

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Supplementary Budget Estimates

20 October 2011

Question No: SBT 79

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 from other sources? Please provide a list of each service and costs.

Answer:

The ATO's (including Tax Practitioners Board) 2011-12 to 30 September 2011 total legal services expenditure was \$24,171,943.

- External legal services expenditure

Expenditure on	Total value (Goods and services tax exclusive)
professional fees	\$7,048,114
counsel	\$4,282,799
disbursements	\$4,245,000
Total	\$15,575,913

- Internal legal services expenditure

Expenditure on	Total value (Goods and services tax exclusive)
Total direct staff costs and salaries	\$6,143,910
Total overhead costs (including direct and indirect overheads)	\$2,452,120
Total	\$8,596,030

- These figures include 2011-12 to 30 September 2011 Tax Practitioners Board Legal services expenditure. External legal services expenditure for the Tax Practitioners Board was \$177,470 (excluding goods and services tax). Internal legal services for Tax Practitioners Board was \$485,307.
- 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 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.

The ATO expects to provide this information in the *Commissioner of Taxation Annual Report 2011-12*.