



Australian Government
Inspector-General of Taxation
Taxation Ombudsman

20th anniversary
2003–2023

IGTO

Annual Report

FY23

Inspector-General of Taxation and Taxation Ombudsman

Annual Report for the financial year ended
30 June 2023

September 2023

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Australian Government

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28 September 2023

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

Dear Minister

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

I am pleased to present to you the Annual Report of the Inspector-General of Taxation and Taxation Ombudsman (IGTO) for the financial year ended 30 June 2023. This report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013* and in accordance with section 41 of the *Inspector-General of Taxation Act 2003*.

In addition, and as required by the Commonwealth Fraud Control Framework, I certify that I am satisfied that the IGTO has in place appropriate fraud control mechanisms that meet the IGTO's needs and that comply with the guidance applying in the financial year ended 30 June 2023.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K Payne'.

Karen Payne

Inspector-General of Taxation and Taxation Ombudsman

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Part 1

Inspector-General of Taxation and Taxation Ombudsman Report

Review by the Inspector-General of Taxation
Overview of the Agency

Part 1 – Inspector-General of Taxation and Taxation Ombudsman Report

Review by the Inspector-General of Taxation



I am pleased to present the Annual Report for the Office of the Inspector-General of Taxation and Taxation Ombudsman (IGTO) which includes details on our performance and achievements during the financial year ended 30 June 2023 (FY23).

Tax and superannuation systems impact every Australian and all Australians benefit from a tax and superannuation system that is administered with integrity - transparently, fairly and equitably.

The Inspector-General of Taxation and Taxation Ombudsman (IGTO) has been supporting the integrity of the taxation system for 20 years – as Inspector-General of Taxation since 2003 and, additionally, as the Taxation Ombudsman since 2015.

The IGTO is an independent, Commonwealth statutory agency, operating out of a single office location in Sydney but with national responsibilities and obligations. The IGTO contributes to the overall integrity and transparency of the tax system, by independently investigating taxation administrative actions and decisions of the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB), as well as systems relating to tax administration. This includes looking behind assertions by the ATO or TPB about how the tax laws operate.¹

The IGTO's Outcome Statement was updated in May 2023 to better capture the role that we perform in the tax and superannuation systems. Our former and current Outcome Statements are set out in Figures 1.9 and 1.10.

This Annual Report provides some insight into the important role that the IGTO performs in the Australian community.

1 As confirmed by the report of the Royal Commission into the Robodebt Scheme – see extract below.

IGTO has been supporting the integrity of the tax system for 20 years

The IGTO has played an active role supporting the integrity of the tax and superannuation system for twenty years. Some of our key achievements over that period of time are set out below.

Figure 1.1: How we have helped the Australian community since 2003

As the Inspector-General of Taxation

52 Systemic review investigations undertaken and reports published

555 Recommendations made for improvement

39 to the Government **510** to the ATO
6 to the TPB

Approximately 94% of recommendations were agreed in full, in part or in principle.

Our reviews covered issues affecting:

Individual taxpayers	Taxpayer rights
Small businesses	Public and private binding rulings
Large businesses	Transfer pricing
Superannuation	Risk assessment
Dispute resolution	Fraud control
Debt collection	Settlements
Tax Practitioners	
Deceased Estates	

As the Taxation Ombudsman (since May 2015)

17,112 Complaints received dealing with more than **20,000** issues

15,775 complaints related to the ATO

424 complaints related to the TPB

913 complaints related to other entities

95 Agreed Business Improvements reached following our our disputes investigation work

14 with the TPB **81** with the ATO

11,453 Taxpayers helped (including individual taxpayers, businesses and tax practitioners)

We also received approaches from **1,072** anonymous parties

86.5% of surveyed people who used our services rated us positively for Professionalism and Respect

Through our investigations, we have achieved a range of outcomes for taxpayers including:

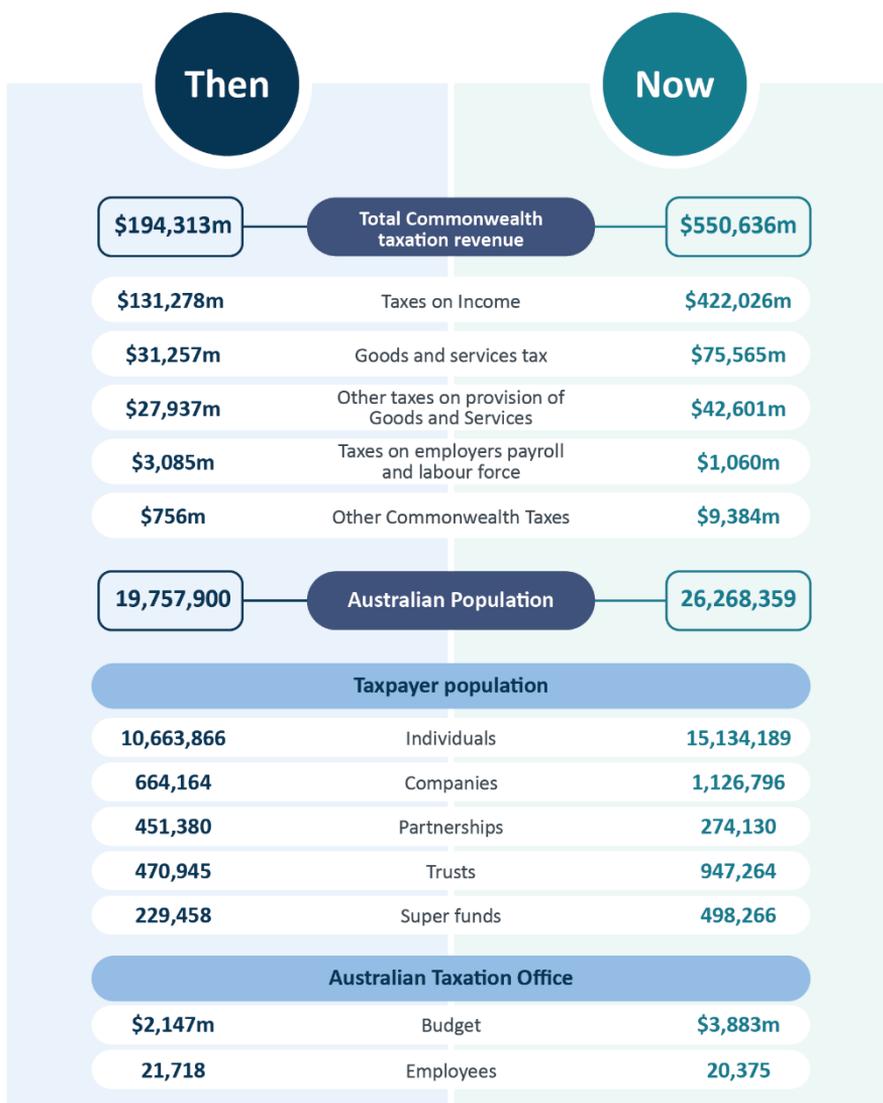
3,200 changed actions and decisions or other remedies

3,500 better explanations

1000 assurances on actions and decisions

A comparison of indicators of the scale of taxation systems between 2003 and 2023 is set out below in Figure 1.2 for the benefit of readers of this report. Both the scale and complexity of the tax and superannuation systems has increased over this time, which correlates with an escalating need for independent investigation to assure and ensure its continued integrity.

Figure 1.2: Scale of the tax system in Australia – Then and Now



Note: The data in this figure are drawn from a range of different publicly available sources including the ATO’s Taxation Statistics and the Australian Bureau of Statistics (ABS). Due to differences in reporting over the years and changes in datasets, the information should be taken as being indicative only.

Source data from: ATO Taxation Statistics 2002-03 and Taxation Statistics 2020-21; ABS National, State and Territory population (15 June 2023), 3311.0.55.001 Demography, Australia 2002, 5506.0 Taxation Revenue, Australia 2002-03, and Taxation Revenue, Australia 2021-22 financial year.

The IGTO is here to Help

The IGTO is a micro agency but has important national responsibilities for the Australian tax system. Figure 1.1 (above) provides some context for these considerations.

I would like to thank the IGTO team for their sustained teamwork, professionalism and commitment in assisting the community – especially in these challenging times. Importantly, the IGTO team is willing and wants to assist the community through their:

- Professionalism – applying experience, knowledge and understanding of the tax system.
- Independence – relying upon facts, evidence and logic consistent with our legislative powers and separate agency status.
- Responsiveness – willingness to actively listen to all parties in dispute, complainants and the ATO or TPB, in a respectful, patient and calm manner.

The professionalism, dedication and achievements of our officers have also been recognised by complaints handling industry leaders. Since 2019, a number of IGTO investigators have been recognised by the Society of Consumer Affairs Professionals (SOCAP Australia)²:

- In 2019, one of our officers received SOCAP’s Rising Star Award while another was recognised as the Finalist in the same category.
- In 2022, one of our officers received SOCAP’s Rising Star Award.
- In 2023, one of our officers was recognised as a Finalist for SOCAP’s Stellar Award.

In 2020 and 2021, a number of our officers were nominated and shortlisted for SOCAP’s Rising Star, and Constellation Awards.

2 SOCAP is the only association specialising in complaints management in Australia. It encourages and promotes excellence among professionals working in the fields of self-regulation, complaint handling, dispute resolution, service charters and customer service delivery.

Our functions

An overview of our functions is presented below.

Table 1.1: Overview of how the IGTO helps to improve taxation administration

IGTO is here to ...	How does this help?
<p>Help the community resolve their taxation complaints and disputes</p>	<p>Independent investigation and assurance:</p> <ul style="list-style-type: none"> ▪ improves the efficient resolution of disputes ▪ provides access to tax expertise and assistance for the most vulnerable and those with limited financial resources (especially small businesses) ▪ reduces red tape and the cost of compliance ▪ assists to ensure only genuinely disputed issues are raised before the Tribunals and Courts – minimising legal costs and delay ▪ improves community perceptions of the fairness of the tax system.
<p>Help to improve the taxation administration system for the benefit of all taxpayers, tax practitioners and other entities</p>	<p>Independent review investigations identify areas for improved tax administration and enhance community trust and engagement in the tax system.</p>
<p>Help build confidence in the fairness of the tax system</p>	<p>Independent oversight, investigation and assurance improves:</p> <ul style="list-style-type: none"> ▪ the accountability in the system ▪ administrative actions, decisions and systems relating to tax administration.
<p>Help with advice to the Minister, the Government and the Parliament and its Committees on tax administration issues and opportunities to improve the tax administration systems, laws and actions or decisions made by Tax Officials</p>	<p>Independent perspectives enhance accountability, trust and impartiality in the tax system and bring new insights for Ministerial consideration and for Parliamentary committees with oversight responsibilities.</p>

Lessons from the Royal Commission into the Robodebt Scheme

On 7 July 2023, the report of the Royal Commission into the Robodebt Scheme was tabled. Commissioner Catherine Holmes AC SC made some important observations on the independence of the Commonwealth Ombudsman (and by extension, the Taxation Ombudsman) in her report. My team has been reviewing the report's findings, observations and recommendations to identify what improvements may be made to our own processes. A key message that I took from the report is that the independence of the services of the Ombudsman should ensure outcomes for the community which are *fair*.

In my view, fairness underpins the role of an ombudsman because the following key features and characteristics are included in the service that we deliver:



Commissioner Holmes also noted that:

These [*Ombudsman Act 1976*] provisions ensure the independence of the Ombudsman. They confer on the Ombudsman sufficient powers to look behind the assertions of departments that are being investigated, rather than merely accepting at face value what those departments have to say. This includes what departments assert about the law. The Ombudsman is expressly authorised to report on action that appears to have been contrary to law or which was based either wholly or partly on a mistake of law.³

Regular polling of tax, accounting and legal practitioners evidence that independent investigation and assurance is regarded as important to support the integrity, transparency and fairness of the tax and superannuation systems - over 90% of those polled during national and regional tax conventions in FY23.

3 *Royal Commission into the Robodebt Scheme* (Report, 7 July 2023) p 574.

Our key areas of focus in FY23

Achieving Quality outcomes in our Dispute Investigations to improve taxation administration – some Case Studies

The IGTO's dual investigation roles are complementary. Both roles are designed to improve the administration of the taxation system – individually and collectively. Dispute investigations can inform review investigations and the outcomes of dispute investigations can be improved through the implementation of recommendations made as a result of review investigations. Some examples are set out below.

First Home Super Saver Scheme

Under the First Home Super Saver Scheme (**FHSS Scheme**), the complainant made \$40,000 of voluntary superannuation contributions for the purpose of saving up to build his first home. The FHSS Scheme is designed to assist first home buyers save for and acquire or construct their first home.

The complainant validly obtained several FHSS Scheme Determinations from the ATO. These set out the maximum amount he could withdraw under that Scheme and were based on the contributions he had made at that time. The complainant then acquired vacant land on which he intended to build his home. However, he later incorrectly requested and obtained several more Determinations, before requesting a withdrawal of funds via the ATO.

It was at this point that the ATO conducted a verification check and informed him that he was not eligible to access his savings in his superannuation fund. This was because he was not eligible to request the most recently issued FHSS Determination as he held a freehold interest in the vacant land when he had requested that Determination. The complainant was unsuccessful in his attempts to have the ATO reconsider and change its decision.

The complainant then lodged a complaint with the IGTO about the ATO's decisions. He explained that he could not afford to build his home without accessing his savings. He was in financial distress due to continued mortgage payments on the land, which he was unable to use or sell, and continued payments of rent, which he could not reduce due to the nature of the rental market. He and his young family were on the verge of being homeless.

The IGTO commenced an investigation. After considering the underlying legislative provisions, the IGTO was not satisfied that the law operated in this case in the way that the ATO had asserted. As a result, the IGTO recommended that the ATO reconsider the complainant's eligibility on the basis of the Determinations that he had validly requested and obtained, which was before he acquired the vacant land. The ATO refused to do so on a number of occasions. However, following the IGTO's numerous and repeated requests for the ATO to provide the legislative and case law basis for its reasons, the ATO agreed that it could lawfully reconsider its decision on the basis of the previously issued valid Determinations. As a result of that reconsideration, the ATO agreed that the complainant was eligible to withdraw his savings.

The complainant was appreciative of the outcome but expressed frustration at the financial distress he and his family experienced as a result of the delay in accessing the FHSS Scheme funds.

Early release of superannuation on compassionate grounds

A complainant was advised by their doctor to have surgery as soon as possible to remove stage four prostate cancer. Understandably, the surgery was time critical. However, upfront payment was required which was money the complainant did not have. The complainant borrowed money from a family friend to make the upfront payment for the surgery as well as other medical expenses. They intended to repay the family friend and lodged their application for an early release of their superannuation on compassionate grounds before undergoing surgery.

The ATO, however, rejected the application on the basis that the surgery and medical expenses had already been paid, notwithstanding the complainant's loan and intention to repay the family friend. This decision was made in accordance with an ATO policy. The complainant asked for the decision to be reviewed, which the ATO did. However, the ATO review affirmed that the original decision was correct. The ATO's view was that to be eligible to apply for a release of superannuation on compassionate grounds, the law required the expenses to be **unpaid** at the time the ATO made its decision.

The complainant subsequently approached the IGTO for assistance, providing the ATO's previous decisions. The IGTO commenced an investigation and identified a specific legislative provision which gave the ATO a discretion to approve release on grounds that are consistent with the compassionate grounds of release in the legislation. The IGTO noted that these provisions were previously administered by the Department of Human Services (**DHS**) and the Australian Prudential Regulation Authority (**APRA**) (before that). The IGTO located a publicly available version of the 2014 DHS website guidance and APRA's 2001 guidelines which had previously applied at the time APRA had administered the provisions providing release on compassionate grounds. These guidelines stated that when an applicant had incurred debts by borrowing money to pay for expenses, which were ordinarily grounds for compassionate release, and was having difficulties repaying the loan, then a release for the relevant expense could be approved under the legislative discretion. Furthermore, the guidelines set out what evidence APRA had required from applicants to approve their applications.

The IGTO concluded that this legislative discretion was available to the ATO in this case and could be applied to the complainant's circumstances, based on a plain reading of the law which APRA's guidelines supported. The IGTO communicated this to the ATO and the ATO reviewed its decision again.

Following the ATO's reconsideration of the relevant legislation and the policy intent, the ATO changed its policy and informed the IGTO that it had determined that a release of superannuation can be granted in certain limited circumstances where:

1. a loan was taken out by an applicant to pay for medical treatment for themselves or their dependant,

Part 1 – Inspector-General of Taxation and Taxation Ombudsman Report

2. the applicant would have been eligible for release under the primary compassionate ground if the expense had not been paid, and
3. all or part of that loan remains unpaid, and the applicant is assessed as being unable to repay such a loan.

As a result, the ATO contacted and obtained the relevant evidence from the complainant. Based on the evidence provided by the complainant, the ATO decided to approve the complainant's request for early release of superannuation. Following the IGTO's investigation, the ATO has also agreed to review all of its internal guidance material and publicly available information to determine what changes are necessary to reflect this ATO policy change.

Empowering the community to resolve their complaints and disputes

Complaints provide valuable insights on areas for improvement and are an important window into areas of concern for taxpayers and their representatives and therefore systemic issues for potential improvement.

Every complaint offers an opportunity to turn negative situations and experiences into positive ones and, when tracked, monitored and analysed the collective issues raised provide valuable insight and feedback to identify where there are opportunities to improve taxation administration and the tax system more generally. The quality of the dataset which informs the monitoring and analysis of these trends and issues, however, relies on these 'complaints' being registered and recognised as such.

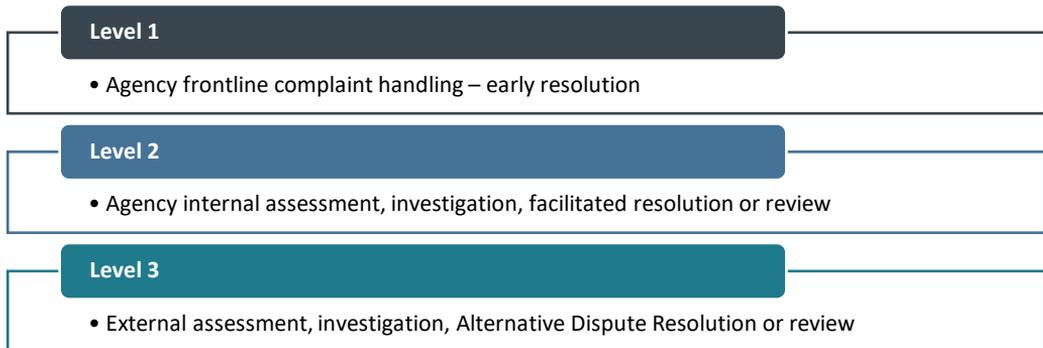
The IGTO has improved our website and other messaging about ***How to lodge a complaint with the ATO directly***, which is intended to ensure that complainants are properly informed and avail themselves of the ATO's 3-step complaint handling process. Through this process, the ATO has opportunity to resolve the complaint, first with the officer concerned, second with their manager, and third via its *formal* complaint handling process which includes the ATO making a record of the complaint in its systems. The IGTO has also messaged taxpayers and their representatives about formal complaint processes, including an online thought leadership article. This is an ongoing priority for the IGTO.

When a complainant approaches us with an unresolved complaint (a 'dispute') about the ATO and we decide to investigate the disputed actions or decision, we will notify the ATO that we are commencing an investigation and offer the ATO an opportunity to review the dispute via its *formal* complaints handling process first if it has not already done so.

If the ATO does not have a record that the complainant's concerns were treated as a *formal* complaint previously, the ATO will undertake this review. As part of this review, the ATO records the complainant's concerns as a formal complaint and allocates the matter to a designated ATO complaint handler. If the ATO review ultimately resolves the complaint, we will discontinue the investigation after verifying this directly with the complainant and if there are no broader issues that should be pursued as an overriding priority.

This approach empowers complainants with simple issues to more quickly access the resolution pathway that is better suited for their complaint or dispute. It is consistent with Ombudsman Best Practice and allows us to better meet community expectations with existing resources. It is also consistent with the Australian Standard 10002:2022 Guidelines for complaint management in organizations (ISO 1002:2018, NEQ) as it accords with the IGTO’s role as a Level 3 external investigation agency.

Figure 1.3: Three-level model of complaint handling



Source: IGTO developed from Australian Standard 10002:2022 *Guidelines for complaint management in organizations* (ISO 10002:2018, NEQ).

The ATO released an updated and revised Taxpayers’ Charter on 26 June 2023, now called *Our Charter*, which is an important step in realising several recommendations made by the IGTO in our 2021 Review Investigation - *An investigation into the effectiveness of ATO communication of taxpayers’ rights to complain, review and appeal*. These recommendations include:

Recommendation 1

The IGTO recommends that the ATO plays a pro-active role in informing taxpayers of their rights to review, complain and appeal decisions and develop strategies to discharge this role, including by:

- (a) updating the Taxpayers’ Charter to include an express right to be informed of taxpayer rights to review, complain and appeal decisions and all relevant channels to do so; and
- (b) requiring (encourages or instructs) its Officers to communicate clearly and completely (i.e. comprehensively) information to taxpayers of their rights to review, complain and appeal the relevant administrative decisions.

Recommendation 5

The IGTO recommends that the ATO ensure information relating to taxpayer rights to complain, review and appeal can be easily located on the ATO’s website.

Recommendation 6

The IGTO recommends that, as part of its communication to taxpayers, the ATO should ensure that taxpayers are informed about:

- (a) their right to lodge a complaint with the ATO (including a formal complaint with the ATO's Complaints Unit), and encourage taxpayers to do so should they have any concerns or are dissatisfied with the ATO's actions or decisions; and
- (b) the availability of the IGTO's services and how to engage with the IGTO where they have been unable to address their concerns through a complaint with the ATO.

Our Charter reduces 60+ pages of the *Taxpayers' Charter* into 3 pages. There are some important messages on Page 3 of *Our Charter*, namely:

- Raising complaints can assist to improve the ATO's service.
- You are invited to lodge a formal complaint with the ATO - to improve 'our processes'.
- The ATO confirms that making a complaint will not affect your relationship with them.
- If you are still not satisfied, you can contact the IGTO for an independent investigation.

The IGTO agrees that tax complaints can assist to improve tax administration. The IGTO considers more needs to be done in educating the community about formal tax complaint mechanisms, including by both the IGTO and ATO. The impact and improvements generated by tax complaints are evidenced by the examples included throughout this report.

Enhancing the effectiveness of our Dispute Investigation service

The IGTO has implemented or commenced several new initiatives to improve the effectiveness of our dispute investigation services. Further details are set out below.

This includes:

- Improved on-boarding and case initiation processes through the IGTO website.
- Improved intake processes to ensure complainants can access assistance at the earliest possibility. That is, by ensuring their case is quickly identified as either a complaint (ATO has no record of a formal complaint) or dispute (ATO has a record of a formal complaint) and directed accordingly to the appropriate investigation channel or agency. During the year, the IGTO and ATO jointly completed an assessment of a backlog of cases in accordance with the new intake process. All cases in the IGTO queue are now confirmed as unresolved complaints (disputes) awaiting allocation to IGTO investigators as and when they become available to progress investigation.

- Sourcing and developing a new case management system (**CMS**) to support our investigations including enhanced document management and reporting. This new CMS will assist us to improve:
 - communication of status updates and progress reports to complainants through a ‘real time’ interactive protected portal
 - transparency around the reasons for delays in IGTO dispute investigations
 - hypotheses-driven inquiry and evidenced-based decision making in complex dispute investigation of agency actions and decisions
 - management of caseload through better monitoring and analysing the interactions required to progress and complete a dispute investigation
 - reporting interactions required, reasons provided and information requests to progress and complete a dispute investigation.

Further information on the new intake process and CMS is set out in Key Performance Area 1 in Part 2 of this annual report.

Resolving disputes where decisions and actions appear contrary to law

In FY23, the IGTO investigated a number of areas where concern has been raised about the legal basis upon which the ATO arrived at its decision or actions. In cases where the IGTO has concerns about the legal basis underpinning the ATO’s decisions or actions, we have looked to brief the Australian Government Solicitor for advice on interpretative matters.

We consider this approach to be consistent with comments made by Commissioner Catherine Holmes AC SC in her report of the *Royal Commission into the Robodebt Scheme* concerning the powers and independence of the Commonwealth Ombudsman (and by extension the Taxation Ombudsman) and the need to look behind assertions made by departments being investigated, including assertions about the law.

Review Investigations

Since 2003, the IGTO has undertaken and published 52 reports of systemic reviews. These are set out in Appendix 1. In FY23, the IGTO has progressed the following review investigations.

The Exercise of the General Powers of Administration

The IGTO finalised our investigation into the Exercise of the General Powers of Administration and a report of that investigation has been provided to the Minister for consideration before public release in accordance with sub-section 18(2) of the *Inspector-General of Taxation Act 2003*.

The Australian Taxation Office’s Administration and Management of Objections – Phase 2

The IGTO published an interim report based on a large amount of ATO objections data in October 2022. This interim report represents Phase 1 of the IGTO’s investigation into the ATO’s administration and management of objections. Using underlying data that has been provided by the ATO, the IGTO has developed graphs, tables and ratios to analyse the data to provide stakeholders and the community with insight into the nature of the ATO’s objections work. The report covers such topics as:

- (a) ATO resourcing of the objections function.
- (b) Quantity of objections received, managed and finalised.
- (c) Subject of objections (i.e., areas of tax law that are being disputed).
- (d) Outcomes of objections.
- (e) Timeframes for the management of objections.
- (f) Other dispute resolution.

We are progressing our review of the materials to formulate initial observations and identify potential areas for improvement to explore further with the ATO and with stakeholders. This will include:

- (a) How taxpayers are lodging their objections and options to move away from manual lodgement.
- (b) The underlying causes for self-initiated objections (i.e., those not triggered in response to ATO actions or decisions).
- (c) The underlying causes for delays in larger, more complex objections.
- (d) How the objections function engages with other areas of the ATO and taxpayers, and processes to maintain its independence and impartiality.
- (e) The resourcing and capability of the objections function within the ATO.

The Exercise of the Commissioner’s Remedial Power

The IGTO’s investigation into the Exercise of the Commissioner’s Remedial Power is approaching finalisation. The IGTO is providing the ATO with an opportunity to make submissions on any implied or expressed criticisms, in accordance with statutory requirements, before finalising the report.

Key Outcomes in FY23

Dispute investigations

Improvements in our process and case management systems

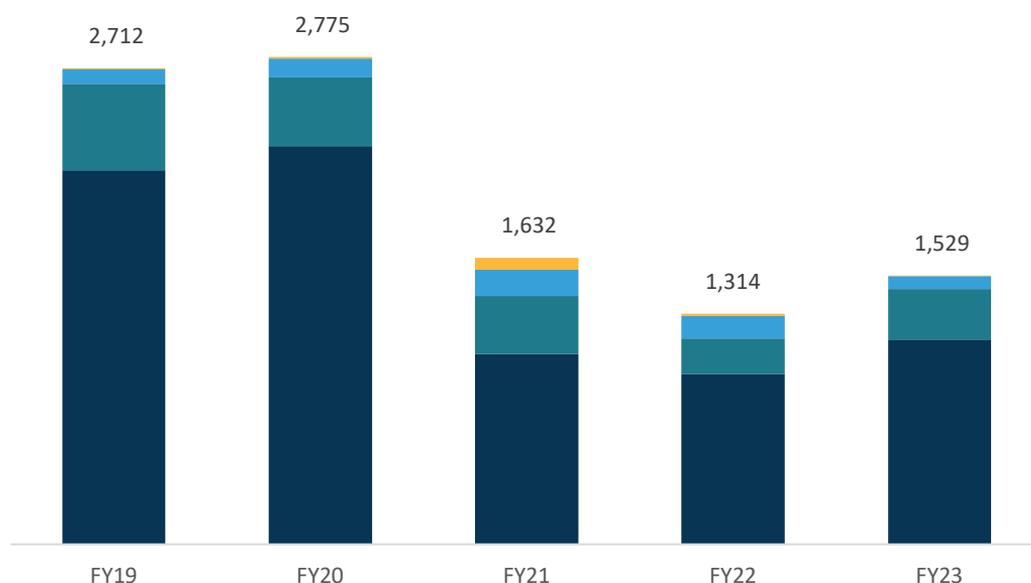
The IGTO has implemented or commenced several new initiatives to improve the effectiveness of our dispute investigation service. Further details are set out below.

Approximately 64% of all cases assessed since February 2023 were found to be complaints where the ATO had no record of a prior complaint despite improvements to the IGTO website and other messaging about **How to lodge a complaint with the ATO directly**. This evidences that more needs to be done, including by the ATO, to educate taxpayers about the ATO’s *formal* complaint handling process. In June 2023, the ATO has updated its message in its *Our Charter* to assist taxpayers understand how and when to lodge a tax complaint.

Increased Complexity of Dispute Investigations

These processes and initiatives also allow the IGTO to focus our limited resources on complex and highly complex dispute investigations, which are time and resource intensive. Figure 1.4 below shows the changing mix of our complaints and dispute and the increasing trend for more complex disputes, particularly during the COVID-19 pandemic. The number of Complex (Category 4) and Highly Complex (Category 5) Investigations peaked in FY21 – see Figure 1.4 below – which contributed to a backlog of cases.

Figure 1.4: Complaints and disputes received, by Category



Category	FY19	FY20	FY21	FY22	FY23
Highly complex dispute investigation (5)	6	8	69	12	2
Complex dispute investigation (4)	84	106	149	126	74
Uncomplicated/Frequent dispute investigation (3.2-3.3)	492	392	330	202	288
Complaint enquiry/investigation (0-3.1)	2,130	2,269	1,084	974	1,165
Total	2,712	2,775	1,632	1,314	1,529

Note: Data current as at 6 September 2023. Dispute investigations may be re-categorised upwards as the investigation progresses – open investigations may later become Category 4 or 5.

The number of disputes received requiring Complex and Highly Complex Investigations peaked in FY21 representing a 77% (84 in FY19 to 149 in FY21) and 1,280% (6 in FY19 to 69 in FY21) increase respectively, compared to FY19. Since FY21, the numbers of Complex and Highly Complex Investigations appear to be normalising. However, as at 6 September 2023, the IGTO had 300 open investigations that may be re-categorised as Complex or Highly Complex Investigations as they progress, 215 of which were received in FY23.

Furthermore, Highly Complex Investigations require considerable SES involvement of both agencies. The IGTO has only one SES overseeing the Tax Ombudsman function. These investigations may also require involvement by myself as Agency Head as certain powers cannot be delegated under the IGTO’s legislation.⁴

4 For example: Forming an opinion under section 15 of the *Ombudsman Act 1976* which is incorporated into the *Inspector-General of Taxation Act 2003* by section 15 of the latter Act.

Higher proportion of ‘unresolvable’ complaints resulted in agency change

In addition to receiving more disputes requiring Complex and Highly Complex Investigations, the IGTO achieved a higher proportion of more substantial or ‘Tier 1’ outcomes from its finalised investigations which similarly peaked in FY21 – see Figure 1.5 below. ‘Tier 1’ outcomes include where the ATO or TPB changes its decisions, systems and policies. Tier 1 outcomes are particularly significant since an Ombudsman has no power to compel a different decision or outcome and almost all IGTO investigations are conducted after the relevant agency has effectively confirmed that it has reviewed its previous decision in the complaint and concluded that there should be no change.

Figure 1.5: Proportion of ‘Tier 1’ outcomes between FY19 to FY23

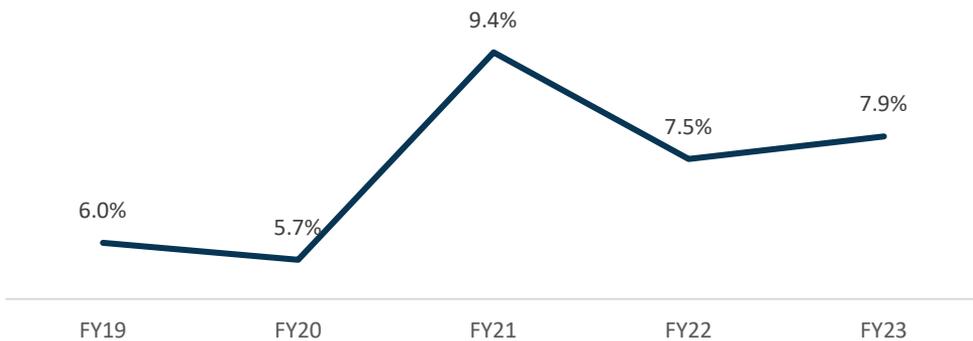


Figure 1.5 shows that the IGTO achieved a higher proportion of ‘Tier 1’ outcomes from 6% in FY19 to 9.4% in FY21. Whilst the proportion has subsequently reduced to 7.5% in FY22 and 7.9% in FY23, it remains higher than the historical figures.

Complex and Highly Complex Investigations take much longer to investigate and are more resource intensive to resolve than simple Complaint Enquiries and Investigations. However, the former investigations are also more likely to achieve ‘Tier 1’ outcomes.

The magnitude of disputes received requiring Complex and Highly Complex Investigations, and achievement of more substantial ‘Tier 1’ outcomes, contributed to a backlog of 400 unallocated cases potentially requiring investigation by February 2023 (discussed later below), given available resources.

High Level Statistics

In FY23, we received 1,529 complaints and closed 1,445 within the same period (94.5%). In addition to the complaints that we had on hand at the start of FY23, we progressed a total of 1,908 complaints during FY23 as set out in Table 1.2. These 1,908 cases were managed by our disputes and review workforce which averaged 24.3 full-time equivalent (FTE) officers throughout the year, representing a case load of 78.5 cases per FTE officer.

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Of the 1,445 cases closed in FY23:

- 603 were finalised without investigation, either due to insufficient information, cases raising issues that were out of jurisdiction (and therefore referred to another agency) or as a result of the IGTO being able to provide assurance or explanation to the complainant
- 589 were investigations pending ATO review, in which the IGTO afforded the ATO with an opportunity to address the matter directly with the complainant before the IGTO examined the actions and decisions that were the subject of dispute
- 253 were investigations that required more time and resource investment from the IGTO, including cases requiring the direct involvement of myself (the IGTO) or the Deputy Taxation Ombudsman as the lead SES officer on the investigation.

Table 1.2: FY23 Complaints and Dispute investigations Progressed

	Complaints and Disputes – Total	Complex and High Complex Dispute Investigations*	Complex and High Complex Dispute Investigations %
Opening – carried forward from prior year	379	143	38%
Received	1,529	76	5%
Progressed during the year	1,908	219	11%
Closed	1,445	136	9%
Closing – carried forward	463	83	18%

* Category 4 cases are Complex Dispute investigations that require deeper inquiry and investigation. Category 5 cases are Highly Complex Dispute investigations where the IGTO or Deputy Taxation Ombudsman engages directly with ATO senior management.

Note: Data current as at 6 September 2023. Dispute investigations may be re-categorised upwards as the investigation progresses – open investigations may later become Category 4 or 5 cases. There are 215 open investigations received in FY23 which may become Complex or Highly Complex.

As at 30 June 2023, the IGTO had 463 open complaints and disputes which includes 83 that are the subject of ongoing complex dispute investigation and noting that classification can increase as the investigation progresses. During FY23 the IGTO closed 136 complex dispute investigations.

The majority of complaints received (72%) were from self-represented individuals. The remaining came from self-represented businesses (15%), individuals represented by another party, for example a tax practitioner, lawyer, family member or friend (9%) and represented businesses (5%).

The split of complaints and disputes received during the year between the ATO and TPB was as follows:

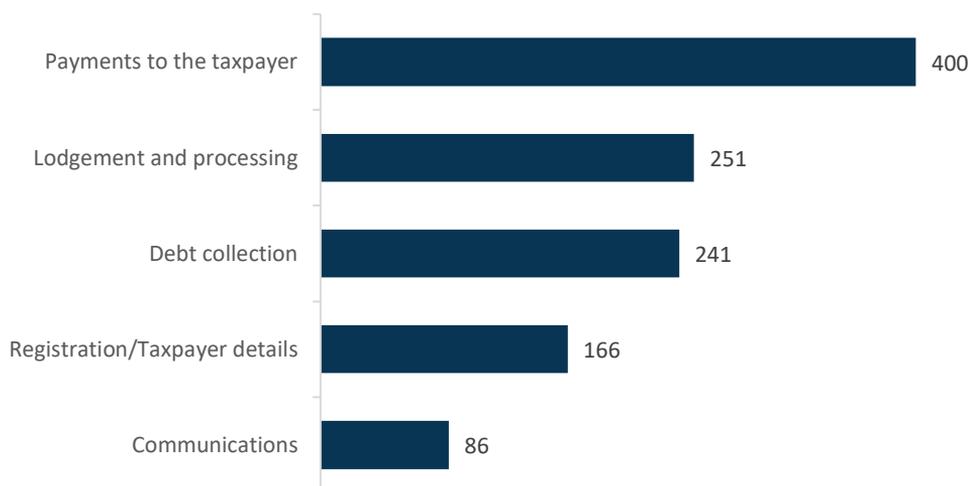
Table 1.3: FY23 Complaints and Dispute received, by Agency

Name of Agency	Number of complaints and disputes received	Percentage of Total complaints and disputes received
ATO	1,433	93.7%
TPB	25	1.6%
Other	71	4.6%
Total	1,529	100.0%

The majority of complaints and disputes received in FY23 related to the ATO (93.7%). Complaints and disputes received in the category titled ‘Other’ primarily relate to complaints that are not within the IGTO’s jurisdiction. In such instances, we seek to refer complainants on to the most suitable agency or organisation who can assist.

The top 5 ATO and TPB issues of disputes closed in FY23 accounted for 76% (1,144) of total issues (1,500). As some disputes may deal with more than one issue, the total number of issues exceeds the number of disputes closed. Figure 1.6 provides further details of the top 5 issues raised.

Figure 1.6: Top 5 ATO/TPB dispute issues in FY23



Agreed business improvements

Opportunities to make systemic improvements to the tax system may be identified during our dispute investigations without the need to conduct a review investigation. Where our dispute investigations generate an Agreed Business Improvement (**ABI**) with the ATO or TPB, we monitor their progress towards implementation.

In FY23, the ATO implemented 16 ABIs and accepted 18 new ABIs which we proposed. Also, in FY23, the TPB implemented 2 ABIs and accepted 2 new ABIs. Further information on ABIs is set out in Performance Measure 3.2 in Part 2 of this annual report.

Stakeholder Engagement

A number of key strategic objectives for the IGTO emphasise the importance of our engagement with stakeholders. This includes professional (accounting, legal and taxation) and industry associations and committees as well as like domestic and international organisations and bodies – other Commonwealth Inspectors-General, State and Commonwealth Parliamentary Ombudsman, other industry and Government Ombudsman of Australia and New Zealand (the Australia and New Zealand Ombudsman Association (ANZOA)), International Ombudsman Institute (IOI) and the Australasia and Pacific Ombudsman Region (APOR).

We also engage with Australian Tax Clinics and Universities in our dispute investigations work, both during investigations and through our learning and development program. Recently, we have also commenced discussions with a university about collaborating on an Own-Initiative Investigation. Please see the below Own-Initiative Investigations section for further details.

During the year the IGTO met with representatives from the Organisation for Economic Co-operation and Development (OECD), the former USA Taxpayer Advocate USA and tax counsel for the USA Taxpayer Advocate.

The Standing Committee on Finance of the Dutch House of Representatives wrote a letter of recommendation to the IGTO, amongst others, to seek our assistance by contributing to comparative research currently being undertaken by students of the University of Amsterdam. The University of Amsterdam research seeks to understand how the IGTO operates to protect taxpayers' rights and help solve taxpayers' problems – for the purposes of developing a Taxpayer Advocate model to be introduced in The Netherlands. We have been informed that a report has been finalised and provided by the research team to the Deputy Minister for Fiscal Policy and due to be discussed in late August 2023. A copy of the report (in Dutch) has been published on the website of the Dutch House of Representatives.⁵

5 Universiteit van Amsterdam Faculteit der Rechtsgeleerdheid, *Gehoord Vertrouwd Beschermd Laagdrempelige Onafhankelijke Fiscale Rechtshulp in Nederland* (29 June 2023) <https://www.tweedekamer.nl/debat_en_vergadering/commissievergaderingen/details?id=2023AO5061>.

Other public reporting and submissions

Several public reports of the IGTO were included in an IGTO submission to the *Independent Evaluation of the JobKeeper Payment* conducted by Treasury, namely:

- An Investigation into the ATO’s administration of JobKeeper enrolment deferral decisions (September 2021).
- A Report on aspects of the Australian Taxation Office’s administration of JobKeeper and Boosting Cash Flow Payments for new businesses (December 2020).

These reports reflect IGTO observations and recommendations made at the conclusion of several IGTO dispute investigations into the ATO’s administration of Jobkeeper. The reports were published to assist in minimising issues arising in the design of future tax administrative measures, including those which deliver fiscal support measures to the wider Australian community.

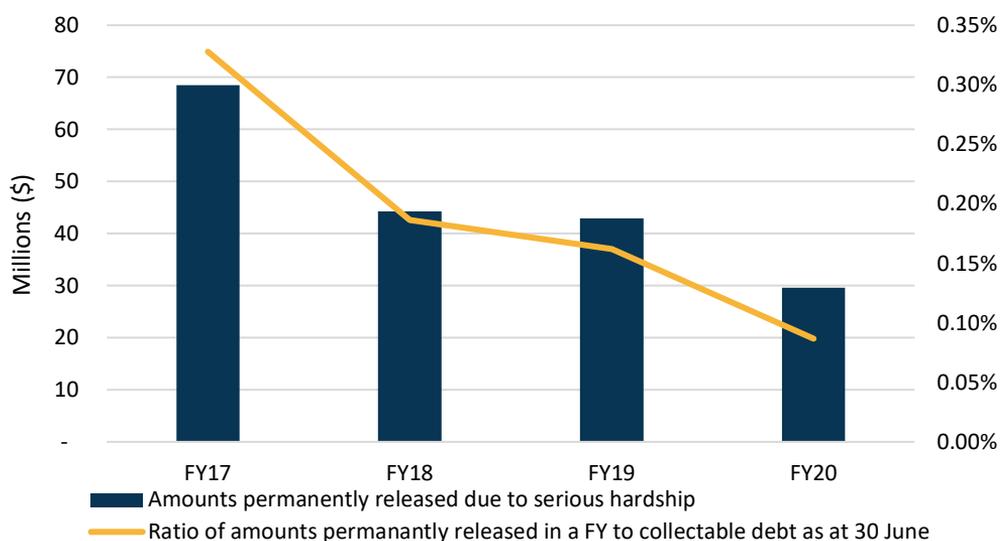
Own-initiative investigations

Since FY22 and throughout much of FY23, the IGTO undertook preliminary work to develop our processes in relation to own-initiative investigations. These will examine and report on narrow, single issues to deliver more timely insights and recommendations for improvements. In FY24, we will progress two own-initiative investigations. A brief summary of each is set out below.

Debt release – Serious Hardship

The IGTO observed during our 2021 review investigation [*An Investigation and Exploration of Undisputed Tax Debts in Australia*](#), that whilst the amount of collectable ATO debt has been steadily increasing, there has been a sustained and substantial decrease in the amount of debts permanently released by the ATO for individuals experiencing serious hardship – see Figure 1.7.

Figure 1.7: Permanent release of tax debt due to serious hardship – FY17 to FY20



Source: Inspector-General of Taxation and Taxation Ombudsman, *Investigation and Exploration of Undisputed Tax Debts in Australia* (2021) p 60; IGTO constructed from ATO-provided data.

Taxpayers seeking a release from tax debts are likely to be amongst the most vulnerable, are unlikely to be able to afford professional tax representation and unable to fund ongoing challenges to ATO decisions. Accordingly, it is imperative that the ATO takes appropriate steps to inform these taxpayers of their option to seek debt release and to ensure that internal ATO processes for receiving, considering and making decisions for debt release requests where serious hardship is experienced are procedurally fair and robust to minimise disputes.

Given this context, we are interested in examining the underlying causes for the decline in the ATO’s release of debt in these cases. We are also interested in exploring the options which may be available to ensure the ATO appropriately assists those people experiencing serious hardship, to understand the availability of this discretion and the application process for the ATO to release debts where there is serious hardship.

Approved forms

The Commissioner of Taxation may defer the time for a taxpayer lodging an *approved form* with the Commissioner or another entity. This is an express administrative discretion conferred upon the Commissioner under the taxation laws.⁶ A return, notice, statement, application or other document under a *taxation law* is in the approved form where it meets certain eligibility requirements.⁷

⁶ See section 388-55 of Schedule 1 to the *Taxation Administration Act 1953*

⁷ As set out in section 388-50 of Schedule 1 to the *Taxation Administration Act 1953*

Approved forms include taxation documents which can create tax liabilities or give rise to entitlements to tax refunds such as income tax returns or Business Activity Statements (BAS). They also include taxation documents which create entitlements to government stimulus payments administered by the ATO, including programs such as the JobKeeper scheme, Cash Flow Boost payment and the JobMaker scheme.

Conversely, the taxation laws are silent on the discretion or ability to allow extra time to lodge a form which does not meet the requirements of an *approved form*. This distinction is therefore critical and, in some circumstances, financially so.

A key objective of this investigation is to examine when the Commissioner has a discretion to delay the time for lodgement of an approved form. Does this discretion only apply where the taxation laws expressly state that a return, notice, statement, application or other document must be lodged in an *approved form* or is it sufficient that the eligibility requirements set out in the statute are satisfied.

Progress on immediate priorities

The immediate priorities for the IGTO are as listed below:

1. Improving communications and enhancing the effectiveness and efficiency of resolving taxation disputes for the community. This includes education about the means to resolve a tax complaint and dispute. This also includes exploring opportunities to improve our engagement with complainants, increase our productivity and timeliness of outcomes through effective supporting case management systems, processes and protocols.
2. Refocus our capability and capacity to better leverage improvements to the tax administration system within our resourcing constraints and consistent with community and stakeholder expectations.
3. Related to Priority 1, improve community awareness of our services and explore opportunities for more seamless connections with other agencies and bodies who assist taxpayers in managing their tax affairs.

Improved Communication and enhancing the effectiveness and efficiency of resolving taxation disputes for the community

Based on independent survey feedback from complainants, we understand that we should prioritise improvements to our communications and in particular communicating updates and progress of dispute investigations. This is a key priority for the IGTO and why we are sourcing and developing a new CMS for document management and reporting purposes. This new CMS will assist us to improve:

- communication of status updates and progress reports through a 'real time' interactive protected portal
- transparency around the reasons for delays in IGTO dispute investigations

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- management of caseload through better monitoring and analysing the interactions required to progress and complete a dispute investigation
- reporting interactions required, reasons provided and information requests to progress and complete a dispute investigation.

Building Community Awareness

Building community awareness of our office – especially our roles and functions – is a key immediate priority.

This need was acknowledged by Recommendation 5 of the Senate Economics Legislation Committee Report:⁸

Recommendation 5 – The SELC recommends the Australian Government better publicise the IGTO's ombudsman function through the development of a marketing campaign. Such a campaign should, amongst other things, clarify how the IGTO's role interacts with other ombudsmen, such as the Small Business and Family Enterprise Ombudsman.

We have continued to engage regularly with stakeholders including industry and professional presentations and webinars, attending tax discussion groups, University and Tax Clinic presentations, developing our website content and its organisation, messaging through our electronic newsletter – IGoT News – and other social media. We acknowledge that we need to continue to raise community awareness of our services.

The IGTO also attended and presented at a number of forums, conferences and symposiums both domestically and internationally (at least virtually) and engaged with stakeholders during these and other events.

We continue to improve and update the IGTO website messaging. We aim to improve access to relevant information through our website, including what we do, our public reports and submissions and our guidance on how to lodge a taxation complaint. This is a continuous improvement process.

8 Senate Economics Legislation Committee, Parliament of Australia, *Performance of the Inspector-General of Taxation* (Final Report, June 2020) p 46.

Overview of the Agency

An overview of our story so far is depicted in Figure 1.8.

Figure 1.8: Our story so far



Role and functions of the IGTO

The dual roles of the IGTO complement each other and have common objectives – independent investigation and reporting to improve taxation administration.

The Inspector-General of Taxation

The Inspector-General of Taxation (**IGT**) was established as an independent, Commonwealth statutory position in 2003 – following community consultations and recommendations of the Board of Taxation. An annual \$2 million budgetary allocation was provided so that the Inspector-General could establish an agency to assist in the performance of the IGT’s functions.

The IGT consults with the community to investigate actions, systems and taxation administration laws to provide independent advice and recommendations to Government, the ATO and the TPB.

The Taxation Ombudsman

The Taxation Ombudsman was first established as part of Australia’s taxation administration systems in 1995 as part of the Commonwealth Ombudsman. In 2015, the Taxation Ombudsman function was transferred to the Inspector-General of Taxation. This reform received bipartisan support.

The Taxation Ombudsman provides independent assistance and assurance directly to taxpayers and tax professionals and investigates the administrative actions and decisions of the ATO or TPB, either on its own initiative or in response to taxation disputes (or unresolved complaints).

The Taxation Ombudsman also reports on issues, actions and decisions that have broader community impact or are commonly observed in a number of disputes where they are in the public interest.

Our role is to improve tax administration for the benefit of the community. Both roles and the various investigation modes determine whether taxation laws are administered consistently and as intended. This includes determining whether taxation laws are administered lawfully, rationally, proportionately and in a procedurally fair manner, such as in accordance with publicly communicated commitments – including those set out in *Our Charter* (previously the Taxpayers’ Charter) – and are also consistent with community expectations of fairness.

Our objective is to:

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

Our purpose

The IGTO’s Outcome Statement was updated in May 2023 to read:

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

Our purpose is to:

1. Improve the administration and integrity of Australia’s taxation laws for the benefit of the community.
2. Provide independent advice (to the Minister, the Government and Parliament).
3. Provide assurance to the community through dispute, review and other investigations that Australian taxation laws are operating and being administered effectively, consistently, as intended and in accordance with community expectations of fairness.

Accountable Authority

Karen Payne was appointed as the IGT by the Governor-General commencing on 6 May 2019 for a term of 5 years ending 5 May 2024. Details of the IGTO accountable authority during the FY23 reporting period is outlined in Table 1.4 below.

Table 1.4: Details of Accountable Authority during the reporting period

Name	Position Title/Position held	Period as the Accountable Authority in FY23
Karen Payne	Inspector-General of Taxation	1 July 2022 to 30 June 2023

Ms Payne leads the investigation services of the IGTO, both of which are directed at improving the tax administration system for all taxpayers, namely:

- Dispute Investigation Service for taxpayers and advisers.
- Review investigation and public reporting function.

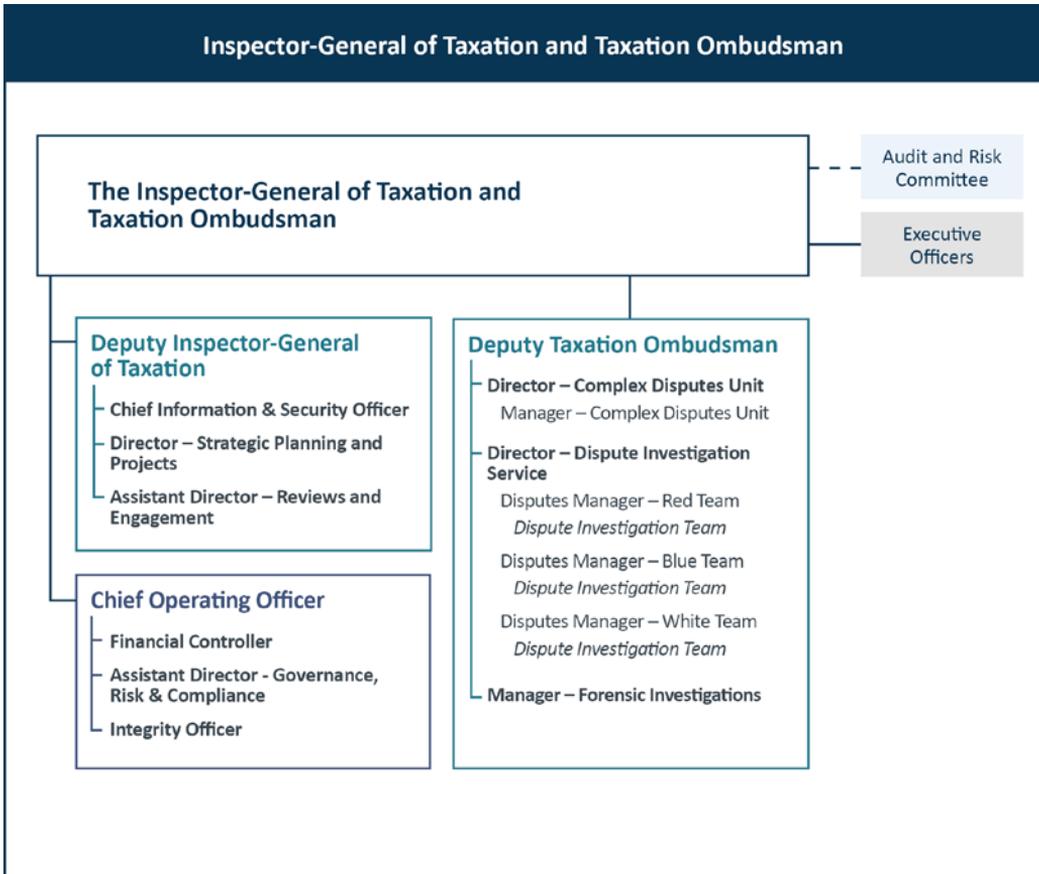
Before joining the IGTO, Ms Payne was a Member of the Board of Taxation as well as its inaugural Chief Executive Officer. She was formerly a partner with MinterEllison, specialising in corporate and international tax for mergers and acquisitions, and capital raising for the financial services, mining, energy, and utilities sectors. Her career includes a broad range of experience (legal, accounting, audit, education and tax return preparation) across a diverse range of taxpayers (including individuals, trusts, companies and partnerships) and market segments (small business, multinationals, public, private and listed property, equity, infrastructure and managed investment trusts).

Ms Payne is a solicitor admitted in New South Wales and is a:

- Fellow of Chartered Accountants Australia and New Zealand.
- Chartered Tax Adviser with The Tax Institute.
- Member of Australian Institute of Company Directors.

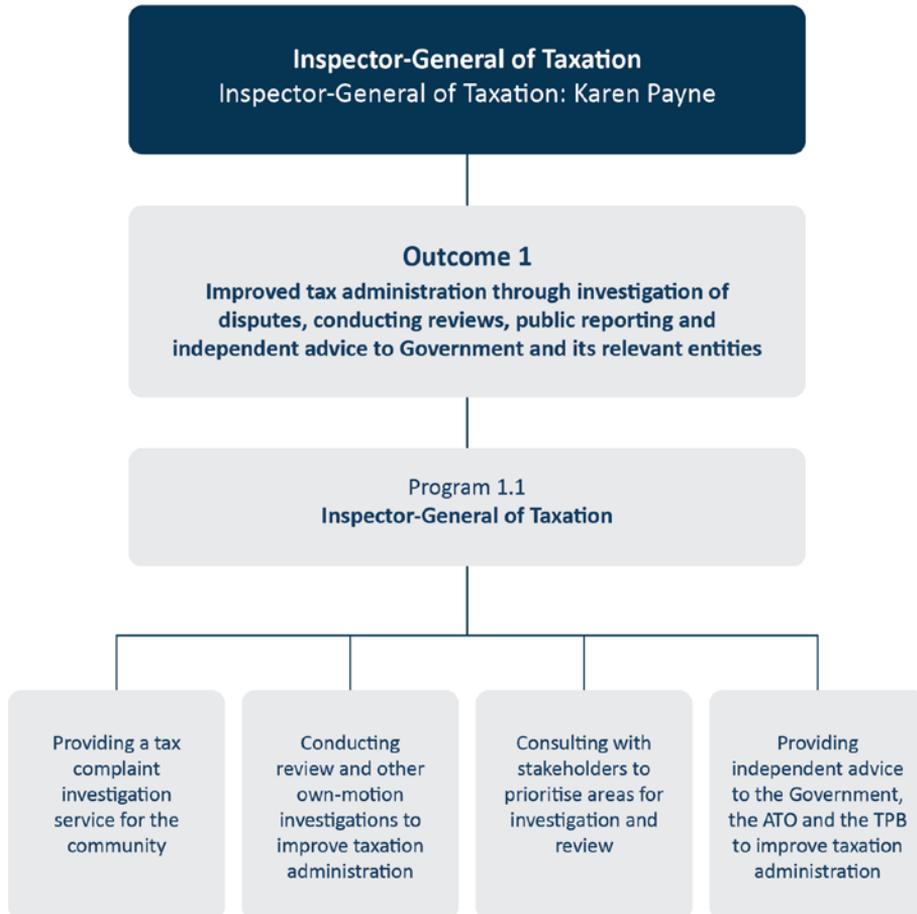
Organisational structure

Figure 1.9: Our organisational structure



Outcome and Program Structure

Figure 1.10: Our Outcome and Program Structure

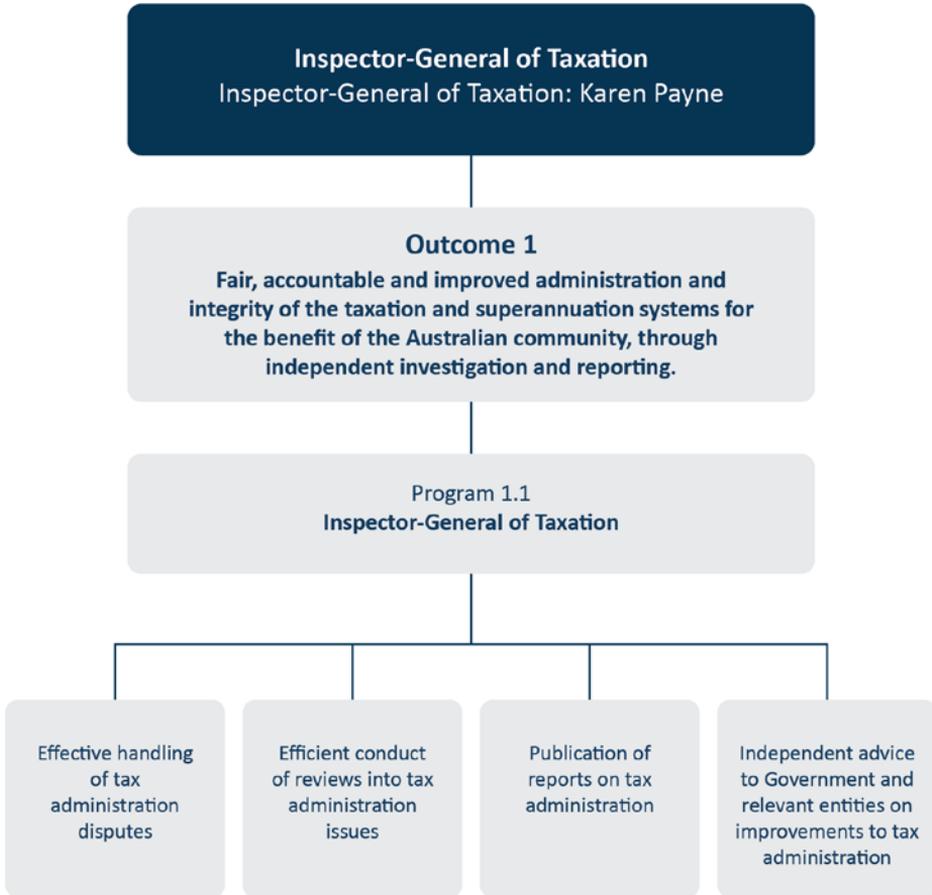


In May 2023, our Outcome Statement⁹ was updated to better reflect our role and the important services that we deliver to the Australian community and to support the integrity of the tax and superannuation system. The IGTO's updated Outcome and Program Structure as set out in our Portfolio Budget Statement is provided in Figure 1.11.

9 Outcome Statements are an important touchstone for Commonwealth agencies as they help:

- (a) to explain the purposes for which annual appropriations are approved by the Parliament for use by agencies
- (b) to provide a basis for budgeting and reporting against the use of funds
- (c) to measure and assess non-financial performance in contributing to Government policy objectives.

Figure 1.11: Our updated Outcome and Program Structure



Part 2

Performance Report

Annual Performance Statements

Financial Performance Report

Part 2 – Performance Report

Annual Performance Statements

These statements measure and assess the IGTO's performance in fulfilling its purpose and key deliverables.

The purpose of the IGTO is to improve tax administration by realising the following deliverables:

- providing a specialised tax disputes investigation service to the Australian community
- identifying and prioritising areas of tax administration for improvement through our disputes investigation service and consultations with the community
- conducting review investigations into these areas and providing independent advice and recommendations to Government, the ATO and the TPB through public reporting.

These deliverables are monitored and assessed by reference to various performance measures set out in Portfolio Budget Statements 2022–23 for the IGTO and the IGTO's Corporate Plan 2023–26 (for the four financial years commencing FY23). A table outlining the relationship between the measures in the Portfolio Budget Statements 2022–23 for the IGTO and the IGTO's Corporate Plan 2023–26 is produced in Appendix 2.

Section 41 of the IGT Act also sets out a number of items that must be included in the IGTO annual report. These requirements are set out in square brackets within the relevant performance measures, with the exception of paragraph 41(2)(d), which is reported under its own subheading.

The results for each performance measure are set out under the relevant key performance area below.

KEY PERFORMANCE AREA 1 – PROVIDE AN INDEPENDENT, EFFICIENT AND EFFECTIVE TAX DISPUTES INVESTIGATION SERVICE TO ASSIST THE COMMUNITY AND IMPROVE THE ADMINISTRATION OF THE TAX SYSTEM

A key function of the IGTO is to provide an independent, efficient and effective dispute investigation service for the community. This involves investigating tax officials' actions or decisions that are the subject of unresolved complaints (**disputes**).

How we consider disputes raised with us about actions and decisions

The IGTO is approached by a range of complainants, such as individuals, small businesses, other taxpayers and tax professionals, who ask us to investigate tax officials' actions and decisions that have affected them. They do so through a range of different channels including webform, telephone, email, post and facsimile. We actively encourage complainants to make use of our online webform as it is the most effective channel to request a dispute investigation.

Each dispute is allocated to a dedicated officer for investigation. Our Dispute Investigation Service consists of tax specialists with strong communication skills and requisite professional qualifications and experience to support complainants. The specific action taken in relation to each dispute depends upon its history, the nature of the issues raised, and the outcomes sought. Generally, there are two types of outcomes sought by a complainant.

- Firstly, complainants may seek information or independent advice and assurance in relation to ATO or TPB actions or decisions. In many of these cases, our investigators are able to provide appropriate information, advice and assurance based on their knowledge of the tax administration system and their independent access to records kept on the agency's main systems.
- Secondly, complainants may seek an investigation of ATO or TPB actions or decisions and rectification of alleged shortcomings. In many of these cases, our investigators are able to determine whether there are such shortcomings by verifying the facts and evidence made available in the agency's records and, if warranted, make recommendations to the agency for rectification action and provide an investigation report to the complainant.

Regardless of the channel through which complainants approach us, all contacts received into our case management system are recorded and categorised (Categories range from '0' to '5') for case management and reporting purposes. A summary of our case categories can be found on our website and in Appendix 3.

New intake process

Since February 2023, the IGTO and the ATO have implemented a new intake process where soon after a contact is received into our case management system, we notify the ATO that we are commencing an investigation into the actions or decisions of concern and offer the ATO opportunity to review those actions or decisions via its *formal* complaints handling process first if it has not already done so.

Part 2 – Performance Report

If the ATO does not have a record that the complainant's concerns were treated as a *formal* complaint previously, the ATO will undertake this review. As part of this review, the ATO records the complainant's concerns as a formal complaint and allocates the matter to a designated ATO complaint handler. If the ATO review ultimately resolves the complaint, we will discontinue the investigation after verifying this directly with the complainant and if there are no broader issues that should be pursued as an overriding priority.

If the ATO does have a record that the complainant's concerns were treated as a *formal* complaint previously, the ATO will quickly confirm this with us. We will then determine whether the dispute warrants immediate action as a priority over other disputes. For example, those matters involving urgent or exceptional circumstances, such as disputes concerning proposed ATO disclosure of tax debts to credit reporting bureaus or complainants experiencing financial hardship. Immediate action in such matters, however, requires actions to be delayed in other investigations that are well underway. Disputes that do not involve urgent or exceptional circumstances are placed into a queue on our system and are allocated on a first in, first out basis to investigators as they become available.

This new intake process has helped complainants with simple issues to more quickly access the resolution pathway that is better suited for their complaint or dispute. It is also consistent with the Australian Standard 10002:2022 as well as Ombudsman Best Practice and allows us to better meet community expectations with existing resources.

The number of complex disputes in queue awaiting allocation, however, has continued to increase over FY23. Also, over FY23, the age of the oldest dispute in the queue that remained unallocated continued to increase from 4.3 Months (1 July 2022) to 8 months (30 June 2023).

Systems improvements

In FY23, we commenced a significant program of work to enhance and improve our systems to assist us in providing a more efficient and effective dispute investigation service to the Australian community.

We are implementing a new case management system (**CMS**) for document management and reporting purposes which better support staff with the increased proportion of complex investigatory work. This new CMS will assist us to improve:

- communication of status updates and progress reports to complainants through a 'real time' interactive protected portal
- transparency around the reasons for delays in IGTO dispute investigations
- management of caseload through better monitoring and analysis of the interactions required to progress and complete a dispute investigation
- reporting of interactions required, reasons provided and information requests to progress and complete a dispute investigation.

The IGTO has also commenced a refresh of our website. This includes updating the website to align with the new intake process and improving its terminology, consistent with the Australian Standards, to better explain the role of the IGTO and how we can assist complainants with unresolved complaints or ‘disputes’ about the ATO or TPB. The refresh will help us to accurately and effectively communicate our work to the community and other stakeholders so that they may access the right assistance at the earliest opportunity.

Number of times when the Inspector-General has made a requirement of a person under section 9 of the Ombudsman Act

The IGTO may issue notices under section 9 of the *Ombudsman Act 1976* (**Ombudsman Act**) to persons, including former and current tax officials, to require them to produce documents and attend an interview to answer questions when the IGTO has reason to believe that they are capable of furnishing information relevant to an investigation. The issuing of the notices affords the recipient protection from any penalties that may otherwise apply, for example penalties for breaching relevant tax secrecy and confidentiality provisions. Recipients who do not comply with a s 9 notice may be criminally prosecuted for an offence which carries a sanction of up to 6 month imprisonment.

Pursuant to section 41(2)(d) of the IGT Act, the IGTO must report the number of such notices issued in the financial year. In FY23, the IGTO **did not** issue any notices under section 9 of the Ombudsman Act.

Performance measures

The IGTO’s performance in providing an effective Dispute Investigation Service was assessed against the following performance measures:

- 1.1 Number of complaints received.
- 1.2 Number of dispute investigations commenced and finalised in the financial year (FY23).
- 1.3 Percentage of dispute investigations on hand and received that were finalised in the financial year (FY23).
- 1.4 Complainant survey results.
- 1.5 Percentage of complaints and disputes lodged via our dedicated webform or email.

Each of these performance measures is further discussed below.

Part 2 – Performance Report

Performance measure 1.1

Performance measure	Complaints received
Source	Corporate Plan 2023-2026, p 50 [IGT Act, s 41(2)(a)]
Result	1,529
Analysis	<p>In FY23, the IGTO received 1,529 complaints – a 16% increase from the 1,314 complaints received in FY22. Naturally, our complaint receipts are a function of ATO activities. The increase in the number of complaints received is likely due to the resumption of the ATO’s debt and compliance activities, which are returning to their pre-pandemic levels. There is typically a time lag between the ATO activity which is the subject of dispute and a complaint about that activity being lodged with the IGTO.</p> <p>Of the complaints received during this financial year, 1,433 related to the ATO (93.7%), 25 related to the TPB (1.6%) and 71 related to other matters (4.6%) – such as complaints about actions outside the IGTO’s jurisdiction which we referred to other agencies or bodies.</p>

Performance measure 1.2

Performance measure	Number of complaint and dispute investigations commenced and finalised in the FY
Source	Corporate Plan 2023-2026, p 50, [IGT Act, s 41(2)(b)]
Result	ATO/TPB investigations commenced: 1,021 ATO/TPB investigations finalised: 841
Analysis	<p>The IGTO commenced and finalised more investigations in FY23 (commenced: 1,021, finalised: 841) compared to FY22 (commenced: 421, finalised: 418). This represents a 143% increase in investigations commenced and a 101% increase in investigations finalised.</p> <p>The new intake process, which commenced in February 2023, has contributed to the increased results. The IGTO has also finalised more highly complex dispute investigations in FY23 (42 Category 5 investigations) compared to FY22 (14 Category 5 investigations). The number of complex investigations finalised by the IGTO in FY23 was comparable to the numbers finalised in FY22 (94 and 103, respectively).</p> <p>Complex and highly complex investigations are more resource intensive and take longer to complete.</p>

Performance measure 1.3

Performance measure	Percentage of complaint investigations on hand and received that were finalised in the FY
Source	Corporate Plan 2023-2026, p 50
Result	72%

Analysis	Investigations commenced			Investigations finalised or carried forward		
	Agency	Carried forward from FY22	Commenced in FY23	Total investigated in FY23	Total finalised in FY23	Total carried forward in FY24
	ATO	141	1,018	1,159	837	322
	TPB	1	3	4	4	0
	Total	142	1,021	1,163	841	322

In FY23, 1,021 investigations were commenced by our office. Almost all the investigations commenced related to the ATO, and only three related to the TPB.

In FY23, we finalised 841 investigations in total, which is 72% of the investigations on hand at the beginning of FY23 and received during FY23 – comparable to the 75% finalised in FY22. Although in pure percentage terms, there was a minor decrease in our finalisation rate, this was a result of the higher number of investigations progressed this year when compared to FY22.

In absolute terms, we finalised more than double the number of investigations this year (841 investigations) when compared to FY22 (418 investigations). This is likely attributable to the new intake process implemented in February 2023, as noted in Performance measure 1.2, which enabled us to more efficiently progress and finalise dispute investigations.

Furthermore, due to the increased number of complaints received and investigations progressed as well as the likelihood of the 322 open investigations to become complex or highly complex, the number of investigations carried forward has also increased by 127% (322 in FY23 compared to 142 in FY22).

Performance measure 1.4

Performance measure	Complainant survey results			
Source	Corporate Plan 2023-2026, p 50			
Result	Independent complaints service survey			
	Views of IGTO's dispute investigation service	Proportion satisfied	Proportion dissatisfied	Proportion neither satisfied nor dissatisfied
	Overall satisfaction with the IGTO's dispute investigation service	59%	14%	27%
	Overall satisfaction with the outcome of their complaint*	39%	14%	46%
	Professionalism of IGTO staff	80%	7%	13%
	*No outcome requested: 1%			

Analysis The survey results show a comparatively greater level of satisfaction with the IGTO's dispute investigation service and professionalism than with outcomes. This comparatively lower level of satisfaction with outcome is largely due to the nature of the IGTO's role and that the vast majority of complainants approach the IGTO because they are dissatisfied with the outcome reached with the agency and are seeking independent investigation of the matter. Accordingly, after finalisation of the IGTO's activities in their case, levels of satisfaction with the outcome above a 0% level are reasonably attributable to the IGTO's actions.

In comparing the FY23 results with the prior year, there was a noticeable decline in satisfaction. The rate of decline with respect to the more complex investigations (Category 3.2–5 cases) was noticeably less than it was for simple cases (Category 3.1 cases). We believe that several factors contribute to these results including:

- delays experienced in commencing our dispute investigations
- delays experienced during the investigations.

Whilst this is ultimately due to the lack of available investigators to meet demand as well as delays in obtaining access to needed information and exploring options for resolution with the agency, we consider the new CMS system will assist us in communicating reasons for the delays which we hope will improve the complainant's experience.

These figures, also do not fully reflect the results of the new intake process that was implemented in February 2023 discussed earlier in this report. We continue to monitor levels of complainant satisfaction to determine the impact that this new intake process has.

Positive feedback received from complainants

Below are examples of positive feedback IGTO officers have received which demonstrate effectiveness and level of satisfaction with our Dispute Investigation Services.

Excerpts of feedback provided directly to the IGTO

Overall satisfaction of the IGTO’s Dispute Investigation Service

I can’t tell you how much it meant to me to have your and Karen’s positive response. ... [ATO's] email sent me into a deep depression. Karen and your response has lifted me to a ...high.

Overall satisfaction with the outcome of dispute investigations

Thank you for your speedy processing of my complaint. I am very pleased with the results and I have been in contact with [an ATO officer] re further questions that I had.

Positive feedback received notwithstanding dissatisfaction with outcome.

I am glad you were able to direct me to the exact location of the legislation; I no longer question the legality of the ATO's directive (although I remain a tad annoyed at their flippant response to me).

Positive feedback regarding professionalism of IGTO staff

Dear [IGTO officer],

That is a fantastic and detailed response. Thank you very much for your hard work.

"I really appreciate your help. It’s rare to find someone these days that would go out their ways to help people like me" [who has been bankrupt and incarcerated]

Excerpts of survey responses received from taxpayers

Overall satisfaction of the IGTO’s Dispute Investigation Service

I don't think they can improve it. / I think they are doing pretty good.

...

I can't add any suggestions for improving complaints as I was totally satisfied with the regular communication and their ability [sic] to explain to me what they were doing to solve my complaint.

...

Advertise the service, it is worthwhile and valuable. It helps resolve issues quickly and professionally.

Positive feedback received notwithstanding dissatisfaction with outcome

The service and feedback was good, ..Anyway my personal result was sad for me, however IGTO did a good job in assisting

Positive feedback regarding professionalism of IGTO staff

I can't add any suggestions for improving complaints as I was totally satisfied with the regular communication and their ability to explain to me what they were doing to solve my complaint. After 2 years of trying to have my complaint solved with ATO offices all over Australia, I finally found someone who could solve my problem and whom I could reach when necessary. Finally, a person and a phone number and e mail address after suffering through two years of stress and additional costs. Thank you, IGTO!

...

The guy who handled my complaint was really good

Effective dispute investigation service – case studies

In addition to the cases discussed in Part 1, the following case studies report a selection of the outcomes and results that our investigations have helped to achieve, and illustrate how we can assist the community.

CASE STUDY 1 – Director Penalty Notice

A complainant approached the IGTO to raise concern that the ATO was pursuing him for an amount of taxation debt through a Director Penalty Notice (DPN) that was excessive. Directors are personally liable for some undischarged company debts, including the superannuation guarantee charge (SGC). DPNs are used to recover tax debts from directors personally that are incurred and unpaid by their company.

Due to the complex technical nature of the matter, the complainant had previously sought to engage with the ATO over a lengthy period via multiple channels, including lodging an objection, appealing the matter to the Administrative Appeals Tribunal and lodging a formal complaint with the ATO complaints team. However, throughout these processes, the ATO did not sufficiently address the complainant's concern.

The complainant had a large amount of information which he believed showed that the amounts sought to be recovered through the DPN were incorrect. However, as the company had been de-registered for a period of time, the complainant did not have authority to discuss or seek details about the company's debts, including with the ATO. Although details could not be disclosed to the complainant, the IGTO considered it important to the integrity of the tax administration system that the ATO had considered the information in the taxpayer's possession and that the amounts in the DPN were correct. Accordingly, the IGTO commenced an investigation.

As a result of the IGTO investigation, the ATO agreed to review the information in the complainant's possession and acknowledged that there were keying and other administrative errors in calculating the debts that were the subject of the DPN; errors which had flowed onto the DPN amounts. However, as the company had been de-registered, it was not possible to amend its accounts to reflect the correct amounts in ATO systems, either for the company or the DPN.

To remediate the situation, the ATO determined that it would be appropriate to support an application by the complainant to the Department of Finance for a waiver of debt.

CASE STUDY 2 – Missing Refund

The complainant was under a temporary guardianship arrangement whereby their financial affairs were managed by a trustee who was appointed as their guardian. The trustee lodged several income tax returns for the complainant and nominated for any refunds to be deposited into the trustee's bank account. After the ATO processed the tax returns, it refunded approximately \$15,000 to the nominated account. Following the expiry of the guardianship arrangement, the trustee ceased to act as the complainant's guardian and returned the monies to the ATO via electronic funds transfer (EFT). Unfortunately, the ATO was unable to locate the returned monies because the ATO's system never identified it as belonging to the complainant. This was due to an unfortunate coincidence whereby the 15-digit reference number in the trustee's bank transfer matched details relating to a third party taxpayer (unrelated to either the complainant or the trustee) on the ATO's system.

The complainant approached the ATO to request their refund and lodged a complaint in May 2022. The ATO's complaints area advised the complainant it had correctly issued the refund to the bank account nominated on the tax return, that it could not assist further and that this was now a matter between the complainant and their former guardian. The ATO did not request the complainant to provide any additional information to assist it with locating the refund, including records of the trustee's EFT payment which evidenced that the monies had been returned to the ATO. The complainant lodged a dispute with the IGTO about the ATO's actions and decisions.

The IGTO commenced an investigation and supplied the trustee's EFT records to the ATO. This proved to be instrumental in enabling the ATO to locate the missing monies. Within three weeks of the IGTO commencing an investigation, the ATO had located and refunded the monies directly to the complainant's bank account and the matter was resolved.

CASE STUDY 3 – Veteran Gold Card Holders

The complainant held a Department of Veterans' Affairs (DVA) Gold Card which entitled him to Medicare Levy Exemption. However, each year (over the last 4 years) he had to contact a specialist team within the ATO to request that the ATO apply the exemption. This was because the ATO systems only recorded the complainant's Gold card status for a single year only, and not the entire period up until the card's expiry date. The complainant previously lodged 2 complaints with the ATO Complaints area about this issue which resulted in the ATO applying the exemption for one year only. The complainant subsequently lodged a dispute with the IGTO on this issue.

The IGTO commenced an investigation and found that there was no compelling reason to require the complainant to call the ATO each year in order to claim the Medicare Levy Exemption. As a result of the investigation, the IGTO arranged for the ATO to amend their procedures to ensure that where a taxpayer (for whom the ATO does not hold DVA status information) provides substantiation of their DVA Gold Card status, the ATO will exclude them from Medicare Levy Exemption compliance activities for the relevant period – ie for the period of issue for the Gold Card.

The ATO also undertook to work with Services Australia to automate their Medicare entitlement data exchange process, to improve the overall quality and timeliness of data received by the ATO.

CASE STUDY 4 - Medicare levy exemption and double tax treaty

The IGTO received a letter from an elderly lady who had been living in Canada for 35 years who had started receiving her late husband's Australian pension after he passed away in 2018. She raised concerns about the Medicare levy the ATO charged her for the three financial years ended 30 June 2021, even though she was not an Australian resident and had never accessed (and was not able to access) Medicare. Despite providing the ATO with multiple documents that it had requested to determine her tax residency, such as Medicare Entitlement Statements, the ATO's decisions remained unchanged. The complainant then lodged a dispute with the IGTO about the ATO's actions and decisions.

The IGTO commenced an investigation to determine whether the ATO had considered her circumstances and applied the relevant legislation when considering her eligibility for the Medicare levy exemption.

The IGTO's investigation prompted the ATO to initiate an internal review of her tax assessments for the three financial years. As a result, the ATO amended her tax returns by removing the Medicare levy and applied the correct tax rates under the Australian tax law and the double tax agreement with Canada. It also made arrangements to ensure her future tax returns would be processed by a specialised team, due to her rare tax circumstances.

CASE STUDY 5 – Remission of GIC

The complainant applied to the ATO for a full remission of General Interest Charge (GIC) on all tax debts due to their extenuating personal circumstances. The complainant had three separate tax debts on which GIC had accrued for a period of over 12 years and two of these debts had been subject to a court-imposed judgment during this time.

The ATO approved the complainant's remission request and proceeded to remit all GIC on their ATO account. However, the complainant was concerned that the amount remitted did not reflect a full remission of GIC on all their tax debts. The complainant remained unsatisfied with the ATO's responses to clarify the amount, and raised their concerns with the IGTO.

As a result, the IGTO commenced an investigation to determine whether all GIC on the complainant's ATO account had been remitted. Following the IGTO's examination and reconciliation of over 200 account postings on the complainant's ATO account, the IGTO observed that, due to an oversight on the ATO's behalf, GIC had not been remitted for one of the complainant's tax debts and only a partial GIC remission had been applied to the two debts that were subject to a court judgment.

Consequently, the IGTO identified a significant amount of GIC remaining on the complainant's account, which was then remitted by the ATO as a result of the IGTO's investigation.

CASE STUDY 6 – Disclosure of business tax debts

A representative raised concerns with our office that their client was in the process of selling his business and intends to use the funds from the sale of the business to pay his outstanding tax debts. The representative explained that their client had been negotiating for 22 months with the ATO and had offered his residential property and his business as security whilst the business sale process was progressing. However, the ATO had not accepted their client's proposed assets as security for his outstanding tax debts.

The original outcome that the representative had sought was for their client's case to be reassigned to a new ATO case officer in the interest of ongoing procedural fairness. We explained to the representative that it is unlikely the ATO would agree to reallocate their client's case to a new ATO case officer if no specific reason for the request can be identified. Instead, the representative and our office agreed that the new outcome we would investigate was to better understand the reasons why the ATO declined to accept their client's proposed assets as security and the options that may be available to refrain the ATO from referring their clients business tax debts to the credit reporting bureaus.

During discussions with the ATO, we acknowledged the events that had led the ATO to the disclosure of the business tax debt warning letter. However, we explained to the ATO that the client's proposed assets as security sufficiently covers the outstanding tax debt and it would be reasonable for the ATO to defer referral of the debt to credit reporting bureaus whilst the client was in the midst of selling their business. The ATO provided the IGTO with its reasons for declining the security offer. We discussed with the ATO the remaining reasons why the ATO did not accept the client's proposal and identified reasons, including the missing information, supporting documents that the ATO required and its concerns about the progress in the realisation of assets.

We shared our investigation findings with the representative and encouraged the representative to continue discussions with the ATO. The representative confirmed that they have since provided the ATO with the supporting documents the ATO required to evidence the progress of the sale of the business. As a result, the ATO has agreed to place a hold on referring their client's business tax debt to credit reporting bureaus and granted a deferral of recovery action whilst further information was to be provided by the representative.

Performance measure 1.5

Performance measure	Percentage of complaints and disputes lodged via our dedicated webform or email
Source	Corporate Plan 2023-2026, p 50
Result	72%
Analysis	<p>In FY23, the IGTO received 72% of contacts via our webform or by email (the latter being available for returning complainants) – an increase compared to 65% in FY22.</p> <p>The increase in the percentage of contacts received via electronic means reduced the administrative costs for the IGTO. It also reduces the time taken to register the case and ensures that complainants have direct and immediate access to the relevant systems to provide supporting documentation essential to commencing an investigation. This contributes to the improvement of the overall complainant experience.</p>

KEY PERFORMANCE AREA 2 – IDENTIFY AND INVESTIGATE PRIORITY AREAS FOR IMPROVED TAX ADMINISTRATION

The themes that emerge from dispute investigations, international trends, as well as discussions in stakeholder forums assist the IGTO to identify tax administration issues of greatest community concern or significance in achieving a fairer, more efficient and transparent tax administration system. Prior to the establishment of the IGTO’s Dispute Investigation Service, public consultation was the primary means of identifying tax administration issues of community concern and prioritising topics for review investigations. However, in recent years, the themes emerging from the Dispute Investigation Service are increasingly informing the program for review investigations. We also continue to consult the community and analyse data raised through complaints on a periodic basis with a view to identifying trends and issues that arise.

Performance measure 2.1

Performance measure	IGTO review investigations commenced
Source	Corporate Plan 2023 –2026, p 51, [IGT Act, s 41(c)(i)]
Result	0
Analysis	<p>The IGTO did not commence any review investigations in FY23.</p> <p>The IGTO continues to progress three active review investigations that were commenced on 9 December 2021.</p> <ul style="list-style-type: none"> ▪ <i>The Australian Taxation Office’s Administration and Management of Objections</i> ▪ <i>The Exercise of the General Powers of Administration</i> ▪ <i>The Exercise of the Commissioner’s Remedial Powers</i>

Performance measure 2.2

Performance measure	Number of IGTO review investigation reports published each year
Source	Corporate Plan 2023 –2026, p 51, [IGT Act, s 41(c)(ii)]
Result	1
Analysis	<p>The IGTO published one interim review investigation report in FY23:</p> <ul style="list-style-type: none"> ▪ <i>The Australian Taxation Office’s Administration and Management of Objections – Interim Report</i> (10 October 2022) <p>In addition, the final investigation report of the investigation into <i>The Exercise of the General Powers of Administration</i> was sent to the Minister pursuant to section 18 of the IGT Act.</p>

Performance measure 2.3

Performance measure	Refresh IGTO register of potential investigation topics through consultation with stakeholders and analysis of complaint trends
Source	Corporate Plan 2023 – 2026, p 51
Result	1

Analysis

As communicated in the FY22 Annual Report, from FY23 onwards updates to the register will be made on an as needs basis. The register was updated in June 2023 with an additional 9 topics. As at 30 June 2023 there are 54 suggestions for review investigation on the IGTO register.

The new topics added to the Register of Potential Investigations include:

- Accessibility of ATO services
- ATO communication of decisions made
- The ATO’s administration of private binding rulings
- The ATO’s management of significant and strategic litigation
- The effectiveness of the ATO’s Proof of Record Ownership (PORO) and Extensive PORO processes in safeguarding Taxpayer records
- ATO’s use of paper forms in its administration of the tax system
- ATO pre-filling of income tax returns
- The ATO’s approach to Director Penalty Notices (DPNs)
- ATO protection of taxpayer accounts from identity fraud and administrative actions in response to potential fraud

KEY PERFORMANCE AREA 3 – PROVIDE ADVICE THAT IS INDEPENDENT, TIMELY AND RELEVANT TO THE ADMINISTRATION OF TAXATION LAWS IN AUSTRALIA

The conduct of each review investigation is bespoke and tailored to the issues being examined. However, the IGTO and the ATO have established operational guidelines that outline the key stage gates, roles, accountabilities and steps in the conduct of review investigations.¹⁰ Each review investigation generally involves a consideration of submissions made by stakeholders as well as investigation of ATO or TPB systems. Detailed research and analysis are also required, including international comparisons with comparable jurisdictions, to identify best practice for areas requiring improvement and to determine and develop tax administration improvement recommendations. Each review investigation involves ongoing engagement and consultation with the ATO or TPB throughout the review cycle, both at operational and senior management levels.

Performance measure 3.1

Performance measure	Percentage of Review investigation recommendations accepted (Agreed, Agreed in Part, Agreed in Principle) by the ATO or TPB
Source	Corporate Plan 2023 –2026, p 52
Result	N/A
Analysis	<p>The IGTO did not release any reports containing recommendations in FY23. The interim report into <i>The Australian Taxation Office’s Administration and Management of Objections</i> (10 October 2022) presented a large amount of statistics on various aspects of the ATO’s administration and management of objections. These included the quantum of objections received, who lodged objections, the subject of the objections, outcomes and timeframes to issue objection decisions. The interim report did not make any recommendations as it was intended to inform and identify areas of focus for the second phase of the investigation which was still in progress as at 30 June 2023.</p> <p>The report of the investigation into <i>The Exercise of the General Powers of Administration</i> was not publicly released in FY23 as it remained under consideration by the Minister as at 30 June 2023.</p>

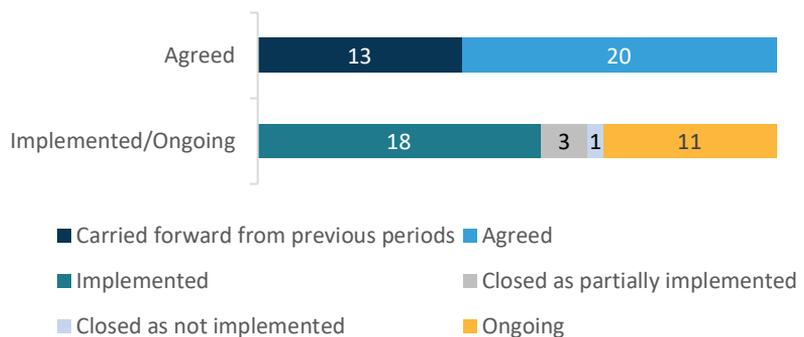
10 Inspector-General of Taxation and Australian Taxation Office, *IGTO-ATO Review Operational Guidelines* <<https://www.igt.gov.au/about-us/our-guidelines-and-protocols/>>.

Performance measure 3.2

Performance measure	Number of Agreed Business Improvements from investigations accepted and implemented by the ATO or TPB
Source	Corporate Plan 2023 – 2026, p 52
Result	ATO accepted 18; implemented 16; Partially implemented 3; Did not implement 1 TPB accepted 2; implemented 2

Analysis

Agreed Business Improvements - 1 July 2022 to 30 June 2023



Agreed Business Improvements (ABIs) are improvements to the broader administration of the tax and superannuation systems (business improvement opportunities) that the IGTO surfaces through the course of IGTO dispute investigations, which the ATO or TPB agree to implement.

As an example, in FY23, in an IGTO dispute investigation, the IGTO found that the ATO’s web guidance was not clear on the tax deductibility of self-education expenses, particularly those in relation to HECS/FEE-HELP loans. The IGTO recommended that the ATO include in its web guidance on self-education expenses an explanation regarding the timing of the deduction and practical examples to demonstrate what expenses may or may not be claimed as a deduction. The ATO accepted the IGTO’s recommendation and updated its web content on the webpage, *QC72168 Self-education expenses*.

In another example taken from an IGTO dispute investigation, the IGTO found that the ATO did not undertake any further actions after receiving an excess transfer balance notice that had been returned to the ATO from the individual’s tax agent as unclaimed. Considering the potential impact on the individual’s financial affairs, the IGTO recommended the ATO ensure this type of returned notice was reissued to the individuals directly. The ATO accepted and implemented this recommendation to enable affected individuals to respond promptly.

The Case Studies set out in the Key Performance Area 1 section above, also provide other examples of ABIs.

Performance measure 3.3

Performance measure	Meetings or Briefings with the Minister, Government, the Australian Parliament and its Committees
Source	Corporate Plan 2023 – 2026, p 52
Result	21
Analysis	<p>The IGTO continued to engage with, and support, the Minister, Government, the Parliament and its Committees in FY23. In FY23, 21 such meetings or briefings occurred compared to 5 in FY22.</p> <p>Briefings have predominantly been in written form to inform the Minister of key findings and observations arising out of the IGTO’s investigations work.</p> <p>The IGTO has also met with, and provided, briefings on various aspects of tax administration that were identified through our stakeholder engagements and dispute investigations to assist the Minister.</p> <p>Both written and face-to-face briefings serve to provide the Minister with timely information about current or emerging issues and complement other aspects of the IGTO’s work including publication of reports following broad investigations, and research and thought leadership papers.</p>

Performance measure 3.4

Performance measure	Percentage of responses to Government, Treasury, or Parliamentary inquiries that relate to taxation administration where the IGTO was requested to contribute
Source	Corporate Plan 2023 – 2026, p 52
Result	100%
Analysis	<p>The IGTO responds to all requests from the Government, Parliament and Treasury to contribute to inquiries that relate to taxation administration.</p> <p>In FY23, the IGTO undertook work to develop a submission in response to the Treasury’s <i>Independent Evaluation of the Jobkeeper Payment</i>. Although the bulk of the work and research took place in FY23, the final submission was lodged in early July 2023.</p> <p>The IGTO also responded to a request by the Attorney-General’s Department (via Treasury’s Legal Policy Unit) to provide feedback to its <i>Secrecy Provisions Review</i>.</p>

KEY PERFORMANCE AREA 4 – CO-OPERATE AND COLLABORATE WITH RELEVANT AGENCIES AND STAKEHOLDERS – BOTH DOMESTICALLY AND INTERNATIONALLY

The IGTO undertakes extensive consultation with a range of stakeholders to identify and prioritise areas for improvement to the administration of the tax system. Consultations may be specific to a particular investigation undertaken by the IGTO or be of a general nature through our networks and forums, discussion groups and tax professional forums.

The IGTO also engages regularly with the ATO and the TPB in relation to our service delivery, to identify and discuss potential emerging issues and blockers to the efficient conduct of investigations that may need to be escalated and addressed.

Performance measure 4.1

Performance measure	Number of Meetings or Briefings with the ATO and/or TPB on IGTO review investigations or the tax dispute investigation service
Source	Corporate Plan 2023 – 2026, p 53
Result	146

Analysis

The IGTO engages with the ATO and the TPB regularly in relation to the Dispute Investigation Service and review investigations. These engagements are in addition to those that are undertaken in relation to specific dispute investigations.

The purpose of the meetings and briefings is to discuss the operation of the Dispute Investigation Service to ensure that it is operating effectively and efficiently and, where possible, to forecast emerging issues that may require IGTO attention.

Additionally, it provides an opportunity for the ATO to brief the IGTO on matters that may have an impact on the system overall and dispute numbers. Similarly, regular meetings in relation to review investigations seek to ensure that reviews are progressing efficiently, and any blockers are addressed as they emerge.

In FY23, 146 such meetings took place which is slightly higher than the 142 instances in FY22.

Performance measure 4.2

Performance measure	Number of memberships maintained in relevant domestic and international organisations – including legal, accounting, taxation and ombudsman organisations
Source	Corporate Plan 2023 – 2026, p 53
Result	All relevant memberships maintained
Analysis	<p>The IGTO and our team are members of various professional bodies and organisations including:</p> <ul style="list-style-type: none"> ▪ Australian and New Zealand Ombudsman Association ▪ Australian Institute of Administrative Law ▪ Australian Institute of Company Directors ▪ Chartered Accountants Australia and New Zealand ▪ CPA Australia ▪ Institute of Public Accountants ▪ International Ombudsman Institute ▪ Law Society of New South Wales ▪ Society of Consumer Affairs Professionals ▪ The Tax Institute

Performance measure 4.3

Performance measure	Number of domestic and international conferences and forums, stakeholder discussion groups or workshops attended by IGTO
Source	Corporate Plan 2023 – 2026, p 53
Result	<p>40 domestic conferences/forums</p> <p>13 international conference/forums</p>
Analysis	<p>In FY23 the IGTO has been able to continue face-to-face engagements with stakeholders through conferences and forums. We have also taken opportunities, where available, to engage with stakeholders virtually through video conferencing and webinars. The continued engagement with stakeholders assists in the overall effectiveness and function of the IGTO through active participation in the professional community.</p> <p>In contrast to FY22, while the number of domestic forums was reduced, the IGTO has increased our engagement with counterparts in overseas jurisdictions to identify learnings and improvement opportunities that may be considered in Australia to improve the administration of the tax system.</p>

Performance measure 4.4

Performance measure	Potential audience reach and media mentions relating to the IGTO and our services
Source	Corporate Plan 2023 – 2026, p 53
Result	470 media items with a potential audience reach of 23.3 million
Analysis	<p>In FY23, there were 470 media items mentioning or reporting upon the IGTO and our work, resulting in a potential audience reach of 23.3 million. This represents a 5.85% increase in terms of media items and approximately 19.49% increase in terms of potential audience reach.</p> <p>This result helps to highlight that news and information about our office and our work are reaching more people and helping to raise awareness of the services that we offer. The IGTO aims year on year to produce work and generate discussions that continue to reach all Australians, in every State and Territory.</p> <p>In addition to media mentions, our work and our role are further promoted through articles and mentions in publications and newsletters issued by professional bodies with whom we regularly engage.</p>

KEY PERFORMANCE AREA 5 – FOSTER A DIVERSE, ENGAGED AND RESILIENT TEAM

The IGTO team members are essential to the services we provide the community. The IGTO is committed to providing a workplace environment in which team members are supported, engaged and inspired to provide a professional service with a commitment to delivering community outcomes. Our strategy is centred around employing and retaining qualified and experienced tax specialists who have the relevant people skills and ability to provide professional, effective and independent service to the community. This enables the IGTO to achieve its purpose of improving tax administration and providing independent advice and assurance to stakeholders on the operation of Australia’s tax administration laws.

Performance measure 5.1

Performance measure	Monitor results from internal and external staff engagement and capability surveys
Source	Corporate Plan 2023-2026, p 54
Result	<p>The IGTO staff survey was undertaken in July 2023.</p> <p>93% of our staff reported high satisfaction levels with their job.</p> <p>86% of staff reported that the Agency adequately supports them in undertaking their role.</p>
Analysis	<p>Satisfaction levels of our staff with their employment at our office, and their sentiment that the Agency adequately supports them in undertaking their role is pleasing, with an overall increase of (3% for high satisfaction levels and the same for staff sentiment on the Agency adequately supporting them undertaking their role) on the previous year. These results are welcomed and strong, particularly given the sometimes stressful nature of dispute investigations. It reflects our commitment to provide a workplace environment in which our team is supported, engaged and inspired to provide both service and outcomes for the community.</p> <p>We have a range of initiatives to support and reward our staff. This includes providing specialist learning and development opportunities as well as an improved rewards and recognition program through a dedicated rewards and recognition ICT platform and informal and formal recognition.</p>

Performance measure 5.2

Performance measure	Average hours in undertaking learning and development/ training per full time employee, including those that contribute to the continuing professional development requirement for the various professional associations
Source	Corporate Plan 2023-2026, p 54
Result	<p>Eligible IGTO staff (28 Ave FTE) participated in an average of 57 hours of L&D and CPD in FY23.</p> <p>The IGTO also supported dispute investigation staff members with obtaining a Certificate IV in Government Investigations in FY23.</p>
Analysis	<p>Our strong support for team development and capability enhancement is demonstrated by the average hours of training for each staff member as well as the nature of that training and resulting qualifications. The IGTO leveraged in-house training opportunities provided to selected team members by ensuring these team members presented to the broader IGTO team at the completion of their training. The training attended includes:</p> <ul style="list-style-type: none"> ▪ Certificate IV in Government Investigations ▪ Management and leadership skills ▪ Conference attendance – Tax Institute, SOCAP, ATAX ▪ NSW Ombudsman training on Complaints Handling and Managing Unacceptable Behaviour ▪ Weekly tax technical updates and bi monthly tax technical focus areas ▪ Training sessions on tax technical matters delivered by the UNSW ▪ Privacy Act and Privacy Principles ▪ Tailored IGTO induction training ▪ Annual mandatory training ▪ Training on integrity, under the <i>National Anti-Corruption Commission Act 2022</i>.

Performance measure 5.3

Performance measure	Monitor diversity in the agency — including the percentage of female and culturally and linguistically diverse (CALD) staff across all levels
Source	Corporate Plan 2023-2026, p 54
Result	Female staff – 37% Born overseas – 50% CALD – 47%
Analysis	<p>Our agency is small and specialised, having national responsibility and operating out of a single Sydney-office location with 30 staff. The percentage of CALD staff in our agency is high (47%) when compared to the APS-wide average (23.2%) [source: APSC State of the Service 2022, p 50]. Although over one third of our agency is staffed by women (37%), it is below the APS-wide average of 60.4% [source: State of the Service report 2022, p 32]. As a small agency, movements in staff can affect those proportions substantially.</p> <p>Notwithstanding workforce recruitment constraints, these percentages reflect a strong commitment to workplace diversity. Such constraints include those arising from our single office location in Sydney, our requirement for specialised taxation law and policy skills and experience, and strong competition with the private sector and other agencies and candidates in this limited talent pool.</p> <p>In FY23 our agency sought to remove some constraints in workforce recruitment by welcoming our first fully remote employees who are based interstate.</p> <p>Moving forward, the IGTO will develop a Diversity and Inclusion Strategy that is representative of the broader Australian demographic and incorporate diversity based on gender, ethnicity, disability, indigenous heritage, sexual preference and age.</p>

Statutory Statement

I, Karen Payne, as the Accountable Authority of the IGTO, have prepared the above FY23 annual performance statement of the IGTO for the purpose of paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the agency in FY23 and complies with subsection 39(2) of the PGPA Act.

Financial Performance Statement

The IGTO's FY23 financial statements are presented in Part 5 of this report. The IGTO received an unmodified audit report on the FY23 financial statements from the Australian National Audit Office on 22 September 2023. We ended FY23 with a net operating loss of \$776,430 (\$455,100 after adjusting for depreciation and changes in asset revaluation). This compares to a net operating loss in FY22 of \$204,802 (a surplus of \$90,852 after adjusting for depreciation and changes in asset revaluation).

The operating loss and cash deficit in FY23 is primarily a result of one-off costs for:

- the additional make good expense arising upon the IGTO's terminating lease, that was negotiated with the landlord amidst rising market rates; and
- increased software as a service costs arising from the implementation of a new Case Management System that cannot be capitalised as cloud-based software.

The IGTO has sufficient cash and reserves to fund its liabilities as and when they fall due. A summary of our total resources is included in Appendix 4. A summary of our expenses for outcomes is included in Appendix 5.

Part 3

Management and Accountability

Corporate Governance

Audit and Risk Committee

External Scrutiny

Asset Management

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Part 3 – Management and Accountability

Corporate Governance

Governance framework

As a public office holder, the IGTO reports and is accountable to the Minister for discharging her statutory role. As the Accountable Authority (**AA**) of the agency, she is responsible for the operation and performance of her office pursuant to the requirements of the PGPA Act.

The AA has issued instruments of delegation in respect of certain functions and responsibilities. A suite of Accountable Authority Instructions (**AAIs**), policies, procedures, plans and guidelines offer guidance to IGTO officers in their exercise of powers under the instruments of delegation.

Our office's Executive consists of the IGTO, the Deputy Taxation Ombudsman, the Deputy Inspector-General of Taxation and the EL2 Directors. The Executive oversee the Agency's policies and operations. Committees are also established to support administrative and operational requirements, including for the purposes of research, analysis and recommendation.

Corporate governance practices

Previously, due to our small office environment, our corporate governance and administrative practices were generally designed to adopt or align with the policies and procedures of the Treasury, as our portfolio agency, where applicable. This approach provided synergistic benefits and risk management due to the shared services arrangements provided by the Treasury to the IGTO under a memorandum of understanding (**MOU**). The IGTO now maintains a reduced service offering as it now largely manages its own ICT cloud-based systems and Human Resources (**HR**) function (including payroll supported by an external service provider). The MOU continues to cover financial services, security vetting services and limited ad hoc HR services.

The historical adoption of Treasury policies and guidelines was undertaken to increase efficiency and reduce operational risk as well as covering any potential gaps where our office did not have existing policies. We have also progressively adopted more tailored and specific policies and guidelines in areas where this is more appropriate for our small office. Our culture of innovation and continuous improvement ensures that review processes of this kind are an ongoing commitment.

Corporate planning and reporting

Our Corporate Plan is an integral part of our performance framework and directly links to the Portfolio Budget Statements, the Risk Management Policy and Framework, and the Annual Performance Statements (as set out in Part 2 of this annual report). We monitor our performance against the performance measures outlined in our Corporate Plan regularly, through quarterly reporting to the Executive team and the public (via the IGTO website).

The Corporate Plan for the financial years 2023-2026 was informed by the FY23 Budget. The Financial Controller is responsible – with input from the IGTO as AA – for executive management of the Portfolio Budget Statements and financial activities. Management and compliance reporting is also overseen by the Financial Controller, the Chief Information & Security Officer and the Chief Operating Officer in her capacity as Chief Risk Officer.

Internal processes for managing risk

Specific risk management responsibilities under the PGPA Act are met through an integrated Risk Management Policy and Framework. A suite of policies, plans and procedures has also been developed and adopted which further contributes to the mitigation of risks. Some policies, processes and systems are aligned with those of Treasury – as service provider under the MOU – where possible, to increase efficiency and reduce operational risk.

The AAIs, Fraud Control Plan, Business Continuity Plan and Risk Management Policy and Framework are also periodically reviewed internally by our office and by the Audit and Risk Committee (**ARC**).

Our team’s awareness of risk management policies and procedures is maintained through training programs and regular engagement discussions with officers to build awareness of risk assessment and treatment processes. These activities aim to develop and foster a risk-aware culture within the agency.

In the event of prolonged and/or unforeseen outages of our services, we have contingency and related strategy arrangements in place to be activated. These arrangements are set out in our Business Continuity Plan (**BCP**). The BCP is tested annually and updated for improvement following periods of activation and testing.

Internal audit

Our micro office environment has inherent limitations – such as segregation of duties and resource support – for an internal audit function. Accordingly, the internal audit activities for our office were delivered by a professional services firm in FY23. The FY23 internal audit program focussed on service delivery with a review of the Disputes Investigation Service.

One audit report was delivered which was finalised post 30 June 2023. The draft report was considered by the ARC at its June 2023 meeting and the final report will be considered at the September 2023 meeting.

Part 3 – Management and Accountability

The final audit report concluded ‘the IGTO’s dispute investigation function, considering in-progress improvement initiatives, is generally operating efficiently and effectively. A continuous improvement culture is evident, with the volume of improvement activity particularly noteworthy given the size of IGTO.’¹¹

Fraud prevention and control

Our office’s Fraud Control Plan has been developed in accordance with the *Commonwealth Fraud Control Framework*. The Fraud Control Plan was last reviewed and updated by a specialist consultant in FY22. We will regularly review and update the Fraud Control Plan to ensure that it remains current and fit for purpose.

Our Fraud Risk Assessment forms the basis of the Fraud Control Plan and has been developed with appropriate controls, prevention, detection and investigation, and reporting standards.

We have undertaken all reasonable measures to minimise the incidences of fraud. In FY23, IGTO officers completed annual mandatory online fraud awareness training administered by the Australian Public Service Commission.

IGTO officers may report fraud or suspected fraud confidentially through a variety of means – including in-person, in writing, via phone, or to a dedicated email inbox. These reports are dealt with or investigated by the Assistant Director – Risk, Governance and Compliance. All reasonable measures have been taken to deal appropriately with fraud relating to the entity.

No cases of fraud were identified in FY23. Fraud information data is reported annually to the Australian Institute of Criminology by responding to questionnaires issued by that agency as required.

Compliance reporting

We are required to provide details of any statements to the Minister under paragraph 19(1)(e) of the PGPA Act that relate to non-compliance with the finance law and action taken to remedy the non-compliance.

No such statements are required to be reported in the FY23 period.

Audit and Risk Committee

The IGTO ARC is an important element of the agency’s governance structure. The IGTO ARC is appointed by the AA pursuant to the PGPA Act. Its membership is fully independent of the Executive and governed by its own charter. The remuneration of the ARC is set by the AA in accordance with an internal policy. Audit and Risk Committee Remuneration was reviewed in January 2023 to ensure it was competitive with the market in reference to NSW Government Audit Committee. Following this review, remuneration was increased from \$800 per meeting to \$1,300 per meeting for each member. Remuneration is paid upon receipt of a valid tax

11 Bellchambers Barrett, *Inspector General of Taxation and Taxation Ombudsman Dispute Investigation Internal Audit Final Report* (2 August 2023) p 2.

invoice from each member and accordingly there can be timing differences in payments made (as shown in Table 3.1 below). The total annual remuneration represents payments made, on a cash basis, in FY23 that relate to FY23 and prior years.

A copy of the ARC charter is available on the IGTO's website via this link:

https://www.igt.gov.au/wp-content/uploads/2021/07/008_Audit-Risk-Committee-Charter-April-2021.pdf.

The ARC provides advice and assurance by reporting to the AA. The ARC met on four occasions in FY23. The current ARC comprises Mr Peter McGee as Chair, and members, Mr David Barry, Ms Fiona Erhardt and Mr Bruce Turner AM. Mr Michael Stallworthy retired from his role as Chair on 14 December 2022.

Further details on each member are provided in Table 3.1.

Table 3.1: Details on the Audit and Risk Committee's members

Member name	Qualifications, knowledge, skills and experience	Number of meetings attended / total number of meetings	Total annual remuneration (GST inc.)
Peter McGee (Commenced 29 August 2011; Appointed as Chair on 30 March 2023)	Peter has a management background in corporate governance, enterprise risk management, general insurance and internal audit. He has spent nine years in the government sector and ten years in senior executive roles in AMP, focusing on risk management, compliance and governance, and 21 years in various general insurance roles.	4 out of 4	\$0
David Barry (Commenced 28 November 2012)	David has over 30 years' experience as a Risk, Compliance and Assurance Executive within ASX listed and professional services companies. He is a member of the Institute of Chartered Accountants of Australia, a Graduate of the Australian Institute of Company Directors and a fellow of the Institute of Internal Auditors.	4 out of 4	\$3,700
Fiona Erhardt (Commenced 6 September 2017)	Fiona has led finance teams at both an operational and corporate level in a big 4 accountancy firm, ASX listed companies and the not-for-profit sector.	4 out of 4	\$2,400
Bruce Turner AM (Commenced 30 March 2023)	Bruce has 40 years of experience as a practitioner and leader in governance, risk management, compliance, fraud control, and assurance across the financial services and government sectors, including as chief audit executive for the ATO (February 2007 – February 2012), Integral Energy, and State	2 out of 2 [§]	\$2,600

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Member name	Qualifications, knowledge, skills and experience	Number of meetings attended / total number of meetings	Total annual remuneration (GST inc.)
	Rail. He is now retired but continues to Chair and participate in audit and risk committees and boards. Bruce is a fellow of the Australian Institute of Company Directors and Institute of Internal Auditors, holds several global certifications, and is a fellow of various professional bodies. He was appointed a Member of the Order of Australia in 2015.		
Michael Stallworthy (Commenced 16 May 2006. Retired as Chair on 14 December 2022)	<p>Michael started his career in reinsurance in Lloyd’s of London. During the early 1990’s he emigrated to Australia and joined GIO of NSW Reinsurance as an international reinsurance underwriter. He was responsible for underwriting reinsurance from Europe, South Africa, South East Asia and Australia.</p> <p>Michael then worked at the Australian Reinsurance Pool Corporation for 12 years as general manager of claims and audits. Subsequent to this he is now involved in property building management and is responsible for the running of multiple apartment blocks. He has a Masters in Business Administration and is a Fellow of the Australia and New Zealand Insurance Institute.</p>	2 out of 2 [§]	\$1,600

§ Mr Turner and Mr Stallworthy attended all eligible meetings consistent with the terms of their membership on the ARC which did not cover the full financial year due to their commencement and retirement, respectively.

External scrutiny

External audit

Other than the annual financial statement audit, there have not been any audits of our office undertaken by the ANAO in FY23.

Reports on operations

No reports in FY23 on the operations of our office were issued by the Auditor-General (other than the report on financial statements which is reproduced later in Part 5 of this report), a Parliamentary committee or the Commonwealth Ombudsman.

Judicial, administrative tribunal or Australian Information Commissioner decisions

No judicial, administrative tribunal or Australian Information Commissioner decisions were made that have had, or may have, a significant impact on the operations of our office.

Capability reviews

No capability reviews of the IGTO were released during FY23.

Assets Management

The management of our assets is governed by the AAls and aligns with government best practice. The assets of the IGTO include cash or cash at bank, but Treasury manages all banking facilities on behalf of the IGTO under the MOU. This is an important operational feature and control in the context of our micro agency size. The Treasury, as service provider under the MOU, also maintains an asset register on our behalf, which is subject to annual stocktake and review by our officers to ensure the register is up-to-date. Assistance is also provided to the IGTO with the processing of its asset acquisitions, depreciation, revaluations and disposals.

Our office maintains a capital management plan that sets out longer term asset requirements and funding sources for asset replacement and investment. This is integrated with the strategic planning and capital budget processes and has reference to our annual operating budget process.

Our fixed assets include office fit-out, purchased software, computer and telephony equipment, audio-visual equipment, infrastructure and library material.

Procurement

Our office procurement is consistent with the Commonwealth Procurement Rules (CPR) requirements and aligns with the Treasury's policies and processes for MOU purposes.

We publish information about significant procurements that our office expects to undertake the following year in an annual procurement plan available on the AusTender website at www.tenders.gov.au.

The IGTO 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.¹² The IGTO recognises the

12 Department of Finance, *Statistics on Australian Government Procurement Contracts* (12 October 2022) <<https://www.finance.gov.au/government/procurement/statistics-australian-government-procurement-contracts->>>.

Part 3 – Management and Accountability

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.¹³

Our procurement practices support SMEs by treating all suppliers equitably regardless of their commercial, legal, technical and financial abilities and do not discriminate against suppliers due to their size, degree of foreign affiliation or ownership, location, or the origin of their goods and services. The IGTO is focused on continuous improvement in procurement and is developing a Statement of Business Ethics for suppliers and IGTO officers that will be published on our website. Furthermore, the IGTO has mandated that officers involved in procurement receive training to identify and address modern slavery risks as part of our procurement activities.

The relatively small size of our office and budget as well as the services we obtain through the Treasury MOU arrangements impact SME procurement engagement. We certainly value having access to a wider range and more competitive supplier base through the engagement of SMEs in the procurement process.

Exempt contracts

Our office is required to provide details of any contract entered into during the period by the AA of the entity, or a standing offer, with a value of more than \$10,000 (inclusive of GST) that has been exempted by the AA from being published in AusTender because it would disclose exempt matters under the *Freedom of Information Act 1982*.

No such contracts were entered into in this reporting period.

Australian National Audit Office access clauses

Our office is required to provide details of any contract entered into during FY23 of \$100,000 or more (inclusive of GST) that does not provide for the Auditor-General to have access to the contractor’s premises.

In FY23, the IGTO entered one such contract being the lease with Investa for our office premises. The lease value is \$2,094,599 over 5 years. The reason for the omission of the contract clause is due to the commercially negotiated lease being executed on Investa’s standard commercial lease agreement.

Reportable consultancy contracts

Consultants are engaged where there is a requirement for specialist expertise or independent research and assessment. Consultants are typically engaged to carry out defined reviews or evaluations, or provide independent advice, information or solutions to assist our decision making.

Prior to engaging consultants, we take into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise.

¹³ The Treasury, *Pay on-Time Survey performance reports* <<https://treasury.gov.au/small-business/pay-time-survey-performance-reports>>.

The decision to engage a consultant is made in accordance with the PGPA Act and related regulations including the CPR and relevant internal policies.

In FY23, consultants were engaged to provide specialist expertise not available within our office, including project management services for an office relocation, designing and building a new CMS and external audit assurance. We are supported in part, by Treasury policies and procedures for selecting and engaging consultants.

During FY23, 7 new reportable consultancy contracts were entered into involving total actual expenditure of \$222,568. In addition, 2 ongoing consultancy contracts were active during the period, involving total actual expenditure of \$16,923.

Table 3.2: Expenditure on Reportable Consultancy Contracts Current Report Period (2022-23)

	Number	Expenditure \$'000 (GST inc.)
New contracts entered into during the reporting period	7	223
Ongoing contracts entered into during a previous reporting period	2	17
Total	9	240

Table 3.3: Organisations Receiving a Share of Reportable Consultancy Contract Expenditure Current Report Period (2022-23)

Name of Organisation	Expenditure \$'000 (GST inc.)
Northside Consulting Pty Ltd (ABN 19 647 873 103)	59
Minter Ellison (ABN 91 556 716 819)	59
Ennovative Pty Ltd (ABN 51 143 351 348)	33
Stroom Pty Ltd (ABN 12 600 621 672)	29
David Matthew Scarano (ABN 89 574 649 541)	18
Stephen Sedgwick (ABN 89 574 649 541)	17
Wordmakers (ABN 59 339 678 158)	14

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.

Reportable non-consultancy contracts

During FY23, 18 new reportable non-consultancy contracts were entered into involving total actual expenditure of \$1,959,154. In addition, 14 ongoing non-consultancy contracts were active during the period, involving total actual expenditure of \$1,493,860.

Table 3.4: Expenditure on Reportable Non-Consultancy Contracts Current Report Period (2022-23)

	Number	Expenditure \$'000 (GST inc.)
New contracts entered into during the reporting period	18	1,959
Ongoing contracts entered into during a previous reporting period	14	1,494
Total	32	3,453

Table 3.5: Organisations Receiving a Share of Reportable Non-Consultancy Contract Expenditure Current Report Period (2022-23)

Name of Organisation	Expenditure \$'000 (GST inc.)
Arrow Projects Pty Ltd (ABN 12 615 447 124)	1,442
Dexus Property Services Pty Limited (ABN 66 080 918 252)	1,118
Bro-IT Pty Ltd (ABN 58 642 357 140)	196
Resolve Software Group Pty Ltd (ABN 87 063 320 696)	109
Dell Australia Pty Limited (ABN 46 003 855 561)	91

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.

Part 4

Our People

Management of Human Resources

IGTO Staffing Statistics

Part 4 – Our People

Management of Human Resources

Our office promotes a collegiate environment for team members to develop through their work and participation in a broad range of agency activities and corporate obligations. The nature of the work provides for a clear sense of achievement and satisfaction in performing an important community function.

Performance management

Consistent with the Performance Development System Policy, guidelines and the *Inspector-General of Taxation Enterprise Agreement 2018-21*, performance reviews are conducted on a six-monthly basis for all officers except those at the Senior Executive Service (SES) and Executive Level (EL) who are reviewed annually.

The principles of the PDS provide a basis for:

- determining base pay
- rewarding good performance
- providing mechanisms for feedback between employees and managers
- addressing under-performance
- developing employees in their current roles.

In addition to formal performance discussions, our small office environment provides for regular and continual discussion of performance with staff. Since all staff have the opportunity to work and engage directly with the IGTO, the Deputy Taxation Ombudsman or the Deputy Inspector-General of Taxation, they are provided with ongoing and contemporaneous feedback on their performance.

Organisational structure

Our organisational structure (see Figure 1.9) is designed to ensure our people are not only empowered to perform their roles but also supported by experienced leaders. They have access to and can engage with the most senior members within the IGTO agency. Our organisational structure, processes, practices, procedures and culture enable the IGTO agency to effectively manage and develop our people to achieve their best performance.

Executive team

The Executive team includes the IGTO, the Deputy Taxation Ombudsman, the Deputy Inspector-General of Taxation, the Chief Operating Officer and the EL2 Directors.

Workforce composition

The IGTO is a statutory appointee. All other officers are employed under the *Public Service Act 1999 (Public Service Act)* and are required to adhere to the Australian Public Service (APS) Code of Conduct and apply the APS Values. SES staff are employed under a determination and non-SES staff are employed under an enterprise agreement pursuant to the *Fair Work Act 2009*.

Table 4.1: Australian Public Service Act Employment Arrangements Current Report Period (2022-23)

	SES	Non-SES	Total
Agency Determination 24(1)	2	0	2
Inspector-General of Taxation Enterprise Agreement 2018–2021	0	26	26
Individual Flexibility Arrangement	0	1	1
Total	2	27	29

Workplace agreements

The IGTO's remuneration is determined by the independent Remuneration Tribunal.

Non-SES officers are remunerated in accordance with the *Inspector-General of Taxation Enterprise Agreement 2018-2021* and our own PDS policies and guidelines and Remuneration guidelines. In FY23, 26 non-SES officers were engaged under the *Inspector-General of Taxation Enterprise Agreement 2018-2021*. One non-SES officer was engaged under an Individual Flexibility Arrangement.

All IGTO SES and non-SES are employed under the Public Service Act.

The only non-salary benefits provided to employees during the FY23 period consisted of loan interest fringe benefits arising on Commonwealth debts. These Commonwealth debts are disclosed in the FY23 financial statements. The IGTO is advised that interest does not accrue and therefore is not legally recoverable on these debts, but for the purposes of the *Fringe Benefits Tax Assessment Act 1986* the loan interest fringe benefit nonetheless arises.

The IGTO did not provide any performance pay during the FY23 period.

Executive remuneration

The IGTO's remuneration is determined by the independent Remuneration Tribunal. SES remuneration is set by the IGTO (as AA), in accordance with their contractual terms and conditions.

Consistent with the HR delegations of the AA, the IGTO Executive Committee – which consists of the IGTO, the Deputy Taxation Ombudsman, the Deputy Inspector-General of Taxation, and the Chief Operating Officer (an EL2 employee that is responsible for all HR matters) – sets the remuneration for all other IGTO personnel, consistent with the *Inspector-General of Taxation Enterprise Agreement 2018-2021*, including Executive Level Public Servants.

Part 4 – Our People

The Chief Operating Officer is recused from decisions of this Committee which relate to EL2 level and above.

All policies are set by the AA. All procedures and guidelines are prepared, consistent with the AA delegations, by the Chief Operating Officer.

These include:

- Performance Development System policy
- Performance Development System guidelines
- Remuneration guidelines.

The IGTO consults APS wide remuneration surveys in setting remuneration for SES to ensure consistency with like agencies and positions. SES remuneration has changed in FY23 after referencing the FY21 APS Remuneration Report in setting the SES remuneration.

Table 4.2 sets out the salary range, by classification for all IGTO APS employees (including SES) – in accordance with their governing determinations or as provided by the *Inspector-General of Taxation Enterprise Agreement 2018-2021*. A determination under section 24(1) of the Public Service Act was issued by the AA on 21 December 2022 that provided a 3% salary increment, in accordance with the Public Sector Interim Workplace Arrangements 2022. The section 24(1) determination provided for the remuneration increment only and all other terms and conditions of employment remain in the extant *Inspector-General of Taxation Enterprise Agreement 2018-2021*. Productivity gains were not required to be identified to fund the Wage Price Index increment as the Interim policy is only intended to be in place until 31 August 2023 whilst APS wide enterprise bargaining is undertaken through Part A and agency wide bargaining through Part B. Table 4.2 reflects base salary only and excludes other components of remuneration such as superannuation or other allowances.

Table 4.2: Australian Public Service Act Employment salary ranges by classification level (Minimum/Maximum) Current Report Period (2022-23)

Classification Level	Minimum Salary	Maximum Salary
SES Band 3	Not Applicable	Not Applicable
SES Band 2	266,110	292,237
SES Band 1	207,237	229,449
EL 2	150,228	172,410
EL 1	122,989	141,082
APS 6	94,288	144,232
APS 5	83,588	88,939
APS 4	74,344	78,235
APS 3	66,563	70,450
APS 2	58,780	62,672
APS 1	50,996	55,378
Other	Not Applicable	Not Applicable
Minimum/Maximum range	50,996	292,237

Learning and Development

The IGTO supports our people to develop their professional skills through a comprehensive Learning & Development program that incorporates:

- financial support to undertake postgraduate studies or professional qualifications
- tax technical updates from a variety of sources
- dispute investigation skills training delivered in house and externally by subject matter experts
- privacy and freedom of information skills and awareness
- annual online mandatory awareness training provided by the Australian Public Service Commission and the Commonwealth Ombudsman in relation to elements of the PGPA Act and Public Service Act and related policies.

All our officers hold a tertiary degree or higher qualification, and we provide support for maintenance of at least one professional association membership for each officer.

Study assistance

We use the Treasury studies assistance policy to support our people in further studies. Once an employee is approved for study, time off and financial support are available under this policy.

Wellbeing and Workplace Health and Safety

Our office fosters and maintains a safe and healthy working environment in accordance with the *Work Health and Safety Act 2011 (WHS Act)*.

Several initiatives were taken during the year to ensure the health, safety and welfare of the IGTO team. These included wellbeing exercises for all staff, recognising and rewarding staff for performance, the IGTO health and wellbeing committee activities for various social events, exit interviews conducted with departing employees for feedback to the Executive and monitoring both planned and unplanned leave and the associated reasons to identify any trends or issues that our office could support or address. Work health and safety (WHS) training is part of the annual mandatory training suite all IGTO officers undertake.

During FY23, we received no accident reports. One WHS incident report was registered which concerned catering at an offsite event. No notices were given under sections 90, 191, 195 or 198 of the WHS Act. No WHS investigations were undertaken during this year.

Resilience

Our office seeks to promote a collegiate environment for team members. We recognise that the nature of the Dispute Investigation Service we deliver may eventually lead to a risk of employee disengagement or health and wellbeing issues. We aim to mitigate this risk and

Part 4 – Our People

further develop staff through their work experiences, which includes participation in a broad range of agency activities, corporate compliance and reporting obligations. The nature of the work and work environment allows staff to engage with our purpose, develop skills and have a sense of achievement and satisfaction in performing an important community function.

Promoting an ethical working environment

We embrace the APS Values and Code of Conduct. We seek to establish and maintain ethical standards and professional conduct through policies, plans and procedures and mandatory annual training.

Through regular team meetings and other internal forums, we raise and discuss key ethical and professional conduct issues with staff including appropriate use of corporate property, IT, email and social media, as well as management of issues such as conflicts of interest and receipt of gifts. In FY21, we consolidated our conflict of interest and gifts registers and bolstered controls on our case management system to strengthen controls which prevent officers from accessing cases with which they have, or may be perceived to have, a potential conflict of interest.

IGTO Staffing Statistics

Tables 4.3 to 4.14 detail IGTO staffing in the current (FY23) and previous (FY22) periods.

Table 4.3: All Ongoing Employees – Current Report Period (2022–23)

	Man/Male			Woman/Female			Other Identification*			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	18	1	19	3	3	6				25
Qld										
SA										
Tas										
Vic				1	0	1				1
WA										
ACT										
NT										
External Territories										
Overseas										
Total	18	1	19	4	3	7				26

* Includes employees who are non-binary, uses a different term or preferred not to answer

Table 4.4: All Non-Ongoing Employees – Current Report Period (2022–23)

	Man/Male			Woman/Female			Other Identification*			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	1	0	1	1	0	1				2
Qld										
SA				0	1	1				1
Tas										
Vic										
WA										
ACT										
NT										
External Territories										
Overseas										
Total	1	0	1	1	1	2				3

* Includes employees who are non-binary, uses a different term or preferred not to answer

Table 4.5: All Ongoing Employees – Previous Report Period (2021–22)

	Man/Male			Woman/Female			Other Identification*			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW	18	0	18	9	1	10				28
Qld										
SA										
Tas										
Vic										
WA										
ACT										
NT										
External Territories										
Overseas										
Total	18	0	18	9	1	10				28

* Includes employees who are non-binary, uses a different term or preferred not to answer

Part 4 – Our People

Table 4.6: All Non-Ongoing Employees – Previous Report Period (2021–22)

	Man/Male			Woman/Female			Other Identification*			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
NSW										
Qld										
SA										
Tas										
Vic										
WA										
ACT										
NT										
External Territories										
Overseas										
Total										

* Includes employees who are non-binary, uses a different term or preferred not to answer

Table 4.7: Australian Public Service Act Ongoing Employees – Current Report Period (2022–23)

	Man/Male			Woman/Female			Other Identification*			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3										
SES 2	1	0	1							1
SES 1	1	0	1							1
EL 2	2	0	2	1	1	2				4
EL 1	7	0	7	0	1	1				8
APS 6	7	1	8	3	1	4				12
APS 5										
APS 4										
APS 3										
APS 2										
APS 1										
Other										
Total	18	1	19	4	3	7				26

* Includes employees who are non-binary, uses a different term or preferred not to answer

Table 4.8: Australian Public Service Act Ongoing Employees – Previous Report Period (2021–22)

	Man/Male			Woman/Female			Other Identification*			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3										
SES 2	1	0	1							1
SES 1	1	0	1							1
EL 2	2	0	2	1	1	2				4
EL 1	4	0	4	1	0	1				5
APS 6	10	0	10	7	0	7				17
APS 5										
APS 4										
APS 3										
APS 2										
APS 1										
Other										
Total	18	0	18	9	1	10				28

* Includes employees who are non-binary, uses a different term or preferred not to answer

Table 4.9: Australian Public Service Act Non-Ongoing Employees – Current Report Period (2022–23)

	Man/Male			Woman/Female			Other Identification*			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3										
SES 2										
SES 1										
EL 2	1	0	1							1
EL 1				0	1	1				1
APS 6				1	0	1				1
APS 5										
APS 4										
APS 3										
APS 2										
APS 1										
Other										
Total	1	0	1	1	1	2				3

* Includes employees who are non-binary, uses a different term or preferred not to answer

Part 4 – Our People

Table 4.10: Australian Public Service Act Non-Ongoing Employees – Previous Report Period (2021–22)

	Man/Male			Woman/Female			Other Identification*			Total
	Full time	Part time	Total	Full time	Part time	Total	Full time	Part time	Total	
SES 3										
SES 2										
SES 1										
EL 2										
EL 1										
APS 6										
APS 5										
APS 4										
APS 3										
APS 2										
APS 1										
Other										
Total										

* Includes employees who are non-binary, uses a different term or preferred not to answer

Table 4.11: Australian Public Service Act Employees by Full time and Part time Status – Current Report Period (2022–23)

	Ongoing			Non-Ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3							
SES 2	1	0	1				1
SES 1	1	0	1				1
EL 2	3	1	4	1	0	1	5
EL 1	7	1	8	0	1	1	9
APS 6	10	2	12	1	0	1	13
APS 5							
APS 4							
APS 3							
APS 2							
APS 1							
Other							
Total	22	4	26	2	1	3	29

* Includes employees who are non-binary, uses a different term or preferred not to answer

Table 4.12: Australian Public Service Act Employees by Full time and Part time Status – Previous Report Period (2021–22)

	Ongoing			Non-Ongoing			Total
	Full time	Part time	Total	Full time	Part time	Total	
SES 3							
SES 2	1	0	1				1
SES 1	1	0	1				1
EL 2	3	1	4				4
EL 1	5	0	5				5
APS 6	17	0	17				17
APS 5							
APS 4							
APS 3							
APS 2							
APS 1							
Other							
Total	27	1	28				28

* Includes employees who are non-binary, uses a different term or preferred not to answer

Table 4.13: Australian Public Service Act Employment type by location – Current Report Period (2022–23)

	Ongoing	Non-Ongoing	Total
NSW	25	2	27
Qld			
SA	0	1	1
Tas			
Vic	1	0	1
WA			
ACT			
NT			
External Territories			
Overseas			
Total	26	3	29

Table 4.14: Australian Public Service Act Employment type by location – Previous Report Period (2021–22)

	Ongoing	Non-Ongoing	Total
NSW	28	0	28
Qld			
SA			
Tas			
Vic			
WA			
ACT			
NT			
External Territories			
Overseas			
Total	28	0	28

Indigenous employment

In FY23, the IGTO did not have any staff who identified as Indigenous. This has not changed since the previous reporting period.

The IGTO continues to explore options and strategies to ensure our advertised positions reach prospective Indigenous employees, including through engagement with APS diversity networks.

SES remuneration

Remuneration information for all SES officers of the IGTO are set out in Table 4.15.

Remuneration of key management personnel

Remuneration details for all key management personnel within the IGTO agency are set out in Table 4.15. Key management personnel within our agency comprise the IGTO herself, along with all SES and Executive Level 2 officers.

Table 4.15: Information about remuneration for key management personnel for Current Report Period (2022-23)

Name	Position title	Short-term benefits			Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits	Termination benefits	Total remuneration
		Base salary	Bonuses	Bonuses						
Karen Payne	Inspector-General of Taxation	\$424,496	0	\$134	\$25,446	\$16,945	0	0	\$467,021	
Andrew McLoughlin (resigned 19/10/22)	Deputy Inspector-General of Taxation (SES Band 2)	\$92,116	0	\$12,513	\$15,523	\$2,214	0	0	\$122,366	
David Pengilley	A/g Deputy Taxation Ombudsman (SES Band 2)	\$241,198	0	\$504	\$45,054	\$16,888	0	0	\$303,644	
Duy Dam	A/g Deputy Inspector-General of Taxation (SES Band 1)	\$169,489	0	\$734	\$31,942	\$22,040	0	0	\$224,205	
Kim Williams	Chief Operating Officer (EL2)	\$179,339	0	\$734	\$32,454	\$16,566	0	0	\$229,093	
Jarrold Joseph	Director of Dispute Investigations (EL 2)	\$181,361	0	\$734	\$26,195	\$10,264	0	0	\$218,554	
Helen Fong	Director of Complex Disputes (EL 2)	\$139,874	0	\$734	\$21,152	\$147	0	0	\$161,907	
Darren Broers (commenced 01/02/23)	Chief Information & Security Officer (EL2)	\$79,767	0	\$134	\$11,337	\$1,070	0	0	\$92,308	
David Clancy (commenced 26/7/22)	Director of Strategic Planning & Projects (EL2)	\$143,704	0	\$734	\$22,689	\$13,194	0	0	\$180,321	

Part 5

Financial Statements

Independent Auditor's Report

Financial Statements

Independent Auditor’s Report



INDEPENDENT AUDITOR’S REPORT

To the Assistant Treasurer and Minister for Financial Services

Opinion

In my opinion, the financial statements of the Inspector-General of Taxation (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 Accountable Authority and Financial Controller;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to 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 the Auditor-General and his delegates. 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.

Accountable Authority’s responsibility for the financial statements

As the Accountable Authority of the Entity, the Inspector-General of Taxation and Taxation Ombudsman 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 Inspector-General of Taxation and Taxation Ombudsman is also responsible for such internal control as the Inspector-General of Taxation and Taxation Ombudsman 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 Inspector-General of Taxation and Taxation Ombudsman 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 Inspector-General of Taxation and Taxation Ombudsman is also responsible for disclosing, as applicable, matters

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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.

Australian National Audit Office



Mark Vial
Executive Director

Delegate of the Auditor-General

Canberra

22 September 2023

Part 5 – Financial Statements

Statement by the Inspector-General of Taxation and Taxation Ombudsman and Financial Controller

In our opinion, the attached financial statements for the period 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 Inspector-General of Taxation will be able to pay its debts as and when they fall due.



Karen Payne
Inspector-General of Taxation
and Taxation Ombudsman



Julian Lim
A/g Financial Controller

22 September 2023

22 September 2023

Statement of Comprehensive Income
for the period ended 30 June 2023

	Notes	2023 \$	2022 \$
NET COST OF SERVICES			
Expenses			
Employee benefits	1.1A	4,620,248	4,598,622
Suppliers	1.1B	1,637,525	1,339,475
Depreciation and amortisation	2.2A	768,552	803,899
Finance costs	1.1C	11,566	6,693
Write-down and impairment of other assets	1.1D	77,665	27,339
Other expenses	1.1E	206,068	-
Total expenses		7,321,624	6,776,028
Own-source revenue			
ANAO audit services received free of charge		58,000	58,000
Other revenue		3,194	9,284
Total own-source revenue		61,194	67,284
Net (cost of)/contribution by services		(7,260,430)	(6,708,744)
Revenue from Government	1.2A	6,484,000	6,502,000
Surplus/(Deficit) before income tax on continuing operations		(776,430)	(206,744)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserve		-	1,942
Total comprehensive income/(loss)		(776,430)	(204,802)

The above statement should be read in conjunction with the accompanying notes.

Part 5 – Financial Statements

Statement of Financial Position

as at 30 June 2023

	Notes	2023 \$	2022 \$
ASSETS			
Financial assets			
Cash and cash equivalents	2.1A	20,000	20,092
Trade and other receivables	2.1B	3,799,770	5,802,446
Total financial assets		3,819,770	5,822,538
Non-financial assets¹			
Plant and equipment	2.2A	142,004	205,253
Buildings	2.2A	2,676,096	636,426
Computer software	2.2A	16,560	24,842
Other non-financial assets		165,298	118,629
Total non-financial assets		2,999,958	985,150
Total assets		6,819,728	6,807,688
LIABILITIES			
Payables			
Suppliers	2.3A	339,127	209,255
Other payables	2.3B	119,273	203,460
Total payables		458,400	412,715
Interest bearing liabilities			
Leases	2.4A	1,268,968	408,580
Total interest bearing liabilities		1,268,968	408,580
Provisions			
Employee provisions	3.1A	1,546,715	1,618,433
Other provisions	2.5A	153,439	231,324
Total provisions		1,700,154	1,849,757
Total liabilities		3,427,522	2,671,052
Net assets		3,392,206	4,136,636
EQUITY			
Contributed equity		1,416,573	1,384,573
Reserves		411,084	411,084
Retained surplus/(Accumulated deficit)		1,564,549	2,340,979
Total equity		3,392,206	4,136,636

The above statement should be read in conjunction with the accompanying notes.

1. Right-of-use assets are included in Buildings.

Statement of Changes in Equity
for the period ended 30 June 2023

Notes	2023 \$	2022 \$
CONTRIBUTED EQUITY		
Opening balance		
Balance carried forward from previous period	1,384,573	1,352,573
Transactions with owners		
Contributions by owners		
Departmental capital budget appropriation	32,000	32,000
Total transactions with owners	32,000	32,000
Closing balance as at 30 June	1,416,573	1,384,573
RETAINED EARNINGS		
Opening balance		
Balance carried forward from previous period	2,340,979	2,547,723
Comprehensive income		
Surplus/(Deficit) for the period	(776,430)	(206,744)
Closing balance as at 30 June	1,564,549	2,340,979
ASSET REVALUATION RESERVE		
Opening balance		
Balance carried forward from previous period	411,084	409,142
Comprehensive income		
Changes in provision for restoration	-	1,942
Total comprehensive income	-	1,942
Closing balance as at 30 June	411,084	411,084
TOTAL EQUITY		
Opening balance		
Balance carried forward from previous period	4,136,636	4,309,438
Comprehensive income		
Surplus/(Deficit) for the period	(776,430)	(206,744)
Changes in provision for restoration	-	1,942
Total comprehensive income	(776,430)	(204,802)
Transactions with owners		
Contributions by owners		
Departmental capital budget	32,000	32,000
Total transactions with owners	32,000	32,000
Closing balance as at 30 June	3,392,206	4,136,636

The above statement should be read in conjunction with the accompanying notes.

Accounting Policy

Equity Injections

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.

Part 5 – Financial Statements

Cash Flow Statement

for the period ended 30 June 2023

	Notes	2023 \$	2022 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations		8,976,522	6,529,903
Other cash received		23,566	4,010
GST received		271,653	148,420
Total cash received		9,271,741	6,682,333
Cash used			
Employees		4,815,144	4,547,012
Suppliers		1,621,219	1,287,611
Interest payments on lease liabilities		5,084	6,553
GST paid		349,516	156,252
Section 74 receipts transferred to OPA		262,316	170,802
Other		206,068	-
Total cash used		7,259,347	6,168,230
Net cash from/(used by) operating activities		2,012,394	514,103
INVESTING ACTIVITIES			
Cash used			
Purchase of plant and equipment		91,630	39,617
Purchase of buildings		1,505,634	-
Total cash used		1,597,264	39,617
Net cash from/(used by) investing activities		(1,597,264)	(39,617)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - departmental capital budget		32,000	32,000
Total cash received		32,000	32,000
Cash used			
Principal payments of lease liabilities		447,222	506,303
Total cash used		447,222	506,303
Net cash from/(used by) financing activities		(415,222)	(474,303)
Net increase/(decrease) in cash held		(92)	183
Cash and cash equivalents at the beginning of the reporting period		20,092	19,909
Cash and cash equivalents at the end of the reporting period	2.1A	20,000	20,092

The above statement should be read in conjunction with the accompanying notes.

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Overview

The Inspector-General of Taxation [and Taxation Ombudsman] (IGT) is an independent, Commonwealth statutory agency. It is a not-for-profit entity, operating out of a single office location in Sydney. The IGT contributes to the overall integrity and transparency of the tax system, by independently investigating taxation decisions, actions, systems, and laws of the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB).

The purpose of the IGT is to improve taxation administration and provide assurance that the taxation system is administered fairly, equitably, and transparently. Independent assurance enhances voluntary compliance as people are more willing to engage with the tax system where they trust in its integrity.

The principal activities of the IGT are:

- provide independent assistance and assurance directly to taxpayers and tax professionals and investigate taxation disputes (or unresolved complaints) about their tax affairs;
- investigate and report on issues arising from complaints and dispute investigations which are in the public interest; and
- undertake review investigations, informed by community consultations, of actions, systems, and taxation laws (to the extent they deal with tax administration matters) to provide independent advice and recommendations to Government, the ATO and the TPB.

The Basis of Preparation

The financial statements are general purpose financial statements and are required by:

- (a) section 42 of the Public Governance, Performance and Accountability Act 2013; and
- (b) Australian Accounting Standards 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 are presented in Australian dollars.

Matter in relation to payments of SES employees

During 2020-21, various historical remuneration increases for SES were identified that appeared inconsistent with the instruments under which SES officers were engaged and were not in accordance with Section 24(1) of the *Public Service Act 1999*.

The salary overpayments total \$178,128 and the calculations have been revised from the amount previously reported (\$603,876 in 2022) consistent with further legal advice obtained through an ongoing review.

A portion of these debts have been recovered in full, with the balance of debts considered to be unlikely to be recovered and have not been recorded as a receivable. A waiver was granted from the Department of Finance (DoF) in 2022-23 for a portion of the debt and a second waiver is currently under review by DoF.

As at 30 June 2023, the total remaining balance of all debts not waived or recovered is \$136,602.

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.

The following amending standards issued prior to the signing of the statement by the accountable authority and financial controller, were applicable to the current reporting period but did not have a material effect on the entity’s financial statements.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions ¹ , and adjustment to financial statements
<p><i>AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates (AASB 2021-2) and</i></p>	<p>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 considered a change in accounting policy compared to a change in accounting estimate.</p>
<p><i>AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards (AASB 2021-6)</i></p>	<p>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.</p> <p>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 has had no material impact on the financial statements.</p>

Taxation

The IGT is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Events After the Reporting Period

There are no known events occurring after the reporting period that could impact on the financial statements.

Financial Performance

This section analyses the financial performance of the Inspector-General of Taxation for the year ended 30 June 2023.

1.1 Expenses

	2023	2022
	\$	\$
1.1A: Employee benefits		
Wages and salaries	3,500,865	3,640,246
Superannuation		
Defined contribution plans	447,293	458,987
Defined benefit plans	147,528	142,253
Leave and other entitlements	496,825	325,554
Other employee expenses	27,737	31,582
Total employee benefits	4,620,248	4,598,622

Accounting Policy

Accounting policies for employee related expenses are contained in Note 3: People and relationships.

1.1B: Suppliers

Goods and services supplied or rendered

Information communication technology	435,072	267,011
Consultants, contractors and secondees	366,199	485,567
Service level agreement with Treasury	157,933	146,385
Property operating expenses	156,603	162,033
Relocation Expenses	116,059	-
Legal and insurance expenses	115,116	64,839
Travel	79,142	11,933
Audit fees	58,000	58,000
Seminars and conferences	51,019	51,229
Subscriptions and periodicals	40,052	51,244
Membership and other fees	21,045	17,917
Other	16,383	9,500
Advertising and printing	14,664	4,209
Total goods and services supplied or rendered	1,627,287	1,329,867

Goods supplied	181,515	126,885
Services rendered	1,445,772	1,202,982
Total goods and services supplied or rendered	1,627,287	1,329,867

Other suppliers

Workers compensation expenses	10,238	9,608
Total other suppliers	10,238	9,608
Total suppliers	1,637,525	1,339,475

Part 5 – Financial Statements

	2023	2022
	\$	\$
1.1C: Finance costs		
Interest on lease liabilities	5,084	6,553
Unwinding of discount	6,482	140
Total finance costs	11,566	6,693

The above lease disclosures should be read in conjunction with the accompanying notes 2.2A and 2.4A.

Accounting Policy

All borrowing costs are expensed as incurred.

1.1D: Write-down and impairment of other assets		
Write-down and impairment of plant and equipment	77,665	8,056
Write-down and impairment of buildings	-	19,283
Total write-down and impairment of other assets	77,665	27,339
1.1E: Other expenses		
Additional makegood expense	206,068	-
Total other expenses	206,068	-

1.2 Own-Source Revenue and gains

1.2A: Revenue from Government		
Appropriations		
Departmental appropriations	6,484,000	6,502,000
Total revenue from Government	6,484,000	6,502,000

Accounting Policy

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and 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.

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the IGT gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Financial Position

This section analyses the Inspector-General of Taxation's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

2.1 Financial Assets

	2023 \$	2022 \$
2.1A: Cash and cash equivalents		
Cash on hand or on deposit	20,000	20,092
Total cash and cash equivalents	20,000	20,092

Accounting Policy

Cash is recognised at its nominal amount. Cash and cash equivalents includes:

- a) cash on hand; and
- b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2.1B: Trade and other receivables		
Goods and services receivables in connection with		
Related parties	38,991	-
Total goods and services receivables	38,991	-
Appropriation receivables		
From ordinary annual appropriation	3,521,020	5,751,226
Total appropriation receivables	3,521,020	5,751,226
Other receivables		
GST receivable from the Australian Taxation Office	121,847	30,848
Employee recoveries	-	20,372
Refurbishment Contribution	117,912	-
Total other receivables	239,759	51,220
Total trade and other receivables (net)	3,799,770	5,802,446

Accounting Policy

Financial assets

Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.

2.2 Non-Financial Assets

2.2A: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

	Plant and equipment \$	Buildings \$	Computer Software \$	Total \$
As at 1 July 2022				
Gross book value	281,177	2,237,260	510,705	3,029,142
Accumulated depreciation, amortisation and impairment	(75,924)	(1,600,834)	(485,863)	(2,162,621)
Total as at 1 July 2022	205,253	636,426	24,842	866,521
Additions				
Purchase or internally developed	91,630	1,505,634	-	1,597,264
Right-of-use assets	-	1,217,092	-	1,217,092
Depreciation and amortisation	(77,214)	(249,318)	(8,282)	(334,814)
Depreciation on right-of-use assets	-	(433,738)	-	(433,738)
Write-down and impairments recognised in net cost of services	(77,665)	-	-	(77,665)
Total as at 30 June 2023	142,004	2,676,096	16,560	2,834,660
Total as at 30 June 2023 represented by				
Gross book value	245,157	2,750,076	510,705	3,505,938
Accumulated depreciation, amortisation and impairment	(103,153)	(73,980)	(494,145)	(671,278)
Total as at 30 June 2023	142,004	2,676,096	16,560	2,834,660
Carrying amount of right-of-use assets	-	1,195,212	-	1,195,212

All revaluations are independent and are conducted in accordance with the revaluation policy stated below. In 2022-23 no review was undertaken by an independent valuer, as the value of assets within the register prior to the new right-of-use and Fit-Out assets was minor. A full revaluation will be conducted for year ending 30 June 2024.

As at 30 June 2023, the IGT had no contractual commitments for either the acquisition of property, plant and equipment or for the acquisition of intangible assets (2022: nil).

Accounting Policy**Acquisition of assets**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

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.

Lease Right-of-Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise 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 Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

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. Lease ROU assets continue to be measured at cost after initial recognition. The IGT did not identify any indicators of impairment.

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000 and computer equipment of less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located.

Revaluations

Following initial recognition at cost, property plant and equipment (excluding ROU assets) are carried at fair value (or an amount not materially different from fair value) less subsequent accumulated depreciation and accumulated impairment losses. Cost is considered an acceptable fair value proxy for assets under construction. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially with the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments were 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 reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus or deficit. Revaluation decrements for a class of assets are recognised directly through surplus or deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the last revaluation date was eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Accounting Policy (continued)

Depreciation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the IGT using, in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2023	2022
Plant and equipment	1-15 years	1-15 years
Buildings	Lease term	Lease term

Impairment

All assets were assessed for 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, and the asset would be replaced if the IGT were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Intangibles

The IGT’s intangibles comprise purchased software for internal use. These assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life, being 5 years (2023: 5 years).

All software assets were assessed for indications of impairment at 30 June 2023. No indicators of impairment were identified as at 30 June 2023 (2022: nil).

Fair value measurements - validation process

The IGT engaged the service of the Jones Lang LaSalle Incorporated (JLL) to conduct a comprehensive valuation of all tangible non-financial assets at 30 June 2021 and has relied upon those outcomes to establish carrying amounts. As at 30 June 2023, an annual assessment was undertaken which determined that the carrying amount of the assets is not materially different from the fair value. JLL has provided written assurance to the IGT that the models developed are in compliance with AASB 13.

There has been no change in the valuation method.

2.3 Payables

	2023	2022
	\$	\$
2.3A: Suppliers		
Trade creditors and accruals	339,127	209,255
Total suppliers	339,127	209,255

Settlement is usually made within 20 days.

2.3B: Other payables		
Salaries and wages	102,682	75,571
Superannuation	16,591	13,820
Other	-	114,069
Total other payables	119,273	203,460

2.4 Interest Bearing Liabilities

	2023	2022
	\$	\$
2.4A: Leases		
Lease Liabilities	1,268,968	408,580
Total leases	1,268,968	408,580

Total cash outflow for leases for the period ended 30 June 2023 was \$452,306, \$447,222 in principal repayments and \$5,084 in interest payments (2022: \$512,856, \$506,303 in principal repayments and \$6,553 in interest payments).

Maturity analysis - contractual undiscounted cash flows

Within 1 year	231,554	410,432
Between 1 to 5 years	1,138,068	-
Total leases	1,369,622	410,432

The above lease disclosures should be read in conjunction with the accompanying notes 1.1C and 2.2A.

Accounting Policy

Leases

For all new contracts entered into, the IGT 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 department'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 re-assessment or modification.

2.5 Other Provisions

	2023 \$
2.5A: Other provisions	
	Provision for restoration¹ \$
As at 1 July 2022	231,324
Additional provisions made	152,942
Amounts used	(237,309)
Unwinding of discount or change in discount rate	6,482
Total as at 30 June 2023	153,439

1. Relates to the lease agreement for 201 Kent Street, Sydney.

People and relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

3.1 Employee Provisions

	2023	2022
	\$	\$
3.1A: Employee provisions		
Leave	1,546,715	1,618,433
Total employee provisions	1,546,715	1,618,433

Accounting Policy

Employee benefits

Liabilities for short-term employee benefits and termination benefits due within twelve months of the end of the reporting period are measured at their nominal amounts.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the IGT's employer superannuation contribution rates 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 the work of an actuary as at 30 June 2021. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation. The next assessment will be completed in the 2023-24 financial year.

The employee provision has been determined with reference to the IGT's expected tenure of staff and future salary movements and standard parameters (future discount rates) provided by the Department of Finance.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. The IGT recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

Staff of the IGT in general are members of the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The PSS is a defined benefit scheme for the Australian Government. The PSSap is a defined contribution scheme. The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance's administered schedules and notes.

The IGT makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The IGT accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

3.2 Key Management Personnel Remuneration

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the IGT. Since 2020-21, the IGT has increased the number of personnel reported as key management personnel, consistent with the development of internal roles and responsibilities within the agency. Key management personnel remuneration is reported in the table below:

	2023	2022
	\$	\$
Short-term employee benefits	1,668,301	1,613,622
Post-employment benefits	231,792	223,007
Other long-term employee benefits	99,329	8,632
Total key management personnel remuneration expenses¹	1,999,422	1,845,261

The total number of key management personnel that are included in the above table is 9 (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 entity.

3.3 Related Party Disclosures

Related party relationships

The IGT is an Australian Government controlled entity. Related parties to the IGT are key management personnel including the Portfolio Minister and Executive, and other Australian Government entities.

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;
- asset purchases, sales transfers or leases;
- debts forgiven; and
- guarantees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the IGT, it has been determined that there are no related party transactions to be separately disclosed. (2022: nil)

Funding

This section identifies the Inspector-General of Taxation's funding structure.

4.1 Appropriations

4.1A: Annual appropriations ('recoverable GST exclusive')

Annual Appropriations for 2023

	<i>Appropriation Act</i>	<i>PGPA Act</i>		Appropriation applied in 2023 (current and prior years)	Variance ^{1,2}
	Annual Appropriation \$	Section 74 \$	Total appropriation \$	\$	\$
Departmental					
Ordinary annual services	6,560,000	262,316	6,822,316	(8,976,614)	(2,154,298)
Capital Budget ³	32,000	-	32,000	(32,000)	-
Total departmental	6,592,000	262,316	6,854,316	(9,008,614)	(2,154,298)

1. Supply Act (No.3) 2022-23 includes unspent funds of \$0.076 million. The funds are subject to PGPA Act section 51 withholding quarantine and are considered legally available appropriations as at 30 June 2023.
2. The variance is due to the costs associated with relocation and refurbishment during 2022-23.
3. Departmental Capital Budget is appropriated through Supply Act (No.1) & Supply Act (No.3). It forms part of the ordinary annual services, and is not separately identified in the Appropriation Acts.

Annual Appropriations for 2022

	<i>Appropriation Act</i>	<i>PGPA Act</i>		Appropriation applied in 2022	Variance ¹
	Annual Appropriation \$	Section 74 \$	Total appropriation \$	\$	\$
Departmental					
Ordinary annual services	6,502,000	170,802	6,672,802	(6,529,720)	143,082
Capital Budget ²	32,000	-	32,000	(32,000)	-
Total departmental	6,534,000	170,802	6,704,802	(6,561,720)	143,082

1. Departmental funds were not fully utilised for 2021-22.
2. Departmental Capital Budget is appropriated through Appropriations Act (No.1). It forms part of the ordinary annual services, and is not separately identified in the Appropriation Acts.

4.1B: Unspent annual appropriations ('recoverable GST exclusive')

	2023 \$	2022 \$
Departmental		
Appropriation Act (No. 1) 2021-22	-	5,751,226
Supply Act (No. 3) 2022-23 ¹	3,597,020	-
Cash at Bank	20,000	20,092
Total departmental	3,617,020	5,771,318

1. Supply Act (No.3) 2022-23 includes unspent funds of \$0.076 million. The funds are subject to PGPA Act section 51 withholding quarantine and are considered legally available appropriations as at 30 June 2023.

4.2 Net Cash Appropriation Arrangements

	2023	2022
	\$	\$
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	(776,430)	(204,802)
<i>Plus:</i> depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) ¹	334,814	352,700
<i>Plus:</i> depreciation of right-of-use assets ²	433,738	451,199
<i>Less:</i> lease principal repayments ²	(447,222)	(506,303)
	(455,100)	92,794
<i>Less:</i> Changes in asset revaluation reserve	-	(1,942)
Net Cash Operating Surplus/ (Deficit)	(455,100)	90,852

- From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses of non-corporate Commonwealth entities and selected corporate Commonwealth entities were replaced with a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.
- The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principal repayment amount reflects the impact of AASB 16 Leases, which does not directly reflect a change in appropriation arrangements.

Managing uncertainties

This section analyses how the Inspector-General of Taxation manages financial risks within its operating environment.

5.1A: Contingent assets and liabilities

There were no quantifiable contingent assets or liabilities in 2023 (2022: nil).

Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

5.2 Financial Instruments

	2023	2022
	\$	\$
5.2A: Categories of financial instruments		
Financial assets at amortised cost		
Cash and cash equivalents	20,000	20,092
Trade and other receivables - goods and services	38,991	-
Trade and other receivables - other	117,912	20,372
Total financial assets at amortised cost	176,903	40,464
Total financial assets	176,903	40,464
Financial Liabilities		
Financial liabilities measured at amortised cost		
Suppliers payable	339,127	209,255
Other payables	-	114,069
Total financial liabilities measured at amortised cost	339,127	323,324
Total financial liabilities	339,127	323,324

Accounting Policy

Financial assets

In accordance with AASB 9 Financial Instruments, the IGT classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

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 where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

Financial liabilities

Financial liabilities are classified as either financial liabilities at 'fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, 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 interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

All payables are expected to be settled within 12 months except where indicated.

Other information

6.1 Current/Non-Current Distinction for Assets and Liabilities

6.1A: Current/non-current distinction for assets and liabilities

	2023	2022
	\$	\$
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	20,000	20,092
Trade and other receivables	3,799,770	5,802,446
Other non-financial assets	165,298	118,629
Total no more than 12 months	3,985,068	5,941,167
More than 12 months		
Plant and equipment	142,004	205,253
Buildings	2,676,096	636,426
Computer software	16,560	24,842
Total more than 12 months	2,834,660	866,521
Total assets	6,819,728	6,807,688
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	339,127	209,255
Other payables	119,273	203,460
Leases	196,271	408,580
Employee provisions	345,170	388,387
Other provisions	-	231,324
Total no more than 12 months	999,841	1,441,006
More than 12 months		
Leases	1,072,697	-
Employee provisions	1,201,545	1,230,046
Other provisions	153,439	-
Total more than 12 months	2,427,681	1,230,046
Total liabilities	3,427,522	2,671,052

Budgetary Reports and Explanation of Major Variances

7.1. Departmental Budgetary Reports

Statement of Comprehensive Income for the period ended 30 June 2023

	Actual	Budget estimate	
	2023	Original Budget ¹	Variance ²
	\$	\$	\$
NET COST OF SERVICES			
Expenses			
Employee benefits	4,620,248	4,798,000	(177,752)
Suppliers	1,637,525	1,292,000	345,525
Depreciation and amortisation	768,552	694,000	74,552
Finance costs	11,566	-	11,566
Write-down and impairment of other assets	77,665	-	77,665
Other expenses	206,068	-	206,068
Total expenses	7,321,624	6,784,000	537,624
Own-source revenue			
ANAO audit services received free of charge	58,000	60,000	(2,000)
Other revenue	3,194	-	3,194
Total own-source revenue	61,194	60,000	1,194
Net (cost of)/contribution by services	(7,260,430)	(6,724,000)	(536,430)
Revenue from Government	6,484,000	6,484,000	-
Surplus/(Deficit) before income tax on continuing operations	(776,430)	(240,000)	(536,430)
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation reserve	-	-	-
Total comprehensive income/(loss)	(776,430)	(240,000)	(536,430)

- The IGT's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2022-23 October Portfolio Budget Statements (PBS)).
- Between the actual and original budgeted amounts for 2022-23. Explanations of major variances are provided for variances that are greater than +/- 10 per cent of the original budget for a line item and greater than +/- \$100,000.

Explanations of major variances	Affected line items
Employee benefits is \$177,752 (4%) under budget due to staff attrition.	Employee Benefits
Suppliers expense is \$345,524 (27%) over budget due to the increase in the following expenditure; relocation expenses, ICT expenses, legal fees and travel.	Suppliers
Other expenses relate to the costs of the makegood for 321 Kent St over and above the provision.	Other Expenses

Part 5 – Financial Statements

Statement of Financial Position

as at 30 June 2023

	Actual 2023 \$	Budget estimate Original Budget ¹ \$	Variance ² \$
ASSETS			
Financial assets			
Cash and cash equivalents	20,000	20,000	-
Trade and other receivables	3,799,770	4,349,000	(549,230)
Total financial assets	3,819,770	4,369,000	(549,230)
Non-financial assets			
Plant and equipment	142,004	202,000	(59,996)
Buildings	2,676,096	1,431,000	1,245,096
Computer software	16,560	25,000	(8,440)
Other non-financial assets	165,298	119,000	46,298
Total non-financial assets	2,999,958	1,777,000	1,222,958
Total assets	6,819,728	6,146,000	673,728
LIABILITIES			
Payables			
Suppliers	339,127	209,000	130,127
Other payables	119,273	204,000	(84,727)
Total payables	458,400	413,000	45,400
Interest bearing liabilities			
Leases	1,268,968	(45,000)	1,313,968
Total interest bearing liabilities	1,268,968	(45,000)	1,313,968
Provisions			
Employee provisions	1,546,715	1,618,000	(71,285)
Other provisions	153,439	231,000	(77,561)
Total provisions	1,700,154	1,849,000	(148,846)
Total liabilities	3,427,522	2,217,000	1,210,522
Net assets	3,392,206	3,929,000	(536,794)
EQUITY			
Contributed equity	1,416,573	1,417,000	(427)
Reserves	411,084	411,000	84
Retained surplus/(Accumulated deficit)	1,564,549	2,101,000	(536,451)
Total equity	3,392,206	3,929,000	(536,794)

1. The IGT's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2022-23 October Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2022-23. Explanations of major variances are provided for variances that are greater than +/- 10 per cent of the original budget for a line item and greater than +/- \$100,000.

Explanations of major variances	Affected line items
<p>Receivables are \$549,230 (13%) under budget resulting from expenditure the 201 Kent Street fit-out and the makegood expense for 321 Kent Street exceeding the provision amount. These have been partially offset by increased section 74 receipts over the financial year and the refurbishment contribution receivable.</p>	<p>Trade and other receivables</p>
<p>Buildings are \$1.25 million over budget due to the budget not factoring in the new ROU asset and fit-out of 321 Kent Street which commenced on 1 June 2023.</p>	<p>Buildings</p>
<p>Supplier payables are \$130,127 (62%) over budget due to the relocation and refurbishment costs incurred and consultancy fees for research at 30 June 2023.</p>	<p>Suppliers</p>
<p>Leases are \$1.3 million over budget due to no budget being provided for the new lease being entered into on 1 June 2023 after the old lease ceased in May 2023.</p>	<p>Leases</p>

Part 5 – Financial Statements

Statement of Changes in Equity for the period ended 30 June 2023

	Actual	Budget estimate	
	2023 \$	Original Budget ¹ \$	Variance ² \$
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	1,384,573	1,385,000	(427)
Transactions with owners			
Contributions by owners			
Departmental capital budget appropriation	32,000	32,000	-
Total transactions with owners	32,000	32,000	-
Closing balance as at 30 June	1,416,573	1,417,000	(427)
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	2,340,979	2,341,000	(21)
Comprehensive income			
Surplus/(Deficit) for the period	(776,430)	(240,000)	(536,430)
Closing balance as at 30 June	1,564,549	2,101,000	(536,451)
ASSET REVALUATION RESERVE			
Opening balance			
Balance carried forward from previous period	411,084	411,000	84
Total comprehensive income	-	-	-
Closing balance as at 30 June	411,084	411,000	84

1. The IGT's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2022-23 October Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2022-23. Explanations of major variances are provided for variances that are greater than +/- 10 per cent of the original budget for a line item and greater than +/- \$100,000.

Explanations of major variances	Affected line items
Increase in deficit of \$536,430 (224%) relates directly to the Statement of Comprehensive Income variance for supplier expenses and the loss on restoration of IGT's previous property.	Surplus/(Deficit) for the period

Cash Flow Statement*for the period ended 30 June 2023*

	Actual	Budget estimate	
	2023 \$	Original Budget ¹ \$	Variance ² \$
OPERATING ACTIVITIES			
Cash received			
Appropriations	8,976,522	7,937,000	1,039,522
Other cash received	23,566	-	23,566
GST received	271,653	-	271,653
Total cash received	9,271,741	7,937,000	1,334,741
Cash used			
Employees	4,815,144	4,798,000	17,144
Suppliers	1,621,219	1,232,000	389,219
Interest payments on lease liabilities	5,084	-	5,084
GST paid	349,516	-	349,516
Section 74 receipts transferred to OPA	262,316	-	262,316
Other	206,068	-	206,068
Total cash used	7,259,347	6,030,000	1,229,347
Net cash from/(used by) operating activities	2,012,394	1,907,000	105,394
INVESTING ACTIVITIES			
Cash used			
Purchase of non financial assets	1,597,264	1,485,000	112,264
Total cash used	1,597,264	1,485,000	112,264
Net cash from/(used by) investing activities	(1,597,264)	(1,485,000)	(112,264)
FINANCING ACTIVITIES			
Cash received			
Contributed equity - departmental capital budget	32,000	32,000	-
Total cash received	32,000	32,000	-
Cash used			
Principal payments of lease liabilities	447,222	454,000	(6,778)
Total cash used	447,222	454,000	(6,778)
Net cash from/(used by) financing activities	(415,222)	(422,000)	6,778
Net increase/(decrease) in cash held	(92)	-	(92)
Cash and cash equivalents at the beginning of the reporting period	20,092	20,000	92
Cash and cash equivalents at the end of the reporting period	20,000	20,000	-

1. The IGT's original budgeted financial statement that was first presented to Parliament in respect of the reporting period (i.e. from the Treasury's 2022-23 October Portfolio Budget Statements (PBS)).
2. Between the actual and original budgeted amounts for 2022-23. Explanations of major variances are provided for variances that are greater than +/- 10 per cent of the original budget for a line item and greater than +/- \$100,000.

Part 6

Other Mandatory Information and Appendices

Other Mandatory Information
Appendices

Part 6 – Other Mandatory Information and Appendices

Advertising and market research

The IGTO did not conduct advertising campaigns during FY23 and no market research or campaign advertising costs were incurred.

Grants

No discretionary grant programs are administered by the IGTO.

Disability reporting

Australia's Disability Strategy 2021-2031 (the Strategy) is the overarching framework for inclusive policies, programs and infrastructure that will support people with disability to participate in all areas of Australian life. The Strategy sets out where practical changes will be made to improve the lives of people with disability in Australia. It acts to ensure 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 more comprehensive and visible reporting under the Strategy. A range of reports on progress of the Strategy's actions and outcome areas will be published and available at <https://www.disabilitygateway.gov.au/ads>.

Disability reporting is included the Australian Public Service Commission's State of the Service reports and the APS Statistical Bulletin. These reports are available at <http://www.apsc.gov.au>.

Freedom of Information

Entities subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the [Information Publication Scheme \(IPS\)](#). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

Ecological sustainable development and environmental performance

Our office has measures in place to improve its overall environmental performance and comply with the principles of ecologically sustainable development. We have an environmental policy to assist with managing the performance of our office-based activities.

The owner of the leased office premises has active energy, waste management and water conservation strategies.

We encourage recycling by providing waste bins, segregating waste into paper and cardboard products as well as plastic, takeaway cups, and glass products. We also recycle toner printer cartridges.

Our office has a smart lighting system and water taps with energy saving functionality. Our ICT systems use a cloud-only technology provider that uses renewable energy sources and is carbon neutral. The office has printers with relatively low energy consumption and a 'Follow-Me' printing system to minimise paper wastage. We use 100% recycled paper that is certified carbon neutral and sustainable forest management certified.

In June 2023, we relocated to our new office premises. As part of our search for these premises, the environmental performance of potential office locations was a part of our key selection criteria.

We report to Government annually on our office's energy performance in accordance with the Energy Efficiency in Government Operations Policy. Our office's annual energy performance for FY23 will be reported to Government by 31 December 2023.

APS Net Zero 2030

APS Net Zero 2030 is the Government's policy for the Australian Public Service (APS) to reduce its greenhouse gas emissions to net zero by 2030, and transparently report on its emissions. As part of this, non-corporate and corporate Commonwealth entities are required to report on their operational greenhouse gas emissions.

The Greenhouse Gas Emissions Inventory presents greenhouse gas emissions over the FY23 period. Results are presented on the basis of Carbon Dioxide Equivalent (CO₂-e) emissions. Greenhouse gas emissions reporting has been developed with methodology that is consistent with the Whole-of-Australian Government approach as part of the APS Net Zero 2030 policy. Not all data sources were available at the time of the report and adjustments to baseline data may be required in future reports.

Our Greenhouse Gas Emissions reports for FY23 are set out in the Tables 6.1 and 6.2 below.

Table 6.1: Electricity emissions for FY23 (calculated using a location based approach)

Emission Source	Scope 1 kg CO2-e	Scope 2 kg CO2-e	Scope 3 kg CO2-e	Total kg CO2-e
Electricity (Location Based Approach)	N/A	58,805	4,833	63,638
Natural Gas	–	N/A	–	–
Fleet Vehicles	–	N/A	–	–
Domestic Flights*	N/A	N/A	–	–
Other Energy	–	N/A	–	–
Total kg CO2-e	–	58,805	4,833	63,638

The electricity emissions reported above are calculated using the location based approach. When applying the market based method, which accounts for activities such as Greenpower, purchased LGCs and/or being located in the ACT, the total emissions for electricity, are provided below.

Table 6.2: Electricity emissions for FY23 (calculated using a market based approach)

Emission Source	Scope 1 kg CO2-e	Scope 2 kg CO2-e	Scope 3 kg CO2-e	Total kg CO2-e
Electricity (Market Based Approach)	N/A	55,165	7,301	62,466
Natural Gas	–	N/A	–	–
Fleet Vehicles	–	N/A	–	–
Domestic Flights*	N/A	N/A	–	–
Other Energy	–	N/A	–	–
Total kg CO2-e	–	55,165	7,301	62,466

Our domestic flights are managed through the Treasury under a shared services agreement. It has not been possible in this annual report to separately identify and extract flights specific to the IGTO for emissions reporting. Accordingly, emissions data relating to the IGTO’s domestic flights for this financial year will be reported in the Treasury’s Annual Report for 2022-23. The IGTO will work with the Treasury to enable more specific reporting going forward.

Appendices

Appendix 1 – Investigations completed and reports published by the IGTO since 2003

Month and Year	Title
August 2023	Improving the operation of the Small Business Litigation Funding Program
October 2022	The Australian Taxation Office's Administration and Management of Objections – Interim Report
October 2021	Investigation into the effectiveness of ATO communications of taxpayers' rights to complain, review and appeal
September 2021	An Investigation into the ATO's administration of JobKeeper enrolment deferral decisions
June 2021	Investigation and Exploration of Undisputed Tax Debts in Australia
December 2020	A Report on aspects of the Australian Taxation Office's administration of JobKeeper and Boosting Cash Flow Payments for new businesses
July 2020	Death and Taxes – An Investigation into ATO Systems and Processes for dealing with Deceased Estates
April 2019	The Future of the Tax Profession
March 2019	Review into the Australian Taxation Office's use of Garnishee Notices
October 2018	Review into the ATO's Fraud Control Management
August 2018	GST Refunds
January 2018	Review into Aspects of the Pay As You Go Instalments System
May 2017	Review into the ATO's employer obligations compliance activities
December 2016	Review into the Taxpayers' Charter and taxpayer protections
July 2015	Debt collection
July 2015	The Australian Taxation Office's services and support for tax practitioners
February 2015	The management of tax disputes
January 2015	Review into the ATO's administration of valuation matters
November 2014	Follow up review into delayed or changed Australian Taxation Office views on significant issues

Part 6 – Other Mandatory Information and Appendices

Month and Year	Title
November 2014	Follow up review into the Australian Taxation Office's implementation of agreed recommendations in five reports released between August 2009 and November 2010
July 2014	Review into the ATO's administration of penalties
June 2014	Review into the Australian Taxation Office's management of transfer pricing matters
May 2014	Review into the Australian Taxation Office's compliance approach to individual taxpayers – superannuation excess contributions tax
February 2014	Review into aspects of the Australian Taxation Office's use of compliance risk assessment tools
February 2014	Review into the Australian Taxation Office's compliance approach to individual taxpayers – use of data matching
February 2014	Review into the Australian Taxation Office's compliance approach to individual taxpayers – income tax refund integrity program
February 2013	Review into improving the self assessment system
October 2012	Review into the Australian Taxation Office's use of benchmarking to target the cash economy
July 2012	Review into the Australian Taxation Office's use of early and alternative dispute resolution
April 2012	Review into the ATO's compliance approaches to small and medium enterprises with annual turnovers between \$100 million and \$250 million and high wealth individuals
March 2012	Review into the Australian Taxation Office's administration of class rulings
September 2011	Report into the Australian Taxation Office's large business risk review and audit policies, procedures and practices
May 2011	Review into the ATO's change program
March 2011	Follow up review into the Australian Taxation Office's implementation of agreed recommendations included in the six reports prepared by the Inspector-General of Taxation between June 2006 and October 2008
November 2010	Review of aspects of the Australian Taxation Office's administration of private binding rulings
November 2010	Review into the ATO's administration of the Superannuation Guarantee charge
March 2010	Review into delayed or changed Australian Taxation Office views on significant issues (igt.gov.au)
December 2009	Review into aspects of the Tax Office's settlement of active compliance activities

Part 6 – Other Mandatory Information and Appendices

Month and Year	Title
October 2009	Review into the non-lodgement of individual income tax returns
August 2009	Review into the Tax Office's administration of public binding advice
August 2009	Review into the underlying causes and the management of objections to Tax Office decisions
October 2008	Report on improvements to tax administration arising from the Inspector-General's case study reviews of the Tax Office's management of major, complex issues
June 2008	Review of the Tax Office's administration of GST audits for large taxpayers
March 2008	Follow up review into the Tax Office's implementation of agreed recommendations included in the six reports prepared by the Inspector General of Taxation between August 2003 and June 2006
February 2008	Review of the potential revenue bias in private binding rulings involving large complex matters
August 2007	Review of Tax Office management of complex issues — Case study on research and development syndicates
May 2007	Review of Tax Office management of complex issues — Case study on living-away-from-home allowances
April 2007	Review of Tax Office management of complex issues — Case study on service entity arrangements
August 2006	Review of Tax Office management of Part IVC litigation
September 2005	Review into Tax Office audit timeframes
September 2005	Review into the Tax Office's administration of penalties and interest arising from active compliance activities
May 2005	Review into the Tax Office's small business debt collection practices (report to Minister) Review into the Tax Office's small business debt collection practices – Summary of submissions and evidence
May 2005	Review of Tax Office administration of GST refunds resulting from the lodgment of credit BASs
November 2004	Review of the remission of the general interest charge for groups of taxpayers in dispute with the Tax Office
February 2004	Identification of the main systemic tax administration issues and concerns facing taxpayers

Appendix 2 – Relationship between the performance measures in the Portfolio Budget Statements 2022–23 and IGTO Corporate Plan 2023–26

Portfolio Budget Statements 2022–23	IGTO Corporate Plan 2023–26
Effective handling of tax administration complaints	<p>Key performance area 1 – provide an independent, efficient and effective tax disputes investigation service to assist the community and improve the administration of the tax system</p> <p>Key performance area 5 – foster a diverse, engaged and resilient team</p>
Efficient conduct of reviews into tax administration issues	<p>Key performance area 2 – identify and investigate priority areas for improved tax administration</p> <p>Key performance area 5 – foster a diverse, engaged and resilient team</p>
Publication of reports on tax administration	<p>Key performance area 3 – provide advice that is independent, timely and relevant to the administration of taxation laws in Australia</p> <p>Key performance area 4 – co-operate and collaborate with relevant agencies and stakeholders – both domestically and internationally</p>
Independent advice to Government and relevant entities on improvements to tax administration	<p>Key performance area 3 – provide advice that is independent, timely and relevant to the administration of taxation laws in Australia</p>

Appendix 3 – Case categories for IGTO case management

The IGTO adopts the definition of a complaint and dispute as per the Australian Standard AS 10002:2022.

Complaint – expression of dissatisfaction made to or about an organisation, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.

Dispute – unresolved complaint escalated internally or externally, or both.

Complaint enquiries - Independent Assistance and Assurance

Category 0 Insufficient information (i.e., the complainant is unable to provide the IGTO with sufficient information to be able to assist)

Category 1 Translation/Navigation (i.e., the IGTO helps the complainant to make sense of ATO/TPB explanations, provides independent assurance regarding ATO/TPB actions of concern and/or charts out the options that are open to the complainant)

Category 2 Referral (i.e., IGTO refers complainant's information to most appropriate agency and/or declines to investigate)

Complaint investigations - Formal Complaint or Dispute Investigation

Category 3.1 ATO/TPB has no record of a previous complaint – IGTO identifies issues requiring formal investigation and options for resolution and requires the matter to be dealt with by an identifiable ATO/TPB officer providing accountability for the management and resolution of the complaint. IGTO also checks the ATO/TPB's handling of the complaint for satisfactory conclusion

Category 3.2 Uncomplicated Disputes – IGTO investigates independently, engages with the ATO to verify facts and issues, determines the most appropriate and timely actions, and identifies who will take them for early resolution

Category 3.3 Frequently Raised Dispute Issues – IGTO identifies the case as involving a common area of dispute that is capable of being resolved efficiently and effectively through pre-agreed investigation processes

Category 4 Complex Disputes – IGTO undertakes deeper inquiry and investigation to surface relevant evidence and determine the most appropriate options for resolution

Category 5 Highly Complex Disputes – IGTO investigates by engaging directly with ATO senior management, and provides ATO senior management with early warning of emerging risks and the opportunity to address sensitive issues

Appendix 4 – Agency resource statement

Inspector-General of Taxation resource statement for FY23

	Actual available appropriation for 2022–23 \$'000 (a)	Payments made 2022–23 \$'000 (b)	Balance remaining 2022–23 \$'000 (a) – (b)
Departmental			
Annual appropriations - ordinary annual services ¹	12,626	9,009	3,617
Total resourcing and payments for the IGTO	12,626	9,009	3,617
1. Supply Act (No. 3) 2022-23. This may also include prior-year departmental appropriation and section 74 relevant agency receipts.			
Departmental capital budgets are not separately identified in Supply Act (No.1) & Supply Act (No.3), and form part of ordinary annual services items. For accounting purposes, this amount has been designated as a 'contribution by owner'.			

Appendix 5 – Expenses for outcomes

Expenses for Inspector-General of Taxation Outcomes for FY23

Outcome 1: Improved tax administration through investigation of complaints, conducting reviews, public reporting and independent advice to Government and its relevant entities.	Budget* 2022-23 \$'000 (a)	Actual expenses 2022-23 \$'000 (b)	Variation 2022-23 \$'000 (a) – (b)
Program 1.1: Inspector-General of Taxation			
Departmental expenses			
Departmental appropriation	6,484	6,205	318
s74 External Revenue ¹	60	-	60
Expenses not requiring appropriation in the Budget year ²	240	1,117	227
Total expenses for Outcome¹	6,784	7,322	605
	2021-22	2022-23	
Average staffing level (number)	28	35	

* Full-year budget, including any subsequent adjustment made to the 2022-23 budget at Additional Estimates.

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

2 Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, make good expenses and audit fees.

Part 7

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Part 7 – Reference Materials

Glossary

Activities	The actions/functions performed by agencies to deliver government policies.
Appropriation	An amount of public money that Parliament authorises for spending (that is, funds to be withdrawn from the Consolidated Revenue Fund). Parliament makes laws for appropriating money under the Annual Appropriation Acts and under Special Appropriations, with spending restricted to the purposes specified in the Appropriation Acts.
APS employee	A person engaged under section 22, or a person who is engaged as an APS employee under section 72, of the <i>Public Service Act 1999</i> .
Complaint	Expression of dissatisfaction made to or about an organisation, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.
Consolidated Revenue Fund	The principal operating fund from which money is drawn to pay for the activities of the Government. Section 81 of the Australian Constitution provides that all revenue raised or monies received by the Executive Government forms one consolidated revenue fund from which appropriations are made for the purposes of the Australian Government.
Corporate governance	<p>The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.</p> <p>The PGPA Act establishes a coherent system of governance and accountability for public resources, with an emphasis on planning, performance and reporting. It is the primary piece of Commonwealth resource management legislation. The PGPA Act applies to all Commonwealth entities and Commonwealth companies.</p>
Corporate plan	The primary planning document of a Commonwealth entity that sets out the objectives and strategies the entity intends to pursue in achieving its purposes over at least four reporting periods.
Dispute	Unresolved complaint escalated internally or externally, or both.
Dispute Investigation Service	The service offered by the IGTO to address complaints and disputes raised by the community about the administrative actions and decisions of the ATO or TPB, as well as systems relating to tax administration
Financial results	The results shown in the financial statements of an entity.
Grant	An arrangement for the provision of financial assistance by the Commonwealth or on behalf of the Commonwealth and covered by the Commonwealth Grants Rules and Guidelines.

IGTO website	The IGTO website can be found at: www.igt.gov.au .
Materiality	Takes into account the planned outcome and the relative significance of the resources consumed in contributing to the achievement of that outcome.
Non-ongoing APS employee	A person engaged as an APS employee under paragraphs 22(2)(b) or 22(2)(c) of the <i>Public Service Act 1999</i> .
Ongoing APS employee	A person engaged as an ongoing APS employee under paragraph 22(2)(a) of the <i>Public Service Act 1999</i> .
Operations	The functions, services and processes performed in pursuing the objectives or discharging the functions of the office.
Outcomes	The results, impacts or consequence of actions by the Commonwealth on the Australian community.
Portfolio Budget Statements	The Budget related papers detailing budget initiatives and explanations of appropriations specified by outcome and program by each agency within a portfolio.
Programmes	An activity or groups of activities that deliver benefits, services or transfer payments to individuals, industry/business or the community as a whole and are the primary vehicles for government agencies to achieve the intended results of their outcome statements.
Responsible Minister	The minister who is responsible for matters described under the Administrative Arrangements Order (AAO). Each Commonwealth entity and company has a responsible minister, which one depends on the matters that the entity or company deals with, or otherwise prescribed by the rules.

List of Requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	iii	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
17AD(h)	Aids to access		
17AJ(a)	iv-vi	Table of contents (print only).	Mandatory
17AJ(b)	141	Alphabetical index (print only).	Mandatory
17AJ(c)	128-129, 138-140	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	130-137	List of requirements.	Mandatory
17AJ(e)	ii	Details of contact officer.	Mandatory
17AJ(f)	ii	Entity's website address.	Mandatory
17AJ(g)	ii	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	2-30	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	26	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	28	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	29-30	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	27	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	27-28	Name of the accountable authority or each member of the accountable authority	Mandatory
17AE(1)(aa)(ii)	27-28	Position title of the accountable authority or each member of the accountable authority	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AE(1)(aa)(iii)	27	Period as the accountable authority or member of the accountable authority within the reporting period	Mandatory
17AE(1)(b)	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments mandatory
17AE(2)	29-30	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
17AD(c)	Report on the performance of the entity		
	<i>Annual performance statements</i>		
17AD(c)(j);16F	32-57	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	<i>Report on Financial Performance</i>		
17AF(1)(a)	57	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	126	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	57	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.
17AD(d)	Management and Accountability		
	<i>Corporate Governance</i>		
17AG(2)(a)	60-62	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	iii	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory

Part 7 – Reference Materials

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(2)(b)(ii)	iii	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
17AG(2)(b)(iii)	iii	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	60-62	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	N/A	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to noncompliance with Finance law and action taken to remedy noncompliance.	If applicable, Mandatory
Audit Committee			
17AG(2A)(a)	63	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	63-64	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	63-64	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	63-64	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	63-64	The remuneration of each member of the entity's audit committee.	Mandatory
External Scrutiny			
17AG(3)	64-65	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	65	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

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(3)(b)	64	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
17AG(3)(c)	65	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
Management of Human Resources			
17AG(4)(a)	70, 73-74	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	74-80	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on fulltime employees; (b) statistics on parttime employees; (c) statistics on gender (d) statistics on staff location	Mandatory
17AG(4)(b)	74-80	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> ▪ Statistics on staffing classification level ▪ Statistics on fulltime employees ▪ Statistics on parttime employees ▪ Statistics on gender ▪ Statistics on staff location ▪ Statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	71	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	71	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	72	The salary ranges available for APS employees by classification level.	Mandatory

Part 7 – Reference Materials

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(4)(c)(iii)	71	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	N/A	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	N/A	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	N/A	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	N/A	Information on aggregate amount of performance payments.	If applicable, Mandatory
Asset Management			
17AG(5)	65	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities	If applicable, mandatory
Purchasing			
17AG(6)	65-66	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
Reportable consultancy contracts			
17AG(7)(a)	66-67	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
17AG(7)(b)	67	A statement that “ <i>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]</i> ”.	Mandatory
17AG(7)(c)	67	A summary of the policies and procedures for selecting and engaging consultants and the	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AG(7)(d)	67	<p>main categories of purposes for which consultants were selected and engaged.</p> <p>A statement that <i>“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.”</i></p>	Mandatory
Reportable non-consultancy contracts			
17AG(7A)(a)	67-68	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
17AG(7A)(b)	68	A statement that <i>“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.”</i>	Mandatory
17AD(daa)	Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts		
17AGA	67-68	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
Australian National Audit Office Access Clauses			
17AG(8)	66	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

Part 7 – Reference Materials

PGPA Rule Reference	Part of Report	Description	Requirement
Exempt contracts			
17AG(9)	66	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
Small business			
17AG(10)(a)	65	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
17AG(10)(b)	66	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	65-66	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
Financial Statements			
17AD(e)	84-115	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
Executive Remuneration			
17AD(da)	71, 80-81	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 23 of the Rule.	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
17AD(f)	Other Mandatory Information		
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that <i>“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.”</i>	If applicable, Mandatory
17AH(1)(a)(ii)	118	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	N/A	A statement that <i>“Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”</i>	If applicable, Mandatory
17AH(1)(c)	118	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	118	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	N/A	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	118-120	Information required by other legislation	Mandatory

Shortened terms

Acronym	Description or Term
AA	Accountable Authority
AAIs	Accountable Authority Instructions
AASB	Australian Accounting Standards Board
AAT	Administrative Appeals Tribunal
ABI	Agreed Business Improvement
ABN	Australian Business Number
AIC	Australian Information Commissioner
ANAO	Australian National Audit Office
APS	Australian Public Service
APSC	Australian Public Service Commission
ARC	Audit and Risk Committee
ASBFEO	Australian Small Business and Family Enterprise Ombudsman
AS 10002:2022	Australian Standard 10002:2022 Guidelines for complaint management in organisations (ISO 10002:2018, NEQ)
AS/NZS ISO 31000:2018	Australian/New Zealand Risk Management Standard which adopts the 2018 International Risk Management Standard ISO 31000:2018 in full
ATO	Australian Taxation Office
BAS	Business Activity Statement
BCF	Boosting Cash Flow
BCP	Business Continuity Plan
CALD	Culturally and linguistically diverse
CFO	Chief Finance Officer
Commissioner	Commissioner of Taxation
CMS	Case management system
CPD	Continuing professional development
CPR	Commonwealth Procurement Rules
CRP	Commissioner’s Remedial Power
EL	Executive Level
Finance law	The PGPA Act, PGPA Rule, any other instrument made under the PGPA Act or an Appropriation Act
FOI Act	<i>Freedom of Information Act 1982</i>

Acronym	Description or Term
FRR	<i>Public Governance, Performance and Accountability (Financial Reporting) Rule 2015</i>
FY18	Financial year ending on 30 June 2018
FY19	Financial year ending on 30 June 2019
FY20	Financial year ending on 30 June 2020
FY21	Financial year ending on 30 June 2021
FY22	Financial year ending on 30 June 2022
FY23	Financial year ending on 30 June 2023
GPA	General Powers of Administration
GST	Goods and Services Tax
HR	Human resources
ICT	Information and communications technology
IGT	Inspector-General of Taxation
IGTO	Inspector-General of Taxation and Taxation Ombudsman
IGT Act	<i>Inspector-General of Taxation Act 2003</i>
IPS	Information Publication Scheme
ISO	International Organisation for Standardisation
JK	JobKeeper
KPA	Key performance area
KPI	Key performance indicator
LOA	Letter of administration (for a deceased estate)
MOU	Memorandum of Understanding
NACC	National Anti-Corruption Commission
OECD	Organisation for Economic Co-operation and Development
Ombudsman Act	<i>Ombudsman Act 1976</i>
OPA	Official Public Account
PBS	Portfolio Budget Statements
PDS	Performance Development System
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
PID Act	<i>Public Interest Disclosure Act 2013</i>

Part 7 – Reference Materials

Acronym	Description or Term
Public Service Act	<i>Public Service Act 1999</i>
SELC	Senate Economics Legislation Committee
SELC Report	Senate Economics Legislation Committee report on the <i>Performance of the Inspector-General of Taxation (2020)</i>
SES	Senior Executive Service
SME	Small and Medium Enterprise
TAA	<i>Taxation Administration Act 1953</i>
Taxation law	<p>(a) an Act of which the Commissioner has the general administration (including a part of an Act to the extent to which the Commissioner has the general administration of the Act); or</p> <p>(b) legislative instruments made under such an Act (including such a part of an Act); or</p> <p>(c) the <i>Tax Agent Services Act 2009</i> or regulations made under that Act.</p>
TPB	Tax Practitioners Board
WHS	Work health and safety
WHS Act	<i>Work Health and Safety Act 2011</i>

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