



Australian Government
Australian Taxation Office

ATO
Annual plan
2013–14

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Commissioners' statement 2013–14

Building on our reputation and century of service to Australia, we want the ATO to be trusted and respected here and internationally. To do this we will work with government, agencies, small and large business, the tax profession, individuals and our employees.

We want the taxation and superannuation systems, and our administration to be fair, efficient and sustainable – to be recognised and valued as a necessary part of our community in Australia.

To achieve our outcomes, together we must:

- simplify administrative requirements and make participation in the tax and superannuation systems as easy and seamless as possible
- ensure our services and communications match contemporary practices of business and governments
- use our expertise to influence policy and law design
- drive collaborative approaches on international taxation matters to ensure jurisdictions get their fair share of taxation
- build a results focused culture characterised by:
 - a sense of purpose and timeliness
 - a service ethic in both internal and external dealings
 - effective working relationships
 - targeted consultation
 - streamlined business processes
 - sensible risk management
 - a professional and productive workforce.

Please work with us to make this intent a reality in 2013–14.



Chris Jordan
Commissioner



Bruce Quigley
Second Commissioner



Geoff Leeper
Second Commissioner



Neil Olesen
Second Commissioner

Introduction

The Commissioners' statement sets our strategic direction.

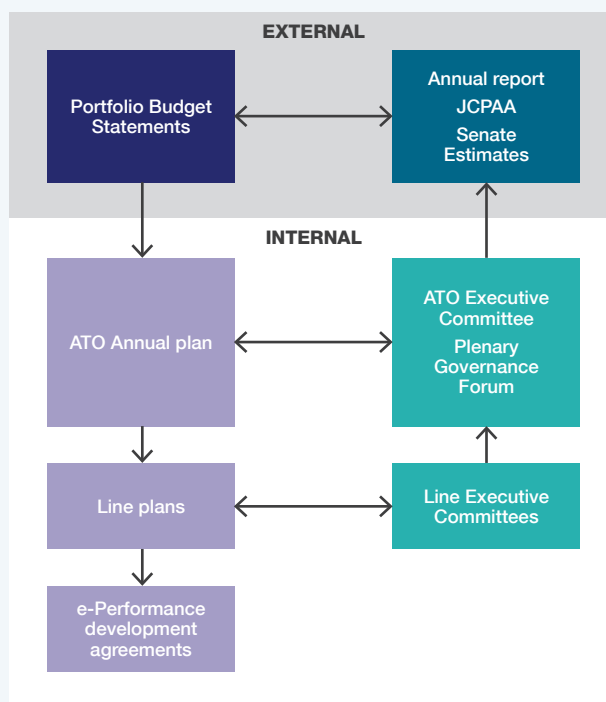
This plan describes how we will deliver on this intent and our commitments to government. Enabling this plan are our agency-wide people strategy, workforce plan and our ICT forward work program.

Using this plan as a foundation, our cascading plans translate these strategic directions allowing all staff to see how their efforts contribute.

The key performance indicators outlined in this plan will be used to determine whether we are successful in meeting our objectives. We progressively monitor and report our performance throughout the year through our executive committees and forums.

Externally our performance is scrutinised by a range of stakeholders including the Joint Committee of Public Accounts and Audit, Senate Estimates hearings and our annual report to parliament.

The following diagram below shows how the elements fit together.



About the ATO

We are an Australian Government statutory agency, operating under the *Public Service Act 1999* and the *Financial Management and Accountability Act 1997*.

Our operating budget for 2013–14 is \$3.598 billion with an average staffing level of 22,022.

The Commissioner of Taxation is responsible for the administration of a wide range of taxation and superannuation legislation and is Registrar of the Australian Business Register.

- We are the Australian Government's largest revenue collection agency
- We are a large payer of government funds
- We administer major aspects of Australia's superannuation system
- We are the custodian of the Australian Business Register

01

Australian
Taxation Office
Program 1.1

The ATO is the Australian Government's principal revenue collection agency, administering Australia's taxation system, regulating aspects of the superannuation system, and supporting delivery of government benefits to the community.

The objective of the ATO is to administer aspects of Australia's taxation and superannuation systems fairly by helping people do the right thing, by making it as easy as possible for taxpayers to comply, ensuring effective strategies are in place to deter, detect and deal with non-compliance, and developing and supporting the capability of our people and of others in the system.

Our expertise supports government priorities and encourages community participation (Program component 1)

To encourage community ownership of the tax and superannuation systems we will champion the interests of the community by influencing and advising on the administrative, interpretative and compliance cost impacts of new policy proposals, and on how the tax and superannuation systems are working. To support government priorities we will work with government agencies and contribute to whole-of-government initiatives.

Commissioners' intent

Use our expertise to influence policy and law design

Lead: Second Commissioner Law Design and Practice

To advise government on policy, forecasting and administrative matters we will:

- purposefully work with Treasury and other stakeholders to provide timely advice and input on government policy and forecasting
- improve ATO internal practices in relation to the development of new policy proposals
- ensure the soundness of the revenue costings and data and related information
- provide early administrative design and costings advice to government about new policy proposals

To design and build administrative solutions for new policy, law and other initiatives we will:

- assist in the development of new laws and effectively manage their implementation, including Super Reform, the taxable payments reporting system and budget measures
- co-design products, processes and services with tax practitioners and the community to ensure they best meet the needs and preferences of taxpayers and other stakeholders
- lead, assist or assure the design effort involved in the delivery of new measures and other significant change initiatives
- build administrative solutions as part of an information technology forward work program that gives priority to our investment in and use of online channels

To clarify the law and provide clear advice as to the ATO's view of the law we will:

- improve certainty through actively managing public rulings and strategic litigation on major law issues
- provide clear and timely guidance and/or advice on our view of the law to provide greater certainty to taxpayers and our stakeholders
- resolve disputes in a timely manner
- provide appropriate, clear and timely advice to Treasury where law does not meet policy intent and seek to work with Treasury to resolve
- pilot an early engagement model to reduce cycle times for private and class rulings

To support other agencies we will:

- meet our commitments in collaborative agreements and memorandums of understanding
- exchange information and undertake data matching with federal and state government agencies
- disclose taxpayer information to Commonwealth, state and international agencies for the purpose of investigating serious offences
- jointly administer programs with other Commonwealth agencies
- support and contribute to whole-of-government reform initiatives including progress towards a whole-of-government Reliance Framework Solution (myGov) and the National Plan to Combat Cybercrime

To manage government and stakeholder relations we will:

- ensure open, timely communication and effective input to decision making
- provide support to portfolio ministers and members of parliament
- provide support to parliamentary reviews, inquiries and activities
- establish a more effective consultative process that is responsive, dynamic and agile, with the right people, at the right time, at the right cost/benefit, and on the right matters
- provide support to the Board of Taxation

Reporting obligations

Commissioners' intent		Accountability
	Use our expertise to influence policy and law design	Second Commissioner Law Design and Practice

Deliverables		Accountability
PBS	Advise government on policy, forecasting and administrative matters	FAC Integrated Tax Design
	Design and build administrative solutions for new policy, law and other initiatives	
	Clarify the law and provide clear advice as to the ATO's view of the law	CTC Tax Counsel Network
	Support other agencies	FAC ATO Corporate
	Manage government and stakeholder relations	

Key performance indicators		Accountability
PBS	Impact of the ATO advice to the Treasury and government that supports the delivery of the policy intent and integrity of the tax and superannuation systems	FAC Integrated Tax Design CTC Tax Counsel Network
	Trend over time in Treasury perception of ATO performance	FAC Integrated Tax Design
	Trend over time in community and tax agent perception of ATO performance	FAC ATO Corporate
Delivery	Trend in tax and superannuation litigation in the AAT and courts compared to previous years	FAC Review and Dispute Resolution
	Dispute resolution and legal advice addresses legal risks	

We support people willing to participate and make it as easy as possible for them to fulfil their responsibilities at minimum cost (Program component 2)

Every contact we have with taxpayers or their agents – whether they are registering for the first time, lodging a return, making a payment, seeking a refund, getting general information or managing an outstanding tax obligation – influences the community’s confidence in Australia’s tax and superannuation systems.

Commissioners’ intent

Simplify administrative requirements and make participation in the tax and superannuation systems as easy and seamless as possible

Lead: Second Commissioner People, Systems, Services

Ensure our services and communications match contemporary practices of business and governments

Lead: Second Commissioner People, Systems, Services

To register taxpayers we will:

- register taxpayers within published service standards
- ensure the integrity and currency of registers

To ensure taxpayers are meeting their lodgment obligations we will:

- use our data and systems to identify taxpayers who have an obligation to lodge to promote timely lodgments and work with those who have stopped lodging
- implement the new income tax lodgment program framework to ensure tax agents lodge at least 85% of their clients’ returns on time and lodge returns electronically

To process returns and activity statements and check accuracy we will:

- process and manage returns and other forms efficiently and within published service standards while maintaining integrity of the system
- review tax returns at the time of lodgment to combat the risk of refund fraud, over-claims and under reporting

To receive and facilitate timely payments we will:

- manage our payment systems and client accounts to receive payments and issue refunds

To collect and manage debt we will:

- take a balanced approach to debt collection activities by assisting and supporting viable taxpayers with short term financial difficulties and taking firm action where taxpayers are not viable or are unwilling to engage
- improve our risk models and risk-based debt collection strategies

To provide a client centred and user friendly experience to our customers by delivering timely services through appropriate channels we will:

- improve our existing client contact channels to seek first point resolution
- increase the number of services available electronically
- enhance existing services and support the community transition to electronic services

To provide interpretative advice and guidance to taxpayers and practitioners on how to meet obligations we will:

- tailor our guidance and advice to meet the taxpayer's particular circumstances through early consultation
- increase tax practitioners' awareness of assistance available to them through the Tax Practitioner Action Plan
- manage objections and reviews

Reporting obligations

Commissioners' intent		Accountability
	Simplify administrative requirements and make participation in the tax and superannuation systems as easy and seamless as possible	Second Commissioner People, Systems, Services
	Ensure our services and communications match contemporary practices of business and governments	

Deliverables		Accountability
PBS	Register taxpayers	DC Client Account Services
	Ensure taxpayers are meeting their lodgment obligations	DC Tax Practitioner and Lodgment Strategy
	Process returns and activity statements and check accuracy	DC Client Account Services
	Receive and facilitate timely payments	
	Collect and manage debt	DC Debt
	Provide a client centred and user friendly experience to our customers by delivering timely services through appropriate channels	DC Customer Service and Solutions
	Provide interpretative advice and guidance to taxpayers and practitioners on how to meet obligations	FAC Compliance Support and Capability DC Tax Practitioner and Lodgment Strategy

	Key performance indicators	Accountability
PBS	Trend in individual tax file number registration population as compared to the ABS estimated resident population	DC Client Account Services
	Trend in company tax file number registration population as compared to the ASIC registered population	
	Proportion of income tax returns lodged on time, including by entity type	DC Tax Practitioner and Lodgment Strategy
	Proportion of activity statements lodged on time	
	Proportion of the value of income tax liabilities paid on time, including by entity type	DC Debt
	Proportion of the value of activity statement liabilities paid on time	
	ATO collectable debt as a percentage of collections in the context of the current economic environment	
	Meet service commitments	FAC ATO Corporate
	Trend in the time-cost index for business and superannuation funds to prepare and complete key tax forms	FAC Integrated Tax Design
	Trend in the adjusted average cost to individual taxpayers of managing their tax affairs	
Delivery	Trend in quality of client services provided	DC Customer Service and Solutions
	Increased first contact resolution	
	Increased use of electronic services	
	Trend in the value of debt where it has been decided not to pursue recovery because it is uneconomical to do so	DC Debt
	Debt inventory turnover	
	Trend in value of debt collections	
	Trend in timeliness of refunds paid is stable or improving	DC Client Account Services
	Trend in volume of payments made/received by payment channel is shifting towards the preferred use of electronic channels	
	Volume of client account service complaints lodged by clients compared to the same period in prior years	
	Trend in active individual registrants with incorrect address indicators on their account as a proportion of total active individual registrants is stable or reducing	
Trend in active non-individual registrants with incorrect address indicators on their account as a proportion of total active non-individual registrants is stable or reducing		

We support and protect people by dealing with those not willing to comply (Program component 3)

We assess and manage the most significant risks to compliance with the tax and superannuation systems. We assure and support revenue collection, transfer payments and aspects of superannuation through an appropriate balance of tailored advice and compliance verification activities. As a general approach, we aim to intervene as little as possible (other than by providing help) with the majority of people and businesses who want to meet their obligations. At the same time we are highly visible to those who may be reluctant to properly and willingly participate.

Commissioners' intent

Drive collaborative approaches on international taxation matters to ensure jurisdictions get their fair share of taxation

Lead: Second Commissioner Compliance

To communicate and market products and services that encourage compliance and deter non-compliance we will:

- publish a new online compliance communication product that will be progressively updated for emerging risks, issues and projects
- engage with young people, indigenous people, new Australians and small business owners
- make it easier for people to engage with their superannuation
- support taxpayers in relation to new policy measures impacting on their entitlements or obligations including businesses impacted by the taxable payments reporting system
- focus on employers' Pay As You Go Withholding and Superannuation Guarantee responsibilities
- tailor products for not-for-profit organisations
- assist high risk businesses understand their record keeping and correct reporting obligations
- assist online traders to determine their status as a business or a hobby and understand their record keeping and correct reporting obligations
- support tax practitioners in their role of both influencing willing and proper participation, and ensuring their clients understand their rights and obligations
- share with the community the outcomes and impact of our compliance activities

To identify behaviours presenting compliance risks and prioritise for treatment we will:

- increase the use of our data and systems to identify those who are not meeting their obligations for income tax, GST and superannuation
- identify taxpayers and tax professionals not willingly participating in the tax system and develop risk-based approaches to address the behaviour

To undertake differentiated compliance treatments based on perceived level of risk to the integrity of the tax and superannuation systems we will:

- establish an independent review process for large business income tax audits
- deliver our commitments to government, including GST commitments to the states and territories, to ensure our arrangements are transparent and accountable
- engage earlier to ensure our efforts are having a positive, timely impact on compliance behaviours and tax payments
- implement timely deterrence strategies on taxpayers or businesses with questionable or very aggressive tax structures or positions, particularly focusing on international businesses
- focus on self-managed superannuation funds, the capability of approved auditors and employers' compliance with the superannuation guarantee to ensure the system is equitable
- enhance the use of third party data and data matching techniques to address omitted income risks
- provide early warning to encourage taxpayers to take sensible precautions when investing
- apply a risk-based approach to the identification of tax professionals and tax intermediaries who are negatively influencing willing and proper participation in the tax system and employ strategies to change their behaviour including under promoter penalty laws

Reporting obligations

Commissioners' intent		Accountability
	Drive collaborative approaches on international taxation matters to ensure jurisdictions get their fair share of taxation	Second Commissioner Compliance
Deliverables		Accountability
PBS	Communicate and market products and services that encourage compliance and deter non-compliance	FAC Compliance Support and Capability
	Identify behaviours presenting compliance risks and prioritise for treatment	
	Undertake differentiated compliance treatments based on perceived level of risk to the integrity of the tax and superannuation systems	
Key performance indicators		Accountability
PBS	Adjusted gross operating surplus compared to company profit and tax payable	DC Large Business and International Operations
	Trend over time in GST gap	DC Indirect Tax
	Growth in salary and wages reported on income tax returns compared to growth in salary and wages estimated by the ABS	FAC Integrated Tax Design
	Trend over time in level of lost and ATO held superannuation	DC Superannuation
	Trend in adjusted employer superannuation contributions as a proportion of adjusted salary and wages	
Delivery	Products, services and tools are available to help people meet their obligations	FAC ATO Corporate
	Trend in the identification and timely escalation of appropriate compliance risks for law engagement	CTC Tax Counsel Network
	Trend over time of compliance risks closed as a result of priority mitigation action	
	Number of audits, reviews and other compliance checks	FAC Compliance Support and Capability
	Number of civil and criminal investigations, prosecutions and convictions	DC Serious Non-Compliance
	Compliance liabilities raised, estimated cash collected and other compliance gains meets commitments to government	FAC Compliance Support and Capability
	Trend in the number of employers who are non-compliant with superannuation guarantee, as a proportion of the estimated number of employers	DC Superannuation

02

Corporate
capabilities



Through our governance and stewardship we drive high accountability while streamlining our administrative processes. We prioritise the development of an agile and flexible workforce that meets our current and future needs by supporting our people. We work to improve our infrastructure, technology and processes in order to enhance our efficiency and effectiveness.

Commissioners' intent

Build a results focused culture characterised by:

- a sense of purpose and timeliness
- a service ethic in both internal and external dealings
- effective working relationships
- targeted consultation
- streamlined business processes
- sensible risk management
- a professional and productive workforce

Lead: Second Commissioner People, Systems, Services
 Second Commissioner Compliance
 Second Commissioner Law Design and Practice

Governance (Corporate capability 1)

Through a set of responsibilities, policies and procedures we provide strategic direction, ensure objectives and outcomes are achieved, manage performance and use resources responsibly and accountably.

We achieve this by providing a sound governance framework that considers both performance and conformance through corporate governance processes, corporate financial management, and effective management of information and knowledge.

To enhance corporate governance we will:

- achieve greater integration of our enterprise risk and intelligence, strategic and annual planning, reporting and budgeting processes
- eliminate the complexities in our governance processes and deliver clear, timely and relevant information
- identify, manage and report on enterprise issues to support effective decision making
- provide support to external scrutineers
- use insights from recommended improvements by external scrutineers to further support our effective administration
- manage complaints and compliments processes and use the intelligence to respond effectively to the community
- increase community access to ATO held public information to enhance community understanding, and ownership of, the taxation and superannuation systems
- increase the level of maturity of our risk management capability, focusing on risk management not risk elimination
- report to government and parliament on our performance in order to demonstrate our accountability and transparency
- build a mechanism that delivers meaningful information to the community about our performance
- effectively administer the fraud control guidelines set down by the Commonwealth to manage the risks across the whole ATO
- maintain an effective policy framework for managing cross-agency arrangements
- under the oversight of an Audit Committee, maintain an effective internal audit function aligned to better practice guides and the appropriate international standards

To provide financial management, procurement and assurance we will:

- embed strong financial management
- drive improvements in departmental budget and forecast management
- manage our current year expenditure within budget and position ourselves for a sustainable financial outcome in future years

To provide information and knowledge services we will:

- manage our information and knowledge as a core strategic asset to realise value for the organisation and the community
- improve decision making through the use of enterprise reporting, analytics, intelligence and document collaboration

Reporting obligations

Commissioners' intent		Accountability
	Build a results focused culture characterised by: <ul style="list-style-type: none"> ■ a sense of purpose and timeliness ■ a service ethic in both internal and external dealings ■ effective working relationships ■ targeted consultation ■ streamlined business processes ■ sensible risk management ■ a professional and productive workforce 	Second Commissioner People, Systems, Services Second Commissioner Compliance Second Commissioner Law Design and Practice
Deliverables		Accountability
Delivery	Corporate governance	FAC ATO Corporate
	Financial management, procurement and assurance	CFO ATO Finance
	Information and knowledge services	FAC ATO Corporate
Key performance indicators		Accountability
Delivery	The extent to which our service commitments are covered by enterprise reports	FAC ATO Corporate
	The extent to which our deliverables are influenced by the use of analytics	
	Improved compliance with, and risk management of, financial assurance requirements across the ATO	CFO ATO Finance
	ATO manages its operating budget to balance within +0.3%	
	The government and community see us as open and accountable	FAC ATO Corporate
	Increased maturity of our risk management capability as measured by the annual Comcover survey	

People (Corporate capability 2)

Our vision for enhancing our workforce is articulated in the *People strategy 2012–15* – our people are proud to work for the ATO and deliver for the community. We work to achieve this by building engaged and connected people, an adaptable and professional workforce, and inspiring leadership. This year we will focus on building a productive, adaptable, innovative and resilient workforce focused on our customers. The people services required to achieve our business objectives effectively are delivered in partnership across the organisation.

To have engaged and connected people we will:

- maintain a safe and healthy workplace that encourages and supports workers to take responsibility for the management of their health, safety and wellbeing
- build a positive attendance culture where people enjoy coming to work
- develop cross-agency connections and encourage collaboration and networking
- enhance systems and opportunities that encourage feedback, continuous improvement and innovation

To build a professional and adaptable workforce we will:

- make it easier to identify and access the right opportunities, including learning and development and mobility
- build our internal expertise to plan, manage and implement change
- design work to enhance our business outcomes and employee experience
- integrate work and workforce management so work is allocated directly to the right people with the right skills and at the right time
- provide workforce analytics and reporting that enables better workforce planning and decision making

To achieve inspiring leadership we will:

- help people at all levels understand and achieve their leadership responsibilities
- redesign and improve our approach to creating and maintaining the highest quality leadership and manager capability
- streamline management tools, systems and governance frameworks including clearly articulated decision making responsibilities at appropriate levels
- refine our approach to selection, development and workforce design for leadership and management roles

Reporting obligations

Commissioners' intent	Accountability
Build a results focused culture characterised by: <ul style="list-style-type: none"> ■ a sense of purpose and timeliness ■ a service ethic in both internal and external dealings ■ effective working relationships ■ targeted consultation ■ streamlined business processes ■ sensible risk management ■ a professional and productive workforce 	Second Commissioner People, Systems, Services Second Commissioner Compliance Second Commissioner Law Design and Practice

	Deliverables	Accountability
Delivery	Workforce relations	FAC ATO People
	Workforce supply	
	Learning and development	
	Performance and conduct	
	Health and wellbeing	
	Engagement and culture	
	Pay and conditions	
	Leadership and management	

	Key performance indicators	Accountability
Delivery	Corporate outcomes are maximised through fostering a culture of engagement, collaboration, trust and wellbeing	FAC ATO People
	ATO's productivity is enhanced through enabling the development of an adaptable and professional workforce	
	ATO leaders are enabled to inspire excellence in our workforce and manage our people effectively and consistently	

Infrastructure, technology and processes (Corporate capability 3)

We rely heavily on a range of sophisticated information technology systems and processes to provide Australia with an effective and efficient tax and superannuation administration.

Our objective is to design and develop innovative, adaptive and sustainable enterprise wide administrative and technology solutions and workplace infrastructure that meet changing business and community needs. We rely heavily on the commitment and expertise of our people and service partners to design and deliver these enterprise systems and to continue to retire redundant legacy systems and infrastructure.

We also have proven and well established processes to ensure the safety and security of taxpayer information.

To develop strategy, architecture and futures we will:

- develop architecture, standards and patterns in support of ATO Online, business applications and IT infrastructure

To deliver infrastructure provisioning and service delivery we will:

- provide accountability and governance for all information communications technology (ICT) service delivery
- ensure the availability and reliability of ICT services to minimise disruption to clients and our business
- manage the relationships, performance and contacts with our external service providers to drive benefits through innovation and better value-for-money outcomes
- implement, stabilise and mature the enterprise service management centre strategy
- align infrastructure capacity with the ATO ICT forward work program

To achieve alignment and integration of design we will:

- work with stakeholders to design change that meets business needs and outcomes, in line with the organisational strategic direction
- lead and facilitate the enterprise wide design and business improvement processes

To provide application development and management we will:

- develop and maintain IT applications to meet our business needs
- manage Tax Time and other annual changes to IT applications for effective delivery of IT changes
- manage strategic web services development and maintenance
- provide IT applications development support services

To achieve IT system security, compliance and assurance we will:

- increase depth and breadth of monitoring capability within the IT environment
- implement security operations and intelligence capability with service providers
- provide guidelines and protocols in relation to secure access to and use of ATO information

To ensure physical workplace and administration we will:

- provide accommodation which supports a professional workforce now and into the future
- manage our carbon emissions to minimise consumption, ensuring we have a sustainable business delivery model
- provide innovative solutions to support the efficient use of our workspaces

Reporting obligations

Commissioners' intent	Accountability
Build a results focused culture characterised by: <ul style="list-style-type: none"> ■ a sense of purpose and timeliness ■ a service ethic in both internal and external dealings ■ effective working relationships ■ targeted consultation ■ streamlined business processes ■ sensible risk management ■ a professional and productive workforce 	Second Commissioner People, Systems, Services Second Commissioner Compliance Second Commissioner Law Design and Practice

Deliverables	Accountability
Delivery Strategy, architecture and futures	CTO Strategy, Planning and Assurance, Enterprise Solutions and Technology
Infrastructure provisioning and service delivery	FAC Service Operations, Enterprise Solutions and Technology
Alignment and integration of design	FAC Integrated Tax Design
Application development and management	FAC Enterprise Applications FAC Major Programs, Enterprise Solutions and Technology
IT system security, compliance and assurance	CIO, CTO Strategy, Planning and Assurance, Enterprise Solutions and Technology
Physical workplace and administration	CFO ATO Finance

Key performance indicators	Accountability
Delivery Provide and maintain a physical workplace that delivers on Department of Finance and Deregulation targets and assists business deliver their outcomes	CFO ATO Finance
Measurement and reporting of ATO's carbon emissions	
Deliver evolving IT strategy and enterprise architecture solutions to support business directions and community expectations	CTO Strategy, Planning and Assurance, Enterprise Solutions and Technology
Effective management of the IT forward work program plan to meet business and community outcomes	
Increased capability in project, program and portfolio management	
Support ATO activities by providing accountability and governance for services, IT service delivery and infrastructure projects	FAC Service Operations, Enterprise Solutions and Technology
Administrative designs align to the needs of business and end users	FAC Integrated Tax Design
Extent that business agreed targets are met to deliver current legislative, compliance, administration and operations requirements	FAC Enterprise Applications, Enterprise Solutions and Technology
Extent that technology projects that support new legislation and agreed business and service improvement strategies are delivered	FAC Enterprise Applications, FAC Major Programs, Enterprise Solutions and Technology
Degree of success in achieving an appropriate balance between IT security controls and usability	CTO Strategy, Planning and Assurance, Enterprise Solutions and Technology
Detect intrusions into our systems	

03

Australian
Business Register
(Program 1.3)



The Australian Business Register (ABR) undertakes work to enable streamlined interactions between businesses and government. The ABR is also moving to better support improved planning by government agencies for program and service delivery to the community through increased awareness and use of its services.

This is done by registering businesses and issuing them with an Australian Business Number (ABN) as their unique identifier, to reliably identify themselves and facilitate their dealings with government. These dealings are further streamlined through the use of AUSKey, an authentication system that provides secure and easy-to-use access to online services for business-to-government interaction. Standard Business Reporting (SBR) reduces the compliance reporting burden experienced by business in reporting to government through a common reporting language and development and management of the operating solution used for online services.

To ensure a comprehensive, up to date and accessible business register for use across the government and business community we will:

- promote and support the use of ABR data
- ensure only eligible entities receive, use and retain ABNs
- maximise the integrity, accuracy and completeness of ABR data so that it is useful
- strategically manage the ABR business system
- provide operational support for the ABR business system
- provide data stewardship for the ABR
- influence the community and position the ABR as the primary source of registered business information
- process ABR registrations and updates

To provide an authentication solution that enables government and the business community to reliably and securely fulfil information and reporting obligations we will:

- support and enhance the production AUSKey systems and its users
- progress and position AUSKey as the whole-of-government authentication solution

To provide improved online services through expanded adoption of the SBR capabilities, including the use of the common reporting language and the SBR operating solution we will:

- provide whole-of-government leadership for the SBR initiative
- implement SBR within the ATO as the preferred electronic standard and communication channels for business and their representatives

To ensure increased efficiency of government service delivery through the awareness and use of registration and authentication services we will:

- provide leadership and support to other agencies in streamlining their service delivery

Reporting obligations

	Deliverables	Accountability
PBS	A comprehensive, up to date and accessible business register for use across the government and business community	DC Business Reporting and Registration DC Client Account Services
	An authentication solution that enables government and the business community to reliably and securely fulfil information and reporting obligations	DC Business Reporting and Registration
	Improved online services through expanded adoption of the SBR capabilities, including the use of the common reporting language and the SBR operating solution	
	Increased efficiency of government service delivery through the awareness and use of registration and authentication services	

	Key performance indicators	Accountability
PBS	Proportion of registered ABNs that are eligible	DC Business Reporting and Registration
	Trend over time in the accuracy of the data held on the ABR	
	Trend over time in the adoption and use of AUSKey by business, intermediaries and government agencies	
	Trend over time in the adoption of SBR	
	Level of satisfaction of stakeholders with quality and timeliness of SBR services	
	Level of performance in accordance with service standards	
Delivery	Trend in client-initiated ABN cancellations by entity type	
	Trend in ABN refusals	
	Trend in percentage of those surveyed who still require and ABN by entity type	
	Trend in percentage of those surveyed with correct details on file by field type	

04

Australian
Valuation Office
(Program 1.4)



The Australian Valuation Office (AVO) is set up as a special account and is the only dedicated fee-for-service business area within the ATO.

The AVO provides asset-related services for Federal, state/territory and local governments and complements the ATO's fundamental role in administering Australia's taxation system and regulating aspects of the superannuation system.

The AVO delivers professional, ethical and intelligent solutions for Australian governments regarding assets – supporting policy development, program delivery and compliance outcomes.

To conduct valuations, assessments and searches and deliver supporting asset-related products and services for government clients we will:

- seek new business focused on our strengths (human services, security, environment, finance and territories) and deliver valuation services and advice in alignment with agreements with government agencies and the Commonwealth competitive neutrality guidelines
- clarify the AVO's Financial Framework to ensure sustainability for the organisation
- invest in our people and enhance their client relationship and professional skills
- improve the alignment of the use of information with relevant business outcomes
- deploy the new Department of Human Services compliance model
- seek collaborative frameworks with government departments to achieve greater effectiveness and efficiency for 'like' government programs
- progress the opportunity to be the asset data custodian for government

Reporting obligations

	Deliverables	Accountability
PBS	Conduct valuations, assessments and searches	General Manager AVO
	Deliver supporting asset-related products and services for government clients	

	Key performance indicators	Accountability
PBS	Trend over time in satisfaction of key clients	General Manager AVO
	Financial performance in line with Commonwealth competitive neutrality guidelines	
	Impact of the innovation in new asset solutions for Australian governments	
	Trend in the quality of valuation services	
Delivery	Innovative solutions to meet Commonwealth requirements with respect to efficient valuation and financial reporting	

05

Administered
programs

The ATO administers a range of programs that deliver a range of benefits, offsets and services to taxpayers.

Australian screen production incentive: Program 1.6

The Australian screen production incentive comprises three film tax offsets: the Producer Offset, the Location Offset and the Post, Digital and Visual Effects (PDV) Offset. These offsets are designed to ensure Australia remains competitive in attracting high budget film and television productions and are aimed at providing increased opportunities for Australian casts, crew, post-production companies and other services to participate in these productions.

The Department of Regional Australia, Local Government, Arts and Sport (DRALGAS), along with Screen Australia and the ATO, have policy responsibility for the program. Screen Australia administers the Producer Offset while DRALGAS has administrative responsibility for the Location and PDV Offsets.

PBS		Accountability
Deliverables	Dollar value of tax offsets processed	DC Large Business and International
	Number of tax offsets processed	

Cleaner fuels grant scheme: Program 1.7

The Cleaner fuels grant scheme encourages the manufacture or importation of fuels that have a reduced impact on the environment. Manufacturers and importers of cleaner fuels that meet the relevant fuel standard under the *Fuel Quality Standards Act 2000* may be entitled to a cleaner fuel grant.

The Department of the Treasury (the Treasury) has policy responsibility for the program, with the ATO administering the program on its behalf.

PBS		Accountability
Deliverables	Number of claims processed	DC Indirect Tax
	Number of participants registered	
	Dollar value of payments processed	

Fuel tax credits scheme: Program 1.8

The Fuel tax credits scheme provides taxpayers with a credit for the fuel tax (excise or customs duty) included in the price of fuel used for business activities in machinery, plant & equipment and heavy vehicles. It also provides a credit for fuel used for the domestic generation of electricity by taxpayers not in business.

Since 1 July 2012, however, an effective carbon charge is also being collected through the fuel tax credit scheme, through a reduction in the fuel tax credit rate for many fuels and activities.

PBS		Accountability
Deliverables	Dollar value of claims	DC Indirect Tax
	Number of registered participants	

National rental affordability scheme: Program 1.9

The National rental affordability scheme aims to provide affordable rental properties across Australia for low and middle income earners. An annual incentive will be paid by refundable tax offsets for complying institutional investors and by grants for not-for-profit housing organisations that are exempt from income tax.

The Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) has policy responsibility for the program, which aims to see the building of 50,000 new affordable rental properties by managing a competitive process for allocation of the incentive and monitoring compliance and eligibility.

	PBS	Accountability
Deliverables	Dollar value of tax offsets processed	DC Large Business and International
	Number of tax offsets processed	
	Ratio of claims made through the ATO compared to direct claims made through the Department of Families, Housing, Community Services and Indigenous Affairs	

Product stewardship for oil program: Program 1.10

The Product stewardship for oil program is aimed at supporting and encouraging environmentally sustainable management of used oil including the recycling of used oil and use of the recycled product. The program is intended to reinforce existing state and territory regulations and arrangements in this area.

The Department of Sustainability, Environment, Water, Population and Communities (SEWPaC) has policy responsibility for the program, with the ATO administering the program on its behalf.

	PBS	Accountability
Deliverables	Number of claims processed	DC Indirect Tax
	Number of participants registered	
	Dollar value of payments processed	
	Dollar value of revenue collected	

Research and development tax incentive: Program 1.11

The Research and development (R&D) tax incentive is an ongoing scheme designed to increase the level of research and development being conducted by Australian companies.

The Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE) has key policy responsibility for the program, whilst administration of the offset is split between the ATO and AusIndustry, the operating arm of DIISRTE.

AusIndustry is responsible for processing registrations for companies intending to claim the concession, determining eligible activities, determining whether the research and development is exploited for the benefit of the Australian economy, processing applications for overseas activities and making determinations as to whether technology constitutes core technology.

PBS		Accountability
Deliverables	Number and dollar value of claims processed for Australian owned R&D general concession claimants	DC Large Business and International
	Number of incremental concession claims made by general concession claimants	
	Number of claims processed for R&D tax incentives	
	Percentage of R&D tax incentive claims processed in accordance with service standards	
	Number and dollar value of claims processed for foreign-owned R&D (100% deduction)	
	Number and dollar value of claims processed for 175% international premium concessions	

Baby bonus: Program 1.12

The primary intent of the Baby bonus tax offset is to provide compensation, in the form of a refundable tax offset, for the economic loss experienced in leaving the workforce to care for a new child and to provide a basic benefit for low income earners caring for a new child.

The baby bonus program ceased on 30 June 2009, but claimants may lodge claims up until 30 June 2014.

PBS		Accountability
Deliverables	Dollar value of payments processed	DC Micro Enterprises and Individuals
	Number of eligible individuals receiving payments	

Education tax refund: Program 1.13

The Education tax refund (ETR) is an initiative to help with the cost of educating primary and secondary school children. It means eligible parents, carers, legal guardians and independent students could get 50 per cent back on some education expenses such as computers, educational software, textbooks and stationery.

The Department of Education, Employment and Workplace Relations had policy responsibility for the program, while the ATO administered the program on its behalf.

The ATO will stop paying the Education tax refund for 2011–12 and the forward years. As a result of a 2012–13 Budget measure this will now be a Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) program to be known as the Schoolkids Bonus. The ATO will continue to make payments to claimants who lodge late claims in respect of years prior to 2011–12.

PBS		Accountability
Deliverables	Dollar value of tax offsets processed	DC Micro Enterprises and Individuals
	Number of tax offsets processed	

First home savers accounts: Program 1.14

First home saver accounts assist first home buyers to save a larger deposit through a combination of lower taxes and a government contribution. These accounts are offered by eligible financial institutions.

The Treasury has policy responsibility for the program which aims to increase the proportion of homes being bought by first buyers by helping them save a deposit and supporting national savings levels. Administration is split between the ATO, the Australian Prudential Regulation Authority and Australian Securities and Investments Commission.

PBS		Accountability
Deliverables	Dollar value of government contributions paid	DC Micro Enterprises and Individuals DC Client Account Services
	Number of first home saver accounts	
	Dollar value of account balances	
	Percentage of government contributions paid to account holders in accordance with service standards	

Low income superannuation contribution: Program 1.15

The Low income super contribution is an Australian Government initiative aimed at helping low income earners to save for retirement. The program starts from the 2012–13 income year. From 2013–14 eligible individuals will have up to \$500 paid into their superannuation fund. This effectively rebates the tax payable on concessional superannuation contributions made by or for low-income earners.

PBS		Accountability
Deliverables	Number of beneficiaries of individual contribution entitlements determined	DC Superannuation
	Value of individual contribution entitlements determined	
	Percentage of original, current year, contributions paid to superannuation funds within 60 days	

Private health insurance rebate: Program 1.16

The Australian Government introduced the private health insurance rebate as an incentive to take up private health insurance.

The Department of Health and Ageing has policy responsibility for the program, whilst administration of the program is split between the ATO, Medicare Australia and registered health insurers, depending on the claim method.

PBS		Accountability
Deliverables	Number of claims processed	DC Micro Enterprises and Individuals
	Dollar value of rebates processed	

Superannuation co-contribution scheme: Program 1.17

The Superannuation co-contribution scheme is an Australian Government initiative to help low and middle income earners save for their retirement. Eligible individuals that make personal superannuation contributions to a complying superannuation fund or retirement savings account receive a co-contribution from the Government up to certain limits.

The Treasury has policy responsibility for the program, while the ATO administers the program and provides information and support to individuals and superannuation funds through marketing and education services.

	PBS	Accountability
Deliverables	Number of beneficiaries of individual co-contribution entitlements determined	DC Superannuation
	Value of individual co-contribution entitlements determined	
	Percentage of original, current year, co-contributions paid to superannuation funds within 60 days	

Superannuation guarantee scheme: Program 1.18

Under the *Superannuation Guarantee (Administration) Act 1992*, most employers must pay superannuation contributions (in addition to gross salary and wages paid) into a complying superannuation fund or retirement savings account so that their eligible employees can enjoy the benefits of superannuation in their retirement.

	PBS	Accountability
Deliverables	Number of superannuation guarantee complaints leading to a superannuation liability being raised and those leading to no result	DC Superannuation
	Number of employees who have had superannuation guarantee entitlements raised as a result of ATO compliance activities and voluntary disclosures*	
	Number of employers whose records are checked	
	Dollar value of superannuation guarantee charge: - raised (including penalties and interest) - collected	
	Dollar value of superannuation guarantee entitlements distributed to individuals or superannuation funds*	
	Percentage of superannuation guarantee cases completed in a timely manner	
	Value of superannuation guarantee charge debt on hand and the amount of superannuation guarantee charge debt irrecoverable at law or uneconomical to pursue	

* Portfolio Budget Statements will be amended accordingly.

Interest on overpayments and early payments of tax: Program 1.19

Various laws provide for credit interest to be paid to taxpayers in certain circumstances on certain refunded amounts where the amounts are not refunded within a specified time.

There are three general categories under the *Taxation (Interest on Overpayments and Early Payments) Act 1983* which create credit interest entitlements for taxpayers in certain circumstances:

- interest on early payments of tax
- interest on overpayments of tax
- delayed refund interest.

PBS		Accountability
Deliverable	Dollar value of interest paid	DC Client Account Services

Bad and doubtful debts and remissions: Program 1.20

Taxpayers are expected to pay their taxation debts as and when they fall due for payment. Where tax debts are not paid by the due date, the ATO has the responsibility of collecting the outstanding amount.

This program deals with both the tax debt and the additional charges for late payment (such as general interest charge) automatically imposed by legislation, that are unlikely to be recovered.

While the program is primarily concerned with assisting taxpayers to meet their payment and lodgment obligations, the provision for bad and doubtful debts and discretion allowed for remission of additional charges for late payment is an expense to the Australian Government.

PBS		Accountability
Deliverables	Dollar value of provisions	DC Debt
	Dollar value of remissions	
KPI	Determining bad and doubtful debts and remissions in accordance with ATO policy and legislation	CFO ATO Finance

Other administered: Program 1.21

Tax bonus

The Tax bonus is part of the Australian Government's Nation Building Economic Stimulus Plan, which provided for targeted bonus payments to assist households and support economic growth. The Tax bonus payment commenced from April 2009 and will continue until all eligible people have been paid.

PBS		Accountability
Deliverables	Dollar value of tax bonus paid	DC Client Account Services
	Number of claims	

Seafarer tax offset

The Seafarer tax offset will take effect from 1 July 2012. This measure is part of the Government's shipping policy reform *Stronger Shipping for a Stronger Economy* announced in the 2010 election, and is designed to stimulate employment opportunities for Australian seafarers to gain maritime skills. The offset will provide a refundable tax offset for qualifying companies employing eligible seafarers.

	PBS	Accountability
Deliverables	Dollar value of tax offsets processed	DC Large Business and International
	Number of tax offsets processed	

Conservation tillage refundable tax offset

The Conservation tillage refundable tax offset is part of the Carbon Farming Futures program, which has been established to help farmers and landholders benefit from carbon farming. The offset will help landholders benefit from carbon farming by enabling primary producers to claim a 15 per cent refundable tax offset for new eligible conservation tillage equipment installed and ready for use between 1 July 2012 and 30 June 2015, provided that they participate in soil carbon sequestration research.

	PBS	Accountability
Deliverables	Dollar value of tax bonus paid	DC Small and Medium Enterprises
	Number of claims	

Interest payments on lost superannuation accounts

Interest payments on lost superannuation accounts held by the ATO were announced in the Government's 2012–13 MYEFO statement. This change aims to preserve the value of lost member accounts ensuring the ATO pays interest at a rate equivalent to the Consumer Price Index. Interest will accrue from 1 July 2013 on all unclaimed superannuation accounts currently held and from the due date future lost accounts are to be reported to the ATO.

	PBS	Accountability
Deliverables	Dollar value of interest payments processed	DC Superannuation
	Number of interest payments processed	

PBS program 1.6 – 1.19 and 1.21

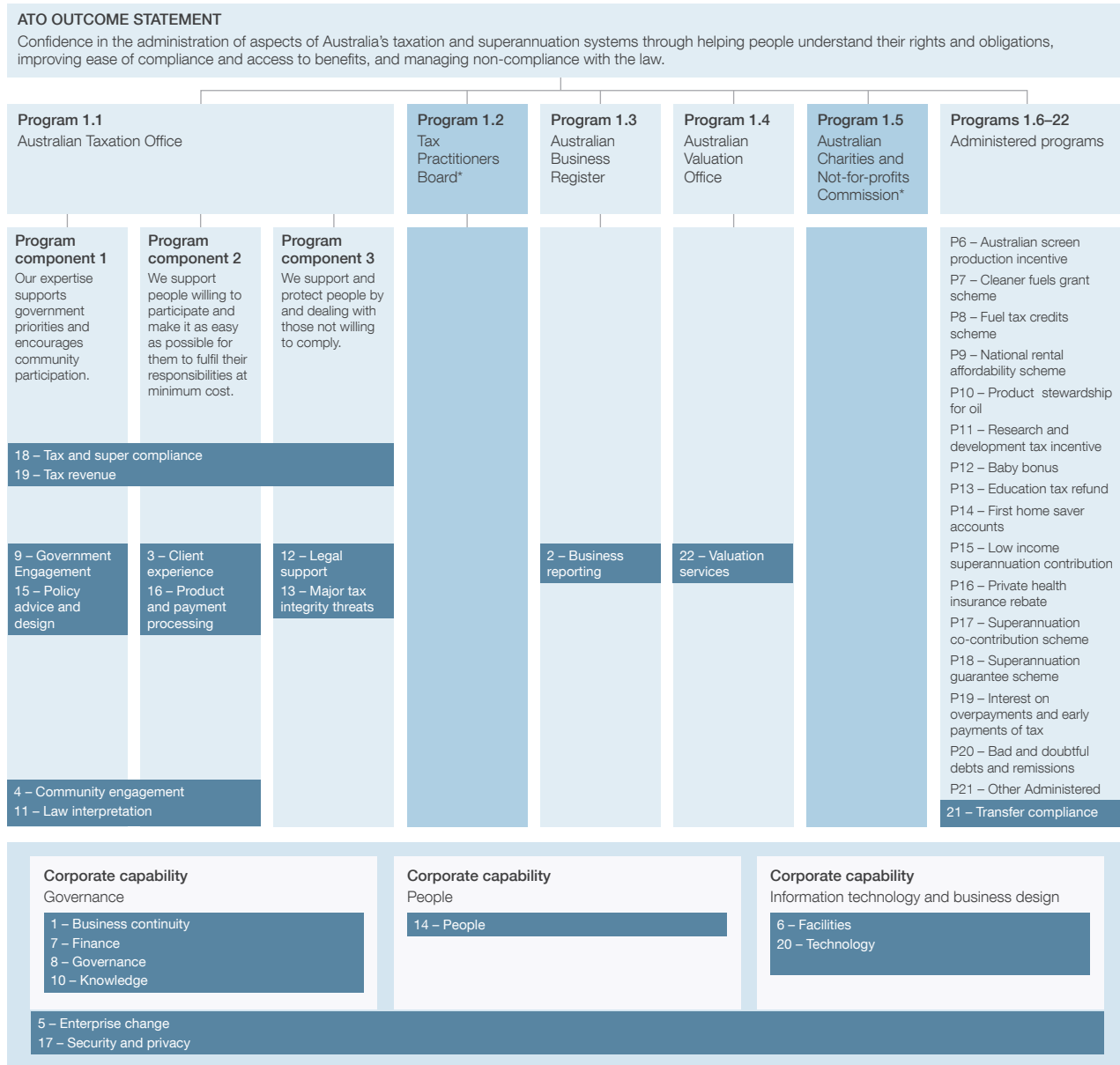
	Key performance indicator	Accountability
KPI	Payments being made in accordance with the law	CFO ATO Finance

06

Mapping programs
and risk



Our enterprise risk framework includes a set of risk categories that form the basis of our risk management at the enterprise level. These categories are highlighted in dark blue, and are mapped to our Portfolio Budget Statement programs and components. All risks to the delivery of these program and components are recorded against the relevant risk category.



*The work of the Tax Practitioners Board and the Australian Charities and Not-for-profits Commission is not covered in our plans.



07

Budget measures
impacting 2013–14



These are the announced funded or withdrawn measures each year by the Australian Government in its Budget, Portfolio Additional Estimates Statements and the mid-year Economic and Fiscal outlook that affect the work of the ATO in 2013–14.

2013–14 measures

HECS-HELP Discount and Voluntary HELP Repayment Bonus – ending discounting
Personal income tax <ul style="list-style-type: none"> ■ net medical expenses tax offset phase out ■ reforms to work-related self-education expenses
Protecting the corporate tax base from erosion and loopholes <ul style="list-style-type: none"> ■ improving the integrity of the foreign resident capital gains tax regime ■ increasing ATO compliance checks on offshore marketing hubs and business restructures
Research and Development tax incentive - quarterly credits
Student Start-up Scholarships - conversion to Income Contingent Loans
Superannuation reforms <ul style="list-style-type: none"> ■ a fairer excess contributions tax system ■ higher concessional contributions cap ■ reforming the tax exemption for earnings on superannuation assets supporting retirement income streams ■ transfer of lost member accounts to the ATO
Tax administration - enhancing Standard Business Reporting, the Australian Business Register and Australian Business Number Administration
Tax compliance <ul style="list-style-type: none"> ■ Australian Taxation Office trusts taskforce ■ improving compliance through third party reporting and data matching

2012–13 measures

Company tax cut – do not proceed
Fringe benefits tax – further reform of living-away-from-home allowances and benefits
Personal income tax <ul style="list-style-type: none"> ■ better targeting of the employment termination payment tax offset ■ consolidate the dependency offsets into one
Spreading the benefits of the boom <ul style="list-style-type: none"> ■ company loss carry back
Stronger Super – self-managed superannuation funds auditor registration
Superannuation <ul style="list-style-type: none"> ■ deferral of higher concessional contributions cap ■ reduction of higher tax concession for contributions of very high income earners
Tax compliance <ul style="list-style-type: none"> ■ maintaining the cross-agency approach to preventing abuse of secrecy jurisdictions (Project Wickenby) ■ managing tax debt in challenging times: a balanced and differentiated approach
Australian Business Register – towards a better business future
Replacing the Education tax refund with a Schoolkids bonus

Stronger shipping for a stronger economy – minor amendments
Monthly PAYG instalments for large companies
Private Health Insurance Rebate <ul style="list-style-type: none"> ■ indexing the Government’s contribution ■ removal of rebate on lifetime health cover loading
Superannuation <ul style="list-style-type: none"> ■ reform of SMSF levy arrangements ■ reform of arrangements relating to transfer of lost member accounts to the ATO
SuperStream – reduction in Superannuation Supervisory levy
Tax compliance – maintaining the integrity of the tax and superannuation system

2011–12 measures

Efficiency dividend – temporary increase in the rate
Inspector-General of Taxation – additional funding
Natural disaster recovery and rebuilding – temporary flood and cyclone reconstruction levy
Not-for-profit sector reforms <ul style="list-style-type: none"> ■ Australian Charities and Not-for-profits Commission establishment ■ introducing a statutory definition of ‘charity’
Stronger Super – self-managed super funds
Superannuation – refund of excess concessional contributions
Tax compliance <ul style="list-style-type: none"> ■ countering fraudulent phoenix activities by company directors ■ enhanced refund fraud detection and management ■ reporting Government grants and payments ■ reporting taxable payments
Alternative fuels – delayed introduction of taxation and other changes
Enhancements from the Review of the Australian Independent Screen Production Sector
Superannuation co-contribution – extending the pause to the indexation of the income threshold
Reform of family payments – pause indexation of upper limits and thresholds for a further two years
Natural disaster recovery and rebuilding – National rental affordability scheme – deferral of dwelling target
Migration Program – allocation of places for 2011–12
Tax compliance – Increase data matching resources
Clean Energy Future <ul style="list-style-type: none"> ■ putting a Price on Pollution – fuel tax credit reductions ■ putting a Price on Pollution – revenue from sale of carbon units
Fringe benefits tax – reform of living-away-from-home allowances and benefits
Stronger Super – SuperStream

2010–11 measures

ATO compliance program – dealing with the cash economy

Australian business number and business names registration system expansion

Fraud prevention and compliance

- Centrelink debts – improvements to the tax garnishee process

GST compliance program – working together to improve voluntary compliance

Standard Business Reporting – ongoing funding

Stronger, fairer, simpler tax reform

- 50% discount for interest income deferral
- early start to the company tax rate cut for small business companies
- government superannuation contributions tax rebate for low income earners
- increasing concessional contribution caps for individuals over 50 with low superannuation balances
- increasing the superannuation guarantee rate to 12%
- phasing down interest withholding tax on financial institutions
- resource exploration refundable tax offset
- resource super profits tax
- small business instant asset write-off and simplified pooling
- standard deduction for work-related expenses and the cost of managing tax affairs

Film tax offsets – change in eligibility

Superannuation – permanent reduction to the superannuation co-contribution matching rate and maximum payable

Superannuation co-contribution

- enhancing administration
- pause to the indexation of the income threshold for two years

