

AUSTRALIAN TAXATION OFFICE

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the *2002-03 Portfolio Budget Statements* (page 63).

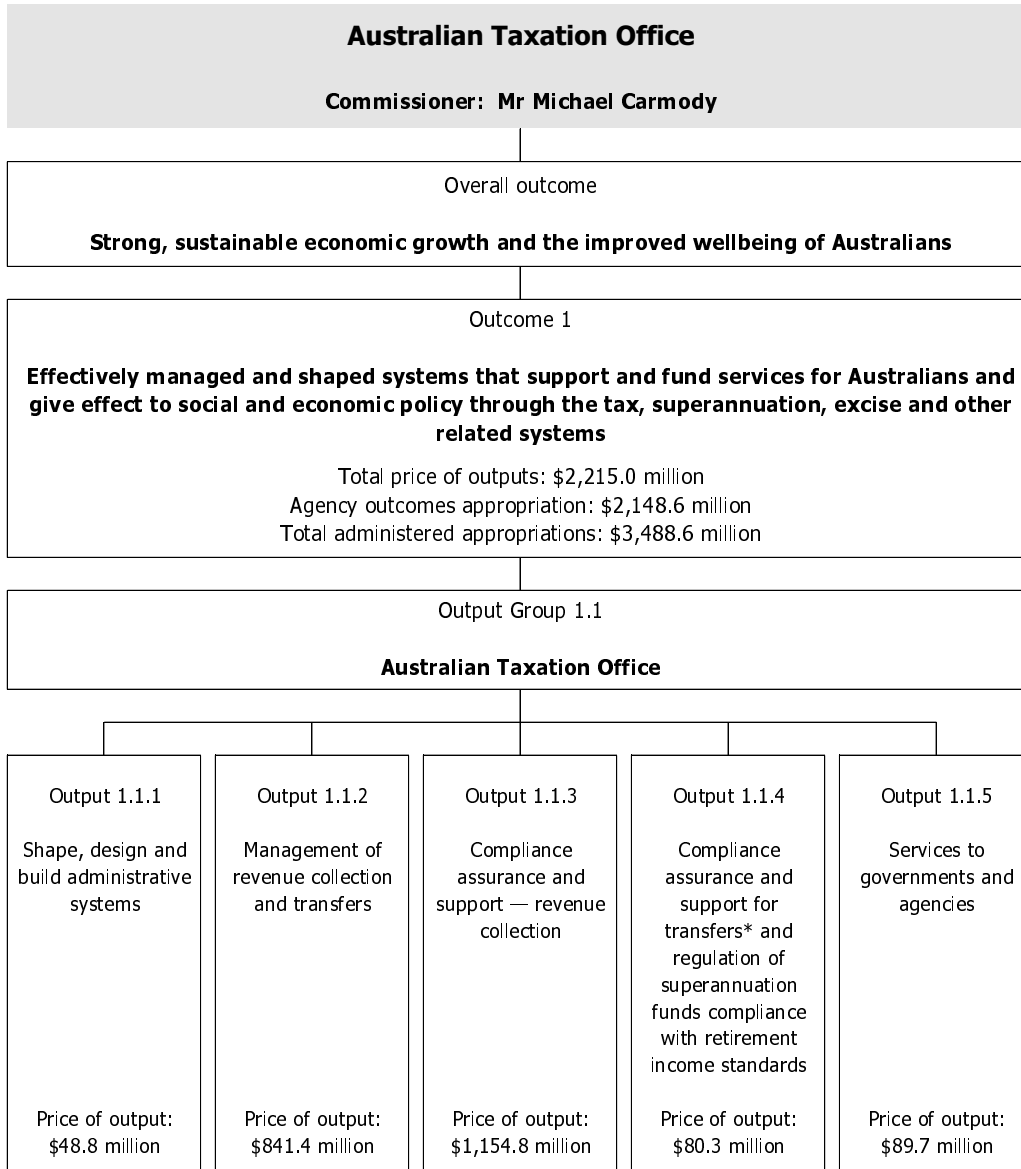
ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

A parameter variation contributed to a net increase in agency outputs of \$2.084 million for the Australian Taxation Office (ATO).

Measures

The ATO has no measures since the 2002-03 Budget.

Map 2: Outcomes and output groups



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

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2002-03

	2001-02 available \$'000	2002-03 budget \$'000	2002-03 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
AGENCY OUTPUTS					
Outcome 1					
Effectively managed and shaped systems that support and fund services for Australians and give effect to social and economic policy through the tax system	1,897,637	2,146,489	2,148,573	2,084	-
Total	1,897,637	2,146,489	2,148,573	2,084	-

Table 1.3: Appropriation Bill (No. 4) 2002-03

	2001-02 available \$'000	2002-03 budget \$'000	2002-03 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
Equity injections and loans					
Equity injections and loans	45,709	28,863	28,863	-	-
Carryover from previous year	36,000	-	-	-	-
Administered capital	-	-	-	-	-
Total	81,709	28,863	28,863	-	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average Staffing Level (ASL)

	2002-03 budget	2002-03 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 system	20,500	20,500	-
Total	20,500	20,500	-

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

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

	2002-03 total approp budget \$'000	2002-03 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 system	2,146,489	2,148,573	78,813	66,446	(12,367)
Total	2,146,489	2,148,573	78,813	66,446	(12,367)

Explanation of variations

The reduction in revenue from other sources through net annotated (Section 31) receipts is a result of a reduction in services being provided to the Child Support Agency and a reduction in interest revenue due to the Agency Banking Incentive Scheme review that resulted in a clawback of interest revenue.

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 *2002-03 Portfolio Budget Statements*.

Revised performance information and level of achievement — 2002-03

The ATO has not made any changes to its performance information since the *2002-03 Portfolio Budget Statements*.

Section 3: Budgeted Financial Statements

Budgeted agency statement of financial performance

This statement provides a picture of the expected financial results for the Australian Taxation Office (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 budgeted movement in the ATO's non-financial assets for 2002-03 Budget year.

NOTES OF ADMINISTERED ACTIVITY

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

Note of budgeted administered financial performance

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

Note of budgeted administered financial position

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

Note of budgeted administered cash flows

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

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

	2001-02 actual \$'000	2002-03 revised budget \$'000	2003-04 forward estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000
Revenues from ordinary activities					
Revenue from government	1,897,637	2,148,573	2,208,234	2,248,717	2,301,392
Sales of goods and services	81,574	62,371	59,790	59,175	59,028
Interest	5,961	2,500	2,500	2,500	2,500
Other revenue	1,500	1,575	1,650	1,730	1,820
Total revenues from ordinary activities	1,986,672	2,215,019	2,272,174	2,312,122	2,364,740
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	1,158,950	1,335,149	1,356,089	1,359,443	1,382,345
Suppliers	763,477	802,676	820,388	837,092	854,730
Depreciation and amortisation	80,563	75,992	90,311	104,691	117,564
Write-down of assets	24,552	-	-	-	-
Other	354	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	2,027,896	2,213,817	2,266,788	2,301,226	2,354,639
Borrowing costs expense	521	-	-	-	-
Net surplus or deficit from ordinary activities	(41,745)	1,202	5,385	10,896	10,101
Income tax expense	319	312	318	327	336
Net surplus or deficit	(42,064)	890	5,067	10,569	9,765
Capital Use Charge	-	-	-	-	-
Dividends	-	364	371	381	392
Net surplus or deficit after Capital Use Charge	(42,064)	526	4,696	10,188	9,373

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

	2001-02 actual \$'000	2002-03 revised budget \$'000	2003-04 forward estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000
ASSETS					
Financial assets					
Cash	207,409	175,396	179,996	180,772	214,106
Receivables	18,946	16,776	16,511	16,552	16,675
Investments	-	-	-	-	-
Other	2,612	2,612	2,612	2,612	2,612
Total financial assets	228,967	194,784	199,119	199,936	233,394
Non-financial assets					
Land and buildings	61,492	81,986	85,883	93,095	97,912
Infrastructure, plant and equipment	43,790	36,946	42,074	45,514	47,880
Intangibles	178,402	210,136	239,085	243,742	255,996
Other	22,569	22,362	22,341	22,445	22,613
Total non-financial assets	306,253	351,430	389,383	404,796	424,400
Total assets	535,220	546,214	588,502	604,732	657,794
LIABILITIES					
Debt					
Loans	-	-	-	-	-
Leases	10,551	6,607	4,164	2,655	1,684
Other	9,378	9,279	9,180	9,101	9,022
Total debt	19,929	15,886	13,344	11,756	10,706
Provisions and payables					
Employees	406,183	406,021	447,902	453,801	496,692
Suppliers	140,878	126,440	124,447	126,451	128,568
Other	28,647	28,896	29,142	28,870	28,601
Total provisions and payables	575,708	561,357	601,491	609,122	653,861
Total liabilities	595,637	577,243	614,835	620,878	664,567
EQUITY					
Capital	220,224	249,087	249,087	249,087	249,087
Reserves	13,087	13,087	13,087	13,087	13,087
Accumulated surpluses or deficits	(293,728)	(293,203)	(288,507)	(278,319)	(268,947)
Total equity	(60,417)	(31,029)	(26,333)	(16,145)	(6,773)
Current liabilities	304,088	304,088	304,088	304,088	304,088
Non-current liabilities	291,549	273,155	310,747	316,790	360,479
Current assets	251,159	251,159	251,159	251,159	251,159
Non-current assets	284,061	295,055	337,343	353,573	406,635

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

	2001-02 actual \$'000	2002-03 revised budget \$'000	2003-04 forward estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations for outputs	1,933,637	2,148,573	2,208,234	2,248,717	2,301,392
Sales of goods and services	93,953	65,811	60,203	59,273	59,051
Interest	5,844	2,500	2,500	2,500	2,500
Other	61,511	87,486	84,241	85,883	87,624
Total cash received	2,094,945	2,304,370	2,355,177	2,396,373	2,450,567
Cash used					
Employees	1,142,705	1,337,371	1,316,665	1,355,795	1,341,954
Grants	789,582	819,108	822,983	835,317	852,279
Interest	-	-	-	-	-
Income tax expense	316	312	318	327	336
Other	-	88,774	84,412	86,027	87,772
Total cash used	1,932,603	2,245,565	2,224,377	2,277,466	2,282,341
Net cash from operating activities	162,342	58,805	130,800	118,907	168,226
INVESTING ACTIVITIES					
Cash received					
Other	242	-	-	-	-
Total cash received	242	-	-	-	-
Cash used					
Purchases of property, plant and equipment	19,063	119,317	125,829	117,750	134,500
Other	54,754	-	-	-	-
Total cash used	73,817	119,317	125,829	117,750	134,500
Net cash from investing activities	(73,575)	(119,317)	(125,829)	(117,750)	(134,500)
FINANCING ACTIVITIES					
Cash received					
Proceeds from issuing equity instruments	45,709	28,863	-	-	-
Total cash received	45,709	28,863	-	-	-
Cash used					
Dividends paid	-	364	371	381	392
Total cash used	-	364	371	381	392
Net cash from financing activities	45,709	28,499	(371)	(381)	(392)
Net increase (decrease) in cash held					
Cash at the beginning of the reporting period	72,933	207,409	175,396	179,996	180,772
Cash at the end of the reporting period	207,409	175,396	179,996	180,772	214,106

Table 3.4: Agency capital budget statement

	2001-02 actual \$'000	2002-03 revised budget \$'000	2003-04 forward estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	45,709	28,863	-	-	-
Total loans	-	-	-	-	-
Appropriation of previous years accrued revenue	36,000	-	-	-	-
Represented by					
Purchase of non-current assets	45,709	28,863	-	-	-
Other	36,000	-	-	-	-
Total	81,709	28,863	-	-	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriation	45,709	28,863	-	-	-
Funded internally by agency resources	28,108	90,454	125,829	117,750	134,500
Total	73,817	119,317	125,829	117,750	134,500

Table 3.5: Agency non-financial assets — summary of movement (Budget year 2002-03)

	Land	Buildings	Total land and buildings	Specialist military equipment	Other infrastructure plant and equipment	Total infrastructure plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	-	61,492	61,492	-	43,790	43,790	178,402	283,684
Additions	-	36,000	36,000	-	3,000	3,000	82,376	121,376
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	15,506	15,506	-	9,844	9,844	50,642	75,992
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	81,986	81,986	-	36,946	36,946	210,136	329,068
Total additions								
Self funded	-	36,000	36,000	-	3,000	3,000	53,513	92,513
Appropriations	-	-	-	-	-	-	28,863	28,863
Total	-	36,000	36,000	-	3,000	3,000	82,376	121,376

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

	2001-02 actual \$'000	2002-03 revised budget \$'000	2003-04 forward estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000
REVENUES					
Taxation					
Income tax	118,729,292	127,627,200	136,702,000	144,983,000	153,684,000
Indirect tax	47,809,852	50,910,000	52,600,000	54,560,000	56,660,000
Other taxes, fees and fines	4,199,930	3,885,000	3,985,000	4,115,000	4,245,000
Total taxation	170,739,074	182,422,200	193,287,000	203,658,000	214,589,000
Non-taxation					
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Proceeds from sales of assets	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Other sources of non-taxation revenues	11,356	12,000	12,000	12,000	12,000
Total non-taxation	11,356	12,000	12,000	12,000	12,000
Total revenues administered on behalf of the Government	170,750,429	182,434,200	193,299,000	203,670,000	214,601,000
EXPENSES					
Subsidies	3,042,657	3,324,000	3,369,000	3,409,000	3,459,000
Personal benefits	-	85,000	345,000	490,000	615,000
Grants	-	-	-	-	-
Suppliers	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Net write-down of assets	1,201,404	740,000	690,000	690,000	690,000
Interest on overpayments	363,975	150,000	150,000	150,000	150,000
Other goods and services	81,756	100,200	100,200	100,200	100,200
Total expenses administered on behalf of the Government	4,689,792	4,399,200	4,654,200	4,839,200	5,014,200

**Table 3.7: Note of budgeted administered financial position
(as at 30 June)**

	2001-02 actual \$'000	2002-03 revised budget \$'000	2003-04 forward estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000
ASSETS					
Financial assets					
Cash	176,381	176,381	176,381	176,381	176,381
Receivables	13,765,149	13,665,149	14,065,149	14,485,149	14,905,149
Investments	2,541	2,541	2,541	2,541	2,541
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	13,944,071	13,844,071	14,244,071	14,664,071	15,084,071
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Other	20,268	20,268	20,268	20,268	20,268
Total non-financial assets	20,268	20,268	20,268	20,268	20,268
Total assets administered on behalf of government	13,964,339	13,864,339	14,264,339	14,684,339	15,104,339
LIABILITIES					
Provisions and payables					
Employees	-	-	-	-	-
Suppliers	-	-	-	-	-
Grants	-	-	-	-	-
Subsidies	66,340	66,340	66,340	66,340	66,340
Provision for taxation refunds	2,037,224	1,204,024	1,204,024	1,204,024	1,204,024
Other	507,739	507,739	507,739	507,739	507,739
Total provisions and payables	2,611,303	1,778,103	1,778,103	1,778,103	1,778,103
Total liabilities administered on behalf of government	2,611,303	1,778,103	1,778,103	1,778,103	1,778,103
Current liabilities	2,611,303	1,778,103	1,778,103	1,778,103	1,778,103
Non-current liabilities	-	-	-	-	-
Current assets	13,941,530	13,841,530	14,241,530	14,661,530	15,081,530
Non-current assets	2,541	2,541	2,541	2,541	2,541

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

	2001-02 actual \$'000	2002-03 revised budget \$'000	2003-04 forward estimate \$'000	2004-05 forward estimate \$'000	2005-06 forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Taxes, fees and fines	195,358,113	180,949,000	192,197,000	202,548,000	213,479,000
Appropriations	3,488,388	3,659,200	3,964,200	4,149,200	4,324,200
Other	11,356	12,000	12,000	12,000	12,000
Total cash received	198,857,857	184,620,200	196,173,200	206,709,200	217,815,200
Cash used					
Cash to Official Public Account	208,099,814	180,961,000	192,209,000	202,560,000	213,491,000
Other	3,488,388	3,659,200	3,964,200	4,149,200	4,324,200
Total cash used	211,588,202	184,620,200	196,173,200	206,709,200	217,815,200
Net cash used by operating activities	(12,730,345)	-	-	-	-
Net increase (decrease) in cash held	(12,730,345)	-	-	-	-
Cash at beginning of reporting period	480,704	176,381	176,381	176,381	176,381
Administered cash at end of reporting period	176,381	176,381	176,381	176,381	176,381

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

Administered

Recognition of taxation revenue

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

- the identity of the taxpayer is certain;
- the amount of the liability or refund is certain;
- the liability or entitlement to a refund has been notified to the Commissioner or advised by the taxpayer;
- there is an intention on the part of the Commissioner to collect the liability; and
- there is a legislative intent by the Commonwealth to change the basis or application of taxation law.

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 Rent Resource Tax due after 30 June; and
- actual payments for Pay As You Go, Goods and Services Tax, 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;
- increase (decrease) in movement of provision for credit amendments;
- diesel fuel rebates and diesel fuel credits; and
- increases (decreases) in movement of provision for diesel fuel rebates.

Appendices 1 and 2

Appendix 1

Agency and administered revenue

	2002-03 budget estimate \$'000	2002-03 revised estimate \$'000
AGENCY REVENUE		
Non-appropriation agency revenue		
Sales of goods and services	72,316	62,371
Interest revenue	5,072	2,500
Other revenue	1,425	1,575
Total non-appropriation agency revenue	78,813	66,446
Appropriation revenue	2,146,489	2,148,573
Total agency revenue	2,225,302	2,215,019
ADMINISTERED REVENUE		
Non-appropriation administered revenue		
Total taxation revenue	181,055,000	182,422,200
<i>Superannuation Guarantee (Administration) Act 1992 —</i> shortfalls, penalties and fines	130,000	130,000
<i>Superannuation Guarantee (Supervision) Act 1993 —</i> Unclaimed monies	200	200
Miscellaneous receipts	12,000	12,000
GST administration charged to states	-	-
Total non-appropriation administered revenue	181,197,200	182,564,400
Appropriation revenue	*3,439,400	*3,744,200
Total administered revenue	184,636,600	186,308,600
Total estimated revenue	186,861,902	188,523,619

* Includes Baby Bonus payments from consolidated appropriations

Appendix 2

Estimates of expenses from special appropriations

	2002-03 budget estimate \$'000	2002-03 revised estimate \$'000
ESTIMATED EXPENSES		
Refunds of Receipts — <i>Taxation Administration Act 1953</i>	11,110,000	11,608,000
First Child Tax Refund — Baby Bonus	85,000	85,000
<u>Less</u> amount of refunds deducted from receipts items	(11,195,000)	(11,693,000)
Diesel fuel rebate	2,230,000	2,285,000
Conversion of diesel fuel credit scheme to diesel and alternative fuels grants scheme	760,000	800,000
Product Stewardship Waste Oil	24,200	24,000
Assistance for cellar door and mail order sales of wine	-	-
Fuel sales grants scheme	215,000	215,000
<i>Superannuation Guarantee (Administration) Act 1992</i> — Distribution of charges	60,000	100,000
<i>Superannuation Guarantee (Supervision) Act 1993</i> — Repayments of unclaimed moneys	200	200
<i>Taxation Administration Act 1953</i> — <i>Taxation (interest on overpayments and early payment) Act 1983</i>	150,000	150,000
Total estimated expenses	3,439,400	3,574,200

