

2023 Voluntary Tax Transparency Report

Tax Strategy and Governance

Our Business

We started life in 1957 as the CSIRO Co-operative Credit Society. From there we joined with 71 other credit unions and co-operatives to become Australia's first customer-owned bank in 2011. In 2015 we changed our name to Bank Australia (the Company).

Our Culture

Through engagement with customers and staff using a human-centred design approach, the bank has adopted a set of values more closely aligned to the values of our customers and employees.

Honesty and Integrity

Walk the talk

Future and Generational Thinking

Enrich the future

Care and Empathy

Nurture people

Authenticity and Transparency

Be true to yourself and clear to others

Belonging and Community

Build togetherness and shared purpose

Our Approach to Tax

Bank Australia implements its Tax Strategy and Governance approach through its Tax Policy. This Policy is approved by the Board and is in line with the Company's Risk Management Framework.

As part of our Tax Policy, we maintain a Tax Risk Management and Governance Framework which covers: *code of practice, roles and responsibilities, reporting requirements, policies and procedures, approach to significant and material transactions, internal controls and record keeping and control monitoring and testing.*

The Tax Policy states that the Company will act ethically and responsibly in its management of tax requirements, and will maintain an open and transparent relationship with revenue authorities.

In ensuring an ethical and responsible approach, the Company has no appetite for any transaction that is motivated by the avoidance of tax. In the event of doubt regarding application of tax law, the Company will engage with revenue authorities and seek appropriate tax advice.

In supporting an open and transparent relationship, the Company's commitment to revenue authorities is to ensure compliance with laws and regulations and to behave in a way that maintains trust. In doing this, commitment has been made to complete Voluntary Tax Transparency Reporting.

International Related Party Dealings

Bank Australia is a 100% customer-owned bank, with operations only in Australia, it has no international related party details.

Tax Contribution Paid

The following chart illustrates the Company's tax contributions paid to Australian tax authorities for the financial year ended 30 June 2023.

Tax Item	The Company 2023 \$m	The Company 2022 \$m
Corporate income tax	40.1	19.2
Employer Payroll Tax/ Other Taxes (including Land Tax and FBT)	3.4	2.3
Employer PAYG withheld	15.1	11.6
GST not recovered	4.1	3.8

Reconciliation of accounting profit to tax expense and income tax payable and effective tax rate (ETR)

	The Company 2023 \$m	The Company 2022 \$m
Profit before income tax (PBT)	86.7	50.8
Prima Facie income tax expense based on local statutory tax rate	26.0	15.2
Permanent differences		
Dividends – franking credits	(0.5)	(2.2)
Other assessable income	(3.2)	3.4
Under/(over) provision of income tax in prior years	0.3	–
Income tax expense relating to current year liability	22.6	16.4
Temporary differences (movement)		
Provision for impaired loans	–	0.3
Other provisions	0.4	0.4
Property, plant and equipment & leases	(0.5)	(0.2)
Derivative financial instruments	1.7	2.2
Other	(2.1)	–
Under/(over) provision of income tax in prior years	(0.3)	–
Total temporary differences (movement)	(0.9)	2.7
Other adjustments impacting current tax payable	–	–
Current year income tax payable from continuing operations	21.8	19.1
Total income tax expense (ITE)		
Income tax expense relating to current year liability	22.6	16.4
Prior year adjustments to amounts provided	–	–
Other	–	–
Total income tax expense from continuing operations	22.6	16.4
Effective tax rate (ITE/PBT)	26%	32%
Statutory tax rate	30%	30%

In FY22, the Company's effective tax rate was 32%, which partially reversed in FY23. This was caused by a timing difference related to the tax payable on the gain on sale of ECS Unit Trust's leasing business, which was recognized in FY22, and the subsequent distribution of the gain on sale which was recognized in FY23.

Reconciliation of taxes payable

	The Company 2023 \$m	The Company 2022 \$m
Tax payable / (refundable) at the beginning of the period	8.5	8.6
Prior period adjustments	(0.6)	–
Less: income taxes paid during the year	(40.1)	(19.2)
Income tax payable for current financial year	21.8	19.1
Tax payable / (refundable) at the end of the period	(10.4)	8.5