

# 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
<b>Outcome 1</b>		
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
<b>Outcome 1</b>				
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 ( <i>Related capital</i> )	100	2,121	1,119	-
Increase in administered revenue				
Operation Wickenby - Investigations and Prosecutions ( <i>Related revenue</i> ) <sup>1</sup>	-	91,000	98,000	100,000

<sup>1</sup> 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
<b>Outcome 1</b>				
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 <i>(Related capital)</i>	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 <i>(Related revenue)</i> <sup>1</sup>	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
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
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	-
<b>Total Departmental</b>	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
<b>Non-operating</b>					
Equity injections	-	-	100	100	-
<b>Total</b>	-	-	100	100	-

## SUMMARY OF STAFFING CHANGES

**Table 1.7: Average Staffing Level (ASL)**

	2005-06 budget	2005-06 revised	variation <sup>1</sup>
<b>Outcome 1</b>			
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
<b>Total</b>	20,792	20,854	62

<sup>1</sup> 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
<b>Departmental other receipts</b>		
Sales of goods and service	42,169	42,169
<b>Total departmental other receipts available to be used</b>	42,169	42,169
<b>Administered other receipts</b>		
<i>Superannuation Guarantee (Administration) Act, 1992</i> - shortfalls, penalties and fines	149,000	200,000
<i>Superannuation Industry (Supervision) Act, 1993</i> - Self Managed Superannuation Fund Levy	17,600	17,600
Miscellaneous receipts	11,000	30,000
<b>Total administered other receipts available to be used</b>	177,600	247,600

## ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

**Table 1.10: Estimates of expenses from special appropriations<sup>1</sup>**

	Budget estimate 2005-06 \$'000	Revised estimate 2005-06 \$'000
<b>Estimated expenses</b>		
Refunds - s16 <i>Tax Administration Act, 1953</i>	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
<i>Superannuation Guarantee (Administration) Act, 1992</i>		
Distribution of charges	217,000	190,000
<i>Superannuation (Unclaimed Money and Lost Member) Act, 1999 - Repayment of unclaimed monies</i>	5	5
<b>Total estimated expenses</b>	<b>59,959,087</b>	<b>61,988,788</b>

<sup>1</sup> 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 <sup>1</sup> 2004-05 <sup>1</sup> \$'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 5,089	19,806 24,264	21,336 22,900	- -	4,923 6,453
Excise Security Deposits (A)	46 48	5 515	1 517	- -	50 46
Other Trust Monies (A)	21,276 21,228	4,216 4,019	24,216 3,971	- -	1,276 21,276
Superannuation Holding Accounts	59,300	9,000	20,000	-	48,300
Reserve Trust Accounts <sup>2</sup>	58,531	13,434	12,665	-	59,300
<b>Total special accounts</b>					
<b>2005-06 Budget estimate</b>	<b>87,075</b>	<b>33,027</b>	<b>65,553</b>	<b>-</b>	<b>54,549</b>
<i>Total special accounts 2004-05 actual</i>	<i>84,896</i>	<i>42,232</i>	<i>40,053</i>	<i>-</i>	<i>87,075</i>

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.

<sup>1</sup> 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.

<sup>2</sup> 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).

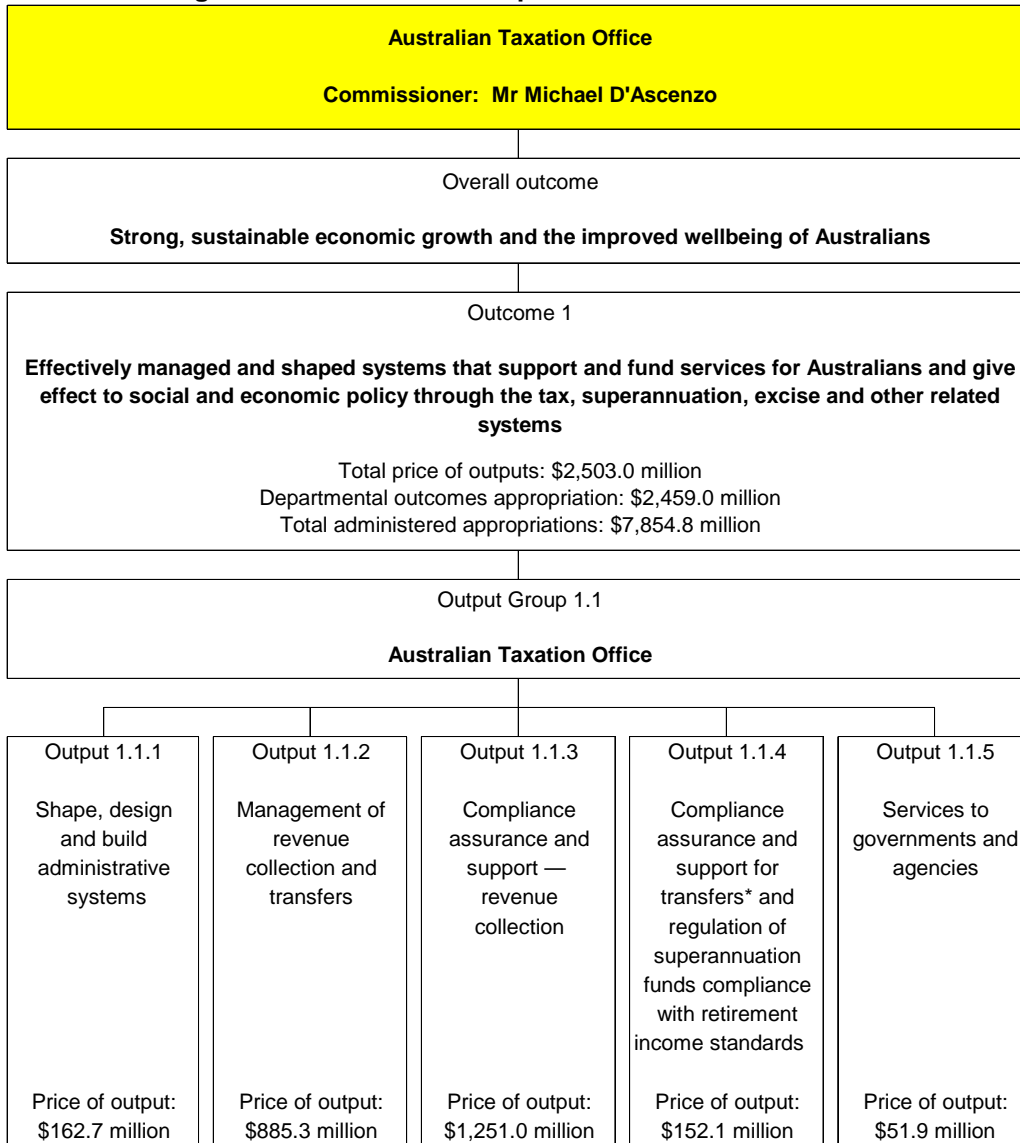
The Tax Office has not made any changes to its outcome or outputs since the *2005-06 Portfolio Budget Statements*.

#### **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**



\* 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 departmental 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
<b>INCOME</b>					
<b>Revenue</b>					
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
<b>Total revenue</b>	<b>2,434,987</b>	<b>2,503,028</b>	<b>2,523,115</b>	<b>2,535,338</b>	<b>2,564,260</b>
<b>Total income</b>	<b>2,434,987</b>	<b>2,503,028</b>	<b>2,523,115</b>	<b>2,535,338</b>	<b>2,564,260</b>
<b>EXPENSE</b>					
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	-	-	-	-
<b>Total expenses</b>	<b>2,459,840</b>	<b>2,517,858</b>	<b>2,522,247</b>	<b>2,534,472</b>	<b>2,563,391</b>
<b>Operating result from continuing operations</b>	<b>(24,853)</b>	<b>(14,830)</b>	<b>868</b>	<b>866</b>	<b>869</b>
Income tax expenses	611	261	267	267	267
<b>Net surplus/(deficit)</b>	<b>(25,464)</b>	<b>(15,091)</b>	<b>601</b>	<b>599</b>	<b>602</b>
Total Revenues, Expenses and Valuation Adjustments	2,509	-	-	-	-
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>(22,955)</b>	<b>(15,091)</b>	<b>601</b>	<b>599</b>	<b>602</b>

**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
<b>ASSETS</b>					
<b>Financial assets</b>					
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
<b>Total financial assets</b>	<b>270,614</b>	<b>234,864</b>	<b>232,856</b>	<b>236,157</b>	<b>236,631</b>
<b>Non-financial assets</b>					
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
<b>Total non-financial assets</b>	<b>462,351</b>	<b>499,410</b>	<b>529,578</b>	<b>546,424</b>	<b>553,832</b>
<b>Total assets</b>	<b>732,965</b>	<b>734,274</b>	<b>762,434</b>	<b>782,581</b>	<b>790,463</b>
<b>LIABILITIES</b>					
<b>Interest bearing liabilities</b>					
Leases	52,176	52,176	52,176	52,176	52,176
Other	6,682	6,603	6,524	6,445	6,445
<b>Total interest bearing liabilities</b>	<b>58,858</b>	<b>58,779</b>	<b>58,700</b>	<b>58,621</b>	<b>58,621</b>
<b>Provisions</b>					
Employees	497,187	522,391	546,944	567,079	574,866
Other	40,085	29,818	29,550	29,283	29,283
<b>Total provisions</b>	<b>537,272</b>	<b>552,209</b>	<b>576,494</b>	<b>596,362</b>	<b>604,149</b>
<b>Payables</b>					
Suppliers	174,359	176,096	177,630	176,578	176,381
Other	3,892	3,900	3,907	3,907	3,907
<b>Total payables</b>	<b>178,251</b>	<b>179,996</b>	<b>181,537</b>	<b>180,485</b>	<b>180,288</b>
<b>Total liabilities</b>	<b>774,381</b>	<b>790,984</b>	<b>816,731</b>	<b>835,468</b>	<b>843,058</b>
<b>EQUITY*</b>					
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)
<b>Total equity</b>	<b>(41,416)</b>	<b>(56,710)</b>	<b>(54,297)</b>	<b>(52,887)</b>	<b>(52,595)</b>
<b>Current assets</b>	<b>298,114</b>	<b>258,014</b>	<b>256,180</b>	<b>259,656</b>	<b>260,130</b>
<b>Non-current assets</b>	<b>434,851</b>	<b>476,260</b>	<b>506,254</b>	<b>522,925</b>	<b>530,333</b>
<b>Current liabilities</b>	<b>397,661</b>	<b>375,518</b>	<b>387,855</b>	<b>393,101</b>	<b>398,288</b>
<b>Non-current liabilities</b>	<b>376,720</b>	<b>415,466</b>	<b>428,876</b>	<b>442,367</b>	<b>444,770</b>

\* '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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
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	-	-	-	-
<b>Total cash received</b>	<b>2,510,700</b>	<b>2,622,369</b>	<b>2,611,985</b>	<b>2,617,535</b>	<b>2,652,338</b>
<b>Cash used</b>					
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	-	-	-	-
<b>Total cash used</b>	<b>2,415,316</b>	<b>2,468,676</b>	<b>2,453,458</b>	<b>2,471,547</b>	<b>2,514,545</b>
<b>Net cash from or (used by) operating activities</b>	<b>95,384</b>	<b>153,693</b>	<b>158,527</b>	<b>145,988</b>	<b>137,793</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	732	-	-	-	-
<b>Total cash received</b>	<b>732</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Purchase of property, plant and equipment and intangibles	124,856	154,524	159,431	146,429	137,310
<b>Total cash used</b>	<b>124,856</b>	<b>154,524</b>	<b>159,431</b>	<b>146,429</b>	<b>137,310</b>
<b>Net cash from or (used by) investing activities</b>	<b>(124,124)</b>	<b>(154,524)</b>	<b>(159,431)</b>	<b>(146,429)</b>	<b>(137,310)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations - contributed equity	9,616	100	2,121	1,119	-
<b>Total cash received</b>	<b>9,616</b>	<b>100</b>	<b>2,121</b>	<b>1,119</b>	<b>-</b>
<b>Cash used</b>					
Dividends paid	98	294	304	311	311
Return of contributed equity	1,200	-	-	-	-
Finance lease - principal amount	10,413	-	-	-	-
<b>Total cash used</b>	<b>11,711</b>	<b>294</b>	<b>304</b>	<b>311</b>	<b>311</b>
<b>Net cash from or (used by) financing activities</b>	<b>(2,095)</b>	<b>(194)</b>	<b>1,817</b>	<b>808</b>	<b>(311)</b>
<b>Net increase or (decrease) in cash held</b>	<b>(30,835)</b>	<b>(1,025)</b>	<b>913</b>	<b>367</b>	<b>172</b>
Cash at the beginning of the reporting period	74,719	43,884	42,859	43,772	44,139
<b>Cash at the end of the reporting period</b>	<b>43,884</b>	<b>42,859</b>	<b>43,772</b>	<b>44,139</b>	<b>44,311</b>

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

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2005</b>					
Balance carried forward from previous period	(255,929)	29,718	-	184,796	(41,415)
<b>Opening balance</b>	(255,929)	29,718	-	184,796	(41,415)
<b>Income and expense</b>					
Net operating result	(15,091)	-	-	-	(15,091)
<b>Total income and expenses recognised directly in equity</b>	(15,091)	-	-	-	(15,091)
<b>Transactions with owners</b>					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	100	100
Returns on capital - Dividends	(304)	-	-	-	(304)
<b>Sub-total transactions with owners</b>	(304)	-	-	100	(204)
<b>Closing balance as at 30 June 2006</b>	(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
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	(1,200)	100	2,121	1,119	-
Previous year's outputs	9,616	-	-	-	-
<b>Total capital appropriations</b>	<b>8,416</b>	<b>100</b>	<b>2,121</b>	<b>1,119</b>	<b>-</b>
<b>Represented by:</b>					
Other	8,416	-	-	-	-
Purchase of non-financial assets	-	100	2,121	1,119	-
<b>Total represented by</b>	<b>8,416</b>	<b>100</b>	<b>2,121</b>	<b>1,119</b>	<b>-</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	-	100	2,121	1,119	-
Funded internally by					
Departmental resources	124,856	154,424	157,310	145,310	137,310
<b>Total</b>	<b>124,856</b>	<b>154,524</b>	<b>159,431</b>	<b>146,429</b>	<b>137,310</b>

**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
<b>As at 1 July 2005</b>									
Gross book value	-	-	89,619	-	140,388	-	438,200	-	668,207
Accumulated depreciation	-	-	(134)	-	(26,637)	-	(206,608)	-	(233,379)
<b>Opening net book value</b>	-	-	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)
<b>As at 30 June 2006</b>									
Gross book value	-	-	114,659	-	153,538	-	554,534	-	822,731
Accumulated depreciation	-	-	(27,387)	-	(45,831)	-	(277,794)	-	(351,012)
<b>Closing net book value</b>	-	-	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
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
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
<b>Total taxation</b>	<b>221,243,753</b>	<b>234,197,600</b>	<b>245,669,900</b>	<b>257,928,200</b>	<b>270,611,500</b>
<b>Non-taxation</b>					
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
<b>Total non-taxation</b>	<b>11,110,953</b>	<b>8,539,788</b>	<b>8,418,762</b>	<b>8,632,643</b>	<b>9,273,430</b>
<b>Total revenues administered on behalf of government</b>	<b>232,354,706</b>	<b>242,737,388</b>	<b>254,088,662</b>	<b>266,560,843</b>	<b>279,884,930</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
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
<b>Total expenses administered on behalf of government</b>	<b>16,077,943</b>	<b>9,664,788</b>	<b>9,608,762</b>	<b>9,902,643</b>	<b>10,618,430</b>

**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
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
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
<b>Total financial assets</b>	<b>14,189,454</b>	<b>15,884,454</b>	<b>18,003,454</b>	<b>20,095,454</b>	<b>22,258,454</b>
<b>Non-financial assets</b>					
Other non-financial assets	9,368	9,369	9,369	9,369	9,369
<b>Total non-financial assets</b>	<b>9,368</b>	<b>9,369</b>	<b>9,369</b>	<b>9,369</b>	<b>9,369</b>
<b>Total assets administered on behalf of government</b>	<b>14,198,822</b>	<b>15,893,823</b>	<b>18,012,823</b>	<b>20,104,823</b>	<b>22,267,823</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Provisions</b>					
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
<b>Total provisions</b>	<b>1,881,498</b>	<b>1,921,498</b>	<b>1,961,498</b>	<b>2,001,498</b>	<b>2,046,498</b>
<b>Payables</b>					
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
<b>Total payables</b>	<b>4,210,375</b>	<b>4,454,158</b>	<b>4,424,010</b>	<b>4,398,012</b>	<b>4,480,233</b>
<b>Total liabilities administered on behalf of government</b>	<b>6,091,873</b>	<b>6,375,656</b>	<b>6,385,508</b>	<b>6,399,510</b>	<b>6,526,731</b>

**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
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
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
<b>Total cash received</b>	<b>222,245,112</b>	<b>238,948,605</b>	<b>250,089,811</b>	<b>262,474,841</b>	<b>275,489,708</b>
<b>Cash used</b>					
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
<b>Total cash used</b>	<b>222,358,817</b>	<b>238,948,605</b>	<b>250,089,811</b>	<b>262,474,841</b>	<b>275,489,708</b>
<b>Net cash from or (used by) operating activities</b>	<b>(113,705)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase or (decrease) in cash held</b>	<b>(113,705)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at beginning of reporting period	183,055	69,350	69,350	69,350	69,350
<b>Cash at end of reporting period</b>	<b>69,350</b>	<b>69,350</b>	<b>69,350</b>	<b>69,350</b>	<b>69,350</b>

**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.