

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20 October 2011

Question No: SBT 75

Topic: Legal costs

Hansard Page: Written

Senator Bushby asked:

What sum did each portfolio department and agency spend on legal services for the year 2010-11 within the department and agency? Please provide a list of each service and costs.

Answer:

The ATO's (including the Tax Practitioners Board) 2010-11 total legal services expenditure was \$87,949,062.

▪ External legal services expenditure

Expenditure on	Total value (Goods and services tax exclusive)
Professional fees	\$23,407,901
Counsel	\$15,927,042
Disbursements	\$14,748,065
Total	\$54,083,008

▪ Internal legal services expenditure

Expenditure on	Total value (Goods and services tax exclusive)
Direct staff costs and salaries	\$23,662,431
Overhead costs (including direct and indirect overheads)	\$10,203,623
Total	\$33,866,054

- These figures include the Tax Practitioners Board legal costs for 2010-11. External legal services expenditure for Tax Practitioners Board was \$277,888. Internal legal services for the Tax Practitioners Board was \$1,870,429.
- 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 done 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 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 the 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.

The ATO has released the 'Report on Legal Services Expenditure 2010-11' which is part of the *Commissioner of Taxation Annual Report 2010-11* (page 169, available from www.ato.gov.au) and submitted to the Office of Legal Service Co-ordination (as required to be published in compliance with paragraph 11.1(ba) of the Legal Services Directions 2005).