

Inspector-General of Taxation

Entity resources and planned performance

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Section 1: Entity overview and resources

1.1 Strategic direction statement

The objective of the Inspector-General of Taxation (IGT) and Taxation Ombudsman is to improve tax administration through independent investigation of tax disputes, review investigations of systemic and broader community issues, reporting issues that are in the public interest and independent advice to the Government and its relevant entities.

The IGT's strategic direction for 2023–24 is to achieve this by delivering independent investigation and advice for improvement through:

- a specialised Dispute Investigation Service for the Australian community
- review investigations into priority areas of tax administration for improvement, as informed by our Dispute Investigation Service and in consultation with the community
- independent advice and recommendations to the Minister, the Government, the Parliament, the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB) through public reporting.

The IGT's outcome statement has been updated to more accurately describe its role in the tax and superannuation system and to better align with its statutory objectives and purpose. The revised outcome statement is included below in Section 2.

The IGT's effectiveness in achieving its purpose is dependent on its ability to manage and adapt to the environment in which it operates.

1.2 Entity resource statement

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

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity’s operations) classification.

For more detailed information on special accounts and special appropriations, please refer to the *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the ‘Budgeted expenses by Outcome 1’ tables 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 2023–24 as at Budget May 2023

	2022-23 <i>Estimated actual \$'000</i>	2023-24 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available	3,783	4,996
Departmental appropriation (b)	6,484	6,677
Departmental capital budget (c)	32	32
Total departmental annual appropriations	<u>10,299</u>	<u>11,705</u>
Total departmental resourcing	<u>10,299</u>	<u>11,705</u>
Total resourcing for entity Inspector-General of Taxation	<u>10,299</u>	<u>11,705</u>
	<u>2022-23</u>	<u>2023-24</u>
Average staffing level (number)	35	35

All figures shown above are GST exclusive – these may not match figures in the cash flow statement. Prepared on a resourcing (i.e. appropriations available) basis.

- a) Appropriation Bill (No. 1) 2023–24.
- b) Excludes Departmental Capital Budget (DCB).
- c) 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

Inspector-General of Taxation has no new budget measures.

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.

The IGT's 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 Commonwealth Performance Framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measure 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 a complete picture of an entity's planned and actual performance.

The most recent Corporate Plan for the IGT can be found at:
(<https://www.igt.gov.au/corporate-plan-reports/corporate-plan-fy23-fy26/>).

The most recent annual performance statement can be found at:
(<https://www.igt.gov.au/annual-reports/annual-report-2021-22/>).

2.1 Budgeted expenses and performance for Outcome 1

Outcome 1: Fair, accountable and improved administration and integrity of the taxation and superannuation systems for the benefit of the Australian community, through independent investigation and reporting.

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 2.1.1: Budgeted expenses for Outcome 1

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
Program 1.1: Inspector-General of Taxation					
Departmental expenses					
Departmental appropriations	6,484	6,677	6,836	6,927	7,037
s74 External Revenue (a)	60	60	60	60	60
Expenses not requiring appropriation in the Budget year (b)	240	46	46	46	47
Departmental total	6,784	6,783	6,942	7,033	7,144
Total expenses for program 1.1	6,784	6,783	6,942	7,033	7,144
Total expenses for Outcome 1	6,784	6,783	6,942	7,033	7,144
	2022-23	2023-24			
Average staffing level (number)	35	35			

a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

b) 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 2.1.2: Performance measure for Outcome 1

Table 2.1.2 details the performance measures for each program associated with Outcome 1. It also provides the related key activities as expressed in the current Corporate Plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured. Where relevant, details of the 2023–24 Budget measures that have created new programs or materially changed existing programs are provided.

Outcome 1 – Fair, accountable and improved administration and integrity of the taxation and superannuation systems for the benefit of the Australian community, through independent investigation and reporting.		
Program 1.1- Inspector-General of Taxation		
To improve tax administration through an effective disputes investigation service, prioritising areas of tax administrative review in consultation with relevant stakeholders and the provision of independent advice to the Government, ATO and Tax Practitioners Board (TPB).		
Key Activities	<ul style="list-style-type: none"> • Effective handling of tax administration disputes. • Identify and prioritise areas of tax administration for improvement. • Conduct reviews and make independent recommendations for improvement to the Government, the ATO and the TPB. 	
Year	Performance measures	Expected performance results
Current Year 2022–23	<ul style="list-style-type: none"> • Effective handling of tax administration disputes. • 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 dispute responses. • Positive feedback on disputes 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 disputes and stakeholder consultation. • Reviews, reports and recommendations on areas of tax administration.
Year	Performance measures	Planned performance results
Budget Year 2023–24	As per 2022–23	As per 2022–23
Forward Estimates 2024–27	As per 2022–23	As per 2022–23

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2023–24 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 2023–24.

3.2 Budgeted financial statements tables

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

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
EXPENSES					
Employee benefits	4,617	4,628	4,650	4,606	4,624
Suppliers	1,473	1,692	1,829	1,964	2,055
Depreciation and amortisation (a)	694	463	463	463	465
Total expenses	6,784	6,783	6,942	7,033	7,144
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	60	60	60	60	60
Total own-source revenue	60	60	60	60	60
Total own-source income	60	60	60	60	60
Net (cost of)/contribution by services	(6,724)	(6,723)	(6,882)	(6,973)	(7,084)
Revenue from Government	6,484	6,677	6,836	6,927	7,037
Surplus/(deficit) attributable to the Australian Government	(240)	(46)	(46)	(46)	(47)
Total comprehensive income/(loss)	(240)	(46)	(46)	(46)	(47)
Total comprehensive income/(loss) attributable to the Australian Government	(240)	(46)	(46)	(46)	(47)

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)**Note: Impact of net cash appropriation arrangements**

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
Total comprehensive income/(loss) - as per statement of Comprehensive Income	(240)	(46)	(46)	(46)	(47)
plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) (a)	281	46	46	35	36
plus: depreciation/amortisation expenses for ROU assets (b)	413	417	417	428	429
less: lease principal repayments (b)	454	417	417	417	418
Net Cash Operating Surplus/ (Deficit)	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

- 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 (DCB)) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.
- b) Applies leases under AASB 16 Leases.

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

	2022–23 Estimated actual \$'000	2023–24 Budget \$'000	2024–25 Forward estimate \$'000	2025–26 Forward estimate \$'000	2026–27 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	20	20	20	20	20
Trade and other receivables	4,349	4,216	4,216	4,216	4,216
Total financial assets	4,369	4,236	4,236	4,236	4,236
Non-financial assets					
Land and buildings	1,431	2,899	2,471	2,043	1,614
Property, plant and equipment	202	167	132	97	61
Intangibles	25	57	89	122	156
Other non-financial assets	119	119	119	119	119
Total non-financial assets	1,777	3,242	2,811	2,381	1,950
Total assets	6,146	7,478	7,047	6,617	6,186
LIABILITIES					
Payables					
Suppliers	209	209	209	209	209
Other payables	204	204	204	204	204
Total payables	413	413	413	413	413
Interest bearing liabilities					
Leases	(45)	1,301	884	467	49
Total interest bearing liabilities	(45)	1,301	884	467	49
Provisions					
Employee provisions	1,618	1,618	1,618	1,618	1,618
Other provisions	231	231	231	231	231
Total provisions	1,849	1,849	1,849	1,849	1,849
Total liabilities	2,217	3,563	3,146	2,729	2,311
Net assets	3,929	3,915	3,901	3,888	3,875
EQUITY*					
Parent entity interest					
Contributed equity	1,417	1,449	1,481	1,514	1,548
Reserves	411	411	411	411	411
Retained surplus (accumulated deficit)	2,101	2,055	2,009	1,963	1,916
Total parent entity interest	3,929	3,915	3,901	3,888	3,875
Total equity	3,929	3,915	3,901	3,888	3,875

Prepared on Australian Accounting Standards basis.

*'Equity' is the residual interest in assets after deduction of liabilities.

Table 3.3: Departmental statement of changes in equity – summary of movement (Budget year 2023–24)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2023				
Balance carried forward from previous period	2,101	411	1,417	3,929
Adjusted opening balance	2,101	411	1,417	3,929
Comprehensive income				
Surplus/(deficit) for the period	(46)	-	-	(46)
Total comprehensive income	(46)	-	-	(46)
Contributions by owners				
Departmental Capital Budget (DCB)	-	-	32	32
Sub-total transactions with owners	-	-	32	32
Estimated closing balance as at 30 June 2024	-	-	32	32
Closing balance attributable to the Australian Government	2,055	411	1,449	3,915

Prepared on Australian Accounting Standards basis.

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

	2022–23 Estimated actual \$'000	2023–24 Budget \$'000	2024–25 Forward estimate \$'000	2025–26 Forward estimate \$'000	2026–27 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	7,937	6,810	6,836	6,927	7,037
Total cash received	7,937	6,810	6,836	6,927	7,037
Cash used					
Employees	4,617	4,628	4,650	4,606	4,624
Suppliers	1,413	1,632	1,769	1,904	1,995
Total cash used	6,030	6,260	6,419	6,510	6,619
Net cash from/(used by) operating activities	1,907	550	417	417	418
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	1,485	165	32	33	34
Total cash used	1,485	165	32	33	34
Net cash from/(used by) investing activities	(1,485)	(165)	(32)	(33)	(34)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	32	32	32	33	34
Total cash received	32	32	32	33	34
Cash used					
Principal payments on lease liability	454	417	417	417	418
Total cash used	454	417	417	417	418
Net cash from/(used by) financing activities	(422)	(385)	(385)	(384)	(384)
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	20	20	20	20	20
Cash and cash equivalents at the end of the reporting period	20	20	20	20	20

Prepared on Australian Accounting Standards basis.

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

	2022–23 Estimated actual \$'000	2023–24 Budget \$'000	2024–25 Forward estimate \$'000	2025–26 Forward estimate \$'000	2026–27 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	32	32	32	33	34
Total new capital appropriations	32	32	32	33	34
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	32	32	32	33	34
Total items	32	32	32	33	34
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriations (a)	1,453	133	-	-	-
Funded by capital appropriation - DCB (b)	32	32	32	33	34
TOTAL	1,485	165	32	33	34
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	1,485	165	32	33	34
Total cash used to acquire assets	1,485	165	32	33	34

Prepared on Australian Accounting Standards basis.

a) Includes both current Bill 2 and prior Act 2/4/6 appropriations.

b) Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

Table 3.6: Statement of departmental asset movements (Budget year 2023–24)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2023				
Gross book value	1,923	314	511	2,748
Gross book value - ROU assets	1,767	-	-	1,767
Accumulated depreciation/ amortisation and impairment	(491)	(112)	(486)	(1,089)
Accumulated depreciation/amortisation and impairment - ROU assets	(1,768)	-	-	(1,768)
Opening net book balance	1,431	202	25	1,658
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity (a)	133	-	32	165
By purchase - appropriation equity - ROU assets	1,763	-	-	1,763
Total additions	1,896	-	32	1,928
Other movements				
Depreciation/amortisation expense	(11)	(35)	-	(46)
Depreciation/amortisation on ROU assets	(417)	-	-	(417)
Total other movements	(428)	(35)	-	(463)
As at 30 June 2024				
Gross book value	2,056	314	543	2,913
Gross book value - ROU assets	3,530	-	-	3,530
Accumulated depreciation/ amortisation and impairment	(502)	(147)	(486)	(1,135)
Accumulated depreciation/amortisation and impairment - ROU assets	(2,185)	-	-	(2,185)
Closing net book balance	2,899	167	57	3,123

Prepared on Australian Accounting Standards basis.

a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2023–24.