



THE TAX INSTITUTE

Annual Report 2019



The Tax Institute's new premises at North Sydney

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The Tax Institute offices



About the Tax Institute

Tax shapes nations. We shape tax.

The Tax Institute is the home base of a dedicated Australian tax community. More than 11,000 strong, our members are building the future of the profession.

Business leaders, tax professionals, government employees, students – we amplify voices from across the tax world. We bring like-minded people together. Dedicate ourselves to making the tax profession better every single day.

We've been around for more than 75 years now. In that time, we've educated some of the best minds of tax. We've collected the vast knowledge of thousands of experts – specialist, practical and accurate – then shared it with thousands more. We've nurtured learners to become leaders.

But tax is always changing, and so are we.

Now more than ever, we're working to support our members in a brave new digital world. From guiding tax professionals through a shifting landscape of policy, thought and technology to helping them grow into their potential, we're here to serve the tax community. And we're here to ensure that the changes happening in our world and our profession are positive ones.

Advocacy. Knowledge. Connection. They're at the core of everything we do, and we do all of it with the backing of our generous members.

For more information about The Tax Institute, or to get in touch, visit our website at taxinstitute.com.au.

2019 Highlights



1,690
new
members
of The Tax Institute



1,891
enrolments
*in Structured
Education Program*



97%
recommended
*Young Practitioners
Mentoring Program*



274 enrolments
in CTA3 Advisory



11,000+
attendees
*at CPD events
delivered nationally*



191 mentions
in the media

Immediate past president's report



“The Institute is sometimes described as “not for profit”, but more accurately it is “profit for purpose”. We don’t seek to make profits for their own sake, but we seek to make sufficient profit to fund our objectives effectively, including giving the best possible value to our members.”

Tim Neilson, CTA

Like any year, 2019 presented its own unique challenges and impetus for change. However, The Tax Institute’s objectives remained in 2019 as set out in the Vision Statement adopted in 2018 (which, in turn, reflected the long-standing values and aims of the Institute):

The Tax Institute is the leading forum for the tax community in Australia. We are committed to representing our members, shaping the future of the tax profession and continuous improvement of the tax system for the benefit of all, through the advancement of knowledge, support for members and advocacy.

“Advancement of knowledge” and support for members go largely together, since our predominant means of supporting our members is through professional development and other learning opportunities. Our major events, including National Convention and State based Conventions and Forums as well as specialised events, were strongly

supported and well received by members and others in the tax community. Through our structured education program, we welcomed 135 new Chartered Tax Advisers, and we congratulate them on attaining this internationally recognised accreditation of their tax excellence. We congratulate also the 198 of students who successfully enhanced their status in tax by completing the Graduate Diploma of Applied Tax Law. I am confident that all our structured education students, and those who attended our major events or any of the numerous CPD events held throughout the country will have benefitted greatly from the experience. Our learning offerings give members the opportunity to share in the expertise and insights of the very best of the tax community, and the Institute is immensely grateful to our network of volunteers who provide that opportunity – and of course to the dedicated Institute staff who make it all happen.

Advancement of knowledge also goes together with our tax policy and advocacy function. The Tax Institute’s membership comprises an unmatched source of knowledge, expertise and experience in all sectors of the tax community. We seek to help all participants in the tax system have access to that knowledge expertise and experience, to ensure that decisions about the tax system are made on the basis of the best possible information. Those participants include the general public, who as voters can determine the strategic course of tax policy. Tax policy played a prominent role in the 2019 Federal election campaign and the Institute’s advocacy for sound tax policy received considerable media exposure during the campaign. Our engagement with the media on tax matters continued throughout the year with approximately 191 mentions of the Institute in widely circulated mainstream or financial media platforms.

Public awareness is only one part of our advocacy work. Engaging with regulators and politicians with tax responsibilities is often conducted without publicity but is a crucial part of our work towards continuous improvement of the tax system. During the year Tax Policy and Advocacy staff and Institute members attended approximately 130 consultations on administrative, legislative and policy aspects of the tax system. The expertise and practical experience of our membership base, particularly the volunteers on our technical committees, is crucial to the value of our advocacy,

and we are grateful to all our members who contribute their views and insights. We are of course also grateful to the Tax Policy and Advocacy team who did a sterling job in 2019 in often challenging circumstances.

The Institute is sometimes described as “not for profit”, but more accurately it is “profit for purpose”. We don’t seek to make profits for their own sake, but we seek to make sufficient profit to fund our objectives effectively, including giving the best possible value to our members. It is pleasing that this year we achieved a sound operating surplus and that the investment markets were kind. This result, following on from the operating surplus achieved in 2018, has enabled National Council to approve capital expenditure on certain projects which we believe will improve our services to members in 2020 and beyond.

Among other improvements to resources during 2019 the most significant, though not necessarily the most visible to members, was the move of the head office to Miller Street, North Sydney. By all accounts the facilities there are a big step up from the old office, but at the same time the move is expected to be better for the bottom line than staying in Pitt Street, facilitating better value for members. All the staff at head office are to be commended for maintaining their high standards of service during the move to temporary premises then to the new location, which as I’m sure many members know is a chaotic time no matter how well planned and executed (as these moves were). Giles and the leadership team deserve particular credit for achieving this great result – and for their other sound guidance and management.

It has been a privilege and honour to be President in 2019. I’d like to thank all my colleagues on National Council, Giles and the leadership team, all the Institute staff, our State Councils and committees and all our volunteers – and all of the members whose participation makes the Institute the leading forum for tax in Australia.

Tim Neilson, CTA

Key Education data

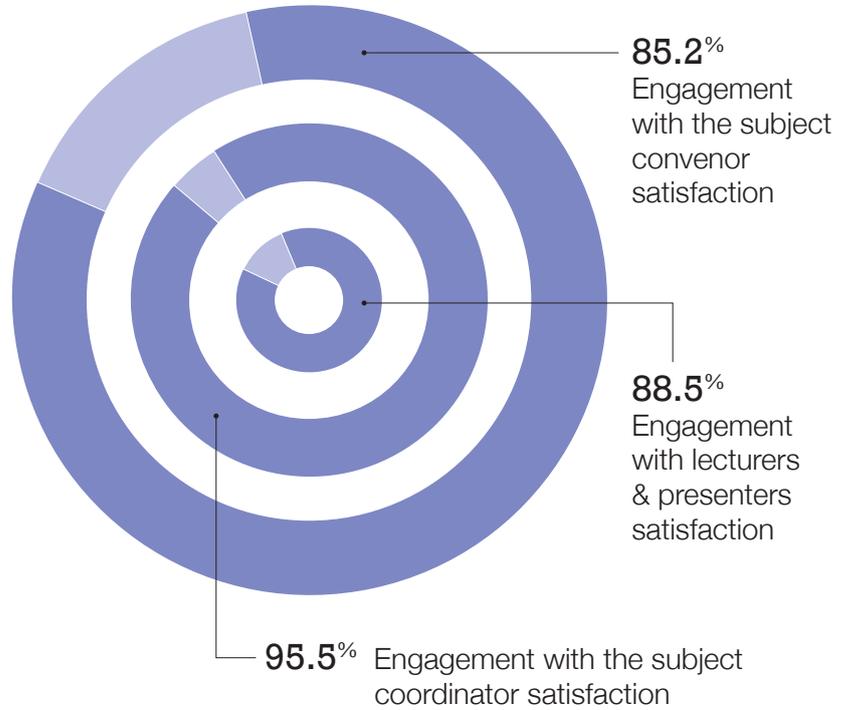
Highlights

80%
of students would recommend our subjects to others

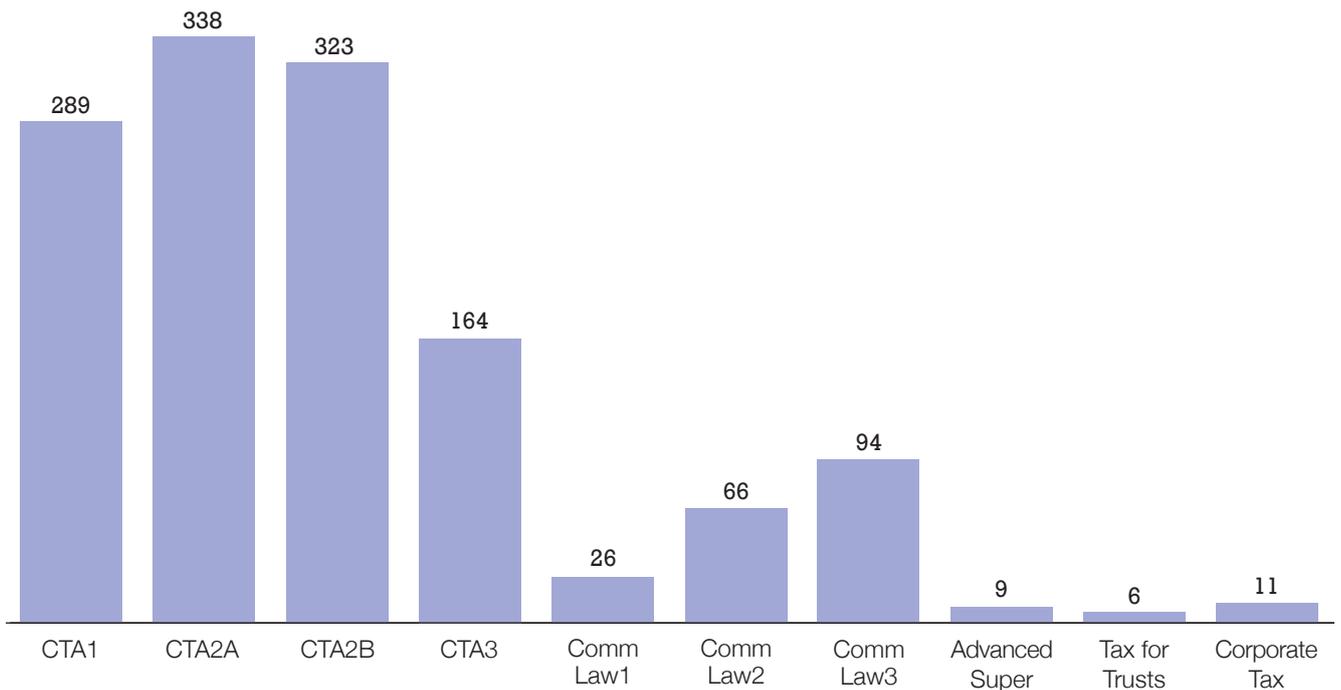
198
Graduate Diploma of Applied Tax Law (GDATL) enrolments

As at 31 December 2019

Student satisfaction



Exams sat by subject (number of students)





“The steady but irrefutable progress we have made as an organisation makes the future for our profession an exciting one. Tax is well and truly back at The Tax Institute and our volunteers and members have never been more galvanised in pursuit of improvements to our tax system.”

Giles Hurst, CEO

I'm excited to share our 2019 Annual Report.

The effort made by our members and volunteers to get behind The Tax Institute and advocate for a better tax system has continued to impress and is the envy of other professional associations.

The annual calendar of events we host has gone from strength to strength in 2019 and the opportunities for professional networking and continuous learning were taken up by members in greater numbers than ever before. One of our flagship events, The Noosa Tax Intensive has now become so popular that we have now made it a member-only event. We continue to provide the stage on which serious tax professionals prefer to stand in Australia.

The increased investment that leaders in the tax profession are making in the younger, up and coming professionals is pleasing to watch. At the very end of the year we launched our new development programme, 'Speakers Academy'. Initially in NSW, the programme will gradually roll out nationally as we progress through 2020. The successful graduates from the programme will in future be nurtured by the Tax Institute and by the mentors who sponsored them. The aim is to build capability and deepen experience for the very best up and coming talent in Australia's tax community.

Our overall performance went from strength to strength in 2019 with compelling financials, an invigorated suite of member benefits and a visibly growing level of demand for our events and our education offerings. We aim to continue to equip the tax community to help members grow and develop, both professionally and personally.

The decision to move our NSW office to North Sydney was a significant one and it has had a significant, positive impact on our employees who have benefited enormously from their improved surroundings. The new office is a great place to hold events and host members who may just want to use our Wi-Fi, have a great cup of coffee or just enjoy the stunning view of the Sydney Harbour. Come and see the new look Tax Institute at your convenience!

Key highlights are summarised as follows.

Membership

2019 was a year in which we celebrated with our thousands of members by providing them with more value than ever before. For the first time voting members received access to free monthly updates, that delivered 10 hours of continued professional training at no extra cost. The take up of this new initiative was tremendous and we will, without question, continue to offer this benefit to our members.

Off the back of an oversubscribed Young Practitioners Mentoring Program in the prior year, 2019 saw The Tax Institute run a fully scaled Program that once again saw unprecedented engagement between our members both more experienced and newer to the tax industry.

Having conducted focus groups and interviews in order to gain a better understanding of what our members want, we are preparing to launch a new Member Portal in 2020, which will allow our members to seamlessly access their saved tools and resources.

Tax policy and advocacy

2019 was an exciting year for Tax Policy and Advocacy whereby our hardworking team positioned the Institute as the pre-eminent leader in the policy and advocacy arena. They effected change throughout the tax system particularly in the critical area of guidance materials being issued by two key stakeholders, Treasury and the ATO. The efforts of our team have garnered a proactive response from Treasury and the ATO who are forming a Working Group to address the systemic issues raised by the Institute. The Tax Institute has cleared the pathway for the other professional bodies to get involved in this discussion. We anticipate this ongoing discussion will bring about systemic change.

Our National Technical Committees were exceptionally busy, assisting the Institute to provide 50 submissions in 2019, several of which were self-initiated, particularly in relation to superannuation matters.

Such is the reach of the Institute, this team, together with numerous members who give up their time to represent the Institute, attended 133 consultations across a broad range of issues.

Senior Tax Counsel, Professor Bob Deutsch, assisted by the whole team, generated 191 media hits, significantly increasing the profile of the Institute as a result.

The Tax Policy and Advocacy Team is ably supported by over 120 volunteer members who give their time to supporting the advocacy efforts of the Institute via their involvement on National Technical Committees.

We encourage members to continue to contribute to the national tax narrative via involvement with the Institute.

Events and professional development

The Institute continued to strengthen its position in tax events and professional development, which is built by tax professionals for tax professionals. We hosted 182 events, delivered 870 CPD hours and attracted over 11,000 members and tax professionals to our events.

The Tax Institute's investment in events and professional development speaks to our commitment to provide unrivalled technical content, showcase outstanding speakers and connect Australia's tax community. In 2019, as mentioned, the ever-popular Noosa Tax Intensive was delivered as a member only event. This resulted in 30 new members joining the Institute. The event was once again, a sell-out.

Tax Forums around the country continued to attract record numbers. It's a testament to the quality of the technical programs and line-up of expert speakers. Members and the broader tax community not only gain valuable insights but use these forums as an opportunity to expand their professional network and build meaningful connections.

The immeasurable contribution of our volunteer member network is one of the key strengths of the Institute. It is without equal, creating a tax movement greater than the sum of its parts, which ultimately benefits the entire tax ecosystem.

Knowledge and learning

In 2019 we continued to provide learning experiences for tax

professionals at many levels of their career. Our offering is developed by senior tax practitioners and academics across Australia, ensuring our learners have access to learning materials by the greatest minds in tax.

We expanded the 2018 pilot of microlearning to the majority of our learning content and made a number of other improvements, designed to better support our learners:

- Increased feedback to learners on their performance
- Developed a progression strategy to support our learners throughout their programs
- Developed additional assessment support materials

Significantly, The Tax Institute has developed a strategy to deliver micro-credentials that will enable the tax profession to select specific topic areas where they may wish to expand their knowledge or demonstrate to their employers their abilities through a digital badge.

The Tax Institute's micro credentials will be built in 2020 with an anticipated launch in 2021. We are very excited to provide the tax profession with even greater flexibility and recognition of their learning and expertise.

Marketing

To meet future needs, 2019 has been a year of digital transformation. We have focused on creating relevant and engaging digital content such as The Tax Summit videos and Federal Budget infographics. Also, we have been activating social and media channels to ensure timely and accessible delivery of insights to our tax community. In the first half of 2019, we launched a new Federal Budget website to increase our reach and presence as the 'voice of tax'. This initiative increased our exposure to 12,000 unique visitors, during the Federal Budget period; up from 543 previous year. Our Federal Budget infographics page was one of our most visited pages last year.

Kicking off with The Tax Summit 2020, we invigorated our branding and tone of voice to align with digital and consumer needs. Together with our members and stakeholders, we

are showcasing The Tax Institute's relevance and passion to the tax community and future generations of tax professionals.

Technology

Our technological advancements have continued to be a focus in 2019. Consideration was made to initiatives enhancing the member experience through automating a number of member-facing processes. Planning for investment in new technologies such as a content management system and website to better engage with our members has been a key focus in order set us up for a 2020 implementation.

Financials

The Institute has continued to build on the positive financial results achieved in the prior year and has once again delivered a healthy surplus of \$1,017,804, exceeding budget by \$737,131. Careful cost management and positive investment returns have generated these results and now allow the Institute to make investments in new technologies, products and services which will benefit all members. We will be able to reinvest these costs savings to fuel innovation and growth. This will improve functionality and experience for members engaging with the Institute across all digital platforms.

In conclusion, I celebrate the continued dedication of the volunteers who power The Tax Institute daily. We are what we are because of their professionalism and diligence. I feel humbled to work for The Tax Institute and that is in no small part because of this volunteering. I want to thank all National Council members, Committee members, the Leadership Team, employees, volunteers and, most of all, our members, who have expertly combined in 2019 to transform and optimise our financial performance. We are now fully equipped to invest for the future and cement the credentials of The Tax Institute as *the* voice in tax.



Giles Hurst, CEO

Key membership data

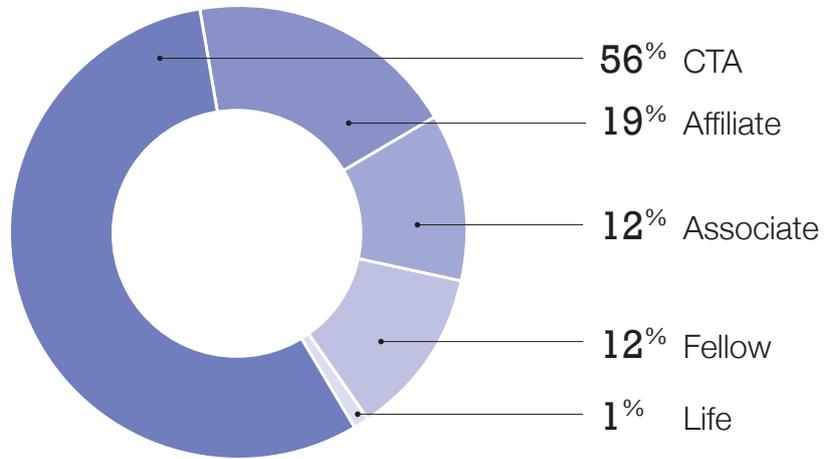
24,091
LinkedIn company page followers

12,554
Facebook company page likes

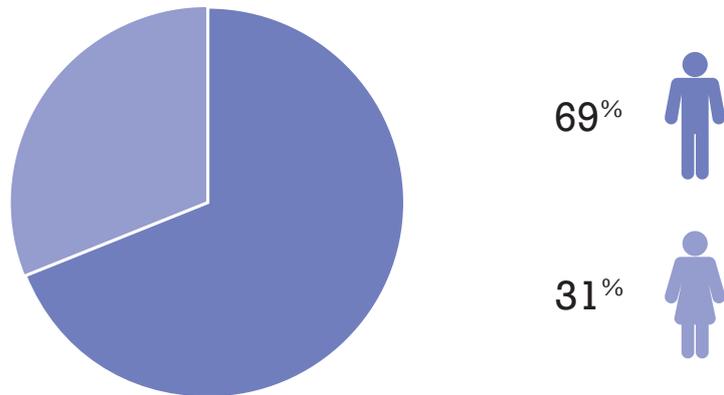
6,216
Twitter followers

As at 31 December 2019

Membership by grade %



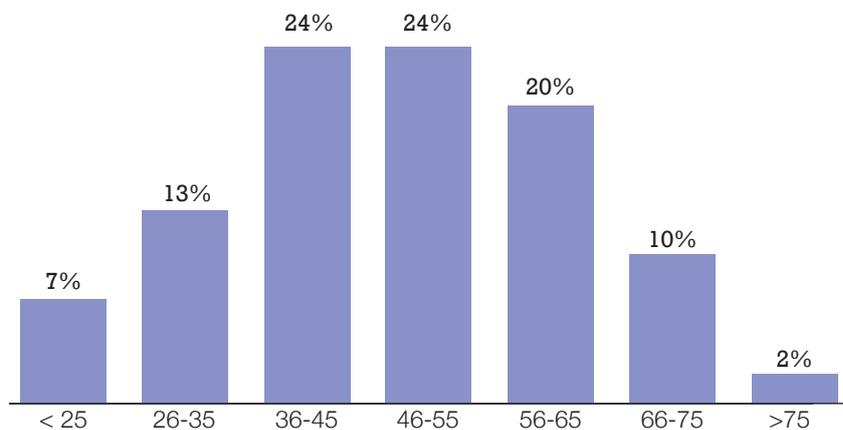
Membership by gender %



Complaints and disciplinary activity

- 17 members memberships terminated following receipt of TPB notifications that tax agent registrations have been terminated
- 4 members suspended following TPB suspending tax agent registrations
- 19 members caution following receipt of caution from TPB
- 5 members have ongoing appeals before the AAT

Membership by age %



Directors' particulars

David Earl

BCom, LLB(Hons), LLM, FTI

Qualifications

Australian Legal Practitioner

Experience

National Council member since January 2018

Responsibilities

- Chair, International Relations Committee 2019
- Member, Audit and Risk Committee since 2018
- Member, Education Advisory Board since 2018
- Member, International Relations Committee 2018

Stuart Glasgow

M(Tax), BBus(Acc), FCA, CTA

Qualifications

Chartered Accountant

Experience

National Council member since February 2015

Responsibilities

- Treasurer 2019
- Chair, Finance & Investment Committee 2019
- Member, Audit Committee 2017
- Chair, National Membership & Services Committee 2016–2018
- Member, Investment Committee 2016–2017
- Member, Finance & Investment Committee 2018
- Member, VIC State Council since 2011

Peter Godber

BCom, LLM, FCA, CTA, MAICD

Qualifications

Chartered Accountant, Solicitor

Experience

National Council member since January 2014

Responsibilities

- Vice President 2019
- Treasurer 2017–2018
- Chair, Finance Committee 2017
- Chair, Finance & Investment Committee 2018
- Member, Finance & Investment Committee 2019
- Member, Audit Committee 2017
- Member, Audit & Risk Committee since 2018
- Member, Investment Committee 2016–2017
- Chair, National Professional Development Committee 2016
- Member, Nominations Committee 2015–2016 (ex Officio 2018–2019)
- Member, QLD State Council since 2003

Leonard Hertzman

M(Tax), LLB, CTA

Qualifications

Admitted as a lawyer in Western Australia and Ontario, Canada

Experience

National Council member since January 2016

Responsibilities

- Chair, National Professional Development Committee 2017–2018
- Member, Nominations Committee since 2017
- Member, Professional Standards Committee since January 2016–2018
- Member, International Relations Committee 2019
- Chair, Knowledge & Learning Committee 2019
- Member, WA State Council since 2008

Margaret Marshall

FCA, M(Tax), BBus, CTA

Qualifications

Chartered Accountant

Experience

National Council member since January 2016

Responsibilities

- Deputy Chair, National Professional Development Committee 2019
- Member, Finance Committee 2017
- Member, Finance/Investment Committee since 2018
- Chair, Technology Strategy Advisory Group since 2017
- Member, Information Products Advisory Group
- Member, Technology Strategy Advisory Group 2016
- Member, TAS State Council since 2013

Timothy Neilson

LLB (Hons), LLM (Lond), CTA

Qualifications

Admitted as a lawyer in Victoria

Experience

National Council member since January 2013

Responsibilities

- President 2019
- Vice President 2018
- Chair of National Technical Committee 2015–2018
- Member, National Technical Committee 2019
- Member, VIC Technical Committee since 1999
- Member, Nominations Committee 2018
- Chair, Nominations Committee 2019
- Member, Finance & Investment Committee since 2018
- Member, VIC State Council since 2006

Tracey Rens

BEc, LLB, M(Tax), CTA

Qualifications

Solicitor

Experience

National Council member since January 2011

Responsibilities

- President 2018
- Vice President 2017
- Member, Nominations Committee since 2017
- Member Finance/Investment Committee (ex officio) 2018
- Chair, Nominations Committee 2018
- Member, Finance Committee 2017
- Chair, Investment Committee 2017
- Chair, International Relations Committee since 2017
- Treasurer 2016
- Member, Audit Committee 2016
- Member, NSW Education Committee since 2002
- Member, NSW State Council since 2005
- Director, Australian Tax Research Foundation appointed September 2017

Todd Want

CTA, CA, CPA

Qualifications

Chartered Accountant, Certified Practising Accountant

Experience

National Council member since January 2017

Responsibilities

- Member, Education Quality Assurance Board since 2017
- Chair, National Professional Development Committee since 2019
- Deputy Chair, National Professional Development Committee 2017–2018
- Member, Technology Strategy Advisory Group since 2018
- Member, NSW Professional Development Committee since 2012
- Chair, NSW Professional Development Committee 2014–2016
- Chair, NSW Tax Forum Committee 2014–2016
- Member, NSW State Council since 2014

Timothy Sandow

BCom, LLB, CTA, CA

Qualifications

Chartered Accountant

Experience

National Council Member since January 2018

Responsibilities

- Chair, National Membership Committee 2019
- Deputy, National Membership Committee 2018
- Member, Disciplinary Committee since 2018
- Member, Audit & Risk Committee since 2018
- Member SA State Council since 2007

Paul Banister

BBus(Acc), LLB, FCA, CTA

Qualifications

Chartered Accountant

Experience

National Council member since February 2019

Responsibilities

- Member, Finance & Investment Committee 2019
- Member, Professional Standards Committee 2019
- Member, Qld State Council since 2012 (Chair 2016–2018)

Jerome Tse

LLM, LLB BCom, CTA

Qualifications

Australian Legal Practitioner

Experience

National Council member since January 2017

Responsibilities

- Chair, Audit and Risk Committee 2018 and 2019
- Deputy Chair, National Technical Committee since 2017
- Member, NSW Professional Development (Education) Committee since 2013
- Member, National Dispute Resolution Committee since 2014
- Member, NSW State Council since 2019
- Member, VIC State Council 2010 to 2012

Eddy Moussa

BBus, LLB, M (Tax), CTA

Qualifications

Legal Practitioner, Solicitor of Supreme Court of NSW, Practitioner of the Federal and High Court of Australia

Experience

National Council member since January 2019

Responsibilities

- Deputy Chair, National Membership Committee 2019
- Member, International Relations Committee 2019
- National Council of the Tax Institute of Australia
- Member, NSW State Council since 2012
- Chair, NSW State Council 2018

Kerryn Divall

BCom, FCPA, GAICD

Qualifications

Certified Practising Accountant,
Graduate, Australian Institute of
Company Directors

Experience

Appointed Company Secretary
September 2017

Responsibilities

- Company Secretary Australian Tax
Research Foundation appointed
September 2017

Your directors present this report of The Tax Institute ('the Institute') for the year ended 31 December 2019.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Stuart Glasgow	Appointed 5 February 2015
Peter Godber	Appointed 1 January 2014
Leonard Hertzman	Appointed 1 January 2016
Margaret Marshall	Appointed 1 January 2016
Timothy Neilson	Appointed 1 January 2013
Tracey Rens	Appointed 1 January 2011 (ceased 31 December 2018) Reappointed 7 August 2019 (ceased 31 December 2019)
Jerome Tse	Appointed 1 January 2017
Todd Want	Appointed 1 January 2017
David Earl	Appointed 1 January 2018
Timothy Sandow	Appointed 1 January 2018
Eddy Moussa	Appointed 1 January 2019
Paul Banister	Appointed 30 January 2019

Directors have been in office since the start of the 2019 year to the date of this report unless otherwise stated.

Short-term and long-term objectives

The Institute's short- and long-term objectives during 2019 were to:

- advance education in relation to taxation and Taxation Laws
- advance public knowledge and understanding of Taxation Laws
- encourage research into the reform of Taxation Law and be the leading knowledge provider in taxation through our products and services.

The Institute's strategies in 2019 to achieve these objectives included:

- providing a highly sought-after quality taxation education program
- offering a diverse and broad range of continuing professional development opportunities through an event program and publications
- being the authoritative opinion leader in tax policy and administration
- building the Chartered Tax Adviser designation as the gold standard in tax.

Performance measures

The Institute measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial

performance of the Institute and whether the objectives are being achieved in a cost-effective manner.

Member's guarantee

The Institute is a company limited by guarantee. In accordance with the Institute's Constitution, each member is liable to contribute \$2.00 in the event that the Institute is wound up. The total amount members would contribute at 31 December 2019 would be \$21,730.

Principal activities

The principal activity of the Institute during the year was the advancement of public knowledge and understanding of the laws relating to taxation, principally by way of conferences, seminars and meetings and the dissemination of information relating to such laws.

No significant change in the nature of these activities occurred during the year.

Operating result

The operating result including non-recurring expenses for the year was a profit of \$1,017,804. The Institute is exempt from income tax.

Dividends

The Institute's Constitution precludes the payment of dividends. No dividend has been paid or declared since the commencement of the financial year.

Review of operations

The Institute's financial performance improved significantly in 2019 as a result of an ongoing strategic review of operations. A focus on optimising costs to deliver efficient growth in member products and services has seen year on year operating results improve. Investment returns have contributed to the results.

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Institute that occurred during the financial year under review not otherwise disclosed in this report.

After balance date events

Since the end of the financial year and the date of this report, there has been significant disruption to the global economy as a result of the Covid-19 pandemic. The fundamentals of the Institute remain strong and whilst operations will be affected in the short term, in the opinion of Directors the Institute is well placed to recover from this difficult situation.

Future developments

The Institute is committed to delivering to a broad range of practical education and information services.

Directors' report *for the year ended 31 December 2019*

Environmental issues

The Institute's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnifying officer or auditor

During the financial year the Institute paid a premium for an Associations Liability Insurance policy. This policy provides cover for directors and officers of the Institute to the extent permitted by the *Corporations Act 2001*. Other than the insurance policy, no indemnities have been given or agreed to be given during or since the end of the financial year, to any person who is or has been a director, officer or auditor of the Institute.

Proceedings on behalf of the institute

No person has applied for leave of court to bring proceedings on behalf of the Institute or intervene in any proceedings to which the Institute is a party for the purpose of taking responsibility on behalf of the Institute for all or any of those proceedings.

The Institute was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

Directors' meetings

Attendance at Board and meetings during the year ended 31 December 2019:

Name	Board of Directors	
Total number of meetings held	7	
Directors	A	B
Stuart Glasgow	7	7
Peter Godber	7	7
Leonard Hertzman	7	7
Margaret Marshall	7	7
Timothy Neilson	7	7
Tracey Rens	3	2
Jerome Tse	7	4
Todd Want	7	7
David Earl	7	7
Timothy Sandow	7	7
Eddy Moussa	7	6
Paul Banister	7	7

A Meetings eligible to attend as a director

B Meetings attended as a director

Signed in accordance with a resolution of the Board of Directors.

Peter Godber, CTA

Director

Jerome Tse, CTA

Director

Dated in Sydney this 3rd day of April, 2020

Directors' declaration *for the year ended 31 December 2019*

The directors of the Institute declare that:

1. The financial statements and notes, as set out on pages 14 to 25 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and other mandatory professional reporting requirements and:
 - a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 31 December 2019 and of the performance for the year ended on that date of the Institute.
2. In the directors' opinion, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Peter Godber, CTA
Director



Jerome Tse, CTA
Director

Dated in Sydney this 3rd day of April, 2020

3 April 2020

The Board of Directors
The Tax Institute
Level 37
100 Miller Street
North Sydney NSW 2060

Audit and Assurance Services

Level 15, 1 O'Connell Street
Sydney NSW 2000
Australia

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Fax +61 2 9262 2190
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Dear Board Members

The Tax Institute

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, I am pleased to provide the following declaration of independence to the Directors of The Tax Institute.

As lead audit partner for the audit of the financial report of The Tax Institute for the financial year ended 31 December 2019, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



Crowe Sydney



Suwarti Asmono
Partner

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2019

	Note	2019	2018
		\$	\$
Revenue	2	15,624,487	16,134,842
Employee benefits expenses		(7,749,067)	(8,816,448)
Depreciation and amortisation expenses	3	(1,278,896)	(387,480)
CPD events and member services expenses		(2,907,529)	(3,434,384)
Occupancy expenses		(633,018)	(1,056,673)
Travel expenses		(307,347)	(224,304)
Publicity and promotion		(508,578)	(544,224)
Merchant fees		(170,215)	(178,257)
Interest expense on lease liabilities		(106,209)	–
Administration expenses		(1,421,377)	(1,301,555)
Net realised and unrealised change in fair value of financial assets held at fair value through profit and loss		475,553	(21,751)
Profit / (Loss) before income tax expense		1,017,804	169,766
Tax Expense		–	–
Profit / (Loss) after income tax expense		1,017,804	169,766
Other comprehensive income, net of tax		–	–
Total comprehensive income		1,017,804	169,766

The accompanying notes form part of these financial statements.

Statement of financial position *As at 31 December 2019*

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	4,041,190	3,699,335
Trade and Other Receivables		281,397	82,800
Prepayments		678,073	530,287
Inventory		23,565	27,742
TOTAL CURRENT ASSETS		5,024,225	4,340,164
NON-CURRENT ASSETS			
Financial Assets	6	3,718,542	3,176,430
Prepayments		16,805	13,826
Plant and Equipment	7	870,802	86,439
Intangible Assets	8	994,204	971,272
Right-of-Use-Asset	9	2,861,528	–
TOTAL NON-CURRENT ASSETS		8,461,881	4,247,967
TOTAL ASSETS		13,486,106	8,588,131
CURRENT LIABILITIES			
Trade and Other Payables	10	1,137,845	504,540
Income in Advance		4,813,238	4,458,668
Short Terms Provisions	13	154,102	189,759
Lease Liabilities	12	1,049,044	–
TOTAL CURRENT LIABILITIES		7,154,229	5,152,967
NON-CURRENT LIABILITIES			
Make Good Provision	11	35,916	42,512
Long Term Provisions	13	46,148	36,471
Lease Liabilities	12	1,875,828	–
TOTAL NON-CURRENT LIABILITIES		1,957,892	78,983
TOTAL LIABILITIES		9,112,121	5,231,950
NET ASSETS		4,373,985	3,356,181
EQUITY			
Retained Earnings		4,373,985	3,356,181
TOTAL EQUITY		4,373,985	3,356,181

The accompanying notes form part of these financial statements.

Statement of changes in equity *For the year ended 31 December 2019*

	2019	2018
	\$	\$
Retained Earnings		
Opening retained earnings	3,356,181	3,186,415
Net Profit / (Loss) after income tax expense	1,017,804	169,766
Other comprehensive income, net of tax	–	–
Total comprehensive income	1,017,804	169,766
Closing retained earnings	4,373,985	3,356,181

The accompanying notes form part of these financial statements.

Statement of cash flows *For the year ended 31 December 2019*

	2019	2018
	\$	\$
Cash flows from operating activities		
Receipts from members and others	17,463,920	16,132,747
Payments to suppliers and employees	(15,119,139)	(15,512,368)
Interest Received	20,215	33,855
Net cash provided by / (used in) operating activities	2,364,996	654,234
Cash flows from investing activities		
Payment for plant and equipment	(868,201)	(24,005)
Payment for intangible assets	(448,032)	(326,865)
Investment funds under management	(295)	-
Net cash (used in) investing activities	(1,316,528)	(350,870)
Cash flows from financing activities:		
Repayment of Lease liability	(706,613)	-
Net cash (used in) financing activities	(706,613)	-
Net Increase in cash and cash equivalents	341,855	303,364
Cash at beginning of the financial year	3,699,335	3,395,971
Cash at end of the financial year	4,041,190	3,699,335

The accompanying notes form part of these financial statements.

Note 1. Statements of significant accounting policies

The financial statements of The Tax Institute ("The Institute") for the year ended 31 December 2019 were authorised for issue by a resolution of the Directors on 1st April 2020.

The Tax Institute is a company limited by guarantee, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Institute in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

New or amended Accounting Standards and Interpretations Adopted

The Institute has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the Institute:

AASB 15 Revenue from Contracts with Customers

The Institute has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's Statement of Financial Position as income in advance, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The Institute has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the Statement of Financial Position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets

(included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the Statement of Cash Flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 1058 Income of Not-for-Profit Entities

The Institute has adopted AASB 1058 from 1 January 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption

AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 January 2019. The impact of the new Accounting Standards compared with the previous Accounting Standards on the current reporting period was recognition of a right-of-use-asset \$2.86m and related lease liability \$2.93m in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of the initial application.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and interpretation issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profit Commission Act 2012* as appropriate for not-for-profit oriented entities.

The financial statements have, except for cash flow information, been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair values of selected non-current assets, financial assets and financial liabilities.

a. Revenue Recognition

Revenue from Contracts with Customers

Revenue is recognised at an amount that reflects the consideration to which the Institute is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Institute: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts are received that are subject to the constraining principle are recognised as a refund liability.

Membership Revenue

Membership subscriptions are recognised as revenue pro rata over the period of the membership. Revenue from members received in advance is deferred to the period to which it relates and is included as Income in Advance in the Statement of Financial Position.

CPD Event Revenue

Revenue is recognised at a point in time, as events are delivered or as goods are transferred to customers.

Knowledge and Learning Revenue

Revenue is recognised over time, being over the study period.

Other Revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Volunteer Services

The Institute has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is not recognised.

All revenue is stated net of the amount of goods and services tax (GST).

b. Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	20.0%-33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

Make good provision on leased premises

Costs required to return the premises to its original condition as set out in the lease agreement are recognised as a provision in the financial statements.

c. Intangible assets

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment.

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is

probable that the project will be a success considering its commercial and technical feasibility; the Institute is able to use or sell the asset; the Institute has sufficient resources and intent to complete the development and its costs can be measured reliably. Capitalised intangible development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years. Capitalised course development costs are amortised on a straight-line basis over their expected benefit, being their finite life of three years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of three or five years.

d. Leases

The Institute has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 *Leases* and for lessees eliminates the classifications of operating leases and finance leases. Except for short term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117.

For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principle portion of lease payments are disclosed in financing activities.

e. Financial instruments

A financial asset shall be measured at amortised cost if it held within a business mode whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principle and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on the initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination), in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For the financial liabilities designated at fair value through profit or loss, the standard required the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are

intended to more closely align the accounting treatment with the risk management activities of the entity.

Impairment of financial assets

The Institute recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Institute's assessment at the end of each reporting period as to whether the financial instruments risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognized is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognized within other comprehensive income. In all other cases, the loss allowance is recognised

Impairment of assets

At each reporting date, the entity reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

f. Employee benefits

Short-term employee benefits

Provision is made for the Institute's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs.

Other long-term employee benefits

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

g. Cash and cash equivalents

Cash and cash equivalents include cash on hand and at call deposits with banks or financial institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

h. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash Flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

i. Income tax

The Institute is exempt for income tax purposes under Section 50-5 of the *Income Tax Assessment Act of 1997*.

j. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

k. Trade and other payables

These amounts represent liabilities for goods or services provided to the Institute prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

l. Critical accounting estimates and judgements

The Institute evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Institute.

Key Estimates – Impairment

The Institute assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. No impairment has been recognised for the year ended 31 December 2019.

Estimation of useful lives of assets

The entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Recoverability of Receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Lease Term

The lease term is a significant component in the measurement of both the right-of-use-asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term.

In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Institutes operations; leasehold improvements; and the costs and disruption to replace the asset. The Institute reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the institute estimates it would have to pay a third party to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

m. New accounting standards

The Institute has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted

	2019	2018
	\$	\$
Note 2. Revenue		
Operating Activities		
Membership Services including Education	9,808,077	10,443,089
Rendering of services (CPD and Events)	4,902,099	5,012,282
Sales of publications	570,368	635,616
Advertising revenue	-	10,000
	15,280,544	16,100,987
Other Income Interest	20,215	33,855
Other Income Rental	323,728	-
	343,943	33,855
Total revenue	15,624,487	16,134,842

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2019	2018
Membership Services	6,412,506	6,477,857
Education	3,395,571	3,965,232
CPD and Events	4,902,099	5,012,282
Sales of publications	570,368	635,616
Advertising revenue	-	10,000
	15,280,544	16,100,987

Timing of revenue recognition

	2019	2018
Goods and Services transferred at a point in time	5,280,775	5,473,855
Services transferred over time	9,999,769	10,627,132
	15,280,544	16,100,987

Note 3. Profit from ordinary activities

Profit from ordinary activities before income tax expense has been determined after:

Expenses		
Depreciation and amortisation of non-current assets		
- plant and equipment	83,837	54,908
- Intangible assets	425,100	332,572
- Right of use asset	770,253	-
	1,278,896	387,480
Remuneration of auditor		
- audit	31,000	30,000
- other services	6,000	2,600
	37,000	32,600
Rental expense on operating leases		
- minimum lease payments	283,966	774,999
	283,966	774,999

Note 4. Dividends

The company's constitution precludes the payment of dividends. No dividend has been paid or declared since the commencement of the financial year.

Note 5. Cash and cash equivalents

Cash at bank and on hand	1,183,611	841,756
Short term deposits	2,857,579	2,857,579
	4,041,190	3,699,335

Note 6. Financial Assets

NON-CURRENT		
Financial asset at fair value through profit or loss	3,718,542	3,176,430

Notes to financial statements *For the year ended 31 December 2019*

	2019	2018
	\$	\$
Note 7. Plant and Equipment		
Plant and Equipment – at cost	3,351,039	2,482,838
Less: Accumulated Depreciation	(2,480,236)	(2,396,399)
Total Plant and Equipment	870,803	86,439

	Plant and Equipment	Total
	\$	\$

a. Movements in carrying amounts.

Movement in carrying amounts for each class of plant and equipment between the beginning and the end of the financial year.

Balance at the beginning of the year	86,439	117,342
Additions	868,201	24,005
Depreciation or amortisation expense	(83,837)	(54,908)
Carrying amount at the end of the year	870,803	86,439

	2019	2018
	\$	\$

Note 8. Intangible Assets

Intangible assets – at cost	3,080,408	2,632,375
Less: Accumulated Amortisation	(2,086,203)	(1,661,103)
Total Intangible Assets	994,205	971,272

	Intangible Assets	Total
	\$	\$

a. Movements in carrying amounts.

Movement in carrying amounts for intangible assets between the beginning and the end of the financial year.

Balance at the beginning of the year	971,273	976,978
Additions	448,032	326,866
Amortisation expense	(425,100)	(332,572)
Carrying amount at the end of the year	994,205	971,272

	2019	2018
	\$	\$

Note. 9 Right-of-use-assets

Right-of-use-assets	3,631,781	–
Less: Accumulated Amortisation	(770,253)	–
Total Right-of-use-asset	2,861,528	–

	2019	2018
	\$	\$

Note 10. Trade and Other Payables

CURRENT		
Trade payables	736,921	255,162
Accruals and other payables	400,924	249,378
	1,137,845	504,540

	2019	2018
	\$	\$

Note 11. Make Good Provision

CURRENT		
Make good on premise	–	–
NON-CURRENT		
Make good on premise	35,916	–
	35,916	–

	2019	2018
	\$	\$
Note 12. Lease Liability		
CURRENT		
Lease Liability	1,049,044	–
NON-CURRENT		
Lease Liability	1,875,829	
	2,924,873	–
	2019	2018
	\$	\$
Note 13. Provisions		
CURRENT		
Employee benefits	154,102	189,759
NON-CURRENT		
Employee benefits	46,148	36,471
Aggregate employee benefits	200,250	226,230
a. Number of employees at year end	52	65
Note 14. Capital and leasing commitments		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments		
– Not later than one year	–	730,457
– Later than one year but not later than five years	–	870,112
	–	1,600,569

Note 15. Controlled entities

Australian Tax Research Foundation (ATRF)

The Institute took over administrative responsibility for the ATRF in 2002. Before 2009, the Institute did not exercise control over the ATRF and the ATRF continued to be run as an independent organisation with an independent board.

In late 2009, the Institute took over control of the ATRF and appointed new directors to the ATRF Board.

It is in the opinion of the Institute's directors that given the immateriality of the ATRF's operations, assets and liabilities, consolidating the ATRF into the Institute's results would not lead to more meaningful information being provided to the users of the Institute's Financial Report.

Note 16. Financial risk management objectives and policies

The Institute's principal financial instruments comprise receivables, payables, financial assets held at fair value through profit or loss, cash and short and long term deposits.

The main risks arising from the Institute's financial instruments are interest rate risk, price risk, credit risk and liquidity risk. The Institute uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

Recognised fair value measurements

i. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Tax Institute has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Note	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
At 31 December 2019					
Recurring fair value measurement					
Financial Assets					
Financial assets at FVTPL	6	3,718,542			3,718,542

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant

inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Note 17. Members' guarantee

The Institute is a company limited by guarantee. Every member of the Institute undertakes to contribute to the assets of the Institute in the event of its being wound up while he/she is a member or within one year afterwards for the payment of the debts and liabilities of the Institute contracted before he/she ceases to be a member and the costs, charges and expenses of winding up and for the adjustment of the rights of the contributors among themselves such amount as may be required not exceeding two dollars (\$2.00).

Note 18. Related party transactions

Key management personnel

2019	2018	Position
Giles Hurst	Giles Hurst (appointed 23/4/18)	Chief Executive Officer
Robert Deutsch	Robert Deutsch	Senior Tax Counsel
Alexandra Wilson	Alexandra Wilson	General Manager Knowledge & Learning
Sharon Kells	Sharon Kells	General Manager State Operations
Kerryn Divall	Kerryn Divall	General Manager Finance & Corporate Services
Linda Olofsson Daniel	Linda Olofsson Daniel (appointed 29/10/18)	Head of Marketing
Joanna Price	Joanna Price	General Manager, People and Business Solutions

Total Remuneration for key management personnel

	2019	2018
	\$	\$
CEO (including an at-risk component and payments on resignation)	464,280	261,642
Executive Interim Management Pty Ltd – Interim CEO	–	187,550
Other key management	1,264,179	1,639,593
Total remuneration	1,728,459	2,088,785

Directors' remuneration

The Directors of the Tax Institute are not remunerated. The 2019 President, Tim Neilson was from Greenwoods & Herbert Smith Freehills. Greenwoods & Herbert Smith Freehills received an amount of \$99,000 in 2019 for services rendered to the Institute. The 2018 President was Tracey Rens from Deloitte. Deloitte received an amount of \$99,770 in 2018 for services rendered to the Institute.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 19. Events after the reporting date

The COVID-19 pandemic continues to impact both communities and businesses throughout the world including Australia and the community where the Tax Institute operates. This pandemic will likely have a financial impact for the Institute in 2020 and beyond. The scale, timing and duration of the potential impacts on the Institute are unknown however, it is expected that there will be a reduction in revenue from membership and CPD events. The Directors and Management of the Tax Institute have formulated plans to address the COVID-19 threat through the implementation of on-line and digital initiatives and operating expense reductions.

Note 20. Contingent liabilities and contingent assets

As at 31 December 2019 there are guarantees provided by National Australia Bank of \$857,579 (2018: \$857,579) for the leases.

Other than the above, there are no contingent liabilities or contingent assets as at reporting date. (2018: Nil)

The company had no commitments for expenditure as at 31 December 2019. (2018: Nil)

Note 21. Company details

The registered office and principal place of business of the company is:

The Tax Institute
Level 37, 100 Miller Street
North Sydney, NSW 2060

Independent Auditor's Report to the Members of The Tax Institute

Opinion

We have audited the financial report of The Tax Institute ("the Institute"), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Institute is in accordance with the Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Institute's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

Emphasis of Matter – Material uncertainty on COVID-19 effects

We draw attention to Note 1 to the financial report, which describes the effects of the World Health Organisation's declaration of a global health emergency on 31 January 2020 relating to the spread of COVID 19. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the other information. The other information comprises the information contained in the Institute's Annual Report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Directors for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Institute or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Institute's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, 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 our 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' 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 Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.



Crowe Sydney



Suwarti Asmono

Partner

3 April 2020

Sydney

Contact details

Leadership Team

Giles Hurst	Chief Executive Officer
Bob Deutsch	Senior Tax Counsel
Alexandra Wilson	General Manager – Knowledge and Learning
Sharon Kells	General Manager – State Operations
Kerryn Divall	General Manager – Finance and Corporate Services
Linda Olofsson Daniel	Head of Marketing
Joanna Price	General Manager – People and Business Solutions

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