

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

16 February 2012

Question No: AET 351 - 354

Topic: Legal costs (ATO)

Hansard Page: Written

Senator Bushby asked:

351. What sum did each portfolio department and agency spend on legal services for this financial year to date within the department/agency? Please provide a list of each service and costs.
352. What sum did each portfolio department and agency spend on legal services this financial year to date from the Australian Government Solicitor? Please provide a list of each service and costs.
353. What sum did each portfolio department and agency spend on legal services this financial year to date from private firms? Please provide a list of each service and costs.
354. What sum did each portfolio department and agency spend on legal services this financial year to date from other sources? Please provide a list of each service and costs.

Answer:

351. The ATO will provide this information for the 2011-12 year in the *Commissioner of Taxation Annual Report*. This information will be submitted to the Office of Legal Services Co-ordination by 30 August 2012 (as required to be published in compliance with paragraph 11.1(ba) of the Legal Services Directions).

The ATO's (including Tax Practitioners Board) total legal services expenditure 2011-12 (to 29 February 2012) was \$65,085,400.

External legal services expenditure

Expenditure on	Total value (GST exclusive)
Professional fees	\$18,534,440
Counsel	\$10,845,102
Disbursements	\$11,307,982
Total	\$40,687,524

Internal legal services expenditure

Expenditure on	Total value (GST exclusive)
Total direct staff costs and salaries	\$17,367,300
Total overhead costs (including direct and indirect overheads)	\$7,030,576
Total	\$24,397,876

- These figures include 2011-12 to 29 February 2012 Tax Practitioners Board Legal services expenditure. External legal services expenditure for the Tax Practitioners Board was \$721,016 (excluding goods and services tax). Internal legal services for Tax Practitioners Board was \$1,296,920.
- External legal expenditure excludes costs awarded against the ATO, external expenditure on compensation and ATO's Test Case Program legal costs.
- Professional fees include fees charged by external legal services providers for the work undertaken by their solicitors.
- Counsel expenditure includes panel counsel briefings and direct briefings to ATO and the Tax Practitioners Board.
- Disbursements expenditure includes court filing fees, prosecution costs, summons fees, expert witness costs, indemnity fees (payments of costs incurred by lawyers or other professionals where the ATO has agreed to provide an indemnity), legal costs for settlements of cases (payments of third party legal costs where a case has been settled) and Dispute Resolution for Mediation fees.
- Internal legal expenditure includes total costs (direct and indirect) for Legal Service Branch in ATO and the Tax Practitioners Board legal unit.
- Direct staff costs includes direct salary costs, superannuation costs, leave entitlement costs and other salary related staff costs to Legal Service Branch and Tax Practitioners Board legal unit.
- Overhead costs includes direct overhead costs such as Legal Service Branch and the Tax Practitioners Board staff travel costs, training and developments costs, stationery and other miscellaneous costs such as electronic and hard copy legal information (journals and online database) and indirect overhead costs such as desktop services, accommodation, recruitment services and communication technology services costs.

AET 22 provides information on the value of the ATO's litigation activities.

352. Please refer to the response to AET 351.

The ATO's (including Tax Practitioners Board) total legal expenditure for 2011-12 (to 29 February 2012) for services from Australian Government Solicitor:

Expenditure on	Total value (GST exclusive)
Professional fees	\$9,378,236
Counsel fees	\$5,337,132
Disbursements	\$2,083,540
Total	\$16,798,908

Financial notes:

- Includes payments, refunds and accruals.
- Includes expenditure incurred for the Tax Practitioners Board of \$571,183, comprising:
 - professional fees of \$448,783
 - Counsel fees of \$98,814
 - disbursements of \$23,586.

353. Please refer to the response to AET 351 and AET 352.

The ATO's (including Tax Practitioners Board) year to date total Legal Services Panel Expenditure from private firms in 2011-12 (to 29 February 2012):

Expenditure on	Total value (GST exclusive)
Panel professional fees	\$8,958,079
Panel counsel fees	\$2,133,418
Panel disbursements	\$3,243,169
Total	\$14,334,666

Financial notes

- The ATO has three separate panels for external legal services providers offering debt recovery, tax technical and commercial and general law types of legal services to the ATO.
- Excludes panel expenditure to Australian Government Solicitor. Detailed list of expenditure for Australian Government Solicitor is included in AET 352.
- These figures include expenditure incurred for Tax Practitioners Board which is \$133,638 (for professional fees).

354. Please refer to the response to AET 351.

The ATO's (including Tax Practitioners Board) total legal services expenditure on other sources for 2011-12 (to 29 February 2012):

Expenditure on	Total value (GST exclusive)
Other professional fees	\$198,125
Direct counsel brief fees	\$3,374,552
Other disbursements	\$5,981,272
Total	\$9,553,949

Financial notes

- These figures include expenditure incurred for Tax Practitioners Board which is \$16,195, comprising:
 - expenditure on Counsel of \$14,132
 - total disbursements of \$2,063.
- Excludes panel expenditure to Australian Government Solicitors (as detailed in AET 352) and panel expenditure for external legal services providers (as detailed in AET 353).
- Other professional fees include legal professional fees payments to legal firms and professional services like forensic services and valuations.

- Other disbursements costs includes court filing fees, prosecution costs, summons fees, expert witnesses, photocopying fees, Indemnity fees (payments of costs incurred by lawyers or other professionals where the ATO has agreed to provide an indemnity), dispute resolution for mediation fees for matters handled in-house and payments of third party legal costs where a case has been settled.