



Tax Transparency Report

2024

Message from the Chief Financial Officer

I am pleased to present Australian Unity Limited's (Australian Unity) Tax Transparency Report for the financial year ended 30 June 2024, which details our tax profile, tax contributions and how we manage our tax obligations.

During the year under review, the global economy maintained its recovery from the COVID-19 pandemic while domestically, higher interest rates persisted with inflation continuing to trend down towards the target band, though progress was slower than expected.

As Australia's first wellbeing company, we are proud of the impact our business operations have on the communities and the social value of those we serve. This year we have focused our efforts on strategic transformation to ensure we are best placed to deliver our health, wealth and care products for today and the generations to come.

We are pleased to be a signatory to the Australian Board of Taxation voluntary Tax Transparency Code (TTC) and to use this annual Tax Transparency Report as an additional opportunity for transparency and sharing information with our stakeholders.

This report shows that the Australian Unity Consolidated Group paid \$39.9 million of taxes and \$143.7 million of taxes were collected and remitted.



Darren Mann
Group Executive Finance & Strategy
and Chief Financial Officer

About Australian Unity

Established in 1840, we are Australia's first wellbeing company, delivering health, wealth and care services for our members and the community.

As a social enterprise, we're motivated by our purpose to positively impact the wellbeing of millions. We reinvest profits to deliver products and services sustainably that matter most to our members, customers and the Australian community.

For us, Real Wellbeing encompasses the whole experience of life. It's about feeling supported in your health, connected with your community and empowered to live life on your terms.

Australian Unity's Tax Profile

Australian Unity is a company limited by shares and guarantee, however, no ordinary shares have been issued. In 2019, Australian Unity made the necessary amendments to its constitution to allow for the issue of mutual capital instruments (MCI), a perpetual instrument that mutuals can issue. Australian Unity has issued MCIs in three tranches: \$120 million MCIs on 24 December 2020, \$230.1 million MCIs on 3 November 2021 and a further \$118.7 million MCIs on 28 June 2024. The holders of Australian Unity MCIs are expected to receive fully franked fixed rate dividend payments semi-annually, noting that payment of dividends is within the Australian Unity board's discretion. The first MCI dividend was paid on 15 April 2021.

Australian Unity and its wholly owned Australian controlled entities have formed a Tax Consolidated Group. As a mutual, while maintaining our purpose to help people thrive, we are subject to taxation on our activities and gains derived from the investment portfolio held on behalf of our life insurance policyholders. Tax paid by Australian Unity on mutual benefit fund income that is derived from policyholders is not available to frank the dividends payable to holders of Australian Unity MCIs. However, tax paid on non-policyholder income will generate franking credits that are available to frank dividends payable to holders of the MCIs.

Our approach to tax

We take our tax obligations seriously. Our approach to tax is predicated on integrity and transparency, which are the overarching principles governing the Australian Unity Group Tax Risk Management Framework (Framework) endorsed by our Board. These principles also govern our tax governance, reporting and strategy.

Key elements of our approach to tax include:

- Complying with all applicable tax laws from Federal to State;
- Applying the highest standards of compliance to meet our obligations under tax legislation and a low tolerance for failing to comply with our taxation obligations;
- Adopting a balanced risk appetite to tax structuring on a range of transactions and activities across the enterprise; and
- Maintaining a professional and transparent relationship with the Australian Taxation Office on any review activities that are being undertaken and with early engagement on major transactions.

The General Manager of Taxation & Tax Counsel reports on the effectiveness of the design and operation of the Framework annually and escalates tax matters in accordance with the Framework to the Audit Committee.

The Australian Unity Tax Team embeds risk management in all of our critical business activities, functions, processes and systems through the following mechanisms:

- Risk assessments – we regularly assess known, new and emerging risks and if concerns are raised external advice is sought;
- Risk controls – we put controls in place over material risks, and periodically assess the design and operational effectiveness of those controls and rectify any deficiencies; and
- Reputational risk – we assess the materiality of a risk based on the degree of financial and non-financial impacts, including community, reputational and legal impacts.

We assess the tolerability of a tax-related risk based on a combination of residual risk and control effectiveness.

Income taxes disclosed in the Consolidated Financial Statements

Income taxes are disclosed at Note 8 to the Consolidated Financial Statements of Australian Unity's FY 2024 and FY 2023 Annual Reports. It sets out the reconciliation of accounting profit to income tax expense and contains income tax payable:

Reconciliation of income tax expense/(income) to prima facie tax payable	FY 2024*	FY 2023 (Restated)**	FY 2023 (Previous)
	\$'000	\$'000	\$'000
<i>(see Note 8(b) of Australian Unity's Consolidated Financial Statements)</i>			
Profit/(loss) before income tax from continuing operations	34,875	43,344	101,058
Less: Profit in benefit funds	(82,159)	(34,085)	(34,085)
Profit/(loss) before income tax and benefit funds	(47,284)	9,259	66,973
Profit/(loss) before income tax from discontinued operations	(1,740)	(12,560)	-
Profit/(loss) before income tax for the year	(49,024)	(3,301)	66,973
Tax at the Australian tax rate of 30%	(14,707)	(990)	20,092
Non-assessable income	(16,312)	(9,978)	(9,978)
Other assessable amounts	7	11	11
Non-deductible expenditure	7,198	3,287	3,287
Other deductible expenditure	(1,893)	(2,481)	(2,481)
Under/ (over) provision in prior years	680	1,554	1,554
Tax credits	493	711	711
Other adjustments	(1,749)	(3,001)	(3,001)
Tax in benefit funds	82,159	34,085	34,085
Income tax expense/(income)	55,876	23,198	44,280
Reconciliation of income tax expense/(income) to income tax payable/(recoverable)			
Income tax expense/(income)	55,876	23,198	44,280
Temporary differences: deferred tax	(75,296)	(73,530)	(73,621)
Adjustments for current tax of prior periods	6,251	6,467	6,558
Income tax payable/(recoverable)			
<i>(see current tax expense/(income) at Note 8(a) of Australian Unity's Consolidated Financial Statements)</i>	(13,169)	(43,865)	(22,783)

* On 28 March 2024, Australian Unity acquired 100% of the shares in *myHomeCare Group* (MHC). The figures in the table above include data relating to MHC for the three-month period immediately following the acquisition of MHC.

** Comparative financial information has been restated for FY 2023 as required by AASB 17. Further details are available in Australian Unity's FY 2024 annual report.

Further information in relation to the breakdown of Australian Unity's effective tax rate (ETR) is outlined in the section below. The key differences between Australian Unity's ETR of 169% per the Consolidated Financial Statements and the corporate tax rate of 30% for the FY 2024 can be attributed to the following key factors:

Items increasing Income Tax Expense and ETR

- **non-deductible expenditure:** attributed to expenditure and outgoings incurred on certain life insurance products issued before 1 January 2003 which are not subject to tax under the tax law, non-deductible expenses associated with various investments/divestments and non-deductible entertainment; and
- **tax in benefit funds:** attributed to the tax paid on returns from investments held on behalf of life insurance policyholders.

Items decreasing Income Tax Expense and ETR

- **non-assessable income:** attributed to the following:
 - management fee income on certain life insurance products issued before 1 January 2003 which are not subject to tax under the tax law;
 - receipt of loan amounts from residents on entering a retirement village which are non-assessable;
- **other deductible expenditure:** attributed to expenditure incurred for lease repayments to residents on leaving a retirement village; and
- **tax credits:** represents the franking credits receivable from external investments and foreign income tax offsets.

Effective tax rate

The ETR is calculated as income tax expense divided by accounting profit. For comparability, as required under the TTC guidance, prior year assessments and tax return under/overs are to be excluded. The ETR has increased significantly primarily due to the “tax in benefit funds” adjustment (as noted in the section above).

Effective Tax Rate	FY 2024	FY 2024	FY 2023	FY 2023	FY 2023	FY 2023
	\$'000	\$'000	(Restated)**	(Restated)**	(Previous)	(Previous)
	Per Annual Report	Adjustment for one-off	Per Annual Report	Per Adjustment for one-off	Per Annual Report	Adjustment for one-off
Income Tax Expense/(income) per Annual Report	55,876	55,876	23,198	23,198	44,280	44,280
Adjustments for over provision in prior years*	-	(680)	-	(1,554)	-	(1,554)
Income Tax Expense/(income) adjustment for one-off	-	55,196	-	21,644	-	42,726
Profit/(loss) before Income Tax	33,135	33,135	30,784	30,784	101,058	101,058
Effective Tax Rate %***	169%	167%	75%	70%	44%	42%

* Adjustments for over provision are primarily due to the differences between the income tax return and income tax provision.

** Comparative financial information has been restated for FY 2023 as required by AASB 17. Further details are available in Australian Unity's FY 2024 annual report.

*** This includes an ETR of 100% attributable to benefit fund policyholders, where both the income tax expense and profit before tax relating to the benefit fund policyholders are \$82,159k for FY 2024, and \$34,085k for FY 2023, as shown in the reconciliation section above. The corporate group (excluding the benefit funds) reported an income tax income and accounting loss before tax, with tax payable (after tax offsets and credits) calculated to be nil for both FY 2024 and FY 2023 (restated). In accordance with the guidance in the AASB's *Draft Appendix to the Tax Transparency Code*, the ETR for the corporate group (excluding the benefit funds) would be nil for FY 2024 and FY 2023 (restated), and 15% for FY 2023 (prior to the restatement).

Australian Tax Return Information Published by the ATO

The ATO has published FY 2022 Australian tax information for large public companies (Australian public tax entities with total income of \$100 million or more) in January 2024. The following table of Australian Unity's FY 2022 tax return information was reported by the ATO.

Australian Unity Limited ABN: 23 087 648 888	FY 2022 Tax Return \$'000
Total Income	1,356,622
Taxable Income**	20,026
30% on taxable income	6,008
Foreign Tax Credits	(1,177)
Franking Credits	(10,497)
Income Tax Payable***	(5,666)

** Taxable income is calculated based on accounting profit (total income less total expenses) adjusted for allowable tax differences provided for under Australian income tax law.

*** Australian Unity's prima facie tax payable is 30% of taxable income, however a tax refundable position has resulted mainly due to franking credits received. The estimated tax payable of \$1.9m per the FY 2022 tax provision as disclosed in the 2022 annual report differs from the final tax refundable (\$5.6m) per Australian Unity's 2022 lodged consolidated income tax return due to the offsets as detailed above and over/under provision adjustments.

Total tax contribution summary

The following tables and chart provide a summary of Australian Unity's contribution to the Australian tax system (both Federal and State taxes) in FY 2024 and FY 2023. With the exception of fringe benefits tax and stamp duty, the figures in the tables below include data relating to MHC for the three-month period immediately following the acquisition of MHC on 28 March 2024.

Total taxes borne by Australian Unity	2024 \$'000s	2023 \$'000s
Corporate income tax [†]	0	0 ^{††}
Employer - payroll tax ^{†††}	36,381	29,751
Non recoverable GST ^{††††}	3,204	3,219
Fringe benefits tax	372	454
Total	38,896	33,424^{††}

[†] As per tax provision at 30 June. Australian Unity is in a tax refundable position in FY 2024 due to refundable franking credits and accordingly, an estimated nil tax payable (after tax offsets and credits) has been disclosed for the AUL tax consolidated group.

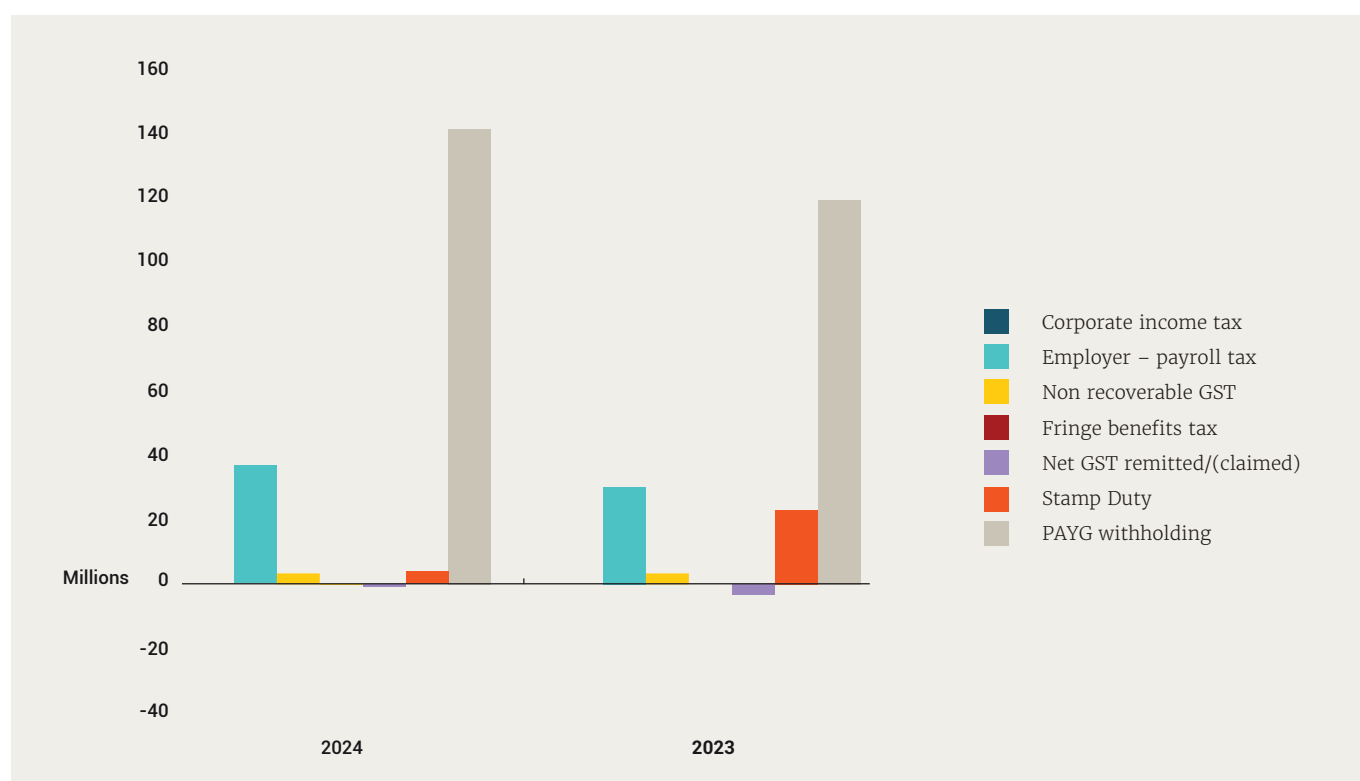
^{††} The FY 2023 amount relating to corporate income tax paid by Australian Unity has been restated to nil (previously disclosed as negative \$22,783,000 in the 2023 tax transparency report) for consistency with the tax refundable position disclosed in FY2024, and the restatement has no impact on Australian Unity's statutory obligations reported. The total corresponding taxes paid by the Australian Unity group in FY 2023 has consequently been updated from \$10,641,000 to \$33,424,000 as a result of this restatement.

^{†††} Our operations employ approximately 9,500 employees. This includes 1,590 MHC employees who joined Australian Unity in March 2024.

^{††††} This amount represents the GST paid by Australian Unity in relation to making input taxed supplies (i.e. financial supplies and retirement village accommodation) that are not recoverable from the ATO.

Total taxes collected and remitted by Australian Unity	2024 \$'000s	2023 \$'000s
GST collected	44,800	39,110
GST claimed	(45,524)	(42,982)
Net GST remitted/(claimed)	(724)	(3,872)
Stamp Duty [†]	3,825	22,867
PAYG withholding	140,605	118,783
Total	143,706	137,778

[†] Majority of stamp duty paid relates to the purchasing and selling of properties by Australian Unity funds.



This report should be read in conjunction with the Australian Unity 2024 Annual Report:
australianunity.com.au/companyperformance

For Real Wellbeing Since 1840

T 13 29 39

E memberrelations@australianunity.com.au

W australianunity.com.au

271 Spring Street
Melbourne VIC 3000

Australian Unity Limited ABN 23 087 648 888