undertake overseas comparisons to enhance capabilities and objectivity for appropriate reviews.

The major projects and activities expected to be commenced and/or completed during 2013-14 include the development of a new IGT work program of reviews through broad-based consultation with stakeholders and to commence and/or complete these

reviews in that year. In addition, consideration of the ATO's implementation of IGT recommendations is also supported.

Outcome expense statement

Table 2.1 provides an overview of the total expenses for Outcome 1.

Table 2.1: Budgeted expenses for Outcome 1

Outcome 1: Improved tax administration through community consultation, review, and independent advice to government	2012-13	2013-14
	Estimated actual expenses \$'000	Estimated expenses \$'000
Program 1.1: Inspector-General of Taxation		
Departmental expenses		
Departmental appropriation	2,622	2,626
Expenses not requiring appropriation in the budget year	38	30
Total expenses for Outcome 1	2,660	2,656
	2012-13	2013-14
Average staffing level (number)	10	10

Contributions to Outcome 1

Program 1.1: Inspector-General of Taxation

Program objective

The IGT has the following objectives:

- identify areas of tax administration where community stakeholders believe improvements should be made or issues reviewed;
- consult with government agencies that review tax administration, in particular the Australian National Audit Office and the Commonwealth Ombudsman to foster cooperation and make efficient use of resources;
- prioritise areas of tax administration for review according to the IGT's work program and ministerial direction as appropriate;
- provide independent advice to the Government and the ATO on tax administration and make recommendations on improvements; and
- consideration of the ATO's implementation of IGT recommendations.

Program expenses

There are no significant changes to estimates across the forward years.

Table 2.2: Program expenses

	2012-13 Revised budget \$'000	2013-14 Budget \$'000	2014-15 Forward year 1 \$'000	2015-16 Forward year 2 \$'000	2016-17 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	2,660	2,656	2,669	2,694	2,721
Total program expenses	2,660	2,656	2,669	2,694	2,721

Program deliverables

The IGT has the following deliverables:

- a program of reviews based on community input and consultation with other relevant agencies, and prioritised in line with principles of good tax administration; and
- five completed reviews incorporating independent advice to the Government on systemic issues and/or viable improvements to tax administration.

Program key performance indicators

The IGT has the following key performance indicators:

- positive feedback and continued support from community stakeholders including taxpayers, tax practitioners and relevant government agencies; and
- recommendations for systemic improvements in tax administration agreed and implemented by the ATO and/or the Government.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of agency finances for the budget year 2013-14. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The IGT has no administered funds.

3.1.2 Special accounts

The IGT has no special accounts.

3.1.3 Australian Government Indigenous Expenditure

The IGT has no Australian Government Indigenous Expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There are no material differences between agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

The financial statements have been prepared on an Australian Accounting Standards basis.

The IGT is budgeting for a break-even operating result in 2013-14 after adding back non-appropriated depreciation and amortisation expenses.

3.2.3 Budgeted financial statements tables

**Table 3.2.1: Comprehensive income statement (Showing Net Cost of Services)
(for the period ended 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
EXPENSES					
Employee benefits	1,784	1,792	1,798	1,820	1,901
Supplier	838	834	841	844	790
Depreciation and amortisation	38	30	30	30	30
Total expenses	2,660	2,656	2,669	2,694	2,721
LESS:					
OWN-SOURCE INCOME					
Revenue					
Other revenue	-	-	-	-	-
Total revenue	-	-	-	-	-
Total own-source income	-	-	-	-	-
Net cost of (contribution by) services	2,660	2,656	2,669	2,694	2,721
Appropriation revenue	2,622	2,626	2,639	2,664	2,691
Surplus (deficit) attributable to the Australian Government	(38)	(30)	(30)	(30)	(30)

Note: Impact of Net Cash Appropriation Arrangements

	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000
Total Comprehensive Income (loss)					
less depreciation/amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
plus depreciation/amortisation expenses previously funded through revenue appropriations	(38)	(30)	(30)	(30)	(30)
Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income	(38)	(30)	(30)	(30)	(30)

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
ASSETS					
Financial assets					
Cash and equivalents	37	37	37	37	37
Trade and other receivables	2,940	2,940	2,940	2,940	2,940
Total financial assets	2,977	2,977	2,977	2,977	2,977
Non-financial assets					
Infrastructure, plant and equipment	126	126	126	126	126
Other	-	-	-	-	-
Total non-financial assets	126	126	126	126	126
Total assets	3,103	3,103	3,103	3,103	3,103
LIABILITIES					
Provisions					
Employees	246	246	246	246	246
Other	94	94	94	94	94
Total provisions	340	340	340	340	340
Payables					
Suppliers	77	77	77	77	77
Total payables	77	77	77	77	77
Total liabilities	417	417	417	417	417
Net assets	2,686	2,686	2,686	2,686	2,686
EQUITY					
Reserves	370	370	370	370	370
Contributed equity	30	60	90	120	150
Retained surpluses or accumulated deficits	2,286	2,256	2,226	2,196	2,166
Total equity	2,686	2,686	2,686	2,686	2,686
Current assets	2,977	2,977	2,977	2,977	2,977
Non-current assets	126	126	126	126	126
Current liabilities	179	179	179	179	179
Non-current liabilities	238	238	238	238	238

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	2,622	2,626	2,639	2,664	2,691
Other	-	-	-	-	-
Total cash received	2,622	2,626	2,639	2,664	2,691
Cash used					
Employees	1,784	1,792	1,798	1,820	1,901
Suppliers	838	834	841	844	790
Total cash used	2,622	2,626	2,639	2,664	2,691
Net cash from or (used by) operating activities	-	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	-	30	30	30	30
Total cash used	-	30	30	30	30
Net cash from or (used by) investing activities	-	(30)	(30)	(30)	(30)
FINANCING ACTIVITIES					
Cash received					
Capital injections	-	30	30	30	30
Total cash received	-	30	30	30	30
Net cash from or (used by) financing activities	-	30	30	30	30
Net increase or (decrease) in cash held	-	-	-	-	-
Cash at the beginning of the reporting period	37	37	37	37	37
Cash at the end of the reporting period	37	37	37	37	37

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (Budget year 2013-14)

	Retained surpluses \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2013					
Balance carried forward from previous period	2,286	294	76	30	2,686
Adjusted opening balance	2,286	294	76	30	2,686
Comprehensive income					
Surplus (deficit) for the period	(30)	-	-	-	(30)
Total comprehensive income recognised directly in equity	(30)	-	-	-	(30)
Transactions with owners					
Contributions by owners					
Appropriation (departmental capital budget)	-	-	-	30	30
Total transactions with owners	-	-	-	30	30
Estimated closing balance as at 30 June 2014	2,256	294	76	60	2,686

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget (DCB) statement

	Estimated actual 2012-13 \$'000	Budget estimate 2013-14 \$'000	Forward estimate 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 - DCB	30	30	30	30	30
Total new capital appropriations	30	30	30	30	30
Provided for:					
Purchase of non-financial assets	30	30	30	30	30
Total Items	30	30	30	30	30
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally by departmental resources	-	-	-	-	-
Funded by capital appropriation - DCB	30	30	30	30	30
TOTAL	30	30	30	30	30
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	30	30	30	30	30
Total cash used to acquire assets	30	30	30	30	30

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — departmental

	Buildings \$'000	Other infrastructure, plant and equipment \$'000	Intangibles \$'000	Total \$'000
As at 1 July 2013				
Gross book value	-	240	-	240
Accumulated depreciation/amortisation and impairment	-	114	-	114
Opening net book balance	-	126	-	126
Capital asset additions				
By purchase - appropriation ordinary annual services	-	30	-	30
Total additions	-	30	-	30
Other movements				
Depreciation/amortisation expense	-	30	-	30
Total other movements	-	30	-	30
As at 30 June 2014				
Gross book value	-	270	-	270
Accumulated depreciation/amortisation and impairment	-	144	-	144
Closing net book balance	-	126	-	126

Prepared on Australian Accounting Standards basis.

