

INSPECTOR-GENERAL OF TAXATION

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INSPECTOR-GENERAL OF TAXATION

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The objective of the Inspector-General of Taxation (IGT) is to improve tax administration through investigation of tax complaints, conducting broader reviews, public reporting and independent advice to Government and its relevant entities.

The IGT's strategic direction for 2018-19 is to achieve this by delivering independent advice for improvement through:

- an effective and efficient complaints handling function;
- identifying and prioritising areas of tax administration for improvement; and
- conducting reviews and making recommendations for improvement to Government, the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB).

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources available to the IGT for its operations and to deliver programs and services on behalf of the Government.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses for Outcome 1' table in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Inspector-General of Taxation resource statement — Budget estimates for 2018-19 as at Budget May 2018

	<i>2017-18 Estimated actual \$'000</i>	2018-19 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	5,674	6,082
Departmental appropriation (c)	6,475	6,451
Departmental capital budget (d)	30	30
<i>Total departmental annual appropriations</i>	<i>12,179</i>	<i>12,563</i>
Total departmental resourcing	12,179	12,563
Total resourcing for the Inspector-General of Taxation	12,179	12,563
	<i>2017-18</i>	2018-19
Average staffing level (number)	35	35

Prepared on a resourcing (that is, appropriations available) basis.

Note: All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

(a) Appropriation Bill (No.1) 2018-19.

(b) Excludes \$0.5m subject to quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

(c) Excludes departmental capital budget (DCB).

(d) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the IGT are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Entity 2018-19 Budget measures

Part 1: Measures announced since the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO)

The IGT has no new budget measures.

Part 2: Other measures not previously reported in a portfolio statement

	Program	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000
Expense measures					
Treasury Portfolio - efficiencies (a)					
Departmental revenue	1.1	(20)	(20)	(20)	(19)
Total		(20)	(20)	(20)	(19)

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

(a) The lead entity for measure 'Treasury Portfolio – efficiencies' is Treasury. The full measure description and package details appear in Budget Paper No. 2 under the Treasury portfolio.

Section 2: Outcomes and planned performance

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 entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for Inspector-General of Taxation can be found at:
<http://igt.gov.au/about-us/accountability-and-reporting/corporate-plan-2017-18/>

The most recent annual performance statement can be found in the Annual Report at:
<http://igt.gov.au/publications/annual-reports/2016-17-annual-report/performance-report/>

2.1 BUDGETED EXPENSES AND PERFORMANCE FOR OUTCOME 1

Outcome 1:

Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1: Budgeted expenses for Outcome 1

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
Program 1.1: Inspector-General of Taxation					
Departmental expenses					
Departmental appropriation	6,475	6,451	6,455	6,499	6,557
Expenses not requiring appropriation in the Budget year (a)	435	469	459	469	475
Departmental total	6,910	6,920	6,914	6,968	7,032
Total expenses for program 1.1	6,910	6,920	6,914	6,968	7,032
Total expenses for Outcome 1	6,910	6,920	6,914	6,968	7,032

	2017-18	2018-19
Average staffing level (number)	35	35

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses and amortisation expenses.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for each program associated with Outcome 1. It also summarises how each program is delivered and where 2018-19 Budget measures have created new programs or materially changed existing programs.

Outcome 1 – Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities.		
Program 1.1 – To improve tax administration through investigation of complaints, consulting with stakeholders to prioritise areas of tax administration for review as well as providing independent advice to the Government, the ATO and the TPB.		
Delivery	<ul style="list-style-type: none"> • effective handling of tax administration complaints • identify and prioritise areas of tax administration for improvement • conduct reviews and make independent recommendations for improvement to Government, the ATO and the TPB 	
Performance information		
Year	Performance criteria	Targets
2017-18	<ul style="list-style-type: none"> • effective handling of tax administration complaints • efficient conduct of reviews into tax administration issues • publication of reports on tax administration • independent advice to Government and relevant entities on improvements to tax administration 	<ul style="list-style-type: none"> • tax administration complaint responses • positive feedback on complaints handling and broader reviews from community stakeholders including taxpayers, tax practitioners, other citizens and relevant government entities • areas of tax administration for improvement identified and prioritised through complaints handling and stakeholder consultation • reviews, reports and recommendations on areas of tax administration
2018-19 and beyond	As per 2017-18 targets	As per 2017-18 targets.
Purposes	<p>The IGT is an independent statutory agency. Our role is to improve tax administration in Australia through:</p> <ul style="list-style-type: none"> • an effective and efficient complaints handling function; • identifying and prioritising areas of tax administration requiring improvement; and • conducting reviews and making recommendations for improvement to the Government, the ATO and the TPB. 	

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018-19 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between entity resourcing and the financial statements.

3.1.2 Explanatory notes and 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 2018-19.

3.2 BUDGETED FINANCIAL STATEMENTS TABLES

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
EXPENSES					
Employee benefits	4,327	4,567	4,799	4,939	5,022
Suppliers	2,208	1,944	1,716	1,620	1,595
Depreciation and amortisation	375	409	399	409	415
Total expenses	6,910	6,920	6,914	6,968	7,032
LESS:					
Gains					
Other	60	60	60	60	60
Total gains	60	60	60	60	60
Total own-source income	60	60	60	60	60
Net (cost of)/contribution by services	(6,850)	(6,860)	(6,854)	(6,908)	(6,972)
Revenue from Government	6,475	6,451	6,455	6,499	6,557
Surplus/(deficit) attributable to the Australian Government	(375)	(409)	(399)	(409)	(415)

Note: Impact of net cash appropriation arrangements

	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	375	409	399	409	415
Total comprehensive income/(loss) - as per the statement of comprehensive income	(375)	(409)	(399)	(409)	(415)

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	13	13	13	13	13
Trade and other receivables	4,440	4,240	4,231	4,220	4,186
Total financial assets	4,453	4,253	4,244	4,233	4,199
Non-financial assets					
Land and buildings	1,242	992	742	492	242
Property, plant and equipment	250	397	292	218	139
Intangibles	291	245	251	197	143
Other non-financial assets	114	114	114	114	114
Total non-financial assets	1,897	1,748	1,399	1,021	638
Total assets	6,350	6,001	5,643	5,254	4,837
LIABILITIES					
Payables					
Suppliers	154	184	194	183	149
Other payables	28	28	28	28	28
Total payables	182	212	222	211	177
Provisions					
Employee provisions	1,224	1,224	1,224	1,224	1,224
Other provisions	162	162	162	162	162
Total provisions	1,386	1,386	1,386	1,386	1,386
Total liabilities	1,568	1,598	1,608	1,597	1,563
Net assets	4,782	4,403	4,035	3,657	3,274
EQUITY*					
Contributed equity	1,260	1,290	1,321	1,352	1,384
Reserves	398	398	398	398	398
Retained surplus	3,124	2,715	2,316	1,907	1,492
Total equity	4,782	4,403	4,035	3,657	3,274

*'Equity' is the residual interest in assets after deduction of liabilities.
Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2018				
Balance carried forward from previous period	3,124	398	1,260	4,782
Adjusted opening balance	3,124	398	1,260	4,782
Comprehensive income				
Surplus/(deficit) for the period	(409)	-	-	(409)
Total comprehensive income	2,715	398	1,260	4,373
Transactions with owners				
Contributions by owners				
Departmental capital budget (DCB)	-	-	30	30
Total transactions with owners	-	-	30	30
Closing balance attributable to the Australian Government	2,715	398	1,290	4,403

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	7,792	6,651	6,464	6,510	6,591
Total cash received	7,792	6,651	6,464	6,510	6,591
Cash used					
Employees	4,327	4,567	4,799	4,939	5,022
Suppliers	3,013	1,854	1,646	1,571	1,569
Other operating payments	150	-	-	-	-
Total cash used	7,490	6,421	6,445	6,510	6,591
Net cash from/(used by) operating activities	302	230	19	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	332	260	50	31	32
Total cash used	332	260	50	31	32
Net cash from/(used by) investing activities	(332)	(260)	(50)	(31)	(32)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	30	30	31	31	32
Total cash received	30	30	31	31	32
Net cash from/(used by) financing activities	30	30	31	31	32
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	13	13	13	13	13
Cash and cash equivalents at the end of the reporting period	13	13	13	13	13

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2017-18 Estimated actual \$'000	2018-19 Budget \$'000	2019-20 Forward estimate \$'000	2020-21 Forward estimate \$'000	2021-22 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	30	30	31	31	32
Total new capital appropriations	30	30	31	31	32
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	332	260	50	31	32
Total items	332	260	50	31	32
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	30	30	31	31	32
Funded internally from departmental resources (b)	302	230	19	-	-
TOTAL	332	260	50	31	32
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	332	260	50	31	32
Total cash used to acquire assets	332	260	50	31	32

(a) Does not include annual finance lease costs. Includes purchases from current and previous years' Departmental capital budgets (DCBs).

(b) Consists of funding from current Bill 1 and prior year Act 1/3/5 appropriations (excluding amounts from the DCB).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2018-19)

	Land and Buildings	Property, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2018				
Gross book value	1,687	319	481	2,487
Accumulated depreciation/ amortisation and impairment	(445)	(69)	(190)	(704)
Opening net book balance	1,242	250	291	1,783
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	-	210	50	260
Total additions	-	210	50	260
Other movements				
Depreciation/amortisation expense	(250)	(63)	(96)	(409)
Total other movements	(250)	(63)	(96)	(409)
As at 30 June 2018				
Gross book value	1,687	529	531	2,747
Accumulated depreciation/ amortisation and impairment	(695)	(132)	(286)	(1,113)
Closing net book balance	992	397	245	1,634

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2018-19 for depreciation/amortisation expenses, DCBs or other operational expenses.

Prepared on Australian Accounting Standards basis.

