Australian Government

Australian Taxation Office

Commissioner of Taxation annual report 2022–23

Acknowledgment of Country

We acknowledge the Traditional Owners and Custodians of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to them, their cultures, and Elders past and present.

We recognise the unique relationship Aboriginal and Torres Strait Islander peoples have to Country, culture, community and the important role this plays in us all walking together as Australians.

We value the contribution Aboriginal and Torres Strait Islander peoples make to our organisation and the broader tax, superannuation and registry systems.

Contact

Mail
Director, Annual Report
Enterprise Strategy and Design
Australian Taxation Office
PO Box 9977
Civic Square ACT 2608

Phone (02) 6216 1111
Email annualreport@ato.gov.au
Annual report ato.gov.au/annualreport
Website ato.gov.au
Transparency portal transparency.gov.au

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Australian Government

Australian Taxation Office

Commissioner of Taxation annual report 2022–23

Commissioner’s review

When I started as Commissioner of Taxation in 2013, I set out my vision for the ATO to not only be the best Australian Public Service agency, but also to be comparable to any large organisation with a complex client base. Over a decade later, I can confidently say we have made significant progress towards this vision thanks to the expertise and integrity of our people and our strong partnership with the tax profession.

I am pleased to report on the performance of the ATO for 2022–23, as we continued to deliver services to the community that are connected, trusted, and easy to access. It has been our driving focus all these years, and I am proud of our progress toward that goal.

Reflecting on my last full year as Commissioner, I have seen the ATO continue to adapt and evolve to keep pace with community expectations. In this ever-changing environment, I am proud of how we have remained agile and delivered high quality contemporary services while continuing to collect the revenue that supports the economic and social wellbeing of Australians.

This year, we launched a refreshed ATO Charter, which reaffirms our commitment to a strengthened relationship of trust and confidence with the Australian community.

This year we also:

- collected gross tax of $730 billion, and provided refunds of $154 billion, with net tax collections of $576 billion – up $60.6 billion (11.8%) over the previous year, and $37.1 billion (6.9%) above the amount expected at the time of the October 2022–23 Budget
- saw a successful Tax Time 2022, with 20.3 million income tax lodgments finalised
- helped build individuals’ retirement savings by distributing $683.9 million in super guarantee entitlements to individuals or their superannuation funds
- ensured Australia’s largest corporates and multinational entities complied with income tax laws. Our Tax Avoidance Taskforce helped generate an additional $7.6 billion in tax revenue, with more than $6.4 billion of this coming from public and multinational businesses – and $4.4 billion being attributable to our earlier interventions in the oil and gas sector. Our interventions, paired with strong commodity prices, mean some oil and gas companies are now among the biggest taxpayers in Australia.

In addition to our Tax Avoidance Taskforce work, we continued to achieve valuable outcomes through our other funded taskforces, raising billions of dollars in tax. This includes the Serious Financial Crime Taskforce ($139 million in cash collections); the Shadow Economy program ($1.4 billion in cash collections); and the joint-agency Phoenix Taskforce ($108 million in cash collections).

Addressing growing collectable debt was another area of focus. Small businesses continue to be over-represented in our debt book – collectable debt was $50.2 billion at 30 June 2023, compared to $26.5 billion at 30 June 2019 – an increase of $23.7 billion, or 89%, over 4 years. It’s our responsibility to ensure a level playing field as we support businesses who are doing the right thing and paying on time. For those who have been unwilling to work with us, we took strong and deliberate action as we increased our activities across debt collection.

While we have faced a number of challenges, including digital fraud and cyberthreats, the protection of personal data and security of online interactions remained paramount. Digitally-enabled fraud remained a key focus, as our work on Operation Protego to protect community revenue continued. We prevented $2.7 billion from being paid to attempted fraudsters, and made numerous referrals to law enforcement partners.

We continued to prioritise data and digital investments, focusing on protecting the system and the community against fraud. To ensure the ongoing security and integrity of critical data stores, we undertook a transition to a new data centre. This program positioned us to continue to deliver services that keep pace with technology and community expectations while keeping our data secure.

Demonstrating our commitment to international collaboration, in September 2022 we hosted the 15th Forum on Tax Administration Plenary event. Commissioners and tax administration officials from around the world, including 190 delegates from 39 countries, attended to enhance cross-jurisdictional knowledge sharing and co-operation.

As always, our people are at the core of our accomplishments. We have continued our focus on integrity, culture, capability and contemporary tools to ensure the best client and staff experience. Reflecting on our achievements for the year, I was pleased the latest Trust in Australian public services Annual Report (2022) released by the Department of Prime Minister and Cabinet showed the ATO had the highest levels of trust (81%) and satisfaction (82%) in the Australian Public Service. This further demonstrates the commitment of our people to deliver for all Australians.

Looking forward

We are continuing to maintain our focus on our core business for the benefit of all Australians, aligned to our purpose of administering the tax and superannuation systems.

We have identified a number of key focus areas which are strategically important for us this year, some of which are addressing collectable debt, improving small business tax performance and strengthening superannuation guarantee integrity.

Keeping pace in a time of change is critical, especially with technology advances. We continue to innovate and expand our use of data to drive digitalisation, uplifting our data and digital infrastructure to ensure we meet client and community expectations. Our vision is, where possible, tax and superannuation interactions 'just happen'.

In September 2022, I was pleased to launch our new Digital Strategy which includes our vision to be fully digitalised by 2030. We are well underway on our digitalisation journey and have already built some of the critical foundations which will help us fully realise our vision.

Reflecting on the ATO's journey over the past 10 years, I am incredibly proud of our achievements. We will maintain our vision of being a world-leading revenue authority, now, and into the future.

Chris Jordan AO
Commissioner of Taxation
Registrar of the Australian Business Register;
Australian Business Registry Services; and
Register of Foreign Ownership of Australian Assets

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COMMISSIONER OF TAXATION

The Hon. Stephen Jones MP
Assistant Treasurer
Minister for Financial Services
Parliament House
CANBERRA ACT 2600

The Hon. Dr Andrew Leigh MP
Assistant Minister for Competition,
Charities and Treasury
Parliament House
CANBERRA ACT 2600

Dear ministers

As the Accountable Authority for the Australian Taxation Office (ATO), Tax Practitioners Board (TPB) and Australian Charities and Not-for-profits Commission (ACNC), I present you with the annual reports for the year ended 30 June 2023 for presentation to Parliament, in compliance with section 46 of the *Public Governance, Performance and Accountability Act 2013*.

The reports follow the guidelines approved by the Joint Committee of Public Accounts and Audit, as well as other legislative reporting requirements as listed in:

- sections 17AA to 17AJ of the *Public Governance, Performance and Accountability Rule 2014*
- subsection 60-130(1) of the *Tax Agent Services Act 2009* (for the TPB)
- Division 130 of the *Australian Charities and Not-for-profits Commission Act 2012* (for the ACNC).

Due to their operational independence and statutory obligations, the TPB and the ACNC have produced their own annual reports.

As required by section 10 of the *Public Governance, Performance and Accountability Rule 2014*, I certify that we have:

- prepared fraud risk assessments and fraud control plans
- appropriate fraud prevention, detection, investigation and reporting mechanisms that meet the specific needs of the ATO, TPB and ACNC
- taken all reasonable measures to appropriately deal with fraud.

Yours sincerely

Chris Jordan AO
Commissioner of Taxation
Registrar of the Australian Business Register;
Australian Business Registry Services; and
Register of Foreign Ownership of Australian Assets

9 October 2023

Peter de Cure AM
Chair
Tax Practitioners Board

Sue Woodward AM
Commissioner
Australian Charities and Not-for-profits Commission

01

Overview

About us

Our vision is to be a leading tax and superannuation administration known for our contemporary service, expertise and integrity

As a Commonwealth entity within the Treasury portfolio, the Australian Taxation Office (ATO) is accountable under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Public Service Act 1999* (PS Act).

Our role and responsibilities

The Commissioner of Taxation is responsible for administering Australia's tax system and significant aspects of Australia's superannuation system. For the purposes of the PGPA Act, the Commissioner is the accountable authority for the ATO, the Tax Practitioners Board (TPB) and the Australian Charities and Not-for-profits Commission (ACNC). He is also Registrar of the Australian Business Register (ABR) and Australian Business Registry Services (ABRS).

The ATO is the Australian Government's principal revenue collection agency, administering the legislation governing tax, and supporting the delivery of government benefits to the community. Our roles and responsibilities are set out in more detail, by agency program, on pages 2–3.

Due to their operational independence and statutory obligations, the TPB and the ACNC each produces its own annual report. Their reports are available at tpb.gov.au/annual-report and acnc.gov.au, respectively.

Outcome and program structure

The Australian Government Portfolio Budget Statements (PBS) include outcome statements to summarise what government entities must deliver for the community. Government entities achieve these outcomes through programs that sit within.

In 2022–23, the ATO had one outcome to deliver for the Australian community, and was funded to deliver this through 4 agency programs and 15 administered programs. All deliverables for administered programs are achieved through making payments to eligible recipients in accordance with relevant laws.

The ATO Budget Statements are set out in the Treasury PBS, and are available at treasury.gov.au/publication/portfolio-budget-statements-2022-23.

ATO outcome

Confidence in the administration of aspects of Australia's tax and superannuation systems, including through helping people understand their rights and obligations, improving ease of compliance and access to benefits, managing non-compliance with the law, and delivering effective and efficient business registry services.

Agency programs

1.1 Australian Taxation Office (ATO)

The ATO effectively manages and shapes the tax and superannuation systems that support and fund services for Australians, by:

- collecting revenue
- making it easy for the community to understand and comply with obligations
- administering the goods and services tax (GST) on behalf of the Australian states and territories
- administering major aspects of Australia's superannuation system.

1.2 Tax Practitioners Board (TPB)

The TPB has the general administration of the *Tax Agent Services Act 2009* (TASA) and is responsible for the registration and regulation of tax practitioners. These include tax agents, business activity statement (BAS) agents and tax (financial) advisers.

The TPB's role is to ensure that tax practitioner services are provided to the public in accordance with appropriate standards of professional and ethical conduct.

The TPB seeks to protect consumers of taxation services by regulating tax practitioners in a fair, consistent and practical way, thereby strengthening the integrity of the tax practitioner profession by:

- protecting consumers of tax practitioner services
- enhancing the integrity of the registered tax practitioner profession
- implementing the government's reform program.

While the TPB is included in the ATO program structure and under the ATO outcome, it operates independently of the ATO – and produces its own annual report to meet legislative reporting requirements in subsection 60-130(1) of the TASA. The TPB's annual report is available at tpb.gov.au/annual-report.

1.3 Australian Business Registry Services (ABRS)

The ABRS program provides services used by businesses, government and the community to support a fairer business environment that fosters greater economic growth and job creation for Australia. It encompasses:

- the register of Australian business numbers (ABNs), a trusted national business dataset and business registry service
- Standard Business Reporting (SBR), which defines a common language for business information and standards for digital information exchange between businesses and government
- the register of director identification numbers (director ID).

The Commissioner of Taxation is the Registrar of the Australian Business Register and Australian Business Registry Services. ABRS was established to assist the Registrar to carry out their functions and it operates within the ATO's infrastructure. For this reason, ABR program performance outcomes are included in this (the ATO's) annual report.

1.4 Australian Charities and Not-for-profits Commission (ACNC)

The ACNC is established under the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) as the independent regulator of charities at the Commonwealth level.

The statutory functions and regulatory powers of the ACNC Commissioner are set out in the ACNC Act, the *Charities Act 2013* and accompanying regulations.

The ACNC's key activities include:

- maintaining a public register of Australian charities (the Charity Register)
- registering new charities
- revoking the registration of charities that are no longer entitled to registration
- collecting and publishing information about charities annually
- providing advice and guidance to charities and the public
- disseminating resources to build capacity and good governance in the sector
- sharing data with the public, charities and government
- monitoring charities for compliance with legal requirements, and acting on identified concerns
- working across governments to reduce unnecessary regulation.

While the ACNC is included in the ATO program structure and under the ATO outcome, it operates independently of the ATO and produces its own annual report to meet legislative reporting requirements in Division 130 of the ACNC Act. The ACNC's annual report is available at acnc.gov.au.

1.5 to 1.19 Administered programs

Administered programs may be administered by the ATO with policy and delivery assistance from other Commonwealth agencies, or directly through the tax and superannuation systems. Our administered programs for 2022–23 were:

1.5 Australian Screen and Digital Game Production Incentive
1.6 Junior Minerals Exploration Incentive
1.7 Fuel Tax Credits Scheme
1.8 National Rental Affordability Scheme
1.9 Product Stewardship for Oil
1.10 Research and Development Tax Incentive
1.11 Low Income Superannuation Tax Offset
1.12 Private Health Insurance Rebate
1.13 Superannuation Co-contribution Scheme
1.14 Superannuation Guarantee Scheme
1.15 Targeted Assistance through the Taxation System
1.16 Interest on Overpayment and Early Payments of Tax
1.17 Bad and Doubtful Debts and Remissions
1.18 Seafarer Tax Offset
1.19 Economic Response to the Coronavirus

ATO client landscape

The ATO interacts with a vast number of clients in the community – and each client group has different requirements and outcomes they seek from the tax, superannuation and registry systems. Figure 1.1 shows the clients we interact with.

Figure 1.1 ATO client landscape, at 30 June 2023

12.1 million
individuals not in business

4.6 million
small businesses
plus a further 2.1 million individuals linked through their influential role (director, partner, shareholder, beneficiary)

984,000
employers

611,500
super funds
- **610,300** self-managed super funds
- **182** large super funds
- **1,033** small APRA-regulated super funds

225,200
not-for-profit organisations

256,400
privately owned and wealthy groups linked to 1.2 million entities

42,500
public and multinational business groups linked to 98,000 entities

38,700
registered and active tax and BAS agents

Our ministers

The ministers with responsibility for matters relating to the tax, superannuation and business registry systems in 2022–23 were:

- The Hon. Dr Jim Chalmers MP
  - Treasurer
- The Hon. Stephen Jones MP
  - Assistant Treasurer
  - Minister for Financial Services
- The Hon. Julie Collins MP
  - Minister for Housing
  - Minister for Homelessness
  - Minister for Small Business
- The Hon. Dr Andrew Leigh MP
  - Assistant Minister for Competition, Charities and Treasury
  - Assistant Minister for Employment.

For more information on our ministers, see ministers.treasury.gov.au.

The ATO Executive

The Commissioner is supported by an executive team, with each member having responsibility for key aspects of the ATO's performance.

The ATO Executive sets our strategic direction and monitors delivery of our commitments to government and the community. Its focus is on strategic matters that relate to the direction and positioning of the organisation. The Executive also provides leadership, driving the client-focused culture of the ATO.

For more details about our senior leaders, see ato.gov.au/about-ato.

The Commissioner of Taxation

Chris Jordan AO
Commissioner of Taxation
Registrar of the Australian Business Register; Australian Business Registry Services; and Register of Foreign Ownership of Australian Assets

Chris Jordan AO was appointed as the 12th Commissioner of Taxation and Registrar of the Australian Business Register on 1 January 2013. Chris was also appointed as Registrar of Australian Business Registry Services on 4 April 2021 and the Register of Foreign Ownership of Australian Assets on 29 November 2022.

Chris has more than 40 years experience in the tax profession. He started his accounting career with the firm Arthur Andersen in 1979, spending a few years as a senior lecturer in taxation at Sydney's University of Technology and then working at KPMG for more than 25 years. From 1995 to 2000, he was Partner in Charge of the NSW Tax and Legal Division of KPMG, and from 2001 to 2012 was Chairman of Partners for KPMG NSW.

In 2005, he was recognised in the Queen's Birthday honours as an Officer of the Order of Australia (AO) for the provision of high-level advice to government in relation to the development and implementation of taxation legislation and reform of Australia's taxation system.

Chris was Chair of the Board of Taxation from June 2011 to December 2012 and a member of the Board since its inception in 2000. He also served as Chair of the Business Tax Working Group from 2011 to 2012 and was Chair of the New Tax System Advisory Board from 1999 to 2001. He was a member of the Working Group that consulted with the mining industry about the resource rent tax in 2011–12.

Chris has a Master of Laws from Sydney University and Bachelors of Commerce and Law from the University of New South Wales (UNSW). He is a Fellow of Chartered Accountants Australia and New Zealand, a Fellow of the Australian Institute of Company Directors and a Chartered Tax Adviser with The Tax Institute.

In 2022, he received an Honorary Doctorate in Business from UNSW, in recognition of his service to the community and his role as a leader and innovator in the Australian Public Service.

Chris has previously held the role of Chair of the Committee for Sydney, and board memberships of the Bell Shakespeare theatre company and the Sydney Children's Hospital Foundation.

Executive team responsibilities

David Allen
Acting Chief Service Delivery Officer, Service Delivery Group

David Allen acted in the role of Chief Service Delivery Officer from 16 May to 30 June 2023, with overall responsibility for the Service Delivery Group.

The Service Delivery Group is responsible for a broad range of the ATO's key frontline services for all segments of the community. These include telephony services, processing of payments, activity statements, income tax returns, superannuation lodgments and other forms, as well as administering the tax file number register, Australian Business Register and registers held on behalf of the superannuation industry.

The group is focused on reducing overall debt levels, streamlining and eliminating manual processing where possible, driving use of digital services, and providing assistance for clients in engaging with the tax, superannuation and registry business. We aim to provide these services efficiently and to continue to build and support the capability of our staff.

Note
Melinda Smith was the Chief Service Delivery Officer with overall responsibility for the Service Delivery Group until May 2023.

Janine Bristow
Chief Finance Officer

Janine Bristow is the Chief Finance Officer, overseeing all aspects of ATO finances. This includes, resource management and strategy, budgeting, financial accounting and tax reporting, procurement and contract management, project and portfolio management, and property and facilities management services.

Janine leads professionals across ATO Finance, providing insights and advice to ensure the ATO meets its obligations and is efficient and effective in the investment of public monies.

ATO Finance supports the delivery of essential services that strengthen the ATO's outcomes and its ability to meet community and client expectations in a cost-effective way, aligning the ATO's organisational strategy to financial investment. Importantly, the Chief Finance Officer ensures the ATO maintains strong fiscal discipline to manage its resources in a dynamic economic environment.

Jacqui Curtis PSM
Chief Operating Officer, Enterprise Strategy and Corporate Operations Group

Jacqui Curtis PSM is the Chief Operating Officer and is responsible for leading the ATO's Enterprise Strategy and Corporate Operations Group. The group shapes enterprise strategy to ensure the ATO is well positioned for APS-wide reforms, and that our people management, communication, legal advice, planning, governance, finance, risk and change management processes are cohesive and effective. It also plays a lead role in managing relationships with key stakeholders including scrutineers.

Through bringing together an integrated view of people and resource management, the group ensures the ATO has the right capability and culture to deliver on our strategic intent and to deliver a better experience for both clients and staff.

Jacqui plays a key role in managing whole-of-government operational and implementation matters as a member of the APS Chief Operating Officer (COO) Committee and provides strength and integrity in the ATO's corporate positioning, ensuring we are well aligned with broader APS Reform measures. Jacqui also holds the position of Head of the APS Human Resources (HR) Profession and continues to build strategic HR capability through initiatives and career pathways in the APS. Jacqui has been recognised for her outstanding contribution to the public service over many years, receiving a Public Service Medal as part of the 2022 Queen's Birthday honours.

Kirsten Fish
Second Commissioner, Law Design and Practice Group

Kirsten Fish is the Second Commissioner of the Law Design and Practice Group with overall responsibility for the ATO's law practice, including law interpretation, public advice and guidance, independent dispute prevention, litigation and resolution, and our contribution to policy and law design.

The Law Design and Practice Group serves the community, government, and clients by ensuring the tax and superannuation laws are informed, understood, administered, and applied with confidence and integrity.

The group works collaboratively with Treasury and other agencies in supporting government outcomes and leading the ATO's work on design of new policies and law. We provide certainty through interpretation of the law and publication of guidance, supporting our clients in getting it right the first time. The group is committed to understanding the drivers of disputes – using insights to prevent disputes, ensuring earlier resolution where disputes do happen and litigating only the right cases.

Jeremy Hirschhorn
Second Commissioner,
Client Engagement Group

Jeremy Hirschhorn is the Second Commissioner with overall responsibility for the ATO's Client Engagement Group. Through well-designed client engagement and experiences we foster willing participation in Australia's tax and superannuation systems.

Across all client experiences – from individuals and small businesses to the very largest public and multinational businesses – the Client Engagement Group uses insights from client interactions to help design a tax system that makes it easier to comply, and harder not to. The group supports the integrity of the tax and superannuation systems by addressing non-compliance and ensures increasing transparency about the operation of the system for taxpayers and key partners.

The group also plays an important role in working with the international tax community. Through collaborating with other jurisdictions, the Client Engagement Group improves the way tax administrations work together to address arrangements used to evade and avoid tax.

Ramez Katf
Chief Information Officer
and Second Commissioner,
Enterprise Solutions and
Technology Group

Ramez Katf is the ATO's Chief Information Officer and Second Commissioner with overall responsibility for the Enterprise Solutions and Technology Group.

The Enterprise Solutions and Technology Group supports the ATO to deliver reliable, intuitive, contemporary and secure technology solutions that foster trust and confidence in the tax, superannuation and registry systems. The group connects and collaborates across the ATO, with service providers and the information technology (IT) industry to give ATO staff the tools they need to provide the community the service it expects.

The group works to harness the innovative opportunities and improved services that new and emerging technologies can offer, while managing increasing demand and the need to keep our information and systems safe from cyberthreats.

Organisational structure

The ATO is structured in 5 groups, each reporting to a member of the ATO Executive. Each group consists of a number of business areas.

Figure 1.2 ATO organisational structure, at 30 June 2023

Commissioner of Taxation
Registrar of the Australian Business Register; Australian Business Registry Services; and Register of Foreign Ownership of Australian Assets
Chris Jordan AO

Client Engagement Group
Second Commissioner
Jeremy Hirschhorn

- **Fraud and Criminal Behaviours** – Deputy Commissioner, John Ford (acting)
- **Individuals and Intermediaries** – Deputy Commissioner, Michael Morton (acting)
- **International, Support and Programs** – Deputy Commissioner, Hector Thompson
- **Private Wealth (Client Experience)** – Deputy Commissioner, Louise Clarke
- **Private Wealth (Behaviours of Concern)** – Deputy Commissioner, Hoa Wood
- **Public Groups (Client Experience)** – Deputy Commissioner, Rebecca Saint
- **Public Groups (Engagement)** – Deputy Commissioner, Faith Harako (acting)
- **Small Business** – Deputy Commissioner, Will Day
- **Smarter Data** – Deputy Commissioner, Marek Rucinski
- **Superannuation and Employer Obligations** – Deputy Commissioner, Emma Rosenzweig

Enterprise Solutions and Technology Group
Second Commissioner
Chief Information Officer
Ramez Katf

- **Digital Delivery** – Deputy Commissioner, Chief Digital Officer, Elissa Walker
- **Enterprise Capabilities** – Deputy Commissioner, Sebastian Hood
- **MBR Program** – Deputy Commissioner, Narda Phillips
- **Service Operations and Cyber Security** – Deputy Commissioner, Chief Information Security Officer, Alex Adams
- **Strategy and Architecture** – Deputy Commissioner, Matthew Hay
- **User and Technology Services** – Deputy Commissioner, Michael Rowell

Enterprise Strategy and Corporate Operations Group
Chief Operating Officer
Head of APS HR Professional Stream
Jacqui Curtis, PSM

- **ATO Corporate** – Deputy Commissioner, Clare Gunning
  - **Independent internal function Fraud Prevention and Internal Investigations** – Assistant Commissioner, Janine Clark
- **ATO Finance** – Chief Finance Officer, Janine Bristow
- **ATO People**
  - **Workplace Relations and Strategy** – Deputy Commissioner, Alison Stott (acting)
  - **Operations and Delivery** – Deputy Commissioner, Andrea Paschalis (acting)
- **Enterprise Strategy and Design** – Deputy Commissioner, Brad Chapman
  - **Independent internal function Internal Audit** – Chief Internal Auditor, Damien Browne

Law Design and Practice Group
Second Commissioner
Kirsten Fish

- **Objections and Review** – Deputy Commissioner, Andrew Orme
- **Office of the Chief Tax Counsel** – Chief Tax Counsel, Fiona Dillon
  - Deputy Chief Tax Counsel, Alex Affleck
  - Deputy Chief Tax Counsel, James Beeston (acting)
  - Deputy Chief Tax Counsel, Peter Walmsley
  - Deputy Commissioner Litigation and Legal Services, Fiona Knight
- **Policy, Analysis and Legislation** – Deputy Commissioner, Ben Kelly
- **RoboDebt Royal Commission** – Deputy Commissioner, Rajitha Srikhanta

Service Delivery Group
Chief Service Delivery Officer
David Allen (acting)

- **Australian Business Registry Services and Deputy Registrar** – Deputy Commissioner, Karen Foat
- **Client Account Services** – Deputy Commissioner, Grant Brodie
- **Lodge and Pay** – Deputy Commissioner, Vivek Chaudhary
- **Strategy and Support** – Deputy Commissioner, Julian Roberts (acting)

The current ATO organisational chart is available at ato.gov.au/ATOorgchart.

Note
The independent internal functions support the Commissioners and, for administrative purposes, are functionally part of the Enterprise Strategy and Corporate Operations Group.

02 Year in review

Our progress in 2022–23

The *ATO corporate plan 2022–23* established our intention to drive performance through 8 strategic objectives, 7 key focus areas and an additional 19 core priorities. It highlighted the critical programs of work we set out to deliver, spanning both specific enterprise initiatives and our core business – the ATO's ongoing work. This is essential to our vision of being a leading tax, superannuation and business registry administration.

The following information reflects progress made on the key focus areas in 2022–23, and our achievements against the strategic objective perspectives: Government, Client, Workforce, Operational and Financial.

Further information with detailed analysis for each strategic objective performance measure is provided in Part 3 Annual performance statement on pages 43–80.

Key focus areas

The **Improve small business tax performance** key focus area sought to increase system participation by continuing to collaborate with partners to build a digital first tax ecosystem.

During 2022–23, we explored a model that:

- will encourage small businesses to opt in to services within an integrated digital ecosystem, to meet their tax, superannuation and registry obligations as seamlessly as possible
- leverages existing digital and business source systems.

This model uses data that is readily available and aligns with the Organisation for Economic Co-operation and Development (OECD) Tax Administration 3.0 vision.

We piloted this model in collaboration with small businesses, tax professionals and digital service providers (DSPs). The aim is to drive improved tax performance, support better cashflow management and reduce the likelihood of getting into tax debt. Key aspects of the pilot included:

- right-time goods and services tax (GST) payments – testing the benefits for small business cashflow of smaller and more frequent GST payments
- monthly GST and pay as you go (PAYG) withholding reporting – testing whether increased frequency of reporting (and payments) helps businesses to meet their obligations
- building confidence and certainty into our systems – integrating ATO public advice and guidance into digital systems that businesses use in their daily operations, to support early detection and self-correction of potential issues/errors through prompts and nudges.

Continuing to improve small business tax performance will remain a key focus area in 2023–24.

The **Deliver innovative business registry services** key focus area sought to make it simpler for businesses to interact with government, strengthen the integrity of registry data and introduce the director identification number (director ID) regime.

In February 2023, the Australian Government announced an independent review of the Modernising Business Registers (MBR) program. The program worked to an adjusted plan while supporting the review.

Key achievements during 2022–23 include:

- completing the high-level design for the companies register release
- issuing 1.7 million director IDs, which will help ensure a fairer playing field for honest businesses into the future and combat illegal phoenix activity, a practice where companies liquidate, wind up or are abandoned to avoid paying debts.

Outcomes from an independent review of the MBR program in the 2023–24 financial year will inform the program's future.

The **Implement targeted strategies to address collectable debt** key focus area concentrated on the debt balance that increased through actions taken to support clients during COVID-19.

We informed clients of their obligations and the actions we may take if they chose to not engage with us. Clients who chose to not engage with us were subject to firmer and stronger action, to help mitigate the growth in collectable debt.

Our awareness campaigns and firmer action warning notices were followed by director penalty notices (17,901), disclosure of business tax debts to credit reporting agencies (867), garnishees (2,934), or legal recovery action. We intentionally prioritised the recovery of super guarantee debts, high-risk debts and other high-value debt cases, and fraud-related debts such as those raised through Operation Protego.

In 2022–23, we also continued to work closely with clients experiencing financial hardship to understand their circumstances. We encouraged clients to lodge even if they were unable to pay, and we offered support by way of:

- payment plans to help them manage their debt
- additional time to pay
- remission of penalties and interest (where appropriate).

Collectable debt was $50.2 billion at 30 June 2023.

Implementing targeted strategies to address collectable debt will remain a key focus area in 2023–24.

The **Expand the use of Single Touch Payroll data** key focus area sought to simplify employer reporting obligations and proactively address super guarantee non-compliance. Single Touch Payroll (STP) streamlines employers' reporting to government agencies.

In 2022–23, we expanded our use of STP data to enable pre-filling PAYG withholding data in activity statement withholding labels in ATO online, and we commenced a lodgment reminder pilot for activity statements from 1 July 2023.

We are building on our use of STP by matching data from superannuation funds with the amounts reported by employers through STP for each employee-employer relationship. While we already use these data sets in existing compliance activities, this new approach will:

- improve our ability to identify a range of behaviours that drive non-compliance
- support us to tailor our interventions for the different behaviours we see, including late payment, underpayment, and non-payment of super guarantee.

This work will continue in 2023–24, to enable earlier intervention by the ATO with employers that are not meeting their obligations.

Our focus on expanding the use of data to improve super guarantee integrity in general will also continue in 2023–24.

The **Transition to new data centre** key focus area continues to both safeguard ATO-held data and deliver contemporary infrastructure platforms to support business systems.

Our transition to a new data centre was completed in 2022–23. The ATO undertook this once in-a-generation infrastructure and data centre modernisation program to:

- align with government directives
- ensure the ongoing security and integrity of critical data stores.

As one of the largest information technology programs in Australia, this multi-year investment delivered modern, resilient and secure data centres.

This program was a significant investment, and rather than a simplistic data centre migration we took the opportunity to further modernise and transform our data centre infrastructure. This has positioned the ATO to continue to deliver services that keep pace with technology, demand and community expectations while keeping our data secure.

The **Manage cybersecurity** key focus area ensured we continued to protect our organisation, clients and other digital ecosystem partners from cyberthreats and data breaches.

We are serious about protecting our systems and our client data. Having one of the largest (and growing) data stores in Australia is a significant responsibility, and it is the driver for our focus on cybersecurity. We need to keep our data safe and secure and reduce the impact of digital fraud on our society.

During 2022–23, our cyber program continued to implement the Australian Cyber Security Centre's 'Essential Eight' cybersecurity mitigation strategies. This has enhanced our cybersecurity capability, and it will enable us to detect and respond to the evolving cyberthreat landscape while minimising risk exposure.

In 2023–24, strengthening our ability to safeguard our organisation and our client data from cyberthreats will remain a key focus area.

The **Enable data and digital investment through sustained efficiencies** key focus area saw us continue to evolve our services through data, analytics and digital investment, as we identified efficiencies and recalibrated some areas of our work.

In 2022–23, we continued to prioritise data and digital investments into those programs supporting our core deliverables. The *ATO digital strategy 2022–25* guided our investment choices for data, analytics and digital change, delivered through programs for cybersecurity, technology resilience, data acquisition pre-fill and sharing, and super guarantee data assurance. We also invested in our robotic process automation program, implementing a further 21 automations. We continued to replace legacy systems and reduce costs by transitioning reports to our business intelligence and visualisation tool; there are now over 230 reports in the new tool.

As part of our data-driven future, we made significant progress towards the delivery in 2023–24 of our new ato.gov.au platform, the Enterprise Knowledge Management project and our Strategic Sourcing program.

In 2023–24, driving digitalisation and improving client and staff experiences to deliver more effective and efficient services will continue as a key focus area.

Strategic objective: G1 Government

We build community confidence by sustainably reducing the tax gap and providing assurance across the tax, superannuation and registry systems

Summary

The ATO aims to provide the community with confidence in our administration of the tax, superannuation and registry systems that support the collection of the right tax at the right time, for the wellbeing of all Australians. We focus increasingly on approaches that help our clients get things right up front, rather than requiring correction later, and we balance this approach by taking firm action against those who deliberately do the wrong thing.

The ATO has an important role in assuring the amount of tax collected and ensuring that under-reported tax is effectively and efficiently pursued. Addressing risks in the system maintains community confidence, which in turn supports voluntary compliance.

A critical challenge for the ATO in 2022–23 was maintaining the support and assistance we have provided to the community in past years, while recommencing our more decisive client engagement activities for compliance and revenue collection.

Early and tailored engagement

We try to make it as easy as possible for clients to meet their obligations. We focus on timely and tailored engagement with clients, to support them to understand and meet their obligations on time or get them back on track as quickly as possible.

In 2022–23, our engagement and tailored activities included:

- continuing to enhance pre-fill information into myTax
- messaging to prompt clients
- where no pre-fill data is available, using real-time analytics messaging to identify and alert clients to potential issues, encouraging them to act before they lodge.

Based on analysis of client behaviour, we used approximately 4.8 million SMS nudges to clients to support on-time lodgment and payment.

In 2022–23, we also:

- corrected simple omissions or errors in approximately 500,000 income tax returns before issuing a notice of assessment – to support clients and their advisers and avoid future compliance interaction, debt, interest or penalty
- used pay as you go (PAYG) withholding data matching to interact with over 2,400 employers – raising more than $600 million in liabilities and correcting over $1.6 billion in amounts paid to the incorrect account
- introduced a strategy to improve tax agent compliance behaviours through active verification of claims, stopping high-risk tax returns in real time – this raised revenue of $3.3 million from 1,386 tax returns, with 39% of forms adjusted without the agent raising concerns

- completed 145 early engagements in the public groups and international market – providing opportunities for clients to discuss the tax outcomes of complex transactions with us before applying for formal advice such as rulings and advance pricing arrangements
- provided private wealth groups with the option of obtaining certainty through early engagements that may lead to a formal ruling or via post-transaction, and pre-lodgment engagements where significant transactions may affect business structures
- proactively engaged with clients to help them get things right through public advice and guidance, letter campaigns and agent-leveraged communications
- sent over 80,000 reminder nudges to employers at risk of non-compliance with their super guarantee obligations ahead of the quarterly due dates
- presented at Corporate Tax Association and Large Business Stewardship Group meetings – and met with the Big Four accounting firms to discuss aspects of the Top 1,000 combined assurance review programs
- published Business bulletin newsroom articles supporting the Top 1,000 taxpayers to understand our case selection principles and how to apply the GST analytical tool.

Strengthening system integrity and protecting revenue

We strengthen system integrity and protect revenue through:

- prevention measures to reduce the risk of external fraud and evasion occurring
- detection measures to uncover incidences of fraud when they do occur
- response measures including investigation, prosecution and recovery.

Addressing these risks in the system maintains community confidence, which in turn supports voluntary compliance.

We continued to focus our compliance efforts on individuals and entities that present a risk to Australia's tax and superannuation systems by intentionally doing the wrong thing. For example:

- The ATO-led Serious Financial Crime Taskforce raised $293 million in liabilities and $139 million in cash collections. Following joint investigations with law enforcement agencies, 10 people were convicted and sentenced. An additional 3 were convicted and are currently awaiting sentencing. At 30 June 2023 there were 47 people before the courts.
- The Shadow Economy program raised $2.1 billion in liabilities and $1.4 billion in cash collections. In addition, the ATO-led Illicit Tobacco Taskforce seized illicit tobacco with an estimated $110 million in excise forgone. The ATO-led Shadow Economy Taskforce made nearly 100 intelligence disclosures to member agencies in 2022–23, enabling a whole-of-government response to combat shadow economy behaviours.
- The Phoenix Taskforce raised $304 million in liabilities and $108 million in cash collections. This taskforce is led by the ATO and unites the capabilities of key federal, state and territory agencies to share intelligence, exchange data and combat illegal phoenix activity. The taskforce's activities included letter and communication campaigns, engagement visits with company directors and targeted compliance activity with nearly 3,000 reviews and audits completed.
- In the October 2022 Budget, the government provided $11.1 million in funding for the ATO to support the Fraud Fusion Taskforce to identify, respond to and prevent fraud against the NDIS and other government programs. This funding is for the 2022–23 to 2025–26 period.

We delivered on our government commitments, including through our taskforces, which enabled us to focus on areas of significant risk. During the year, we worked with clients across large public and multinational companies, privately owned and wealthy groups, small businesses, individuals, tax practitioners, and superannuation funds to ensure the integrity of the tax system in areas other than fraud or evasion. Other ATO achievements in 2022–23 include the following:

- The Tax Avoidance Taskforce helped generate an additional $7.6 billion in tax revenue, with more than $6.4 billion of this coming from public and multinational businesses. $4.4 billion is due to our earlier interventions in the oil and gas sector. Our intervention, paired with strong commodity prices, mean some oil and gas companies are now among the biggest taxpayers in Australia.
- The justified trust program, which has allowed us to have confidence about large market tax performance. The program achieved a key milestone with more than 50% of Top 100 groups having high assurance, and 80% having high or medium assurance. In our Top 1,000 program, 90% of entities were reviewed in 2022–23; of these, 29% reached an overall high assurance and 61% a medium assurance rating.
- Continued engagements with the Top 500 and Next 5,000 privately owned and wealthy groups, to provide assurance around whether they are paying and will continue to pay the right amount of tax, and taking firm action where necessary to compel compliance. We engaged with all of the Top 500 and 1,265 of the Next 5,000 private groups through our engagement and assurance reviews. In 161 engagements where tax risks could not be resolved through collaborative compliance, the relevant disputes were managed through our audit program.
- We continued to pursue litigation cases in the courts and the Administrative Appeals Tribunal that were significant to the integrity of the tax system, including cases involving transfer pricing, the general anti-avoidance rule, and diverted profits tax. Recent decisions have clarified the anti-avoidance rules with respect to trust income, GST and income tax.

Operation Protego continues to protect community revenue

It has been over a year since we first warned the community about participating in the large-scale GST fraud, and we continue to hold to account those people who chose to get involved.

The ongoing effectiveness of Operation Protego to protect community revenue and contain this fraudulent behaviour is evidenced by the further $1.0 billion in suspect GST refunds that we prevented being paid to fraudsters in 2022–23. This is in addition to around $1.7 billion in suspect GST refunds that we reviewed and stopped prior to payment in 2021–22.

Our investigations led to further GST primary liabilities raised of around $1.4 billion to 30 June 2023 and brings the total primary liabilities raised between the commencement of Operation Protego in mid-April 2022 and 30 June 2023 to just under $2.0 billion. Penalties of more than $120 million have also been issued to 30 June 2023. Statutory interest will continue to accrue on fraudulently obtained amounts not repaid, which was around $220 million at 31 August 2023.

This fraud has been contained, with more than 90% of the primary liabilities relating to fraudulent claims up to 30 June 2022. We have taken a range of compliance actions against more than 57,000 perpetrators, and our strategies have driven a continuous reduction in these GST fraud attempts.

As we reported in the *Commissioner of Taxation annual report 2021–22*, we have significantly strengthened our controls and we continue to prioritise protecting the system and community against fraud.

We are continuing to escalate our efforts to enforce repayment of fraudulently received funds and will look to implement other consequences including, where appropriate:

- proceeds of crime referrals to the Australian Federal Police
- departure prohibition orders to prevent people with a significant tax debt from leaving Australia.

At 31 August 2023, we have recovered more than $120 million since the commencement of Operation Protego.

Through the ATO-led Serious Financial Crime Taskforce, and with the support of state law enforcement agencies, we continue to take strong action against individuals involved in this fraud. At 31 August 2023, criminal investigations have resulted in more than 100 arrests and 16 convictions. Jail terms of up to 7 years and 6 months have been imposed. Investigations are continuing.

Super guarantee compliance

The ATO treats non-compliance with super guarantee obligations seriously. In the 2022–23 financial year, we finalised around 14,000 cases and issued around 130,000 reminders and prompts.

We also raised around $973 million in super guarantee charge liabilities through super guarantee voluntary disclosures and ATO compliance actions, relating to around 64,600 employers and on behalf of 710,000 employees. Of the super guarantee charge raised during 2022–23, the ATO collected and distributed around $387 million of super guarantee entitlements to the superannuation funds of around 485,300 employees[1].

In November 2022, we released our first annual key statistics for super guarantee compliance and obligations, which includes ATO compliance actions undertaken for the 2021–22 financial year. We published super guarantee annual employer obligations and compliance results, including the:

- amount of SGC liabilities raised
- number of audits finalised
- number of employers making a voluntary disclosure.

This will be updated each year following our annual report.

Targeted approaches to address the growth in collectable debt

As the recovery from disrupted economic activity of recent years progressed, our focus has been on minimising the growth in new debts, and the resolution of large and aged debts.

One of our key priorities is to address the collectable debt that has accrued over the past 4 years. This has increased from $26.5 billion (at 30 June 2019) to $50.2 billion (at 30 June 2023) – up $23.7 billion or 89%.

Areas where we have seen the most significant growth relate to:

- $31.9 billion activity statement debts made up of GST and income tax withholdings
- $2 billion unpaid superannuation debts.

We treat our clients with respect and empathy. Clients with more complex needs or enduring debts become part of our enhanced engagement program. We also used a range of specialist advice and support for small businesses both directly and through their trusted advisers.

1 The total ATO annual reporting of distributions during 2023–24 will relate to all liabilities including those raised in prior years, so it will be higher.

When we do take firmer and stronger action, it is to ensure that:

- clients pay their fair share
- we maintain a level playing field
- no-one has an unfair advantage.

Stronger action is used when clients are unwilling to work with us or repeatedly default on agreed payment plans, or where we detect deliberate non-compliance and payment avoidance, including phoenix activities. Firmer and stronger treatments include garnishee orders, director penalty notices, disclosure of business tax debts, and legal remedies including insolvency.

In October 2022, we wrote to approximately 15,000 businesses and 18,000 directors with significant tax obligations outstanding, as part of an awareness program focused on transparency of clients' obligations, actions and remediation. In total, these clients owed $1.4 billion. As a result of this initiative:

- over 5,000 clients contacted the ATO
- more than $570 million has been paid
- over 4,000 clients entered into payment plans worth $492 million.

For those that didn't engage with us from this campaign and an earlier campaign, we escalated to enforcement actions, including issuing director penalty notices to more than 17,000 companies and more than 23,000 directors of these companies.

Offsetting of credits against non-pursued debts

To support taxpayers during the 2020 bushfires and again in response to the COVID-19 pandemic, the ATO paused automatic offsetting of credits against debts considered to be uneconomical to pursue ('non-pursued debts').

While a debt is on hold, the ATO does not try to collect it. However, the law requires us to use or 'offset' credits or refunds that are raised on the account to pay off the debt.

The system for the application of credits against non-pursued debts was recommenced on 6 June 2022, in readiness for Tax Time 2022. Some existing thresholds (such as older debts) will be progressively removed through 2023–24.

Child Support Program

The ATO operates the Lodgment Enforcement program and pursues clients for lodgments and assessments of income to determine child support obligations. Services Australia identifies and prioritises the client population and provides their details to the ATO. The program also maximises debt collection opportunities for Child Support Program clients through tax refund intercepts.

The referred client population comprises Child Support Agency clients with either an existing child support debt and outstanding lodgment, or where information from outstanding lodgments is required to calculate a child support assessment.

In 2022–23, Services Australia referred 168,082 clients to the ATO, and we issued 156,152 reminder letters, interacted with 98,943 clients, or 58% of the referred population, and secured 43,526 lodgments.

The ATO also focused attention on clients who were heavily disengaged. During the year, we closed 1,046 firmer action cases, raised 604 default assessments, referred 54 cases for prosecution and intercepted 21,038 income tax refunds resulting in approximately $36 million worth of repayments in child support debts.

Strategic objective: G2 Government

We design for better tax, superannuation and registry systems to make it easy to comply and hard not to

Summary

The tax, superannuation and registry systems need to continually evolve to remain fit-for-purpose in underpinning Australia's revenue base. They need to be easy to comply with, transparent in their operations and provide a seamless client experience.

The ATO uses insights from the data we hold and our understanding of our clients to provide advice to Treasury and government on how proposed policies will operate in practice. We apply technical expertise to contribute to the design of new measures, helping to achieve the policy intent while ensuring integrity in the system and making it easy for taxpayers to meet their obligations or claim their entitlements.

Designing for a better tax, superannuation and registry system

Through analysis of revenue implications, and administrative and compliance impacts, we provide input into policy and law design, and the development of legislation for new measures. In 2022–23, we contributed policy and legislative advice to the Federal Budget, resulting in government announcements of 38 measures impacting the ATO and our clients.

We continued our contribution to policy and legislative advice, including for the:

- Better Targeted Superannuation Concessions and PayDay Super measures impacting the ATO and our clients
- Multinational Tax Integrity and Transparency package on the design, administration and revenue implications of the announced law reforms
- government's response to the Review of the PRRT Gas Transfer Pricing Arrangements.

Implementing legislative changes

During 2022–23, we delivered 12 projects to support legislative change, improve the administration of the tax and superannuation systems, and enhance the client experience. These were:

- Fringe benefits tax exemption for electric cars
- Changes to the first home super saver scheme contribution threshold
- Removal of the excess concessional contributions charge
- Recontribution of COVID-19 early release superannuation amounts
- Repealing the work test for voluntary superannuation contributions
- Reducing the eligibility age for downsizer contributions
- JobMaker Hiring Credit scheme
- Improving flexibility for older Australians by further relaxing the work tests for super contributions
- Providing visibility of superannuation to parties in family law proceedings
- Membership increase for self-managed super funds (SMSFs) and small APRA funds
- Updates to the transfer balance cap
- Single Touch Payroll Phase 1.

We provided assurance for the implementation of 57 policy projects, and updated guidance material for the community on our website when enabling legislation was yet to be enacted. We supported the design and delivery of legislative change through advice to Treasury on how proposed policies will operate in practice, and undertook a quality review of 26 legislative measures to ensure they met policy intent and could be administered as intended.

To improve administration of the superannuation contribution cap system, we:

- implemented government policy around contribution caps, to better support clients increasing their superannuation contributions
- implemented the total super balance initiative
- displayed individuals' contribution cap information and tailored messages in ATO online services
- implemented automation for more timely client interactions.

Director ID

In 2022–23, we continued a targeted communications campaign informing directors appointed under the Corporations Act of their obligation to apply for a director identification number (director ID) by 30 November 2022. This resulted in 1.7 million director IDs being issued in 2022–23, bringing the total issued since its introduction to 2.3 million at 30 June 2023.

Approximately 85% of directors now have a director ID, having successfully verified their identity with the Registrar of Australian Business Registry Services (ABRS).

We also partnered with ASIC – which has responsibility for enforcing director ID offences – on a compliance program to drive director ID adoption.

Director ID is helping prevent the use of false and fraudulent director identities, and to identify illegal conduct including phoenix activity, which may have otherwise remained undetected.

More information about director ID is available at abrs.gov.au/directorid.

Working with Treasury

The ATO and Treasury continue to work well together, with the relationship being beneficial for both agencies. We contribute to government outcomes by sharing our analytical expertise to inform advice to government.

In 2022–23, we worked closely with Treasury to:

- assist with tax revenue estimates for the October Budget and the 2023–24 Budget, including the regular provision of tax collection data and associated analysis
- include a legislative instrument to ensure resigned directors are no longer required to obtain a director ID.

Public advice and guidance

In 2022–23, we published 159 significant public advice and guidance products to assist the community to understand and comply with their tax obligations. This included the following:

- 31 public ruling products comprising taxation rulings and taxation determinations to provide certainty to taxpayers on longstanding issues such as certain avoidance arrangements involving trusts, and to address contemporary issues such as labour costs in the creation of capital assets, the residency of individuals, use of an individual's fame by a related entity, non-arm's length income for superannuation funds and offshore arrangements in relation to intangible assets.
- 14 practical compliance guidelines to provide guidance for taxpayers on matters such as claiming deductions for running expenses incurred while working from home, how to calculate the costs of charging electric vehicles, applying the central management and control test for corporate residency and our approach to GST issues for residential colleges.

To assist taxpayers to comply with an evolving tax system, we published timely web guidance on topics such as:

- the removal of the low and middle income tax offset
- changes to deductions for car expenses
- new law including small business technology and training boosts
- advice relevant to the private wealth market about earnout arrangements, small-scale land subdivisions and international risks.

We produced guidance on earning income from emerging industries, including for social media and other platforms. We also published web guidance on issues where detailed examples would assist taxpayers to understand the law; for example, earnout arrangements and small-scale land subdivisions.

Strategic objective: C1 Client

Our client experience and interactions are well designed, tailored, fair and transparent

Summary

We aim to improve the experience of our clients by interacting with them at the right time, providing certainty in our communication, and making appropriate adjustments for individual circumstances. We continue to enhance our online services to meet the growing demand for digital interactions, and expand self-serve options that enable members of the community to easily manage their interactions at a time that suits them.

Creating better client experiences

We saw a successful Tax Time 2022, with 20.3 million income tax lodgments finalised and $52.5 billion in refunds issued. Tailored messaging and extensive public communication highlighted key changes and helped minimise errors during lodgment. For clients who prepare their own individual income tax return, myTax provided additional support and associated tools – making it easier for clients to access the right information.

In 2022–23, we launched super health check in readiness for Tax Time 2023. Super health check provides targeted information on key superannuation basics, to encourage all taxpayers to regularly review their superannuation. It focuses on educating and supporting our clients, especially young people and those starting out, and leverages the interactions people have with their tax agent particularly during tax time. We encouraged agents to have these conversations with their clients about super health check as part of these interactions.

This year, almost 10,000 taxpayers accessed our Tax Help program in over 400 centres throughout Australia. Around 30 of these centres provide direct assistance to First Nations taxpayers, with Tax Help posters and fact sheets translated into 13 different Indigenous languages.

The ATO Community online service registered 4.6 million visits in 2022–23, a 43% increase compared to the previous year. ATO Community allows people to ask questions and share information about tax and superannuation issues with other community members. They can self-serve and find answers to their tax and superannuation questions at a time that suits them.

We helped to ensure more than 4,300 military veterans received refunds of overpaid tax for historical years. Our military superannuation remediation project has assisted veterans to claim refunds as a result of the Federal Court decision in *Commissioner of Taxation v Douglas* [2020] FCAFC 220 (the Douglas decision). This led us to design innovative and data-driven approaches that make it easier for eligible veterans to apply for, and the ATO to quickly process, objections and subsequent amendments.

We focused on educating employers regarding their Single Touch Payroll (STP), pay as you go (PAYG) withholding, fringe benefits tax (FBT) and super guarantee obligations. This includes targeted communications such as webinars, videos and ATO forums, as well as rulings and guidance.

The ATO continues to offer contemporary services for large businesses, and publish information on the ATO engagement channels they use. This enables their business reporting and transactions to be managed securely, on time, and directed to the right area.

We also ensured that public advice and guidance on international risks include examples that are relevant to the private wealth market, to help taxpayers understand their risk profile and compliance obligations.

Accessible tax, superannuation and registry systems for all Australians

In 2022–23, the ATO continued to ensure the tax, superannuation and registry systems are accessible to all Australians.

Our Tax and Super Basics campaign continued to support people from culturally and linguistically diverse (CALD) backgrounds, by providing better access to information and services that help people understand their tax and superannuation obligations. The campaign was nominated as a finalist in the Mumbrella CommsCon Awards in the 'Best Government Sponsored Campaign' category. These awards recognise excellence in public relations and communication.

In late 2022, our targeted director ID communications campaign included messages in several languages, to ensure directors (appointed under the Corporations Act) from the CALD community were informed of their obligation to apply for a director ID by 30 November 2022.

We added new audio guides in 12 languages to the ATO website, to provide more CALD audiences with an alternative way to access important tax and superannuation information. We continued to connect with a range of CALD organisations and community leaders, First Nations community stakeholders, and organisations that support people with disability.

The ATO continues to work with the First Nations Foundation. Our support for the Financial Wellness Week events in Greater Sydney in April 2023 generated positive feedback from community members.

We developed a tailored one-page flyer to provide advice to individuals about the support arrangements available to First Nations people, as well as general information. Its Quick Response (QR) code links to relevant content on our website.

Senior ATO staff participated in various Indigenous-related forums, such as the Indigenous Super Summit hosted by ASIC, and provided information on services available to assist First Nations Peoples to engage with their superannuation.

For people with disability, we:

- ensure all information on our website aims to meet success criteria from the Web Content Accessibility Guidelines 2.1AA
- provide tailored information to help people understand tax and superannuation
- connect with organisations that support people with disability to provide tax and superannuation information
- promote the National Relay Service to people with a hearing or speech impairment and who need to phone the ATO
- ensure myTax is compatible with screen-reader software and suitable for use on any device
- provide tax return instructions for individuals in accessible formats, including TaxDAISY – an audio format disk that works on portable digital playback devices or computers with Digital Accessible Information System (DAISY) software.

More information about guidance tools for people with a disability in a range of accessible formats can be found at ato.gov.au/peoplewithdisability.

Improved and connected digital services and interactions

Guided by our digital strategy, the ATO continues the digitalisation of end-to-end processes and services, to meet our commitment to simplifying the tax and superannuation process for individuals and tax professionals through our online services. This enables:

- individuals including sole traders to lodge and track tax returns, and seamlessly manage their superannuation in one place
- businesses to self-serve in lodging activity statements and to access functionality that assists in managing their tax and employer obligations
- registered agents to efficiently support their clients via a comprehensive suite of tools, including Online services for agents and the practitioner lodgment service, that allows their tax software to talk to the ATO mainframe systems – providing streamlined reporting, payment processing, and lodgment management.

The new lodgment deferrals feature in Online services for agents was delivered in 2022–23. Within 2 months more than 754,000 deferrals were submitted, with 60% processed in real-time – this resulted in shifting clients away from contacting the ATO to quicker and easier digital resolution pathways.

We continued to see growth across online services for individuals, businesses and agents, which combined resulted in 123.3 million sessions during 2022–23 – 4 million sessions more than the previous year.

In 2022–23, we launched Online services for foreign investors, a contemporary channel for foreign investors and their representatives to manage registration and other transactions relating to Australian investments.

Social media continues to be an essential tool for us to engage with the community, build a strong public profile, and effectively communicate information. We are active on Facebook, LinkedIn and Twitter (now X), and have more than 550,000 followers across these channels. In 2022–23, we received 45,000 queries and answered taxpayer questions. We published almost 600 posts on a range of topics, with a reach of over 10.4 million impressions (the number of times our content is displayed in feeds).

The ATO app continues to provide a secure, personalised client experience for mobile devices. We now have over 2 million users of the ATO app, and Tax Time 2022 saw a 373% increase in clients using it to check the progress of their return. In 2022–23, the ATO app received an Australian Good Design Award, one of the most respected and recognised international design endorsement symbols in the industry.

Promoting transparency, trust and confidence

Each year we publish insights and observations from our large taxpayer assurance and performance programs. These reports, including the corporate tax transparency report, continue to promote trust and confidence in the ATO by allowing transparency in the corporate tax system.

In 2022–23, we released 7 reports. These were supported with comprehensive communications strategies and include the following:

- *Corporate tax transparency report for the 2020–21 income year*
- Top 100 income tax and GST assurance programs (findings report)
- Top 1,000 income tax and GST assurance programs (findings report)
- Reportable tax position schedule Category C disclosures (findings report)
- Public Groups and International Advice and Guidance program (findings report)
- Top 500 tax performance program (findings report)
- Next 5,000 tax performance program (findings report).

Our free Dispute Assist service continues to help unrepresented individuals and small businesses experiencing personal difficulties to navigate through the dispute process. We offer support by allocating an independent guide who assists taxpayers to explore their options for resolution and can connect them with further assistance. During 2022–23, we promoted Dispute Assist through an awareness campaign aimed at educating taxpayers on the types of alternative dispute resolution options available in the ATO and when the services can be used. This contributed to a 28% increase in genuine referrals to Dispute Assist, and 15% more views of our Dispute Assist web content when compared to 2021–22.

The ATO continues to engage 5 former Federal Court judges to independently assure settlements on our largest and most significant settlements. The reviews provide the community with confidence the outcomes from our most significant settlements are fair and reasonable and in the best interests of the Australian community. In 2022–23, all of the 24 settlements reviewed were evaluated as being fair and reasonable.

Our commitment to the community – a refreshed ATO Charter

In June 2023, we released a new-look ATO Charter (the Charter) following consultation with clients, business groups and our staff. We used this valuable feedback to shape the Charter, reaffirming our commitment to a strengthened relationship of trust and confidence with the Australian community.

The refreshed Charter, previously known as the Taxpayers' Charter, outlines what people can expect when they interact with us, what we will ask of them, and the steps they can take if they are not satisfied with decisions we make or with our service.

The Charter highlights our commitment to keeping our clients at the centre of everything we do by:

- retaining our commitment to operate in accordance with laws, codes and principles, and to being fair, ethical and accountable in everything we do
- referencing our approach to digital service delivery
- outlining our commitment on keeping client data and online transactions protected and safe
- noting our support to clients with vulnerabilities or who are experiencing crisis events and difficult times
- giving greater prominence to the steps clients can take if they would like a decision reviewed or if they are not satisfied with our service.

The Charter has been simplified, is available in 25 languages other than English and provides links to more detail, allowing taxpayers to easily connect through to information relevant to their circumstances.

We will ensure that the commitments in our Charter are foundational to our day-to-day interactions and key considerations in our strategic decision-making.

The ATO Charter is available at ato.gov.au/ATOcharter.

Strategic objective: C2 Client

We work with and through others to deliver efficient and effective tax, superannuation and registry systems

Summary

The ATO works to maintain strong relationships with tax practitioners, digital service providers, relevant industries, other government agencies and international partners, recognising their roles in helping us to deliver efficient and effective tax, superannuation and registry systems for all Australians. We also co-design policy changes and develop guidance with the Australian Prudential Regulation Authority (APRA) fund industry to ensure the effectiveness of superannuation initiatives.

Our approach continues to be one of transparency, ensuring clients are aware of their obligations, the steps we require them to take and where they can obtain assistance, and actions we may progress if they chose not to engage with us. We have worked closely with our taxation stakeholder groups to promote this message and the support available, to ensure they are well informed to meet their client and member needs.

Engaging with tax professionals through dedicated channels and services

We continue to foster strong working relationships through our engagement programs with tax professionals, driving tailored interactions and services to meet their needs.

Our stewardship groups provide an avenue for valuable insights into our systems and the impacts of initiatives on the profession and community as a whole to be shared. In 2022–23, the membership of the Tax Practitioner Stewardship Group was refreshed through an open process available to all agents.

Throughout 2022–23, we continued to educate and inform tax professionals through a variety of communication channels, including weekly newsletters, webcasts, speaking engagements and open forums. Our Communication Content Working Group, made up of representatives from the profession, continues to help us improve the content and style of our communication with practitioners.

We also:

- reviewed the Tax agent lodgment program, resulting in income tax lodgment due dates being updated for medium and large taxable entities
- supported tax professionals and their clients to resolve complex issues through our dedicated phone line, lodgment support teams and the Tax practitioner assistance service, answering approximately 1.3 million calls.

Working with the Tax Practitioners Board

The ATO and the Tax Practitioners Board (TPB) have a shared interest in the behaviour and performance of tax agents.

Although both entities are independent, the ATO (as the tax administrator) and the Tax Practitioners Board (as the regulator of tax agents) work together to deliver on our shared strategic goal of improving the integrity, behaviour and performance of tax agents. This includes:

- lawfully sharing data and information on tax agents and their clients to support each agency's functions
- developing and implementing coordinated strategies to address high-risk tax agents where appropriate
- supporting tax agents through increased transparency and public guidance.

We share intelligence about high-risk tax agents, and work together as appropriate to ensure that individual cases are coordinated to achieve the best outcomes for the system and the community. During 2022–23, we shared over 280 referrals (both evidence-based and intelligence-based) and made almost 2,000 information exchanges.

We conduct regular collaboration meetings to discuss strategies for addressing tax agent risks, and coordinate action on individual tax agents through appropriate compliance approaches.

Digital service providers

Digital service providers (DSPs) are recognised as an integral partner in the administration of the tax, superannuation and registry systems. Our digital strategy reinforces the priority of collaborating with partners to build connected and trusted ecosystems.

During 2022–23, we provided support to over 500 DSPs – helping to safeguard the integrity of the system and ensure compliance with the DSP Operational Security Framework. We conducted over 120 consultation and engagement activities to collaborate and co-design new services and experiences. This resulted in:

- an improved activity statement service, and expanded use of Single Touch Payroll (STP) data to enhance pre-fill
- new tax time Budget measures in the practitioner lodgment service (PLS) software
- enhanced infrastructure, including the release of a modern and contemporary ATO developer portal.

eInvoicing

We continue to work with Australian businesses and DSPs to promote and support a reliable, safe and secure eInvoicing network. eInvoicing is the digital exchange of standardised invoice information between suppliers' and buyers' software through a secure network.

Australia has adopted the international Peppol eProcurement framework for eInvoicing. Peppol has members in over 40 countries, including Europe and key trade partners in our region, such as New Zealand, Singapore and Japan, supporting international digital trade for Australian businesses.

The government nominated the ATO as Australia's Peppol Authority, based on our experience with similar digital initiatives such as STP. Our role is to ensure the Peppol eInvoicing standard is implemented consistently by all DSPs in the eInvoicing network.

We actively promote the adoption of Peppol eInvoicing, increasing participation in the digital economy, unlocking productivity and security benefits, and helping to build more resilient businesses.

eInvoicing registrations continue to increase, with more than 33,000 businesses registered and 435,000 eInvoices processed through the network at 30 June 2023.

More information is available at ato.gov.au/business/einvoicing.

International partnerships

Through our membership of the OECD, we continue to build strong relationships, collaborate globally and share knowledge and best practice expertise with international tax administrators.

This includes supporting the development of the Two-Pillar solution to address the tax challenges arising from the digital economy, collaborating with Treasury in multilateral negotiations. As part of the 2023–24 Federal Budget, the government committed funding to the ATO to support domestic implementation of Pillar Two, beginning 1 January 2024.

The ATO continues to chair the OECD Taskforce on Tax Crimes and Other Crimes. This taskforce assists OECD members to identify, discuss and influence relevant tax crime and associated financial crime trends, assisting global governments in the fight against tax and financial crime.

Through the Joint Chiefs of Global Tax Enforcement (J5), we have established a global network which collaborates to disrupt international tax crime. Formed in July 2018 following a call to action from the OECD for countries to do more to tackle the enablers of tax crime, the J5 provides a global solution to a global problem – to lead the fight against international and transnational tax crime and money laundering.

The OECD's Tax Administration 3.0 work program sets out a vision for the digital transformation of tax administration and is governed by a new strategic framework. The ATO is an active member of the working group responsible for identifying and scoping the next set of priority international collaboration projects to accelerate digital transformation.

We are also a key contributor to the OECD Tax Debt Management Network, which shares successful practices in tax debt management such as innovative tools and behavioural insights, and works collaboratively to address collective challenges including development of an international approach to payment thinking.

The large business five (LB5), directed by senior leaders of large business tax administration in Australia, Canada, the Netherlands, the United Kingdom and the United States, has developed a flexible program of engagement under the theme of encouraging voluntary compliance across the large business population. This involves agile projects focused on staffing and recruitment, use of data, agent behaviours, building trust and cooperative compliance.

Learnings from the program of multilateral engagements will enhance work being done by individual members and outputs will be shared with the Large Business International Program (LBIP) for the benefit of the wider international community of tax administrations forming part of the OECD FTA.

In September 2022, the ATO hosted the 15th Forum on Tax Administration (FTA) Plenary event, which brought together commissioners and tax administration officials from around the world. The meeting was attended by 190 delegates from 39 countries, creating a collaborative space for cross-jurisdictional knowledge sharing and cooperation.

We also continued to support the government's announced tax treaty network expansion program, working with Treasury in leading negotiations. The new tax treaty reduces tax impediments to bilateral trade and investment. In particular, the tax treaty alleviates double taxation by lowering withholding tax rates (on cross-border interest, dividend and royalty payments) and includes OECD/G20 base erosion and profit shifting recommendations to target international tax avoidance practices. The Bill to implement the Iceland tax treaty into domestic law has received Royal Assent and significant progress has been made with Portugal, Slovenia, Estonia, Lithuania, Greece, Columbia and Latvia.

We continue to work with governments and organisations around the world to assist with building the capacity of other revenue administrations so that they can meet obligations under the international tax framework, increase their domestic resource mobilisation, and promote stronger economic governance. In partnership with Department of Foreign Affairs and Trade (DFAT) we implement joint activities using Official Development Assistance funds under the Australian aid program, with a focus on supporting our neighbours in the Pacific.

The ATO's international visitors program provides overseas tax administrations the opportunity to visit the ATO and exchange knowledge and information. During 2022–23, we hosted 11 visiting delegations to strengthen our bilateral relationships with other jurisdictions and share insights on administration, programs and policies that are mutually beneficial.

Strategic objective: W1 Workforce

We are a high-performing workforce with a focus on integrity, the right culture, capability and tools to deliver the best client and staff experience

Summary

Our strategies shape today's workforce and position us for the future by creating a positive and inclusive culture underpinned by integrity and driven by strong and impactful leaders. We continue to invest in our culture, staff experience and wellbeing to ensure our people are productive and empowered to respond to new challenges.

We maintained high employee engagement levels of 74% in the Australian Public Service (APS) Employee Census 2023, consistent with last year. These results continue to reflect our focus on staff engagement and have again outperformed the APS overall (1% higher) and other comparable agencies (2%–3% higher). The ATO continues to be a competitive and attractive employer, with strong results for staff recommending the organisation as a good place to work when compared with other larger and extra-large operational APS agencies.

Supporting staff to work in agile and adaptive ways

A continued focus for 2022–23 was supporting our workforce to operate in responsive, safe and contemporary ways and adapt to changes in our environment. The ATO has adopted a balanced approach to flexible working, including a hybrid mix of working from home and in the office, which maximises engagement and increases our ability to attract and retain talent in a highly competitive labour market.

During 2022–23, our staff were equipped with and provided access to the appropriate tools, training and technology they need to perform their role, with an emphasis on improving the reliability and performance of our systems. This included our remote access platforms, upgrading equipment and providing contemporary, collaborative technology and workspaces through the completion of 2 major office relocations in the Sydney and Brisbane CBDs.

In response to recent updates to work health and safety legislation that emphasised psychosocial risk management, we expanded our efforts to protect and enhance staff wellbeing and mental health. This included strengthening our psychosocial hazard identification system to:

- facilitate ongoing monitoring of mental health safety – addressing common work demands through targeted interventions
- support staff with a range of tools, resources and programs.

We also delivered, through a series of pilot programs, a range of simple and practical work habits to build manager and staff capability and improve ways of working that promote wellbeing as well as improved productivity.

Continuing to grow our positive and inclusive culture

In 2022–23, we continued to invest in promoting a strong organisational culture that positions the ATO as an inclusive workplace where staff feel valued, engaged and supported.

Our 'One Habit at a Time' behavioural change program continued to support ATO staff and senior executives with practical tools and strategies for driving and adopting daily habits aligned to our cultural traits.

We continued our commitment to creating an inclusive and diverse workplace, driving progress toward diversity and inclusion goals in our *2024 Diversity and Inclusion Strategy*. A key focus this year was strengthening career development opportunities for First Nations staff and staff with disability. Our initiatives have focused on increasing affirmative measures in recruitment, particularly at leadership levels, and implementing tailored secondment and mobility options. We also focused on building the capabilities of a workforce within a diverse workplace.

Driving workforce and capability transformation

The ATO's graduate program provides a critical talent pipeline for the ATO.

We reached a noteworthy achievement this year with our largest ever cohort of 570 graduates commencing the program in February.

The ATO's capability development investment is informed by a professional streams model, which provides strategic direction across our spectrum of professions. In 2022–23, we placed a particular focus on building tax technical, data and analytics, digital, and leadership and management capability, and built robust talent channels across our priority areas

Delivering on our commitment to grow professionalism and build critical capability in the ATO, we continued to invest in micro-credentials – short, certification-style courses – and the tuition assistance program (TAP). TAP provides financial support for staff to complete qualifications aligned with professional stream priorities that will help them become future fit and develop the knowledge and expertise to achieve the ATO's objectives. This year through TAP we provided financial assistance to 549 staff to support formal qualifications that are endorsed by professional stream leads and aligned to the ATO's priority capability needs.

The ATO continued to support cross-agency professional development by:

- engaging with and promoting the APS Academy
- substantially growing our membership of the APS professional streams and sharing access to communities and development products with ATO staff.

In 2022–23, we continued to work with the Australian Public Service Commission (APSC) on APS professional stream strategies, lending our deep expertise and best practice approaches to further build the human resources (HR) professional stream across the APS. This included facilitating 13 HR professional stream events, with around 4,500 HR professionals attending nationally. The ATO recruited and managed 45 HR graduates to be placed in 22 agencies, as well as 33 HR school leavers placed in 14 agencies.

The ATO acknowledges the critical role our leaders play in shaping our organisation and supporting our workforce. While leadership capability is developed and progressed at all levels, the ATO SES Leadership strategy focuses on how our senior executive service (SES) leaders will be supported to lead the ATO into the future.

In 2022–23, we delivered a series of masterclasses and leadership development sessions to build shared understanding of the strategy and our expectations of SES to implement aspects of it.

We also introduced culture and inclusion sessions for newly-appointed and acting SES, to ensure senior leaders are aware of the support available to them and the important role they play in fostering diversity and inclusion and driving positive pro-integrity culture and wellbeing practices.

Industry awards and recognition

The ATO's University Partnership Employment Program was rated in the Top 50 Intern Programs survey for 2023, run by the Australian Association of Graduate Employers. We are the only federal agency included on this list.

The ATO's Graduate Program won the 2023 Chandler Macleod Most Popular Government and Defence Employer Award and is now ranked 8th in the Top 100 Graduate Employers for graduates as compiled by *The Australian Financial Review* newspaper and GradConnection website.

ATO staff and teams won or were finalists for industry awards for excellence in marketing and communications, risk management, mental health promotion, procurement, leadership and for a number of information technology projects.

Strategic objective: O1 Operational

We use data, information and insights to deliver value for our clients and inform decision-making across everything we do

Summary

Investment in our data and analytics capability is critical to achieving our aspiration to be data-driven, streamlined and integrated. The ATO holds and has access to a wealth of data that we use to make it easier for people to comply with their obligations, and hard not to.

We continue to focus on improving the way we collect, manage, use and share data, to maintain confidence and maximise value for the community and the ATO. To do this, we are strengthening our data foundations to ensure the right data is available for our staff and clients, and we have the right tools and capabilities to understand and use the data in innovative ways. We have sound governance to ensure we always use data and analytics ethically.

Data governance and stewardship

We are a key custodian of one of the largest data stores in Australia, which is growing each year. Ensuring we legally, ethically and responsibly manage, use and share the data we hold is of paramount importance. In addition to strict privacy laws, we continue to hold ourselves accountable to our 6 data ethics principles, and our staff undertake annual mandatory training to refresh their understanding and application of the principles to their work.

We undertake a data ethics impact assessment when we start a new project or when significantly changing a data and analytics activity. We also test and regularly review the parameters and performance of our analytical models to ensure they are effective and remain unbiased.

We publish information on our data-matching programs, telling clients what information we are collecting, from whom and how we will use that data.

Data we share with other agencies helps to support delivery of government services. We continued to provide data on individuals and companies (including Single Touch Payroll) to the Australian Bureau of Statistics, to support a range of statistical publications, such as *Weekly Payroll Jobs and Wages in Australia*.

We follow a 5-step process to assess a data-sharing request from another agency, ensuring the sharing is legal and ethical and that it undergoes a privacy impact assessment. We continue to engage throughout the data sharing to ensure the agency is using the data appropriately, and we maintain stewardship over the data we share.

We also play an active role in maturing data governance and stewardship across the APS by sharing our experience and expertise with other agencies.

More information about how we use data and analytics is available at ato.gov.au/dna, and information about data-matching protocols is available at ato.gov.au/data-matching protocols.

Using data and analytics to deliver high-quality services

Data underpins our client services, our early intervention activities, and our goal of prevention rather than correction. In 2022–23, we used data and analytics to:

- pre-fill over 104.4 million pieces of data, including salary and wages, interest and dividends, and Australian Government allowances and payments
- provide over 490,000 real-time prompts to taxpayers to check amounts in their 2021–22 income tax returns, resulting in the protection of an estimated $61.1 million of revenue
- send nearly 1.1 million informative pre-fill messages to clients to consider the tax consequences of their crypto asset sales when completing their 2021–22 income tax returns
- provide over 540,000 real-time prompts to taxpayers to check amounts in their business activity statements
- prompt over 11,000 self-preparing sole traders to check amounts reported in their 2021–22 tax return where the amounts differed to those in similar circumstances – 16% of those prompted made adjustments as a result.

Strengthening our GST risk analytical models

We continue to focus on managing GST compliance risks and behaviours that impact the integrity of the GST. This year we strengthened our ability to manage GST risks, including fraud, by using contemporary technology to:

- improve our risk identification process with techniques that detect risks earlier – enabling us to apply differentiated and tailored treatment strategies
- streamline processes related to managing high-risk refunds
- provide staff with a more holistic view of GST lodgment when engaging with clients, to support a better client experience.

Modernising insights and intelligence program

Our multi-year modernising insights and intelligence program is establishing new and expanded data and analytics capabilities. In 2022–23, we:

- implemented hyper-scalable cloud-based technologies, including a modern data platform, the Enterprise Lake House (ELH), to store, organise, and analyse third-party unstructured data
- migrated our advanced analytics platform to the cloud – to improve data-driven insights and risk management
- acquired new special-purpose data to support individual taxpayers and improve compliance, focusing on reporting of rental income and deductions.

Improving our data and analytics capability

We continue to improve our data and analytics capability. This year we:

- provided staff with access to a learning platform offering training courses to raise data literacy and build data and analytics capability tailored to individual learning pathways and skill levels
- delivered phase 2 of the automated network and grouping identification tool, increasing client grouping functionality and visualisation features – helping us understand client groupings and changes in relationships and structures over time
- led an APS-wide project to design phase 1 data job role profiles as a building block for identifying data capability requirements and career pathways for the data profession – the project contributes to the APS data profession's work to develop a universal understanding of data professional roles, capabilities and alignment within the APS.

We also improved our risk identification techniques to assist in sustainably reducing the tax gap. We enhanced our registration risk models – improving the identification of unregistered domestic businesses and international entities in the low value imported goods and digital products and services population.

In 2022–23, we continued to grow our advanced analytical techniques by providing staff with more accurate and targeted information about potential risk. These techniques help staff to better determine which clients to review, including those promoting fraud schemes, and to quickly identify and deal with changes in behaviour.

Strategic objective: O2 Operational

Our technology and digital services deliver a reliable and contemporary client experience

Summary

Meeting community expectations that our systems will be secure and available when required is now more important than ever. We continue to invest in secure infrastructure, making more of our services available digitally, and boosting capacity amidst unprecedented and increasing demands.

Delivering resilient systems and future-proofing our IT infrastructure and capabilities

Technology resilience

The ATO has a complex IT infrastructure that services millions of individuals, businesses, intermediaries, other government agencies and our staff. The reliability and currency of ATO systems is vital to our ability to administer the tax, superannuation and registry systems for Australia. Our systems must also meet the demands of transactional growth and ensure we maintain pace with growing community and staff expectations while ensuring minimal disruption to services.

In 2022–23, we developed a technology resilience program that directs our investment in technology currency, to ensure the security and resilience of our foundational systems. This enduring program aims to:

- deliver modernisation programs to address critical technology risks
- implement technology improvements that provide ongoing cost savings
- address high-profile security risks
- explore efficient solutions that reduce the administrative and support burden
- proactively plan for end-of-life technology and manage asset lifecycle requirements.

During 2022–23, 14 projects addressing contemporary technology and security risks were completed under this program, with a further 19 projects underway. The program will continue to ensure proactive management of our IT systems lifecycle and security risks into 2023–24.

Strategic sourcing

Our IT infrastructure contracts play a vital role in the delivery of contemporary and reliable services to our clients, staff, government and industry partners. The IT Strategic Sourcing Program was established to replace the ATO's major technology infrastructure contracts.

The intent of this program is to manage our IT infrastructure services in smaller, more market-aligned bundles to ensure:

- modernisation of IT services to support the ATO into the future
- best solutions and a more focused service delivery
- rationalisation of services to align to whole-of-government policy
- our procurement activities encourage competition and lead to better value for money outcomes.

A component of this program includes new contemporary commercial arrangements which better represent today's digital market. This will provide flexibility to support future opportunities in information and communication technology, while ensuring consistency with the principles of the *Commonwealth procurement rules* and various procurement-related legislation and government policies.

ato.gov

The ATO website is our largest digital channel. There were over 118 million website sessions in 2022–23, up from 105 million in 2021–22. A project to deliver a new ato.gov.au in December 2023 is underway, with an improved navigation and search experience – making it easier for clients and intermediaries to self-serve.

Enabling digital identity, security and take-up

The ATO administers myGovID and Relationship Authorisation Manager (RAM) on behalf of the government as part of the Australian Government Digital ID system.

myGovID provides individuals with a safe and secure method to access online services, offering 3 levels of identity security strength. RAM enables a user to safely interact on behalf of a business, allowing employees and business owners to save time by using a single logon connected to various ABNs.

Together, myGovID and RAM are used to access over 130 services across 39 government agencies. At 30 June 2023, over 8.2 million verified myGovIDs were enrolled, up from 5.8 million the previous year. This usage is expected to increase as more government services are added.

The protection of personal data and security of online interactions is paramount to the ATO. Both myGovID and RAM are accredited under the government's Trusted Digital Identity Framework, which strictly controls the collection, use and storage of personal data and complies with the Australian Privacy Principles security requirements.

The ATO continues to see growth in identity crime-enabled fraud and scaled fraud attacks through individual and entity lodgments. These attacks are promoted through social media – they are agile, prolonged, persistent and further amplified by increased data breaches in the community. We are addressing these challenges by supporting and encouraging our clients to be vigilant in protecting their identity and building awareness of scams that lead to identity crime.

We promote our digital channels and support whole-of-government measures that aim to reduce the impact of digital fraud on our society. To address scams that target clients by impersonating the ATO or its officers, we:

- strive to understand the impacts of impersonation scams, using intelligence to inform staff and community reporting and awareness
- enable the community to verify if an ATO interaction is legitimate, and report suspected scams
- issue messages to the community including information on our website, alerts and associated social media messages when high-risk ATO scam activity is identified.

Fraud monitoring and management for digital services

We continue to evolve the way we monitor and manage fraudulent activity in our digital services. We are committed to protecting the integrity of the tax, superannuation and registry systems, including the client information we hold, and how it is used. We maintain a strong relationship with the Commonwealth Fraud Prevention Centre – led by the Attorney-General's Department – by working to improve system resilience to fraud and the client experience through a range of digital-based fraud preventative controls.

Client-agent linking

We are strengthening our security controls to protect taxpayers from increasing efforts by criminals to lodge fraudulent returns or traffic their data to other criminal networks. Our client-agent linking project is changing the way taxpayers authorise their nominated tax professional to access their ATO account through our online services.

This will further limit the ability of cyber criminals to harvest taxpayers' data and ensures clients retain control over who accesses their data. In its pilot phase, the project has already protected around 200,000 entities and has successfully prevented fraud attempts. In 2023–24, we will continue to work with stakeholders and extend this project to include more taxpayer groups, including small business and individuals.

Safeguarding our systems by identifying and mitigating cyberthreats

Protecting our organisation and client information from increasingly sophisticated cyberthreats and data breaches while keeping pace with the rapidly evolving digital ecosystem remains a key focus for the ATO.

Our cyber program delivers solutions based on the Australian Cyber Security Centre (ACSC) Essential Eight cybersecurity mitigation strategies. During 2022–23, we strengthened our enterprise cybersecurity capability and we will further advance our capabilities in 2023–24 – to ensure the ATO continues to evolve in line with emerging cyberthreats and to minimise risk exposure. This has involved:

- external scrutineer assessments of our corruption risk exposure
- analysis of ATO insider threat strategy and management
- potential gaps and improvement opportunities in the ATO's non-technical cyber controls – such as governance frameworks, policies and procedures to prevent data breaches, and organisational readiness to respond to data breaches beyond technical remediation.

Strategic objective: F1 Financial

We strive for operational excellence to achieve efficiency and quality outcomes

Summary

We continue to drive operational excellence through considered investment decisions and strategies intended to ensure our enterprise systems and practices evolve with technological advancements. By focusing on the ATO's highest priorities, we deliver quality outcomes that meet our client expectations in a cost-effective way.

Strong financial management

In 2022–23, we delivered on our commitments to the government and the community by maintaining strong fiscal discipline as we continued to mature ATO investment practices. We delivered a significant program of improvement work within budget and invested in change initiatives by:

- prioritising business-as-usual and change investments through our dedicated financial governance framework supported by senior management and assurance committees
- maturing our benefits management framework to increase investment in data and digital transformation and manage emerging priorities
- furthering our financial maturity by establishing a one-off budget contingency fund (in addition to existing strategic and operational investment funds) to support rapid redirection of resourcing to priority activities as required.

Developing our strategic procurement and contract management capability

We continued to invest in our strategic procurement and contract management capability, applying government policy and legislative requirements as well as industry best practices across ATO procurement activities – to deliver value for money outcomes.

We maintain integrity in our procurement processes, supporting staff through detailed procurement and contract management guidance, complemented with training and assurance activities.

Our commitment to delivering best practice procurement outcomes was recognised in the 2022 Commonwealth Procurement Awards for Excellence, where the ATO received gold awards in the following categories:

- Procuring for Digital Services – for our work on digital identity and liveness face verification technology for myGovID
- Delivering Innovation through Procurement – for our Occupational Rehabilitation and Associated Medical Services (ORAMS) portal.

03

Annual performance statement

Statement by the Accountable Authority

As the Accountable Authority of the Australian Taxation Office (ATO), I present the following annual performance statement. This statement has been prepared as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and covers the period from 1 July 2022 to 30 June 2023.

In my opinion, and having considered the recommendations from the ATO Audit and Risk Committee, the annual performance statement is based on properly maintained records, accurately presents the ATO's performance for the reporting period and complies with subsection 39(2) of the PGPA Act.

Chris Jordan AO
Commissioner of Taxation
Registrar of the Australian Business Register;
Australian Business Registry Services; and
Register of Foreign Ownership of Australian Assets

Program 1.1 Australian Taxation Office

Purpose

The ATO's purpose is to contribute to the economic and social wellbeing of Australians by fostering willing participation in the tax and superannuation systems.

As shown in the *ATO corporate plan 2022–23* (corporate plan), our purpose is underpinned by 8 strategic objectives. Our key focus areas and core priorities are the key activities through which we deliver our objectives.

Program overview

The ATO program aligns with the corporate plan and presents our performance and achievements in relation to the strategic objectives for 2022–23.

The strategic objectives are grouped into 5 perspectives: Government, Client, Workforce, Operational and Financial.

A summary of outcomes, performance and analysis for each strategic objective is provided on pages 11–42.

Performance summary

The annual performance statement reports on the performance criteria included in the PBS and corporate plan to accurately reflect the performance of the ATO in achieving its purpose. In considering our overall assessment of fostering willing participation we look at:

- the complexity of the tax and superannuation environment and how our activities influence the behaviour of clients in meeting their obligations
- the interrelated nature of performance criteria – results should be viewed as a suite of indicators, rather than in isolation
- the use of estimates for some criteria.

It is also important to look at trends in the results over time, both in absolute terms and relative to the performance target for the relevant year. We assess our performance targets annually to determine where existing results are expected to be maintained and where future performance is expected to be stronger – as well as where measures and targets may need to be revised to better reflect the current environment. We will continue to monitor and assess performance as we build on the outcomes achieved to date.

The ATO has 19 measures for Program 1.1 to demonstrate how well we are achieving our purpose. These are set out in the 2022–23 Australian Taxation Office Budget Statements in the Treasury Portfolio Budget Statements (PBS), and in the ATO corporate plan 2022–23.

The performance targets for ATO measures were fully achieved for 13 measures, substantially achieved for one measure, and not achieved for 3. The remaining 2 measures could not be assessed as their targets were still under development.

Our performance results indicate that the majority of the community who do have capacity to pay, continue to meet their obligations on time.

The return of our more traditional compliance programs after pauses throughout a period of natural disasters and the COVID-19 pandemic has resulted in an improvement in some aspects of compliance revenue performance, as indicated by the results for the total revenue effects and tax gap measures.

However, our results continued to reflect broader economic challenges in the Australian community by confirming a further increase in collectable debt.

In 2023–24, we will continue to support Australia's economic recovery, work with our clients as conditions change, and administer the tax, superannuation and registry systems for the benefit of all Australians.

Performance results and analysis

Our performance criteria are set out in the 2022–23 Australian Taxation Office Budget Statements in the Treasury Portfolio Budget Statements (PBS), and in the ATO corporate plan 2022–23.

Results indicator key

● Achieved
■ Substantially achieved
◆ Not achieved

Trust – Community trust in the ATO and the system

Table 3.1 Trust – Community trust in the ATO and the system, 2020–21 to 2022–23

Performance measure	Trust – Community trust in the ATO and the system ▪ A measure of community trust in the administration of the tax and superannuation systems and trust in the ATO		
Strategic objective	**G1: We build community confidence by sustainably reducing the tax gap and providing assurance across the tax, superannuation and registry systems**		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	Under development		
Results	**2022–23**	**63/100**	Results indicator is not applicable – the target is under development
	2021–22	New measure from 2022–23, not previously reported in the annual report	
	2020–21		
Analysis	The 2022–23 survey results measure perceptions of community trust and confidence in the ATO and the administration of the tax and superannuation systems. This is a new measure and we will continue to consider the application of our results. This performance measure is based on survey responses to 4 questions about perceived trust of other taxpayers (interpersonal trust) and 4 questions about trust in the ATO (institutional trust). Community perceptions of trust can be impacted by a number of external and environmental factors including personal experiences, the impact of administrative practices or policy changes[a]. In 2022–23, survey respondents reported low trust that 'most taxpayers pay the right amount of tax at the right time'. Notwithstanding the success of our large corporate group tax gap results, respondents had specifically low trust that big businesses are paying the correct amount of tax. Those respondents with high levels of trust also reported higher levels of life satisfaction, more positive expectations for their financial situation, and high levels of trust in ATO staff.		

Note

(a) In the *Trust in Australian public services: 2022 Annual Report*, the ATO was the highest-rated agency, with 81% of survey respondents indicating that they trust the ATO's services.

Registration – Proportion of companies and individuals registered in the system

Table 3.2 Registration – Proportion of companies and individuals registered in the system, 2020–21 to 2022–23

Performance measure	Registration – Proportion of companies and individuals registered in the system		
	▪ A measure to show the proportion of ATO company and individual registrations against relevant agency datasets, and monitor for significant variances. This helps to assess that companies and individuals required to participate in the tax and superannuation systems are registered with the ATO. **Companies:** This element of the measure compares the number of company registrations on ATO systems to the Australian Securities & Investments Commission (ASIC) registered population. **Individuals:** This element of the measure compares the number of active individual taxpayers (aged between 15 and 64) currently registered on ATO systems with the equivalent Australian resident population as determined by the Australian Bureau of Statistics (ABS).		
Strategic objective	G1: We build community confidence by sustainably reducing the tax gap and providing assurance across the tax, superannuation and registry systems		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	The ATO aims to ensure that all entities that are required to participate in the tax and superannuation systems are registered on the ATO's client register, allowing a tolerance of 2% (companies) and 5% (individuals) from the last reporting period (increase or decrease)		
Companies			
Results	**2022–23**	**66.5%**	**Achieved**
	2021–22	66.1%	Achieved
	2020–21	66.3%	Achieved
Analysis	The variance for this measure was within tolerance in 2022–23, with no significant change to the result from the last reporting period. This measure compares the number of companies registered by the ATO to the number of companies registered by ASIC. However, not all companies registered with ASIC have taxation obligations (or other ATO reporting requirements) due to the nature of their corporate structure or the fact that they may not be operational yet. For this reason, the proportion of companies registered on ATO systems against the ASIC dataset is expected to be well below 100%.		
Individuals			
Results	**2022–23**	**107.8%**	**Achieved**
	2021–22	105.9%	Achieved
	2020–21	106.5%	Achieved
Analysis	The variance for this measure was within tolerance in 2022–23, with no significant change to the result from the last reporting period. This measure compares active individual clients (aged between 15 and 64) in the ATO Client Register to the ABS estimated resident population within the same age group. The proportion of individuals registered on ATO systems against the ABS dataset is expected to remain above 100% for the following reasons: ▪ The ATO's definition of a 'resident' captures a greater number of people than the ABS estimated 'resident' population, because the duration of time spent in Australia to be considered a resident by the ATO is shorter than that required for the ABS definition. ▪ The ATO has difficulties identifying and deactivating tax file numbers (TFNs) for expatriates, resulting in unused TFNs within the system. This is due to the ATO not currently receiving information relating to expatriates exiting the country.		

Lodgment – Proportion of activity statements and income tax returns lodged on time

Table 3.3 Lodgment – Proportion of activity statements and income tax returns lodged on time, 2020–21 to 2022–23

Performance measure	Lodgment – Proportion of activity statements and income tax returns lodged on time ▪ A measure to show the number of (a) activity statements lodged on time as a proportion of the anticipated population with a lodgment obligation; and (b) income tax returns lodged on time as a proportion of expected lodgments due under self-assessment		
Strategic objective	**G1: We build community confidence by sustainably reducing the tax gap and providing assurance across the tax, superannuation and registry systems**		
Source	2022–23 PBS and ATO corporate plan 2022–23		
Activity statements			
2022–23 target	78%		
Results	**2022–23**	**72.6%**	◆ **Not achieved**
	2021–22	70.5%	◆ Not achieved
	2020–21	71.0%	◆ Not achieved
Analysis	On-time lodgment performance for 2022–23 activity statements due at 30 June 2023 was 72.6%. While this is a 2.1 percentage points increase on the 2021–22 result and reverses a declining trend, we continue to perform below the target of 78% for this measure. The decline in on-time lodgment performance over the previous few years was driven by an increase in the number of activity statements despatched. This includes a significant number being sent to entities that have a high likelihood of no longer needing to be registered for GST and/or pay as you go (PAYG) withholding. So while the number of activity statements lodged on time was increasing, the number that was despatched increased at a greater rate. During 2022–23, we reduced the number of activity statements despatched where there is no lodgment obligation anticipated. This contributed to the improved result this year; the first time in 5 years where on-time lodgment performance has increased compared to the year prior.		
Income tax returns			
2022–23 target	83%		
Results	**2022–23**	**83.3% (2021–22 returns)**	● **Achieved**
	2022–23	82.0% (2020–21 returns)	■ Substantially achieved
	2021–22	83.3% (2019–20 returns)	● Achieved
Analysis	The majority of clients remain engaged and compliant with their income tax lodgment obligations. At 30 June 2023, the on-time lodgment performance for 2021–22 income tax returns was 83.3%. This is 0.3 percentage points above the target and 1.3 percentage points above the prior year result. The improved on-time lodgment rate for income tax returns in 2022–23 saw a return to performance levels seen before the COVID-19 pandemic and natural disasters in the past few years.		

Payment – Proportion of liabilities paid on time by value

Table 3.4 Payment – Proportion of liabilities paid on time by value, 2020–21 to 2022–23

Performance measure	Payment – Proportion of liabilities paid on time by value ▪ A measure of the effectiveness of the ATO's debt prevention and broader payment compliance strategies		
Strategic objective	G1: We build community confidence by sustainably reducing the tax gap and providing assurance across the tax, superannuation and registry systems		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	88%		
Results	**2022–23**	**89.9%**	**● Achieved**
	2022–23	87.8%	■ Substantially achieved
	2021–22	88.0%	● Achieved
Analysis	At 30 June 2023, the proportion of liabilities paid on time by value was 89.9%, which achieved the target. This is 2.1 percentage points higher than at 30 June 2022. This year we adopted a revised calculation method[(a)] that more accurately reflects the date when the payment is received. If we compare the June 2023 result year-on-year using the original calculation method there is a 0.3 percentage point increase.		
	Original calculation 30 Jun 2022	**Original calculation 30 Jun 2023**	**Revised calculation 30 Jun 2023**
	87.8%	88.1%	89.9%
	Our performance indicates the majority of the community who do have capacity to pay, continue to meet their obligations on time.		

Note

(a) Previously the calculation of this measure used the date a payment was processed. The revised calculation method uses the effective date which more closely reflects the date when the payment is received by the ATO and more accurately determines when a tax liability is paid.

Tax gap – As a proportion of revenue

Table 3.5 Tax gap – As a proportion of revenue, 2020–21 to 2022–23

Performance measure	Tax gap – As a proportion of revenue ▪ A measure estimating the difference between what the ATO collects and the amount that would have been collected if every taxpayer was fully compliant with the law		
Strategic objective	G1: We build community confidence by sustainably reducing the tax gap and providing assurance across the tax, superannuation and registry systems		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	Reduce the gap to a level as low as practicable given the nature and complexity of the law and the resources available		
Results	**2022–23**	**See page 84 for detailed information**	● **Achieved**
	2021–22	See Part 3 Revenue performance in our 2021–22 annual report for detailed information	● Achieved
	2020–21	See Part 3 Revenue performance in our 2020–21 annual report for detailed information	■ Substantially achieved
Analysis	The tax gap measure is a 'lag indicator' that tells us about our tax performance in earlier years. Our most recent tax gap estimates relate primarily to the 2020–21 income tax year. For 2020–21, we estimate the overall net tax gap to be 7.0%, or $37.5 billion, meaning the ATO received around 93% of tax revenue it expected to collect, the bulk of which was paid voluntarily. This result is in line with our expectations. The 2020–21 period featured increases in corporate profits and asset prices, which in turn contributed to growth in the income tax reported by companies and superannuation funds, as well as by wealthy individuals and their associated entities. This partly reflects the commencement of the recovery from earlier economic disruptions of COVID-19, the flow-through effects of government economic stimulus support, together with strong commodity prices and domestic spending. As a result, 9 out of 15 gap estimates which make up the overall estimate have recorded an improvement. We publish the 6-year trend as part of our ongoing commitment to provide greater transparency about our administration of the tax and superannuation systems on ato.gov.au as well as the full history of all tax gap estimates on data.gov.au. The net tax gap, as a proportion of theoretical tax liability (an estimate of the amount of tax that would have been reported if every taxpayer was fully compliant with the law) has trended downwards over this period, falling from 8.1% in 2015–16. We caution against analysing year-to-year changes in tax gaps, as medium- and longer-term trends are more meaningful indicators of the overall performance, and therefore health, of the tax and superannuation systems. We also focus on the tax gap as a percentage, rather than the dollar value to account for growth in the tax base from economic factors. Trends in the percentage of the tax gap provide greater insights into the performance of the tax and superannuation systems. For more information, refer to page 84 of this report.		

Debt – Ratio of collectable debt to net tax collections

Table 3.6 Debt – Ratio of collectable debt to net tax collections, 2020–21 to 2022–23

Performance measure	Debt – Ratio of collectable debt to net tax collections ▪ A measure of the effectiveness of the ATO's debt prevention, collection and management strategies		
Strategic objective	G1: We build community confidence by sustainably reducing the tax gap and providing assurance across the tax, superannuation and registry systems		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	Between 8.0% and 8.5%[a]		
Results	**2022–23**	**8.6%**	■ **Substantially achieved**
	2021–22	8.5%	◆ Not achieved
	2020–21	8.3%	◆ Not achieved
Analysis	In 2022–23, the collectable debt to net tax collections ratio was 8.6% and did not meet the target of between 8.0% and 8.5%. This result is an increase of 0.1 percentage points from the previous year result of 8.5%. The amount of collectable debt increased to $50.2 billion at 30 June 2023, from $44.8 billion at 30 June 2022; an increase of $5.4 billion or 12%. Fraudulent GST refunds identified through Operation Protego continue to materially impact the performance achieved against this measure. With this impact removed from both the calculation of collectable debt and net tax collections, the ratio would be estimated at 8.3%. In 2023–24, we are directing effort and investment into 5 specific areas aimed at reducing the debt ratio: unpaid super guarantee charges; debt arising from ATO audit adjustments; aged, high-value debts; employers with new self-assessed debts; and addressing refund fraud. We will be applying a full range of firmer actions including garnishee actions, directions to pay, director penalty notices, disclosure of business tax debt and prosecution actions to ensure payment. These actions aim to reduce the debt ratio over the next few years back to pre-pandemic levels.		

Note

(a) The debt target for 2022–23 was increased to between 8.0% and 8.5% due to the broader economic environment, which has been impacted by factors including the COVID-19 pandemic. The target for 2021–22 was 'below 8.0%', and it was 'below 5.5%' for 2020–21.

Total revenue effects – Revenue from all compliance activities

Table 3.7 Total revenue effects – Revenue from all compliance activities, 2020–21 to 2022–23

Performance measure	Total revenue effects – Revenue from all compliance activities ▪ A measure of the revenue collected (or overpayments reduced) as a result of ATO activities that aim to positively influence the compliance behaviour of taxpayers		
Strategic objective	G1: We build community confidence by sustainably reducing the tax gap and providing assurance across the tax, superannuation and registry systems		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	$15.0b		
Results	**2022–23**	**$20.3b**	**Achieved**
	2021–22[a]	$14.9b	Substantially achieved
	2020–21	$11.5b	Not achieved
Analysis	Total revenue effects (TRE) is a measure of the additional tax revenues collected as a direct result of ATO compliance strategies, including preventative compliance strategies, that aim to positively change the compliance behaviour of taxpayers, address non-compliance and disrupt or prevent evasion and fraud activities. These activities serve to improve levels of willing participation in the systems and programs we administer. Understanding and measuring the impact of our activities helps us to develop effective new strategies and improve existing ones. The 2022–23 TRE result based on our compliance and lodgment activities and the estimate of sustained compliance and preventative activities is $20.9 billion. We also refunded an amount of $525 million which was counted as a component of TRE in a previous year, and so the net TRE we are reporting is $20.3 billion.		

Note

(a) The total revenue effects performance measure result for 2021–22 was incorrectly reported as $15.5b in Table 2.1 of the *2021–22 Commissioner of Taxation annual report*. For more information, see Appendix 14 on page 251.

Influence tax and super system design through a mutually positive relationship with Treasury and the provision of quality advice

Table 3.8 Influence tax and super system design through a mutually positive relationship with Treasury and the provision of quality advice, 2020–21 to 2022–23

<table>
<tr><th>Performance measure</th><th colspan="3">Influence tax and super system design through a mutually positive relationship with Treasury and the provision of quality advice
▪ A measure of the ATO’s ability to influence well-designed tax and superannuation policy, dependent on the trust Treasury has in the quality of our insights and advice</th></tr>
<tr><td>Strategic objective</td><td colspan="3">G2: We design for better tax, superannuation and registry systems to make it easy to comply and hard not to</td></tr>
<tr><td>Source</td><td colspan="3">2022–23 PBS and ATO corporate plan 2022–23</td></tr>
<tr><td>2022–23 target</td><td colspan="3">Demonstrated effort in supporting the Treasury Department to design and deliver effective tax and super policy</td></tr>
<tr><td></td><td>Year</td><td>Result[(a)]</td><td>Performance against target</td></tr>
<tr><td></td><td>2022–23[(a)]</td><td>Achieved</td><td>● Achieved</td></tr>
<tr><td></td><td>2021–22</td><td>Very good</td><td>● Achieved</td></tr>
<tr><td></td><td>2020–21</td><td>Very good</td><td>● Achieved</td></tr>
<tr><td>Analysis</td><td colspan="3">In 2022–23, the ATO continued to support Treasury to design and deliver effective tax, superannuation and registry policy through a mutually positive relationship and by providing quality advice. We assess our performance to have achieved the target for this measure, based on actions that include the following examples:
▪ Using insights from our data and interactions to support a shared understanding of how proposed policies will operate in practice. We also provided responsive and constructive feedback on drafting instructions, draft legislation and explanatory material, including:
— Franked distributions funded by capital raisings legislation
— Off-market share buy-back measure
— Review of gas transfer pricing under the petroleum resource rent tax
— Better targeted superannuation concessions measure.
▪ Undertaking a review with Treasury of the process for developing guidance products to support new tax laws. The ATO and Treasury have commenced the implementation of the recommendations.
▪ Collaborating with Treasury on the government’s Securing Australians’ Superannuation package announced in the 2023–24 Budget, and providing support through data and analysis crucial to the government’s agreement to the package.
▪ Continuing to work closely with Treasury to progress the Organisation for Economic Co-operation and Development (OECD) Two Pillar Solution – a global collaboration to address the tax challenges arising from digitalisation and globalisation of the economy and build more effective tax administrations. We were influential in supporting Treasury’s ongoing engagement with the OECD to shape the draft Multilateral Instrument, draft Treaty text and other guidance products.
▪ Our joint secondment program with Treasury. Treasury has highlighted the value of this program, with ATO secondees bringing perspectives, insights and knowledge to tax and superannuation policy issues and bolstering technical capacity on the OECD international tax negotiations; as well as assisting with mentoring and knowledge transfer.

In support of our self-assessment, Treasury independently provided a ‘target achieved’ performance rating for the ATO, noting the value of working relationships with ATO counterparts.</td></tr>
</table>

Note

(a) From 2022–23, how we assess our result against target has changed from a self-assessed 5-point scale – to a greater evidence-based assessment of either ‘achieved’ or ‘not achieved’, including supporting evidence from Treasury.

Compliance cost – Adjusted median cost to individual taxpayers of managing their tax affairs

Table 3.9 Compliance cost – Adjusted median cost to individual taxpayers of managing their tax affairs, 2020–21 to 2022–23[(a)]

Performance measure	Compliance cost – Adjusted median cost to individual taxpayers of managing their tax affairs ▪ An indicator that tracks changes in the cost to individual taxpayers of managing their tax affairs (adjusted to changes in earnings)		
Strategic objective	C1: Our client experience and interactions are well designed, tailored, fair and transparent		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	Remain steady		
Results	**2022–23**	**5.5% increase (2021–22 returns)**	◆ **Not Achieved**
	2021–22	3.6% decrease (2020–21 returns)	● Achieved
	2020–21	3.0% decrease (2019–20 returns)	● Achieved
Analysis	This measure tracks the change, in percentage terms, to the costs incurred by individual taxpayers to manage their tax affairs, and adjusts the size of the change by AWOTE[(a)] to measure it in real terms. Costs include expenses such as tax adviser fees and buying tax reference material. The measure draws data from income tax returns processed during the most recent financial year, which report on assessable income and expenses incurred or paid in the previous income year. This year's result is derived from data in income tax returns processed in the 2022–23 year, relating to the amounts paid by individual taxpayers during the 2021–22 income year. The year-on-year comparison shows the adjusted cost of managing individual taxpayers' tax affairs increased by 5.5% in the year to June 2023. However, this increase may be attributable to an unusually low and out-of-pattern result for the 2021–22 year arising from impacts of COVID-19. Impacts to the 2021–22 result included widespread behavioural changes, with a flow-on effect to tax affairs (for example, less travel and simplified ways of claiming working from home expenses). If the adjusted cost of managing individual taxpayers' tax affairs in the 2022–23 processing year is compared to the pre-COVID results from the 2020–21 processing year, it would show an increase of only 1.7% (not 5.5%).		

Note

(a) AWOTE (average weekly ordinary time earnings) (for full-time adults) is used to adjust these costs to measure the change in real terms.

Digital – Proportion of inbound transactions received digitally for key services

Table 3.10 Digital – Proportion of inbound transactions received digitally for key services, 2020–21 to 2022–23

Performance measure	Digital – Proportion of inbound transactions received digitally for key services ▪ A measure of the ATO's progress in successfully increasing the take-up of digital channels for inbound transactions by clients		
Strategic objective	C1: Our client experience and interactions are well designed, tailored, fair and transparent		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	95%		
Results	**2022–23**	**95%**	**Achieved**
	2021–22	95%	Achieved
	2020–21	94%	Achieved
Key services			
Income tax returns – results	**2022–23**	**99%**	
	2021–22	98%	
	2020–21	98%	
Activity statements – results	**2022–23**	**95%**	
	2021–22	94%	
	2020–21	92%	
Tax file number (TFN) registrations – results	**2022–23**	**98%**	
	2021–22	98%	
	2020–21	98%	
Payment arrangements – results	**2022–23**	**58%**	
	2021–22	53%	
	2020–21	52%	
ABN registrations – results	**2022–23**	**100%**	
	2021–22	100%	
	2020–21	100%	
Role registrations[a] – results	**2022–23**	**78%**	
	2021–22	78%	
	2020–21	76%	
ABN cancellations – results	**2022–23**	**74%**	
	2021–22	68%	
	2020–21	66%	
Departing Australia superannuation payment (DASP) applications – results	**2022–23**	**100%**	
	2021–22	100%	
	2020–21	100%	
Role cancellations[a] – results	**2022–23**	**79%**	
	2021–22	74%	
	2020–21	73%	

Table 3.10 Digital – Proportion of inbound transactions received digitally for key services, 2020–21 to 2022–23 *continued*

Performance measure	Digital – Proportion of inbound transactions received digitally for key services ▪ A measure of the ATO's progress in successfully increasing the take-up of digital channels for inbound transactions by clients	
Strategic objective	C1: Our client experience and interactions are well designed, tailored, fair and transparent	
Taxable payments annual report (TPAR) lodgments – results	**2022–23**	**91%**
	2021–22	89%
	2020–21	83%
Client register updates – results	**2022–23**	**93%**
	2021–22	94%
	2020–21	92%
Objections – results	**2022–23**	**70%**
	2021–22	New transaction type from 2022–23, not previously reported
	2020–21	
Analysis	In 2022–23, 95% of inbound transactions were received digitally for key services, which meets the target and is unchanged from the previous year. Digital transaction categories remained steady or increased slightly, with the exception of client register updates which decreased by 1 percentage point compared to the previous year.	

Note

(a) Role registrations and cancellations reported in this measure relate to the following revenue types: goods and services tax (GST); luxury car tax (LCT); wine equalisation tax (WET); pay as you go (PAYG) withholding; fuel tax credits (FTC).

Digital – Proportion of outbound interactions issued digitally for key services

Table 3.11 Digital – Proportion of outbound interactions issued digitally for key services, 2020–21 to 2022–23

Performance measure	**Digital – Proportion of outbound interactions issued digitally for key services** ■ A measure of the ATO's progress in successfully increasing the take-up of digital channels for outbound interactions		
Strategic objective	**C1: Our client experience and interactions are well designed, tailored, fair and transparent**		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	Under development		
Results	**2022–23**	**78%**	Results indicator is not applicable – the target is under development
	2021–22	New measure from 2022–23, not previously reported in the annual report	
	2020–21		
Analysis	In 2022–23, the proportion of outbound interactions issued digitally for key services was 78%. This is a new measure and a performance target was not established for 2022–23. A target has been set for 2023–24 and future years.		

Service satisfaction – Client satisfaction with their recent interaction with the ATO

Table 3.12 Service satisfaction – Client satisfaction with their recent interaction with the ATO, 2020–21 to 2022–23

Performance measure	Service satisfaction – Client satisfaction with their recent interaction with the ATO A measure of the overall client experience after interacting with the ATO		
Strategic objective	C1: Our client experience and interactions are well designed, tailored, fair and transparent		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	80%		
Results	**2022–23**	**74%**	**Not achieved**
	2021–22	New measure from 2022–23, not previously reported in the annual report	
	2020–21		
Analysis	This is a new measure for 2022–23 and is based on client survey responses. The overall result for service satisfaction for clients who had a recent interaction was below the target of 80%. This performance measure is calculated using a sample of clients who are asked to rate the quality of the service they received as either unacceptable, acceptable, or excellent. The reported result is the total proportion that rated their experience as acceptable or excellent. By focusing on service quality, we can better understand the experience of different clients. Issue resolution is the most significant factor in influencing satisfaction, with unresolved issues likely to lead to greater levels of dissatisfaction. As well as a focus on improving issue resolution, perceptions of ATO helpfulness and empathy also rate highly as influencing satisfaction[a]. Individual clients reported the highest satisfaction rating (76%) and a corresponding highest issue resolution rate of 72%. Large market clients had the lowest satisfaction rate (54%) and recorded an issue resolution rate of 42%.		

Note

(a) From the *Trust in Australian public services: 2022 Annual Report*. The ATO was the highest-rated agency, with 82% of survey respondents indicating they are satisfied with the ATO's services.

Working together – Partner perceptions of how the ATO is working together with them to administer the tax and superannuation systems

Table 3.13 Working together – Partner perceptions of how the ATO is working together with them to administer the tax and superannuation systems, 2020–21 to 2022–23

Performance measure	Working together – Partner perceptions of how the ATO is working together with them to administer the tax and superannuation systems ▪ A measure of perceptions of how the ATO works effectively with its partners		
Strategic objective	C2: We work with and through others to deliver efficient and effective tax, superannuation and registry systems		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	Equal to or better than the 2018–19 result (64/100)		
Results	**2022–23**	**69/100**	● **Achieved**
	2021–22	68/100	● Achieved
	2020–21	71/100	● Achieved
Analysis	For 2022–23, the overall result for partner perceptions of how the ATO is working together with them to administer the tax and superannuation systems was 69/100. This is a one point increase on the 2021–22 result and achieves the performance target of equal to or better than 64/100. This measure uses a survey to capture perceptions from tax professionals, APRA-regulated superannuation entities and digital service providers (DSPs). There was an improvement in results for tax professionals and DSPs compared to 2021–22, while the result for APRA funds remained steady. The improvement in perceptions across tax professionals reflects our continued investment in enhancing our partner relationships, including these examples: ▪ Keeping tax practitioners and their representative bodies informed through the Tax Practitioner Steering Group, the Key Agent Program, speaking events and dedicated tax practitioner communications. ▪ Continuing to support tax practitioners and their clients through contemporary online services, lodgment support programs, our dedicated phone line and the Tax practitioner assistance service, which assists with the resolution of complex issues. ▪ Increasing the emphasis on partnering with the tax profession, including greater consultation through a range of channels, to help us better understand the agent experience. For example, we: — facilitated a National Tax Liaison Group workshop on the future of the profession, and we have refreshed membership of our Tax Practitioner Stewardship Group to ensure we bring a wider variety of perspectives into decision-making. — use feedback from practitioners to help improve our product and service design. In response to practitioner feedback during a review of the Tax Practitioner Lodgment program, we shifted the income tax return due date for medium and large taxable entities from 15 January to 31 January. We also introduced a new deferral function in Online services for agents, providing a significantly improved experience for agents. The ongoing improvement to the DSP results can be attributed to our commitment in managing the relationship with industry, including early engagement and collaboration on new services and experiences. The ATO recognises the DSP partnership is integral in developing software solutions to support the effective administration of tax, superannuation and registry systems – to collectively deliver benefits to the community. In the last year, we have increased our focus on the quality of reported member data (including the governance and risk processes within APRA-regulated superannuation funds), leveraging the ATO's justified trust program. With the increase in fund merger activity, we engaged and partnered with industry to improve processes and guidance – to ensure accurate reporting during these significant events. In the coming year, we will continue to work closely with the APRA-regulated superannuation funds industry – to sustainably implement the government's change agenda.		

Culture – Level of employee engagement

Table 3.14 Culture – Level of employee engagement, 2020–21 to 2022–23

Performance measure	Culture – Level of employee engagement ▪ A measure of the ATO's effectiveness in fostering a culture of engagement in the workplace		
Strategic objective	W1: We are a high-performing workforce with a focus on integrity, the right culture, capability and tools to deliver the best client and staff experience		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	Equal to or better than the average result for large agencies		
Results	**2022–23**	**74%**	● **Achieved**
	2021–22	74%	● Achieved
	2020–21	76%	● Achieved
Analysis	The 2023 Australian Public Service (APS) Census results highlight that our employees continue to be highly engaged, with an average of 74%, the same as the previous year. This exceeded the averages achieved by large agencies (72%), extra-large agencies (71%) and the APS average overall (73%), reflecting the continued success of our Culture strategy. During 2022–23, we continued to invest in promoting a strong organisational culture to position the ATO as a workplace where staff feel valued, engaged and supported in bringing their best selves to work. This included the 'One Habit at a Time' behavioural change program, which provides our staff with practical tools and strategies for driving and adopting daily habits aligned to our cultural traits.		

Staff experience – Employee perceptions around whether they have access to the tools and resources needed to perform well

Table 3.15 Staff experience – Employee perceptions around whether they have access to the tools and resources needed to perform well, 2020–21 to 2022–23

Performance measure	Staff experience – Employee perceptions around whether they have access to the tools and resources needed to perform well ▪ A measure of the ATO's objective to ensure employees are equipped with the right tools so they can deliver the best client experience, dependent on employee perceptions		
Strategic objective	W1: We are a high-performing workforce with a focus on integrity, the right culture, capability and tools to deliver the best client and staff experience		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	Equal to or better than the average result for large agencies		
Results	**2022–23**	**64%**	**Achieved**
	2021–22	64%	Achieved
	2020–21	72%	Achieved
Analysis	In 2022–23, the ATO achieved the performance target with a result of 64% in response to the statement in the 2023 APS Employee Census: 'My workgroup has the tools and resources we need to perform well'. This result is the same as the previous year, and it exceeded the averages achieved by large agencies (59%), extra-large agencies (60%), and the APS overall (59%). The 2022–23 result indicates a stabilising of staff perceptions following a decline in 2021–22. This year we focused on enhancing the staff experience by: ▪ completing system upgrades and transitioning to our new Secure Internet Gateway and data centre – to increase IT system stability (we anticipate further improvements to the staff experience once the SharePoint Online migration is completed) ▪ opening new ATO premises in Brisbane and Sydney, providing flexible workspaces designed for modern ways of working that support collaboration and engagement, and new hardware bundles comprising laptops and ultra-wide monitors as standard issue ▪ enabling the closed captioning feature in our virtual meeting spaces ▪ making our tuition assistance program more accessible ▪ supporting managers with new resources to help their teams to thrive in a hybrid work environment. For staff leaving the ATO, exit survey data did not suggest tools and technology were significant factors in their decision.		

Tax returns – Proportion of pre-filled items accepted without change

Table 3.16 Tax returns – Proportion of pre-filled items accepted without change, 2020–21 to 2022–23

Performance measure	Tax returns – Proportion of pre-filled items accepted without change ▪ A measure of the proportion of unchanged pre-filled data items in individual income tax returns, providing assurance of the reliability, accuracy and availability of ATO pre-fill information at the time of lodgment		
Strategic objective	O1: We use data, information and insights to deliver value for our clients and inform decision-making across everything we do		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	90%		
Results	**2022–23**	**95.6% (2021–22 tax returns)**	**● Achieved**
	2021–22	95.0% (2020–21 tax returns)	● Achieved
	2020–21	89.5% (2019–20 tax returns)	● Achieved
Analysis	This year's result of 95.6% for pre-filled items accepted without change is an increase of 0.6 percentage points on the previous year, and achieves the target for 2022–23. The increasing trend in the results for this measure over recent years is evidence of the strategic and strong relationships the ATO has built with third-party data reporters – which has led to greater and more accurate pre-fill data being available earlier, assisting clients and their intermediaries in lodging tax returns to meet their tax obligations. This measure is solely focused on individuals who are not in business. It reflects the proportion of their total income where our pre-filling matches the final income tax result, within a tolerance range. It is based on specific income tax return labels and the availability of pre-fill data at the time of lodgment. The measure uses a dollar-based tax system assurance approach, where pre-filling makes it easier for our clients to meet their obligations and increases trust and confidence in the accuracy of final tax outcomes.		

Availability – Key digital systems availability

Table 3.17 Availability – Key digital systems availability, 2020–21 to 2022–23

Performance measure	Availability – Key digital systems availability ▪ A measure of the availability of the ATO's digital systems, to understand the reliability of services for clients interacting digitally		
Strategic objective	O2: Our technology and digital services deliver a reliable and contemporary client experience		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	99.5% (excluding planned outages)		
Results	**2022–23**	**100.0%**	**● Achieved**
	2021–22	99.5%	● Achieved
	2020–21	99.9%	● Achieved
Analysis	Measuring the availability of the ATO's digital systems ensures we understand the availability of services for clients interacting with us digitally. In 2022–23, the overall result was 99.96% (100.0% when rounded to one decimal place), which is a 0.42 percentage point increase from the previous year and achieved the target[(a)]. The methodology for this measure comprises the availability of 8 external-facing and 2 internal-facing key IT systems. Availability is a comparison between the planned and the actual availability of a system for the intended users. For external-facing systems used by our clients and partners (including community, tax and superannuation professionals and software developers), the average availability was 99.96%. For internal-facing systems used by staff, the average availability was 99.99%.		

Note

(a) The percentage of time our key systems were available, including planned maintenance and system outages, was 97.72%.

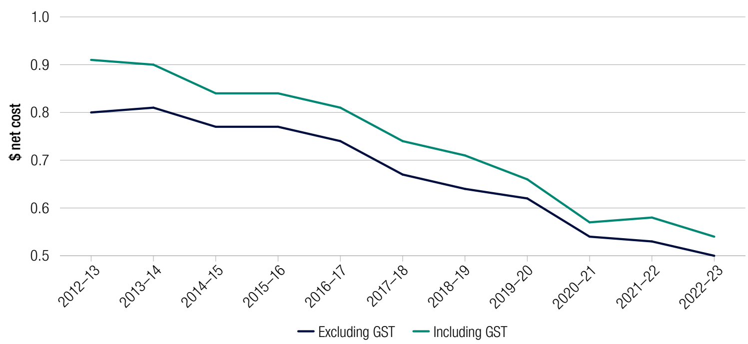
Identity matching – Proportion of data items matched to client identifiers

Table 3.18 Identity matching – Proportion of data items matched to client identifiers, 2020–21 to 2022–23

Performance measure	Identity matching – Proportion of data items matched to client identifiers ▪ A measure of the proportion of third-party data that is able to be identity matched to the ATO client register, with a high confidence level.		
Strategic objective	O2: Our technology and digital services deliver a reliable and contemporary client experience		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	Under development		
Results	**2022–23**	**95.7%**	Results indicator is not applicable – the target is under development
	2021–22	New measure from 2022–23, not previously reported in the annual report	
	2020–21		
Analysis	For 2022–23, 95.7% of third-party data was identity matched to the ATO client register, with a high confidence level. This is a new measure and a performance target was not established for 2022–23. A target has been set for 2023–24 and future years. This measure helps to build community trust and confidence by providing assurance the ATO uses data appropriately to administer the tax, superannuation and business registry systems. This includes optimising our use of available external data sources through high-quality identity matching to: ▪ better support and engage with clients, helping them to get things right ▪ identify those who are not doing the right thing, enabling us to better manage tax and superannuation risks.		

Cost of collection – Cost to collect $100

Table 3.19 Cost of collection – Cost to collect $100, 2020–21 to 2022–23

Performance measure	Cost of collection – Cost to collect $100 ■ A measure to show the trend in the ATO's costs of collections of taxation receipts		
Strategic objective	F1: We strive for operational excellence to achieve efficiency and quality outcomes		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	Consistent with pre-pandemic trend		
Results	**2022–23**	**$0.54 (incl GST) $0.50 (excl GST)**	**Achieved**
	2021–22	$0.58 (incl GST) $0.53 (excl GST)	Substantially achieved
	2020–21	$0.57 (incl GST) $0.54 (excl GST)	Achieved
Analysis	The cost of collection measures the cost of collecting every $100 of tax. The cost to collect $100 decreased from $0.58 in 2021–22 to $0.54 in 2022–23 (including GST and its administration costs), and from $0.53 to $0.50 (excluding GST). While costs associated with collecting tax have remained steady, tax collections for 2022–23 rose significantly (12%), resulting in the ratio decrease. The increase in ATO net tax collections has been broad-based across most heads of revenue. The largest contributor was income tax, where commodity prices and a strong labour market contributed to strong company and individual tax outcomes. GST also contributed with strong growth in consumption subject to GST. This was partially offset by superannuation funds reflecting lower collections from APRA funds. A steady downward trend of the cost of collection ratio is an indicator of efficient and effective tax administration. A sharp increase or decrease within the movement of the ratio is usually a result of internal or external factors influencing the ratio. As indicated in the graph below, over time the ATO has seen a downward trend in the cost of collection ratio, indicating improved efficiency and effectiveness of revenue collection processes. Variances in recent years in the cost of collection ratio can be attributed to revenue volatility during the pandemic and subsequent recovery. 		

Program 1.2 Tax Practitioners Board

The TPB

The Tax Practitioners Board (TPB) is an independent statutory body. It is responsible for the general administration of the *Tax Agent Services Act 2009* (TASA) and for registration and regulation of tax practitioners, including tax agents and business activity statement (BAS) agents. The TPB also has the responsibility to monitor and take action against unregistered preparers.

Due to its operational independence and statutory obligations, the TPB has produced its own annual report to meet legislative reporting requirements in subsection 60-130(1) of the TASA, which is available at tpb.gov.au/annual-report.

Purpose

The purpose of the TPB is to ensure that tax practitioner services are provided to the public in accordance with appropriate standards of professional and ethical conduct.

Annual performance statement

The annual performance statement for the TPB is included in the *Tax Practitioners Board annual report 2022–23*.

This year's performance criteria for the TPB are set out on pages 199–203 of the *Australian Taxation Office Budget Statements* (in the 2022–23 Treasury PBS) and pages 9–11 of the *Tax Practitioners Board corporate plan 2022–23*.

Program 1.3 Australian Business Registry Services

ABRS

Australian Business Registry Services (ABRS) is streamlining how businesses interact with government and manage their registry obligations, providing a unified source of trusted business information. Modernising Business Registers (MBR) is a key reform supporting deregulation and digital transformation.

The Commissioner of Taxation has been appointed as the Registrar under the:

- *Business Names Registration Act 2011*
- *Commonwealth Registers Act 2020*
- *Corporations Act 2001*
- *National Consumer Credit Protection Act 2009*.

ABRS has been established to assist the Registrar to carry out their functions. The Registrar has separate and distinct responsibilities from the Commissioner of Taxation, including administering director identification numbers (director ID) and assisting the Australian Securities & Investments Commission (ASIC) to manage its registry functions. The Commissioner of Taxation remains Registrar of the Australian Business Register (ABR) under the *A New Tax System (Australian Business Number) Act 1999*.

Purpose

ABRS provides critical support for businesses, government and communities through existing ABR and ASIC registry services and data. The purpose of ABRS is to provide:

- effective, efficient and accessible business registry services that reduce the regulatory burden for businesses
- a unified, accessible and trusted source of business data that supports the activities of businesses, governments and the community
- robust identity verification and relationship traceability for directors through director ID, which will foster trust and confidence by creating a fairer business environment.

Program overview

This overview of ABRS performance aligns with the *ATO corporate plan 2022–23* and presents our 2022–23 performance against the purpose of the program.

The ABR program, which forms part of ABRS, works with government, digital service providers, the business community and other key stakeholders to support a fairer business environment that fosters greater economic growth and job creation. This will be achieved through increased use of a trusted national business dataset and consistent information exchange standards.

Under a delegation from ASIC, the Registrar of ABRS is responsible for assisting ASIC to perform its registry functions. This includes reporting against associated performance measures.

Through intuitive and easy-to-use systems and tools, we continue to collaborate across the ATO to strengthen the integrity of the ABR, while supporting eligible ABN holders to meet their tax and superannuation obligations.

This program has 2 measures, both of which were fully met.

Performance summary

In 2022–23, we continued to deliver quality registry services to the business community.

We provided support for the maturing director ID system and processes to improve compliance and the user experience.

During the year, we implemented an extensive director ID adoption program comprising communications, advertising and direct contact with directors yet to obtain their director ID. This resulted in 1.7 million director IDs being issued in 2022–23, bringing the total issued (at 30 June 2023) since its introduction to 2.3 million.

In the lead-up to the 30 November 2022 compliance deadline, a surge of interest in obtaining a director ID drove a high volume of phone calls for support. Directors unable to apply for a director ID online or by phone could request an extension of time via a simple online form. In response to community feedback, we also granted a 2-week amnesty to support directors who were having trouble complying by the deadline.

Our predominant focus this year and into next year continues to be supporting and educating directors to meet their obligation to get a director ID. Around 85% of directors now have a director ID, with most applications being made online and the balance by phone and paper.

Work to drive compliance with director ID obligations was also conducted through a program run in partnership with ASIC, as the regulator of this requirement.

Director ID has already assisted with the identification of illegal conduct, including phoenix activity, which may have otherwise remained undetected. Illegal phoenix activity is when a company is liquidated, wound up or abandoned to avoid paying its debts, and a new company is then started to continue the same business activities without the debt. This causes significant impact to the community – including missed employee wages, entitlements and unpaid invoices to suppliers of sub-contractors.

The ATO continues to take steps to address this detected illegal conduct, ensuring we are working to assist the victims of tax crime as well as identifying and stopping these crimes.

The ABR program commitments for 2022–23 included maintaining trust and confidence in the ABR. Regular integrity checks ensure the data and information on the register remains current and accurate. ABRS programs removed non-entitled ABNs from the ABR, resulting in an active ABN population of just over 8.9 million ABNs at 30 June 2023.

Approaches used by ABRS to support our engagement with ABN holders who appeared to no longer be in business included:

- notifying them of the intent to cancel their ABN
- providing them with an opportunity to retain their ABN via a simple interactive voice recognition (IVR) option.

The Registrar initiated contact with 917,659 clients to assist them to cancel their ABN, with an additional 1,467 clients self-initiating their ABN cancellations after initial contact.

ABR data is used across all levels of government, for activities such as disaster response and recovery, compliance, servicing the community, economic development, and procurement.

During times of natural disaster, the data enables the identification of impacted and vulnerable businesses pre and post these events.

ABRS continues to work with partners across the tax and superannuation systems to provide and improve intelligence at the point of ABN registration.

Performance results and analysis

Our 2 performance criteria for ABRS are set out in the 2022–23 Australian Taxation Office Budget Statements in the Treasury Portfolio Budget Statements (PBS), and in the ATO corporate plan 2022–23.

Results indicator key

● Achieved
■ Substantially achieved
◆ Not achieved

Increased use of the ABR as the national business dataset

Table 3.20 Increased use of the ABR as the national business dataset, 2020–21 to 2022–23

Performance measure	**Increased use of the ABR as the national business dataset** ■ A measure demonstrating the value of ABR data for government agencies and the community by using ABN business information via one or more channels		
Source	2022–23 PBS and ATO corporate plan 2022–23		
Government agencies			
ABR Explorer			
2022–23 target	500 agencies using ABR Explorer		
Results	**2022–23**	**543**	**Achieved**
	2021–22	500	Achieved
	2020–21	407	Achieved
ABR Identifier			
2022–23 target	20 agencies using ABR Identifier		
Results	**2022–23**	**23**	**Achieved**
	2021–22	22	Achieved
	2020–21	29	Achieved
Community			
ABN Lookup			
2022–23 target	2.00b ABN Lookup searches		
Results	**2022–23**	**3.00b (31% increase)**	**Achieved**
	2021–22	2.07b (13% increase)	Achieved
	2020–21	1.82b (20% increase)	Achieved
Analysis	All performance targets for this measure were exceeded in 2022–23. Use of the ABR continues to grow as the key source of business information for decision making by all levels of government and the public. In 2022–23: ■ 543 government agencies used ABR Explorer – an increase of nearly 9% compared to 2021–22 ■ 23 agencies were using ABR Identifier search – one more than for 2021–22 ■ approximately 3 billion ABN Look-up searches were conducted – an increase of 31% compared to 2021–22. We continued to proactively support agencies that were assisting community members affected by declared disasters across the country. We offered support and training to 232 local government agencies. Of these, 47 agencies accessed ABR Explorer data for disaster management and recovery, and it is likely many of the other agencies accessed ABR data through other channels. In 2022–23, we conducted interactive training sessions for 320 staff from 109 agencies to help them get better value from ABR data and tools.		

Reduction in the administrative cost to businesses and government in dealing with each other

Table 3.21 Reduction in the administrative cost to businesses and government in dealing with each other, 2020–21 to 2022–23[(a)]

Performance measure	Reduction in the administrative cost to businesses and government in dealing with each other ■ A measure demonstrating the reduction in administrative costs to business gained through implementation and use of ABR Program initiatives		
Source	2022–23 PBS and ATO corporate plan 2022–23		
2022–23 target	$2.25b		
Results	**2022–23**	**$2.25b**	● **Achieved**
	2021–22	$2.18b	● Achieved
	2020–21	$2.11b	● Achieved
Analysis	To calculate the reduction in the administrative cost to businesses and government in dealing with each other, we use a methodology that is regularly reviewed and updated with actual figures. The latest review of the figures and methodology was in 2020–21. The annual savings estimate for 2022–23 is $2.25 billion, an increase of 3% on the previous year and meeting the target. The result indicates that ABR program initiatives continue to deliver savings to business and government by: ■ reducing the reporting burden ■ minimising cost to business ■ enhancing business interactions through natural-based systems.		

Note

(a) Includes administrative cost reductions due to the introduction of Standard Business Reporting (SBR) and the Australian Business Register (ABR).

Program 1.4 Australian Charities and Not-for-profits Commission

The ACNC

The Australian Charities and Not-for-profits Commission (ACNC) is established under the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) as the independent regulator of charities at the Commonwealth level.

The statutory functions and regulatory powers of the ACNC Commissioner are set out in the ACNC Act, the *Charities Act 2013* and accompanying regulations.

Due to its operational independence and statutory obligations, the ACNC has produced its own annual report to meet legislative reporting requirements in Division 130 of the ACNC Act, which is available at acnc.gov.au.

Purpose

The ACNC's purpose is to:

- maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector
- support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector
- promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.

Annual performance statement

The annual performance statement for the ACNC is included as part of the *Australian Charities and Not-for-profits Commission annual report 2022–23*.

This year's performance criteria for the ACNC are set out on pages 205–206 of the *Australian Taxation Office Budget Statements* (in the 2022–23 Treasury PBS) and pages 5–7 of the *Australian Charities and Not-for-profits Commission corporate plan 2022–23*.

Administered programs 1.5 to 1.19

Purpose

The ATO contributes to the economic and social wellbeing of Australians through governing a range of programs that result in transfers and benefits back to the community.

Performance results overview

All deliverables are achieved through making payments to eligible recipients in accordance with relevant laws.

We paid $13.3 billion in administered payments in 2022–23, $0.7 billion higher than 2021–22. The small increase was due to a balance of higher research and development refundable tax offset claims, higher payments for the Australian screen production incentive due to prior year processing delays, and lower fuel tax credit payments due to the temporary halving of fuel excise.

Table 3.22 Administered payments, 2020–21 to 2022–23[(a)]

Payments	2020–21 $m	2021–22 $m	2022–23 $m
Fuel tax credits	7,530	7,501	6,986
Product stewardship for oil program	95	89	89
Junior Minerals Exploration Incentive	6	4	5
Private health insurance rebate	237	237	250
National rental affordability	162	162	147
Superannuation co-contribution scheme	120	119	128
Research and development refundable tax offsets[(b)]	2,707	2,716	3,570
Australian Screen Production Incentive	330	213	486
Low income superannuation tax offset	662	589	664
Interest payments on lost superannuation accounts	35	13	25
Seafarer tax offset	10	9	9
Economic response to the Coronavirus – JobKeeper	68,217	22	–11
Economic response to the Coronavirus – Cash Flow Boost	20,901	257	254
Economic response to the Coronavirus – JobMaker Hiring Credit	7	26	2
Total administered payments	**101,019**	**11,958**	**12,605**
Distribution of super guarantee charge entitlements	945	645	684
Total[(c)]	**101,963**	**12,603**	**13,289**

Notes

(a) Totals may differ from the sum of components due to rounding.

(b) Only refundable research and development tax offsets are administered payments.

(c) The total excludes interest on overpayments of tax ($63 million in 2020–21, $63 million in 2021–22, and $246 million in 2022–23).

Performance results and analysis

The way the ATO measures the performance of administered programs and the achievement of their purpose is set out in the 2022–23 Australian Taxation Office Budget Statements in the Treasury Portfolio Budget Statements (PBS), and in the ATO corporate plan 2022–23.

The performance results for all administered programs are set out below. Performance analysis is included where the result is noteworthy or there has been a significant change.

Program 1.5 Australian Screen and Digital Game Production Incentive

Table 3.23 Value of tax offsets processed, 2020–21 to 2022–23

Performance measure	Value of tax offsets processed	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	The ATO aims to administer the program in accordance with the law	
Results	**2022–23**	**$486.3m**
	2021–22	$213.0m
	2020–21	$329.6m

Program 1.6 Junior Minerals Exploration Incentive

Table 3.24 Processing of applications, 2020–21 to 2022–23

Performance measure	All applications received are processed and taxpayers notified of their exploration credit allocation within 28 calendar days of the application period closing	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	100% notifications issued within 28 calendar days of the application period closing	
Results	**2022–23**	**Target met**
	2021–22	Target met
	2020–21	Target met

Table 3.25 Publication of public reporting data, 2020–21 to 2022–23

Performance measure	Public reporting data uploaded on data.gov.au (and linked to the ato.gov.au website) after determination letters are issued	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	Published within 56 calendar days of the application period closing	
Results	**2022–23**	**Target met**
	2021–22	Target met
	2020–21	Target met

Program 1.7 Fuel Tax Credits Scheme

Table 3.26 Fuel Tax Credits Scheme gap, 2020–21 to 2022–23

Performance measure	Fuel Tax Credits Scheme gap	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	Reduce the gap to a level as low as practicable given the nature and complexity of the law and the resources available	
Results	**2022–23**	**2.6% or $175.3m (2021–22)**
	2021–22	New measure from 2022–23, not previously reported in the annual performance statement
	2020–21	

Program 1.8 National Rental Affordability Scheme

Table 3.27 Value of tax offsets processed, 2020–21 to 2022–23

Performance measure	Value of tax offsets processed	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	The ATO aims to administer the program in accordance with the law	
Results	**2022–23**	**$146.9m**
	2021–22	$162.3m
	2020–21	$162.3m

Program 1.9 Product Stewardship for Oil

Table 3.28 Product Stewardship for Oil gap, 2020–21 to 2022–23

Performance measure	Product Stewardship for Oil gap	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	Reduce the gap to a level as low as practicable given the nature and complexity of the law and the resources available	
Results	**2022–23**	**0.6% or $85m**
	2021–22	New measure from 2022–23, not previously reported in the annual performance statement
	2020–21	

Program 1.10 Research and Development Tax Incentive

Table 3.29 Value of claims for non-refundable research and development tax offset, 2020–21 to 2022–23

Performance measure	Value of claims processed for companies claiming the non-refundable research and development tax offset (38.5% of notional R&D deductions)	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	The ATO aims to administer the program in accordance with the law	
Results	**2022–23**	**$2.9b tax offset paid or applied**
	2021–22	$2.0b tax offset paid or applied
	2020–21	$2.2b tax offset paid or applied

Table 3.30 Value of claims for refundable research and development tax offset, 2020–21 to 2022–23

Performance measure	Value of claims processed for companies claiming the refundable research and development tax offset (43.5% of notional R&D deductions)	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	The ATO aims to administer the program in accordance with the law	
Results	**2022–23**	**$3.6b tax offset paid or applied**
	2021–22	$2.7b tax offset paid or applied
	2020–21	$2.7b tax offset paid or applied

Table 3.31 Number of claims for non-refundable research and development tax offset, 2020–21 to 2022–23

Performance measure	Number of claims processed for companies claiming the non-refundable research and development tax offset (38.5% of notional R&D deductions)	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	The ATO aims to administer the program in accordance with the law	
Results	**2022–23**	**1,346**
	2021–22	1,290
	2020–21	1,488

Table 3.32 Number of claims for refundable research and development tax offset, 2020–21 to 2022–23

Performance measure	Number of claims processed for companies claiming the refundable research and development tax offset (43.5% of notional R&D deductions)	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	The ATO aims to administer the program in accordance with the law	
Results	**2022–23**	**11,761**
	2021–22	10,513
	2020–21	11,638

Table 3.33 Proportion of offsets processed, 2020–21 to 2022–23

Performance measure	Proportion of offsets processed within service standard timeframes	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	The ATO aims to administer the program in accordance with the law	
Results	**2022–23**	**91.5%**
	2021–22	94.7%
	2020–21	86.2%

Program 1.11 Low Income Superannuation Tax Offset

Table 3.34 Value of entitlements paid, 2020–21 to 2022–23

Performance measure	Value of entitlements paid	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	The ATO aims to administer the program in accordance with the law	
Results	**2022–23**	**$664.4m**
	2021–22	$588.5m
	2020–21	$661.6m

Table 3.35 Proportion of original contributions paid, 2020–21 to 2022–23

Performance measure	Proportion of original contributions paid within 60 days	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	97%	
Results	**2022–23**	**99.97%**
	2021–22	New measure from 2022–23, not previously reported in the annual performance statement
	2020–21	

Program 1.12 Private Health Insurance Rebate

Table 3.36 Value of rebates processed, 2020–21 to 2022–23

Performance measure	Value of rebates processed	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	The ATO aims to administer the program in accordance with the law	
Results	**2022–23**	**$250.2m**
	2021–22	$237.0m
	2020–21	$237.3m

Program 1.13 Superannuation Co-contribution Scheme

Table 3.37 Value of entitlements paid, 2020–21 to 2022–23

Performance measure	Value of entitlements paid	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	The ATO aims to administer the program in accordance with the law	
Results	**2022–23**	**$127.7m**
	2021–22	$118.8m
	2020–21	$120.2m

Table 3.38 Proportion of original co-contributions paid, 2020–21 to 2022–23

Performance measure	Proportion of original co-contributions paid within 60 days	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	97%	
Results	**2022–23**	**98.84%**
	2021–22	New measure from 2022–23, not previously reported in the annual performance statement
	2020–21	

Program 1.14 Superannuation Guarantee Scheme

Table 3.39 Superannuation guarantee gap, 2020–21 to 2022–23

Performance measure	Superannuation guarantee gap as a proportion of superannuation guarantee contributions	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	Reduce the gap to a level as low as practicable given the nature and complexity of the law and the resources available	
Results	**2022–23**	**5.1% or $3,619m (2020–21)**
	2021–22	5.2% or $3,609m (2019–20)
	2020–21	5.2% or $3,445m (2018–19)

Table 3.40 Value of superannuation guarantee charge raised, 2020–21 to 2022–23

Performance measure	Value of superannuation guarantee charge raised (including penalties and interest)	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	$946m	
Results	**2022–23**	**$1,243.5m**
	2021–22	$1,059.9m
	2020–21	$1,683.0m

Table 3.41 Value of superannuation guarantee charge collected, 2020–21 to 2022–23

Performance measure	Value of superannuation guarantee charge collected	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	$550m	
Results	**2022–23**	**$778.5m**
	2021–22	$712.7m
	2020–21	$1,039.8m

Table 3.42 Value of superannuation guarantee entitlements, 2020–21 to 2022–23

Performance measure	Value of superannuation guarantee entitlements distributed to individuals or superannuation funds	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	$497m	
Results	**2022–23**	**$683.9m**
	2021–22	$645.4m
	2020–21	$944.7m

Table 3.43 Value of superannuation guarantee debt on hand, 2020–21 to 2022–23

Performance measure	Value of superannuation guarantee debt on hand	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	$3.5b	
Results	**2022–23**	**$3.3b**
	2021–22	$3.1b
	2020–21	$3.0b

Table 3.44 Value of superannuation guarantee debt irrecoverable at law or uneconomical to pursue, 2020–21 to 2022–23

Performance measure	Value of superannuation guarantee debt irrecoverable at law or uneconomical to pursue	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	$172m	
Results	**2022–23**	**$214.5m**
	2021–22	$104.9m
	2020–21	$105.5m

Analysis – Program 1.14 Superannuation Guarantee Scheme

The net superannuation guarantee gap is estimated to be around 5.1%, or $3.62 billion, for the 2020–21 year. Overall, we estimate a gross gap of 6.2%, indicating employers are reporting just under 94% of the super guarantee contributions they are required to make without ATO intervention.

There has been a general downward trend in the size of the net gap, from 5.7% of theoretical contributions liability in 2015–16 to 5.1% in 2020–21. Overall, the superannuation guarantee gap population is considered to be relatively compliant.

While the nature and volume of the ATO's compliance activity was disrupted by COVID-19, expected amendment outcomes for 2020–21 have partially recovered, although they remain below pre-COVID levels.

The gross gap (an estimate of the gap before including the revenue impacts of ATO compliance activities) was estimated at $4.42 billion in 2020–21, slightly up on the 2019–20 estimate of $4.32 billion. The gross gap has declined overall from 6.7% of theoretical contributions in 2015–16 to 6.2% in 2020–21.

As a result, we estimate that employers are voluntarily paying a higher proportion of theoretical contributions each year without intervention, rising from 93.3% in 2015–16 to 93.8% in both 2019–20 and 2020–21.

This increase in voluntary compliance may partly be due to the:

- greater visibility of individuals' superannuation account balances and employer contributions paid through ATO online
- regular reporting of employer payroll information, including superannuation guarantee liabilities, through Single Touch Payroll.

In 2022–23, the value of superannuation liabilities raised totalled just over $1.2 billion, an increase of around 17% on the previous year. The increase is mainly attributable to the increase in voluntary disclosures and outcomes from our compliance actions.

This also led to an increase in super guarantee collections, together with an increase in the total value of entitlements distributed to individuals or superannuation funds.

The value of super guarantee charge collected for 2022–23 reflects the broader environment, which has been impacted by factors including economic conditions. The ATO has recommenced its legal recovery actions with a focus on super guarantee charge debts and expects to collect more in the future years as a result.

Program 1.15 Targeted Assistance through the Taxation System

Table 3.45 Value of interest payments processed, 2020–21 to 2022–23

Performance measure	Value of interest payments processed	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	The ATO aims to administer the program in accordance with the law	
Results	**2022–23**	**$24.6m**
	2021–22	$12.9m
	2020–21	$34.7m

Program 1.16 Interest on Overpayment and Early Payments of Tax

Table 3.46 Value of credit interest applied, 2020–21 to 2022–23

Performance measure	Value of credit interest applied to client accounts	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	The ATO aims to administer the program in accordance with the law	
Results	**2022–23**	**$176.8m**
	2021–22	$61.9m
	2020–21	$61.5m
Analysis	The amount of credit interest paid on overpayments was $176.8 million in 2022–23, compared to $61.9 million in 2021–22. Factors that contributed to this year's increase include: ▪ continuation of interest paid to a large group of clients (for military superannuation) who were previously charged the incorrect tax rate ▪ higher rates of interest on client credits – an average of 2.46% per quarter (compared to 0.04% in 2021–22) resulting in more credit amounts generating above the $0.50 threshold for payment ▪ increased processing times resulting from a rise in the number of generated cases.	

Program 1.17 Bad and Doubtful Debts and Remissions

Table 3.47 Ratio of debt uneconomical to pursue, 2020–21 to 2022–23

Performance measure	Ratio of debt uneconomical to pursue to ATO net tax collections	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	Below 1%	
Results	**2022–23**	**0.2%**
	2021–22	0.2%
	2020–21	New measure from 2021–22, not previously reported in the annual performance statement for this given year

Program 1.18 Seafarer Tax Offset

Table 3.48 Eligible taxpayers are aware of how to claim the offset, 2020–21 to 2022–23

Performance measure	Eligible taxpayers are aware of how to claim the offset	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	100%	
Results	**2022–23**	**100%**
	2021–22	100%
	2020–21	100%

Program 1.19 Economic Response to the Coronavirus

Table 3.49 Value of hiring credit paid, 2020–21 to 2022–23

Performance measure	Value of hiring credit paid	
Source	2022–23 PBS and ATO corporate plan 2022–23	
2022–23 target	The ATO aims to administer the program in accordance with the law	
Results	**2022–23**	**$2.1m**
	2021–22	$26.4m
	2020–21	$6.6m
Analysis	The value of JobMaker Hiring Credit paid in 2022–23 was $2.1 million, compared to $26.4 million in 2021–22. The JobMaker Hiring Credit scheme continued to provide an incentive for businesses for each eligible additional employee they hired, until the scheme ended on 6 October 2022. The last date for claims was 31 January 2023. Through the scheme, eligible employers received payments of up to $200 a week for each eligible additional employee aged 16 to 29 years (inclusive); and $100 a week for each eligible additional employee aged 30 to 35 years (inclusive). The hiring credit was paid every 3 months in arrears to employers.	

04

Revenue performance

Revenue collection

As Australia's principal revenue agency, the ATO facilitates the collection of revenue to fund public goods and services for the community. We do this through a range of collection systems, including income tax, goods and services tax (GST) and excise duty.

Net tax collections in 2022–23 were $576.2 billion, up $60.6 billion (11.8%) over the previous year, and $37.1 billion (6.9%) above the amount expected at the time of the October 2022–23 Budget.

Company tax collections increased by $25.7 billion (20.7%) in 2022–23. The outcome was $23.5 billion above the budget forecast, reflecting stronger-than-expected commodity prices flowing through to tax collections (a significant component due to prior year compliance actions) and strong economic conditions.

Total individuals tax collections increased by $37.6 billion (14.5%) in 2022–23. The outcome was $16.6 billion above the budget forecast, reflecting a stronger-than-expected labour market as well as strong capital gains, dividend distributions and lower rental deductions due to historically low interest rates.

Superannuation income tax collections decreased by $16.1 billion (60.8%) in 2022–23. The outcome was $2.2 billion below the budget forecast, largely reflecting lower-than-expected capital gains, dividends and foreign income for APRA funds.

GST collections increased by $7.8 billion (10.5%), although the outcome was $1.1 billion below the budget forecast. The increase in collections in 2022–23 reflected strong growth in consumption subject to GST through the 2022–23 year.

Excise collections increased by $3.5 billion (15.5%) in 2022–23. The outcome was $32 million above the budget forecast, broadly in line with expectations.

Table 4.1 ATO net tax cash collections, 2020–21 to 2022–23[(a)]

Tax	2020–21 $m	2021–22 $m	2022–23 $m
Gross PAYG withholding[(b)]	220,457	239,669	269,264
Gross other individuals	48,769	57,432	69,407
Individual refunds	–36,265	–38,048	–42,014
Total individuals	**232,961**	**259,052**	**296,658**
Companies	98,636	124,358	150,098
Superannuation funds[(c)]	12,956	26,546	10,406
Petroleum resource rent tax	786	1,638	2,287
Fringe benefits tax[(d)]	3,569	3,331	4,009
Total income tax	**348,908**	**414,925**	**463,458**
Excise	24,462	22,539	26,022
Goods and services tax (GST)[(e)]	73,094	73,650	81,414
Other indirect taxes[(f)]	2,033	2,060	2,250
Total indirect taxes	**99,589**	**98,248**	**109,687**
Major bank levy	1,619	1,454	1,525
Superannuation guarantee charge	1,040	713	778
Foreign investment fees	88	133	221
Self-managed superannuation fund levy	134	130	139
Offshore petroleum levy	–	–	391
Total net tax cash collections	**451,379**	**515,603**	**576,199**
Other revenue[(g)]	1,418	1,087	276
Total net cash collections	**452,797**	**516,690**	**576,475**
HELP/SFSS[(h)]	3,754	4,261	4,938

Notes

(a) The cash collections data presented in this table has been adjusted to exclude administered expenses and better align with the financial statements and the Final Budget Outcome. Totals may differ from the sum of components due to rounding.

(b) Includes amounts withheld from salaries and wages, TFN and ABN withholdings, dividend, interest, royalty, and mining withholding taxes.

(c) Includes income tax for superannuation funds and superannuation surcharge, and no TFN contributions tax.

(d) Includes Australian Government departments and authorities.

(e) Includes GST collections by the Department of Home Affairs; in 2022–23, these were $5.7 billion. Also includes GST non-general interest charge penalties, which are not distributed to the state and territory governments under the intergovernmental agreement.

(f) Includes wine equalisation tax (WET) and luxury car tax (LCT), of which a small amount was collected by the Department of Home Affairs.

(g) The majority of ‘other revenue’ is net unclaimed superannuation monies.

(h) Higher Education Loan Program (HELP) and Student Financial Supplement Scheme (SFSS) collections.

Table 4.2 Expected revenue – variation between budget forecast and actual net collections in 2022–23[(a)]

Collected from	Collections $m	Budget $m	Variance $m
Total individuals	296,658	280,100	16,557
Companies	150,098	126,598	23,501
GST	81,414	82,530	–1,116
Superannuation funds	10,406	12,610	–2,204
Other	37,622	37,224	398
Total	**576,199**	**539,062**	**37,137**

Note
(a) Totals may differ from the sum of components due to rounding.

In 2022–23, we issued income tax refunds with a total value of $64.2 billion. We also issued activity statement refunds with a total value of $90.5 billion. Total refunds were $154.8 billion, up 16.4% from 2021–22.

Table 4.3 Amount refunded, 2020–21 to 2022–23[(a)]

Type of refund	2020–21 $m	2021–22 $m	2022–23 $m
Income tax			
▪ Income tax – Total individuals	36,265	38,048	42,014
▪ Income tax – Companies	11,131	10,612	14,914
▪ Income tax – Superannuation funds[(b)]	3,265	2,307	6,951
▪ Income tax – Petroleum resource rent tax	45	50	77
▪ Income tax – Fringe benefits tax[(c)]	818	472	292
Total income tax	**51,524**	**51,490**	**64,249**
Excise	45	25	10
Activity statements[(d)]	77,159	81,429	90,506
Total	**128,728**	**132,944**	**154,765**

Notes
(a) Refunds data presented in this table has been adjusted to exclude all administered expenses and better align with our financial statements and the Final Budget Outcome. Totals may differ from the sum of components due to rounding.
(b) Includes superannuation surcharge refunds.
(c) Includes Australian Government departments and authorities.
(d) Excludes fuel tax credits business activity statement (BAS) refunds.

Tax performance

Our tax performance program includes a suite of measures that provide insights into the health and operation of the tax and superannuation systems, and the impact of our actions. Some of these measures, including tax gap estimates and tax assured, are 'lag' measures and tell us about past performance – because we can only develop meaningful estimates once lodgments and amendments are as close to complete as possible. This means that our most recent tax gap and tax assured estimates primarily relate to the 2020–21 income tax year.

To ensure tax gap estimates reflect our best estimation, we use the latest information about lodgments and amendments. Each year when we estimate tax gap and tax assured, we revise the estimates for the previous years based on additional information received since the previous estimate was calculated.

We also measure our impact on tax collection through our total revenue effects measure, which combines the revenues directly from audit actions with the increased revenue from influencing taxpayers to voluntarily pay the right amount of tax. This measure relates to the additional revenue collected in 2022–23, noting the amount can relate to multiple prior tax years.

We engage with taxpayers to ensure they are complying with their tax obligations. While addressing non-compliance through audits and other correction activities will always be an important part of our compliance approach, we remain committed to ensuring taxpayers get things right from the start. This includes ensuring future compliance after we have made a correction and maintaining confidence that the right amount of tax continues to be paid.

Tax gap estimates

Tax gaps estimate the difference between what the ATO collects and the amount that would have been collected if every taxpayer was fully compliant with the law.

The tax gap prior to the impact of our engagement is referred to as the 'gross gap' and the tax gap after our intervention is the 'net gap'. The tax gap estimates shown in the following tables and commentary are net gaps, which is the final amount that remains uncollected after ATO action.

To measure the gap, we use a range of statistical methods, data collected through lodgments and amendments as well as through several random enquiry programs where we review the tax affairs of a sample of taxpayers. Each year we refresh the estimates for previous years as more information becomes available from additional lodgments and amendments received since the previous estimate was calculated.

We group our tax gap estimates into 3 main categories: transaction-based taxes, income-based taxes, and administered programs (see Tables 4.5, 4.6 and 4.7). Recognising the importance of having reliable and credible tax gap estimates, we continue to engage with independent experts to provide advice on our estimation approaches.

The ATO aims to identify, manage and sustainably reduce tax gaps over time. To do this we engage with a range of stakeholders to understand the risks and drivers and how we can collaboratively address the issues to maximise voluntary compliance.

2020–21 tax gap estimates

Our latest tax gap estimates show that for 2020–21, if everyone met their tax obligations the total amount of tax revenue reported and collected across the system would have been $533.1 billion. We received $495.6 billion of this amount. Most of this was collected voluntarily, reflecting a system that is operating well with most taxpayers aware of and meeting their obligations.

Based on the theoretical tax that should have been received versus what we did receive, the overall net tax gap is estimated to be $37.5 billion or 7%.

Over the period of 2015–16 to 2020–21, the overall tax gap estimates have declined gradually, falling from 8.1% in 2015–16 to 7% in 2020–21 – reflecting an overall improvement in compliance behaviours in the tax system over time. This year, of the 15 income-based and transaction-based tax gap estimates we produce, we saw an improvement across 9 of the estimates.

Across the largest gaps we saw a reduction in the net gap of 0.2 percentage points for individuals, and a 0.3 percentage point reduction in the net gap for small business[2]. The reduction for the small business gap partly reflects the recovery from earlier economic disruptions of COVID-19, the flow-through effects of government economic stimulus support, as well as strong commodity prices and domestic spending which meant we have seen a strong growth in the voluntary reporting of income tax.

For the 2020–21 gap estimate, we also saw a reduction of 1.8 percentage points for GST. This decrease reflects COVID-19 impacts, a corresponding reduction in the use of cash for transactions, and decreased spending in several sectors with a higher incidence of tax evasion historically (such as hospitality). There was also a redirection of consumer spending on items not subject to GST. The GST gap is one of the few gaps where we have also estimated the gap for 2021–22 – an increase of 0.9 percentage points, after the previous year's reduction. This increase reflects the impact of large-scale business activity statement refund fraud and additional compliance liabilities that impacted the tax system over the last 2 years.

The estimate for the large corporate tax gap increased by 0.3 percentage points. This increase is due to the prior year gap estimates being revised down as more up-to-date information on expected amendments was factored into the estimates rather than a change in compliance behaviour[3]. We continue to see a significant reduction in the gross gap for large businesses, reflecting how the ATO's justified trust program has led to an improvement in voluntary compliance. More information about our justified trust approach is available at ato.gov.au/Business/Large-business/Justified-Trust.

The gap in which we have seen the largest increase is the tobacco tax gap. Significant amounts of tobacco excise continue to be uncollected as imported illicit tobacco continues to reach the market. For 2020–21, illicit tobacco supply is estimated to have contributed around $1.9 billion to the overall tax gap amount – an increase of 1.4 percentage points. Like the GST gap, we estimated the 2021–22 gap for tobacco excise; this shows a further growth (2.7 percentage points) in uncollected tobacco excise, to $2.3 billion.

2 The small business income tax gap estimate is provisional only, as the random enquiry program sample that supports the 2020–21 estimate is not complete. The sample completed to date is comparable in size to the sample used in the 2019–20 financial year estimate. Reductions and delays in undertaking the sample is the result of the redirection of resources to support the community through natural disasters and the delivery of COVID-19 stimulus packages.

3 The large corporate groups income tax estimates relies on a projection of compliance amendments due to the more recent years being subject to ongoing compliance actions. The latest year's estimate should also be considered provisional and subject to revision over time as more information becomes available on the true value of amendments.

This year, the tax gap program no longer includes economic stimulus payment gap estimates for the JobKeeper and Cash Flow Boost stimulus measures, which were published last year. Due to the temporary nature of these stimulus measures, the payment gaps were published as once-off estimates only, unlike other gap estimates that are refreshed annually.

Further information on each tax gap estimate, including detail of both the gross and net estimates, comparisons of the original and refreshed estimates and analysis, trends, drivers and latest findings is available at ato.gov.au/taxgap.

Table 4.4 Net tax gap estimate – all federal taxes, 2017–18 to 2021–22[(a)(b)(c)(d)]

All taxes	Reliability assessment	Unit	2017–18	2018–19	2019–20	2020–21	2021–22
Tax gap	n/a[(e)]	%	7.4	7.9	7.3	7.0	–
		$m	33,715	37,198	35,186	37,457	–

– = Results are not available for the given year.

Notes
(a) All estimates are rounded to the nearest $ million.
(b) Due to data lags, the estimate for 2021–22 is not available.
(c) Changes from previously published estimates occur for a variety of reasons, including improvements to methods, revisions to data and additional information becoming available.
(d) This estimate covers all transactional-based and income-based taxes estimated, as outlined in Tables 4.5 and 4.6.
(e) Reliability is assessed separately for all estimates, as outlined below.

Table 4.5 Net tax gap estimates – transaction-based taxes, 2017–18 to 2021–22[(a)(b)(c)]

Tax type	Reliability assessment	Unit	2017–18	2018–19	2019–20	2020–21	2021–22
Taxes on goods and services							
GST	Medium	%	6.3	7.2	4.5	2.7	3.6
		$m	4,265	5,017	3,031	1,939	2,845
Luxury car tax	Medium	%	15.8	10.6	14.9	7.7	–
		$m	129	79	112	73	–
Wine equalisation tax	Medium	%	3.9	3.2	3.1	2.8	–
		$m	37	34	33	31	–
Excise and customs duties							
Alcohol excise	Medium	%	8.8	8.8	9.0	9.0	9.1
		$m	536	558	596	691	745
Fuel excise	High	%	1.3	1.4	3.2	2.5	1.7
		$m	250	266	618	492	297
Tobacco duty	Medium	%	6.3	7.5	9.0	10.4	13.1
		$m	837	1,036	1,334	1,901	2,343

– = Results are not available for the given year.

Notes
(a) All estimates are rounded to the nearest $ million.
(b) Due to data lags, not all estimates are available for 2021–22.
(c) Changes from previously published estimates occur for a variety of reasons, including improvements to methods, revisions to data and additional information becoming available.

Table 4.6 Net tax gap estimates – income-based taxes, 2017–18 to 2021–22[a][b][c]

Tax on income	Reliability assessment	Unit	2017–18	2018–19	2019–20	2020–21	2021–22
Fringe benefits tax	Low	%	26.1	24.1	20.1	28.2	–
		$m	1,361	1,240	982	1,275	–
High wealth	High	%	7.0	8.2	7.5	7.1	–
		$m	786	926	914	1,078	–
Individuals not in business[d]	High	%	6.7	6.3	6.5	6.3	–
		$m	10,213	9,840	10,550	10,201	–
Large corporate groups[d]	High	%	3.7	3.7	3.6	4.2	–
		$m	2,042	2,234	2,177	3,076	–
Large superannuation funds	Medium	%	0.6	1.9	1.4	1.2	–
		$m	78	160	162	278	–
Medium business	Medium	%	7.1	7.4	7.5	7.2	–
		$m	1,005	991	1,069	1,239	–
Small business[d]	Medium	%	12.4	14.4	13.1	12.8	–
		$m	12,120	14,759	13,554	15,092	–
Small superannuation funds	Medium	%	2.1	2.3	2.1	3.1	–
		$m	38	38	38	70	–
Petroleum resource rent tax	Reliable	%	1.4	1.7	1.7	2.0	–
		$m	18	18	16	19	–

– = Results are not available for the given year.

Notes

(a) All estimates are rounded to the nearest $ million.

(b) Due to data lags, estimates for 2021–22 are not available.

(c) Changes from previously published estimates occur for a variety of reasons, including improvements in methodology, revisions to data and additional information becoming available.

(d) Provisional estimates. Some tax gap estimates are more significantly affected by additional compliance actions undertaken on the year(s) published, which can explain variations in the revised estimates made to prior years.

Table 4.7 Net gap estimates – programs we administer, 2017–18 to 2021–22[(a)(b)(c)]

Administered programs	Reliability assessment	Unit	2017–18	2018–19	2019–20	2020–21	2021–22
Fuel tax credits	Medium	%	1.4	1.5	1.5	2.3	2.6
		$m	97	105	108	166	175
Pay as you go (PAYG) withholding	Medium	%	3.1	2.6	2.4	1.7	–
		$m	6,052	5,391	5,294	3,871	–
Product stewardship for oil	High	%	0.7	0.5	0.6	0.6	0.6
		$m	0.88	0.63	0.77	0.95	0.85
Superannuation guarantee	Medium	%	5.0	5.2	5.2	5.1	–
		$m	3,096	3,445	3,609	3,619	–

– = Results are not available for the given year.

Notes

(a) All estimates are rounded to the nearest $ million, except for product stewardship for oil.

(b) Due to data lags, only limited estimates for 2021–22 are available.

(c) Changes from previously published estimates occur for a variety of reasons, including improvements in methodology, revisions to data and additional information becoming available.

Tax assured

Tax assured is an estimate of the proportion of tax that we are highly confident is correctly reported.

This measure is based on the concept of 'justified trust'. We achieve justified trust and consider tax to be assured when we have high-quality, positive evidence that the reporting of taxable income, deductions and offsets is complete and accurate.

We collect evidence to assure tax from a range of sources, including third parties, to match against information reported to us or directly from businesses we engage with, to review and conclude they have paid the right amount of tax.

For individuals, our primary approach is to assure tax by matching information on taxpayers' income tax returns with third-party data, such as:

- salary and wage information received from employers through the PAYG withholding system
- interest and dividend data from financial institutions and public companies
- pensions and allowances from government departments.

For businesses, particularly larger businesses, we primarily assure tax by reviewing objective evidence obtained through one-to-one engagements with them.

Under our justified trust program, we undertake specific tax assurance engagements with:

- the top 100 and next 1,000 public and multinational businesses
- the top 500 private groups.

We also assure indirect tax through ongoing relationships with large excise clients.

At 30 June 2023, we estimated that 42.6% of total tax reported for the 2020–21 tax year could be assured. During 2022–23, we also assured an additional 1.4% for the 2019–20 tax year, bringing the total tax assured estimate for that year to 47.1%.

In practice, we cannot gather third-party data or other evidence to compare against all tax returns. As such, our tax assured estimates will always be lower than the actual amount of tax that is correctly reported.

Where we cannot gather evidence to assure tax, we rely on our broader risk management approaches to provide confidence in tax reporting. Our risk management approaches help us identify and deal with non-compliance through real-time analytics, benchmarking and sophisticated risk-detection algorithms. This is supported by various administrative systems and tools, including the taxable payments reporting system.

When considered together with our total revenue effects measure and tax gap estimates, tax assured gives us confidence and valuable insights into the integrity of the revenue system that we administer.

For more information, refer to ato.gov.au/taxassured.

Total revenue effects

Total revenue effects is a measure of the additional tax revenues collected as a direct result of ATO compliance strategies, including preventative compliance strategies, that aim to:

- positively change the compliance behaviour of taxpayers
- address non-compliance
- disrupt or prevent evasion and fraud activities.

These activities serve to improve levels of willing participation in the systems and programs we administer. Understanding and measuring the impact of our activities helps us to develop effective new strategies and improve existing ones.

In calculating total revenue effects, we include:

- the payment of liabilities, including penalties and interest, that are directly connected to adjustments we make through our audit actions to ensure the right amount of tax and superannuation is assessed and paid
- the value of incorrect claims that we stopped prior to payment
- the impact of our compliance actions in sustaining compliance over future periods, including additional tax paid due to our past compliance actions to limit over-claiming of losses carried forward
- estimated additional tax paid voluntarily by clients we influence through our preventative actions, where there is a clear causal connection with our engagements
- revenue associated with our lodgment actions to improve or enforce lodgment of due returns and statements, as well as estimated sustained lodgment compliance following these actions
- significant refunds due to objections or litigation where we have previously reported the payment as part of total revenue effects.

In 2022–23, the total revenue effects from all these activities totalled $20.9 billion, against our target of $15 billion. We also refunded around $0.5 billion which was counted as a component of total revenue effects in a previous year, resulting in a net total revenue effect of $20.3 billion.

For more information on total revenue effects, see ato.gov.au/totalrevenueeffects.

Table 4.8 Total revenue effects, 2020–21 to 2022–23[a]

All taxes	2020–21	2021–22	2022–23
Total revenue effects	$11.5b	$14.9b[b]	$20.3b
▪ Audit actions and incorrect claims stopped[c]	$4.4b	$7.9b	$7.7b
▪ Preventative actions and sustained compliance	$2.0b	$1.7b[b]	$6.6b
▪ Lodgment actions	$2.4b	$4.2b	$4.4b
▪ Sustained lodgment compliance	$1.5b	$1.1b	$2.2b
▪ Stimulus compliance[d]	$1.2b	–	–
▪ Significant refunds due to objections/litigation[e]	–	–	–$0.5
Liabilities raised[f]	$12.0b	$17.3b	$18.7b
Compliance activities	1.0m	1.1m	1.3m
Lodgment activities	4.2m	3.7m	3.1m

– = Results are not available for the given year.

Notes

(a) Totals may differ from the sum of components due to rounding.

(b) Total revenue effects and preventative actions and sustained compliance results for 2021–22 were incorrectly reported in Table 3.8 of the *Commissioner of Taxation annual report 2021–22*. For more information, see Appendix 14.

(c) The 2021–22 and 2022–23 results include outcomes relating to Operation Protego.

(d) The combined impact of our stimulus compliance activities between March 2020 and June 2021 was reported in 2020–21 only.

(e) Not previously reported. Significant refunds due to objections or litigation includes significant cases only (over $10 million) where the refund relates to a previous payment linked to a specific compliance action and reported as an audit action result in a previous year. Amount is primary tax refund only and excludes any interest paid.

(f) Liabilities raised excludes outlier cases. Outlier cases include mistakes or deliberate fraud cases that are of such high value that our automated risk detection processes identify and stop such claims. These figures are excluded to avoid distorting the true impact of ATO discretionary action.

Audit actions and incorrect claims stopped

The overall number of compliance activities undertaken during 2022–23 was higher than in 2021–22, due to:

- the expansion of work programs to influence individuals and employer obligations before lodgment
- detecting and treating correct reporting risks at the time of lodgment and before refunds are issued.

A combination of new data sources enabled this increase in compliance activities, including:

- Single Touch Payroll
- the superannuation system
- next-generation methods of capturing our prompts to taxpayers, and their responses.

Our ability to detect and treat correct reporting risks at or before the time of lodgment, and before refunds are issued, will continue to expand as we increase our capability and the use of data and automation.

During 2022–23, we also continued to treat the tail end of unusually high risks of GST refund fraud including specific actions undertaken as part of Operation Protego. While these risks have normalised, our enhanced capability remains. For further details on Operation Protego, see Strategic objective: G1 on page 15.

In 2022–23, we undertook almost 1.3 million client engagement activities, and we estimate that our audit actions and incorrect claims stopped actions contributed $7.7 billion to total revenue effects.

Prevention and sustained compliance

Preventative actions are those aimed at helping taxpayers get it right before a notice of assessment is finalised. This includes targeted letter campaigns, myTax messaging, real-time nudges and automation that helps ensure the amount of tax paid is correct.

Our prevention and sustained compliance activities benefit the broader integrity and long-term management of the tax and superannuation systems. When there is a positive change in compliance behaviour and confidence the correct amount of tax is being paid, this flows through into our tax assured work. The tax assured work maintains continued confidence that the right amount of tax is paid at the right time. Sustaining the compliance of taxpayers, including those who cooperatively comply because of our preventative actions, reduces the tax gap. This shows how our revenue performance measures – including total revenue effects, tax assured and tax gap – work together to demonstrate the overall performance of the system.

For 2022–23, our estimates for prevention and sustained compliance are higher than any previously reported year, with an estimated total of $6.6 billion contributing to total revenue effects. It is estimated that $630 million of this is as a result of our preventative actions (preventing problems or issues before they happen), and $6 billion is attributed to sustained compliance following our previous compliance interactions (locking in future compliance, not just fixing the past).

The estimate of $6.6 billion includes a significant one-off amount of around $4.4 billion due to our historical compliance efforts across multiple financial years in the oil and gas sector. This amount represents the additional tax paid this year that otherwise would not have been paid if not for these compliance efforts. Future-year sustained compliance estimates are expected to return to slightly above the long-term average, as compliance in the oil and gas sector improves and tax is paid voluntarily through the self-assessment system each year.

We are also seeing the prevention and sustained compliance estimates in relation to individuals and small businesses returning to pre-COVID historical trends.

For further details on our approach with significant taxpayers under the Tax Avoidance Taskforce program see Strategic objective: G1 Government on page 15.

Lodgment actions

The 2022–23 lodgment program included a strong focus on GST, the shadow economy, and child support client lodgment performance.

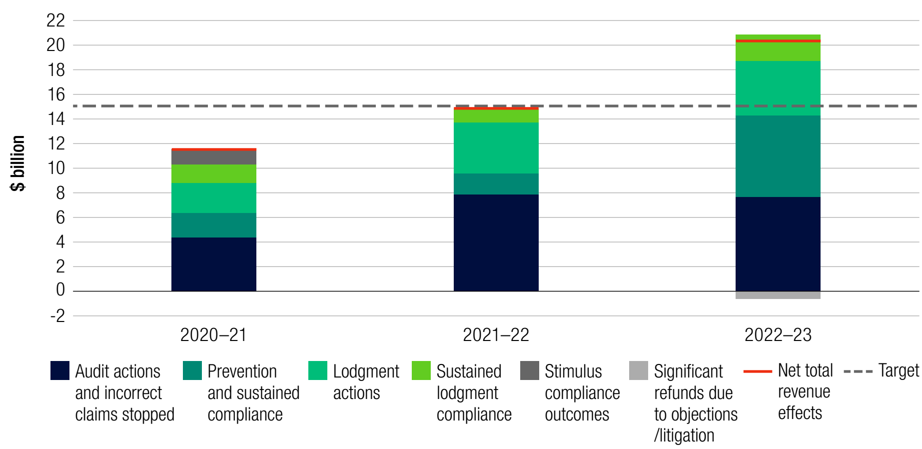
The volume of lodgment related activities undertaken returned to pre-COVID levels. Lodgment activities include a mix of letters, telephony and firmer actions including failure to lodge penalties, default assessments and prosecution referrals.

A key driver of lodgment performance is the number of returns lodged per activity. This measure returned to pre-COVID levels in 2022–23, indicating an improvement in lodgment performance. However, while revenue from lodgment activity has been recovering from a low in 2020–21, it is still below pre-COVID levels. GST revenue is recovering more slowly than income tax revenue, particularly in terms of small business clients.

In 2022–23:

- the 3.1 million lodgment-related activities we undertook contributed $4.4 billion in total revenue effects
- sustained lodgment compliance following action is estimated to contribute $2.2 billion in total revenue effects.

Figure 4.1 **Total revenue effects, 2020–21 to 2022–23 by estimated source of total revenue effects**



Notes

- Revenue attributed to audit actions and incorrect claims stopped and lodgment actions is a combination of actual cash collections and estimates of collections based on sampling.
- A new category has been introduced for refunds of significant amounts paid to the ATO following objection or litigations that were reported as revenue effects in prior years.
- The combined impact of our stimulus compliance activities between March 2020 and June 2021 was reported in 2020–21 only.

Income tax

Through our correct reporting and lodgment activities, we raised an additional $20.7 billion in tax liabilities in 2022–23. Cash collections from our incorrect claims stopped, audit and lodgment actions was $8.5 billion and revenue attributed to our preventative and sustained compliance, and lodgment sustained compliance was $8.1 billion, resulting in total revenue effects of $16.6 billion.

Table 4.9 Income tax liabilities raised (plans and results), 2020–21 to 2022–23

Liabilities/wider revenue effects plans and results	2020–21 $m	2021–22 $m	2022–23 $m
Plans	13,026[a]	13,054[a]	13,753
Liabilities raised	11,078	13,527	20,670[b][c]

Notes
(a) The plan for 2020–21 and 2021–22 was lower than prior years in recognition of COVID-19 impacts on the community and delivery of work programs.
(b) This includes around $299 million in income tax liabilities, including $78 million from large businesses, as a result of voluntary disclosures in 2022–23.
(c) Liabilities raised for the purposes of comparison to our plans include estimates of prevention and sustained compliance revenue effects (previously wider revenue effects) which are not included in Table 4.8.

Table 4.10 Income tax total revenue effects, 2020–21 to 2022–23[a][b][c]

Results		2020–21 $m	2021–22 $m	2022–23 $m
Measures	Audit actions and incorrect claims stopped	1,744	2,459	2,707
	Lodgment actions	829	1,350	1,911
	Preventative actions and sustained compliance	875	799	3,533
	Sustained lodgment compliance	297	306	317
Base	Audit actions and incorrect claims stopped	1,094	1,463	2,275
	Lodgment actions	954	1,882	1,555
	Preventative actions and sustained compliance	693	1,102	2,716
	Sustained lodgment compliance	874	592	1,544
Total		**7,361**	**9,952**	**16,558**[d]

Notes
(a) Totals may differ from the sum of components due to rounding.
(b) Total revenue effects categorisations were updated in 2021–22. Audit actions and incorrect claims stopped was previously categorised as audit yield. Preventative actions and sustained compliance was previously categorised as wider revenue effects. Lodgment actions and sustained lodgment compliance were not previously separately reported in this table but were included across the audit yield and wider revenue effect categories.
(c) The figures in these tables may be different to previous years to reflect adjustments, updates and corrections identified and made. These changes relate solely to active compliance results. These corrections do not impact the budget or our financial statements.
(d) Result includes around $216 million in income tax collections, including $74 million from large businesses, as a result of voluntary disclosures in 2022–23.

Goods and services tax

Through our correct reporting and lodgment activities, we raised an additional $6.1 billion in GST liabilities in 2022–23. Cash collections from our incorrect claims stopped, audit and lodgment actions was $3.2 billion and revenue attributed to our preventative and sustained compliance, and lodgment sustained compliance was $744 million, resulting in total revenue effects of $4.0 billion.

Table 4.11 GST liabilities raised (plans and results), 2020–21 to 2022–23

Liabilities/wider revenue effects plans and results	2020–21 $m	2021–22 $m	2022–23 $m
Plans	3,188	3,937	6,120
Liabilities raised	3,594	6,419	6,128[(a)(b)]

Notes
(a) This includes around $360 million in GST liabilities, including $166 million from large businesses, as a result of voluntary disclosures in 2022–23.
(b) Liabilities raised for the purposes of comparison to our plans include estimates of prevention and sustained compliance revenue effects (previously wider revenue effects) which are not included in Table 4.8.

Table 4.12 GST total revenue effects, 2020–21 to 2022–23[(a)(b)(c)]

Results		2020–21 $m	2021–22 $m	2022–23 $m
Measures	Audit actions and incorrect claims stopped	734	1,597	1,126
	Lodgment actions	384	635	584
	Preventative actions and sustained compliance	93	77	23
	Sustained lodgment compliance	156	154	160
Base	Audit actions and incorrect claims stopped	423	1,854	1,076
	Lodgment actions	343	417	449
	Preventative actions and sustained compliance	333	191	375
	Sustained lodgment compliance	214	192	186
Total		**2,679**	**5,117**	**3,979**[(d)]

Notes
(a) Totals may differ from the sum of components due to rounding.
(b) Total revenue effects categorisations were updated in 2021–22. Audit actions and incorrect claims stopped was previously categorised as audit yield. Preventative actions and sustained compliance was previously categorised as wider revenue effects. Lodgment actions and sustained lodgment compliance were not previously separately reported in this table but were included across the audit yield and wider revenue effect categories.
(c) The figures in these tables may be different to previous years to reflect adjustments, updates and corrections identified and made. These changes relate solely to active compliance results. These corrections do not impact the budget or our financial statements.
(d) Result includes around $332 million in GST collections, including $103 million from large businesses, as a result of voluntary disclosures in 2022–23.

More information is available in our *GST administration annual performance report* at ato.gov.au/GSTadministration.

Excise and other indirect taxes

In 2022–23, we raised excise liabilities of $5.3 million from correct reporting activities and collected $2.0 million in cash (including collections from liabilities raised in previous years).

For excise transfers (predominantly fuel tax credits), our compliance activities resulted in adjustments in favour of taxpayers of $105.1 million, and adjustments in favour of revenue of $64.8 million. Of adjustments in favour of revenue, we collected $47.5 million from liabilities raised this year and previous years.

As a result of undertaking activities aimed at improving levels of willing participation within the tax and superannuation systems, it is estimated that an additional $4.5 million in fuel tax credits has been claimed by taxpayers.

Penalties and interest

Interest is charged on unpaid tax liabilities to ensure fairness for taxpayers who do pay on time and the community as a whole. The penalty provisions encourage taxpayers to take reasonable care in complying with their tax obligations. We can generally remit (reduce or cancel) interest charges and penalties where this is fair and reasonable. Table 4.13 shows the penalties and interest for 2020–21 to 2022–23.

Table 4.13 Penalties and interest, 2020–21 to 2022–23

Penalties and interest		2020–21 $m	2021–22 $m	2022–23 $m
Penalties	Applicable	1,345	2,430	2,108
	Remitted	149	458	269
	Collected	219	1,170	910
Interest	Applicable	4,559	4,301	5,397
	Remitted	1,079	1,056	1,308
	Collected	1,609	1,746	2,304

Additional analysis on the behavioural penalties imposed during 2022–23 is available at ato.gov.au/behaviouralpenalties.

05 Management and accountability

Corporate governance

Our governance arrangements support the Commissioner in leading the ATO, setting our strategic direction and ensuring we meet our commitments to government and the community. Arrangements we have in place to assist us in implementing the principles and objectives of corporate governance include:

- sound governance structures
- fraud management
- risk management
- open and transparent operations
- being accountable to our stakeholders.

We fulfil our corporate governance responsibilities by complying with accountability requirements in legislation and policy and meeting public expectations of good management. We regularly review our corporate governance arrangements and ensure our staff have training and information on how the ATO is governed and how we are all held to account.

Our governance structures

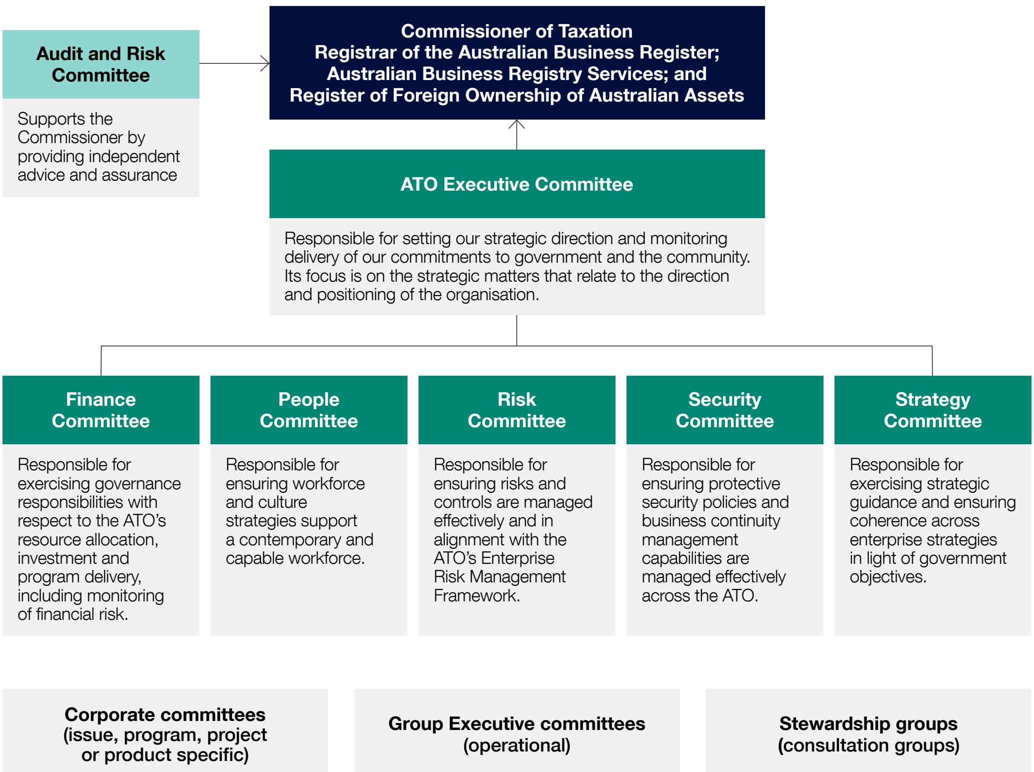
The Commissioner is responsible for governing the ATO, setting our strategic direction and putting effective structures and systems in place to ensure we achieve our outcomes and meet our commitments to government and the community. The ATO's governance and committee structure creates clear lines of authority, enabling issues to be escalated and resolved, while supporting a strong governance culture that values impartiality, integrity and accountability. Our governance structure is shown in Figure 5.1.

The ATO Executive Committee supports the Commissioner in setting the strategic direction for the ATO and monitors delivery of our commitments to government and the community. Its focus is on the strategic matters that relate to the direction and positioning of the organisation. The ATO Executive Committee is supported by a structure of enterprise-level committees, group executive committees, key corporate committees and stewardship groups. These committees and groups are each responsible for making decisions and monitoring the ATO's financial management, performance and risk, sustainability, organisational health and capability. The members of the Executive team and their specific responsibilities are outlined on pages 6–9.

We review the roles of our committees and their membership annually to ensure our governance system remains purposeful, efficient and effective.

Information about the Audit and Risk Committee is available on pages 102–104.

Figure 5.1 ATO governance structure, at 30 June 2023



The ATO organisational structure is shown in Figure 1.2 on page 10.

The Accountable Authority

It is a requirement of the Public Governance, Performance and Accountability Act 2013 (PGPA Act) to list the details of the Accountable Authority during the current reporting period. This is provided in Table 5.1.

Table 5.1 Details of the Accountable Authority, 2022–23

		Period as the Accountable Authority	
Name	**Position title**	**Date of commencement**	**Date of cessation**
Chris Jordan AO	Commissioner of Taxation	1 January 2013	29 February 2024

Fraud management

The minimum standards for the management of fraud are set out in the PGPA Act. They include conducting fraud risk assessments, developing and implementing a fraud control plan, and having mechanisms for dealing with fraud. The PGPA Act also requires that agencies establish and maintain appropriate systems and internal controls for risk oversight and management.

The *Commonwealth fraud control framework 2017* outlines the Australian Government's requirements for fraud control, including that government entities put in place a comprehensive fraud control program with appropriate prevention, detection, investigation and reporting strategies.

Fraud against the Commonwealth is a criminal offence that impacts directly on Australians. It undermines confidence in the government and reduces the funds available for delivering public goods and services. The ATO considers and addresses potentially fraudulent activity occurring within our organisation, the Tax Practitioners Board (TPB) and Australian Charities and Not-for-profits Commission (ACNC), and fraud risks from external sources.

Preventing internal fraud and corruption

The ATO has a robust fraud and corruption control framework to prevent, detect and respond to potential internal fraud and corruption in the ATO, TPB and ACNC, in line with the requirements of section 10 of the PGPA Act.

Potential fraudulent or corrupt behaviour is identified through a variety of means – including data interrogation, risk assessment and tip-offs – through both internal and external channels. This includes our 'Speak Up' reporting channel which provides staff with a central trusted place to report integrity concerns or incidents.

All allegations received are assessed and actioned appropriately, including collaborating with law enforcement and corruption oversight bodies when necessary. Over the course of this year, we assessed 798 allegations or reports from which we identified 184 matters of potential internal fraud, corruption or serious misconduct risk that required further investigation.

Table 5.2 shows the number of internal fraud allegations or reports investigated, by outcome, for 2022–23.

Table 5.2 Internal fraud allegations or reports investigated, by outcome, 2022–23

Outcome	Number investigated
Substantiated[(a)]	30
Unsubstantiated	86
Unable to be determined	1
Ongoing at 30 June 2023[(b)]	67
Total	**184**

Notes

(a) Of the 30 substantiated matters, all were dealt with administratively or procedurally under Australian Public Service Code of Conduct determinations.

(b) Four open investigations are in the brief preparation stage for assessment by the Commonwealth Director of Public Prosecutions.

Unauthorised access remains the largest category of allegations, and 72% of cases were identified through our proactive detection scans and integrity monitoring. The majority involved an employee accessing their own records, those of family members or known associates. While such accesses usually do not indicate malicious fraudulent behaviour, the ATO treats breaches seriously and comprehensive investigations are conducted.

During the year, 2 matters under prosecution action by the Commonwealth Director of Public Prosecutions were finalised before the courts:

- One long-standing matter resulted in an ex-ATO employee being charged for lodging 24 false income tax returns. They were sentenced to 2 years in prison, wholly suspended upon giving security of $2,000 and on the condition of good behaviour for 3 years.
- The other matter involved an ex-contract employee who pleaded guilty to 37 counts of unauthorised access. They were convicted on each count, and released without sentence upon giving security of $500 and on the condition of good behaviour for 12 months.

We continually monitor our systems to identify material shifts in risk exposure and we conduct regular risk assessments to inform the *ATO fraud and corruption control plan 202*3.

To minimise the risk of internal fraud and corruption, we invest extensively in fraud prevention activities.

We run education and awareness sessions, engage staff in conversations about potential internal fraud and corruption risks within their business areas and use contemporary communication products and self-help material to actively promote our ‘Speak Up’ integrity channel. These sessions and products complement the ATO’s mandatory security, privacy and fraud training package, which must be completed annually by all ATO, TPB and ACNC staff.

In preparation for the National Anti-Corruption Commission (NACC), we reviewed our internal risk frameworks to address corruption, updated policy to reflect mandatory obligations and delivered an extensive communication and engagement strategy. This included a live stream event and ‘integrity’ townhalls across multiple sites, issuing targeted advice to contractors and suppliers, and updating relevant training material. Using ATO resources, we also supported other Australian Public Service (APS) agencies by working with NACC to produce an awareness video and assist with communication activities.

Crime in the tax and superannuation systems

It is the responsibility of the ATO to protect the tax and superannuation systems against fraud and related crimes. While most taxpayers do the right thing, we need to safeguard the systems from those who don't. We continually improve our systems to prevent and detect fraud.

We lead and participate in taskforces that provide a whole-of-government response to serious financial crime and related non-compliant behaviour that may undermine the integrity of our tax and superannuation systems. The ATO is the lead agency for the Serious Financial Crime, Phoenix and Shadow Economy (formerly Black Economy) taskforces and contributes to the outcomes of the Illicit Tobacco Taskforce by targeting, disrupting and dismantling organised crime syndicates that deal in illicit tobacco.

For more information about our work to protect the integrity of the tax and superannuation systems, see Strategic objective: G1 Government on pages 15–19.

In our efforts to protect the tax and superannuation systems, we strengthened international alliances through our involvement in the Joint Chiefs of Global Tax Enforcement, and have further strengthened our engagement with a number of public-private partnerships (such as with financial institutions). We also actively supported the Organisation for Economic Co-operation and Development (OECD) in its efforts to enhance international cooperation in the fight against international tax and other related crimes.

For more information about our work with the OECD, see Strategic objective: C2 Client on pages 28–31.

Risk management

The ATO Executive promotes a positive and sensible approach to risk management, and continuous improvement of risk practice across the ATO. This is in line with section 16 of the PGPA Act and the *Commonwealth risk management policy*, which specify that the accountable authority must maintain an appropriate system of internal control and risk oversight and management.

In 2022–23, we continued to manage existing risks as well as identify new risks in a changing risk landscape.

The ATO Risk Committee provides oversight of the enterprise risks – to understand their impacts and ensure that controls and treatments are in place to mitigate the risks. At the same time, the ATO Chief Risk Officer leads a program of work to ensure fit-for-purpose risk management is embedded into decision-making processes across our day-to-day operations, and to support our Enterprise Risk Management Framework. This provides assurance to the ATO Executive that risk is being effectively identified and appropriately managed throughout the organisation.

Additionally, we developed new products to improve staff capability, including a centralised risk hub for all guidance products and a new enterprise-wide risk register. We matured our approach to identifying, managing and escalating emerging risks, ensuring the ATO is equipped to respond to the threats and opportunities posed by our changing environment.

Into 2023–24, we will continue to enhance our risk capability and culture through a comprehensive work program, focusing on governance, policy, guidance and direct support for ATO business areas and risk owners.

Internal audit

The Chief Internal Auditor directs a comprehensive program of assurance, audit and advisory services. This work assists the Commissioner, Audit and Risk Committee and ATO Executive to achieve their business objectives. The ATO Internal Audit branch works together with other internal assurance teams to develop, maintain and monitor efficient and effective systems of internal control, risk management and corporate governance.

In 2022–23, Internal Audit tabled 24 reports with the Audit and Risk Committee covering a wide range of topics, including cybersecurity monitoring and risk management, debt management and ongoing contract management. The branch also works with internal and external scrutineers on matters of mutual interest, coordinating assurance activity and reducing duplication of audit effort.

Audit and Risk Committee

As the accountable authority for the ATO, TPB and ACNC under the PGPA Act, and in compliance with section 45, the Commissioner of Taxation has established the Audit and Risk Committee (committee) to provide independent assurance and advice on the appropriateness of the annual financial statements, performance statements, performance reporting, system of risk oversight and management, and system of internal controls of the 3 bodies.

The committee's charter outlining the functions of the committee is available at ato.gov.au/auditandriskcommitteecharter.

As independent statutory authorities, the TPB and ACNC have their own internal governance committees, which are attended by Audit and Risk Committee members as observers.

Committee members bring a broad range of private and public sector experience and skills, including in finance, accounting, audit, legal, compliance, risk management, due diligence, and information technology. In order to provide advice and assurance to the Commissioner about the appropriateness of the financial and performance reporting, the committee is supported by specialised subcommittees for financial statements and performance statements. The committee complies with section 17 of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule) on audit committees for Commonwealth entities.

All members of the committee during 2022–23 are listed in Table 5.3. In 2022–23, the committee comprised 4 independent members. ATO senior executives attend as observers and advisers.

Table 5.3 Details of the Audit and Risk Committee, 2022–23[(a)]

Member name	Qualifications, knowledge, skills and experience	Number of meetings attended /total meetings[(b)]	Total annual remuneration($)[(c)]
Peter Achterstraat AM (Chair)	▪ Bachelor of Commerce, Bachelor of Laws, Bachelor of Economics (Hons) ▪ Fellow of Chartered Accountants Australia and New Zealand, Certified Practicing Accountants (CPA) Australia, the Governance Institute of Australia and the Australian Institute of Management ▪ Chair of the Department of Agriculture, Fisheries and Forestry Audit and Risk Committee since 1 July 2022 ▪ Chair of the Australian Securities & Investments Commission (ASIC) Audit and Risk Committee since October 2019 ▪ Commissioner of the NSW Productivity Commission since May 2018 ▪ Chair of the ATO Audit and Risk Committee since March 2018 ▪ Chair of the Department of Agriculture, Water and Environment Audit and Risk Committee from January to June 2022 ▪ President of the Australian Institute of Company Directors (NSW Division), 2014–2020 ▪ President of the Institute of Public Administration Australia (NSW Division), 2009–2014 ▪ Auditor-General of NSW, 2006–2013	12/12	$84,964
Carol Holley	▪ Bachelor of Arts ▪ Fellow of the Australian Institute of Company Directors, and Chartered Accountants Australia and New Zealand ▪ Independent member of the ATO Audit and Risk Committee from January 2020 to December 2022 ▪ Current chair or member of several Audit and Risk Committees of the NSW Government ▪ Former non-executive director and chair of several other Audit and Risk Committees, including: — Australian Nuclear and Science Organisation, 2016–2021 — Defence Housing Australia, 2009–2016 — Australian Pharmaceutical Industries, 2006–2016	1/12	$0
Mark Sercombe	▪ Bachelor of Economics ▪ Certified Information Systems Auditor ▪ Certified Internal Auditor, Information Security Management Systems Lead Auditor ISO 27001 ▪ Fellow of Chartered Accountants Australia and New Zealand ▪ Professional Fellow of the Institute of Internal Auditors ▪ Member of the Audit and Risk Committee of the Department of Agriculture, Fisheries and Forestry since December 2022 ▪ Independent member of the ATO Audit and Risk committee since July 2021 ▪ Member of the Audit and Risk Committees of several NSW public sector entities and NSW local governments since 2017 ▪ Founder and leader of a boutique risk advisory and assurance firm serving private and public sector organisations since 2015 ▪ Sessional lecturer, University of Sydney's Business School (since 2016) and former Deloitte Partner (1997–2014) ▪ Specialist in IT risk and assurance including projects, cybersecurity, business systems and privacy since 1985	12/12	$53,175

Table 5.3 Details of the Audit and Risk Committee, 2022–23[a] *continued*

Member name	Qualifications, knowledge, skills and experience	Number of meetings attended /total meetings[b]	Total annual remuneration($)[c]
Diana Wright	▪ FCPA (Fellow Certified Practicing Accountant), PhD London University, MSc and BSc (Combined Honours) London University, Diploma of the Imperial College London University ▪ Independent member of the ATO Audit and Risk Committee since July 2021 ▪ Member of the Department of Environment Audit Committee 2010–2014 ▪ Member of the Financial Reporting Council 2000–2001 ▪ Member of the Department of Finance Audit Committee 1998–2001 ▪ 30 years experience in the Australian Public Service, including as a senior executive (SES Band 2) developing, implementing, managing, evaluating and reviewing major government policy and programs, international treaties and Commonwealth legislation	10/12	$48,082
Teresa Dyson	▪ Bachelor of Laws (Hons), Master of Applied Finance, Master of Tax, Bachelor of Arts ▪ Fellow of the Australian Institute of Company Directors ▪ Admitted as a solicitor in Qld, NSW, Victoria and High Court ▪ Independent member of the ATO Audit and Risk Committee since January 2023 ▪ Non-executive director and chair of several other Audit and Risk Committees, including: — Shine Justice Ltd since 2020 — Genex Power Ltd since 2018 — Brighter Super since 2017 (including predecessor superannuation funds) — Seven West Media Ltd since 2017 ▪ Non-executive director and chair of the Audit committee of Energy Queensland since 2016 ▪ Non-executive director of: — Entyr Ltd since 2023 — National Housing Finance and Investment Corporation since 2018 — Queensland Government Gold Coast Hospital and Health Board since 2016 ▪ Member of the Australian Government Takeovers Panel since 2018 ▪ Member of the Australian Government Foreign Investment Review Board, 2018–2023 ▪ Chair and member of the Australian Government Board of Taxation, 2011–2014 ▪ Former Deloitte Partner (2013–2016) ▪ Former Ashurst (formerly Blake Dawson) Partner (2004–2013), Lawyer and Senior Associate (1997–2004)	3/12	$21,130

Notes

(a) While the ATO Audit and Risk Committee financial year operates from 7 October to 2 October, the details in this table cover the period from 1 July 2022 to 30 June 2023.

(b) The number of meetings attended are in accordance with their term as a member of the ATO Audit and Risk Committee, which may not be the full year. Meetings held out of session are excluded.

(c) Includes invoices paid from 1 July 2022 to 30 June 2023.

Conformance with obligations

The ATO Conformance with obligations program is a key component of our governance arrangements.

The program provides a mechanism for senior management to provide the ATO Audit and Risk Committee and ATO Executive with assurance that the ATO is meeting its legislative and policy obligations. This is achieved through periodic conformance and integrity indicator reporting.

By asking responsible obligation owners how they manage conformance obligations, and working to resolve matters of non-conformance, we drive continuous improvement in our systems and procedures. Matters of non-conformance, emerging issues and integrity indicator performance information are reported to the ATO Audit and Risk Committee on a quarterly basis.

The ATO Conformance with obligations program is aligned with International Standard *ISO 37301:2021 Compliance management systems – Requirements with guidance for use*, and aims to:

- reduce the risk of non-conformance, while increasing the likelihood of early detection and correction
- improve employee awareness of legal and policy obligations at all levels of the organisation
- foster a culture that does not tolerate illegal or unethical behaviour, preventing corporate misconduct
- drive positive organisational change through monitoring, measurement and assessment
- enhance community confidence in our administration of the tax, superannuation and business registry systems.

Open and transparent operations

Australia's tax, superannuation and business registry systems are community assets. Appropriate access to information about these systems enhances transparency and leads to increased levels of trust and confidence.

External scrutiny

External scrutineers provide independent reviews of the ATO's operations – either as the result of their own annual program of work, or in response to concerns raised by members of the public and the Australian Parliament. Reviews help us to identify options for improving services to our clients, address potential barriers to willing participation, and ensure the successful delivery of outcomes in our administration of the tax, superannuation and business registry systems.

The TPB and ACNC publish additional information about external scrutiny in their annual reports.

Judicial reviews and administrative tribunals

The courts may be called upon to determine the application of tax law. See Appendix 5 for a list of significant cases decided by the courts and the Administrative Appeals Tribunal (AAT).

Australian Information Commissioner

The Office of the Australian Information Commissioner (OAIC), established under the *Australian Information Commissioner Act 2010*, provides independent oversight of privacy protection and access under the Freedom of Information Act 1982 (FOI Act).

In 2022–23, we registered 27 cases where the OAIC notified the ATO of a review of our FOI Act decisions. In the same period, the OAIC finalised 4 cases. Of these, 3 were discontinued by the OAIC, and in the remaining case the OAIC varied the ATO's decision. No cases were withdrawn by the applicant.

Details of OAIC investigations are available at oaic.gov.au.

Freedom of information

We use our website to give people access to documents and policies that we use in making decisions. In addition, we provide information under the FOI Act. Past documents released under the FOI Act are publicly listed on our FOI Act disclosure log, other than documents exempt from this requirement. The disclosure log is available at ato.gov.au/foi.

As an agency covered by the FOI Act, the ATO is also required to publish information as part of the Information Publication Scheme (IPS), displaying on our website a plan showing what information we publish in accordance with the IPS requirements. The ATO IPS plan is available at ato.gov.au/ips. As the TPB and ACNC operate as independent bodies, they publish separate plans on their websites. See tpb.gov.au/information-publication-scheme and acnc.gov.au/about/foi/information-publication-scheme.

The IPS is a requirement in Part II of the FOI Act, and has replaced the former requirement to publish a 'Section 8' statement in an annual report.

Auditor-General

The Auditor-General, operating under the *Auditor-General Act 1997*, is supported by the Australian National Audit Office (ANAO) to produce independent performance audits, financial statement audits, and assurance reviews.

The following performance audits concerning the ATO were tabled in 2022–23:

- Australian Taxation Office's Engagement with Tax Practitioners
- Identifying and Reducing the Tax Gap for Individuals Not in Business
- Implementation of the Government Response to the Black Economy Taskforce Report
- Management of Cyber Security Supply Chain Risks.

The reports on these performance audits are available at anao.gov.au. Details of the ANAO financial audit of our operations are provided in Part 6 of this report.

Parliamentary committees

Each year, the ATO appears before a number of parliamentary committees to answer questions about our administration of the tax, superannuation and business registry systems.

In 2022–23, we appeared with Treasury at 3 Senate Estimates hearings, responded to 369 questions on notice, and provided evidence to the following parliamentary committees and inquiries:

- Joint Committee of Public Accounts and Audit inquiry into Commonwealth Financial Statements 2021–22 Auditor-General Report No. 8 of 2022–23
- Joint Committee on Corporations and Financial Services inquiry into Corporate Insolvency in Australia[a]

- Joint Standing Committee on Public Works
  - Inquiry into Australian Taxation Office Fit-out – Proposed Fit-out of Existing Leased Premises at 200 Collins Street, Hobart, Tasmania
  - Inquiry into Australian Taxation Office – Proposed Fit-out of New Leased Premises at 6 Parramatta Square
- Joint Standing Committee on Treaties inquiry into Convention between Australia and Iceland for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance and its Protocol
- Senate Select Committee on the Cost of Living
- Senate Standing Committee on Economics
  - Australian Securities & Investments Commission investigation and enforcement
  - Inquiry into Treasury Laws Amendment (2023 Measures No. 1) Bill 2023
- Senate Standing Committee on Education and Employment inquiry into Education and Other Legislation Amendment (Abolishing Indexation and Raising the Minimum Repayment Income for Education and Training Loans) Bill 2022
- Senate Standing Committee on Finance and Public Administration inquiry into management and assurance of integrity by consulting services (Consulting services).

Note

(a) We appeared twice in 2022–23 at the Joint Committee on Corporation and Financial Services inquiry into Corporate Insolvency in Australia.

More information on ATO submissions, transcripts of committee hearings and responses to questions on notice is available at aph.gov.au.

Inspector-General of Taxation and Taxation Ombudsman

The Inspector-General of Taxation and Taxation Ombudsman (IGTO), established under the *Inspector-General of Taxation Act 2003*, undertakes reviews and investigations to identify systemic issues in the administration of tax law. These may be at the request of the government or the ATO, through environmental scans or following complaints from the public.

In October 2022, the IGTO released an interim report on the ATO's administration and management of objections. The full report is available at igt.gov.au.

In 2022–23, the ATO received 1,018 complaints via the IGTO (compared to 414 in 2021–22). Of these:

- 612 complaints (60%) had not previously been lodged with us and were subsequently redirected to our complaint-handling process
- 406 complaints (40%) were referred to us to provide a response to the IGTO for resolution with the client.

The ATO and IGTO have worked together to direct and escalate complaints through the right channels, and in line with processes to ensure client concerns are considered for resolution by the ATO before a complaint is lodged with the IGTO for an independent investigation.

Commonwealth Ombudsman

While the IGTO investigates complaints from the public about administrative actions of the ATO and TPB, the Commonwealth Ombudsman provides oversight in the ATO's management of allegations and complaints made under the *Public Interest Disclosure Act 2013* (PID Act) and *Public Interest Disclosure Standard 2013* (PID Standard).

Public interest disclosures received by the ATO, TPB and ACNC are managed in accordance with ATO procedures, which meet the requirements of the PID Act, PID Standard and Commonwealth Ombudsman guidelines.

During 2022–23:

- 17 disclosures were made direct to the ATO
- 6 disclosures were assessed by ATO authorised officers to meet the criteria under section 26 of the PID Act
- 11 investigations were finalised, with no findings of disclosable conduct.

Australian Commission for Law Enforcement Integrity

We continued to assess all employee integrity related matters against the corruption criteria set by the Australian Commission for Law Enforcement Integrity (ACLEI), and the requirements of the *Law Enforcement Integrity Commissioner Act 2006* (LEIC Act) and *Law Enforcement Integrity Commissioner Regulations 2017* (LEIC Regulations).

In 2022–23:

- no matters were assessed as raising a corruption issue that required referral to the ACLEI
- one joint investigation (Operation Barnett) was completed, with no corrupt conduct found, and a decision made by the Integrity Commissioner to publish the report/investigation findings.

From 1 July 2023, the ACLEI is subsumed into the National Anti-Corruption Commission (NACC). The 3 joint ATO/ACLEI investigations that remained in progress have been transferred to the NACC.

Disability reporting

Australia's Disability Strategy 2021–2031 is the overarching national framework for inclusive policies, programs and infrastructure to support people with disability to participate in all areas of Australian life. It sets out practical changes to improve the lives of people with disability in Australia. It ensures the principles underpinning the United Nations *Convention on the Rights of Persons with Disabilities* are incorporated into Australia's policies and programs that affect people with disability, their families and carers. All levels of government have committed to deliver comprehensive and transparent reporting, available at disabilitygateway.gov.au/ads.

The ATO is committed to achieving the outcomes of the *Australian Public Service Disability Employment Strategy 2020–25*. Disability reporting is included in the Australian Public Service Commission's State of the Service reports and the *APS Statistical Bulletin*. These reports are available at apsc.gov.au.

Our refreshed ATO *Diverse Group Action Plan 2022–24* includes specific actions for disability and a focus on providing employment opportunities for people living with disability through affirmative measure recruitment and building a more inclusive workplace. At 30 June 2023, the number of employees who identify with disability in our human resource system increased to 5.3% of our ongoing workforce (up from 4.7% the previous year).

To support our staff, the ATO offers reasonable adjustment options and local assistance via site-based People Support teams. We also promote our National Disability and Ally Network and the Neurodiversity Employee Network, to facilitate the sharing of experiences for staff with disability or neurodiversity, as well as allies and those who are connected to someone with disability or neurodiversity.

Disability reporting includes TPB and ACNC information.

Being accountable to our stakeholders

We are accountable to our ministers, parliament and the community for how we administer the tax, superannuation and business registry systems. This includes being accountable for how we deal with people and the information they share with us.

The Taxpayers' Charter outlines our commitment to dealing with taxpayers in a way that is professional, considers their circumstances, and provides them with relevant information.

We understand that people will sometimes be dissatisfied with their interactions with us. Our complaints process is designed to make it easy for them to raise an issue with us.

As required under section 3B of the *Taxation Administration Act 1953* (TAA), our annual report includes additional information on disclosures of taxpayer information that occurred during the year.

Taxpayers' Charter

We work to build a relationship with the community that is based on mutual trust and respect. The Taxpayers' Charter sets out our commitment to act professionally, treat taxpayers fairly and reasonably, and help them meet their obligations by providing accurate, consistent and clear information.

For more information about how we measured the effectiveness of the Taxpayers' Charter in 2022–23, see Appendix 2 on pages 219–220.

The Taxpayers' Charter was reviewed during 2022–23. It was refreshed and renamed the 'ATO Charter' on 26 June 2023. For more information see Strategic objective: C1 Client on pages 23–27.

The ATO Charter outlines our commitments, what we ask of clients, and the steps clients can take if they are not satisfied.

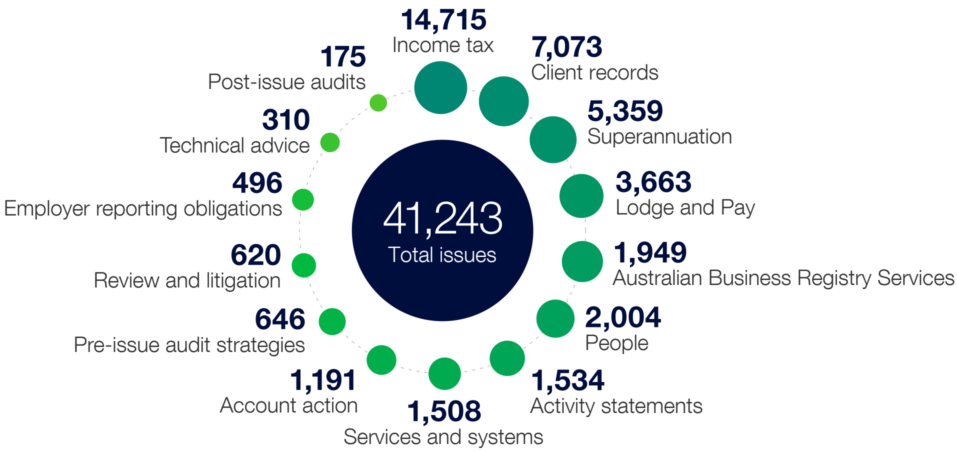
Complaints handling

The ATO continues to focus on improving the experience of our clients. Complaints, feedback and compliments provide valuable insights that help us to enhance our services. Across all categories, we received 44,693 complaints in 2022–23.

Complaints continue to represent a very small proportion of our interactions with clients. We met our service commitment target, with a complaint finalisation result of 92% resolved in 15 business days or within the date negotiated with the client.

In 2022–23, the ATO received 2,480 items of feedback. Most of these related to suggested enhancements to our services and systems, including telephony, as well as our communication products and channels, including ato.gov.au. In addition, we received 2,499 compliments from the community. This recognised our efforts to deliver good-quality client experiences, often relating to positive interactions with our staff, the knowledge of our people and their professional attitude and behaviour.

Figure 5.2 Complaint issues, 2022–23



Note

The number of complaint issues is different to the total number of complaints, for the following reasons:

- a single complaint may include multiple issues
- a complaint issue may not have been captured (for example, where we resolved it during the client's initial interaction).

Reporting on tax administration

The *Taxation Administration Act 1953* (TAA) provides the ATO with powers to administer the tax system. Under section 3B of the Act, we must report each year on whether the information we hold has been disclosed to other parties.

Disclosures to ministers

During 2022–23, there were 6 occasions where information was disclosed to the Assistant Treasurer under subsection 355-55(1) in Schedule 1 of the TAA.

Requests and disclosures made to law enforcement agencies

Subsection 355-70(1) in Schedule 1 of the TAA allows the ATO to disclose information to law enforcement agencies in certain circumstances. Details of the information requests made and subsequently provided under this section are reported in Appendix 11 on pages 244–248.

Disclosure of protected information

We are required to report on the number (if any) of taxation officers found guilty of disclosing protected information, which is a specific offence listed in section 355-25 in Schedule 1 of the TAA.

In 2022–23, no taxation officers were found guilty of such an offence. One ex-contract employee, however, was found guilty of multiple instances of unauthorised access to taxation records under section 8XA of the TAA.

Exercise of the Commissioner's remedial power

Subdivision 370-A in Schedule 1 of the TAA grants the Commissioner limited power to modify the operation of the law where it is not working as intended or is creating disproportionate compliance costs. The Commissioner's remedial power provides the ability to resolve smaller unforeseen or unintended outcomes in the tax and superannuation law in limited circumstances.

The Commissioner exercised this power twice in 2022–23:

- In May 2023, *Taxation Administration (Remedial Power – Work Test for Personal Superannuation Contributions) Determination 2023* was made to preserve the ongoing eligibility of individuals aged 67 to 75 years who are employees under the *Superannuation Industry Supervision Act 1993* to claim a deduction for personal superannuation contributions.

  This determination is available at legislation.gov.au/Details/F2023L00564.

- In June 2023, *Taxation Administration (Remedial Power – Remission of Charges and Penalties) Determination 2023* was made to clarify that the Commissioner has power to make certain remission decisions in relation to classes of entities, and in circumstances where a charge or penalty has not yet become due and payable.

  This determination is available at legislation.gov.au/Details/F2023L00956.

The Commissioner considered exercising the power, but ultimately did not do so, on 4 other occasions in 2022–23.

More information about the Commissioner's remedial power and when it has, and has not, been used is available at ato.gov.au/CRP.

Workforce management

The *ATO 2024 Workforce Strategy* continues to guide our workforce investment, ensuring we attract, recruit, develop and retain a highly skilled, diverse and engaged workforce that will position the ATO to serve the community into the future. This year our staff continued to thrive in flexible work environments. We invested in support for managers to effectively manage hybrid working arrangements and the wellbeing of their teams. This enabled our people to deliver on strategic priorities while maintaining a mentally healthy workplace.

With a need to grow our workforce in 2022–23 and subsequent years, we increased recruitment activity to attract the people we need to deliver on government initiatives. This year, the ATO advertised over 25% more jobs than in 2021–22, and candidate applications increased by almost 60%. To support these recruitment volumes, we focused on streamlining processes and improving the candidate experience through:

- additional investment in candidate engagement strategies
- trialling more innovative recruitment and assessment methods
- refreshing the ATO employee value proposition and employer branding to position the ATO as a contemporary employer of choice.

Our entry-level programs continue to be a critical talent pipeline for the ATO. In 2022–23:

- the largest cohort ever of 570 graduates commenced the Graduate Program
- our flagship Evergreen Program continued to grow with 41 First Nations staff participating
- 70 participants commenced our School Leaver Program
- 211 students participated in our University Partnership Employment Program.

The ATO has had a strong employer brand for many years, and this continued in 2022–23. Our employee value proposition is a key lever in:

- attracting, motivating and retaining a high-performing, responsive and professional workforce
- delivering on the ATO 2024 Workforce Strategy and W1 strategic objective that ‘We are a high-performing workforce with a focus on integrity, the right culture, capability and tools to deliver’.

In the 2023 APS Employee Census, the ATO received a 79% rating for being recommended as a good place to work. This was 11% higher than the APS average.

For more information see Strategic objective: W1 Workforce on pages 32–34.

Statistics on our employees

Along with our legislative obligations, we need to understand the size and constitution of our workforce – including working patterns, employment types, diversity, skill sets, work distribution, accommodation requirements and employee retention rates. The following workforce statistics include staff working for the ATO, TPB and ACNC, unless noted otherwise.

Our workforce

Table 5.4 is our 2022–23 staffing profile, showing the number of employees by substantive classification level, employment type and working pattern at 30 June 2023. Table 5.5 shows the same information for the previous year.

Table 5.4 Employees, by level and employment type, at 30 June 2023

	Ongoing			Non-ongoing			Casual	
Level	Full time	Part time	Total ongoing	Full time	Part time	Total non-ongoing	Total casual	Total
SES 3	1	0	1	0	0	0	0	**1**
SES 2	29	0	29	0	0	0	0	**29**
SES 1	173	11	184	0	0	0	0	**184**
EL 2	1,748	131	1,879	9	1	10	4	**1,893**
EL 1	3,755	407	4,162	24	3	27	1	**4,190**
APS 6	3,932	526	4,458	15	3	18	1	**4,477**
APS 5	1,602	202	1,804	13	1	14	2	**1,820**
APS 4	2,771	361	3,132	80	5	85	10	**3,227**
APS 3	2,596	344	2,940	24	7	31	73	**3,044**
APS 2	401	96	497	8	2	10	1,054	**1,561**
APS 1	82	22	104	7	1	8	184	**296**
Total	**17,090**	**2,100**	**19,190**	**180**	**23**	**203**	**1,329**	**20,722**

Table 5.5 Employees, by level and employment type, at 30 June 2022

Level	Ongoing			Non-ongoing			Casual	
	Full time	Part time	Total ongoing	Full time	Part time	Total non-ongoing	Total casual	Total
SES 3	2	0	2	0	0	0	0	**2**
SES 2	26	0	26	0	0	0	0	**26**
SES 1	179	12	191	0	0	0	0	**191**
EL 2	1,636	115	1,751	12	5	17	1	**1,769**
EL 1	3,624	395	4,019	22	3	25	1	**4,045**
APS 6	3,805	532	4,337	47	3	50	1	**4,388**
APS 5	1,702	231	1,933	35	3	38	0	**1,971**
APS 4	2,652	347	2,999	102	3	105	9	**3,113**
APS 3	2,146	396	2,542	88	18	106	97	**2,745**
APS 2	407	94	501	14	3	17	1,318	**1,836**
APS 1	38	19	57	18	3	21	211	**289**
Total	**16,217**	**2,141**	**18,358**	**338**	**41**	**379**	**1,638**	**20,375**

Ongoing employees

Table 5.6 displays our ongoing workforce by substantive classification level, gender and working pattern at 30 June 2023. Table 5.7 shows the same information for the previous year.

Table 5.6 Ongoing employees, by level and gender, at 30 June 2023[(a)]

Level	Man/Male			Woman/Female			Different term			Total
	Full time	Part time	Total man/male	Full time	Part time	Total woman/female	Full time	Part time	Total different term	
SES 3	0	0	0	1	0	1	0	0	0	**1**
SES 2	16	0	16	13	0	13	0	0	0	**29**
SES 1	93	2	95	79	9	88	1	0	1	**184**
EL 2	940	14	954	808	117	925	0	0	0	**1,879**
EL 1	1,907	49	1,956	1,846	358	2,204	2	0	2	**4,162**
APS 6	1,904	56	1,960	2,019	469	2,488	9	1	10	**4,458**
APS 5	750	24	774	850	178	1,028	2	0	2	**1,804**
APS 4	1,186	50	1,236	1,580	310	1,890	5	1	6	**3,132**
APS 3	1,152	65	1,217	1,425	278	1,703	19	1	20	**2,940**
APS 2	140	15	155	260	81	341	1	0	1	**497**
APS 1	37	10	47	44	12	56	1	0	1	**104**
Total	**8,125**	**285**	**8,410**	**8,925**	**1,812**	**10,737**	**40**	**3**	**43**	**19,190**

Note
(a) Gender category names have been updated for 2022–23, in line with the Australian Bureau of Statistics *Standard for Sex, Gender, Variations of Sex Characteristics and Sexual Orientation Variables* (2020).

Table 5.7 Ongoing employees, by level and gender, at 30 June 2022

	Male			Female			Indeterminate			
Level	Full time	Part time	Total male	Full time	Part time	Total female	Full time	Part time	Total indeterminate	Total
SES 3	0	0	0	2	0	2	0	0	0	**2**
SES 2	15	0	15	11	0	11	0	0	0	**26**
SES 1	93	2	95	84	10	94	2	0	2	**191**
EL 2	901	10	911	735	105	840	0	0	0	**1,751**
EL 1	1,867	42	1,909	1,757	353	2,110	0	0	0	**4,019**
APS 6	1,851	54	1,905	1,952	477	2,429	2	1	3	**4,337**
APS 5	813	20	833	887	211	1,098	2	0	2	**1,933**
APS 4	1,137	43	1,180	1,512	304	1,816	3	0	3	**2,999**
APS 3	925	68	993	1,214	328	1,542	7	0	7	**2,542**
APS 2	134	9	143	273	85	358	0	0	0	**501**
APS 1	18	9	27	20	10	30	0	0	0	**57**
Total	**7,754**	**257**	**8,011**	**8,447**	**1,883**	**10,330**	**16**	**1**	**17**	**18,358**

Non-ongoing employees

Non-going employees are engaged for a specified term or for the duration of a specified task in accordance with the *Public Service Act 1999*, whereas casual employees are engaged to perform duties that are irregular or intermittent.

Table 5.8 shows our non-ongoing workforce by substantive level, gender and working pattern at 30 June 2023. Table 5.9 shows the same information for the previous year.

Table 5.8 Non-ongoing employees, by level and gender, at 30 June 2023[(a)(b)(c)]

	Man/Male			Woman/Female			Different term		
Level	Full time	Part time	Total man/male	Full time	Part time	Total woman/female	Full time	Total different term	Total
SES 2	0	0	0	0	0	0	0	0	**0**
SES 1	0	0	0	0	0	0	0	0	**0**
EL 2	7	1	8	2	0	2	0	0	**10**
EL 1	16	0	16	7	3	10	1	1	**27**
APS 6	8	0	8	7	3	10	0	0	**18**
APS 5	5	0	5	8	1	9	0	0	**14**
APS 4	25	0	25	53	5	58	2	2	**85**
APS 3	7	4	11	16	3	19	1	1	**31**
APS 2	7	0	7	1	2	3	0	0	**10**
APS 1	4	0	4	3	1	4	0	0	**8**
Total	**79**	**5**	**84**	**97**	**18**	**115**	**4**	**4**	**203**

Notes

(a) Gender category names have been updated for 2022–23, in line with the Australian Bureau of Statistics *Standard for Sex, Gender, Variations of Sex Characteristics and Sexual Orientation Variables* (2020).

(b) Excludes casual employees, contractors and others paid through a third party.

(c) There were no part-time non-ongoing employees who identified as a different term at 30 June 2023.

Table 5.9 Non-ongoing employees, by level and gender, at 30 June 2022[(a)(b)]

Level	Male: Full time	Male: Part time	Total male	Female: Full time	Female: Part time	Total female	Indeterminate: Full time	Total indeterminate	Total
SES 2	0	0	0	0	0	0	0	0	**0**
SES 1	0	0	0	0	0	0	0	0	**0**
EL 2	8	2	10	4	3	7	0	0	**17**
EL 1	13	2	15	9	1	10	0	0	**25**
APS 6	22	1	23	23	2	25	2	2	**50**
APS 5	13	1	14	22	2	24	0	0	**38**
APS 4	34	1	35	68	2	70	0	0	**105**
APS 3	28	8	36	57	10	67	3	3	**106**
APS 2	4	1	5	10	2	12	0	0	**17**
APS 1	15	2	17	2	1	3	1	1	**21**
Total	**137**	**18**	**155**	**195**	**23**	**218**	**6**	**6**	**379**

Notes

(a) Excludes casual employees, contractors and others paid through a third party.

(b) There were no part-time non-ongoing employees who identified as indeterminate gender at 30 June 2022.

Diversity

The ATO recognises that a diverse and inclusive workforce improves the experience of staff and enhances our interactions with clients. Workforce diversity and inclusion builds organisational capability by promoting equity and bringing diversity to the way we work, leading to greater creativity, improved productivity and better outcomes. We aim to improve the client experience by designing and delivering client services that support the diverse community we serve.

The *ATO 2024 Diversity and Inclusion Strategy* represents our ongoing commitment to increasing diversity and fostering inclusion in the ATO.

In 2022–23, we:

- refreshed the ATO's Diverse Group Action Plan with a stronger focus on inclusion for all employees
- increased First Nations representation from 2.9% to 3% of our ongoing workforce
- matured our SES Diversity Champion network supporting diversity and inclusion efforts through hosting national and site-based events for diversity days of significance and leading staff-focused activities to understand lived experience.

For more details about our diversity plans, see ato.gov.au/diversity.

Table 5.10 shows the proportion of our employees in diversity groups. Table 5.11 shows the numbers of First Nations employees by employment type.

Table 5.10 Ongoing employees belonging to diversity groups, at 30 June[(a)(b)]

Diversity group	2022 %	2023 %	Change from 2022
Culturally and linguistically diverse	22.3	24.0	1.7
First Nations people	2.9	3.0	0.1
Lesbian, gay, bisexual, trans/transgender and intersex (LGBTI+)	2.5	3.4	0.9
Mature age (50 years+)	36.4	35.3	–1.1
With disability	4.7	5.3	0.6

Notes

(a) We provide staff with the opportunity to self-report as being culturally and linguistically diverse, First Nations people, identifying as LGBTI+ or as having a disability.

(b) Information on gender equality (the sixth diversity group) is provided in tables 5.6–5.9.

Table 5.11 First Nations employees, by employment type, at 30 June

	At 30 June 2022			At 30 June 2023		
Type	First Nations employees	Total employees	First Nations employees %	First Nations employees	Total employees	First Nations employees %
Ongoing	532	18,358	2.9	579	19,190	3.0
Non-ongoing	0	379	–	4	203	2.0
Casual	8	1,638	0.5	39	1,329	2.9
Total	**540**	**20,375**	**2.7**	**622**	**20,722**	**3.0**

Job families

We use job families to categorise roles. A job family is a high-level grouping of roles that carry out similar types of work and would require similar skills, capabilities and job-related knowledge to be proficiently performed. Any job role can only fall under one specific job family.

Table 5.12 Employees, by job family, at 30 June(a)(b)

Job family	2022 %	2023 %
Accounting/Finance	1.4	1.4
Administration	3.9	4.1
Analytics, risk and intelligence	7.4	7.7
Communication/Marketing	1.7	1.7
Engagement, assurance and compliance	25.7	25.0
Entry level programs	2.5	3.5
Governance and performance	6.5	7.2
Human resources management	3.1	3.3
Information and organisation professionals	2.1	2.1
Information technology	8.8	8.7
Law	8.2	7.8
Other agencies	1.3	1.2
Project management	3.0	2.9
Senior executive	1.3	1.3
Service delivery	22.9	22.1
Total	**100**	**100**

Notes

(a) Includes ongoing, non-ongoing and casual employees; excludes contractors.

(b) Job family category names may vary from previous annual reports – to align with changes in organisational governance or capability initiatives.

Table 5.13 Employees, by business area, 2022–23[(a)(b)]

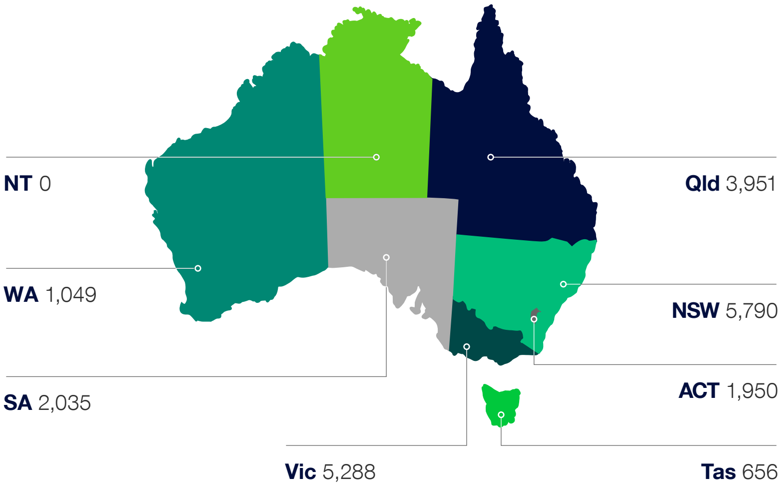
Business area	Number of employees
ATO Corporate	533
ATO Executive	19
ATO Finance	630
ATO People[(c)]	1,585
Australian Business Registry Services	404
Australian Charities and Not-for-profits Commission	118
Client Account Services	3,267
Client Engagement Group Services	228
Enterprise Solutions and Technology	2,324
Enterprise Strategy and Design	181
Individuals and Intermediaries	922
Integrated Compliance	988
Law Design and Practice Strategy and Support	96
Lodge and Pay	1,603
Objections and Review	526
Office of the Chief Tax Counsel	375
Policy, Analysis and Legislation	175
Private Wealth	1,537
Public Groups and International	1,624
Service Delivery Strategy and Support	399
Small Business	1,138
Smarter Data Program	746
Superannuation and Employer Obligations	1,166
Tax Practitioners Board	138
Total	**20,722**

Notes
(a) Includes ongoing, non-ongoing and casual employees; excludes contractors.
(b) Business area category names may vary from previous annual reports – to align with changes in organisational governance or structure.
(c) Includes entry-level program participants and secondments.

Locations

The ATO is located in 24 buildings across Australia and collocated with Services Australia in 4 staffed shopfront sites and 17 self-service shopfronts. The ATO property portfolio is managed in accordance with the *Commonwealth Property Management Framework*.

Figure 5.3 Our workforce by location, at 30 June 2023



Note
Does not include overseas staff.

Table 5.14 shows our workforce by location and employment type, at 30 June 2023, compared to the previous year. Some regions are made up of multiple locations – and in the following tables:

- Brisbane includes Brisbane central business district (CBD) and Upper Mount Gravatt
- Melbourne includes Melbourne CBD, Dandenong, Box Hill and Moonee Ponds
- Sydney includes Sydney CBD, Penrith and Parramatta.

Table 5.14 Total employees, by location and employment type, at 30 June[(a)]

State/ Territory	Region	At 30 June 2022				At 30 June 2023			
		Ongoing	Non-ongoing	Casual	Total	Ongoing	Non-ongoing	Casual	Total
NSW	Albury	597	2	310	909	598	1	275	**874**
	Gosford	370	5	46	421	391	6	31	**428**
	Newcastle	500	5	6	511	508	3	5	**516**
	Sydney	3,117	77	242	3,436	3,233	31	269	**3,533**
	Wollongong	330	2	78	410	356	0	83	**439**
	Total	**4,914**	**91**	**682**	**5,687**	**5,086**	**41**	**663**	**5,790**
Qld	Brisbane	3,222	49	221	3,492	3,429	38	170	**3,637**
	Townsville	298	2	1	301	311	1	2	**314**
	Total	**3,520**	**51**	**222**	**3,793**	**3,740**	**39**	**172**	**3,951**
SA	Adelaide	1,696	35	235	1,966	1,877	23	135	**2,035**
Tas	Burnie	65	0	22	87	63	0	12	**75**
	Hobart	475	13	92	580	513	0	68	**581**
	Total	**540**	**13**	**114**	**667**	**576**	**0**	**80**	**656**
Vic	Geelong	90	1	0	91	108	3	1	**112**
	Melbourne	4,477	82	302	4,861	4,682	56	207	**4,945**
	Traralgon	191	24	0	215	226	5	0	**231**
	Total	**4,758**	**107**	**302**	**5,167**	**5,016**	**64**	**208**	**5,288**
WA	Perth	924	38	83	1,045	970	12	67	**1,049**
ACT	Canberra	2,003	44	0	2,047	1,922	24	4	**1,950**
Overseas	Various	3	0	0	3	3	0	0	**3**
Grand total	**All locations**	**18,358**	**379**	**1,638**	**20,375**	19,190	203	1,329	**20,722**

Note
(a) There were no employees in the Northern Territory at 30 June 2023.

Ongoing employees

Table 5.15 shows our ongoing workforce by location, gender and working pattern, at 30 June 2023. Table 5.16 shows the same information for the previous year.

Table 5.15 Ongoing employees, by location and gender, at 30 June 2023[(a)(b)]

		Man/Male			Woman/Female			Different term			
State/ Territory	Region	Full time	Part time	Total man/male	Full time	Part time	Total woman/female	Full time	Part time	Total different term	Total
NSW	Albury	182	17	199	327	71	398	1	0	1	**598**
	Gosford	146	5	151	195	44	239	1	0	1	**391**
	Newcastle	188	8	196	265	45	310	2	0	2	**508**
	Sydney	1,228	37	1,265	1,649	315	1,964	4	0	4	**3,233**
	Wollongong	154	9	163	153	40	193	0	0	0	**356**
	Total	**1,898**	**76**	**1,974**	**2,589**	**515**	**3,104**	**8**	**0**	**8**	**5,086**
Qld	Brisbane	1,521	55	1,576	1,587	261	1,848	4	1	5	**3,429**
	Townsville	84	2	86	192	32	224	1	0	1	**311**
	Total	**1,605**	**57**	**1,662**	**1,779**	**293**	**2,072**	**5**	**1**	**6**	**3,740**
SA	Adelaide	844	22	866	827	178	1,005	5	1	6	**1,877**
Tas	Burnie	19	2	21	26	16	42	0	0	0	**63**
	Hobart	201	10	211	225	75	300	2	0	2	**513**
	Total	**220**	**12**	**232**	**251**	**91**	**342**	**2**	**0**	**2**	**576**
Vic	Geelong	40	1	41	59	7	66	1	0	1	**108**
	Melbourne	2,172	68	2,240	2,009	420	2,429	12	1	13	**4,682**
	Traralgon	60	4	64	108	53	161	1	0	1	**226**
	Total	**2,272**	**73**	**2,345**	**2,176**	**480**	**2,656**	**14**	**1**	**15**	**5,016**
WA	Perth	433	13	446	431	92	523	1	0	1	**970**
ACT	Canberra	850	32	882	872	163	1,035	5	0	5	**1,922**
Overseas	Various	3	0	3	0	0	0	0	0	0	**3**
Grand total	**All locations**	**8,125**	**285**	**8,410**	**8,925**	**1,812**	**10,737**	**40**	**3**	**43**	**19,190**

Notes

(a) Gender category names have been updated for 2022–23, in line with the Australian Bureau of Statistics *Standard for Sex, Gender, Variations of Sex Characteristics and Sexual Orientation Variables* (2020).

(b) There were no ongoing employees in the Northern Territory at 30 June 2023.

Table 5.16 Ongoing employees, by location and gender, at 30 June 2022[(a)]

		Male			Female			Indeterminate			
State/ Territory	**Region**	**Full time**	**Part time**	**Total male**	**Full time**	**Part time**	**Total female**	**Full time**	**Part time**	**Total indeterminate**	**Total**
NSW	Albury	185	13	198	326	72	398	1	0	1	**597**
	Gosford	140	4	144	179	47	226	0	0	0	**370**
	Newcastle	176	5	181	264	55	319	0	0	0	**500**
	Sydney	1,217	36	1,253	1,542	319	1,861	3	0	3	**3,117**
	Wollongong	149	4	153	145	32	177	0	0	0	**330**
	Total	**1,867**	**62**	**1,929**	**2,456**	**525**	**2,981**	**4**	**0**	**4**	**4,914**
Qld	Brisbane	1,442	39	1,481	1,468	270	1,738	3	0	3	**3,222**
	Townsville	78	2	80	179	39	218	0	0	0	**298**
	Total	**1,520**	**41**	**1,561**	**1,647**	**309**	**1,956**	**3**	**0**	**3**	**3,520**
SA	Adelaide	735	30	765	757	171	928	3	0	3	**1,696**
Tas	Burnie	19	2	21	29	15	44	0	0	0	**65**
	Hobart	167	11	178	213	84	297	0	0	0	**475**
	Total	**186**	**13**	**199**	**242**	**99**	**341**	**0**	**0**	**0**	**540**
Vic	Geelong	36	2	38	47	5	52	0	0	0	**90**
	Melbourne	2,053	69	2,122	1,886	466	2,352	2	1	3	**4,477**
	Traralgon	48	3	51	95	44	139	1	0	1	**191**
	Total	**2,137**	**74**	**2,211**	**2,028**	**515**	**2,543**	**3**	**1**	**4**	**4,758**
WA	Perth	410	11	421	422	80	502	1	0	1	**924**
ACT	Canberra	896	26	922	895	184	1,079	2	0	2	**2,003**
Overseas	Various	3	0	3	0	0	0	0	0	0	**3**
Grand total	**All locations**	**7,754**	**257**	**8,011**	**8,447**	**1,883**	**10,330**	**16**	**1**	**17**	**18,358**

Note
(a) There were no ongoing employees in the Northern Territory at 30 June 2022.

Non-ongoing employees

Non-ongoing employees are engaged for a specified term or task. In some circumstances their engagement can be extended up to 3 years. The term 'non-ongoing' does not include casual (irregular/intermittent) employees, contractors or others paid through a third party.

Table 5.17 shows our non-ongoing employees by location and gender, at 30 June 2023, further broken down by working pattern. Table 5.18 shows the same information for the previous year.

Table 5.17 Non-ongoing employees, by location and gender, at 30 June 2023(a)(b)(c)(d)

		Man/Male			Woman/Female			Different term		
State/ Territory	Region	Full time	Part time	Total man/male	Full time	Part time	Total woman/female	Full time	Total different term	Total
NSW	Albury	0	0	0	1	0	1	0	0	**1**
	Gosford	1	1	2	4	0	4	0	0	**6**
	Newcastle	0	0	0	3	0	3	0	0	**3**
	Sydney	11	2	13	15	2	17	1	1	**31**
	Wollongong	0	0	0	0	0	0	0	0	**0**
	Total	**12**	**3**	**15**	**23**	**2**	**25**	**1**	**1**	**41**
Qld	Brisbane	19	0	19	15	4	19	0	0	**38**
	Townsville	0	0	0	1	0	1	0	0	**1**
	Total	**19**	**0**	**19**	**16**	**4**	**20**	**0**	**0**	**39**
SA	Adelaide	12	0	12	7	3	10	1	1	**23**
Tas	Burnie	0	0	0	0	0	0	0	0	**0**
	Hobart	0	0	0	0	0	0	0	0	**0**
	Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Vic	Geelong	1	0	1	2	0	2	0	0	**3**
	Melbourne	22	0	22	29	4	33	1	1	**56**
	Traralgon	1	0	1	3	1	4	0	0	**5**
	Total	**24**	**0**	**24**	**34**	**5**	**39**	**1**	**1**	**64**
WA	Perth	6	0	6	5	1	6	0	0	**12**
ACT	Canberra	6	2	8	12	3	15	1	1	**24**
Overseas	Various	0	0	0	0	0	0	0	0	**0**
Grand total	**All locations**	**79**	**5**	**84**	**97**	**18**	**115**	**4**	**4**	**203**

Notes

(a) Gender category names have been updated for 2022–23, in line with the Australian Bureau of Statistics *Standard for Sex, Gender, Variations of Sex Characteristics and Sexual Orientation Variables* (2020).

(b) Excludes casual employees, contractors and others paid through a third party.

(c) There were no part-time non-ongoing employees reported for the different term gender category at 30 June 2023.

(d) There were no non-ongoing employees in the Northern Territory at 30 June 2023.

Table 5.18 Non-ongoing employees, by location and gender, at 30 June 2022[a][b][c]

		Male			Female			Indeterminate		
State/ Territory	**Region**	**Full time**	**Part time**	**Total male**	**Full time**	**Part time**	**Total female**	**Full time**	**Total indeterminate**	**Total**
NSW	Albury	1	0	1	1	0	1	0	0	**2**
	Gosford	1	0	1	3	1	4	0	0	**5**
	Newcastle	0	0	0	5	0	5	0	0	**5**
	Sydney	25	1	26	49	2	51	0	0	**77**
	Wollongong	1	0	1	1	0	1	0	0	**2**
	Total	**28**	**1**	**29**	**59**	**3**	**62**	**0**	**0**	**91**
Qld	Brisbane	22	4	26	17	5	22	1	1	**49**
	Townsville	0	1	1	1	0	1	0	0	**2**
	Total	**22**	**5**	**27**	**18**	**5**	**23**	**1**	**1**	**51**
SA	Adelaide	15	1	16	16	3	19	0	0	**35**
Tas	Burnie	0	0	0	0	0	0	0	0	**0**
	Hobart	4	0	4	9	0	9	0	0	**13**
	Total	**4**	**0**	**4**	**9**	**0**	**9**	**0**	**0**	**13**
Vic	Geelong	1	0	1	0	0	0	0	0	**1**
	Melbourne	36	1	37	38	4	42	3	3	**82**
	Traralgon	6	1	7	12	4	16	1	1	**24**
	Total	**43**	**2**	**45**	**50**	**8**	**58**	**4**	**4**	**107**
WA	Perth	16	2	18	20	0	20	0	0	**38**
ACT	Canberra	9	7	16	23	4	27	1	1	**44**
Overseas	Various	0	0	0	0	0	0	0	0	**0**
Grand total	**All locations**	**137**	**18**	**155**	**195**	**23**	**218**	**6**	**6**	**379**

Notes
(a) Excludes casual employees, contractors and others paid through a third party.
(b) There were no part-time non-ongoing employees who identified as indeterminate gender at 30 June 2022.
(c) There were no non-ongoing employees in the Northern Territory at 30 June 2022.

Employee retention and separation

The following tables provide information on our ongoing employee retention rates and separations.

Table 5.19 shows the numbers of ongoing employees by years of service at the ATO, at 30 June 2022 and 30 June 2023.

Table 5.19 Ongoing employees, by years of service at the ATO, at 30 June

Years of service at the ATO	At 30 June 2022	At 30 June 2023	Change %
0–4 years	4,669	6,014	28.8
5–9 years	2,934	2,766	–5.7
10–14 years	3,245	2,607	–19.7
15–19 years	3,344	3,078	–8.0
20–24 years	2,389	3,026	26.7
25–29 years	395	530	34.2
30–34 years	636	487	–23.4
35–39 years	642	551	–14.2
40–44 years	91	115	26.4
45–49 years	13	13	–
50 years or more	0	3	–
Total	**18,358**	**19,190**	**4.5**

Table 5.20 shows the numbers of ongoing employees that left the ATO during the year, grouped by reason for separation, for 2021–22 and 2022–23.

Table 5.20 Reasons for ongoing employee separations, 2021–22 and 2022–23

Employee separations	2021–22	2022–23	Change %
Age retirement	436	526	20.6
Dismissal	14	9	–35.7
Invalidity and death	34	42	23.5
Movement to another agency	253	323	27.7
Redundancy	42	20	–52.4
Resignation	613	686	11.9
Total	**1,392**	**1,606**	**15.4**

Our employment arrangements

The policy outlining remuneration and conditions for Australian Public Service (APS) agencies is set by the Australian Government *Public Sector Interim Workplace arrangements 2022* and *Public Sector Workplace Relations Policy 2023*.

More information about remuneration in the APS is available in the APSC's Remuneration reports, available at apsc.gov.au.

The following information on our employment arrangements includes staff working for the ATO, TPB and ACNC, unless noted otherwise.

Workplace agreements

The majority of our APS 1 to executive level (EL) 2 staff are employed under the *ATO enterprise agreement 2017 (agreement)*, which sets out employment conditions. This agreement has a nominal expiry date of 3 August 2020.

The agreement continues to operate and is supported by a determination under subsection 24(1) of the *Public Service Act 1999* to provide further pay increases to employees under this agreement. The determination commenced on 19 November 2019 and will end at the earlier of the following:

- the day a new enterprise agreement is made in accordance with the *Fair Work Act 2009*
- the day another determination under subsection 24(1) of the *Public Service Act 1999*, which revokes the current determination, comes into effect.

Table 5.21 shows the numbers of staff covered by the enterprise agreement, and those employed under other employment arrangements.

There are 44 non-SES employees who have an Individual Flexibility Arrangement in place, which alters one or more specific aspects of the ATO Enterprise Agreement.

Table 5.21 Employment arrangements of substantive SES and non-SES employees, at 30 June 2023

Arrangement	SES	Non-SES	Total
ATO Enterprise Agreement 2017[(a)]	0	20,508	**20,508**
Determinations under subsection 24(1) of the *Public Service Act 1999*	214	0	**214**
Total	**214**	**20,508**	**20,722**

Note
(a) Agreement continues to operate and is supported by a determination under subsection 24(1) of the *Public Service Act 1999* that commenced on 19 November 2019.

Remuneration

Base rates of pay and other remuneration arrangements are set for the majority of non-SES staff, by the ATO enterprise agreement 2017 and ATO determination 2019. The agreement includes provision for individual salary advancement within set ranges subject to satisfactory performance, including some other assessment factors for EL 2 employees. The rates for ATO staff for 2022–23 are shown in Table 5.22.

The *APS executive remuneration management policy* sets out arrangements for the management of executive remuneration, including an approval process for remuneration proposals above a notional amount. Total remuneration for staff in the SES includes a notional component for provision of parking, and for superannuation calculated at 15.4% of 101% of base salary.

Table 5.22 Salary ranges (excluding non-salary benefits) by classification level, at 30 June 2023

Level	Minimum $	Maximum $
SES 3	333,254	382,709
SES 2	261,610	300,628
SES 1	206,275	243,142
EL 2	135,609	161,530
EL 1	112,682	122,848
APS 6 and equivalent	87,972	101,008
APS 5 and equivalent	81,478	86,376
APS 4 and equivalent	73,086	79,323
APS 3 and equivalent	65,609	70,784
APS 2 and equivalent	57,645	63,887
APS 1 and equivalent	50,977	56,299
Cadets while undertaking practical training in the workplace	50,977	56,299
Cadets while undertaking study	17,529	28,340

The Remuneration Tribunal sets the remuneration and conditions for the Commissioner. The tribunal issues the *Guide to the Principal Executive Office (PEO) structure*, which is used by the Commissioner to determine remuneration and conditions for Second Commissioners. Second Commissioners and those who have acted in a Second Commissioner role for 3 months or more are also eligible for performance pay under the guidelines. The remuneration of our key management personnel, including performance pay, is shown in Table 5.23.

Key management personnel

The Commissioner and other members of the ATO Executive are considered key management personnel as they have responsibility and authority for planning, directing and controlling the activities of the ATO. Details about the responsibilities of the ATO Executive are outlined in Part 1 of this report.

Table 5.23 Remuneration for key management personnel, 2022–23[(a)(b)(c)(d)(e)(f)]

		Short-term benefits			Post-employment benefits	Other long-term benefits			
Name	Position title	Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits	Termination benefits	Total remuneration
Chris Jordan AO	Commissioner of Taxation	$853,251	$0	$1,098	$25,429	$35,902	$0	$0	$915,680
Janine Bristow	Chief Finance Officer	$264,708	$0	$34,363	$51,016	$23,891	$0	$0	$373,978
Jacqui Curtis PSM	Chief Operating Officer	$365,940	$0	$62,087	$79,412	$62,409	$0	$0	$569,848
Jeremy Hirschhorn[(g)]	Second Commissioner	$402,329	$63,326	$2,744	$37,256	$16,625	$0	$0	$522,280
Ramez Katf	Second Commissioner	$348,627	$63,326	$2,744	$25,429	$15,819	$0	$0	$455,945
Melinda Smith[(h)]	Chief Service Delivery Officer	$304,408	$0	$0	$24,749	$21,027	$0	$144,378	$494,562
Kirsten Fish	Second Commissioner	$367,400	$63,326	$2,744	$25,429	$19,912	$0	$0	$478,811

Notes

(a) Figures exclude acting periods in key management positions less than 3 months in the reporting period.
(b) Totals may differ from the sum of components due to rounding.
(c) Amounts captured in the Bonuses column reflect performance payments made in line with the remuneration arrangements for Second Commissioners as set out in the relevant Remuneration Tribunal Determination.
(d) Base salary may be higher than the maximum salary range due to the inclusion of annual leave paid and the net movement in annual leave balances in the reporting period.
(e) Long service leave is calculated using accounting inputs such as the 10-year Commonwealth bond rate and estimated future salary increases. Long Service leave provision movements of $80,726 have not been reflected in the table above as these movements relate to prior period adjustments (2018–19, 2019–20, 2020–21 and 2021–22 financial years).
(f) Key management personnel information for TPB and ACNC is published in their annual reports.
(g) Figures include higher duties while acting as Commissioner during 2022–23.
(h) Figures reflect period occupied in the Chief Service Delivery Officer position.

Senior executives

Under the PGPA Act, we must provide summary information about the remuneration of senior executive officers who are not listed as key management personnel. For the ATO, this comprises our SES Band 1 and 2 officers, including those who may have acted through the year. The information is provided in Table 5.24.

Table 5.24 Remuneration for senior executives, 2022–23[(a)(b)(c)]

		Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Total remuneration bands	No. of senior executives	Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
$0 – $220,000	76	$87,195	$0	$15,380	$20,149	–$261	$0	$0	$122,463
$220,001 – $245,000	30	$166,345	$0	$32,143	$28,912	$5,341	$0	$0	$232,742
$245,001 – $270,000	68	$185,945	$0	$32,747	$30,480	$9,187	$0	$0	$258,359
$270,001 – $295,000	57	$201,460	$0	$33,528	$33,829	$13,054	$0	$0	$281,872
$295,001 – $320,000	30	$218,370	$0	$32,896	$36,705	$16,803	$0	$0	$304,775
$320,001 – $345,000	14	$236,462	$0	$35,587	$41,095	$17,560	$0	$0	$330,705
$345,001 – $370,000	10	$259,432	$0	$33,998	$47,765	$15,998	$0	$0	$357,193
$370,001 – $395,000	5	$288,919	$0	$32,834	$34,544	$23,232	$0	$0	$379,529
$670,001 – $695,000	1	$195,469	$0	$453,395	$31,043	–$2,038	$0	$0	$677,869

Notes
(a) Totals may differ from the sum of components due to rounding.
(b) Figures reflect period occupied in an SES position for greater than 3 months.
(c) Long service leave is calculated using accounting inputs such as the 10-year Commonwealth bond rate and estimated future salary increases.

Other highly paid staff

Other highly paid staff are those officials who are not listed as key management personnel or senior executives.

The ATO has 3 staff in this category. Details are provided in Table 5.25.

Table 5.25 Remuneration for other highly paid staff, 2022–23[(a)(b)]

		Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
Total remuneration bands	No. of other highly paid staff	Average base salary	Average bonuses	Average other benefits and allowances	Average superannuation contributions	Average long service leave	Average other long-term benefits	Average termination benefits	Average total remuneration
$270,001– $295,000	1	$164,420	$0	$91,756	$30,670	$0	$0	$0	$286,846
$345,001– $370,000	1	$156,832	$0	$1,847	$26,553	$0	$0	$164,110	$349,343
$495,001– $520,000	1	$182,715	$0	$287,365	$30,670	$0	$0	$0	$500,751

Notes
(a) Totals may differ from the sum of components due to rounding.
(b) Long service leave is calculated using accounting inputs such as the 10-year Commonwealth bond rate and estimated future salary increases.

Non-salary benefits

The ATO provides its staff with a range of non-salary benefits.

SES officers are entitled to:

- cash in lieu of a motor vehicle (applicable to existing SES who do not have this included in their base salary)
- parking at work or cash in lieu of parking
- airline lounge memberships if 8 or more return trips are planned for the year.

Executive level 2 employees are entitled to:

- a taxable annual allowance ($1,847 in 2022–23) to assist with the purchase of items and services that help maintain or increase their level of professionalism, such as membership of a professional association
- airline lounge memberships if they are likely to undertake 8 or more return flights in the following year.

We offer our staff non-salary benefits in some circumstances:

- Our executive officers are offered mobile phones and tablets for work use, along with other employees who frequently travel, work remotely or manage a large number of staff.
- Fees will be reimbursed for employees who must be a member of a professional body or require an annual licence or professional practising certificate in order to perform their duties.
- We provide support for approved employees to undertake eligible part-time studies, which may include time off work and/or financial assistance.
- All employees who are likely to undertake 12 or more return flights in the following year can apply for airline lounge memberships.

We also offer salary packaging to all ongoing employees, and employees with an individual agreement. We outsource salary packaging administration and novated leasing arrangements to an external company called Smartsalary. Our employees have access to salary packaging of the following items:

- cars and utility vehicles (novated lease), with fringe benefits tax (FBT) applicable
- car parking, with FBT applicable
- superannuation, self-only, exempt from FBT
- airline lounge membership, exempt from FBT
- professional association membership fees and subscriptions, exempt from FBT
- portable electronic devices, exempt from FBT.

Around 2,700 employees had salary packaging arrangements in place in 2022–23.

Work health and safety

The ATO has a number of obligations under the *Work Health and Safety Act 2011* (WHS Act) and our own enterprise agreement. We take these obligations seriously, as the health and wellbeing of our workforce is critical to supporting engagement, productivity and serving the community.

In 2022–23, we refreshed the ATO's *Psychosocial risk framework* to align with work health and safety legislative changes and SafeWork Australia's model Code of Practice: *Managing psychosocial hazards at work* (2022). This included a psychosocial risk assessment and updates to our WHS Management system.

Additionally, subsequent to the enactment of the *Anti-Discrimination and Human Rights Legislation Amendment (Respect at Work) Act 2022*, the ATO undertook a sexual harassment risk assessment.

We have a range of initiatives to support us in achieving a healthy and safe workplace and to eliminate or minimise work health and safety risks. Examples include:

- a structured consultation program with our staff and their representatives about health and safety matters
- regular work health and safety inspections in all ATO sites
- a bespoke IT program on all ATO computers that enables staff to self-manage and monitor keyboard use, encouraging regular recuperative breaks and stretches/exercise
- first aid services at all ATO sites
- annual flu vaccinations offered to all staff
- a wellbeing framework that encourages staff to participate in initiatives that prioritise their wellbeing
- an employee assistance program (EAP) available to all staff and their families
- implementation of an organisation-wide Mental Health Strategy.

Work health and safety reporting includes TPB and ACNC information.

Table 5.26 Safety, Rehabilitation and Compensation Commission performance indicators, 2020–21 to 2022–23[(a)]

Indicator	2020–21	2021–22	2022–23
P1.1 Incidence of injuries with 5 or more days lost time per 1,000 full-time equivalent employees	0.5	0.7	0.5
P1.2 Incidence of injuries with 30 or more days lost time per 1,000 full-time equivalent employees	0.4	0.6	0.3
P1.3 Incidence of injuries with 60 or more days lost time per 1,000 full-time equivalent employees	0.2	0.3	0.1
P4 Lost time injury (claims) frequency rate	0.3	0.5	0.3
R1 Percentage of claims with incapacity for 10 or more days and a return to work plan (%)	67	47	71
R2 Quality of return to work (% achieving return to work on case closure)	58	91	56

Note

(a) Figures for previous years in this table may vary from those reported in past annual reports as Comcare may continue to accept claims for past years.

Table 5.27 Notifiable incidents, 2020–21 to 2022–23

Incident	2020–21	2021–22	2022–23
Dangerous occurrence	1	1	1
Serious personal injury	2	4	13
Death	0	0	0
Total	**3**	**5**	**14**

Details of work health and safety investigations

The WHS Act requires that we provide information about any investigations conducted during the year that relate to us, including details of all notices given to us during the year under Part 10 of the Act.

During 2022–23, there were 5 WHS investigations conducted by the regulator, including:

- 2 inspections relating to the ATO's consultation, cooperation, and coordination procedures
- one verification inspection on the work group determination for a new ATO site
- one inspection as a result of waterproofing material fumes at an ATO site reported as a notifiable incident
- one inspection as a result of a water leak at an ATO site reported as a notifiable incident.

We received no notices under Part 10 of the Act – enforcement measures in 2022–23.

Carer recognition

The ATO is not responsible for the development, implementation, provision or evaluation of care supports and, therefore, section 8(3) of the *Carer Recognition Act 2010* does not apply.

We support carers in the workplace through our employment policies, including flexible hours, access to carers leave, and our network of Carers, Helpers and Interested others in the ATO (CHIATO). Flexible working arrangements in the ATO have continued to be accessed over the past 12 months. The types of flexible working arrangements available to ATO staff to support carers include:

- part-time work agreements
- breastfeeding/lactation breaks
- non-standard working hours
- work from home/remote work arrangements
- job-share arrangements
- individual flexibility arrangements
- purchased leave schemes
- career break or sabbatical schemes
- flex leave.

These elements support us in fulfilling our responsibilities to our stakeholders – ministers, parliament and the community – whether they come from legislation or community expectations.

Financial performance

The ATO is responsible for the management of substantial Commonwealth funds and must demonstrate effective and efficient management of resources in accordance with the Australian Government's policies, including the requirements of the Public Governance, Performance and Accountability Act 2013 (PGPA Act).

For our financial statements (as required by subsection 43(4) of the PGPA Act), see Part 6.

For details on how we have performed against our financial performance measures in our corporate plan, see Strategic objective: F1 Financial on page 41.

Operating expense budget

The ATO actively manages its budget through governance and assurance processes, including oversight by senior management committees. These committees provide an integrated approach to effective resource management and the prioritisation of significant investment decisions.

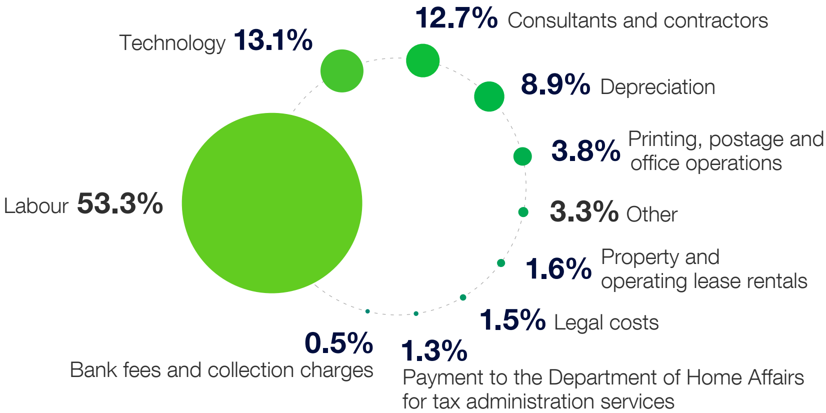
The ATO has continued to deliver on the government's policy and has improved the client experience through the transformation of our digital services.

The ATO maintains a flexible and adaptable approach in redirecting resources to address emerging priorities.

The ATO's operating budget for 2022–23 was $4.1 billion (excluding depreciation), and the financial result for the year was an operating surplus of $98 million or 2.4% under budget. The underspend reflects a significant injection of funding related to new policy received in the October 2022 Budget, and subsequent resourcing challenges driven by external labour market pressures.

This result includes lease principal repayments under the Australian Accounting Standards Board (AASB) 16 leasing standard and excludes non-cash financial accounting adjustments, such as write-off expenses, depreciation, amortisation, finance lease and revaluation adjustments made for our financial statements and other adjustments outside of the ATO's control.

Figure 5.4 Operating expenditure, 2022–23



Capital budget

The ATO's approach to capital management includes a capital management plan that contains information about our proposed capital expenditure from all funding sources.

The ATO commenced 2022–23 with a capital budget of $197.4 million, which comprised:

- departmental capital budget of $148.8 million
- equity funding of $48.6 million.

During the year, the capital budget decreased by $16.9 million as a result of both government and ATO decisions.

The ATO's 2022–23 capital expenditure was $143.2 million. The ATO has requested approval to carry forward 2022–23 capital underspends to support government priorities and legislative projects in future years.

Table 5.28 Capital expenditure, 2020–21 to 2022–23[(a)]

Capital item	2020–21 $m	2021–22 $m	2022–23 $m
Building improvements	17.9	37.3	45.2
Internally-developed software	102.1	74.5	42.4
IT infrastructure and hardware	15.0	25.2	44.5
Purchased software	5.3	0.1	11.0
Total	**140.3**	**137.2**	**143.2**

Note

(a) Totals may differ from the sum of components due to rounding.

Administering GST

The ATO administers the goods and services tax (GST) on behalf of the Australian states and territories. The states and territories reimburse the Commonwealth for the ATO's actual cost of administering GST, with our obligations to the states and territories set out in the GST Administration Performance Agreement between the ATO and the Council on Federal Financial Relations (per the *Intergovernmental Agreement on Federal Financial Relations*).

The agreed estimate for administering GST in 2022–23 was $677.2 million. The actual cost of GST administration is subject to an annual special purpose audit by the ANAO. The final audited costs are reported against the agreed estimate and presented to the states and territories at the conclusion of the audit.

GST actual costs, administration outcomes and performance are published annually in the GST administration annual performance report, which is available at ato.gov.au/GSTadministration.

Agency resource statement

Table 5.29 Agency resource statement, 2022–23[a][b]

Agency resources	Actual available appropriations for 2022–23 $'000	Payments made 2022–23 $'000	Balance remaining $'000
Ordinary annual services[c]			
Departmental appropriation			
Prior-year departmental appropriation	397,460	397,460	–
Departmental appropriation[d]	4,091,046	3,747,000	344,046
Appropriation reductions	–8,966	–	–8,966
Section 74 receipts	192,970	192,970	–
Section 75 transfer	–	–	–
Total	**4,672,510**	**4,337,430**	**335,080**
Administered expenses			
Current-year's appropriation used for current-year's payments	13,134	4,427	8,707
Total	**13,134**	**4,427**	**8,707**
Total ordinary annual services	**4,685,644**	**4,341,857**	**343,787**
Other services[e]			
Departmental non-operating			
Prior-year departmental appropriation	77,049	13,966	63,083
Equity injections	23,522	–	23,522
Appropriation reductions	–29,877	–	–29,877
Total	**70,694**	**13,966**	**56,728**
Total other services	**70,694**	**13,966**	**56,728**

Table 5.29 Agency resource statement, 2022–23[a][b] *continued*

Agency resources	Actual available appropriations for 2022–23 $'000	Payments made 2022–23 $'000	Balance remaining $'000
Special appropriations			
Special appropriations limited by criteria/entitlement			
Product Grants and Benefits Administration Act 2000 – Product Stewardship for Oil Program		88,057	
Public Governance, Performance and Accountability Act 2013 – section 77 (Repayments by the Commonwealth)		55,045	
Small Superannuation Accounts Act 1995 – section 76(9)		124	
Superannuation Guarantee (Administration) Act 1992		693,285	
Taxation Administration Act 1953 – section 16 (Cash Flow Boost for Employers)		253,712	
Taxation Administration Act 1953 – section 16 (JobKeeper Payment)		–10,914	
Taxation Administration Act 1953 – section 16 (JobMaker Hiring Credit)		2,076	
Taxation Administration Act 1953 – section 16 (non-refund items)		–	
Taxation Administration Act 1953 – section 16 (tax refunds)		161,994,644	
Total special appropriations		**163,076,030**	
Special accounts			
Opening balance	328,210		
Receipts to special accounts	5,739,714		
Payments made		5,737,520	
Closing balance			330,404
Total resourcing and payments	**10,824,262**	**173,169,372**	

Notes

(a) This includes all programs outlined in Table 5.30 Budgeted expenses and resources for Outcome 1.

(b) Totals may differ from the sum of components due to rounding.

(c) This includes Appropriation Act (No.1) 2022–23, Supply Act (No.3) 2022–23, prior-year departmental appropriations, PGPA Act section 74 agency receipts and PGPA Act section 75 transfer.

(d) Includes $111.47 million in 2022–23 for the Departmental Capital Budget. For accounting purposes, this amount has been designated as 'contributions by owners'.

(e) This includes *Appropriation Act (No.2) 2022–23*, *Supply Act (No.2) 2022–23*, *Supply Act (No.4) 2022–23* and prior-year departmental appropriations.

Table 5.30 Budgeted expenses and resources for Outcome 1, 2022–23[a]

Budgeted expenses and resources	Budget[b] 2022–23 $'000	Actual expenses 2022–23 $'000	Variation 2022–23 $'000
Program 1.1: Australian Taxation Office			
Administered expenses			
Ordinary annual services	9,750	4,427	5,323
Departmental expenses			
Departmental items	4,129,647	4,001,153	128,494
Total for Program 1.1	**4,139,397**	**4,005,580**	**133,817**
Program 1.2: Tax Practitioners Board			
Departmental expenses			
Departmental items	20,483	20,494	–11
Total for Program 1.2	**20,483**	**20,494**	**–11**
Program 1.3: Australian Business Registry Services			
Departmental expenses			
Departmental items	123,787	159,755	–35,968
Total for Program 1.3	**123,787**	**159,755**	**–35,968**
Program 1.4: Australian Charities and Not-for-profits Commission			
Departmental expenses			
Special account	18,277	17,954	323
Total for Program 1.4	**18,277**	**17,954**	**323**
Program 1.5: Australian Screen and Digital Game Production Incentive			
Administered expenses			
Special appropriations	584,000	548,669	35,331
Total for Program 1.5	**584,000**	**548,669**	**35,331**
Program 1.6: Junior Minerals Exploration Incentive			
Administered expenses			
Special appropriations	–142	–1,427	1,285
Total for Program 1.6	**–142**	**–1,427**	**1,285**
Program 1.7: Fuel Tax Credits Scheme			
Administered expenses			
Special appropriations	7,466,174	7,662,488	–196,314
Total for Program 1.7	**7,466,174**	**7,662,488**	**–196,314**
Program 1.8: National Rental Affordability Scheme			
Administered expenses			
Special appropriations	116,928	117,728	–800
Total for Program 1.8	**116,928**	**117,728**	**–800**
Program 1.9: Product Stewardship for Oil			
Administered expenses			
Special appropriations	82,600	89,360	–6,760
Total for Program 1.9	**82,600**	**89,360**	**–6,760**

Table 5.30 Budgeted expenses and resources for Outcome 1, 2022–23[a] *continued*

Budgeted expenses and resources	Budget[b] 2022–23 $'000	Actual expenses 2022–23 $'000	Variation 2022–23 $'000
Program 1.10: Research and Development Tax Incentive			
Administered expenses			
Special appropriations	3,555,325	4,348,114	–792,789
Total for Program 1.10	**3,555,325**	**4,348,114**	**–792,789**
Program 1.11: Low Income Superannuation Tax Offset			
Administered expenses			
Special appropriations	783,711	872,627	–88,916
Total for Program 1.11	**783,711**	**872,627**	**–88,916**
Program 1.12: Private Health Insurance Rebate			
Administered expenses			
Special appropriations	280,420	267,071	13,349
Total for Program 1.12	**280,420**	**267,071**	**13,349**
Program 1.13: Superannuation Co-contribution Scheme			
Administered expenses			
Special appropriations	124,000	144,102	–20,102
Total for Program 1.13	**124,000**	**144,102**	**–20,102**
Program 1.14: Superannuation Guarantee Scheme			
Administered expenses			
Special appropriations	723,000	433,534	289,466
Total for Program 1.14	**723,000**	**433,534**	**289,466**
Program 1.15: Targeted Assistance Through the Taxation System			
Administered expenses			
Special appropriations	45,460	26,129	19,331
Total for Program 1.15	**45,460**	**26,129**	**19,331**
Program 1.16: Interest on Overpayment and Early Payments of Tax			
Administered expenses			
Special appropriations	205,000	256,528	–51,528
Total for Program 1.16	**205,000**	**256,528**	**–51,528**
Program 1.17: Bad and Doubtful Debts and Remissions			
Administered expenses			
Special appropriations	8,773,000	14,606,310	–5,833,310
Total for Program 1.17	**8,773,000**	**14,606,310**	**–5,833,310**
Program 1.18: Seafarer Tax Offset			
Administered expenses			
Special appropriations	9,000	9,422	–422
Total for Program 1.18	**9,000**	**9,422**	**–422**

Table 5.30 Budgeted expenses and resources for Outcome 1, 2022–23[a] *continued*

Budgeted expenses and resources	Budget[b] 2022–23 $'000	Actual expenses 2022–23 $'000	Variation 2022–23 $'000
Program 1.19: Economic Response to the Coronavirus			
Administered expenses			
Special appropriations			
Cash Flow Boost for Employers	–	–66,569	66,569
JobMaker Hiring Credit	–31	100	–131
JobKeeper Payment	–	–259	259
Total for Program 1.19	**–31**	**–66,729**	**66,698**
Outcome 1 Totals by appropriation type			
Administered expenses			
Ordinary annual services	9,750	4,427	5,323
Special appropriations	13,975,445	14,707,616	–732,171
Expenses not requiring appropriation in budget year	8,773,000	14,606,310	–5,833,310
Departmental expenses			
Departmental appropriation	4,086,881	4,001,264	85,617
Special accounts	18,277	17,954	323
Expenses not requiring appropriation in budget year[c]	187,036	180,138	6,898
Total expenses for Outcome 1	**27,050,389**	**33,517,710**	**–6,467,321**

Notes

(a) This table is prepared on the basis of accrued expense amounts, while the administered payments table on page 72 is prepared on a cash basis.

(b) Budget 2022–23 relates to Estimated actual expenses published in the 2023–24 Portfolio Budget Statements, and includes any subsequent adjustments made to the original 2022–23 Budget.

(c) Expenses not requiring appropriation in the Budget year includes depreciation, resources received free of charge and write-down and impairment of assets.

Efficient administrative practices

Along with agency budgets that provide funding to deliver specific programs, government expenditure is guided by legislation that provides direction and sets minimum requirements, including reporting obligations. The ATO complies with the PGPA Act, PGPA Rule, ANAO requirements, and the *Environment Protection and Biodiversity Conservation Act 1999*.

Asset management

The ATO has an asset management framework in place which outlines how we plan and maintain the optimal asset mix for effective delivery of our programs.

The ATO's approach to asset management includes:

- detailed procedures and guidance on asset management
- an asset register, which is subject to a regular stocktake.

Procurement

Procurement refers to the whole process of acquiring goods or services – from identifying a need, through to obtaining and paying for the goods or services. If relevant, it also includes the ongoing contract management and disposal of goods.

The ATO's approach to procuring goods and services – including consultancies – is consistent with, and reflects the principles of, the Commonwealth Procurement Rules (CPRs) and various procurement-related legislation and government policies. To ensure this, the ATO has a range of system-based and other controls in place and conducts regular assurance processes.

Standard ATO contracts include a clause requiring suppliers to comply with all legislative and government policy obligations, including those relating to taxation and workplace health and safety.

This section includes procurement information for the ATO, TPB and ACNC, unless noted otherwise.

Contracting

All ATO contracts of $100,000 or more provide for the Auditor-General to have access to the contractor's premises.

The ATO had no contracts in excess of $10,000 that were exempted by the Accountable Authority from being published on AusTender because it would disclose exempt matters under the FOI Act.

Consultancy contracts

The ATO procures consultants when independent specialised advice is required but cannot be accessed from within the ATO.

Consultants are engaged through a procurement process, using open tender, limited tender or an established panel arrangement. All consultants who require access to ATO premises or ATO information are required to:

- undertake a pre-engagement integrity check before commencing work
- complete mandatory training including security, and workplace health and safety.

During 2022–23, the ATO entered into 64 new reportable consultancy contracts, involving total actual expenditure of $3.7 million. An additional 64 ongoing reportable consultancy contracts were active during 2022–23, involving total actual expenditure of $4.6 million. Prior-year contracts accounted for 55% of total consultancy expenditure.

Table 5.31 Number of and expenditure on reportable consultancy contracts, 2020–21 to 2022–23[a]

Reportable consultancy contracts	2020–21	2021–22	2022–23
Number of new contracts engaging consultants	113	68	64
New contracts expenditure	$8.4m	$5.1m	$3.7m
Number of ongoing contracts engaging consultants	52	76	64
Ongoing contracts expenditure	$4.8m	$9.2m	$4.6m

Note
(a) Amounts are GST inclusive.

Table 5.32 Significant reportable consultancy contracts expenditure, 2022–23[a][b][c][d]

Organisation	ABN	Expenditure $	Proportion of total expenditure%
KPMG	51 194 660 183	2,287,923	27.4
McKinsey Pacific Rim Inc	66 055 131 443	1,045,000	12.5
Gerson Lehrman Group	Exempt	628,052	7.5
Galent Pty Ltd	47 169 752 578	539,556	6.5
Fyusion Asia Pacific Pty Ltd	82 107 777 551	406,543	4.9
Total		**4,907,074**	**58.7**

Notes
(a) Amounts are GST inclusive.
(b) Provides information on those organisations that received the 5 largest shares of an entity's expenditure on such contracts, and those organisations that received 5% or more of an entity's expenditure.
(c) Where expenditure with an organisation is spread across both reportable consultancy and reportable non-consultancy contracts, only the expenditure on reportable consultancy contracts is considered for this table.
(d) Totals may differ from the sum of components due to rounding.

Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website at tenders.gov.au.

Non-consultancy contracts

Non-consultancy services are engaged through a procurement process, using open tender, limited tender or an established panel arrangement. Suppliers' employees and contractors who require access to ATO premises or ATO information are required to:

- undertake a pre-engagement integrity check before commencing work
- complete mandatory training including security, and workplace health and safety.

During 2022–23, the ATO entered into 938 new reportable non-consultancy contracts, involving total actual expenditure of $277.0 million. An additional 1,094 ongoing reportable non-consultancy contracts were active during 2022–23, involving total actual expenditure of $1,626.1 million.

Table 5.33 Number of and expenditure on reportable non-consultancy contracts, 2020–21 to 2022–23[(a)]

Reportable non-consultancy contracts	2020–21	2021–22	2022–23
Number of new non-consultancy contracts	1,485	1,006	938
New non-consultancy contracts expenditure	$304.7m	$242.0m	$277.0m
Number of ongoing non-consultancy contracts	1,512	1,602	1,094
Ongoing non-consultancy contracts expenditure	$1,656.0m	$1,734.2m	$1,626.1m

Note
(a) Amounts are GST inclusive.

Table 5.34 Significant reportable non-consultancy contracts expenditure, 2022–23[(a)(b)(c)(d)]

Organisation	ABN	Expenditure $	Proportion of total expenditure%
DXC Enterprise Australia Pty Ltd	16 612 896 527	185,569,585	9.7
Accenture Australia Pty Ltd	49 096 776 895	166,799,123	8.7
Optus Networks Pty Ltd	92 008 570 330	108,453,521	5.7
Leidos Australia Pty Ltd	79 612 590 155	96,146,221	5.0
IBM Australia Ltd	79 000 024 733	78,629,471	4.1
Total		**635,597,920**	**33.2**

Notes
(a) Amounts are GST inclusive.
(b) Provides information on those organisations that received the 5 largest shares of an entity's expenditure on such contracts, and those organisations that received 5% or more of an entity's expenditure.
(c) Where expenditure with an organisation is spread across both reportable consultancy and reportable non-consultancy contracts, only the expenditure on reportable consultancy contracts is considered for this table.
(d) Totals may differ from the sum of components due to rounding.

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website at tenders.gov.au.

Small and medium enterprises

The ATO supports small and medium business participation in the Commonwealth Government procurement market. Our support focuses on removing barriers to their participation and includes:

- streamlined tender requirements for lower value and less complex contracts
- disaggregating large projects into smaller packages, where appropriate, that maximise competition – this includes structuring procurements in a way that enables small and medium enterprises to compete fairly to provide components of large ICT projects
- conducting genuinely competitive procurement processes, including when we are using panel arrangements
- actively seeking opportunities to engage Aboriginal and Torres Strait Islander businesses.

Small-to-medium enterprises and small enterprise participation statistics are available on the Department of Finance website at finance.gov.au/procurement. The Australian Government has set 2 targets for contracts awarded to businesses with less than 200 employees:

- 10% of all contracts (by value)
- at least 35% of contracts valued up to $20 million (by value).

In 2022–23, the ATO exceeded the target for contracts valued up to $20 million (37%), but did not meet the target for all contracts (9%).

The ATO recognises the importance of ensuring small businesses are paid on time. In 2022–23, we achieved 95% compliance with these payment terms. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website at treasury.gov.au.

Indigenous procurement policy

The ATO is a proud supporter of supplier diversity. We proactively promote equal opportunity in the supply marketplace by encouraging the purchase of goods and services from Indigenous businesses.

The ATO adheres to the Indigenous Procurement Policy (IPP), using panel arrangements and exemption 16 of the Commonwealth Procurement Rules (CPRs), to provide a streamlined framework for the engagement of Indigenous businesses.

In 2022–23, we continued to work closely with Supply Nation to promote the benefits of working with Indigenous businesses and the services they provide.

The ATO's work with Indigenous suppliers supports improved economic and social outcomes for Indigenous communities. In 2022–23, we spent $27.9 million with Indigenous businesses. This expenditure relates to both new contracts entered into during 2022–23 (218 with a total value of $16.3 million) and contracts entered into during previous years.

Grants

The ATO provides a small number of discretionary grants, including funding for legal institutes, and encourages community participation in the tax and superannuation systems through sponsorship and mentoring arrangements.

The ATO's grant activities meet the requirements and principles of grants administration contained in the *Commonwealth grants rules and guidelines 2017*, including reporting and publishing of all grants provided throughout the year.

During 2022–23, one grant was awarded by the ATO. All grants awarded are published on grants.gov.au.

Compliance with finance law

The PGPA Act requires that agencies provide a statement of significant issues reported to the minister under paragraph 19(1)(e) of the Act, which relates to non-compliance with finance law and action taken to remedy non-compliance.

The ATO had no instances of significant non-compliance with finance law to report to the minister in 2022–23.

Ecologically sustainable development and environmental performance

Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) requires all Commonwealth agencies to report on certain aspects of ecologically sustainable development and environmental performance.

Greenhouse gas emissions inventory

As part of EPBC Act requirements, and in line with the government's Australian Public Service Net Zero 2030 policy, Commonwealth entities are required to report on emissions from their operations – commencing with reporting 2022–23 emissions in their annual reports.

The greenhouse gas emissions reporting provided below was developed with methodology that is consistent with those guidelines.

Table 5.35 Greenhouse gas emissions inventory – location-based approach, 2022–23

Emission source	Scope 1 kg CO_2-e	Scope 2 kg CO_2-e	Scope 3 kg CO_2-e	Total kg CO_2-e
Electricity	n/a	15,624,019	1,809,250	17,433,270
Natural gas	98,488	n/a	7,660	106,147
Fleet vehicles	45,621	n/a	11,604	57,225
Domestic flights	n/a	n/a	3,522,789	3,522,789
Other energy	–	n/a	–	–
Total	**144,109**	**15,624,019**	**5,351,304**	**21,119,431**

CO_2-e = Carbon dioxide equivalent.

Table 5.36 Greenhouse gas emissions inventory – market-based method, 2022–23[(a)]

Emission source	Scope 1 kg CO_2-e	Scope 2 kg CO_2-e	Scope 3 kg CO_2-e	Total kg CO_2-e
Electricity	n/a	13,262,782	1,755,368	15,018,150
Natural gas	98,488	n/a	7,660	106,147
Fleet vehicles	45,621	n/a	11,604	57,225
Domestic flights	n/a	n/a	3,522,789	3,522,789
Other energy	–	n/a	–	–
Total	**144,109**	**13,262,782**	**5,297,421**	**18,704,311**

CO_2-e = Carbon dioxide equivalent.

Note

(a) The market-based method accounts for activities such as those associated with GreenPower, purchased large-scale generation certificates, and/or being located in the Australian Capital Territory.

Appropriations – departmental funding for ecologically sustainable development

The ATO does not receive departmental funding for work that specifically contributes to ecologically sustainable development. However, in making decisions on expenditure, we apply the Commonwealth Procurement Rules (CPRs) and guidance from the Department of Finance on informed decision-making processes.

The CPRs include the need to consider the environmental aspects of the purchase and, where the procurement is via tender, a tenderer's practices regarding environmental impacts.

In April 2021, we established the *2024 ATO environmental sustainability strategy*. The ATO's 2024 targets are to reduce:

- our greenhouse gas emissions by at least 10% from 2019–20 levels
- the amount of waste from ATO offices going to landfill by at least 5% from 2019–20 levels.

At 30 June 2023, the ATO is on track to meet these targets.

In 2022–23, we minimised our environmental impact by meeting the requirements of the Energy Efficiency in Government Operations (EEGO) policy for 'Tenant light and power' and 'Central services' performance ratings.

Table 5.37 Energy intensity ratings and EEGO targets, 2022–23

Category (and unit of measure)	EEGO target	ATO performance
Tenant light and power (MJ per person per annum)	7,500	3,593
Central services (MJ per m2 per annum)	400	78

Additionally, 94% of the ATO's eligible tenancies that qualify for a rating have achieved or exceeded the minimum National Australian Built Environment Rating System (NABERS) rating of 4.5 stars.

Appropriations – administered funding

In 2022–23, the ATO administered the Product Stewardship for Oil (PSO) program on behalf of the Department of Climate Change, Energy, the Environment and Water, which has policy responsibility for the program. The aim of the PSO is to support and encourage environmentally sustainable management of used oil.

More information about this program is available at ato.gov.au/business/fuel-schemes/Product-stewardship-for-oil-program.

06

Financial statements

About the financial statements

The ATO's financial statements are required by section 42 of the *Public Governance, Performance wand Accountability Act 2013* (PGPA Act). The financial statements have been prepared in accordance with the:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- Australian Accounting Standards and Interpretations including simplified disclosures for Tier 2 entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The ATO's financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Included in the ATO's financial statements are the operations of the Tax Practitioners Board (TPB) and Australian Business Registry Services (ABRS), and the operations of the Australian Charities and Not-for-profits Commission (ACNC) through the ACNC Special Account.

Auditor-General for Australia

Australian National Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Assistant Treasurer, Minister for Financial Services

Opinion

In my opinion, the financial statements of the Australian Taxation Office (the Entity) for the year ended 30 June 2023:

(a) comply with Australian Accounting Standards – Simplified Disclosures and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and

(b) present fairly the financial position of the Entity as at 30 June 2023 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2023 and for the year then ended:

- Statement by the Commissioner of Taxation and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

GPO Box 707, Canberra ACT 2601
38 Sydney Avenue, Forrest ACT 2603
Phone (02) 6203 7300

Key audit matter	
Accuracy of taxation revenue	**How the audit addressed the matter**
Refer to Note 14 'Administered – Income' I focused on the estimation processes adopted by the Entity for financial reporting of taxation revenue given the value of the transactions and the complexity and judgement involved in the estimation processes and calculations. The reliable estimation of taxation revenue is complex due to uncertain timing of tax return assessments, payments and forecasting of likely taxation revenue outcomes. The Entity applies significant judgement when selecting the appropriate base for revenue recognition. The Entity uses two bases for revenue recognition – the Economic Transactions Method (ETM) and the Taxation Liability Method (TLM). Under the ETM the Entity recognises taxation revenue when it gains control over future economic benefits that arise from tax legislation. The ETM involves significant estimates based on available information. The TLM recognises revenue at the earlier of when an assessment of tax liability is or can be made, or payment is received. Revenue recognised under the TLM is generally recognised at a later time than if it were measured under the ETM. The methodologies used by the Entity to recognise taxation revenue involve data analysis and estimation processes that increase the likelihood of error. As part of the estimation process, the Entity conducts data analysis of past taxpayer behaviours and records, together with assumptions about economic factors such as future wage growth and gross domestic product. In respect of the completeness, relevance and accuracy of data used in developing taxation revenue estimates, I identified internal control weaknesses relating to controls over change management for key information technology systems. These internal control weaknesses increased the risk that the data analysed as part of the estimation process may not be complete, relevant and accurate. For the year ended 30 June 2023, the Entity reported total taxation revenue of $592,127 million.	To audit the accuracy of taxation revenue, I: • assessed the appropriateness of the base for revenue recognition with reference to the accuracy of prior year results and historical trends; • assessed the design, implementation and operating effectiveness of the taxation estimation process controls and the associated validation procedures. • evaluated the impact of the identified internal control weaknesses relating to controls over change management by independently assessing the completeness, relevance and accuracy of data. This included reconciling report data to known sources, identifying reliable system logs and testing a sample of system logs to determine whether only valid changes were made; • assessed the reasonableness of the interpretation and analysis of data used by the Entity for material estimates and recalculated these estimates as at 30 June 2023; and • assessed the adequacy of documentation to support the Entity's judgements made in relation to key estimates and allocations of revenue at year-end. This included an assessment of the quality assurance process over manual adjustments processed as at 30 June 2023.

Key audit matter	How the audit addressed the matter
Valuation of taxation receivables and provision for refunds *Refer to Note 15 'Administered – Non-Financial Assets & Note 16 'Administered – Provisions'* I focused on the calculations that support the valuation of the impairment of taxation receivables and estimates of amendments arising from disputed cases and allowances for taxation receivables and the provision for income taxation refunds. These balances reduce the total comprehensive income reported by the Entity and involve significant judgement. In each component there are complex methodologies and assumptions underpinning the calculation and assessment of the recoverability of taxation receivables, and the calculation of the provision for refunds. Estimate methodologies are based on assumptions including taxpayer compliance and lodgment history, the existence of dispute over a receivable and the taxpayer's capacity to pay. Models use historical data to predict future taxpayer behaviour. In respect of the data used in developing an estimate of taxation receivables and provisions for refunds, I identified internal control weaknesses relating to controls over change management for key information technology systems. These internal control weaknesses increased the risk that the data analysed as part of the estimation process may not be complete, relevant and accurate. For the year ended 30 June 2023, the Entity reported: • total taxation receivables of $79,851 million; • impairment allowance of $39,912 million; • allowance for credit amendments of $4,748 million; and • provision for refunds of $2,234 million.	To audit the valuation of taxation receivables and provision for refunds, I: • evaluated the adequacy of the Entity's oversight processes which included the documentation and quality assurance processes to support judgements made in relation to overdue and disputed debts; • assessed the work undertaken by the Entity's actuary by evaluating the reasonableness of the underlying assumptions and methodology developed and adopted by the Entity; • evaluated the impact of the identified internal control weaknesses relating to controls over change management by independently assessing the completeness, relevance and accuracy of data. This included reconciling report data to known sources, identifying reliable system logs and testing a sample of system logs to determine whether only valid changes were made; • recalculated the impairment allowance at balance date and assessed whether it was appropriately reflected in the Entity's financial statements; • tested a sample of individual taxation receivables, to assess the Entity's application of taxation law and the revenue recognition for individual taxpayers' accounts; and • examined the provision balance and evaluated the appropriateness of management's processes to determine whether judgements and assumptions used remain appropriate and reasonable for the impairment rate applied to large disputed taxation cases where an individual assessment has not been made.

Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Commissioner of Taxation is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Simplified Disclosures and the rules made under the Act. The Commissioner of Taxation is also responsible for such internal control as the Commissioner of Taxation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner of Taxation is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Commissioner of Taxation is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor’s responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Accountable Authority, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office

Grant Hehir
Auditor-General

Canberra

14 September 2023

AUSTRALIAN TAXATION OFFICE

STATEMENT BY THE COMMISSIONER OF TAXATION AND CHIEF FINANCE OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2023 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Taxation Office will be able to pay its debts as and when they fall due.

Jeremy Hirschhorn	Janine Bristow
ACTING COMMISSIONER OF TAXATION	CHIEF FINANCE OFFICER
AS THE ACCOUNTABLE AUTHORITY	AUSTRALIAN TAXATION OFFICE
AUSTRALIAN TAXATION OFFICE	
13 September 2023	13 September 2023

Australian Taxation Office
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2023

	Note	2023 $'000	2022 $'000	Original budget $'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1A	**2,236,424**	2,082,986	2,274,712
Suppliers	1B	**1,558,835**	1,573,224	1,599,031
Depreciation and amortisation	4A	**373,810**	385,651	416,709
Finance costs	1C	**19,473**	12,067	13,863
Impairment loss on financial instruments	1D	**5,054**	311	-
Write-down and impairment of other assets	1E	**4,103**	840	-
Other expenses	1F	**1,663**	298	-
Total expenses		**4,199,362**	4,055,377	4,304,315
Own-source revenue				
Rendering of services	2A	**111,250**	86,560	104,432
Rental income	2B	**16,081**	15,750	12,405
Other revenue and gains	2C	**18,150**	8,405	17,994
Total own-source revenue		**145,481**	110,715	134,831
Net cost of services		**(4,053,881)**	(3,944,662)	(4,169,484)
Revenue from the Australian Government	2D	**3,970,615**	3,770,651	3,979,581
Deficit on continuing operations		**(83,266)**	(174,011)	(189,903)
OTHER COMPREHENSIVE LOSS				
Items not subject to subsequent reclassification to net cost of services				
Revaluation of restoration obligations provision		**-**	(1,832)	-
Other changes in asset revaluation reserves		**7,685**	19,421	-
Total comprehensive loss		**(75,581)**	(156,422)	(189,903)

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2023

Budget variances commentary: Statement of comprehensive income

Affected line items	Explanation of major variances
Employee benefits	The lower than expected actual is primarily driven by high attrition rates and a competitive labour market which has led to delays in recruitment and subsequently lower than expected average staffing levels. This has been partially offset by the effects of the bond and salary growth rates on employee leave provision balances.
Suppliers	The lower than expected actual is driven by labour market challenges which has led to supply shortages in contractors and consultants. This has impacted both the supplementary and ongoing workforce. Additionally, lower than expected expenditure on IT activities has contributed to this variance.
Depreciation and amortisation	The lower than expected actual is mainly driven by lower asset additions for computer software than anticipated. A re-prioritisation of work has seen expenditure shift to operational requirements, resulting in less IT system enhancement work.
Finance costs	The higher than expected actual is primarily due to increasing interest rates as well as the recognition of a new lease and the corresponding interest expense. Given the commercial sensitivities of these contracts, specific details were not known at the time the budget was prepared.
Rendering of services	The higher than expected actual is due to higher than expected merchant fees from banking transactions partially offset by lower than expected revenue generated from services provided to other government agencies.
Revenue from the Australian Government	The lower than expected actual is the result of the return of funding for projects no longer proceeding, partially offset by reclassifications of funding from capital to operating.

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
STATEMENT OF FINANCIAL POSITION
as at 30 June 2023

	Note	**2023 $'000**	2022 $'000	Original Budget $'000
ASSETS				
Financial assets				
Cash	3A	**34,658**	34,860	34,860
Trade and other receivables	3B	**649,783**	571,662	441,737
Total financial assets		**684,441**	606,522	476,597
Non-financial assets[1]				
Buildings	4A	**1,020,657**	1,003,236	1,014,332
Buildings - leasehold improvements	4A	**186,332**	173,012	208,168
Plant and equipment	4A	**124,266**	99,011	101,118
Intangibles - computer software	4A	**415,949**	454,664	482,796
Other non-financial assets	4B	**155,233**	104,023	104,526
Total non-financial assets		**1,902,437**	1,833,946	1,910,940
Total assets		**2,586,878**	2,440,468	2,387,537
LIABILITIES				
Payables				
Employees	5A	**61,543**	50,841	60,709
Suppliers	5B	**231,998**	212,068	214,173
Other payables	5C	**4,762**	4,846	4,846
Total payables		**298,303**	267,755	279,728
Interest bearing liabilities				
Leases	6A	**1,180,017**	1,113,741	1,124,031
Total interest bearing liabilities		**1,180,017**	1,113,741	1,124,031
Provisions				
Employee provisions	7A	**750,326**	716,666	716,853
Other provisions	7B	**28,675**	35,202	24,502
Total provisions		**779,001**	751,868	741,355
Total liabilities		**2,257,321**	2,133,364	2,145,114
Net assets		**329,557**	307,104	242,423
EQUITY				
Contributed equity		**2,363,836**	2,265,802	2,380,325
Reserves		**148,428**	140,743	140,743
Accumulated deficit		**(2,182,707)**	(2,099,441)	(2,278,645)
Total equity		**329,557**	307,104	242,423

[1] Right-of-use assets are included in the following line items:
- Buildings
- Plant and equipment

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
STATEMENT OF FINANCIAL POSITION
as at 30 June 2023

Budget variances commentary: Statement of financial position

Affected line items	**Explanation of major variances**
Trade and other receivables	The higher than expected actual is driven by lower than anticipated expenses as shown in the Statement of Comprehensive Income. This has led to less drawdowns and a higher appropriation receivable balance.
Buildings	The lower than expected actual is primarily due to delays in property works approvals, resulting in lower than expected asset additions.
Plant and equipment	The higher than expected actual is due to higher than anticipated capital additions for computer hardware.
Intangibles - computer software	The lower than expected actual is driven by lower than expected capital additions for computer software. A re-prioritisation of work has seen expenditure shift to operational requirements, resulting in less IT system enhancement work.
Other non-financial assets	The higher than expected actual is primarily driven by a number of large supplier prepayments made during the year.
Suppliers	The higher than expected actual is primarily driven by an increase in pending payments for services provided on behalf of the ATO.
Leases	The higher than expected actual is primarily due to the recognition of a new lease. Given the sensitivities of these contracts, specific details were not known at the time the budget was prepared.
Employee provisions	The higher than expected actual is primarily due to the effect of the increase to the salary growth and bond rates on employee leave provision balances.
Contributed equity	The lower than expected actual is the result of reclassifications of funding from capital to operating and the return of funding for projects no longer proceeding.
Reserves	The higher than expected actual is due to an increase in the asset revaluation reserves, following the annual assets fair value review. The budget estimates do not pre-empt the outcome of asset reviews.
Accumulated deficit	The favourable variance in accumulated deficit is due to the actual operating deficit being lower than budgeted. This variance is supported by the explanations provided above in the Statement of Comprehensive Income.

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2023

	Contributed equity			Asset revaluation surplus			Retained earnings			Total equity		
	2023	2022	Original budget	**2023**	2022	Original budget	**2023**	2022	Original budget	**2023**	2022	Original budget
	$'000	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000	**$'000**	$'000	$'000
Opening balance												
Balance carried forward from previous period	**2,265,802**	2,112,114	2,265,802	**140,743**	123,154	140,743	**(2,099,441)**	(1,925,430)	(2,088,742)	**307,104**	309,838	317,803
Opening balance	**2,265,802**	2,112,114	2,265,802	**140,743**	123,154	140,743	**(2,099,441)**	(1,925,430)	(2,088,742)	**307,104**	309,838	317,803
Comprehensive gain/(loss)												
Other comprehensive gain/(loss)	**-**	-	-	**7,685**	17,589	-	**-**	-	-	**7,685**	17,589	-
(Deficit) for the period	-	-	-	-	-	-	**(83,266)**	(174,011)	(189,903)	**(83,266)**	(174,011)	(189,903)
Total comprehensive gain/(loss)	**-**	-	-	**7,685**	17,589	-	**(83,266)**	(174,011)	(189,903)	**(75,581)**	(156,422)	(189,903)
Transactions with owners												
Distributions to owners												
Returns of contributed equity[1]	**(36,953)**	(63,933)	-	**-**	-	-	**-**	-	-	**(36,953)**	(63,933)	-
Contributions by owners												
Equity injection - appropriations	**23,522**	97,282	13,290	**-**	-	-	**-**	-	-	**23,522**	97,282	13,290
Departmental capital budget	**111,465**	120,339	111,465	**-**	-	-	**-**	-	-	**111,465**	120,339	111,465
Total transactions with owners	**98,034**	153,688	124,755	**-**	-	-	**-**	-	-	**98,034**	153,688	124,755
Transfers between equity components	**-**	-	-	**-**	-	-	**-**	-	-	**-**	-	-
Closing balance as at 30 June	**2,363,836**	2,265,802	2,390,557	**148,428**	140,743	140,743	**(2,182,707)**	(2,099,441)	(2,278,645)	**329,557**	307,104	252,655

[1] Return of contributed equity relates to amounts withheld through a section 51 determination, which represent a loss of control to the ATO. Current year amounts also include the repeal of Appropriation Act (No. 2) 2020-21 and Supply Act (No. 2) 2020-21, which automatically lapsed on 1 July 2023.

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2023

Accounting policy

Equity Injection

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and departmental capital budgets (DCBs) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangement

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Budget variances commentary: Statement of changes in equity

Explanation of major variances
The variances are supported by the explanations provided above in the Statement of Comprehensive Income and Statement of Financial Position.

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
CASH FLOW STATEMENT
for the year ended 30 June 2023

	Note	2023 $'000	2022 $'000	Original budget $'000
OPERATING ACTIVITIES				
Cash received				
Appropriations		**3,832,269**	3,898,069	4,100,984
Rendering of services		**136,748**	111,548	134,312
Receipts transferred from the Official Public Account		**371,015**	334,823	-
Net GST received		**181,918**	155,267	130,218
Other		**30,476**	31,962	4,994
Total cash received		**4,552,426**	4,531,669	4,370,508
Cash used				
Employees		**2,192,217**	2,136,824	2,273,471
Suppliers		**1,736,415**	1,831,846	1,714,402
Interest payments on lease liabilities		**18,830**	11,668	13,863
s74 receipts transferred to the Official Public Account		**374,837**	338,632	-
Total cash used		**4,322,299**	4,318,970	4,001,736
Net cash from operating activities		**230,127**	212,699	368,772
INVESTING ACTIVITIES				
Cash used				
Purchase of property, plant and equipment		**79,887**	51,384	96,578
Purchase of intangibles		**57,120**	82,223	159,525
Total cash used		**137,007**	133,607	256,103
Net cash used by investing activities		**(137,007)**	(133,607)	(256,103)
FINANCING ACTIVITIES				
Cash received				
Appropriations - contributed equity		**137,007**	133,607	124,369
Total cash received		**137,007**	133,607	124,369
Cash used				
Return of capital		**-**	-	-
Principal payments of lease liabilities		**230,329**	226,835	226,806
Total cash used		**230,329**	226,835	226,806
Net cash used by financing activities		**(93,322)**	(93,228)	(102,437)
Net increase in cash held		**(202)**	(14,136)	10,232
Cash at the beginning of the reporting period		**34,860**	48,996	34,860
Cash at the end of the reporting period	3A	**34,658**	34,860	45,092

Budget variances commentary: Statement of cash flows

Explanation of major variances
The variances are supported by the explanations provided above in the Statement of Comprehensive Income and Statement of Financial Position.

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the year ended 30 June 2023

	Note	2023 $'m	2022 $'m	Original budget $'m
NET COST OF SERVICES				
Expenses				
Subsidies	13A	**12,707**	10,537	11,689
Personal benefits	13B	**1,284**	836	983
Impairment of receivables	13C	**13,029**	6,448	6,727
Penalty and interest charge remission expenses		**1,576**	1,514	1,375
Interest on overpayments and early payments		**256**	156	95
Superannuation guarantee charge		**434**	666	593
Unclaimed superannuation monies interest		**26**	44	6
Other expenses		**4**	1	13
Total expenses		**29,316**	20,202	21,481
Revenue				
Income tax	14A	**472,091**	423,439	434,698
Indirect tax	14B	**116,517**	101,705	115,220
Other taxes	14C	**3,519**	3,220	3,260
Non-taxation	14D	**598**	909	231
Total revenue		**592,725**	529,273	553,409
Net contribution by services		**563,409**	509,071	531,928
Surplus on continuing operations		**563,409**	509,071	531,928
Total comprehensive income		**563,409**	509,071	531,928

The above schedule should be read in conjunction with the accompanying notes.

Australian Taxation Office
ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME
for the year ended 30 June 2023

Budget variances commentary: Schedule of comprehensive income

Affected line items	Explanation of major variances
Subsidies	The actuals are higher than budget primarily due to strength in research and development tax incentive claims especially from the "Professional, Scientific and Technical Services" industry. This strengthening has been partially offset by weakness in claims for the Australian screen and digital games production incentive location tax offset, lower than expected consumption of diesel eligible for fuel tax offsets and lower than expected late claims for cashflow boost payments.
Personal Benefits	The actuals are higher than budget primarily due to higher than expected eligible recipients and average entitlements of the low income superannuation tax offset.
Impairment of receivables	The actual is higher than budget primarily due to an increase in impairment of small debts, particularly activity statement debts, which have been impaired at a higher rate than expected.
Penalty and interest charge remission expenses	The actuals are higher than budget due to higher than expected remissions for companies.
Interest on overpayments and early payments	The actuals are higher than budget primarily driven by one-off large case settlements, higher than expected interest rates and the introduction of an automated system to generate interest on early payment of tax.
Superannuation guarantee charge	The actuals are lower than budget primarily due to a higher than expected provision for doubtful debt for the superannuation guarantee charge (SGC) and this higher provision reduces the provision of SGC payments which in turn reduces SGC expenses.
Income tax	The actuals are higher than budget largely reflecting higher than expected individuals and company taxes. Strength in company tax revenue largely reflects higher than expected commodity prices which has flowed through to higher corporate profitability as well as an improved outlook across the broader economy. Strength in individuals revenue was driven by stronger than expected labour market conditions, strong capital gains and strong dividend distributions as well as lower rental deductions due to historically low interest rates with on-assessment reporting for income earned in 2021-22 occurring through 2022-23.
Indirect tax	The actuals are higher than budget partly due to stronger than expected growth in consumption subject to GST and increased compliance activity.
Other taxes	The actuals are higher than budget primarily due to strength in superannuation guarantee charge revenue as a result of voluntary disclosures and baseline compliance work.
Non-taxation	The actuals are higher than budget due mainly to higher than expected unclaimed superannuation monies. This is primarily due to higher inflows from inactive low balance accounts, general USM and trustee voluntary payments, this is partially offset by outflow as a result of higher than expected levels of reunifications.

The above schedule should be read in conjunction with the accompanying notes.

Australian Taxation Office
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2023

	Note	**2023 $'m**	2022 $'m	Original budget $'m
ASSETS				
Financial assets				
Cash		**450**	466	466
Cash held in special accounts[1]		**82**	78	78
Total financial assets		**532**	544	544
Non-financial assets				
Receivables	15A	**35,540**	34,876	39,402
Accrued revenue	15B	**17,190**	15,227	16,704
Total non-financial assets		**52,730**	50,103	56,106
Total assets administered on behalf of the Australian Government		**53,262**	50,647	56,650
LIABILITIES				
Payables				
Subsidies		**53**	292	292
Personal benefits		**17**	10	10
Superannuation guarantee charge		**89**	74	74
Taxation refunds due		**2,121**	1,939	1,939
Superannuation holding account		**82**	78	85
Other payables		**2**	1	-
Total payables		**2,364**	2,394	2,400
Provisions				
Subsidies	16	**5,459**	4,055	4,866
Personal benefits	16	**1,277**	1,042	1,073
Other accrued expenses	16	**61**	59	53
Income taxation refunds	16	**2,206**	2,340	2,330
Indirect taxation refunds	16	**18**	23	23
Superannuation guarantee payments	16	**444**	707	803
Unclaimed superannuation payments	16	**544**	772	628
Other refunds	16	**10**	26	26
Interest on overpayment of taxes	16	**114**	104	104
Total provisions		**10,133**	9,128	9,906
Total liabilities administered on behalf of the Australian Government		**12,497**	11,522	12,306
Net assets		**40,765**	39,125	44,344

[1] Cash held in special accounts does not include amounts held in trust for special accounts of $234 million (2022: $237 million). See Note 20 special accounts for more information.

The above schedule should be read in conjunction with the accompanying notes.

Australian Taxation Office
ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES
as at 30 June 2023

Accounting policy

Administered liabilities

Administered liabilities include payables and provisions. Payables are recognised for claims on hand and provisions are raised for accrued expenses in accordance with the accounting policy in Note 13 Administered expenses. The majority of the ATO's administered liabilities are not categorised as financial liabilities as they are statutory in nature.

Budget variances commentary: Schedule of assets and liabilities

Affected line items	Explanation of major variances
Receivables	The actual is lower than budget due to increased impairment of small debts, particularly activity statement debts, which have been impaired at a higher rate than expected. This is partially offset by higher goods and services tax receivables.
Accrued revenue	The actual is higher than budget largely due to higher accrued revenue for GST, consistent with higher than expected GST revenue, partly offset by lower than expected accrued revenue for resource rent taxes.
Subsidies payable	The actuals are lower than budget due to the timing difference in cash flow boost payments. Most of the cash flow boost liabilities were actioned in June 2023 which was earlier than expected at the time of the Budget.
Taxation refunds due payable	The actuals are higher than budget as taxation refunds due payable are volatile in nature due to the timing of lodgments, payments and compliance activity from year to year.
Subsidies provisions	The actuals are higher than budget primarily due to a higher accrual for the research & development tax offset following stronger than expected claims in 2022-23 with expectations the growth will continue.
Personal benefits provisions	The actuals are higher than budget primarily due to a higher accrual for the low income superannuation tax offset as a result of higher than expected eligible recipients and average entitlements.
Income taxation refunds	The actuals are lower than budget primarily due to a lower provision for refunds for company income tax. Provisions for refunds can be volatile due to the timing of lodgments, payments and compliance activities from year to year.
Superannuation guarantee payments provisions	The actuals are lower than budget primarily due to an increase in the bad and doubtful debt provision which reduced the provision for superannuation guarantee charge payments.
Unclaimed superannuation payments provisions	The actuals are lower than budget primarily due to a higher than expected reduction in the provision. Provisions can be volatile due to the timing of payments from year to year.

The above schedule should be read in conjunction with the accompanying notes.

Australian Taxation Office
ADMINISTERED RECONCILIATION SCHEDULE
for the year ended 30 June 2023

	2023 $'m	2022 $'m
Opening assets less liabilities as at 1 July	**39,125**	33,725
Adjustments to equity		
Family tax benefit equity transfer	**117**	65
Higher education loan program equity transfer	**1,042**	213
Trade support loan equity transfer	**21**	27
Student financial supplement scheme equity transfer	**11**	2
Net (cost of)/contribution by services		
Income	**592,725**	529,273
Expenses	**(29,316)**	(20,202)
Transfers (to)/from the Australian Government		
Appropriation transfers from the official public account		
Annual appropriations	**4**	0
Special appropriations (unlimited)	**163,104**	141,247
Appropriation transfers to the official public account		
Transfers to the official public account	**(726,068)**	(645,225)
Closing assets less liabilities as at 30 June	**40,765**	39,125

Accounting Policy

Administered cash transfers to and from the Official Public Account

Revenue collected by the ATO for use by the Australian Government rather than the ATO is administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Cash is drawn from the OPA to make payments under Parliamentary appropriations. Transfers to and from the OPA are adjustments to the administered cash held by the ATO on behalf of the Australian Government and are reported in the schedule of administered cash flows and in the administered reconciliation schedule.

The above schedule should be read in conjunction with the accompanying notes.

Australian Taxation Office
ADMINISTERED CASH FLOW STATEMENT
for the year ended 30 June 2023

	2023 $'m	2022 $'m
OPERATING ACTIVITIES		
Income tax	**463,477**	414,854
Indirect tax	**109,644**	98,311
Other revenue	**3,366**	3,557
Superannuation holding account	**3**	2
Subsidies paid	**(11,538)**	(11,001)
Personal benefits	**(1,042)**	(944)
Interest	**(246)**	(63)
Other	**(712)**	(662)
Net cash from operating activities	**562,952**	504,054
Cash at the beginning of the reporting period	**544**	468
Cash from the official public account		
Appropriations	**163,081**	141,231
Special accounts	**23**	16
Total cash used from the official public account	**163,104**	141,247
Cash to the official public account		
Administered receipts	**(726,045)**	(645,209)
Special accounts	**(23)**	(16)
Total cash to the official public account	**(726,068)**	(645,225)
Cash at the end of the reporting period	**532**	544

Accounting policy

The administered cash flow statement represents the total cash received or paid through primary operating activities of the ATO, and categories disclosed above are treated on a net basis. For example, a refund relating to income tax is defined as an overpayment of tax and treated as a reduction to the income tax category. Positive amounts represent an inflow and negative amounts represent an outflow for the relevant category. More detailed information in relation to refunds can be found in Note 19C special appropriations.

The above statement should be read in conjunction with the accompanying notes.

Australian Taxation Office
Notes to and forming part of the financial statements
for the year ended 30 June 2023

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Australian Taxation Office
Notes to and forming part of the financial statements

Overview

The Australian Taxation Office (ATO) conducts the following administered activities on behalf of the Australian Government:

- collecting revenue
- administering the Goods and services tax (GST) on behalf of the Australian states and territories
- administering a range of programs that provide transfers and benefits to the community
- administering the major aspects of Australia's superannuation system
- custodian of the Australian Business Register

The ATO's administered programs are:

- Australian screen and digital game production incentive
- Junior minerals exploration incentive
- Fuel tax credits scheme
- National rental affordability scheme
- Product stewardship for oil
- Research and development tax incentive
- Low income superannuation tax offset
- Private health insurance rebate
- Superannuation co-contribution scheme
- Superannuation guarantee scheme
- Targeted assistance through the taxation system
- Interest on overpayment and early payments of tax
- Bad and doubtful debts and remissions
- Seafarer tax offset
- Economic response to the coronavirus

The ATO is a non-corporate Commonwealth entity, domiciled in Australia. The main office location is 255 George Street, Sydney, Australia.

Basis of preparation of the financial statements

The financial statements are required by section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR)
- Australian Accounting Standards and Interpretations – including simplified disclosures for Tier 2 entities under AASB 1060 issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements have been prepared on a going concern basis. The ATO's departmental activities are dependent on government policy and continued funding by the Parliament.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand (departmental) or the nearest million (administered), unless disclosure of the full amount is required.

Australian Taxation Office
Notes to and forming part of the financial statements

Unless an alternate treatment is required by an accounting standard or the FRRs, assets and liabilities are recognised in the Statement of Financial Position when, and only when, it is probable that economic benefits will flow to the ATO or a future sacrifice of economic benefits will be required and the amount can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Unrecognised liabilities are reported in Note 9 Contingent assets and liabilities.

Unless an alternate treatment is required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when, and only when, the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

The ATO reporting entity

Included in the ATO's financial statements are the operations of the Australian Charities and Not-for-profit (ACNC) through the ACNC Special Account; the operations of the Australian Business Registry Services (ABRS) and Tax Practitioners Board (TPB).

Reporting of administered activities

The Administered Schedules of Comprehensive Income, Assets and Liabilities, Administered Reconciliation Schedule and Administered Cash Flow Statement reflect the Government's transactions, through the ATO, with parties outside of the Government.

Administered revenue, expenses, assets, liabilities and cash flows are disclosed in the administered schedules and related notes. Except where otherwise stated, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

A commitment note is not prepared for administered financial statements due to the nature of the items reported being legislated and not contractual arrangements.

Significant accounting judgements and estimates for departmental items

Item	Note
The fair value of leasehold improvements is determined by estimating the depreciated replacement cost after taking the useful life and remaining useful life of the asset into consideration.	4
The fair value of plant and equipment is determined based on the market value for items of similar type and age or, where there is no active or comparable market, by estimating the depreciated replacement cost.	4

No other accounting assumptions or estimates have been identified that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Australian Taxation Office
Notes to and forming part of the financial statements

Significant accounting judgements and estimates for administered items

Item	Note
Accrual for administered expense items	13
Taxation revenue items reported under the economic transaction method	14
General interest charge revenue and remission expense that have not as yet been posted to taxpayers' accounts	14
Penalties and interest charges and settlements	14
Allowance for impairment losses	15
Allowance for credit amendments and provision for refunds – key assumptions and methodologies used	15

Accrual estimates for administered expense items and certain taxation revenue products are inherently subject to measurement uncertainty due to volatility in economic conditions and taxpayer behaviour. Forecasting models are used to produce these estimates and are based on a combination of projections using historical data, judgement and assumptions. The assumptions and inputs are based on what the ATO believes to be the relevant inputs to arrive at the best estimate.

Actual outcomes could differ from estimates. Performance of an estimate is assessed on an annual basis by comparing historical estimates to actual outcomes, where possible. Where the cause of difference can be identified, the estimate will be updated. Where the cause of the difference cannot be identified, the estimate results will be monitored, analysed, and assessed, and a change in methodology will be considered to improve the estimate. Where a reliabile estimate cannot be made, a change in revenue recognition may be considered.

In 2022-23 estimation differences were identified (where the estimate differed from actual outcomes) for prior year accrual estimates for fuel tax credits, research and development tax incentive, superannuation co-contribution scheme, low income superannuation tax offset, fringe benefits tax, goods and services tax, and unclaimed superannuation monies. The ATO has determined that a reliable estimate can be made and no changes have been made to the revenue recognition basis. This assessment will continue to be monitored. Refer to the accounting policy in Notes 13 and 14.

Total administered receivables remain higher and more aged when compared to periods prior to the COVID-19 pandemic. This is due to the original and lingering impacts of the pandemic, including ATO's debt management response, and because of the prevailing economic conditions. Continued heightened uncertainty remains surrounding the expected value and timing of payments of administered receivables.

In 2022-23 the accounting estimate for the impairment allowance was updated for improvements to the methodology and for impairment of a group of compliance related debts. Refer to accounting policy in Note 15.

Structural shifts in payment behaviour could cause material future changes to the impairment allowance and continue to be monitored.

No other accounting assumptions or estimates have been identified that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

New accounting standards
Adoption of New Australian Accounting Standard Requirements

Two amending standards (AASB 2021-2 and AASB 2021-6) were adopted earlier than the application date as stated in the standard. These amending standards have been adopted for the 2022-23 reporting period and are not expected to have a material impact on the entity's financial statements for the current reporting period or future reporting periods.

Standard / Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
AASB 2021-2 *Amendments to Australian Accounting Standards –*	AASB 2021-2 amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. The amending standard requires the disclosure of material, rather than significant, accounting policies, and clarifies what is

Australian Taxation Office
Notes to and forming part of the financial statements

Standard / Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2) and AASB 2021-6 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards* (AASB 2021-6)	considered a change in accounting policy compared to a change in accounting estimate. AASB 2021-6 amends the Tier 2 reporting requirements set out in AASB 1049, AASB 1054 and AASB 1060 to reflect the changes made by AASB 2021-2. The details of the changes in accounting policies and adjustments are disclosed below and in the relevant notes to the financial statements. This amending standard is not expected to have a material impact on the entity's financial statements for the current reporting period or future reporting periods.

Changes in accounting estimates

There have been no material changes in accounting estimates applied to the 2022-23 departmental financial statements.

Material changes in accounting estimates have been made to the following administered items in the 2022-23 administered financial statements:

- Accrued expenses for fuel tax credits scheme and low income superannuation tax offset. Refer to the accounting policy at Note 13;
- Accrued revenue for unclaimed superannuation monies. Refer to the accounting policy at Note 14; and
- Impairment on taxation receivables. Refer to the accounting policy at Note 15.

Changes in presentation

There have been changes in presentation applied to the 2022-23 administered financial statements.

- Impairment of receivables – in the prior period, write-off and re-raise amounts were disclosed in a footnote disclosure on the Administered Schedule of Comprehensive Income. This footnote disclosure is replaced with a new Note to improve users' ability to understand and interpret the ATO's impairment of receivables expense. Refer to Note 13C.
- Administered income – in the prior period, penalties and interest revenue were disclosed in aggregate against the revenue product to which they relate. The presentation of this Note has changed to separately identify and disclose penalty and interest revenue from primary revenue. This change has been made to support a greater understanding and interpretation of the ATO's revenue streams. Refer to Note 14.

Taxation

The ATO is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenue, expenses, assets and liabilities are recognised net of GST except:
- where the amount of GST incurred is not recoverable under the applicable legislation
- for receivables and payables.

Events after the reporting date

On 28 August 2023, the government announced cessation of the Modernising Business Registers program. An announcement has not yet been made by the government on how the cessation will be actioned, therefore any financial impact cannot presently be quantified.

There was no other subsequent event that had the potential to significantly affect the ongoing structure and financial activities of the ATO.

Australian Taxation Office
Notes to and forming part of the financial statements

1: Expenses

	2023	2022
	$'000	$'000
Note 1A: Employee benefits		
Wages and salaries	**1,563,070**	1,552,601
Superannuation:		
Defined contribution plans	**179,358**	160,703
Defined benefit plans	**155,567**	157,504
Leave and other entitlements	**332,714**	204,455
Separation and redundancies	**2,093**	4,141
Other employee expenses	**3,622**	3,582
Total employee benefits	**2,236,424**	2,082,986

Accounting policy

Accounting policies for employee related expenses is contained in Note 7A Employee provisions.

	2023	2022
Note 1B: Suppliers		
Goods and services supplied or rendered		
Contractors and consultants	**533,991**	561,707
IT and communications	**548,665**	582,239
Legal	**62,930**	70,763
Office operations	**159,450**	128,466
Property	**64,945**	63,003
Tax administration services provided by the Department of Home Affairs	**56,458**	55,927
Audit fees	**2,690**	3,090
Other	**125,672**	104,589
Total goods and services supplied or rendered	**1,554,801**	1,569,784
Other suppliers		
Short term leases[1]	**950**	286
Workers compensation expenses	**3,084**	3,154
Total other suppliers	**4,034**	3,440
Total suppliers	**1,558,835**	1,573,224

[1]The ATO has one short-term lease commitment as at 30 June 2023.

The above lease disclosures should be read in conjunction with the accompanying notes 1C, 2B, 4A and 6A.

Accounting policy

Short term leases and leases of low value assets

The ATO has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than $10,000 per asset). The entity recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Australian Taxation Office
Notes to and forming part of the financial statements

	2023 $'000	2022 $'000
Note 1C: Finance costs		
Interest on lease liabilities	**18,830**	11,668
Unwinding of discount	**643**	399
Total finance costs	**19,473**	12,067

The above lease disclosures should be read in conjunction with the accompanying notes 1B, 2B, 4A and 6A.

Accounting policy

All finance charges are expensed as incurred.

	2023 $'000	2022 $'000
Note 1D: Impairment loss on financial instruments		
Impairment on trade and other receivables	**5,054**	311
Total impairment loss on financial instruments	**5,054**	311
Note 1E: Write-down and impairment of other assets		
Impairment of buildings	**10**	-
Impairment of plant and equipment	**1,187**	13
Impairment of intangibles other than goodwill	**2,906**	827
Total write-down and impairment of other assets	**4,103**	840
Note 1F: Other expenses		
Compensation	**1,545**	252
Losses from asset sales	**118**	46
Total other expenses	**1,663**	298

Australian Taxation Office
Notes to and forming part of the financial statements

2: Own-source revenue

	2023 $'000	2022 $'000
Note 2A: Rendering of services		
Rendering of services	**111,250**	86,560
Total revenue from rendering of services	**111,250**	86,560
Disaggregation of rendering of services		
Type of customer:		
Australian Government entities (related parties)	**109,981**	85,236
State and Territory Governments	**504**	243
Non-government entities	**765**	1,081
	111,250	86,560

Accounting policy

Revenue from rendering of services is recognised when the ATO satisfies a performance obligation by performing a promised service to a customer. Revenue is recognised either as:

- the performance obligation is satisfied over time when the customer simultaneously receives and consumes the benefits provided by the ATO or
- the performance obligation is satisfied at a point in time when the customer obtains control of the asset.

Receivables for goods and services, which have 28 day terms, are recognised at the nominal amounts due less any impairment allowance. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Australian Taxation Office
Notes to and forming part of the financial statements

	2023	2022
	$'000	$'000
Note 2B: Rental income		
Finance lease:		
Finance income	**175**	250
Operating lease:		
Lease income	**15,906**	15,500
Total rental income	**16,081**	15,750

Finance leases
The ATO in its capacity as lessor has two subleases that are recognised as a finance sublease. A sublease is classified as a finance sublease when the right-of-use asset transferred comprises of 75% or more of the underlying head lease right-of-use asset.

Maturity analysis of finance lease receivables

	2023	2022
	$'000	$'000
Within 1 year	**8,179**	7,888
One to two years	**4,242**	8,179
Two to three years	**843**	4,242
Three to four years	**-**	843
Four to five years	**-**	-
More than 5 years	**-**	-
Total undiscounted lease payments receivable	**13,264**	21,152
Unearned finance income	**123**	298
Net investment in leases	**13,141**	20,854

Operating leases
The ATO in its capacity as lessor has a range of long and short-term leases with fixed dates for expiry. A number of subleases are due to end over the next five years.

Maturity analysis of operating lease income receivables:

	2023	2022
	$'000	$'000
Within 1 year	**17,474**	10,905
One to two years	**10,619**	5,388
Two to three years	**2,818**	3,433
Three to four years	**2,454**	2,503
Four to five years	**360**	2,124
More than 5 years	**-**	236
Total undiscounted lease payments receivable	**33,725**	24,589

The above lease disclosures should be read in conjunction with the accompanying notes 1B, 1C, 4A and 6A.

The ATO subleases space excess to its needs in certain office buildings. Sublease terms (including rent escalation clauses and make good requirements) are consistent with those in the head lease in order to reduce the risk associated with the ATO's obligations under the head lease. These leases have a range of terms between one month and ten years, reflecting the ATO's expected operational needs for the subleased premises.

Australian Taxation Office
Notes to and forming part of the financial statements

	2023 $'000	2022 $'000
Note 2C: Other revenue and gains		
Recovery of legal costs	**4,278**	4,371
Resources received free of charge		
Services received	**9,694**	-
Remuneration of auditors	**2,600**	3,000
Secondments	**592**	1,023
Other revenue and gains[1]	**986**	11
Total other revenue and gains	**18,150**	8,405

1. Includes amounts related to refunds/(reversals) and overpayments/(underpayments) of $51,000 (2022: $3,000).

Accounting policy

Revenue from recovery of legal costs is recognised at the time the court awards those costs to the ATO.

Resources received free of charge are recognised as revenue when the fair value can be reliably measured at the time the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

	2023 $'000	2022 $'000
Note 2D: Revenue from the Australian Government		
Departmental appropriations	**3,970,615**	3,770,651
Total revenue from the Australian Government	**3,970,615**	3,770,651

Accounting policy

Departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from the Australian Government when the ATO gains control of the appropriation.

Appropriation receivables are recognised at their nominal amounts.

Australian Taxation Office
Notes to and forming part of the financial statements

3: Financial assets

	2023 $'000	2022 $'000
Note 3A: Cash		
Special account - ACNC	**14,644**	13,229
Cash on hand or on deposit	**20,014**	21,631
Total cash	**34,658**	34,860

Accounting policy

Cash is recognised at its nominal amount. Cash includes cash on hand or on deposit, and cash held in bank and the Official Public Account for special accounts.

	2023 $'000	2022 $'000
Note 3B: Trade and other receivables		
Service receivables		
Service receivables	**13,490**	14,038
Total service receivables	**13,490**	14,038
Appropriations receivables		
Existing programs		
Cash held in the Official Public Account: ATO	**577,701**	474,508
Total appropriations receivables	**577,701**	474,508
Other receivables		
GST receivable from the ATO (as Tax Administrator)	**34,745**	47,040
Lease receivables	**14,478**	22,452
Other receivables	**18,837**	24,028
Total other receivables	**68,060**	93,520
Total trade and other receivables (gross)	**659,251**	582,066
Less expected credit loss allowance	**(9,468)**	(10,404)
Total trade and other receivables (net)	**649,783**	571,662

Australian Taxation Office
Notes to and forming part of the financial statements

4: Non-financial assets

Note 4A: Current year - Reconciliation of the opening and closing balances of property, plant, equipment, and intangibles

	Buildings	Buildings - leasehold improvements	Plant and equipment	Intangibles - computer software	Total
	$'000	$'000	$'000	$'000	$'000
As at 1 July 2022					
Gross book value	1,664,328	153,515	158,223	1,924,530	3,900,596
Work in progress	-	30,094	9,305	46,534	85,933
Accumulated depreciation, amortisation and impairment	(661,092)	(10,597)	(68,517)	(1,516,400)	(2,256,606)
Total as at 1 July 2022	1,003,236	173,012	99,011	454,664	1,729,923
Movements[1]					
Additions:					
Purchased	-	45,246	44,521	11,047	100,814
Right-of-use assets	267,650	-	2,796	-	270,446
Internally developed	-	-	-	42,392	42,392
Revaluations recognised in other comprehensive income	-	5,020	2,665	-	7,685
Impairment write-offs recognised in net cost of services	-	(10)	(1,187)	(2,906)	(4,103)
Transfers between asset classes in/(out)	-	-	37	(37)	-
Disposals	-	-	(104)	-	(104)
Other movements of right-of-use assets	(26,039)	-	-	-	(26,039)
Depreciation / amortisation expense	-	(36,936)	(17,480)	(89,211)	(143,627)
Depreciation on right-of-use assets	(224,190)	-	(5,993)	-	(230,183)
Total as at 30 June 2023	1,020,657	186,332	124,266	415,949	1,747,204
Total as at 30 June 2023 represented by					
Gross book value	1,798,712	207,425	180,495	1,916,079	4,102,711
Work in progress	-	7,659	9,671	57,986	75,316
Accumulated depreciation, amortisation and impairment	(778,055)	(28,752)	(65,900)	(1,558,116)	(2,430,823)
Total as at 30 June 2023	1,020,657	186,332	124,266	415,949	1,747,204
Carrying amount of right-of-use assets	1,020,657	-	44,995	-	1,065,652

1. Non financial asset movements are presented at net book value, and can include both gross book value and depreciation elements.

Australian Taxation Office
Notes to and forming part of the financial statements

Revaluations of tangible assets

Buildings – leasehold improvements and plant and equipment are recognised at fair value. All revaluations are conducted in accordance with the ATO revaluation policy stated below. The ATO engaged the services of accredited valuer, Jones Lang LaSalle (JLL), to conduct a desktop fair value review as at 31 March 2023. Fair values were estimated based on highest and best use and the valuation premise utilised was that market participants would maximise the value of the asset by using the asset in combination with other assets as a group (an in-combination basis). JLL relied upon the accuracy of the ATO's fixed asset register and that any items not sighted are in fair to good operational condition. There is a revaluation surplus of $148.4m (2022: $140.7m), an increase of $7.7m from the prior period. There are no restrictions on the reserve.

Accounting policy

Assets are initially recognised at cost, except as stated below. The initial cost of an asset includes transaction costs and an estimate of the cost of dismantling and removing the item and restoring the site in which it is located, where applicable.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

Tangible assets

<u>Asset recognition thresholds</u>

Purchases of leasehold improvements and plant and equipment are recognised initially at cost in the statement of financial position, except for assets costing less than the relevant asset recognition threshold. Asset recognition thresholds can be found in the table below, except for ACNC and TPB assets, which have an asset recognition threshold of $3,000.

<u>Leased right of use (ROU) assets</u>

Leased ROU assets are capitalised at the commencement date of the lease and are comprised of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by ATO as separate asset classes to corresponding assets owned outright, but included in the same column where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 *Leases*, the ATO adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Leased ROU assets continue to be measured at cost after initial recognition.

<u>Revaluations</u>

Following initial recognition at cost, leasehold improvements and plant and equipment assets (excluding ROU assets) are carried at fair value (or an amount not materially different from fair value) less accumulated depreciation and accumulated impairment losses. The ATO conducts a comprehensive valuation every three years for all tangible assets. Valuation reviews ensure that the carrying amounts of assets do not materially differ from the fair value as at the reporting date. Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class. Any accumulated depreciation and accumulated impairment as at the revaluation date are eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

<u>Depreciation</u>

Depreciation methods and rates (useful lives) are reviewed at each reporting date and necessary adjustments are recognised in the current or future reporting periods, as appropriate.

If an asset is not fully constructed at the reporting date, its cost to date is reported as an asset under construction. Depreciation does not commence until the asset is available for use.

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Depreciation rates applying to each class of depreciable asset are based on the following useful lives and methods:

Asset type	Threshold	2023	2022
Leasehold improvements	$1,000,000	Lesser of lease term or a maximum 20 year useful life (Straight-line method)	Lesser of lease term or a maximum 20 year useful life (Straight-line method)
Plant and equipment			
Other than desktop computers, laptops, monitors and printers	Bulk purchases furniture and fittings $200,000 Individual purchases plant and equipment $3,000	5 – 25 years (Straight-line method)	5 – 25 years (Straight-line method)
Desktop computers, laptops, monitors and printers	Bulk purchases $200,000 Individual purchases $3,000	4 – 5 years (Reducing balance method)	4 – 5 years (Reducing balance method)

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

Impairment

Impairment testing is conducted during the annual fair value review of leasehold improvements and bulk furniture and fittings, as well as during stocktakes. All leasehold improvements, plant and equipment and computer assets were assessed for indicators of impairment as at 30 June 2023. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, its recoverable amount is expected to be materially the same as its fair value and taken as such.

Derecognition

Leasehold improvement and plant and equipment assets are derecognised upon disposal or when no further future economic benefits are expected from their use or disposal.

Intangible assets

Asset recognition thresholds

The ATO's intangible assets comprise internally developed and purchased software. All intangible assets are carried at cost less accumulated amortisation and accumulated impairment and are not subject to revaluation.

Asset recognition thresholds can be found in the table below, except for ACNC and TPB assets. ACNC and TPB have an asset recognition threshold of $100,000 for new internally developed software and $50,000 for enhancements. ACNC and TPB purchased software have an asset recognition threshold of $3,000.

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Amortisation

Amortisation rates (useful lives) are reviewed at each reporting date and necessary adjustments are recognised in the current reporting period, or current and future reporting periods, as appropriate. In determining useful life, all known legislative changes are taken into account. If an asset is not fully constructed at the reporting date, its cost to date is reported as an asset under construction. Amortisation does not commence until the asset is available for use. Computer software assets are amortised based on the following useful lives:

Asset type	Threshold	2023	2022
Purchased software	$200,000	3 - 20 years (Straight-line method)	3 - 20 years (Straight-line method)
Internally developed software	$2,500,000 Enhancements to previously capitalised software $1,000,000	5 - 26 years (Straight-line method)	5 - 26 years (Straight-line method)

Impairment

Impairment testing is conducted through annual reviews of internally developed and purchased software. Where indicators of impairment are evident, the recoverable amount of the intangible asset is estimated and an impairment loss is recognised where the recoverable amount is less than the carrying amount.

The recoverable amount for purchased software and internally developed software in use is taken to be the current replacement cost.

The recoverable amount for internally developed software assets under construction is the current replacement cost. In circumstances where the asset would be replaced if the ATO were deprived of it, the recoverable amount is taken to be the original budgeted cost as amended for additional functionality requirements. In circumstances where the asset would not be replaced if the ATO were deprived of the asset, the recoverable amount is assessed to be nil.

All computer software assets were assessed for indicators of impairment as at 30 June 2023.

Other non-financial assets

No indicators of Impairment were found for other non-financial assets.

	2023 $'000	2022 $'000
Note 4B: Other non-financial assets		
Prepayments	**153,634**	101,458
Sub lease incentives provided	**1,599**	2,565
Total other non-financial assets	**155,233**	104,023

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5: Payables

	2023	2022
	$'000	$'000
Note 5A: Employees		
Salaries and wages	**52,653**	43,257
Superannuation	**8,846**	7,396
Separations and redundancies	**44**	188
Total employees	**61,543**	50,841
Note 5B: Suppliers		
Trade creditors and accruals	**231,998**	212,068
Total suppliers	**231,998**	212,068
Note 5C: Other payables		
Prepayments received/unearned income	**2,117**	1,669
Other	**2,645**	3,177
Total other payables	**4,762**	4,846

6: Interest bearing liabilities

	2023	2022
	$'000	$'000
Note 6A: Leases		
Lease liabilities		
Buildings	**1,136,960**	1,067,062
Plant and equipment	**43,057**	46,679
Total leases	**1,180,017**	1,113,741
Maturity analysis - contractual undiscounted cash flows		
Within 1 year	**236,354**	230,633
Between 1 to 5 years	**770,424**	744,524
More than 5 years	**263,144**	179,860
Total leases	**1,269,922**	1,155,018

Total cash outflow for leases for the year ended 30 June 2023 was $249,159,000 (2022: $237,231,000). The ATO leases various offices, storage areas, data centre facilities, equipment and vehicles. Lease contracts are typically made for fixed periods of 12 months to ten years but may have extension options.

Contracts may contain both lease and non-lease components. The ATO allocates the consideration in the contracts to the lease and non-lease components based on their relative stand-alone prices. However, for leases of data centre facilities, the ATO has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Extension and termination options are included in a number of leases across the ATO. These are used to maximise operational flexibility in terms of managing the assets used in the ATO's operations. Extension options (or termination options) are only included in the lease term if the lease is reasonably certain to be extended (or terminated).

Extension options for offices, storage areas, data centre facilities, equipment and vehicles are not reasonably certain to be exercised because the ATO could replace the assets without significant cost or business disruption.

As at 30 June 2023, the lease liabilities above do not include undiscounted potential future cash outflows of $1,190 million (2022: $955 million) because it is not reasonably certain that the associated leases will be extended.

The above lease disclosures should be read in conjunction with the accompanying notes 1B, 1C, 2B and 4A.

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Accounting policy

For all new contracts entered into, the ATO considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the ATO's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

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7: Provisions

	2023 $'000	2022 $'000
Note 7A: Employee provisions		
Leave	**749,972**	716,311
Performance bonus payments	**190**	178
Other	**164**	177
Total employee provisions	**750,326**	716,666

Accounting policy

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits which are expected to be settled within twelve months of the end of the reporting period are measured at the amount expected to be paid on settlement.

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

Leave liabilities are calculated based on the employees' remuneration at the estimated salary rates that will apply at the time the leave is taken. This includes an allowance for the ATO's employer superannuation contribution rates, annual leave and long service leave accrued when the leave is taken, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to work undertaken by the Australian Government Actuary in 2020-21. The estimate of the present value of the liability considers attrition rates and pay increases through promotion and inflation.

Separation and redundancy

The ATO recognises a provision for redundancy when it has developed a plan for the redundancy and has informed those employees affected that it will carry out the redundancy. Provision is made for separation and redundancy employee benefit payments.

Superannuation

Employees of the ATO include members of the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PPS), which are defined benefit schemes for the Government, or a defined contribution scheme. The defined contribution scheme can be the PSS accumulation plan (PSSap), a fund of the employee's choice or Australian Super (as the default fund for employees who are covered under the *Superannuation (Productivity Benefits) Act 1988*).

The liability for defined benefits is recognised in the financial statements of the Government and is settled by the Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The ATO makes employer contributions to the employees' superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government. The ATO accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised at the end of the reporting period represents employer contribution accruals for the period from the last pay to 30 June 2023.

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Note 7B: Other provisions

	Legal costs and indemnities $'000	Restoration obligations $'000	Total $'000
As at 1 July 2022	**19,447**	**15,755**	**35,202**
Additional provisions made	**10,328**	**2,948**	**13,276**
Amounts used	**(7,152)**	**(2,832)**	**(9,984)**
Amounts reversed	**(10,461)**	**-**	**(10,461)**
Unwinding of discount or change in discount rate	**-**	**642**	**642**
Total as at 30 June 2023	**12,162**	**16,513**	**28,675**

There are no expected reimbursements of these amounts.

Accounting policy

Restoration obligations - accommodation

A small number of ATO property leases are subject to restoration costs upon vacating the site.

An asset and provision are recognised at the commencement of a lease at the present value of the restoration obligations. Movements in the liability are recognised as finance expenses as the payment of restoration costs advances. Any difference between the provision and the amount paid at final settlement is recognised as a restoration obligation expense or gain.

The restoration obligations provision on all new leasehold improvement assets is determined in accordance with a valuation supplied by Jones Lang LaSalle.

Revaluation increments and decrements in relation to the provision of the restoration obligations and the associated assets are recognised in Other Comprehensive Income as a change in the asset revaluation reserve.

The restoration obligations asset and provision are reviewed and adjusted annually to assess whether the ATO is likely to make payments under a restoration obligation.

Australian Taxation Office
Notes to and forming part of the financial statements

8: Financial instruments

Note 8A: Categories of financial instruments

	2023	2022
	$'000	$'000
Financial assets at amortised cost		
Cash	**34,658**	34,860
Service receivables	**13,490**	14,038
Other receivables	**8,783**	13,237
Total financial assets at amortised cost	**56,931**	62,135
Financial liabilities		
Financial liabilities measured at amortised cost		
Supplier payables	**231,998**	212,068
Total financial liabilities measured at amortised cost	**231,998**	212,068

Accounting policy

Financial assets

The ATO classifies its departmental financial assets depending on their nature and purpose. Departmental financial assets are recognised and derecognised upon 'trade date'. Financial assets held in order to collect contractual cash flows and where cash flows are solely payment of principal and interest are measured subsequently at amortised cost using the effective interest method adjusted for any loss allowance.

Effective interest method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period based on expected credit losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial assets.

Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Financial liabilities are recognised and derecognised upon 'trade date'.

Suppliers are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (irrespective of having been invoiced).

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	2023 $'000	2022 $'000
Note 8B: Net gains or losses on financial assets		
Financial assets at amortised cost		
Impairment gains/(losses)	**(5,054)**	(311)
Net gains/(losses) on financial assets at amortised cost	**(5,054)**	(311)
Note 8C: Net gains or losses on financial liabilities		
Financial liabilities measured at amortised cost		
Interest expense on financial liabilities measured at amortised cost	**18,830**	11,668
Net losses on financial liabilities measured at amortised cost	**18,830**	11,668

9: Contingent assets and liabilities

	Indemnities		Claims for compensation/ damages or costs		Total	
	2023	2022	**2023**	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Contingent liabilities						
Balance from previous period	**19,289**	14,819	**1,109**	1,336	**20,398**	16,155
New contingent liabilities recognised	**6,133**	4,588	**679**	843	**6,812**	5,431
Re-measurement	**2,043**	-	**18**	(313)	**2,061**	(313)
Liabilities realised	**-**	-	**(504)**	(165)	**(504)**	(165)
Obligations expired	**(4,988)**	(118)	**(303)**	(592)	**(5,291)**	(710)
Total contingent liabilities	**22,477**	19,289	**999**	1,109	**23,476**	20,398
Net contingent liabilities	**22,477**	19,289	**999**	1,109	**23,476**	20,398

Quantifiable contingencies

Indemnities

An indemnity may be granted to a trustee/liquidator to help fund recovery action where the ATO is a creditor in an insolvency administration. Adverse costs may form part of an indemnity where it is possible that litigation may occur as a result of the indemnified recovery action.

Claims for compensation / damages or costs

At any point in time, the ATO has claims associated with actions brought against the ATO for unfair dismissal, unlawful termination, alleged breach of general protections provisions of the *Fair Work Act 2009*, unlawful discrimination and claims for compensation unrelated to the employment. This also includes claims under the 'Scheme for Compensation for Detriment Caused by Defective Administration' (CDDA) which provide for compensation to individuals and other bodies adversely affected by the maladministration by a Government body, but who have no legal means to seek redress, such as a legal claim.

Unquantifiable contingencies

Claims and legal actions

At any point in time, the ATO is subject to claims and legal actions. It is not possible to estimate the amounts and in some cases, the timing of any potential payments that may be required in relation to these claims.

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Court awarded legal costs

A party successful in a legal action may be compensated for their expenses through a court award of legal costs against the opposing party. Due to the uncertainty over the outcome of outstanding and pending court cases, duration of court cases and the legal costs of the opposing party, the ATO is unable to reliably estimate either its potential payments to, or potential cost recoveries from, opposing litigants. The recoverability of certain costs awarded to the ATO remains improbable and a corresponding contingent asset is unquantifiable.

Employee leave entitlements

As a result of updated scheme guidance relating to the accrual of leave under the *Safety, Rehabilitation and Compensation Act 1988*, the recalculation of leave entitlements for approximately 3,000 past and present employees is required. Work on this matter has progressed to date, however, due the complexities and volume of work still required to perform this recalculation, the ATO is unable to reliably estimate any potential provision required.

Contingent gain - indemnities

If the indemnity is paid and the action is successful, the ATO may recover the indemnity. The ATO is not able to reliably estimate potential recoveries from outstanding indemnities because of the duration and uncertainty of cases and the fluctuation in the number of indemnities granted each year.

Accounting policy

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the notes.

Contingent assets and liabilities arise from uncertainty as to the existence of a liability or asset, or represent an obligation in respect of which the settlement is not probable or where the amount cannot be reliably measured. Significant remote contingencies form part of this disclosure. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Disclosure of amounts in the note is neither an admission nor acceptance of responsibility by the ATO in advance of any court decisions or other relevant determinations.

10: Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the ATO, directly or indirectly. In the 2022-23 year, the ATO had determined the key management personnel to be the Commissioner and members of the ATO Executive.

	2023	2022
	$'000	$'000
Short-term employee benefits	**3,203**	3,186
Post-employment benefits	**269**	244
Other long-term employee benefits	**276**	(16)
Termination benefits	**144**	-
Total key management personnel remuneration expenses[1]	**3,892**	3,414

The total number of key management personnel that are included in the above table is 7 (2022: 7).

[1] The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the ATO.

11: Related party disclosures

Related party relationships

The ATO is an Australian Government controlled entity. Related parties to the ATO are key management personnel including the ATO Executive, Cabinet Ministers, and other Australian Government entities.

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Transactions with related parties

Given the breadth of government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions include the payment or refund of taxes, receipt of a Medicare rebate or higher education loans. These transactions have not been separately disclosed in this note.

Significant transactions with related parties can include:

- the payments of grants or loans
- purchases of goods and services incurred on non-market terms and/or not part of normal business operations
- asset purchases, sales transfers or leases
- debts forgiven
- guarantees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed.

12: Current/non-current distinction for assets and liabilities

	2023 $'000	2022 $'000
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	**34,658**	34,860
Trade and other receivables	**642,830**	556,997
Other non-financial assets	**116,217**	96,148
Total no more than 12 months	**793,705**	688,005
More than 12 months		
Other receivables	**6,953**	14,665
Buildings	**1,020,657**	1,003,236
Buildings – leasehold improvements	**186,332**	173,012
Plant and equipment	**124,266**	99,011
Intangibles - computer software	**415,949**	454,664
Other non-financial assets	**39,016**	7,875
Total more than 12 months	**1,793,173**	1,752,463
Total assets	**2,586,878**	2,440,468
Liabilities expected to be settled in:		
No more than 12 months		
Employees	**61,543**	50,841
Suppliers	**231,970**	212,040
Other payables	**4,762**	4,846
Leases	**214,227**	219,484
Employee provisions	**184,443**	183,949
Other provisions	**12,295**	22,411
Total no more than 12 months	**709,240**	693,571
More than 12 months		
Suppliers	**28**	28
Leases	**965,790**	894,257
Employee provisions	**565,883**	532,717
Other provisions	**16,380**	12,791
Total more than 12 months	**1,548,081**	1,439,793
Total liabilities	**2,257,321**	2,133,364

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13: Administered - expenses

	2023	2022
	$'m	$'m
Note 13A: Subsidies		
Subsidies in connection with		
JobKeeper[1]	**0**	(80)
Cashflow boost payments for employers[2]	**(67)**	19
Fuel tax credits scheme	**7,662**	7,058
Research and development tax incentive	**4,348**	3,083
Australian screen and digital game production incentive	**549**	228
National rental affordability scheme	**118**	147
Product stewardship for oil	**89**	89
JobMaker hiring credit	**0**	18
Junior minerals exploration incentive[3]	**(1)**	(34)
Seafarer tax offset	**9**	9
Total subsidies	**12,707**	10,537

[1] The Commissioner must not pay an amount by way of a JobKeeper payment after 31 March 2022. The credit in the 2022 financial year was mainly due to the reversal of the 2021 financial year accrued expense estimate which was overestimated.
[2] The credit in the 2023 financial year was mainly due to the reversal of the 2022 finanical year accrued expense estimate which was overestimated. Refer to the accounting policy below.
[3] The credit in the 2022 financial year was mainly due to the reversal of the 2021 finanical year accrued expense estimate which was overestimated. Refer to the accounting policy below.

	2023	2022
Note 13B: Personal benefits		
Direct		
Low income superannuation tax offset	**873**	492
Private health insurance rebate	**267**	241
Superannuation co-contribution scheme	**144**	103
Total personal benefits	**1,284**	836

	2023	2022
Note 13C: Impairment of receivables		
Movement in impairment allowance	**9,661**	3,736
Write-offs	**3,595**	2,860
Re-raises	**(227)**	(148)
Total impairment of receivables	**13,029**	6,448

Accounting policy

Administered expenses include subsidies, personal benefits, impairment of taxation receivables, penalty and interest charge remission expenses, interest on overpayments and early payments, superannuation guarantee charge and unclaimed superannuation monies interest.

Subsidies, personal benefits, superannuation guarantee charge, and unclaimed superannuation monies interest expenses are recognised when they can be reliably measured. This recognition point relies on estimation methodologies and techniques to determine taxpayer liabilities that have not yet been reported to the ATO. Estimation techniques have inherent risks of error and rely on assumptions in economic conditions (such as wage growth and gross domestic product growth), taxpayer behaviour, and recent historical information. At the reporting date, the amounts disclosed represent a best estimate of expenses incurred in the period.

The table below outlines the expense recognition point, key assumptions, and methodology changes for year end accrual estimates for material subsidy and personal benefit expenses.

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The impairment of administered receivables and penalty and interest charge remission expenses include both actual and accrued amounts in accordance with ATO operational policies. Refer to Note 15 for the accounting policy on receivables, write-offs and re-raises.

Interest on overpayments and early payments represents actual payments of interest in accordance with the *Taxation (Interest on Overpayments and Early Payments) Act 1983*, and an estimate of future interest charges where the ATO considers that the probable outcome of tax in dispute at year-end will result in a refund being issued to the taxpayer.

Interest on overpayments is estimated using an automated model as well as manually assessed disputes.

Refer to Note 14 for the accounting policy on allowance for credit amendments and provisions for refunds.

Administered expense	Nature of expense
JobKeeper	JobKeeper expense is a temporary subsidy for eligible employers and business participants that have been significantly affected by coronavirus (COVID-19). The expense is recognised when an entity is eligible to make a claim in arrears for the previous month. This includes amounts processed after year end but in respect of the reporting period.
Cashflow boost payments for employers	Cashflow boost payment expense is a temporary subsidy for businesses and not-for-profit organisations who employed staff during the economic downturn associated with coronavirus (COVID-19). The expense is recognised when entities make eligible payments potentially subject to withholding tax in the reporting period.
Fuel tax credits scheme	Fuel tax credits scheme expense is a subsidy for the fuel tax component of the price of fuel. An estimate is made at year end for claims not yet received that relate to transactions which occurred during the reporting period. This estimate assumes late lodgments and amendments are consistent with historical lodgment patterns. In 2022-23 the estimate was updated by expanding the category based methodology from two to three categories, due to additional data becoming available following a temporary 50% reduction in the fuel excise rate from 30 March 2022 to 28 September 2023. The effect of this change in methodology can not be estimated as the previous methodology is no longer applicable due to the part year policy change. It is impracticable to estimate the effect of this change on future reporting periods.
Research and development tax incentive	Research and development tax incentive expense is a subsidy for eligible companies which incur research and development expenditure. Companies claim this subsidy in their tax return as refundable tax offsets which are generally paid in the subsequent reporting periods. An estimate is made at year end of claims not yet received that relate to transactions which occurred during the reporting period. The key assumptions of this estimate are the estimated total value of eligible research and development expenditure and historical claims trends.
Australian screen and digital game production incentive	Australian screen and digital game production incentive expense is recognised when film and television production and digital games companies receive certificates of eligibility from either Screen Australia or the Ministry for the Arts on qualifying Australian production or development expenditure during the reporting period. An estimate is made at year end of claims not yet received by comparing all certified productions for the year and respective tax offset amounts already claimed. This estimate assumes the offset amount claimed in the current year is consistent with prior claims. In

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Administered expense	Nature of expense
	2022-23, a legislative amendment established a Digital Games Tax Offset (DGTO) allowing eligible companies to claim a tax offset for qualifying development expenditure from 1 July 2022. No DGTO certificates were issued as at 30 June 2023, therefore no expense is recognised in the 2022-23 financial statements.
National rental affordability scheme (ATO expense only)	National rental affordability scheme expense is recognised when participants are eligible to receive incentives from the Secretary of the Department of Social Services for the reporting period. Claims paid through the tax system are made on income tax returns. An estimate is made at year end of claims not yet received that relate to transactions which occurred during the reporting period. This estimate assumes claims will continue to reflect observed prior year processing patterns.
Product stewardship for oil	Product stewardship for oil (PSO) expense is recognised when a registered client recycles used oil or consumes eligible oil. Claims for PSO are lodged at any time within three years after the start of the claim period. An estimate is made at year end of claims not yet received that relate to transactions which occurred during the reporting period. This estimate assumes claims will continue to reflect observed prior year processing patterns.
Junior minerals exploration incentive	Junior minerals exploration incentive expense is recognised when shareholders of mineral exploration companies are provided with exploration credits, which are paid as a refundable tax offset. An estimate is made at year end of claims not yet received that relate to transactions which occurred during the reporting period.
JobMaker hiring credit	The JobMaker hiring credit expense is recognised when an entity's employment headcount and payroll increases that gives rise to an eligible claim that covers days in the reporting period. An estimate is made at year end of claims relating to the JobMaker hiring credit reporting period which straddle 30 June. This estimate assumes eligible claims for that period will be consistent with the preceding JobMaker hiring credit reporting period.
Low income superannuation tax offset	Low income superannuation tax offset expense is recognised when eligible concessional superannuation contributions are made to superannuation fund accounts of eligible individuals during the reporting period. An estimate is made at year end for entitlements arising during the reporting period, which relies on key drivers such as the number of eligible individuals, value of concessional contributions received by super funds for individuals who meet the eligibility criteria and growth in both average weekly earnings and employment. This estimate was changed in 2022-23 to incorporate a policy change which expanded the eligibility of certain individuals who can receive this offset. The effect of this change in methodology can not be estimated as the previous methodology no longer applies due to the policy change. It is impracticable to estimate the effect of this change on future reporting periods.
Private health insurance rebate (ATO expense only)	Private health insurance rebate expense is recognised when eligible claimants have paid private health insurance premiums during the reporting period and receive a rebate through the tax system on assessment of their individual tax return. An estimate is made at year end of claims not yet received that relate to transactions which occurred during the reporting period. Key assumptions of this

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Administered expense	Nature of expense
	estimate include population growth rates, private health insurance premium growth rates and taxpayer lodgements reflect observed prior year lodgement patterns.
Superannuation co-contribution scheme	Superannuation co-contribution expense is recognised when individuals make eligible personal superannuation contributions during the reporting period. An estimate is made at year end of claims not yet received that relate to transactions which occurred during the reporting period. Key assumptions of this estimate include incomes of eligible recipients, the number of eligible recipients and average co-contribution payments.
Unclaimed superannuation monies interest	Unclaimed superannuation monies (USM) interest is payable on USM amounts that are reclaimed (proactive or reactive claims) by account owners. An estimate of the interest payable is made at year end based on the estimated amount of USM outflow claims to be paid. The interest expense estimate amount is directly linked to USM claims and is adjusted in accordance with outflow estimates.

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14: Administered - income

	Primary revenue		Penalties		Interest		Total Revenue	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$'m	$'m	**$'m**	$'m	**$'m**	$'m	**$'m**	$'m
Note 14A: Income tax								
Individuals and others withholding tax	**299,117**	261,303	**1,379**	1,300	**3,177**	1,886	**303,673**	264,489
Companies	**151,575**	125,121	**(54)**	449	**669**	1,394	**152,190**	126,964
Superannuation funds	**10,287**	26,450	**8**	58	**61**	51	**10,356**	26,559
Fringe benefits tax	**4,119**	3,231	**5**	4	**23**	26	**4,147**	3,261
Resources rent tax	**1,711**	2,147	**-**	-	**14**	19	**1,725**	2,166
Total income tax	**466,809**	**418,252**	**1,338**	**1,811**	**3,944**	**3,376**	**472,091**	423,439
Note 14B: Indirect tax								
Goods and services tax	**86,032**	75,839	**564**	390	**1,312**	818	**87,908**	77,047
Excise duty	**26,281**	22,562	**-**	-	**-**	-	**26,281**	22,562
Wine equalisation tax	**1,138**	1,130	**0**	1	**3**	2	**1,141**	1,133
Luxury car tax	**1,184**	961	**0**	0	**3**	2	**1,187**	963
Total indirect tax	**114,635**	**100,492**	**564**	**391**	**1,318**	**822**	**116,517**	101,705
Note 14C: Other taxes								
Major bank levy	**1,542**	1,456	**-**	-	**0**	0	**1,542**	1,456
Superannuation guarantee charge	**921**	758	**193**	208	**130**	94	**1,244**	1,060
Offshore petroleum levy	**360**	407	**-**	-	**0**	-	**360**	407
Foreign investment fees	**220**	137	**-**	-	**-**	-	**220**	137
Self managed superannuation fund levy	**142**	150	**-**	-	**-**	-	**142**	150
Other	**0**	(0)	**11**	10	**0**	0	**11**	10
Total other taxes	**3,185**	**2,908**	**204**	**218**	**130**	**94**	**3,519**	3,220
Note 14D: Non-taxation revenue								
Unclaimed superannuation monies	**464**	702	**-**	-	**0**	1	**464**	703
Voluntary repayment of JobKeeper	**1**	103	**-**	-	-	-	**1**	103
Fines	**-**	-	**5**	9	**81**	64	**86**	73
Other	**33**	12	**1**	4	**13**	14	**47**	30
Total non-taxation revenue	**498**	**817**	**6**	**13**	**94**	**79**	**598**	909

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Accounting policy

The ATO recognises revenue when, and only when, the following three conditions have been satisfied:

1. there is a basis establishing the ATO's right to receive the revenue
2. it is probable that future economic benefits will be received by the ATO
3. the amount of revenue to be received can be reliably measured.

Estimating some revenues can be difficult due to impacts of economic conditions and timing of final taxable income, hence the ATO uses two bases of recognition:

1. Economic transaction method (ETM)

Revenue is recognised when the ATO, through the application of legislation to taxation and other relevant activities, gains control over the future economic benefits that arise from taxes and other statutory charges.

Where a taxation revenue type is able to be measured reliably, including transactions that are yet to occur but are likely to be reported, then ETM is applied.

Estimation techniques have inherent risks of error and rely on assumptions such as wage growth, gross domestic product growth and recent historical information. Based on the information and evidence available at the date of these financial statements, the amounts disclosed represent a reliable estimate of revenue.

2. Taxation liability method (TLM)

Revenue is recognised at the earlier of when an assessment of a tax or superannuation liability is made, or payment is received by the ATO. Further, revenue is recognised when there is sufficient information to raise an assessment but an event has occurred which delays the issue of the assessment. This method is permitted under AASB 1058 *Income of Not-for-Profit Entities* in circumstances when there is an inability to reliably measure taxes when the underlying transactions or events occur. Revenue recognised under the TLM basis is generally measured at a later time than would be the case if it were measured under ETM.

In accordance with the revenue recognition approach adopted by the Australian Government, the ATO applies the ETM and TLM approaches as set out in the following tables.

Administered revenue recognised on an ETM basis

Administered revenue	Nature of revenue
Fringe benefits tax	Fringe benefits tax (FBT) revenue is recognised on fringe benefits provided by employers to employees during the reporting period and includes a year end estimate of outstanding instalments and balancing payments for the annual FBT return. Key assumptions of this estimate are that the proportion of FBT processed after 30 June will be similar to historical observations and annual assessments will be consistent with prior years.
Petroleum resource rent tax	Petroleum resource rent tax is recognised based on actual taxable profits for the year in respect of offshore petroleum projects excluding some of the North-West Shelf production and associated exploration areas, which are subject to excise and royalties. An estimate is made at year end for revenue relating to assessable dealings that occurred in the current financial year but have not been submitted by 30 June. The estimate is predominantly based on actual lodgment information received after year end.
Goods and services tax	The goods and services tax (GST) is a broad-based tax of 10 per cent on most goods and services supplied or sold during the reporting period. GST revenue includes actual liabilities raised during the year and an estimate at year end of amounts outstanding that relate to transactions that occurred during the reporting period. The key assumption of the year end estimate is that the proportion of GST processed in the following year is consistent with historical patterns.
Excise duty	Excise duty is recognised based on the actual and estimated duty payable to the Australian Government. Excise duty becomes payable

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Administered revenue	Nature of revenue
	when certain goods are distributed for home consumption during the reporting period. At year end where excise returns have not yet been lodged, an estimate is made for excise duty that entities are liable to pay. With the exception of the crude oil excise duty estimate, the year end estimate is based on actual lodgement information received after year end. For the crude oil excise duty estimate, the key assumption is consistency in the pattern of collections, adjusted for oil price differences over the last 12 months.
Wine equalisation tax	The wine equalisation tax revenue is recognised when an assessable dealing occurs within the reporting period giving rise to a tax liability. An estimate is made at year end for wine equalisation tax amounts for which businesses are liable but are yet to pay. The key assumption of the year end estimate is that the proportion of wine equalisation tax amounts processed in the following year is consistent with historical patterns.
Luxury car tax	The luxury car tax revenue is recognised at the time the sale (or private import) of a luxury vehicle occurs within the reporting period. An estimate is made at year end of amounts outstanding that relate to transactions occurring in the reporting period. The year end estimate assumes that the proportion of luxury car tax amounts processed in the following year is consistent with historical patterns.
Major bank levy	Major bank levy is a levy calculated within the reporting period, levied on authorised deposit-taking institutions with a total liability threshold of greater than $100 billion. An estimate is made at year end for the fourth quarter major bank levy not submitted by 30 June. The estimate is based on actual lodgement information received after year end.
Unclaimed superannuation monies	Unclaimed superannuation monies (USM) revenue is recognised based on the annual amount of unclaimed superannuation received by the ATO (inflows), less an estimate of future outflows relating to the annual amount received when account owners initiate a claim (reactive), or alternatively if the account owner is identified (proactive). Revenue in relation to inactive low balance accounts, closure of eligible rollover fund (ERF) accounts and trustee voluntary payments are recognised on a TLM basis as the amount of the lodgments cannot be reliably measured. Revenue in relation to General USM, superannuation of former temporary residents (FTR), superannuation of small lost member accounts and insoluble lost member accounts are recognised on an ETM basis. In 2022-23 the year end estimate was changed to reflect updated assumptions for certain inflow and outflow types. The former temporary residents (FTR) inflow assumptions have been changed to reflect that amounts from FTR will return to collection levels consistent with years unaffected by COVID-19 border closures. The effect of these changes on the accounting estimate at 30 June 2023 is an increase to both USM revenue and accrued revenue of $8.1 million. Outflow assumptions have also changed to reflect updated available information from another year of data since the introduction of proactive reunification. The effect of this change on the outflow accounting estimate at 30 June 2023 is an increase to USM revenue and a decrease in the provision of $67.3 million. It is impracticable to estimate the effect of these changes on future reporting periods.
Foreign investment fees	Foreign investment fees include foreign investment application fees and vacancy fees. Foreign investment application fees revenue is in

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Administered revenue	Nature of revenue
	relation to foreign individuals or entities who make an application or give notice to invest in Australia within the reporting period. Revenue is not recognised until the relevant application or notice fee has been paid. Vacancy fees revenue is recognised at the time the vacancy fee return is raised. There is generally no population of lodgments or payments occurring after 30 June that are attributable to the reporting period.
Self managed superannuation fund levy	A self managed superannuation fund (SMSF) is obligated to pay the SMSF levy when the SMSF (registered and active) exists at any time through the income year. An estimate is made at year end for SMSF levies incurred during the reporting period but have not yet been lodged. Key assumptions of the year end estimate are lodgment rates of registered SMSFs and a consistent lodgment timing pattern between years.
Offshore petroleum levy	Offshore petroleum levy is a temporary levy on petroleum produced from 1 July 2021 to 30 June 2030. The levy is recognised within the reporting period on the registered holders of petroleum production licenses based on the amount of leviable petroleum production in the period. An estimate is made at year end for leviable production that occurred during the reporting period where the associated return had not been submitted by 30 June. The year end estimate includes assumptions in respect of production and a per barrel rate of levy.

Administered revenue recognised on a TLM basis

Administered revenue	Nature of revenue
Income tax - individuals	Individuals income tax includes income tax withholding, income tax instalments, income tax payments, Medicare levy, and income tax refunds. Income tax withholding represents amounts withheld from remuneration paid during the year. Other individuals includes income tax instalments for the year and prior year final tax returns received by the ATO during the year. Income tax refunds are made where tax credits exceed the final liability on assessment. Refunds include prior year refunds made or assessed during the year. Individuals income tax does not include estimates of revenue or refunds related to the current taxation year that will be recognised in tax returns lodged after the end of the current financial year.
Income tax - companies	Company income tax includes company tax payable that relates to income tax instalments and final payments received/raised for the current and prior reporting periods. It does not include estimates of revenue related to the current taxation year that will be recognised in tax returns lodged after the end of the current financial year.

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Administered revenue recognised on a TLM basis

Administered revenue	**Nature of revenue**
Income tax - superannuation funds	Superannuation income tax includes amounts payable by superannuation funds that relate to income tax instalments and final payments for the current and prior reporting periods. Superannuation funds income tax is levied on earnings and taxable contributions. It does not include estimates of revenue related to the current taxation year that will be recognised in tax returns lodged after the end of the current financial year.
Superannuation guarantee charge	Superannuation guarantee charge is a charge on employers that have not paid the compulsory superannuation guarantee for their employees. The ATO assesses and collects the guarantee, interest owing and an administrative fee.
Voluntary repayment of JobKeeper	Voluntary repayment of Jobkeeper payments satisfy the recognition criteria of revenue upon receipt into the consolidated revenue fund. The payments are recognised in the financial statements as non-taxation revenue.

Accounting policy

Allowance for credit amendments and provisions for refunds

Taxpayers are entitled to dispute amounts assessed by the ATO. Where the ATO considers that the probable outcome will be a reduction in the amount of tax owed by a taxpayer, an allowance for credit amendment (if the disputed debt is unpaid) or a provision for refund (if the disputed debt has been paid) will be recognised.

The allowance for credit amendments and provisions for refunds are recognised as a reduction in revenue.

For disputes less than $30 million, these estimates are calculated using an automated model. The model uses emerging trends and patterns.

Disputes greater than or equal to $30 million are manually assessed. Where there is insufficient certainty to make a manual assessment, a statistical model is used to estimate the value.

Penalties and interest charges

Penalties and interest arising under taxation legislation are recognised as revenue at the time the penalty or interest is imposed on the taxpayer. Generally, subsequent remissions and write-offs of such penalties and interest are treated as an expense of the period. Penalties and interest that are imposed by law and immediately remitted by the Commissioner are not recognised as revenue or as an expense. Additional interest is raised for the period between the last imposition and the end of the financial year to recognise amounts not yet recorded on taxpayer accounts.

Settlements

A settlement involves an agreement between the ATO and the taxpayer to resolve matters in dispute where one or more parties make concessions on what they consider is the legally correct position. Where this results in a reduction of the amounts payable by the taxpayer, the reductions for the assessment and any associated penalties and interest charges, excluding failure to lodge penalties, are recognised as a reduction in revenue.

Pay as you go (PAYG) system

The ATO collects compulsory repayment amounts of accumulated HELP and other income contingent loan (ICL) debts through the PAYG tax system. The repayment of ICL debts reduces the loan that a person owes to the Commonwealth.

An adjustment is made to Individuals income tax revenue for the compulsory repayment of ICL debts as the collection of these amounts through the PAYG tax system does not represent revenue for the ATO and the compulsory repayments figure can be reliably estimated.

Australian Taxation Office
Notes to and forming part of the financial statements

15: Administered - non-financial assets

	2023	2022
	$'m	$'m
Note 15A: Receivables		
Direct tax		
Individuals	**42,257**	35,530
Company	**14,688**	15,787
Superannuation	**636**	686
Resources rent tax	**238**	270
Fringe benefits tax	**187**	197
Total direct tax	**58,006**	52,470
Indirect tax		
Goods and services tax	**18,024**	14,522
Excise duty	**177**	212
Wine equalisation tax	**119**	90
Luxury car tax	**32**	25
Total indirect tax	**18,352**	14,849
Other tax		
Superannuation guarantee charge	**3,343**	3,126
Self managed superannuation fund levy	**88**	79
Foreign investment fees	**14**	15
Other	**48**	82
Total other tax	**3,493**	3,302
Non-taxation		
Fines	**276**	238
JobKeeper receivables[1]	**67**	83
Unclaimed superannuation monies	**5**	8
Foreign investment review board infringements	**1**	6
Total non-taxation	**349**	335
Total receivables (gross)	**80,200**	70,956
Less: Impairment allowance	**(39,912)**	(30,251)
Allowance for credit amendments	**(4,748)**	(5,829)
Total receivables (net)	**35,540**	34,876

[1] JobKeeper receivables relate to overpaid JobKeeper payments yet to be recovered.

Australian Taxation Office
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	2023 $'m	2022 $'m
Note 15B: Accrued revenue[1]		
Direct tax		
Fringe benefits tax	**897**	764
Resources rent tax	**166**	634
Total direct tax	**1,063**	1,398
Indirect tax		
Goods and services tax	**14,289**	12,248
Excise duty	**558**	282
Wine equalisation tax	**121**	116
Luxury car tax	**155**	117
Total indirect tax	**15,123**	12,763
Other revenue		
Major bank levy	**393**	376
Unclaimed superannuation monies	**187**	229
Offshore petroleum levy	**376**	407
Self managed superannuation fund levy	**48**	54
Total other revenue	**1,004**	1,066
Total accrued revenue	**17,190**	15,227

[1] Accrued revenue is recognised in accordance with the accounting policy detailed in Note 14.

Accounting policy

Cash

Cash is carried at net fair value and is a financial instrument.

Receivables

ATO receivables are non-financial assets recoverable under law.

Collectability of receivables is reviewed on an ongoing basis. Where estimation is used, it represents the best estimate as at the reporting date, however inherent risks and uncertainties exist in the estimation process.

Debts which are irrecoverable at law or uneconomic to pursue are written off. However this does not preclude the Commissioner from re-raising these debts if information subsequently becomes available which indicates that recoverability action may be viable.

Parallel liabilities

Where a company fails to remit withholding tax, GST or superannuation guarantee amounts, the Commissioner is authorised to serve notices requiring payment of estimated and outstanding amounts on the company and all associated Directors. These are called parallel liabilities and are not included in receivables or revenue. Similarly, duplications arising from debts raised under alternative provisions of the law are excluded.

Impairment on receivables

An impairment allowance is created when there is evidence that the ATO will not be able to collect all of the amounts due.

A threshold is applied to determine whether the impairment allowance is calculated manually or using a statistical model.

Assessment of the collectability of receivables includes compliance and lodgment history, the existence of a dispute over a receivable, the taxpayer's capacity to pay, and judgement.

Impairment losses are recognised as an administered expense.

Administered receivables are not financial instruments as they arise from statutory charges. The impairment of statutory receivables is made under AASB 136 Impairment of Assets.

An impairment allowance is estimated using historical data and is informed by expert advice.

In 2022-23 the ATO made two changes to the methodology used for estimating impairment. The first was recommended by the ATO's external actuary to more closely reflect the actual payment and write-off experience of debts raised in separate years. The second was to increase the impairment for a group of compliance related debts where collectability was assessed to be very low.

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The effect of these changes as at 30 June 2023 was $350m and $1,321m respectively. It is impractical to estimate the effect of these changes on future periods.

Allowance for credit amendments

Recognised in relation to disputed assessments in accordance with Note 14.

Accrued revenue

Accrued revenue include revenue estimates made on an ETM basis and interest charges in accordance with Note 14.

Other securities

In some instances, the ATO will enter into an agreement with a taxpayer to hold a security over a tax debt. These securities are not recorded in the financial statements as assets because the primary cash generating asset is the debt rather than the security over the debt.

Australian Taxation Office
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16: Administered - provisions

Note 16: Reconciliation of movement in other provisions

	Subsidies	Personal benefits	Other accrued expenses	Income taxation refunds	Indirect taxation refunds	Super-annuation guarantee payments	Unclaimed super-annuation payments	Other refunds	Interest on over-payment of taxes	Total
	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m	$'m
As at 1 July 2022	4,055	1,042	59	2,340	23	707	772	26	104	**9,128**
Additional provisions made	5,302	1,167	16	1,837	18	986	283	10	68	**9,687**
Amounts used	(4,474)	(1,037)	(25)	(1,929)	(23)	(684)	(406)	(26)	(64)	**(8,668)**
Amounts reversed or remeasured	576	105	11	(42)	-	(565)	(105)	-	6	**(14)**
Total as at 30 June 2023	**5,459**	**1,277**	**61**	**2,206**	**18**	**444**	**544**	**10**	**114**	**10,133**

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17: Administered - contingent liabilities

	Tax in dispute		Other		Total	
	2023	2022	**2023**	2022	**2023**	2022
	$'m	$'m	**$'m**	$'m	**$'m**	$'m
Contingent liabilities						
Balance from previous period	**8,154**	5,569	**-**	221	**8,154**	5,790
New contingent liabilities recognised	**3,489**	3,009	**-**	-	**3,489**	3,009
Re-measurement	**220**	1,090	**-**	(221)	**220**	869
Obligations expired	**(1,753)**	(1,514)	**-**	-	**(1,753)**	(1,514)
Total contingent liabilities	**10,110**	8,154	**-**	-	**10,110**	8,154

Quantifiable administered contingencies

At any point in time, the ATO is involved in a range of dispute resolution processes, including litigation, relating to tax disputes. Details of the outcome of dispute resolution processes are uncertain until a court ruling is made and/or an agreement is reached with the taxpayer. In most cases it is not possible to estimate with any reliability the likely financial impact of current disputes.

Unquantifiable administered contingencies

In some cases, the decision in relation to the cases above will be precedential. No estimate can be made as to whether contingent liabilities exist with respect to other taxpayers who may be impacted as a result of the decision.

As a result, in most cases it is not possible to estimate with any reliability the likely financial impact of current disputes to other taxpayers who may be impacted by a decision. The ATO acknowledges that the incidence of tax evasion and other breaches of the taxation laws, unavoidably affect its fiduciary responsibilities to the Australian Government.

Accounting policy

The amount disclosed as a quantifiable administered contingent liability represents the total tax in dispute where an allowance or provision for refund has not been made.

These amounts represent the disputes for which the ATO has assessed that there is a possible, but not probable, reduction to the amount of tax payable. The future financial impact will likely be lower than the total disclosed as a proportion of these cases will be decided in favour of the Commissioner.

Refer to Note 14 for the accounting policy on allowance for credit amendments and provisions for refunds.

Australian Taxation Office
Notes to and forming part of the financial statements

18: Administered - current/non-current distinction for assets and liabilities

	2023	2022
	$'m	$'m
Note 18: Administered current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	**532**	544
Receivables	**19,404**	19,171
Accrued revenue	**16,075**	14,479
Total no more than 12 months	**36,011**	34,194
More than 12 months		
Receivables	**16,136**	15,705
Accrued revenue	**1,115**	748
Total more than 12 months	**17,251**	16,453
Total assets	**53,262**	50,647
Liabilities expected to be settled in:		
No more than 12 months		
Payables		
Subsidies	**53**	292
Personal benefits	**17**	10
Superannuation guarantee charge	**89**	74
Taxation refunds due	**2,121**	1,939
Superannuation holding account	**21**	13
Other payables	**2**	1
Provisions		
Subsidies	**5,293**	3,786
Personal benefits	**1,128**	922
Other accrued expenses	**26**	16
Income taxation refunds	**2,206**	2,340
Indirect taxation refunds	**18**	23
Superannuation guarantee payments	**444**	707
Unclaimed superannuation payments	**322**	400
Other refunds	**10**	26
Interest on overpayment of taxes	**114**	104
Total no more than 12 months	**11,864**	10,653
More than 12 months		
Payables		
Superannuation holding account	**61**	65
Provisions		
Subsidies	**166**	269
Personal benefits	**149**	120
Other accrued expenses	**35**	43
Unclaimed superannuation payments	**222**	372
Total more than 12 months	**633**	869
Total liabilities	**12,497**	11,522

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19: Appropriations

Note 19A: Annual appropriations

Annual appropriations for 2023

	Annual appropriation	Adjustments to appropriation[1]	Total appropriation	Appropriation applied in 2023 (current and prior years)	Variance[2]
	$'000	$'000	$'000	$'000	$'000
Departmental					
Ordinary annual services[3]	3,979,581	192,970	4,172,551	(4,374,087)	(201,536)
Capital budget[4]	111,465	-	111,465	(122,864)	(11,399)
Other services					
Equity[5]	23,522	-	23,522	(14,143)	9,379
Total departmental	4,114,568	192,970	4,307,538	(4,511,094)	(203,556)
Administered					
Ordinary annual services[3]	13,134	-	13,134	(4,427)	8,707
Total administered	13,134	-	13,134	(4,427)	8,707

[1] Adjustments to appropriation includes adjustments to current year annual appropriations, and relates to PGPA Act section 74 receipts.

[2] The variance in the departmental expenses is due to accrued expenses from prior year being drawn down in the current year from operating and unspent appropriation from departmental capital budget and equity funding.

Administered variance is due to unspent annual appropriation as at 30 June 2023 of $8,706,735.

[3] Departmental annual appropriation includes $18,277,000 transferred to the ACNC special account, and $8,966,000 withheld from Appropriation Act (No. 1) 2022/23 under section 51 of the PGPA Act.

Administered annual appropriation includes $3,384,000 withheld from Appropriation Act (No. 1) 2022/23 under section 51 of the PGPA Act.

[4] Departmental capital budgets (DCBs) are appropriated through Appropriation Acts (No. 1 & 3). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. The total amount of DCB appropriated was $111,465,000 as disclosed in the ATO's October 2022-23 Portfolio Budget Statements.

[5] Equity annual appropriation includes $9,767,000 withheld from Supply Act (No. 2) 2022/23 and Supply Act (No. 4) 2022/23 under section 51 of the PGPA Act.

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Annual appropriations for 2022

	Annual appropriation	Adjustments to appropriation[2]	Total appropriation	Appropriation applied in 2022 (current and prior years)	Variance[3]
	$'000	$'000	$'000	$'000	$'000
Departmental					
Ordinary annual services[1]	3,769,691	184,329	3,954,020	(4,394,984)	(440,964)
Capital budget[4]	120,339	-	120,339	(80,614)	39,725
Other services					
Equity[5]	97,282	-	97,282	(52,992)	44,290
Total departmental	3,987,312	184,329	4,171,641	(4,528,590)	(356,949)
Administered					
Ordinary annual services	8,577	-	8,577	(851)	7,726
Total administered	8,577	-	8,577	(851)	7,726

[1] Ordinary annual services annual appropriation consists of $18,676,000 transferred to the ACNC special account.

[2] Adjustments to appropriations represents PGPA Act section 74 receipts and a PGPA Act section 75 transfer of $960,000 from the Digital Transformation Agency (DTA) for Digital Identity Measures.

[3] The variance in the departmental expenses is due to accrued expenses from prior year being drawn down in the current year from operating and unspent appropriation from departmental capital budget and equity funding.

Administered variance is due to unspent annual appropriation as at 30 June 2022 of $7,725,596

[4] Departmental Capital Budgets are appropriated through Appropriation Acts (No. 1 & 3). They form part of ordinary annual services, and are not separately identified in the Appropriation Acts. The annual appropriation includes $18,100,000 withheld from the Appropriation Act (No. 3) 2021-22 under section 51 of the PGPA Act.

[5] Equity annual appropriation includes $18,390,000 withheld from the Annual Appropriation Act (No. 2) 2021-22 under section 51 of the PGPA Act.

Australian Taxation Office
Notes to and forming part of the financial statements

Note 19B: Unspent annual appropriations

	2023 $'000	2022 $'000
Departmental		
Appropriation Act (No. 2) 2019/20	-	8,982
Appropriation Act (No. 4) 2019/20	-	5,878
Supply Act (No. 2) 2019/20	-	402
Supply Act (No. 1) 2020/21[1,6]	8,854	8,854
Supply Act (No. 1) 2020/21-DCB[2,6]	958	46,019
Supply Act (No. 2) 2020/21[3,6]	2,181	2,804
Appropriation Act (No. 1) 2020/21[4,6]	48,655	48,655
Appropriation Act (No. 2) 2020/21[5,6]	61,330	65,219
Appropriation Act (No. 1) 2021/22	-	199,197
Appropriation Act (No. 1) 2021/22-DCB[7]	18,100	82,016
Appropriation Act (No. 2) 2021/22[8]	56,065	65,433
Appropriation Act (No. 3) 2021/22	-	86,997
Appropriation Act (No. 3) 2021/22-DCB	-	2,288
Appropriation Act (No. 4) 2021/22[9]	6,296	6,382
Appropriation Act (No. 1) 2021/22-Cash	-	21,632
Supply Act (No. 1) 2022/23	-	-
Supply Act (No. 1) 2022/23-DCB	34,667	-
Supply Act (No. 2) 2022/23[10]	9,749	-
Supply Act (No. 3) 2022/23	179,055	-
Supply Act (No. 3) 2022/23-DCB	65,021	-
Supply Act (No. 4) 2022/23[11]	13,648	-
Appropriation Act (No. 1) 2022/23[12]	258,272	-
Appropriation Act (No. 2) 2022/23	125	-
Appropriation Act (No. 1) 2022/23-Cash	20,014	-
Total unspent departmental appropriations	**782,990**	650,758
Administered		
Appropriation Act (No.1) 2019-20[13]	-	2,621
Appropriation Act (No.3) 2019-20[14]	-	2,469
Supply Act (No.1) 2019-20[15]	-	96
Appropriation Act (No.1) 2020-21[16,21]	7,445	7,445
Supply Act (No.1) 2020-21[17,21]	429	429
Appropriation Act (No.1) 2021-22[18]	5,361	5,361
Appropriation Act (No.3) 2021-22[19]	2,365	2,365
Supply Act (No.3) 2022-23	3,710	-
Appropriation Act (No.1) 2022-23[20]	4,997	-
Total unspent administered appropriations	**24,307**	20,786

[1] $8,854,000 has been withheld under section 51 of the PGPA Act.
[2] $958,000 has been withheld under section 51 of the PGPA Act.
[3] $1,804,000 has been withheld under section 51 of the PGPA Act.
[4] $48,655,000 has been withheld under section 51 of the PGPA Act.
[5] $54,631,000 has been withheld under section 51 of the PGPA Act.
[6] $121,978,292 unspent departmental appropriation will lapse on 1 July 2023.
[7] $18,100,000 has been withheld under section 51 of the PGPA Act.
[8] $26,271,000 has been withheld under section 51 of the PGPA Act.
[9] $193,000 has been withheld under section 51 of the PGPA Act.
[10] $3,421,000 has been withheld under section 51 of the PGPA Act.
[11] $6,346,000 has been withheld under section 51 of the PGPA Act.
[12] $8,966,000 has been withheld under section 51 of the PGPA Act.

Australian Taxation Office
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[13] $2,621,335 removed through 2019-20 Annual Appropriation Acts repealed at the start of 1 July 2022.

[14] $2,469,000 removed through 2019-20 Annual Appropriation Acts repealed at the start of 1 July 2022.

[15] $95,883 removed through 2019-20 Annual Appropriation Acts repealed at the start of 1 July 2022.

[16] $7,445,000 has been withheld under section 51 of the PGPA Act.

[17] $429,097 has been quarantined for administrative reasons.

[18] $5,360,776 has been withheld under section 51 of the PGPA Act.

[19] $2,364,820 has been withheld under section 51 of the PGPA Act.

[20] $3,384,000 has been withheld under section 51 of the PGPA Act.

[21] $7,874,097 unspent administered appropriation will lapse on 1 July 2023.

The total adjustments made to all prior years unspent departmental and administered annual appropriations under section 74 of the PGPA Act is nil.

The total adjustments made to all prior years unspent departmental and administered annual appropriations under section 75 of the PGPA Act is nil.

Australian Taxation Office
Notes to and forming part of the financial statements

Note 19C: Special appropriations

Authority	Appropriation applied 2023 $'000	Appropriation applied 2022 $'000
Taxation Administration Act 1953 - section 16 [1,2]	**162,239,519**	140,409,203
Product Grants and Benefits Administration Act 2000 - section 55	**88,057**	89,057
Superannuation Guarantee (Administration) Act 1992 - section 71	**693,285**	675,887
Small Superannuation Accounts Act 1995 - section 76(9)	**124**	113
Public Governance, Performance and Accountability Act 2013 - section 77[2]	**55,045**	55,758
Total	**163,076,030**	141,230,018

[1] The Department of Home Affairs made payments of $188,828,797 (2022: $47,229,760) from the Consolidated Revenue Fund on behalf of the ATO.

[2] $1,400,057 of appropriations applied to *PGPA Act 2013 - section 77* in 2021-22 have been reclassified under the *Taxation Administration Act 1953 - section 16*, as a result of a prior year adjustment error. The comparative figures were restated for the year.

Accounting policy

Appropriations provide a legislative basis to issue refunds. The amounts disclosed above represent the actual refunds paid by appropriation source for the financial year.

Australian Taxation Office
Notes to and forming part of the financial statements

Note 19D: Compliance with statutory conditions for payments from the consolidated revenue fund

For amounts to be paid out of the Consolidated Revenue Fund under section 83 of the Constitution there must be an appropriation made by law.

Amounts are sometimes paid to taxpayers in the absence of an appropriation contrary to section 83. While there are controls in place to prevent this from happening, it is impossible to fully remove the risk of such payments being made due to the nature of some transactions.

The table below records payments identified in the year ending 30 June 2023 that were made without an appropriation.

Appropriations identified as subject to conditions	Payments in 2022-2023 $	Review complete	Breaches identified #	Amount recovered $	Amount to be recovered $	Remedial action taken
Small Business Superannuation Clearing House (SBSCH) Special Account	3,519,914.77	Yes	93	3,399,687.11	120,227.66	Control
Higher Education Support Act 2003	31,110.00	Yes	1	31,110.00	-	Control
TOTAL	**3,551,024.77**		**94**	**3,430,797.11**	**120,227.66**	

The ATO performs annual risk assessments to mitigate risks of making payments contrary to section 83.

Australian Taxation Office
Notes to and forming part of the financial statements

20: Special accounts

	Australian Charities and Not-for-profits Commission Special Account[1]		Services for Other Entities and Trust Moneys Special Account - Australian Taxation Office (Comcare receipts)[2]	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Balance brought forward from previous period	**13,229**	10,913	**-**	-
Increases	**18,828**	19,381	**14**	21
Decreases	**(17,413)**	(17,065)	**(14)**	(21)
Total balance carried to the next period	**14,644**	13,229	**-**	-
Balance represented by:				
Cash held in entity bank accounts	**1,163**	1,025	**-**	-
Cash held in the Official Public Account	**13,481**	12,204	**-**	-
Total balance carried to the next period	**14,644**	13,229	**-**	-

[1] **The Australian Charities and Not-for-profits Commission Special Account**
Establishing authority: *Public Governance, Performance and Accountability Act 2013* - section 80.
Establishing instrument: *Australian Charities and Not-for-profits Commission Act 2012* - section 125-5.
Purpose:
(a) paying or discharging the costs, expenses and other obligations incurred by the Commonwealth in the performance of the Commissioner's functions
(b) paying any remuneration and allowances payable to any person under this Act (including staff mentioned in section 120-5)
(c) meeting the expenses of administering the Account.
The ACNC Commissioner's functions:
(a) the general administration of this Act
(b) carry out activities that assist registered entities in complying with and understanding this Act, by providing them with guidance and education
(c) assisting the public in understanding the work of the not-for-profit sector, in order to improve the transparency and accountability of the sector, by giving the public relevant information on the ACNC website.

[2] **Services for Other Entities and Trust Moneys Special Account - Australian Taxation Office (Comcare receipts)**
Establishing authority: *Public Governance, Performance and Accountability Act 2013* - section 78.
Establishing instrument: *Financial Management and Accountability Determination 2012/15 - SOETM Special Account - ATO*.
Purpose: for the receipt of moneys temporarily held in trust for other persons.
Increases represent receipts from Comcare in respect of workers' compensation payments for ATO employees with injuries prior to 1 July 2006. Decreases represent reimbursements to ATO of payments made in advance by ATO to employees.

Accounting policy

Workers' compensation is insured through the Government's Comcare scheme, an integrated safety, rehabilitation and compensation system. The ATO continues to pay incapacitated employees and then receives reimbursement from Comcare.

Amendments to the *Safety, Rehabilitation and Compensation Act 1988* commencing 1 July 2006 provides for reimbursements directly to employers. Receipts from Comcare for payments made to the employee for injuries occurring after 1 July 2006 are treated as receipts under section 74 of the PGPA Act.

Receipts from Comcare for injuries prior to 1 July 2006 are credited to the Service for Other Entities Trust Moneys (SOETM) Special Account and held in the ATO's official bank account until the employee gives written consent for the ATO to offset these amounts against payments made to the employee.

Australian Taxation Office
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	Superannuation Holding Accounts Special Account (Administered)[1]		Services for Other Entities and Trust Moneys Special Account - Australian Taxation Office[2]		Services for Other Entities and Trust Moneys Special Account - Australian Taxation Office[3]		Superannuation Clearing House Special Account[4]	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Balance brought forward from previous period	**78,334**	75,907	**2,303**	2,302	**-**	-	**234,344**	205,067
Increases	**23,499**	16,480	**482**	414	**4,556**	-	**5,692,336**	5,098,340
Decreases	**(20,328)**	(14,053)	**(2,785)**	(413)	**(2,391)**	-	**(5,694,590)**	(5,069,063)
Total balance carried to the next period	**81,505**	78,334	**-**	2,303	**2,165**	-	**232,090**	234,344
Balance represented by:								
Cash held in entity bank accounts	**9**	4	**-**	-	**-**	-	**56,436**	72,101
Cash held in the Official Public Account	**81,496**	78,330	**-**	2,303	**2,165**	-	**175,654**	162,243
Total balance carried to the next period	**81,505**	78,334	**-**	2,303	**2,165**	-	**232,090**	234,344

[1] **Superannuation Holding Accounts Special Account**

Establishing authority: *Public Governance, Performance and Accountability Act 2013* - section 80.

Establishing instrument: *Small Superannuation Accounts Act 1995* - section 8.

Purpose: for the receipt of small superannuation contributions from depositors and distribution to individuals.

[2] **Services for Other Entities and Trust Moneys Special Account - Australian Taxation Office**

Establishing authority: *Public Governance, Performance and Accountability Act 2013* - section 78.

Establishing instrument: *Financial Management and Accountability Determination 2012/15 - SOETM Special Account - ATO*.

Purpose: for the receipt of moneys temporarily held in trust for other persons.

The full closing balance of the Special Account is held in trust for both the current and comparative years.

The Special Account was automatically repealed ("sunsetted") on 29 September 2022. A replacement for the Services for Other Entities and Trust Moneys special account was established to continue the purpose of the Special Account. Refer to the purpose of the new Special Account below at footnote 3.

[3] **Services for Other Entities and Trust Moneys Special Account - Australian Taxation Office**

Establishing authority: *Public Governance, Performance and Accountability Act 2013* - section 78.

Establishing instrument: *PGPA Act Determination (Australian Taxation Office SOETM Special Account 2022).*

Purpose: for the receipt of moneys temporarily held in trust for other persons.

The full closing balance of the Special Account is held in trust for the current financial year.

There is no comparative balance for this account. The Special Account was established on 29 September 2022.

[4] **Superannuation Clearing House Special Account**

Establishing authority: *Public Governance, Performance and Accountability Act 2013* - section 78.

Establishing instrument: *PGPA Act Determination (Superannuation Clearing House Special Account 2020).*

The full closing balance of the Special Account is held in trust for both the current and comparative years.

The purpose of the Superannuation Clearing House Special Account is to:

(a) make payments on behalf of small business employers to superannuation funds, retirement savings accounts and superannuation schemes;

(b) to repay to an original payer amounts credited to the Special Account, including the residual after any necessary payments are made for the purpose mentioned in paragraph (a);

(c) reduce the balance of the Special Account (and, therefore, the available appropriation for the Special Account) without making a real or notional payment; and

(d) repay amounts where a court order, Act or other law requires or permits the repayment of an amount received.

Australian Taxation Office
Notes to and forming part of the financial statements

21: Regulatory charging summary

Note 21A: Receipts subject to cost recovery policy	2023 $m	2022 $m
Amounts applied		
Departmental		
Annual appropriations	**52**	51
Total amounts applied	**52**	51
Expenses		
Departmental	**52**	51
Total expenses	**52**	51
Revenue		
Administered	**12**	15
Total revenue	**12**	15

The cost recovery information included in this note relates to financial institutions supervisory levies, excise equivalent goods (EEG) warehouse licence and Tax Practitioners Board (TPB) application fees.

Revenue collected through the financial institutions supervisory levies by the Australian Prudential Regulation Authority (APRA) from the superannuation industry includes a component to cover the expenses of the ATO in administering the Superannuation Lost Member Register (LMR) and Unclaimed Superannuation Money (USM) frameworks, Compassionate Release of Super (CRS) and funding for the SuperStream Gateway Network Governance Body (GNGB).

The EEG information is for the warehouse licence applications and renewals issued by the ATO under delegation with the Department of Home Affairs. It also covers the compliance activities associated with the granting of warehouse licences. This is in accordance with the *Customs Act 1901*.

Tax practitioners are charged for the processing of applications for registration including renewal as a tax practitioner. The TPB undertakes a range of activities including engaging with stakeholders pertaining to registration and renewal, providing policy advice on registration and renewal eligibility, providing technical and operational guidance on registration and renewal and developing and maintaining online tools to enable the registration and renewal process.

A copy of the Cost Recovery Implementation Statement for financial institutions supervisory levies is available at APRA CRIS 2023-24.

A copy of the Cost Recovery Implementation Statement for Cargo and Trade related activities is available from the Department of Home Affairs.

A copy of the 2022-23 Cost Recovery Implementation Statement for TPB application fees is available at Cost Recovery Implementation Statement (CRIS) | Tax Practitioners Board (tpb.gov.au).

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Appendixes

Appendix 1: Laws conferring powers on the Commissioner

The Commissioner of Taxation has responsibilities under a wide range of laws. The main tax and superannuation laws conferring powers or functions on the Commissioner in 2022–23 are:

- *A New Tax System (Australian Business Number) Act 1999*
- *A New Tax System (Goods and Services Tax) Act 1999*
- *A New Tax System (Luxury Car Tax) Act 1999*
- *A New Tax System (Wine Equalisation Tax) Act 1999*
- *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020*
- *Business Names Registration Act 2011*
- *Commonwealth Places Windfall Tax (Collection) Act 1998*
- *Coronavirus Economic Response Package (Payments and Benefits) Act 2020*
- *Excise Act 1901*
- *Excise Tariff Act 1921*
- *Foreign Acquisitions and Takeovers Act 1975*
- *Fringe Benefits Tax Assessment Act 1986*
- *Fuel Tax Act 2006*
- *Higher Education Support Act 2003*
- *Income Tax Assessment Act 1936*
- *Income Tax Assessment Act 1997*
- *International Tax Agreements Act 1953*
- *Petroleum Resource Rent Tax Assessment Act 1987*
- *Product Grants and Benefits Administration Act 2000*
- *Product Stewardship (Oil) Act 2000*
- *Register of Foreign Ownership of Water or Agricultural Land Act 2015*
- *Small Superannuation Accounts Act 1995*
- *Superannuation Contributions Tax (Assessment and Collection) Act 1997*
- *Superannuation Contributions Tax (Members of Constitutionally Protected Superannuation Funds) Assessment and Collection Act 1997*
- *Superannuation (Government Co-contribution for Low Income Earners) Act 2003*
- *Superannuation Guarantee (Administration) Act 1992*
- *Superannuation Industry (Supervision) Act 1993*
- *Superannuation (Self-managed Superannuation Funds) Taxation Act 1987*
- *Superannuation (Unclaimed Money and Lost Members) Act 1999*
- *Taxation Administration Act 1953*
- *Taxation (Interest on Overpayments and Early Payments) Act 1983*
- *Trust Recoupment Tax Act 1985.*

Appendix 2: Taxpayers' Charter – our performance

The Taxpayers' Charter outlines clients' rights and obligations. It explains what clients can expect from us in administering the tax and superannuation systems. We are committed to following it in all our dealings.

Table 7.1 shows how we performed against the commitments we make in our Taxpayers' Charter, as measured by our Client experience survey results and other data we hold. As the Taxpayers' Charter was reviewed during 2022–23, this information is based on the Charter that was in place for most of the year. The Charter was refreshed and renamed 'ATO Charter' on 26 June 2023. For more information see Strategic objective: C1 Client on pages 23–27.

Table 7.1 Our performance against the Taxpayers' Charter, 2022–23

Charter element	How we measure this element[(a)]	2022–23 result[(b)]
Fair and reasonable: We treat you fairly and reasonably	**Trustworthy:** The ATO makes unbiased decisions.	60/100
Honest: We treat you as being honest unless you act otherwise	The ATO administers a self-assessment tax and superannuation system, adopting a risk-based approach to undertaking compliance activities. We treat taxpayers as being honest by default and look more deeply where risk indicators are flagged. We look at the balance between self-assessment and compliance.	96.5% of total net tax collections arose through voluntary compliance 3.5% of total net tax collections arose through our compliance activities
Professional service and assistance: We offer you professional service and assistance	**Timely:** Any ATO services you want to use would be available at a convenient time that suits you.	58/100
	Conscientious: The ATO takes care to think through your circumstances.	59/100
Representation: We accept you can be represented by a person of your choice and get advice	We support taxpayers to self-prepare or use the services of tax professionals. The proportion of income tax returns lodged during 2022–23 by both tax agents and self-preparers demonstrates the importance of intermediaries in the system.	67.7% lodged by tax agents 32.3% lodged by self-preparers
Privacy: We respect your privacy **Confidentiality:** We keep the information we hold about you confidential	**Secure:** The ATO keeps your/your clients' personal information secure.	66/100
Information access: We give you access to information we hold about you	The ATO is committed to providing taxpayers with transparency and visibility of the data we hold about them – for example by: ▪ pre-filling individuals' salary, interest and dividend data in their income tax returns ▪ allowing tax and BAS practices to access their clients' records through their software or via Online services for agents.	Over 14.1 million individuals have linked to the ATO through myGov; of these individuals, more than 789,000 linked in 2022–23 Around 27,100 active tax agents and 11,550 active BAS agents have registered to use these services
Help: We help you to get things right	**Helpful:** The ATO is helpful if you need them.	62/100

Table 7.1 Our performance against the Taxpayers' Charter, 2022–23 *continued*

Charter element	How we measure this element[a]	2022–23 result[b]
Decisions: We explain the decisions we make about you	The ATO explains the reasons for our decisions as a matter of course. To demonstrate this, we provide outcomes of decisions for objections and private binding rulings.	Objections resolved 23,480 Private binding rulings 4,347
Your right to question: We respect your right to a review and/or to make a complaint	The ATO respects and supports taxpayers in reviewing our decisions. To demonstrate this, our review/complaint framework includes: ▪ the right to object to an ATO decision ▪ a dedicated complaints phone line and web form ▪ the opportunity for independent review by the Inspector-General of Taxation and Taxation Ombudsman (IGTO).	Complaints lodged 44,693 See Table 7.2 for a breakdown of associated Taxpayers' Charter rights
Easy for you to comply: We make it easier for you to comply	**Easy:** The amount of effort required for you to meet your tax obligations is reasonable.	60/100
Accountability: We are accountable	The ATO is accountable to a range of stakeholders in our administration of the tax and superannuation systems. This includes the community, government and external scrutineers, such as the IGTO and the Australian National Audit Office (ANAO).	Our service commitment framework (see pages 234–235) demonstrates our accountability

Notes

(a) Some elements of the Taxpayers' Charter are measured using our Client experience survey data, while other elements are measured using other data we collect, such as the number of objections or the percentage of lodgments.

(b) Some results are presented as an index, based on one or more survey questions. An 11-point Likert scale (0 to 10) is used to capture the responses and these responses are converted to a score between 0 and 100 to create an index score out of 100.

Table 7.2 provides a breakdown of Taxpayers' Charter rights associated with complaints lodged in 2022–23 for the Charter element: Your right to question.

Table 7.2 Your right to question: Taxpayers' Charter rights associated with complaints lodged, 2022–23

Taxpayers' Charter right	% of complaints lodged in 2022–23 – associated with the Taxpayers' Charter right
Offering you (the client) professional service and assistance	77
Helping you (the client) to get things right	6
Explaining the decisions we make about you (the client)	4
Being accountable	4
Making it easier for you (the client) to comply	3
Respecting your right to make a complaint	3
Treating you (the client) fairly and reasonably	2
Giving you (the client) access to information we hold about you (the client)	1
Total	**100**

Appendix 3: Public advice and dispute management

The ATO tailors its approach to providing public advice and guidance. This allows taxpayers and their advisers to access the level of detail they need from products ranging from web-based guidance and fact sheets through to legally binding rulings.

During 2022–23, we finalised several long-awaited significant public advice and guidance items, including publishing:

- extensive guidance for tax professionals and trustees managing long-standing trust issues in relation to reimbursement agreements, unpaid entitlements of private companies and non-resident beneficiaries
- advice on the treatment of labour costs related to the creation of capital assets.

We also provided advice and guidance on many other priority matters, including:

- deductions for running expenses while working from home
- application of the Commissioner's discretion in relation to non-commercial losses (with respect to flood, bushfires, or COVID-19)
- classifying workers as employees or independent contractors
- residency tests for individuals
- the central management and control test of residency for companies
- consolidated advice on personal services businesses and personal service income
- how to calculate car expenses – in particular costs associated with charging an electric vehicle
- updates on GST and financial supplies and the GST status of food and beverages
- intangible assets involving international related parties
- non-arm's length income for superannuation funds
- other trust guidance on unpaid trust entitlements and non-resident beneficiaries
- the failure to keep or retain records
- the small business technology boost, small business training boost, and digital games tax offset
- application of the Commissioner's discretion to extend the period to dispose of dwellings acquired from a deceased estate
- earnouts and deferred consideration arrangements
- sales of small-scale land subdivisions
- use of an individual's fame by related entities
- the meaning of legally and commercially independent for excise purposes.

In the lead-up to tax time, the ATO also proactively engaged with the media (television, radio and print) to help members of the community meet their obligations.

The following tables provide details of the public advice and guidance the ATO has published to assist people to understand their tax and superannuation obligations, and how we work with people who disagree with our assessments.

Public advice

The ATO provides advice in public rulings and a range of other product types, including those shown in Table 7.3. Timeliness of our public rulings is presented in Table 7.4.

The volume of formal advice and guidance products delivered in 2022–23 was lower than in 2021–22. This was largely due to the number of class rulings returning to normal levels following a spike in ruling requests as the impact of COVID-19 eased in 2021–22. In addition, during 2022–23 we increased our focus on the strategic prioritisation of public advice and guidance and resolving long-standing issues. This resulted in the finalisation of 10 public rulings on significant aged issues. We also utilised the timeliness and flexibility of website guidance to replace content that would have previously been contained in more formal products such as annual rulings.

Table 7.3 Key public advice and guidance products, 2020–21 to 2022–23

Product	2020–21	2021–22	2022–23
Public rulings (including significant addenda)[a]	40	40	31
Class rulings	84	119	87
Product rulings	11	15	15
Practical compliance guidelines (including significant updates)[b]	16	13	14
Taxpayer alerts	4	4	3
Decision impact statements	12	14	8
Synthesised texts of the Multilateral Instrument and Australian tax treaties	4	3	1
Total	**171**	**208**	**159**

Notes

(a) Includes both draft and final rulings, excludes class and product rulings.

(b) Includes both draft and final guidelines.

Table 7.4 Timeliness[a] of draft public rulings finalised, 2022–23

Product	Number	0–6 months	7–12 months	Over 12 months
Taxation rulings and determinations[b]	15	7	3	5
Law companion rulings	0	0	0	0
Annual rulings	4	All published within tax time requirements	n/a	n/a

Notes

(a) Timeliness refers to the time taken to finalise following the end of the public consultation period.

(b) Excludes class and product rulings.

Dispute management

We resolved over 23,400 objections. There were 388 applications for Part IVC review or appeal to the Administrative Appeals Tribunal (AAT) or other courts in 2022–23, with 276 decisions made either in relation to these applications or applications made in earlier years.

Table 7.5 presents information on the numbers and types of our dispute cases.

Table 7.5 Disputes, 2020–21 to 2022–23[a]

Cases	2020–21	2021–22	2022–23
Returns lodged	39,440,211	40,744,416	41,908,253
Adjustments arising from audits	441,317	537,278	690,916
Disputed cases resolved			
▪ objections	29,877[b]	18,684	23,480
▪ settlements	475	453	251
▪ litigation outcomes[c]	593	455	276
▪ large market independent reviews	14	7	1
▪ small business independent reviews[d]	52	44	27
Average cycle time for objections	97 days	102 days	79 days
Part IVC cases lodged to courts/tribunals	668[c]	440	388
Part IVC cases resolved prior to court hearing	426[c]	297	169
Part IVC cases proceeded to decision	167[c]	158	107
New Part IVC matters in proportion to objections[e]	20.7 per thousand	20.9 per thousand	14.9 per thousand
Number of test case litigations finalised	12	3	5

Notes
(a) Objections include self-objections, which accounts for 57% of all objections resolved in 2022–23.
(b) Of the total objections in 2020–21, 12,204 were completed as part of the implementation of stimulus measures due to COVID-19. This also impacted the number of cases lodged to courts/tribunals (243).
(c) Part IVC litigation methodology includes Administrative Law matters, and from 2020–21 the methodology was updated to include debt release matters.
(d) The small business independent review service, which was in pilot phase from 1 July 2018, moved to business-as-usual effective 1 April 2021.
(e) This was previously reported as Objections to new Part IVC litigation matters. It excludes Administrative Law matters and from 2020–21 the methodology was updated to include debt release matters.

Settlement cases reviewed under our Independent Assurance of Settlements Program for 2022–23 are shown in Table 7.6. Independent assurers review settlements only after they have been finalised. As a result, settlements finalised in the second half of any financial year may be independently assured in the following financial year.

Table 7.6 Settlement cases reviewed by our Independent Assurance of Settlements program during 2022–23[a]

Settlement cases	ATO position $m	Settled position $m	Variance $m	Variance %
24[b]	2,787.8	1,861.9	925.9	33

Notes
(a) Totals may differ from the sum of components due to rounding.
(b) All independently assured settlements were found fair, reasonable and in the interests of Australia.

Tables 7.7 and 7.8 provide more detail on settlements that occurred during 2022–23.

Table 7.7 Stage at which settlement occurred, 2022–23[a][b]

Stage	Settlement cases	% of total settlements	ATO position $m	Settled position $m	Variance $m	Variance %
Pre-audit	97	39	259	139.2	119.8	46
Audit	100	40	4,851.5	2,762.2	2,089.3	43
Objection	21	8	474.7	235.7	239	50
AAT	30	12	50.6	26.3	24.3	48
Federal Court	3	1	5.2	2.7	2.4	47
Total	**251**	**100**	**5,640.9**	**3,166.1**	**2,474.9**	**44**

Notes
(a) Variance calculations are based on exact figures.
(b) Totals may differ from the sum of components due to rounding.

Table 7.8 Settlements by client group, 2022–23[a][b]

Client group	Settlement cases	% of total settlements	ATO position $m	Settled position $m	Variance $m	Variance %
Individuals[c]	6	2.3	1.7	1.0	0.7	43
Small business	20	8.0	11.5	8.1	3.4	30
Privately owned and wealthy groups	75	29.9	123.3	73.9	49.4	40
Public and multinational businesses	74	29.5	5,497.6	3,078.7	2,418.9	44
Not-for-profit organisations[d]	1	0.4	1	0.5	0.5	52
Self-managed superannuation funds	75	29.9	5.9	4	2	33
Total	**251**	**100**	**5,640.9**	**3,166.1**	**2,474.9**	**44**

Notes
(a) Variance calculations are based on exact figures.
(b) Totals may differ from the sum of components due to rounding.
(c) The client group Individuals does not include those who are in business – for example, sole traders.
(d) The client group Not-for-profit organisations includes government entities.

Appendix 4: Legal services expenditure

In 2022–23, our total legal expenditure increased by $13.0 million (14.1%) when compared to the previous year.

Our internal legal services costs were $4.1 million (10.6%) higher than 2021–22 due to increases in internal overhead costs ($4.8 million), offset by a reduction in direct staff costs ($0.7 million).

External expenditure increased by around $8.9 million (16.7%). This was mainly attributable to legal costs associated with the Royal Commission into the Robodebt Scheme ($5.1 million) and resumption of debt litigation activities which were paused during the global COVID-19 pandemic.

Table 7.9 Legal services expenditure, 2022–23[(a)(b)]

Type of expenditure	$
Total costs recovered	**3,123,978**
Briefs to counsel	13,871,608
Disbursements (excluding counsel)	18,030,479
Professional fees paid	30,353,868
External legal services expenditure[(c)]	**62,255,955**
Internal legal services expenditure[(d)]	**42,780,138**
Total (external and internal expenditure)	**105,036,093**

Notes

(a) Includes Tax Practitioners Board (TPB) and Australian Charities and Not-for-profits Commission (ACNC) legal costs. Total TPB external legal services expenditure was $863,373. Total internal legal services expenditure for the TPB was $2,859,930. Total ACNC external legal services expenditure was $100,414. Total internal legal services expenditure for the ACNC was $854,931.

(b) External expenditure in this table excludes GST.

(c) Excludes costs awarded against the ATO, expenditure on compensation and legal costs attributable to the ATO's test case program.

(d) ATO internal legal officers manage tax litigation (under Part IVC of the *Taxation Administration Act 1953*), debt litigation, general legal advice and freedom of information. This amount consists of the cost of labour and expenses for those activities. The amount does not include expenditure on other activities that have some of the characteristics of legal work, but which are not performed by staff in a legal capacity (for example, preparation of writs, statutory demands and bankruptcy notices or providing the ATO's interpretation of tax and superannuation law).

Table 7.10 Number and value of briefs to counsel, 2022–23[a][b]

Type of brief	New briefs	Total briefs	Value $
Briefs to senior counsel			
Direct briefs to male senior counsel	55	89	1,722,236
Direct briefs to female senior counsel	44	82	1,221,869
Indirect briefs to male senior counsel	93	203	3,927,320
Indirect briefs to female senior counsel	77	180	3,266,886
Total senior	**269**	**554**	**10,138,310**
Briefs to junior counsel			
Direct briefs to male junior counsel	45	80	914,666
Direct briefs to female junior counsel	45	64	532,629
Indirect briefs to male junior counsel	59	125	1,644,721
Indirect briefs to female junior counsel	45	80	641,282
Total junior	**194**	**349**	**3,733,297**
Total	**463**	**903**	**13,871,608**

Notes

(a) Direct briefs cover counsel briefed directly by the ATO and who work with our in-house litigators and/or business areas. Indirect briefs are counsel briefed by the ATO's external legal providers acting on behalf of the ATO.

(b) Totals may differ from the sum of components due to rounding.

Appendix 5: Strategic litigation

For the 2022–23 financial year, 79% of reported litigation outcomes under Part IVC of the *Taxation Administration Act 1953* wholly supported the ATO's position or assessments. Of the litigation decisions under Part IVC, the remaining 21% supported the taxpayer's position in whole or in part. These percentages include a small number of outcomes under the *Administrative Decision (Judicial Review) Act 1977* or the *Judiciary Act 1903*.

Table 7.11 lists significant cases decided by the courts and the Administrative Appeals Tribunal (AAT) in 2022–23. The main issues of each case are listed, as well as the outcome or status at 30 June 2023.

Those marked with an asterisk (*) were funded by the ATO under the Test Case Litigation Program 2022–23. For more information about the test case funding program, see ato.gov.au/testcaselitigationprog.

The Commissioner has released decision impact statements in a number of these cases. These are available at ato.gov.au/decisionimpactstatements.

Table 7.11 Significant cases, 2022–23

Matter	Issue	Outcome
Customs and Excise cases		
Collector of Customs v Hurley [2022] HCASL 174	Whether dutiable goods were kept safely within the meaning of the Customs Act, where the terms of an agreement for payment of customs duty under which the goods were released into home consumption were not met.	The High Court refused the Commissioner's special leave application.
Trustee for The Lubiana Family Trust v Commissioner of Taxation [2022] AATA 2826	Whether, for the purposes of the wine equalisation tax, the price for which the wine was sold excludes amounts attributable to the bottle or packaging, goodwill, or delivery.	The Administrative Appeals Tribunal found the price was the amount invoiced to the customer, without any deductions for the bottle or packaging, goodwill, or delivery.
Fringe benefits tax cases		
Bechtel Australia Pty ltd v Commissioner of Taxation [2023] FCA 676	Whether fringe benefits tax payable for travel expenses provided to fly-in-fly-out workers should be reduced because the expenses would be 'otherwise deductible' if incurred and paid by the workers.	The Federal Court dismissed the taxpayer's appeal.[a]
Goods and services tax cases		
****Chobani Pty Ltd v Commissioner of Taxation*** [2023] AATA 1664	Whether a 'flip yoghurt' product is not GST-free because it is a combination of one or more foods of a kind that are not GST-free.	The Administrative Appeals Tribunal determined that the product was not GST-free.
Commissioner of Taxation v Complete Success Solutions Pty Ltd ATF Complete Success Solutions Trust [2023] FCAFC 19	Whether the GST general anti-avoidance rule applies to prevent the benefit of claimed input tax credits where the GST-free supplies are of adulterated gold bullion.	The Full Court allowed the Commissioner's appeal and the taxpayer's cross appeal. The Full Court has remitted the proceedings to the Administrative Appeals Tribunal.

Table 7.11 Significant cases, 2022–23 *continued*

Matter	Issue	Outcome
****Commissioner of Taxation v Landcom*** [2022] FCAFC 204	Whether the Commissioner's private ruling that the sale of freehold interest was to be treated as a single supply for the purposes of the margin scheme, was correct.	The Full Court dismissed the Commissioner's appeal.
Income tax cases – trusts		
B&F Investments Pty Ltd as trustee for the Iluka Park Trust v Commissioner of Taxation [2023] FCAFC 89	Whether anti-avoidance rules apply to a share buy-back arrangement where a fully franked dividend was paid to a vendor trustee, and then distributed to beneficiaries without additional tax being paid.	The Full Court dismissed the taxpayer's appeal.
****Guardian AIT Pty Ltd as trustee for The Australian Investment Trust v Commissioner of Taxation; Springer v Commissioner of Taxation*** [2023] FCAFC 3	Whether anti-avoidance rules apply to an arrangement where income of a trust is appointed to a company, returned to the trust as franked dividends, and then appointed to a non-resident beneficiary.	The Full Court allowed the Commissioner's appeal in part.
Minerva Financial Group Pty Ltd v Commissioner of Taxation [2022] FCA 1092	Whether the general anti-avoidance rule applied to 3 schemes shifting income for a securitisation trust to an offshore trust structure.	The Federal Court allowed the taxpayer's appeal in part, determining the general anti-avoidance rule applied to 2 of the 3 schemes. The taxpayer has appealed to the Full Federal Court.
Income tax cases – other		
Commissioner of Taxation v Shell Energy Holdings Australia Ltd [2022] HCATrans 151	Whether the taxpayer was entitled to an immediate deduction for the cost of an increase in its stake in a natural gas project.	The High Court refused the Commissioner's special leave application.
****Commissioner of Taxation v Wood*** [2023] FCA 574	Whether a payment made to settle litigation, relating to income earned by a taxpayer in an earlier income year, is an allowable deduction.	The Federal Court dismissed the Commissioner's appeal.
Tanddo v Commissioner of Taxation [2022] AATA 4143	Whether income derived by the taxpayer, as a member of the Australian Federal Police while deployed in the Philippines, is exempt income.	The Administrative Appeals Tribunal found that the income derived by the taxpayer was not exempt income.
Willard v Commissioner of Taxation [2022] AATA 3723	Whether the Australian Border Force is a 'disciplined force' for the purposes of exempting overseas employment income.	The Administrative Appeals Tribunal found that the overseas employment income was not exempt income.
Superannuation cases		
Jamsek v ZG Operations Australia Pty Ltd (No 3) [2023] FCAFC 48	Whether persons providing delivery services to the taxpayer are employees for the purposes of the superannuation guarantee.	The Full Court determined that the delivery drivers were not employees for the purposes of the superannuation guarantee.
JMC Pty Ltd v Commissioner of Taxation [2023] FCAFC 76	Whether a person providing teaching services to the taxpayer was an employee for the purposes of the superannuation guarantee.	The Full Court allowed the taxpayer's appeal. The Commissioner has applied for special leave to appeal to the High Court. The special leave application is test case funded.

Table 7.11 Significant cases, 2022–23 *continued*

Matter	Issue	Outcome
Taxation administration cases		
****Bosanac v Commissioner of Taxation** [2022] HCA 34	Whether an evidentiary presumption ('the presumption of advancement') applies such as to treat the purchase of property (in this case the matrimonial home) in the name of the wife as a gift where the husband has made a significant contribution to the purchase of the property.	The High Court allowed the taxpayer's appeal.
Commissioner of Taxation v Rawson Finances Pty Ltd [2023] FCA 617	Whether a decision of the Full Federal Court should be set aside because it was obtained by fraud.	The Federal Court set aside the decision of the Full Federal Court.
Kupang Resources Limited v Commonwealth of Australia [2022] HCASL 176	Whether the Commonwealth is required to produce documents for inspection that were obtained and held by the Commissioner of Taxation for the purpose of administering tax laws.	The High Court refused the taxpayer's special leave application.

Note

The following note includes information as available at 22 September 2023.

(a) The taxpayer has appealed to the Full Federal Court.

Appendix 6: Debt management

Tables 7.12 and 7.13 show statistics on debt holdings, followed by a breakdown of outstanding collectable taxpayer debts in Tables 7.14 and 7.15. Statistics on debt not pursued are provided in Table 7.16.

The value of debt holdings across the majority of client experiences increased in 2022–23, reflecting ongoing cash flow impacts and a challenging economic environment.

Following a period of generous support for businesses dealing with the impacts of COVID-19, small businesses continue to account for the majority of collectable debt and remain a key focus of our payment strategies.

Table 7.12 Value of debt holdings by client experience, 2020–21 to 2022–23[(a)]

Activity	2020–21 $b	2021–22 $b	2022–23 $b
Individuals			
▪ collectable debt	3.7	4.2	5.1
▪ debt subject to objection or appeal	0.2	0.2	0.6
▪ insolvency debt	0.6	0.6	0.6
Small business			
▪ collectable debt	24.3	29.3	33.4
▪ debt subject to objection or appeal	1.3	1.1	1.2
▪ insolvency debt	4.3	4.9	6.4
Privately owned and wealthy groups			
▪ collectable debt	8.4	8.9	9.8
▪ debt subject to objection or appeal	4.2	4.8	6.5
▪ insolvency debt	3.0	3.0	3.8
Public and multinational businesses			
▪ collectable debt	1.6	1.8	1.2
▪ debt subject to objection or appeal	6.2	6.6	7.7
▪ insolvency debt	0.5	0.5	0.5
Not-for-profit organisations			
▪ collectable debt	0.2	0.2	0.2
▪ debt subject to objection or appeal	0.0	0.0	0.0
▪ insolvency debt	0.0	0.0	0.0
Self-managed superannuation funds			
▪ collectable debt	0.3	0.4	0.4
▪ debt subject to objection or appeal	0.0	0.0	0.1
▪ insolvency debt	0.0	0.0	0.0
Superannuation funds			
▪ collectable debt	0.0	0.0	0.0
▪ debt subject to objection or appeal	0.0	0.1	0.0
▪ insolvency debt	0.0	0.0	0.0

Note

(a) The sum of collectable debt, debt subject to objection, review or appeal under Part IVC of the *Taxation Administration Act 1953* (TAA) and insolvency debt in this table will vary from the 'Value of debt holdings by main revenue type' table, as only the main revenue types are included there.

The proportions of debt accounted for by activity statement debt, income tax debt and superannuation guarantee charge debt are reasonably consistent over time.

Table 7.13 Value of debt holdings by main revenue type, 2020–21 to 2022–23[(a)]

Activity	2020–21 $b	2021–22 $b	2022–23 $b
Activity statement			
▪ collectable debt	22.6	27.3	31.9
▪ debt subject to objection or appeal	0.6	0.5	0.8
▪ insolvency debt	4.8	5.5	7.6
Income tax			
▪ collectable debt	13.5	15.1	15.6
▪ debt subject to objection or appeal	11.0	12.0	14.7
▪ insolvency debt	2.4	2.1	2.2
Superannuation guarantee charge			
▪ collectable debt	1.7	1.9	2.0
▪ debt subject to objection or appeal	0.1	0.1	0.0
▪ insolvency debt	1.1	1.2	1.2

Note
(a) The sum of collectable debt, debt subject to objection, review or appeal under Part IVC of the TAA and insolvency debt in this table will vary from the 'Value of debt holdings by client experience' table as only the main revenue types are included here.

Tables 7.14 and 7.15 show a breakdown of outstanding collectable taxpayer debts over $100,000 and older than 90 days, by client experience and industry group where the taxpayer is not actively engaged with the ATO. This includes taxpayers without active payment plans, insolvency, liquidation or disputed debt activities.

Table 7.14 Collectable debts by client experience – disengaged taxpayers, 2022–23[(a)]

Client experience	Number of disengaged taxpayers with collectable debt	Value of collectable debt[(b)] $b
APRA-regulated superannuation funds[(c)]	2	0.0
Individuals	5,058	1.5
Privately owned and wealthy groups	4,093	2.8
Public and multinational businesses	244	0.2
Small businesses	42,127	11.8

Notes
(a) Information reported for the first time in 2022–23.
(b) Value of collectable debt does not equal the total collectable debt for each client experience group, as shown in Table 7.12.
(c) Rounded figure. Result is less than $500,000.

Table 7.15 Collectable debts by industry group – disengaged taxpayers, 2022–23[a][b]

Industry group	Number of disengaged taxpayers with collectable debt	Value of collectable debt[c] $b
Accommodation and Food Services	4,506	1.2
Administrative and Support Services	3,107	1.1
Agriculture, Forestry and Fishing	898	0.3
Arts and Recreation Services	679	0.2
Construction	14,859	4.2
Education and Training	439	0.1
Electricity, Gas, Water and Waste Services	181	0.1
Financial and Insurance Services	1,566	0.6
Health Care and Social Assistance	1,687	0.6
Information, Media and Telecommunications	442	0.1
Manufacturing	2,448	0.8
Mining	172	0.1
Other Services	3,315	0.9
Professional, Scientific and Technical Services	5,224	1.8
Public Administration and Safety	386	0.2
Rental, Hiring and Real Estate Services	1,702	0.6
Retail Trade	2,556	0.8
Special ATO Division	455	0.3
Transport, Postal and Warehousing	2,887	0.8
Wholesale Trade	2,861	0.4
Unknown	1,154	1.1

Notes

(a) Industry group names are in line with the Australian Bureau of Statistics *Australian and New Zealand Standard Industrial Classification* (ANZSIC); excluding the Special ATO Division category.

(b) Information reported for the first time in 2022–23.

(c) Value of collectable debt does not equal the total collectable debt for each industry group.

We use data-driven, human decision-making to pursue, pause or cease recovery actions where appropriate – including where the client becomes insolvent, or debts are considered uneconomical to pursue.

Determining some debts as being either uneconomical to pursue or irrecoverable at law helps ensure we are focusing our collection activities on the right debts.

Table 7.16 Debt not pursued, 2020–21 to 2022–23[a]

Activity	2020–21 $b	2021–22 $b	2022–23 $b
Value of debt			
▪ uneconomical to pursue	0.5	1.2	1.3
▪ irrecoverable at law	2.1	1.6	2.2

Note

(a) If a decision is made to not pursue a debt on the basis that it is uneconomical to do so, the debt can be pursued at a future time. A debt that is irrecoverable at law is effectively extinguished.

Appendix 7: Compensation statistics

The information below relates to compensation under the Commonwealth's Scheme for Compensation for Detriment caused by Defective Administration (CDDA).

Under the CDDA scheme, compensation may be paid to an individual, company or other organisation that has experienced detriment as a result of our defective actions or inaction.

Payments under the scheme are discretionary. The information below provides details of claims processed under the scheme in 2022–23.

Compensation claims

In 2022–23, we registered 143 compensation claims and finalised 172 (including claims registered in previous years).

For straightforward claims, we aim to give the claimant a decision within 56 days. For more complex claims, we aim to give a preliminary view within 56 days. Claimants are then given an opportunity to comment on the preliminary view prior to the decision being finalised. The extended time frame includes time taken for the claimant to consider the ATO's preliminary view.

Table 7.17 Completion time frames of compensation claims, 2022–23

Claims	1 month	1–3 months	3–6 months	6–12 months	1 year +
Percentage of claims	4%	33%	41%	18%	4%

Compensation payments

The total amount of 53 compensation payments made in 2022–23 was $1,438,703. The average payment made was $27,145 and the median payment was $990.

These statistics have been compiled from a number of data sources and all possible care has been taken to ensure consistency.

Appendix 8: Service commitments and activities

The ATO reports on a range of service commitments and provides information about our activities that deliver outcomes for the community. Our annual results are provided in the following tables.

Service commitments

Our service commitments are designed to assure the ATO and the community that the services we provide are of a consistent and high standard. Many of our commitments have targets, which are meaningful to our clients and challenge us to deliver the best possible service.

We regularly report on our service commitments. These are available at ato.gov.au/servicecommitments.

We did not meet all our targets for service commitments in place at 30 June 2023.

Table 7.18 Commitments to service – Timely, 2021–22 and 2022–23

			Achieved 2021–22		Achieved 2022–23	
Service commitment		**Target**	**Result**	**Indicator**	**Result**	**Indicator**
Tax practitioner calls over the tax time period, at 31 October ▪ A total of 468,630 calls were answered, 10,634 abandoned (2% of calls offered) and zero calls were blocked in 2022–23.	answered within 2 minutes	90%	90%	✓	90%	✓
Average wait time for inbound general calls	less than 10 minutes	10 min	09 min 29 sec	✓	10 min 49 sec	X
Electronic taxpayer requests	finalised in 15 business days	90%	85%	X	89%	X
Private rulings	finalised in 28 calendar days of receiving all necessary information	80%	80%	✓	86%	✓
Superannuation guarantee employee notifications	finalised within 4 months	60%	48%[a]	X	76%	✓
Superannuation guarantee employee notifications	finalised within 9 months	90%	75%[a]	X	100%	✓
Electronic tax returns and activity statements[b]	finalised in 12 business days	94%	99%	✓	99%	✓
Electronic amendments	finalised in 20 business days	90%	95%	✓	96%	✓
Paper tax returns, activity statements and amendments	finalised in 50 business days	80%	93%	✓	93%	✓

Table 7.18 Commitments to service – Timely, 2021–22 and 2022–23 *continued*

Service commitment		Target	Achieved 2021–22 Result	Achieved 2021–22 Indicator	Achieved 2022–23 Result	Achieved 2022–23 Indicator
Australian residents' ABR registrations	finalised in 20 business days	93%	99%	✓	98%	✓
Electronic Commissioner of Taxation registrations	finalised in 20 business days	93%	96%	✓	96%	✓
Complaints received	resolved in 15 business days or within the date negotiated with the client	85%	88%[c]	✓	92%[d]	✓

✓ = met X = not met

Notes

(a) Service commitment result impacted by a backlog of superannuation guarantee work resulting from the movement of staff to support the government's stimulus measures.

(b) Target applies to current-year tax returns only.

(c) 73% of complaints resolved in 15 business days, regardless of additional time negotiated with the client.

(d) 64% of complaints resolved in 15 business days, regardless of additional time negotiated with the client.

Table 7.19 Commitments to service – Keep me informed, 2021–22 and 2022–23

Service commitment		Target	Achieved 2021–22 Result	Achieved 2021–22 Indicator	Achieved 2022–23 Result	Achieved 2022–23 Indicator
Private rulings	contact within 14 calendar days if request will take more than 28 calendar days to resolve	80%	89%	✓	88%	✓

✓ = met X = not met

Activities

We undertake a range of activities to support the delivery of the tax and superannuation systems. Outputs include information assistance services, processing and assurance activities, along with internal services for our staff.

Table 7.20 Activities and outputs – Information and assistance services, 2020–21 to 2022–23

Activity	2020–21	2021–22	2022–23
Number of non-digital, inbound customer service interactions	8,883,652	7,819,956	6,413,419
Number provided of:			
▪ interpretative guidance products	53,442	45,768	41,963
▪ private rulings	3,977	4,347	3,918
Elapsed time in days for private rulings:			
▪ average	114	132	110
▪ median	86	100	77
Perceptions that the *process* was fair in:			
▪ disputes	54%	57%	38%
— individuals	54%	58%	–[(a)]
— business	55%	50%	–[(a)]
▪ audits, advice or private rulings	60%	59%	55%
— individuals	59%	59%	56%
— business	63%	59%	52%
Perceptions that the *final decision* was fair in:			
▪ disputes	58%	66%	38%
— individuals	57%	69%	–[(a)]
— business	59%	54%	–[(a)]
▪ audits, advice or private rulings	60%	58%	52%
— individuals	60%	57%	55%
— business	61%	59%	49%

Note
(a) Insufficient sample size to produce a reliable result.

Table 7.21 Activities and outputs – Obligations and entitlements processing, 2020–21 to 2022–23[(a)]

Activity	2020–21	2021–22	2022–23
Number of registrations processed	1.5m	1.7m	2.2m
Number of returns, statements and forms processed	317.1m	325.4m	351.4m
Proportion of:			
▪ income tax returns lodged	89.4%	88.4%	89.2%
▪ activity statements lodged	84.6%	83.4%	84.9%
Proportion of tax returns lodged electronically	98.2%	98.5%	98.7%
Number of payments processed	25.0m	28.9m	32.1m
Proportion of payments made and received through electronic channels	99.2%	99.5%	99.7%

Note
(a) Some items reported for 2022–23 (such as proportion of income tax returns lodged) relate to the 2021–22 tax year.

Table 7.22 Activities and outputs – Revenue assurance, 2020–21 to 2022–23

Activity	2020–21	2021–22	2022–23
Number of refunds issued	14.8m	14.9m	15.6m
Number of compliance activities undertaken	5.2m	4.8m	4.4m
Value of tax collected: ■ gross ■ net	 $580.1b $451.4b	 $648.5b $515.6b	 $731.0b $576.2b
Value of refunds paid	$128.7b	$132.9b	$154.8b
Value of compliance liabilities as a result of compliance audits, reviews and other checks: ■ raised ■ collected	 $12.0b $6.8b	 $17.3b $12.1b	 $18.7b $12.1b
Value of penalties and interest collected	$1.8b	$2.9b	$3.2b

Table 7.23 Activities and outputs – Securing retirement income, 2020–21 to 2022–23

Activity	2020–21	2021–22	2022–23
Number of lost superannuation accounts	361,986	348,685	319,863
Number of ATO-held superannuation accounts[a]	6.2m	6.5m	6.7m
Proportion of APRA fund annual balance returns lodged on time[b]	94.8%	91.2%	95.7%
Number of excess contributions determinations issued[c]	161,375	145,139	169,547
Number of Division 293 tax assessments issued[d]	278,942	324,108	408,886
Proportion of self-managed superannuation funds (SMSFs) with contraventions reported by approved SMSF auditors compared to the total number of lodging SMSFs	2.6%[e]	2.8%[f]	2.7%[g]
Value of lost superannuation accounts	$9.2b	$10.4b	$10.1b
Value of ATO-held superannuation accounts[a]	$4.7b	$5.6b	$5.9b
Value of excess contributions determinations issued	$1.9b	$1.4b	$2.9b
Value of Division 293 tax assessments issued	$829.3m	$974.5m	$1,353m
Proportion of superannuation guarantee compliance casework consisting of ATO-initiated work	43%	58%	83%

Notes

(a) ATO-held super accounts include unclaimed super money and Superannuation Holding Accounts special account.
(b) Of those member contribution statements lodged by large APRA-regulated funds.
(c) Determinations issued in reporting year primarily relate to the prior year.
(d) Division 293 assessments issued in reporting year primarily relate to the prior year.
(e) Relates to the contraventions reported for 2018–19 at June 2021.
(f) Relates to the contraventions reported for 2019–20 at June 2022.
(g) Relates to the contraventions reported for 2020–21 at June 2023.

Table 7.24 Activities and outputs – Administered program outputs, 2020–21 to 2022–23

Activity	2020–21	2021–22	2022–23
Program 1.5 – Australian Screen and Digital Game Production Incentive – Number of tax offsets processed	208	208	311
Program 1.7 – Fuel Tax Credits Scheme – Value of claims	$7.5b	$7.5b	$7.0b
Program 1.7 – Fuel Tax Credits Scheme – Number of registered participants	259,074	272,940	276,570
Program 1.7 – Fuel Tax Credits Scheme – Proportion of payments processed within service standard time frames	99.4%	95.7%	99.0%
Program 1.9 – Product Stewardship for Oil – Value of payments processed	$95.0m	$89.1m	$89.0m
Program 1.9 – Product Stewardship for Oil – Value of revenue collected	$30.8m	$26.1m	$29.2m
Program 1.9 – Product Stewardship for Oil – Number of claims processed	367	380	384
Program 1.9 – Product Stewardship for Oil – Number of participants registered	40	40	39
Program 1.9 – Product Stewardship for Oil – Proportion of payments processed within service standard time frames	87%	98%	84%
Program 1.11 – Low Income Superannuation Tax Offset – Number of beneficiaries of entitlements determined	2.7m	2.5m	2.7m
Program 1.11 – Low Income Superannuation Tax Offset – Value of entitlements determined	$669.7m	$589.1m	$673.7m
Program 1.12 – Private Health Insurance Rebate – Number of individuals with private health insurance rebate details assessed through the tax system	7.91m[a]	8.02m	8.31m
Program 1.13 – Superannuation Co-contribution Scheme – Number of beneficiaries of entitlements determined	391,812	385,042	412,563
Program 1.13 – Superannuation Co-contribution Scheme – Value of entitlements determined	$122m	$120m	$130m
Program 1.14 – Superannuation Guarantee Scheme – Number of superannuation guarantee complaints leading to:			
▪ a superannuation liability being raised	11,569	11,726	9,219
▪ no result	4,791	3,531	3,415
Program 1.14 – Superannuation Guarantee Scheme – Number of employees who have had superannuation guarantee entitlements raised as a result of:			
▪ ATO compliance activities	357,461	244,482	211,769
▪ voluntary disclosures	685,223	365,362	521,332
Program 1.14 – Superannuation Guarantee Scheme – Number of:			
▪ employers whose records are checked	17,051	15,507	12,020
▪ checks leading to a superannuation liability being raised	12,264	12,275	9,054
Program 1.14 – Superannuation Guarantee Scheme – Proportion of employers for whom superannuation guarantee liabilities were raised by the ATO	1.3%	1.2%	0.9%
Program 1.15 – Targeted Assistance Through the Taxation System – Number of interest payments processed	1.41m	0.80m	0.87m
Program 1.15 – Targeted Assistance Through the Taxation System – Proportion of unclaimed superannuation accounts where interest is paid to the account owner compared to total accounts transferred	100%	100%	100%

Table 7.24 Activities and outputs – Administered program outputs, 2020–21 to 2022–23

Activity	2020–21	2021–22	2022–23
Program 1.16 – Interest on Overpayment and Early Payments of Tax – Number of transactions where an overpayment has occurred under Part IIB, Part III, Part IIIA of the Taxation (IOEP) Act	240,155	181,129	581,364
Program 1.18 – Seafarer Tax Offset – Number of tax offsets processed	Less than 5	Less than 5	Less than 5
Program 1.18 – Seafarer Tax Offset – Value of tax offsets processed	$9.5m	$9.0m	$9.3m

Note
(a) Result was published as 7.9m in the 2020–21 annual report.

Table 7.25 Activities and outputs – Corporate services, 2020–21 to 2022–23

Activity	2020–21	2021–22	2022–23
Rate of unscheduled absence (days)	10.5	11.9	13.0

Table 7.26 Activities and outputs – Working across government and internationally, 2020–21 to 2022–23

Activity	2020–21	2021–22	2022–23
Number of memorandums of understanding	190	190	149
Number of international information exchanges	329 incoming 167 outgoing	278 incoming 95 outgoing	404 incoming 114 outgoing

Farm management deposits

The farm management deposits (FMD) scheme is designed to assist primary producers deal more effectively with fluctuations in their cash flows. The policy intent of the scheme, which was established in 1999, is to encourage increased financial self-reliance among primary producers by allowing them to set aside cash reserves earned during high-income years, for use in low-income years.

The Department of Agriculture, Fisheries and Forestry publishes monthly statistics on FMD holdings. At 30 June 2023, total holdings were $7.1 billion, held in 47,668 FMD accounts.

Table 7.27 Activities and outputs – Farm management deposits, 2020–21 to 2022–23[(a)]

Activity	2020–21	2021–22	2022–23
Number of deductible deposits processed	13,396	13,036	14,771
Value of deductible deposits	$1.4b	$1.3b	$1.7b
Number of early repayments processed due to natural disaster	350	267	232
Value of early repayments due to natural disaster	$29m	$28m	$24m
Number of other repayments processed	17,895	15,658	11,447
Value of other repayments	$1.6b	$1.6b	$1.1b

Note
(a) Changes from previously published data occurs as additional information becomes available.

Appendix 9: Advertising, direct mail, media placement and market research

Advertising activities

During 2022–23, the ATO conducted the following advertising activities:

- ATO recruitment
- Director identification number (director ID)
- Employers: help and support
- GST refund fraud
- Help and support (Search only)
- Illegal phoenix
- Investors and rentals
- New to business
- Service delivery peaks 2022–23
- Tax and super basics
- Tax, Super + You (Phase 2)
- Taxpayers' Charter Review (notice to the community)
- Unregistered tax agent[a]
- Work from home deductions
- Youth and super.

Note

(a) Relates to work undertaken on behalf of the Tax Practitioners Board.

Further information on advertising activities is available at ato.gov.au/advertising.

The Department of Finance also prepares a Campaign Advertising by Australian Government Departments and Agencies report that provides details of campaigns where expenditure was greater than $250,000 (including GST), available at finance.gov.au/publications/reports.

Payments for advertising, direct mail, media placement and market research

Under the *Commonwealth Electoral Act 1918*, agencies are required to provide details of payments over $15,200 (GST inclusive) made to advertising, direct mail, media placement and market research organisations. Amounts paid during 2022–23 are set out below.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website at tenders.gov.au.

Table 7.28 Amounts paid to advertising, direct mail, media placement and market research organisations, 2022–23[a][b]

Organisation	Initiative, event or product	Total payments $
Advertising		
Foundry Design Pty Ltd	New to business advertising	24,208
The Monkeys Pty Ltd	Director ID advertising	615,680
Total		**639,888**
Media placement		
Cox Inall Ridgeway	Director ID advertising/public relations	257,975
Embrace Society	Director ID advertising/public relations	257,510
Horizon Communication Group	Director ID advertising/public relations	220,000
Universal McCann	ATO recruitment advertising	937,193
Universal McCann	Director ID advertising campaign	3,313,922
Universal McCann	Employers: help and support advertising campaign	77,000
Universal McCann	GST refund fraud advertising campaign	48,282
Universal McCann	Help and support advertising campaign	88,000
Universal McCann	Illegal phoenix advertising campaign	76,333
Universal McCann	Investors and Rentals advertising campaign	55,000
Universal McCann	New to business advertising campaign	76,828
Universal McCann	Service delivery peaks advertising campaign	110,000
Universal McCann	Tax and super basics advertising campaign	223,132
Universal McCann	Tax, Super + You (Phase 2) advertising campaign	26,210
Universal McCann	Taxpayers' Charter review advertising	30,795
Universal McCann	Unregistered tax agent advertising campaign[b]	106,304
Universal McCann	Work from home deductions advertising campaign	55,000
Universal McCann	Youth and super advertising campaign	54,951
Total		**6,014,435**
Market research		
Big Village Australia Pty Ltd	Employee value proposition	16,704
Deloitte Australia	eInvoicing	406,120
Ernst & Young	Cryptocurrency	126,434
Hall & Partners	Director ID	72,570
Ipsos Public Affairs Pty Ltd	Director ID	127,398
RMIT University	Shadow economy	38,316
Total		**787,542**

Notes
(a) For the purposes of section 311A of the *Commonwealth Electoral Act 1918*, the ATO does not undertake polling activity.
(b) Relates to work undertaken on behalf of the Tax Practitioners Board.

Appendix 10: Use of access powers

In most circumstances, we work cooperatively with taxpayers and third parties to obtain relevant information without having to exercise our formal powers. Our approach to information gathering, including the policies and procedures for the use of our powers, is available at ato.gov.au/useofpowers.

Use of formal information-gathering notices is necessary where third parties, such as financial institutions, are required to provide private tax-related information to us. They are also necessary to establish the relevant facts and evidence in audits and other investigations – or for the purposes of debt recovery.

During 2022–23, there were:

- 42 occasions in which we needed to gather relevant information using our powers to obtain access without notice
- 26,647 formal notices issued to obtain relevant information and documents, including situations where we combined notices for information and documents with notices requiring formal interviews.

Table 7.29 Formal access powers used by the Commissioner, 2020–21 to 2022–23[(a)]

Access	2020–21	2021–22	2022–23
With notice	7	9	10
Without notice	5	17	42
Immediate	0	1	0
Total	**12**	**27**	**52**

Note

(a) Care should be taken in extrapolating trends from this data. Figures include all formal notices issued, including the reissue of a formal notice, and do not represent the number of taxpayers who have received a formal notice.

Table 7.30 Formal information-gathering notices issued by the Commissioner, 2020–21 to 2022–23[(a)(b)]

Information-gathering notices	2020–21	2021–22	2022–23
Information or document	20,810	31,186	26,455
Attend and give evidence	110	128	152
Formal offshore requests	34	45	40
Total	**20,954**	**31,359**	**26,647**

Notes

(a) Care should be taken in extrapolating trends from this data. Figures include all formal notices issued, including the reissue of a formal notice, and do not represent the number of taxpayers who have received a formal notice.

(b) Information-gathering notice numbers increased from 2021–22 due to a change in reporting methodology, and include additional notices issued to third parties to obtain taxpayer location information.

Use of assumed identities

Our employees may use assumed identities to gather intelligence and evidence against individuals and criminal networks under investigation. Under the *Crimes Act 1914*, we are required to regularly audit records of authorisations and revocations of assumed identities.

At 30 June 2023, there were no authorisations for our field intelligence staff to hold assumed identities.

Appendix 11: Information provided to law enforcement agencies

Section 355-70 (item 1) of Schedule 1 to the *Taxation Administration Act 1953* allows the disclosure of taxpayer information to specified law enforcement agencies where the information is:

- relevant to determining whether a serious offence has been, or is being, committed
- for enforcing a law, the contravention of which is a serious offence
- for proceeds of crime order proceedings.

Table 7.31 shows requests from agencies and ATO-initiated disclosures, while Table 7.32 shows the general categories of offence in 2022–23.

Table 7.31 Requesting agencies and ATO-initiated disclosures, 2022–23

		New requests			Processed requests			
Agencies	On hand 1 July 2022	External	ATO-initiated	Total new requests	Withdrawn	Rejected	Total requests disclosed	On hand 30 June 2023
Subsection 355-70(1)(item 1) – serious offence								
Australian Commission for Law Enforcement Integrity	2	11	0	11	1	0	12	0
Australian Criminal Intelligence Commission	9	151	3	154	6	0	141	16
Australian Federal Police	32	356	17	373	11	0	362	32
Australian Securities & Investments Commission	1	6	1	7	0	0	7	1
Commonwealth Director of Public Prosecutions	1	0	1	1	0	0	2	0
Corruption and Crime Commission – Western Australia	1	24	0	24	0	0	24	1
County Court of Victoria	0	0	5	5	0	0	4	1
Crime and Corruption Commission – Queensland	3	71	0	71	1	0	65	8
District Court of NSW – Downing Centre	1	0	11	11	0	0	11	1
District Court of NSW – Parramatta	0	0	2	2	0	0	2	0
District Court of Queensland – Brisbane	0	0	2	2	0	0	2	0
District Court of Queensland – Maroochydore	0	0	1	1	0	0	1	0
District Court of Western Australia – Perth	0	0	2	2	0	0	2	0
Independent Broad-based Anti-corruption Commission – Victoria	0	14	0	14	0	0	13	1
Independent Commission Against Corruption – South Australia	0	2	0	2	0	0	2	0
Magistrates Court of Victoria – Mildura	0	0	1	1	0	0	1	0
New South Wales Crime Commission	22	240	1	241	5	0	245	13
Northern Territory Police Force	2	26	0	26	1	0	24	3

Table 7.31 Requesting agencies and ATO-initiated disclosures, 2022–23 *continued*

Agencies	On hand 1 July 2022	New requests: External	New requests: ATO-initiated	New requests: Total new requests	Processed requests: Withdrawn	Processed requests: Rejected	Processed requests: Total requests disclosed	On hand 30 June 2023
NSW Independent Commission Against Corruption	0	4	1	5	3	0	1	1
NSW Police Force	51	557	27	584	35	0	534	66
NSW Police Integrity Commission	0	2	0	2	0	0	2	0
Queensland Police Service	26	338	26	364	13	0	332	45
South Australia Police	7	111	11	122	4	0	109	16
Supreme Court of New South Wales	0	0	1	1	0	0	1	0
Supreme Court of Tasmania	0	0	1	1	0	0	1	0
Tasmania Police	2	13	1	14	0	0	12	4
Victoria Police	37	334	45	379	10	1	362	43
Western Australia Police Force	14	118	7	125	4	0	126	9
Total	**211**	**2,378**	**167**	**2,545**	**94**	**1**	**2,400**	**261**
Subsection 355-70(1)(item 2) – ASIO								
Australian Security Intelligence Organisation	0	1	0	1	0	0	1	0
Subsection 355-70(1)(item 4) – Criminal Assets Confiscation Taskforce								
AUSTRAC	1	1	0	1	0	0	2	0
Australian Federal Police	20	150	4	154	9	0	152	13
Total	**21**	**151**	**4**	**155**	**9**	**0**	**154**	**13**
Subsection 355-70(1)(item 4) – Illicit Tobacco Taskforce								
AUSTRAC	0	0	1	1	0	0	1	0
Australian Border Force	2	5	27	32	0	0	32	2
Australian Criminal Intelligence Commission	0	0	4	4	0	0	4	0
Australian Federal Police	0	0	1	1	0	0	1	0
Commonwealth Director of Public Prosecutions	0	0	1	1	0	0	1	0
Department of Home Affairs	0	1	2	3	0	0	3	0
NSW Police Force	0	0	1	1	0	0	1	0
Victoria Police	0	0	2	2	0	0	2	0
Total	**2**	**6**	**39**	**45**	**0**	**0**	**45**	**2**
Subsection 355-70(1)(item 4) – National Anti-Gang Taskforce								
Australian Federal Police	4	71	1	72	4	0	65	7
Subsection 355-70(1)(item 4) – Phoenix Taskforce								
Attorney-General's Department	0	0	30	30	0	0	30	0
AUSTRAC	0	0	24	24	0	0	24	0
Australian Border Force	0	1	26	27	0	0	27	0
Australian Building and Construction Commission	0	0	11	11	0	0	11	0
Australian Competition & Consumer Commission	0	1	11	12	0	0	11	1

Table 7.31 Requesting agencies and ATO-initiated disclosures, 2022–23 *continued*

		New requests			Processed requests			
Agencies	**On hand 1 July 2022**	**External**	**ATO-initiated**	**Total new requests**	**Withdrawn**	**Rejected**	**Total requests disclosed**	**On hand 30 June 2023**
Australian Criminal Intelligence Commission	0	0	13	13	0	0	13	0
Australian Federal Police	0	0	13	13	0	0	13	0
Australian Finance Security Authority	0	0	16	16	1	0	15	0
Australian Securities & Investments Commission	0	26	49	75	0	0	75	0
Clean Energy Regulator	0	0	11	11	0	0	11	0
Consumer Affairs – Victoria	0	0	11	11	0	0	11	0
Department of Agriculture, Fisheries and Forestry	0	0	11	11	0	0	11	0
Department of Climate Change, Energy, the Environment and Water	0	5	0	5	3	0	2	0
Department of Employment and Workplace Relations	0	0	4	4	0	0	4	0
Department of Health	0	0	11	11	0	0	11	0
Department of Home Affairs	0	0	1	1	0	0	1	0
Department of Industry, Science and Resources	0	0	11	11	0	0	11	0
Department of Mines, Industry Regulation and Safety – WA	0	0	11	11	0	0	11	0
Department of Treasury and Finance – South Australia	0	0	14	14	0	0	14	0
Environment Protection Authority – Victoria	0	0	11	11	0	0	11	0
Fair Work Ombudsman	0	0	25	25	0	0	25	0
Labour Hire Authority – Victoria	0	40	23	63	0	0	63	0
Labour Hire Licensing Queensland	0	2	1	3	0	0	3	0
NSW Fair Trading	0	2	11	13	1	0	11	1
NSW Long Service Corporation	0	0	11	11	0	0	11	0
NSW Police Force	0	0	13	13	0	0	13	0
Office of Industrial Relations –Queensland	2	6	19	25	0	0	27	0
Office of State Revenue – Australian Capital Territory	0	0	11	11	0	0	11	0
Office of State Revenue – New South Wales	0	1	14	15	0	0	14	1
Office of State Revenue – Northern Territory	0	0	11	11	0	0	11	0
Office of State Revenue – Queensland	0	1	20	21	0	0	21	0
Office of State Revenue – South Australia	0	0	5	5	0	0	5	0
Office of State Revenue – Tasmania	0	1	11	12	0	0	12	0
Office of State Revenue – Victoria	0	9	17	26	0	0	26	0
Office of State Revenue – Western Australia	2	2	12	14	0	0	15	1
Queensland Building & Construction Commission	0	1	11	12	0	0	12	0
Return to Work SA	0	3	22	25	0	0	25	0

Table 7.31 Requesting agencies and ATO-initiated disclosures, 2022–23 *continued*

Agencies	On hand 1 July 2022	New requests: External	New requests: ATO-initiated	New requests: Total new requests	Processed requests: Withdrawn	Processed requests: Rejected	Processed requests: Total requests disclosed	On hand 30 June 2023
State Insurance Regulatory Authority – NSW	0	0	12	12	0	0	12	0
Treasury	0	0	3	3	0	0	3	0
Victoria Police	0	0	11	11	0	0	11	0
Victorian Building Authority	1	1	16	17	1	0	17	0
Victorian Legal Services Board + Commissioner	0	0	11	11	0	0	11	0
WorkCover Queensland	0	1	4	5	0	0	5	0
WorkCover WA	0	1	11	12	0	0	12	0
WorkSafe ACT	0	0	11	11	0	0	11	0
Total	**5**	**104**	**605**	**709**	**6**	**0**	**704**	**4**
Subsection 355-70(1)(item 4) – Serious Financial Crime Taskforce								
Attorney-General's Department	0	1	33	34	0	0	34	0
AUSTRAC	0	2	60	62	1	0	61	0
Australian Border Force	0	1	41	42	0	0	42	0
Australian Criminal Intelligence Commission	0	5	94	99	0	0	99	0
Australian Federal Police	0	3	139	142	0	0	142	0
Australian Securities & Investments Commission	0	1	55	56	0	0	56	0
Australian Signals Directorate	0	0	7	7	0	0	7	0
Commonwealth Director of Public Prosecutions	0	1	40	41	0	0	41	0
Department of Home Affairs	0	1	31	32	0	0	32	0
Services Australia	0	1	42	43	0	0	43	0
Total	**0**	**16**	**542**	**558**	**1**	**0**	**557**	**0**
Subsection 355-70(1)(item 4) – Shadow Economy Taskforce								
Attorney-General's Department	0	0	1	1	0	0	1	0
AUSTRAC	0	0	8	8	0	0	8	0
Australian Border Force	0	0	23	23	0	0	23	0
Australian Criminal Intelligence Commission	0	2	33	35	0	0	35	0
Australian Federal Police	0	0	7	7	0	0	7	0
Commonwealth Director of Public Prosecutions	0	0	1	1	0	0	1	0
Department of Home Affairs	0	0	5	5	0	0	4	1
Fair Work Ombudsman	0	0	23	23	0	0	22	1
Services Australia	0	0	23	23	0	0	22	1
South Australia Police	0	0	1	1	0	0	1	0
Treasury	0	0	1	1	0	0	1	0
Total	**0**	**2**	**126**	**128**	**0**	**0**	**125**	**3**
Grand total	**243**	**2,729**	**1,484**	**4,213**	**114**	**1**	**4,051**	**290**

Table 7.32 General categories of offence, 2022–23

Categories	On hand 1 July 2022	New requests: External	New requests: ATO-initiated	New requests: Total new requests	Processed requests: Withdrawn	Processed requests: Rejected	Processed requests: Total requests disclosed	On hand 30 June 2023
Anti-Money Laundering and Counter Terrorism Financing Act 2006	3	19	0	19	1	0	20	1
Child Protection (Offender Reporting and Offender Prohibition Order) Act 2004 (Qld)	0	1	0	1	0	0	1	0
Common Law	2	8	0	8	0	0	9	1
Confiscation Acts[a]	25	379	1	380	9	0	367	29
Corporations Law[b]	1	6	1	7	0	0	7	1
Crimes and Criminal Code Acts (Commonwealth)[c]	53	561	45	606	23	0	572	64
Crimes and Criminal Code Acts (state)[d]	93	970	105	1,075	49	1	1,008	110
Criminal Code Compilation Act 1913 (WA)	1	39	3	42	2	0	38	3
Criminal Law Consolidations Act 1935 (SA)	4	20	9	29	0	0	27	6
Customs Act 1901	0	4	0	4	2	0	1	1
Drug Misuse and Trafficking Acts[e]	21	188	2	190	4	0	182	25
Drugs Poisons and Controlled Substances Acts[f]	8	171	0	171	4	0	157	18
Financial Transaction Reports Act 1988	0	2	0	2	0	0	2	0
Firearms Act 1996 (Vic)	0	1	0	1	0	0	1	0
Proceeds of Crime Act 2002	0	7	1	8	0	0	7	1
Summary Offences Act 1953 (SA)	0	1	0	1	0	0	1	0
Taxation Administration Act 1953	0	1	0	1	0	0	0	1
Total	**211**	**2,378**	**167**	**2,545**	**94**	**1**	**2,400**	**261**

Notes

(a) Confiscation Acts include *Confiscation Act 1997* (Vic), *Confiscation of Criminal Assets Act 2003* (ACT), *Criminal Assets Confiscation Act 2005* (SA), *Criminal Assets Recovery Act 1990* (NSW), *Criminal Proceeds Confiscation Act 2002* (Qld), *Criminal Property Forfeiture Act 2002* (NT) *and Crime (Confiscation of Profits) Act 1993* (Tas).

(b) Corporations Law includes *Corporations Act 2001* and *Corporations (Aboriginal and Torres Strait Islander) Act 2006*.

(c) Crimes and Criminal Code Acts (Commonwealth) include *Bankruptcy Act 1966*, *Criminal Code Act 1995* and *Fair Work Act 2009*.

(d) Crimes and Criminal Code Acts (state) include *Crimes Act 1900* (NSW), *Crimes Act 1958* (Vic), *Criminal Code Act 2002* (ACT), *Criminal Code Act 1899* (Qld), *Crimes (Domestic and Personal Violence) Act 2007* (NSW) and *Criminal Code Act 1983* (NT).

(e) Drug Misuse and Trafficking Acts include *Drug Misuse Act 1986* (Qld), *Drug Misuse and Trafficking Act 1985* (NSW), *Misuse of Drugs Act 1981* (WA), *Misuse of Drugs Act 2001* (Tas) and *Misuse of Drugs Act 1990* (NT).

(f) Drugs Poisons and Controlled Substances Acts include *Drugs Poisons and Controlled Substances Act 1981* (Vic) and *Controlled Substances Act 1984* (SA).

For information disclosed to authorised law enforcement agency officers under section 70-40 of the *Tax Agent Services Act 2009*, see the TPB's annual report at tpb.gov.au/annual-report.

Appendix 12: Fraud or evasion exception

Information about fraud or evasion assessments conducted in 2022–23 is shown in Table 7.33. In 2022–23, there were 188 taxpayers subject to a fraud or evasion assessment. This represents around 0.07% of taxpayers subject to an audit related assessment. Of the 188 taxpayers, 187 incurred an additional penalty and a penalty decision is yet to be made for one taxpayer.

Table 7.33 Fraud or evasion assessments by client experience, 2022–23

Client experience	Number of taxpayers subject to an audit related assessment	Taxpayers subject to a fraud or evasion assessment[a]		
		Number	% of taxpayers subject to an audit related assessment[b]	Number with an additional penalty[c]
Privately owned and wealthy groups	10,320	63	0.61	62
Small business	89,743	96	0.11	96
Individuals	158,906	28	0.02	28
Public and multinational businesses	722	0	0.00	0
APRA-regulated superannuation funds	7	0	0.00	0
Not-for-profit organisations	325	0	0.00	0
Self-managed superannuation funds	148	1	0.68	1
Total	**260,171**	**188**	**0.07**	**187**

Notes

(a) The tax law fraud or evasion exception to limited periods of review found within the income tax, superannuation and GST Acts allows that, if in the Commissioner's opinion there is fraud or evasion, the Commissioner is not constrained and may amend an assessment at any time.

(b) Totals may differ from the sum of components due to rounding.

(c) The tax law penalty provisions of Part 4-25 in Schedule 1 to the *Taxation Administration Act 1953* operate independently of the fraud or evasion exception. The penalty provisions impose administrative penalties for conduct such as: making a false or misleading statement or taking a position that is not reasonably arguable; failing to lodge a return or statement on time; failing to withhold amounts as required under the pay as you go (PAYG) withholding system; failing to meet other tax obligations.

Appendix 13: Working holiday maker framework

Working holiday makers are subject to a different rate of income tax, including amounts of income tax withholding, regardless of their residency status.

Employers must register with us and apply the different rates of pay as you go (PAYG) withholding to payments they make to working holiday makers. At 30 June 2023, there were 90,263 employers registered.

Table 7.34 shows updated figures for tax returns that were lodged by 30 June 2023, where an amount of net income for working holiday makers was declared.

Table 7.34 Working holiday maker tax returns processed, 2020–21 to 2022–23

Results	2020–21 tax returns[(a)]	2021–22 tax returns[(b)]	2022–23 tax returns[(b)]
Number of tax returns lodged by working holiday makers	52,841	42,468	509
Average taxable income	$37,100	$35,104	$19,661
Average income tax withheld	$7,009	$6,921	$3,419
Average income tax assessed as payable	$6,425	$6,006	$2,749

Notes

(a) 2020–21 results include processing up to 31 October 2022.

(b) 2021–22 and 2022–23 results include processing up to 30 June 2023, reflecting early lodged tax returns for 2022–23.

Appendix 14: Corrections

The following errors appeared in our 2021–22 annual report.

Commissioner's review

The total stimulus amount delivered to Australians through JobKeeper, Cash Flow Boost and Early Release of Super was incorrect.

As printed on page II:

Over the last few years, the ATO has played an essential role in supporting the community through a challenging period. The government entrusted us to deliver more than ~~$164 million~~ **$164 billion** in vital stimulus to Australians through JobKeeper, Cash Flow Boost and Early Release of Super. We also supported the community through COVID-19 lockdowns and natural disasters by giving taxpayers more time to lodge and pay. Throughout this time, we shifted our workforce and systems to rapidly respond to community needs.

Total revenue effects

The estimate for the 'Preventative actions and sustained compliance' revenue effect category was incorrectly reported, impacting the overall Total revenue effects performance measure, performance against target, and related information. This affects pages 39, 43, 70 and 72 as provided below.

As printed on page 39:

Performance results

Table 2.1 Performance results, 2019–20 to 2021–22[(a)]

Performance criterion	Source	Results 2019–20	Results 2020–21	Results 2021–22	Target 2021–22
G1: We build community confidence by sustainably reducing the tax gap and providing assurance across the tax and superannuation systems					
Total revenue effects – Tax revenue from all compliance activities	PBS 203 CP 12, 22	$13.7b ●	$11.5b ●	~~$15.5b ●~~ **$14.9b** ●	$15.0b

● Target achieved ● Target substantially achieved ● Target not achieved
– = New, not previously reported in the annual report for the given years

Note
(a) Targets apply to 2021–22. Results from prior years should be compared to targets for those years.

As printed on page 43:

Results analysis

Total revenue effects – Tax revenue from all compliance activities

In 2021–22, total revenue effects was ~~$15.5 billion~~ **$14.9 billion** against a performance target of $15 billion.

As printed on page 70:

Total revenue effects

In 2021–22, the total revenue effects from all these activities totalled ~~$15.5 billion~~ **$14.9 billion**, against our target of $15 billion.

For more information on total revenue effects, see ato.gov.au/totalrevenueeffects.

Table 3.8 Total revenue effects, 2019–20 to 2021–22[(a)]

All taxes	2019–20	2020–21	2021–22
Total revenue effects[(b)]	$13.7b	$11.5b	~~$15.5b~~ **$14.9b**
Audit actions and incorrect claims stopped[(c)]	$5.3b	$4.4b	$7.9b
Preventative actions and sustained compliance	$2.5b	$2.0b	~~$2.3b~~ **$1.7b**
Lodgment actions	$4.2b	$2.4b	$4.2b
Sustained lodgment compliance	$1.8b	$1.5b	$1.1b
Stimulus compliance[(d)]	–	$1.2b	–

Notes

(a) Totals may differ from the sum of components due to rounding.

(b) Total revenue effects categorisations were updated in 2021–22. Audit actions and incorrect claims stopped was previously categorised as audit yield. Preventative actions and sustained compliance was previously categorised as wider revenue effects. Lodgment actions and sustained lodgment compliance were not previously separately reported in this table but were included across the audit yield and wider revenue effect categories. Results for 2019–20 and 2020–21 have been retrospectively split into these new categories for comparative purposes.

(c) The 2021–22 result includes outcomes relating to Operation Protego.

(d) The combined impact of our stimulus compliance activities between March 2020 and June 2021 was reported in 2020–21 only.

As printed on page 72:

Prevention and sustained compliance

The estimated ~~$2.3 billion~~ **$1.7 billion** effect of our prevention activities and sustained compliance comprises:

- ~~$429 million~~ **$357 million** voluntary compliance due to our preventative actions (preventing problems before they happen)
- ~~$1.9 billion~~ **$1.3 billion** attributed to sustained compliance following our previous compliance interactions (locking in future compliance, not just fixing the past).

Tax gap estimates

The net gap estimate figure for Superannuation guarantee in Table 3.7 was incorrect.

As printed on page 68:

Table 3.7 Net gap estimates – programs we administer, 2016–17 to 2020–21 [(a)(b)(c)]

Administered programs	Reliability assessment	Unit	2016–17	2017–18	2018–19	2019–20	2020–21
Superannuation guarantee	Medium	%	4.7	5.0	5.1	4.9	–
		$m	~~2,755~~ **2,775**	3,110	3,348	3,374	–

– = Results are not available for the given year.

Notes

(a) All estimates are rounded to the nearest $ million, except for product stewardship for oil.
(b) Due to data lags, only limited estimates for 2020–21 are available.
(c) Changes from previously published estimates occur for a variety of reasons, including improvements in methodology, revisions to data and additional information becoming available.

Farm management deposits

The information reported in Table 6.25 Activities and outputs – Farm management deposits, 2019–20 to 2021–22 was incorrect.

As printed on page 220:

Table 6.25 Activities and outputs – Farm management deposits, 2019–20 to 2021–22

Activity	2019–20	2020–21	2021–22
Number of deductible deposits processed	~~344~~ **16,925**	~~331~~ **13,238**	~~250~~ **12,200**
Value of deductible deposits	~~$32m~~ **$1.8b**	~~$28m~~ **$1.4b**	~~$26m~~ **$1.2b**
Number of early repayments processed due to natural disaster	~~17,566~~ **344**	~~17,691~~ **331**	~~14,500~~ **250**
Value of early repayments due to natural disaster	~~$1.6b~~ **$32m**	~~$1.6b~~ **$28m**	~~$1.5b~~ **$26m**
Number of other repayments processed	~~16,925~~ **17,566**	~~13,238~~ **17,691**	~~12,200~~ **14,500**
Value of other repayments	~~$1.8b~~ **$1.6b**	~~$1.4b~~ **$1.6b**	~~$1.2b~~ **$1.5b**

Appendix 15: List of requirements

In adherence to section 17AJ(d) of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule), it is mandatory to provide a list of requirements in the annual report.

PGPA Rule reference	Description	Requirement	Page
17AD(g)	**Letter of transmittal**		
17AI	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory	VI
17AD(h)	**Aids to access**		
17AJ(a)	Table of contents.	Mandatory	IV–V
17AJ(b)	Alphabetical index.	Mandatory	269–273
17AJ(c)	Glossary of abbreviations and acronyms.	Mandatory	267
17AJ(d)	List of requirements.	Mandatory	254–258
17AJ(e)	Details of contact officer.	Mandatory	Inside front cover
17AJ(f)	Entity's website address.	Mandatory	Inside front cover
17AJ(g)	Electronic address of report.	Mandatory	Inside front cover
17AD(a)	**Review by accountable authority**		
17AD(a)	A review by the accountable authority of the entity.	Mandatory	II–III
17AD(b)	**Overview of the entity**		
17AE(1)(a)(i)	A description of the role and functions of the entity.	Mandatory	1
17AE(1)(a)(ii)	A description of the organisational structure of the entity.	Mandatory	10
17AE(1)(a)(iii)	A description of the outcomes and programmes administered by the entity.	Mandatory	2–4
17AE(1)(a)(iv)	A description of the purposes of the entity as included in corporate plan.	Mandatory	44, 45, 65, 66, 71, 72, 73
17AE(1)(aa)(i)	Name of the accountable authority or each member of the accountable authority.	Mandatory	99
17AE(1)(aa)(ii)	Position title of the accountable authority or each member of the accountable authority.	Mandatory	99
17AE(1)(aa)(iii)	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory	99
17AE(1)(b)	An outline of the structure of the portfolio of the entity.	Portfolio departments – mandatory	n/a
17AE(2)	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory	n/a

PGPA Rule reference	Description	Requirement	Page
17AD(c)	**Report on the Performance of the entity**		
Annual performance statements			
17AD(c)(i); 16F	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory	43–80
17AD(c)(ii)	**Report on Financial Performance**		
17AF(1)(a)	A discussion and analysis of the entity's financial performance.	Mandatory	137–139
17AF(1)(b)	A table summarising the total resources and total payments of the entity.	Mandatory	139–143
17AF(2)	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory	137
17AD(d)	**Management and Accountability**		
Corporate Governance			
17AG(2)(a)	Information on compliance with section 10 (fraud systems)	Mandatory	VI, 99–101
17AG(2)(b)(i)	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory	VI
17AG(2)(b)(ii)	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory	VI
17AG(2)(b)(iii)	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory	VI
17AG(2)(c)	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory	97–111
17AG(2)(d) – (e)	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory	147
Audit Committee			
17AG(2A)(a)	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory	102
17AG(2A)(b)	The name of each member of the entity's audit committee.	Mandatory	103–104
17AG(2A)(c)	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory	103–104
17AG(2A)(d)	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory	103–104
17AG(2A)(e)	The remuneration of each member of the entity's audit committee.	Mandatory	103–104

PGPA Rule reference	Description	Requirement	Page
External Scrutiny			
17AG(3)	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory	105–108
17AG(3)(a)	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory	105–106, 227–229
17AG(3)(b)	Information on any reports on operations of the entity by the Auditor General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory	106–108
17AG(3)(c)	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory	n/a
Management of Human Resources			
17AG(4)(a)	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory	112
17AG(4)(aa)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including: 1. full-time employees 2. part-time employees 3. gender 4. staff location	Mandatory	113–127
17AG(4)(b)	Statistics on the entity's APS employees on an ongoing and non-ongoing basis, including: 1. staffing classification level 2. full-time employees 3. part-time employees 4. gender 5. staff location 6. employees who identify as Indigenous.	Mandatory	113–127
17AG(4)(c)	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the *Public Service Act 1999*.	Mandatory	129
17AG(4)(c)(i)	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory	129
17AG(4)(c)(ii)	The salary ranges available for APS employees by classification level.	Mandatory	130
17AG(4)(c)(iii)	A description of non-salary benefits provided to employees.	Mandatory	134
17AG(4)(d)(i)	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory	130–131
17AG(4)(d)(ii)	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory	n/a
17AG(4)(d)(iii)	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory	n/a
17AG(4)(d)(iv)	Information on aggregate amount of performance payments.	If applicable, Mandatory	n/a
Assets Management			
17AG(5)	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory	144
Purchasing			
17AG(6)	An assessment of entity performance against the *Commonwealth Procurement Rules*.	Mandatory	144

PGPA Rule reference	Description	Requirement	Page
Reportable consultancy contracts			
17AG(7)(a)	A summary statement detailing the number of new reportable consultancy contracts entered into during the period; the total actual expenditure on all such contracts (inclusive of GST); the number of ongoing reportable consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory	144–145
17AG(7)(b)	A statement that "During [reporting period], [specified number] new reportable consultancy contracts were entered into involving total actual expenditure of $[specified million]. In addition, [specified number] ongoing reportable consultancy contracts were active during the period, involving total actual expenditure of $[specified million]".	Mandatory	144
17AG(7)(c)	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory	144
17AG(7)(d)	A statement that "Annual reports contain information about actual expenditure on reportable consultancy contracts. Information on the value of reportable consultancy contracts is available on the AusTender website."	Mandatory	145
Reportable non-consultancy contracts			
17AG(7A)(a)	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory	145–146
17AG(7A)(b)	A statement that "Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website."	Mandatory	146
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory	144–146
Australian National Audit Office Access Clauses			
17AG(8)	If an entity entered into a contract with a value of more than $100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory	n/a
Exempt contracts			
17AG(9)	If an entity entered into a contract or there is a standing offer with a value greater than $10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory	n/a

PGPA Rule reference	Description	Requirement	Page
Small business			
17AG(10)(a)	A statement that *"[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."*	Mandatory	146–147
17AG(10)(b)	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory	146–147
17AG(10)(c)	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that *"[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."*	If applicable, Mandatory	147
Financial Statements			
17AD(e)	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory	151–216
Executive Remuneration			
17AD(da)	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory	130–133
17AD(f)	**Other Mandatory Information**		
17AH(1)(a)(i)	If the entity conducted advertising campaigns, a statement that *"During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity's website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance's website."*	If applicable, Mandatory	240
17AH(1)(a)(ii)	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory	n/a
17AH(1)(b)	A statement that *"Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity's website]."*	If applicable, Mandatory	147
17AH(1)(c)	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	108
17AH(1)(d)	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory	106
17AH(1)(e)	Correction of material errors in previous annual report	If applicable, mandatory	251–253
17AH(2)	Information required by other legislation	Mandatory	
	■ Fringe benefits tax		21, 23, 82–83, 87
	■ Risk management		101–105
	■ Reporting on tax administration		110–111
	■ Work health and safety		135–136
	■ Carer recognition		136
	■ Ecologically sustainable development and environmental performance		148–149
	■ Legal services expenditure		225–226
	■ Payments for advertising, direct mail, media placement and market research		240–241
	■ Information provided to law enforcement agencies		244–248
	■ Working holiday maker		250

Appendix 16: Reference material

List of tables

Note
This list excludes tables in Part 6 Financial statements.

List of figures

Glossary

ABN Lookup	The public view of the Australian Business Register (ABR). It provides access to publicly available information supplied by businesses when they register for an Australian business number (ABN).
ABR Connect	See ABR Identifier.
ABR Explorer	An online reporting and analytical tool that makes using ABR data easy.
ABR Identifier	Formerly called ABR Connect. Provides access to multiple government agency registers via a single business register, the ABR. It reduces the number of registers businesses need to access each time they update information.
ATO online services	A range of tax and superannuation services available from our website, including lodging tax returns and activity statements and keeping track of superannuation. Individuals, sole traders, businesses, tax agents, BAS agents and non-residents can register and log in at ato.gov.au.
audit yield	The additional tax liabilities identified and collected through audit activities. It also includes interest and penalties.
AUSkey	AUSkey was decommissioned in March 2020 and replaced by myGovID and Relationship Authorisation Manager (RAM).
Cash Flow Boost	The temporary Cash Flow Boost scheme was available to eligible small and medium businesses and not-for-profit organisations that employed staff and were affected during the economic downturn associated with COVID-19. Cash flow boosts were delivered as credits in the activity statement system.
collectable debt	Debt that is not subject to objection or appeal or to some form of insolvency administration.
COVID-19	The particular strain of novel coronavirus that led the World Health Organisation to declare a Public Health Emergency of International Concern in early 2020.
departing Australia superannuation payment (DASP)	The payment of a superannuation balance for an eligible temporary resident leaving Australia.
digital service provider (DSP)	Anyone who develops and delivers digital services to the community, including software developers, gateway providers, third-party providers, system implementers and clearing houses.
director identification number (director ID)	A unique number that identifies a director of a company, registered Australian body or registered foreign company.
guidance	Assistance we provide to taxpayers to help them understand their obligations and entitlements. It does not address a taxpayer's specific circumstances and is not binding on the Commissioner.

high wealth individual	An Australian resident who controls net assets of over $30 million.
JobKeeper	The JobKeeper Payment scheme was a wage subsidy for eligible businesses significantly affected by coronavirus (COVID-19).
large business	A business with annual turnover of over $250 million.
myGov	A government system that provides secure access to a range of Australian Government services with one username and password.
myGovID	A secure proof-of-identity app that provides access to government online services for individuals and businesses. It is used in combination with the Relationship Authorisation Manager (RAM) and replaced AUSkey in 2020.
net tax collections	Total tax collections less refunds paid to taxpayers.
Online services for agents	A secure ATO system for registered tax and BAS agents and their authorised staff. It provides access to a range of client information and services.
Online services for business	The new default online service for businesses, approved self-managed super fund (SMSF) auditors and other organisations to interact with the ATO.
Online services for DSPs	A modern and secure platform for digital service providers (DSPs) to interact with the ATO.
Online services for foreign investors	A new ATO service that foreign investors and their representatives use to manage a range of registration obligations and other transactions relating to Australian investments.
phoenix activity	The systematic process of deliberately incorporating and liquidating operating companies with the intent of having the company avoid its obligations to its employees, to its suppliers, and to the tax system.
pre-filling	Automatic population of labels in electronically prepared income tax returns. It includes information from government agencies, financial institutions and employers.
private ruling	A legally binding written expression of our opinion on the way in which a relevant provision applies, or would apply, to a particular taxpayer.
privately owned and wealthy group	We view privately owned and wealthy groups as: ■ companies and their associated subsidiaries (often referred to as economic groups) with an annual turnover greater than $10 million, that are not public groups or foreign owned ■ resident individuals who, together with their business associates, control net wealth over $5 million.
public and multinational group	Most of the largest organisations operating in Australia are publicly listed Australian or multinational groups.
public ruling/ determination	The Commissioner's considered opinion on the way in which a relevant provision applies to taxpayers generally or a class of taxpayers. Any taxpayer covered by the ruling may rely on it and receive the associated protection.

Relationship Authorisation Manager (RAM)	A digital service that can be used by individuals and businesses to set up and manage relationships across government online services. RAM allows people to manage who is authorised to act on their behalf online.
Secure Internet Gateway (SIG)	Provides organisations with cybersecurity protection at the perimeter between their networks and the internet.
self-managed super fund (SMSF)	A complying superannuation fund with fewer than 5 members, who are individual trustees of the fund.
shadow economy	Economic activity not declared, which may be a result of attempts to avoid tax obligations. Previously known as the 'black economy'. Also known as the 'cash economy' or 'non-observed economy'.
small business	A business with less than $10 million aggregated turnover in the previous financial year. Prior to 2016–17, the threshold was $2 million.
Standard Business Reporting (SBR)	Enables businesses to prepare and provide reports to government directly from their business software.
Standing Committee	A committee that conducts inquiries on behalf of the Australian Government into any matter referred to it by either the House or a Minister, including any pre-legislation proposal, bill, motion, petition, vote or expenditure, other financial matter, report or document.
super guarantee	Super guarantee refers to the minimum level of superannuation contributions an employer must make for eligible employees.
tax assured	An estimate of the proportion of tax reported that we are highly confident is correct.
tax gap	An estimate of the difference between the amounts the ATO collects and what we would have collected if every taxpayer was fully compliant with tax law.
taxable payments annual report (TPAR)	Some businesses and government entities need to report the total payments they make to contractors each year on a taxable payments annual report (or TPAR).
Test Case Litigation Program	Provides financial assistance to taxpayers who are litigating matters that will clarify the tax and superannuation laws we administer. By developing legal precedent, we seek to ensure we are providing the community with clear principles on how to apply the law.
total revenue effects	An estimate of the additional tax revenue resulting from our client engagement activities. It is a combination of audit yield and wider revenue effects.
transfers	Administered expenses incurred by the ATO, including super guarantee, super co-contributions, and personal and business benefits and subsidies.
wider revenue effects	An estimate of the additional tax revenue arising from our broader suite of activities, which we can defensibly measure and that is not already captured by audit yield.

Abbreviations

AASB	Australian Accounting Standards Board
AAT	Administrative Appeals Tribunal
ABN	Australian business number
ABR	Australian Business Register
ABRS	Australian Business Registry Services
ABS	Australian Bureau of Statistics
ACLEI	Australian Commission for Law Enforcement Integrity
ACNC	Australian Charities and Not-for-profits Commission
AFP	Australian Federal Police
ANAO	Australian National Audit Office
APRA	Australian Prudential Regulation Authority
APS	Australian Public Service
APSC	Australian Public Service Commission
ASIC	Australian Securities & Investments Commission
ATO	Australian Taxation Office
AUSTRAC	Australian Transaction Reports and Analysis Centre
AWOTE	average weekly ordinary time earnings
BAS	business activity statement
CALD	culturally and linguistically diverse
CBD	central business district
CDDA	Compensation for Detriment caused by Defective Administration
CHIATO	Carers, Helpers and Interested others in the ATO
COO	Chief Operating Officer
COVID-19	coronavirus disease 2019
CPA	Certified Practicing Accountants
DASP	Departing Australia superannuation payment
director ID	director identification number
DSP	digital service provider
EEGO	Energy Efficiency in Government Operations
EL	executive level
FBT	fringe benefits tax
FCA	Federal Court of Australia
FCAFC	Federal Court of Australia Full Court
FOI Act	*Freedom of Information Act 1982*
GST	goods and services tax
HELP	Higher Education Loan Program
HR	human resources
ICT	information and communication technology
IGTO	Inspector-General of Taxation and Taxation Ombudsman
IPS	Information Publication Scheme
JITSIC	Joint International Taskforce on Shared Intelligence and Collaboration
LCT	luxury car tax
LGBTI	lesbian, gay, bisexual, transgender and intersex people
MBR	Modernising Business Registers program
NABERS	National Australian Built Environment Rating System
NFP	not-for-profit
OAIC	Office of the Australian Information Commissioner
OECD	Organisation for Economic Co-operation and Development
PAYG	pay as you go
PBS	Portfolio Budget Statements
PEO	principal executive office
PGPA Act	*Public Governance, Performance and Accountability Act 2013*
PGPA Rule	*Public Governance, Performance and Accountability Rule 2014*
PID Act	*Public Interest Disclosure Act 2013*
PS Act	*Public Service Act 1999*
RAM	Relationship Authorisation Manager
SBR	Standard Business Reporting
SES	senior executive service
SFSS	Student Financial Supplement Scheme
SIG	Secure Internet Gateway
SMSF	self-managed super fund
STP	Single Touch Payroll
TAA	*Tax Administration Act 1953*
TASA	*Tax Agent Services Act 2009*
TFN	tax file number
TPAR	taxable payments annual report
TPB	Tax Practitioners Board
WET	wine equalisation tax
WHS Act	*Work Health and Safety Act 2011*

Key resources

Our key resources for 2022–23 include:

- ABN Lookup
- ATO corporate plan
- ATO online services
- Australian Business Register
- Australian Charities Not-for-profits Commission annual report
- Australian tax gaps – overview
- Boosting cash flow for employers
- Business bulletins newsroom
- Commissioner's remedial power
- Dealing with disasters
- Decision impact statements
- Diversity
- 2024 Diversity and inclusion strategy
- eInvoicing
- Fuel schemes
- GST administration annual performance report
- Help with paying
- How we use data and analytics
- JobKeeper Payment
- Modernising Business Registers
- 2024 Multicultural access and equity action plan
- myDeductions
- Not-for-profit newsroom
- Our Charter
- Our service commitments
- Self-help services
- Single Touch Payroll
- Small business newsroom
- Small Business Superannuation Clearing House
- Software developers
- Super Fund Lookup
- SuperStream
- Supporting your small business
- Tax assured
- Tax Practitioners Board annual report
- Tax professionals newsroom
- Test Case Litigation
- Total revenue effects
- Use of powers.

For more information on these products, plans, tools and services, visit ato.gov.au.

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