

# 2022 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.

## Tax Contribution Summary

The following chart illustrates the Company's tax contributions to Australian tax authorities for the financial year ended 30 June 2022.

| Tax Item               | \$m  |
|------------------------|------|
| Corporate income tax   | 19.2 |
| Employer/payroll tax   | 2.3  |
| Employer PAYG withheld | 11.6 |
| GST not recovered      | 3.8  |

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

|   | The Company<br>2022 |
|---|---------------------|
|   | \$m                 |
| Profit before income tax (PBT)                                    | 50.8                |
| Prima Facie income tax expense based on local statutory tax rate  | 15.2                |
| <b>Permanent differences</b>                                      |                     |
| Dividends – franking credits                                      | (2.2)               |
| Other assessable income   | 3.4                 |
| <b>Income tax expense relating to current year liability</b>      | <b>16.4</b>         |
| <b>Temporary differences (movement)</b>                           |                     |
| Provision for impaired loans                                      | 0.3                 |
| Other provisions  | 0.4                 |
| Property, plant and equipment & leases                            | (0.2)               |
| Derivative financial instruments                                  | 2.2                 |
| Other   | –                   |
| <b>Total temporary differences (movement)</b>                     | <b>2.7</b>          |
| Other adjustments impacting current tax payable                   | –                   |
| <b>Current year income tax payable from continuing operations</b> | <b>19.1</b>         |
| <b>Total income tax expense (ITE)</b>                             |                     |
| Income tax expense relating to current year liability             | 16.4                |
| Prior year adjustments to amounts provided                        | –                   |
| Other   | –                   |
| <b>Total income tax expense from continuing operations</b>        | <b>16.4</b>         |
| Effective tax rate (ITE/PBT)                                      | 32%                 |
| Statutory tax rate  | 30%                 |

The Company's effective tax rate is greater than the statutory tax rate as the Company, being the beneficial owner of the ECS Unit Trust, incurs the income tax on the capital gain on the sale of the Kew land and building, which was sold by the ECS Unit Trust on 30 June 2022.

## Reconciliation of taxes payable

|  | The Company<br>2022 |
|--|---------------------|
|  | \$m                 |
| Tax payable / (refundable) as at 30 June 2021              | 8.6                 |
| Prior period adjustments                                   | –                   |
| Income tax paid during the year                            | (19.2)              |
| Income tax payable for current financial year              | 19.1                |
| <b>Total tax payable / (refundable) as at 30 June 2022</b> | <b>8.5</b>          |