

# AustralianSuper's tax transparency report

Contribution to the global tax system

**FY23**

It's Australian.  
It's super.  
And it's yours.

## Introduction

AustralianSuper invests over \$316 billion on behalf of more than 3 million Australians<sup>1</sup> with the aim of helping our members achieve their best possible retirement outcomes.

We're a responsible global taxpayer, ensuring we pay our appropriate share of tax in jurisdictions in which we operate.

For the 2023 financial year (FY23), AustralianSuper paid approximately \$2.1 billion of income tax on behalf of our members in Australia. This makes AustralianSuper one of Australia's largest taxpayers. In addition, AustralianSuper pays taxes all over the world in respect of our global investments and operating activities.

AustralianSuper is pleased to publish this tax transparency report for its seventh year adopting the federal government's Voluntary Tax Transparency Code.

AustralianSuper recognises the importance of transparent disclosure and is pleased to provide our members and other interested parties with insight into:

- AustralianSuper's strategic tax objectives;
- AustralianSuper's approach to tax risk management and governance in support of these objectives; and
- the significant contribution that AustralianSuper and our members make to taxes paid in Australia and around the globe.

We regard the publication of this document as complying with any duty to publish a Tax Strategy in relation to UK taxation under Schedule 19 of the UK Finance Act 2016 for the financial year ending 30 June 2023.

### Australia's tax regime for superannuation funds

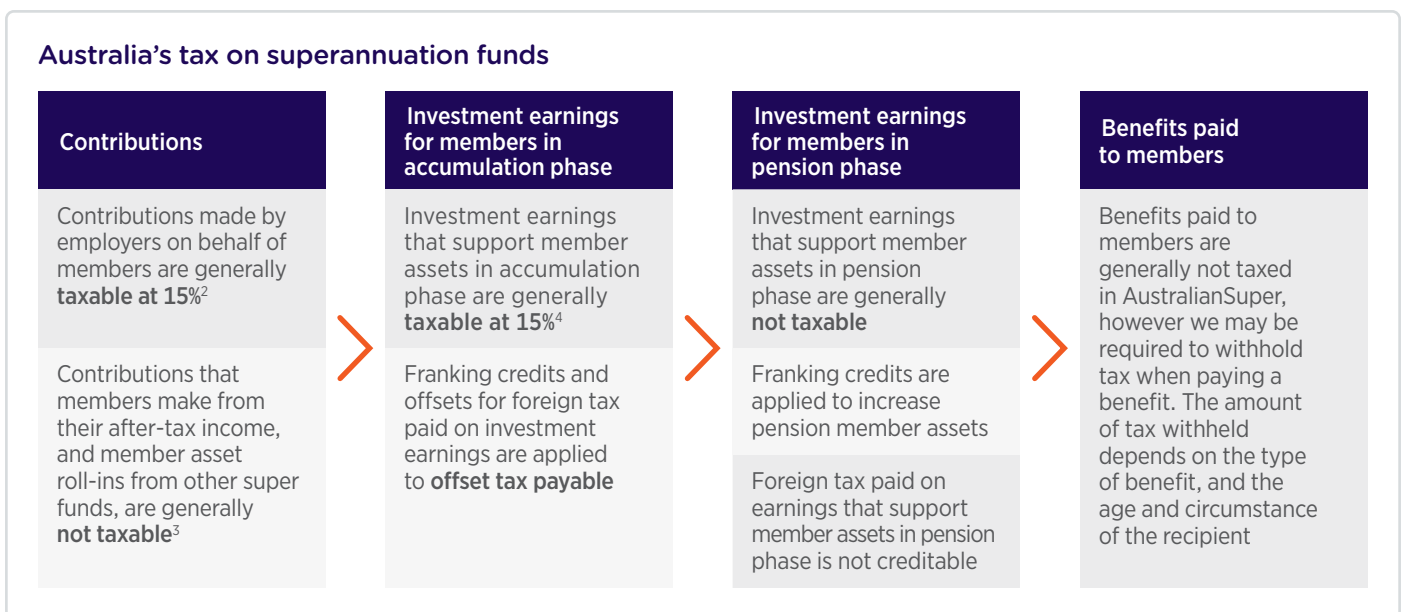
Superannuation is a long-term retirement savings system with a special tax regime that applies to Australian superannuation funds, including AustralianSuper.

The tax that Australian superannuation funds pay largely depends on the type of income generated and the retirement savings phase of members.

Like all superannuation funds, AustralianSuper is required to pay tax on:

- contributions that we receive from or on behalf of members;
- investment earnings that we generate for accumulation and Transition to Retirement members; and
- some benefits that we pay to members.

This has been summarised in the table below:



<sup>1</sup> Figures as at 31 December 2023.

<sup>2</sup> Members that earn over \$250,000 may be required to pay an additional 15% tax on their contributions, bringing their overall contribution tax rate to 30%. If members don't provide us with their TFN, their contributions are taxed at 47%.

<sup>3</sup> Member asset roll-ins from a source that has not previously been taxed in the previous fund will be taxed on transfer.

<sup>4</sup> Investment gains made on long-term capital assets are taxed at an effective rate of 10%.

## Strategic tax objectives and key tax principles

AustralianSuper's objective is to help members achieve their best possible retirement outcome, and our strategic tax objectives contribute to the pursuit of this goal.

AustralianSuper aims to ensure that it pays, on behalf of members, the right amount of tax that is due. This balances the requirements to:

- comply with regulatory requirements as a taxpayer in all markets (both domestic and offshore) in which AustralianSuper invests; and
- maximise after-tax returns to members.

Achievement of this objective requires the Fund to maintain a high standard of integrity in managing its overall tax position. This means that AustralianSuper acts as a responsible taxpayer, is a good global corporate citizen, builds constructive relationships with tax authorities, and adopts tax positions that are sustainable over the long term for members.

Pursuit of this objective is achieved via adherence to the following key tax principles:

- AustralianSuper has close regard to appropriate available guidance established by tax authorities and international organisations such as the OECD;
- AustralianSuper fosters an open, honest and collaborative approach with all tax authorities, and does not tolerate any practices that rely on secrecy or concealment of any information from any tax authorities;
- AustralianSuper seeks to leverage its 'good standing' with revenue authorities and policy makers to influence positive tax settings that benefit members;
- AustralianSuper strives to comply with both the letter and 'spirit' of tax laws in all jurisdictions in which it invests;
- AustralianSuper does not transact or structure in a way that produces tax results that are inconsistent with the underlying economic consequences of the relevant transaction, unless there is specific legislation designed to provide such a result; and
- AustralianSuper makes timely payment of all required tax liabilities.

## Tax risk management and governance

AustralianSuper has an established Tax Risk Management and Governance Framework that sets out the Fund's approach in pursuing our strategic tax objectives in accordance with our key tax principles.

The Tax Risk Management and Governance Framework is documented, approved and overseen by the AustralianSuper Board level Finance and Audit Committee (FAC), is in accordance with Australian Tax Office (ATO) public guidance and has regard to guidance issued by international organisations such as the OECD.

Our approach applies across all of our Australian and global operations and to our international offices.

AustralianSuper continues to maintain the highest partnering level rating of the ATO's tailored approach to engaging with taxpayers under the 'Action Differentiation Framework'.

In AustralianSuper's Action Differentiation Framework letter (issued by the ATO on 5 December 2023), the ATO stated: "**... we continue to have a good level of confidence that your Fund continues to pay the right amount of income tax ...**"

AustralianSuper is part of the ATO's 'Justified Trust' program for Australia's largest Top 100 taxpayers. As part of this program, the ATO seeks to obtain a greater level of assurance that taxpayers are paying the 'right amount of tax' in accordance with the tax laws. The ATO issued AustralianSuper its most recent 2021 Tax Assurance Report in FY2024 and continues to maintain a provisional high rating of assurance with the ATO.

AustralianSuper's approach to tax risk management and governance is consistent with its broader risk management approach and is summarised in the below diagram. This Framework applies to all taxes including indirect taxes (such as GST and VAT) and duties (such as stamp duties).

AustralianSuper's approach to tax risk management in accordance with this Framework is determined by having appropriate regard to the size and materiality of the relevant taxes, as well as to the potential impacts on AustralianSuper's reputation and its relationships with tax authorities.

## The level of risk AustralianSuper is prepared to accept for taxation

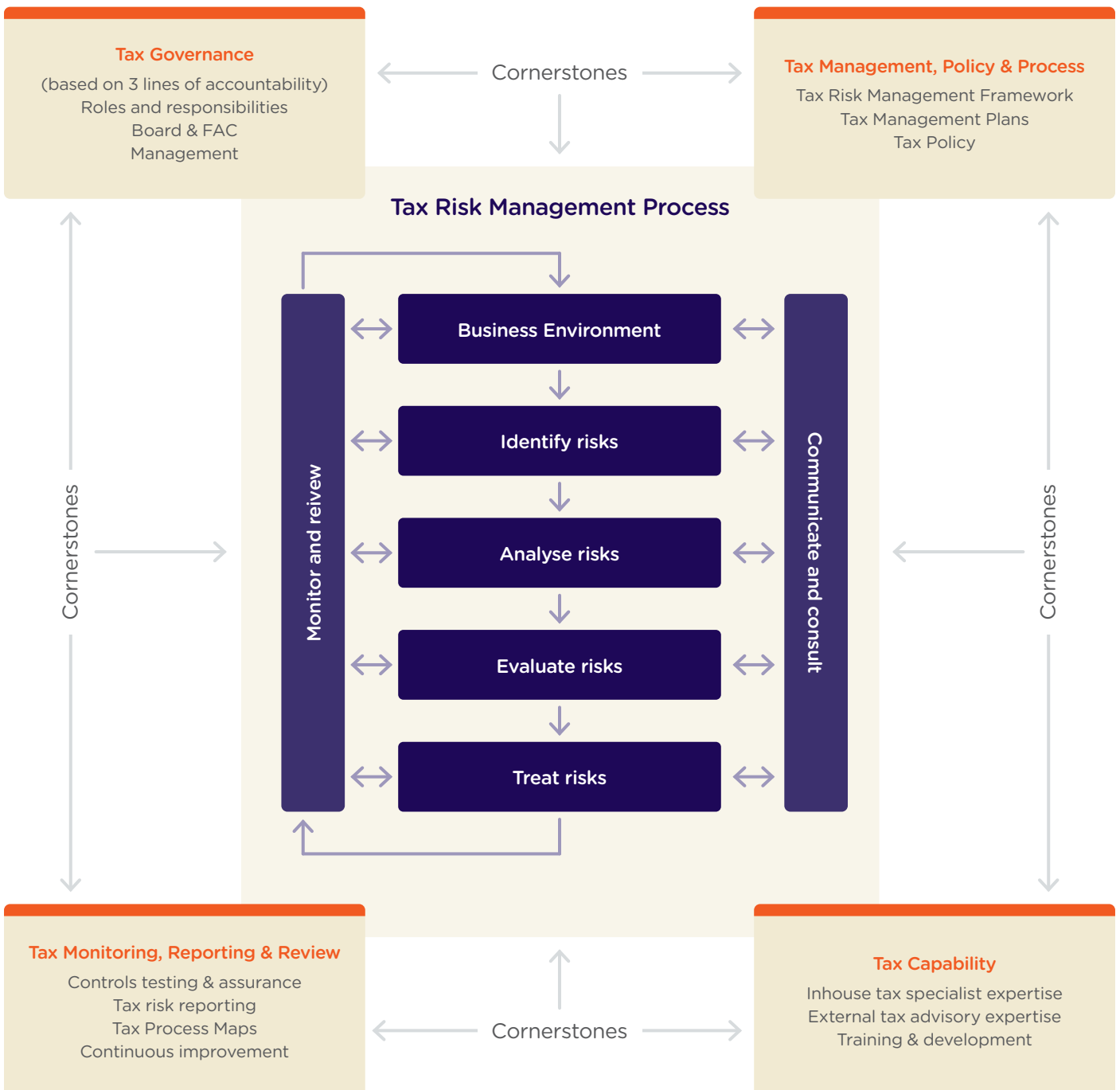
AustralianSuper's Enterprise Tax Plan (the ETP), Tax Risk Appetite Statement (the TRAS) are key elements in formally setting and articulating the Fund's tax objectives and the degree of risk it is prepared to accept in pursuing these objectives.

The ETP and TRAS applies across the whole of AustralianSuper, including its wholly owned Separate Legal Entities and international offices.

AustralianSuper's TRAS guides our approach to tax risk management, acknowledging that taking considered tax risks is an inherent part of helping

members achieve their best financial position in retirement. This is consistent with the Fund's approach to key Enterprise Risks adopted by the Fund's Enterprise Risk Management Framework.

AustralianSuper manages and measures tax risks against a matrix of Key Tax Risk Indicators. Tolerance levels set the escalation requirements, as well as a tolerance for tax risks AustralianSuper is willing to accept identified against those Key Tax Risk Indicators.



## Global investments

AustralianSuper invests globally to diversify investments across a broad range of assets and geographies to achieve the best possible returns for members. We pay tax in accordance with the tax rates and tax laws in the foreign countries in which we hold investments.

Our global investments include interests in listed and unlisted equities, real assets, cash and fixed interest securities.

In order to access global unlisted assets, AustralianSuper often invests into pooled entities to access investments that might otherwise not be available if investing alone.

Some of AustralianSuper’s global pooled entities are located in low or no tax countries. There are a variety of commercial and legal reasons for this and from a tax perspective these pooling locations generally mean that investors don’t unnecessarily pay tax twice on the same income earned.

For AustralianSuper, this means that tax is paid where the global investments are located, and in Australia where all of our income is returned and is subject to tax with offsets for eligible foreign tax paid.

We apply the same approach to tax governance regarding compliance with both Australian and international tax laws across both Australian and global investments.

As a global investor, AustralianSuper indirectly pays foreign tax on income earned by the foreign companies that it invests in. AustralianSuper also directly pays foreign tax, predominantly on interest and dividend income earned from its foreign investments. A summary of the direct foreign tax paid by AustralianSuper for FY23 appears in the table below.

| Region       | \$(m)      |
|--------------|------------|
| Americas     | 71         |
| Europe       | 57         |
| Asia         | 32         |
| Other*       | 68         |
| <b>Total</b> | <b>228</b> |

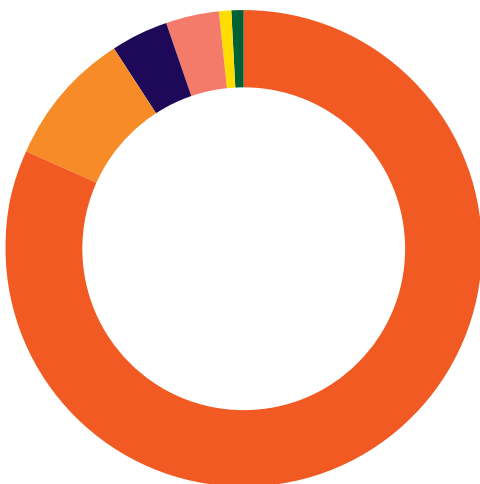
\* Relates to receipts from external trust distributions.

In addition to our eight office locations in Australia, AustralianSuper also has offices in London, New York and Beijing which operate to help support AustralianSuper’s global investment activities. Investment support activities that are performed for the Fund by our international offices are provided in accordance with the requirements of the tax laws and tax authorities of both Australia and those foreign countries.

## FY23 tax payments

AustralianSuper pays a range of different taxes to the Australian state, territory and federal governments each year. The chart below summarises the taxes that AustralianSuper paid for FY23, and also the factors that influence the amount of those taxes paid.

**AustralianSuper tax paid FY23**  
\$(m)



| Tax                        | FY23 \$(m)   | Amount of tax paid is driven by:                        |
|----------------------------|--------------|---|
| Income tax                 | 2,058        | Contributions and investment returns                    |
| Direct foreign taxes       | 228          | Foreign investment returns                              |
| Withholding tax (benefits) | 101          | Benefit payments to members (borne directly by members) |
| Withholding tax (salaries) | 93           | Employee salaries (borne directly by employees)         |
| GST                        | 17           | Acquisition of goods and services                       |
| Employment taxes           | 18           | Employee salaries and benefits                          |
| <b>Total</b>               | <b>2,515</b> |   |

All taxes above are Australian taxes other than direct foreign taxes.

## FY23 income tax expense

Income tax expense is calculated using accounting principles and is included in our financial statements, published on our website. The accounting standards for superannuation funds require that income from investing activities be shown separately to member related activities. This is shown in the table below.

As a superannuation fund, our taxable income is taxed at 15%, however some income that is included as income for accounting purposes is not included in income for tax purposes. For example, investment earnings that support member assets in pension phase are exempt from tax, and long-term capital gains are allowed a one-third capital gains tax discount (an effective tax rate of 10%). Most transfers of member balances into AustralianSuper from other superannuation funds are also not taxable.

The Australian tax law also allows tax offsets (for example, for foreign tax and franking credits that reflect that tax has already been paid) which apply to offset our tax payable.

This means that our income tax expense is lower than 15% of our accounting income. The table below reconciles the differences between our FY23 accounting income (at 15%) to our income tax expense.

The actual income tax that AustralianSuper pays each year is different to the amount of income tax expense shown in AustralianSuper's financial statements each year.

This is largely due to the income tax expense including a provision for tax on items which are assessable or deductible for tax purposes in a different year. For example, unrealised market value movements on investments are recognised for accounting income each year but are only taken into account for tax purposes when we sell those investments.

The below table shows the difference between the amount of income tax expense in our financial statements, compared to the income tax that we paid for FY23.

| FY23 reconciliation of accounting income to income tax expense (\$m)                                     | Income statement | Change in members' benefits | Total         |
|--|------------------|-----------------------------|---------------|
| <b>Accounting income</b>   | <b>23,303</b>    | <b>34,606</b>               | <b>57,909</b> |
| Prima facie income tax expense (at the superannuation tax rate of 15%)                                   | 3,495            | 5,191                       | 8,686         |
| <b>Adjusted for tax effect of the following items:</b>   |                  |                             |               |
| Non-taxable member contributions   |                  | -520                        | -520          |
| Non-taxable transfers in from other superannuation funds   |                  | -1,963                      | -1,963        |
| Tax deductible Group Life insurance premiums   |                  | -53                         | -53           |
| Capital gains tax concession and tax exempt capital gains  | -993             |                             | -993          |
| Tax exempt income supporting pension balances  | -370             |                             | -370          |
| Franking credits and foreign tax offsets   | -848             |                             | -848          |
| Other  | 2                | 3                           | 5             |
| Over-provision for tax in the prior year   | -142             |                             | -142          |
| <b>Income tax expense/(benefit)</b>  | <b>1,144</b>     | <b>2,658</b>                | <b>3,802</b>  |
| Effective rate of income tax expense (after adjustment for amounts which are not deductible/not taxable) | 4.9%             | 7.7%                        | 6.6%          |

| FY23 reconciliation of income tax expense to income tax paid (\$m) | Income statement | Change in members' benefits | Total        |
|--|------------------|-----------------------------|--------------|
| Income tax expense/(benefit)                                       | 1,144            | 2,658                       | 3,802        |
| Over-provision for tax in the current year <sup>1</sup>            | -72              |                             | -72          |
| Net unrealised investment losses                                   | -1,813           |                             | -1,813       |
| Accrued income and expenses  | -2               |                             | -2           |
| Other  | 1                |                             | 1            |
| Impact of over-provision for tax in the prior year                 | 142              |                             | 142          |
| <b>Income tax paid/(refund) for 2023</b>                           | <b>-600</b>      | <b>2,658</b>                | <b>2,058</b> |

<sup>1</sup> For FY23, this largely relates to information received in relation to the tax components of trust distributions received after the completion of the Fund's financial statements and notices provided by members relating to personal contributions.

## AustralianSuper's trustee

AustralianSuper Pty Ltd is the corporate trustee of AustralianSuper (the Fund). As trustee, AustralianSuper Pty Ltd provides trustee services to AustralianSuper and in doing so incurs operating costs in fulfilling its trustee obligations. AustralianSuper Pty Ltd recovers those operating costs through charging a trustee services fee to AustralianSuper.

From 1 January 2022, AustralianSuper Pty Ltd also charges a trustee risk reserve fee to AustralianSuper as AustralianSuper Pty Ltd is required to separately hold assets in reserve from AustralianSuper as required under the SIS Act. These changes to the SIS Act extended existing indemnification prohibitions to prevent trustees and directors from accessing members' assets held in superannuation funds to pay criminal, civil or administrative penalties incurred in breach of Commonwealth laws.

In FY23, AustralianSuper Pty Ltd's trustee fee income and trustee risk reserve income were \$30 million, and its operating costs were \$6 million (resulting in a net accounting income for FY23 of \$24 million). AustralianSuper Pty Ltd made payments of tax to the ATO of \$7 million for FY23.

# We're here to help

Call **1300 300 273**

8am to 8pm AEST/AEDT weekdays

Visit **[australiansuper.com](https://australiansuper.com)**

This document has been prepared and issued in June 2024 by AustralianSuper Pty Ltd ABN 94 006 457 987 AFSL 233788, Trustee of AustralianSuper ABN 65 714 394 898 and may contain general financial advice that does not take into account your personal objectives, financial situation or needs. Before making a decision consider if the information is right for you and read the relevant Product Disclosure Statement, available at **[australiansuper.com/pds](https://australiansuper.com/pds)** or by calling **1300 300 273**. A Target Market Determination (TMD) is a document that outlines the target market a product has been designed for. Find the TMDs at **[australiansuper.com/tmd](https://australiansuper.com/tmd)**

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