

SUNCORP



**Building futures and
protecting what matters**

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Message from the Group Chief Financial Officer

In a year where we faced the largest weather event in Suncorp's 100-plus year history, the Eastern Australia floods, our purpose of building futures and protecting what matters has never been more relevant. In line with our purpose, we recognise the importance of accountability through full transparency about our tax payments and policies.

Our 2022 Tax Transparency Report details our approach to tax strategy and contributions made by Suncorp in Australia and New Zealand for the financial year ended 30 June 2022. Suncorp proudly affirms the information disclosed in this report meets the requirements of the Australian Board of Taxation's voluntary Tax Transparency Code, which we adopted in 2016.

This report is part of our corporate commitment to being open and transparent with our stakeholders and compliance with taxation obligations in the various jurisdictions we operate in both domestically and internationally. It also recognises our commitment to contributing fairly to the communities that we operate in and operating within Suncorp's governance parameters.



JEREMY ROBSON
GROUP CHIEF FINANCIAL OFFICER

About Suncorp Group

Suncorp Group offers insurance and banking products and services through some of Australia's and New Zealand's most recognisable brands. With heritage dating back to 1902, we have grown to become an ASX-listed company with more than 13,000 people and \$110 billion in assets as at 31 December 2022. Suncorp Group comprises three core businesses, each empowered to deliver for their customers.

Following a comprehensive strategic review, on 18 July 2022, we announced a share sale and purchase agreement with Australia and New Zealand Banking Group Limited (**ANZ**), to sell our banking business. The transaction is subject to a range of regulatory and government approvals. The targeted timeframe for completion is the second half of the calendar year 2023. Until this time we will continue to own and run the Bank.

Suncorp tax strategy

Suncorp's tax strategy is to support sustainable returns to shareholders and to contribute to the community through the payment of taxes, while complying with revenue laws and operating within Suncorp's governance parameters.



Sustainable returns



Contribute to the community
through the payment of taxes



Compliance with
revenue laws



Operating within Suncorp's
governance framework

Basis of preparation

The information provided in this report has been sourced from a combination of lodged income tax returns, financial records, audited financial statements, payroll data and other tax lodgements for Australia and New Zealand.

All data, unless otherwise stated, has been prepared for the year 1 July 2021 to 30 June 2022. Data that relates to taxes paid or collected are reported on an accruals/incurred basis referable to the relevant period.

Total tax contribution data in this report is included only for Suncorp Group Limited and its 100 per cent-owned subsidiaries. However, taxes borne and collected by companies within Suncorp Group that are non wholly-owned subsidiaries are excluded from this report.¹

All payments are reported in Australian dollars, which is Suncorp

Group's functional and presentation currency. Payments included in this report have been rounded to the nearest million dollars (\$m). However, payments included in the "State and Territory taxes paid" chart on page 8 and the tax contribution charts on page 9 have been rounded to the nearest one-tenth of a million dollars.

Where relevant, any tax payments have been translated from the applicable local currency to Australian dollars at the average exchange rate for the 2022 financial year. Suncorp's exchange rates are calculated from rates published by the Reserve Bank of Australia.

Income tax expense and income tax payable data was sourced from Suncorp's 2022 Financial Statements. Suncorp's 2022 Financial Statements were prepared in accordance with the

requirements of the Corporations Act 2001 (Cth), accounting standards, and interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS).

Income tax paid data for Australia was sourced from the Suncorp Group Limited income tax consolidated group's 2022 income tax return and prior year income tax return amendments (where applicable).

New Zealand income tax payable data included on page 9 of this report is included for Suncorp's New Zealand subsidiaries on the basis of provisional calculations for those entities' 2022 income tax returns (not due for lodgement in New Zealand at the time of publishing this report).

A glossary of definitions is provided at [page 14](#) of this report.

¹ With the exception of 68%-owned AA Insurance Limited in New Zealand.



Tax governance

Suncorp has a low tolerance for tax risk, in line with the group's Risk Appetite Statement (RAS), which mandates for balanced and considered risk to achieve business objectives.

The RAS also requires the identification of tax risks, and determination of risk targets and tolerable risk levels. All business decisions, including those relating to tax, are made in accordance with these principles.

Suncorp's Tax Risk Management and Governance Standard was prepared with reference to the Australian Tax Office's best practice framework.

The standard has been endorsed by the Suncorp Board Audit Committee.

The purpose of the Tax Risk Management and Governance Standard is to set out processes, roles, responsibilities, and accountabilities to ensure a consistent and compliant approach to all tax matters across Suncorp.

The Suncorp Board is committed to conducting Suncorp's business in accordance with high standards of corporate governance.

Responsibility for Suncorp's tax strategy sits with the Board and management. The Board oversees and reviews tax risks, tax compliance and reporting obligations.

Management operationalises tax strategy and manages significant tax matters and risks on a day-to-day basis.

Suncorp ensures its tax processes, systems, and controls are robust. Suncorp has controls to test the integrity of tax data, a strong focus on technology to support tax compliance, and carries out regular tax due diligence and verification processes.

Formal risk management procedures incorporating tax include the following:

- Enterprise Risk Management Framework.
- Risk Appetite Statement.
- Corporate Governance Statement.
- Tax guidelines relating to taxes, tax concessions and relationships with regulators.
- Tax Risk Management and Governance Standard.
- Significant Transaction Identification and Tax Risk Escalation Guideline.
- Quarterly tax compliance papers submitted to the Board Audit Committee.

These formal mechanisms are complemented by informal, day-to-day procedures to manage tax risk. These include management obligations to:

- provide an appropriately resourced tax function with experienced professionals who manage tax risks through regular tax reporting and associated internal controls,
- implement mechanisms to measure significant transactions, materiality, and risk,
- provide tax engagement protocols,
- engage external tax advisors where necessary and adhere to Suncorp's group-wide governance policies, and
- obtain tax rulings from the relevant regulators on complex or uncertain areas of the law.

Relationships with regulators

Suncorp values positive and co-operative relationships with all revenue authorities, including the Australian Tax Office (**ATO**) and New Zealand Inland Revenue (**IR**).

Suncorp has been at the forefront of tax transparency with the ATO, as one of the first adopters of an Annual Compliance Arrangement (**ACA**) in 2011. Suncorp's ACA is a transparent and co-operative tax arrangement with the ATO, where material tax risks are disclosed to the ATO in real time and Suncorp collaborates with the ATO to manage these risks in an effective and timely manner.

Suncorp is committed to applying tax legislation within the spirit and policy intent of the law and regulations.

The ATO completed an income tax assurance review as part of the ACA and Suncorp obtained high assurance, the highest possible assurance rating, for the 2018 income year. The ATO completed an ACA for the 2019 and 2020 years where high assurance was maintained.

The assurance rating means that the ATO obtained sufficient objective evidence to conclude that Suncorp had paid the correct amount of income tax.

The review focused on the following four key areas:

- understanding Suncorp's tax governance framework,
- identifying tax risks flagged to the market,
- understanding significant and new transactions, and
- understanding why tax and accounting results vary.

The ATO will reassess this rating as part of its 2021 ACA review which is ongoing at the time of preparation of this report.

For further information on Justified Trust, please refer to the ATO's website, [Justified Trust | Australian Taxation Office \(ato.gov.au\)](https://www.ato.gov.au/Justified-Trust)

In New Zealand, the IR fully supports the **Guidance on tax control frameworks** released by the OECD's Forum on Tax Administration. Suncorp ensures our tax processes, systems and controls are effective, and the right amount of tax is paid in each jurisdiction in which Suncorp operates. This is consistent with the ATO's Justified Trust concepts and the OECD recommendations for responsible business conduct.



Effective tax rates

Suncorp's global effective tax rate for 2022 of 16.5% (2021: 30.6%) is significantly below the Australian corporate tax rate of 30% due to the tax benefit on recognition and utilisation of increased capital losses on the sale of the Australian Life Business in 2019. The tax benefit has been recovered against prior year and current year capital gains and is the most significant

single factor contributing to the calculation difference between accounting profit and taxable income. Suncorp's effective tax rates in Australia and New Zealand (NZ) for 2022 and 2021 are shown in the following table:

EFFECTIVE TAX RATES

	2022	2021
Suncorp's global effective tax rate (%)	16.5	30.6
Suncorp's Australian effective tax rate (%)	12.1	31.2
Suncorp's NZ effective tax rate (%)	29.3	27.8

Tax collections and contributions

Suncorp collects and pays other taxes in addition to corporate income tax, such as Goods and Services Tax (GST) and Fringe Benefits Tax (FBT). Refer to the Glossary on page 14 for definitions of these taxes. Suncorp also collects and pays Australian State/Territory payroll taxes, duties and levies including the

NSW Emergency Services Levy (ESL), the Tasmania fire service levy (FSL), insurance duty, and the Victoria mental health and wellbeing surcharge.

In NZ, Suncorp also collects the Earthquake Commission levy and fire service levy.

Suncorp customers and Suncorp employees pay GST and withholding

taxes which apply to Suncorp's business activities. In addition to insurance duties and levies, Suncorp is responsible for the collection and remittance of GST and withholding taxes to the relevant revenue authorities. Suncorp's total tax contribution for the financial year ended 30 June 2022 is summarised on page 9.²

² New Zealand taxes collected and paid are represented in AUD.

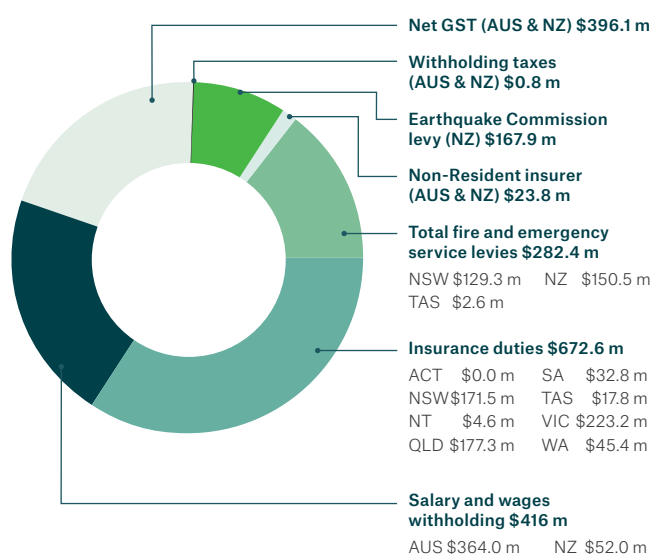
STATE AND TERRITORY TAXES PAID



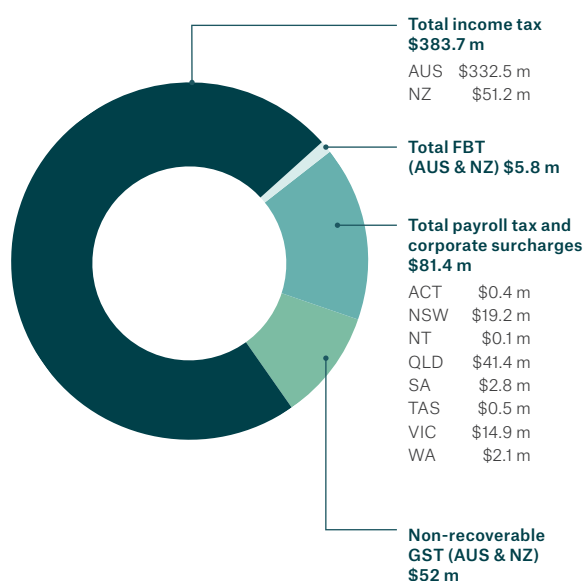
Total tax contribution summary

	2022 Australia (\$m - AUD)	2022 New Zealand (\$m - AUD)	2022 Total (\$m - AUD)
Taxes collected on behalf of others			
Insurance duties and levies	805	319	1,124
Employee withholding (PAYG/PAYE)	364	52	416
Net GST paid ³	287	109	396
Other withholding taxes	17	7	24
	1,473	487	1,960
Taxes borne by Suncorp			
Corporate income tax	333	51	384
Fringe benefits tax, payroll tax and corporate surcharges	84	3	87
Non-recoverable GST ⁴	51	1	52
	468	55	523
Total tax contribution	1,941	542	2,483

TAXES COLLECTED ON BEHALF OF OTHERS \$1,960 M



TAXES BORNE BY SUNCORP \$523 M



³ Includes input tax credits claimed during the 2022 financial year attributable to prior financial years, to the extent credits were claimed through the monthly BAS process.

⁴ The disclosed Non-recoverable GST amount for NZ is for the year ended 30 June 2021 as the amount referable to FY22 has not been finalised prior to the publication of this report.

Company tax position

Across Australia and New Zealand, Suncorp operates as three core businesses: Insurance Australia, Banking and Suncorp New Zealand. These businesses are subject to a range of tax regimes and statutory tax rates.

In Australia, Suncorp Group Limited and its wholly-owned Australian subsidiaries have elected to be taxed as an income tax consolidated group (the **Suncorp TCG**). All members of the Suncorp TCG are taxed as one single entity, at the Australian corporate tax rate of 30 per cent.

In New Zealand, there is an income tax consolidated group and standalone company taxpayers, all of whom are

taxed at the New Zealand corporate tax rate of 28 per cent.

Suncorp is also required to lodge corporate "as agent" tax returns in respect of insurance premiums paid to non-resident insurers and reinsurers. This requires Suncorp to withhold tax based on ten per cent of the total premiums paid to non-resident insurers and reinsurers, calculated at the relevant corporate tax rate.

In Australia, AAI Limited lodges an income tax return in Australia as agent for non-resident insurers. Similarly, Vero Insurance New Zealand Limited and VL Limited also lodge separate income tax returns in New Zealand as agents of non-resident insurers.

Suncorp Group Limited is the GST group representative of the Suncorp GST group in Australia, under which all members are treated as a single entity for GST purposes.

Additionally, Vero Insurance New Zealand Limited is the GST group representative of a New Zealand GST Group which consists of all GST registered wholly-owned entities within the New Zealand Group except for Suncorp New Zealand Services Limited.

A list of material subsidiaries of Suncorp Group as at 30 June 2022 is included in our 2022 Annual Report.⁵

Reconciliation to ATO public disclosures

Following the introduction of tax transparency legislation, the ATO has published limited Australian tax information in relation to large taxpayers, with the most recent being information released in respect of the financial year ended 30 June 2021.

The below tables have been prepared to provide greater understanding of how the ATO's public disclosures reconcile to the income tax paid and income tax payable disclosures in this report:

– **Table 1** is a high-level reconciliation of Suncorp Group's profit before

tax in its 2021 Financial Statements to the profit before tax applied in the Suncorp TCG's 2021 income tax return. The Suncorp TCG comprises SGL and SGL's wholly owned Australian entities but does not include Suncorp Group's New Zealand entities nor some of its investment trusts.

– **Table 2** summarises the Suncorp TCG's 2021 tax return. The tax payable calculated here reconciles to the ATO's public disclosures for the Suncorp TCG's 2021 tax payable in Table 3.

– **Table 3** states the ATO's public disclosures for Suncorp Group for the year ended 30 June 2021. The ATO publishes three amounts for Suncorp's TCG using records held by the ATO as at 1 September 2022: total income, taxable income, and tax payable.

The ATO's public disclosures with respect to the Suncorp TCG's 2022 income tax return are expected to be available late 2023 and will be reconciled in Suncorp's 2023 Tax Transparency Report.

⁵ Refer to Suncorp Group's 2022 Annual Report, Notes to the consolidated financial statements, 26.2.

TABLE 1 - RECONCILIATION OF PROFIT

	2021 (\$m)
Suncorp Group profit before tax per Financial Statements	1,509
Profit from Suncorp Group entities outside the Suncorp TCG	(79)
Other	2
Profit before tax for the Suncorp TCG's 2021 income tax return	1,432

TABLE 2 - SUMMARY OF INCOME TAX RETURN

Suncorp TCG	2021 (\$m)	ATO Disclosure (refer Table 3)
Total Income (included in Table 3)	12,806	12,806
Total Expenses	11,374	
Net profit before tax (refer to Table 1)	1,432	
Book to Tax adjustments:		
Non-temporary differences ⁶	(139)	
Temporary differences ⁷	109	
Taxable Income (included in Table 3)	1,402	1,402
Tax on taxable income at 30% corporate tax rate	421	
Franking and other offsets	(5)	
Tax Payable (included in Table 3)	416	416

TABLE 3 - ATO'S PUBLISHED DISCLOSURES FOR THE SUNCORP TCG

	2021 (\$m)
Total Income	12,806
Taxable Income	1,402
Tax Payable	416

⁶ Material non-temporary differences for Suncorp TCG's 2021 income tax return include New Zealand dividend income, non-deductible interest expense on convertible instruments, current year rebates and credits, and tax exempt revenues.

⁷ Material temporary differences for Suncorp TCG's 2021 income tax return include the include the Provision for Impairment on loans and advances in Suncorp-Metway Limited, movement in the investment income in AAI Limited, accrued expenses in Suncorp Corporate Services Pty Ltd, and the movement in its employee entitlement provisions.

International related party dealings

Suncorp’s businesses in Australia and New Zealand routinely deal with each other when it is in the best interests of Suncorp to do so.

Suncorp undertakes a comprehensive analysis of each related party transaction to ensure they are conducted on terms, including pricing, that are consistent with established arm’s length principles.

By pricing in accordance with arm’s length principles and methodologies as

prescribed by the Australian transfer pricing laws and the OECD guidelines, this allows Suncorp to mitigate the possibility of tax being paid in one country at the expense of another.

SGL is the global parent entity for Suncorp’s Country-by-Country (CbC) Reporting requirements. CbC Reporting is part of a wide range of international measures that seek to promote more

comprehensive exchanges of information between countries.

Suncorp Group’s related party revenue from international related party dealings (IRPDs) represented 1% of Suncorp Group’s total revenue for the year ended 30 June 2022.

Outlined in the below table are details of the nature of Suncorp’s IRPDs for the year ended 30 June 2022 and the country locations of the counterparties to the transactions.

International related party dealings	Why it is in the best interests of Suncorp
Provision of management and administration services	A number of management and administration functions are performed centrally by Suncorp’s Australian business, for the benefit of both Australia and New Zealand. This is more efficient than if Suncorp New Zealand were to also perform these same functions.
Reinsurance	AAI Limited provides reinsurance to the New Zealand insurance businesses. In addition, Suncorp’s Australian and New Zealand insurance businesses obtain reinsurance from third parties on a collective basis, to maximise cost efficiencies.
Allocation of direct employee costs, software development and investment management charges	A number of shared service functions are performed centrally by Suncorp’s Australian business, for the benefit of both Australia and New Zealand. This is more efficient than if Suncorp New Zealand were to also perform these same functions.
Loans and guarantees	Suncorp’s Australian business has financing-related activities, including guarantees and amounts loaned to New Zealand subsidiaries. Suncorp receives interest income on the amounts loaned in accordance with arm’s length principals.

Income tax expense to tax payable reconciliation

The table below outlines the relationship between accounting profit and income tax expense and reconciles the latter to Suncorp Group's income tax payable for the 2021 and 2022 financial years, respectively.

Income tax expense is calculated in accordance with accounting standards

and represents accounting profit multiplied by Australia's corporate tax rate of 30%, adjusted for what are known as 'non-temporary' differences.

A non-temporary difference arises where a business transaction is treated differently for accounting and tax purposes. Non-temporary differences do not reverse over time.

Income tax expense is not the same as income tax payable due to 'temporary' differences. Temporary differences occur when business transactions are recognised at a different time for accounting purposes than they are for tax purposes.

Reconciliation of Suncorp Group's accounting profit to Suncorp TCG's tax payable	2022 (\$m - AUD)	2021 (\$m - AUD)
Profit before tax	837	1,509
Income tax using the domestic corporation tax rate of 30%	251	453
Effect of tax rates in foreign jurisdictions	(4)	(5)
Effect of income taxed at non-corporate tax rate	(1)	-
Non-temporary differences ⁸	(59)	14
Income tax expense – current year profit	187	462
Income tax expense – prior year adjustments	(49)	(1)
Total income tax expense on pre-tax profit	138	461
Total deferred tax benefit ⁹	220	16
Suncorp Group total current tax	358	477
Current tax expense (benefit) related to prior financial years	41	(3)
Suncorp Group current year tax on operating profit	399	474
Current tax expense of entities outside Suncorp's TCG	(56)	(73)
Current tax expense (benefit) related to Suncorp TCG's current year under (over) provision for tax	(5)	15
Suncorp TCG's tax payable for the relevant period	338	416

A detailed reconciliation of the Group's accounting profit-to-income tax expense is provided in the tax note in our [2022 Annual Report](#).

Reconciliation of Suncorp TCG's tax payable to Suncorp Group's corporate income tax contribution	2022 (\$m - AUD)	2021 (\$m - AUD)
Suncorp TCG's tax payable for the relevant period	338	416
Adjustment for Suncorp TCG's tax payable (refundable) for prior years	(5)	4
Income tax contribution for entities outside the Suncorp TCG	51	55
Suncorp Group's total corporate income tax contribution	384	475

⁸ Suncorp Group's material non-temporary differences in FY22 includes utilisation of previously unrecognised capital losses, interest expense relating to certain convertible instruments which is not deductible for income tax purposes, current year rebates and credits, dividend adjustments and tax exempt revenues.

⁹ Total deferred tax benefit includes temporary differences related to current year profit, adjustments for prior financial years, and other movements in the tax balance sheet which do not impact current or prior year tax payable. In FY22, the most significant contribution to the difference between income tax expense and tax paid/payable is the movement in the investment income in AAI Limited.

Glossary

For the purposes of this report, the following terms have the below meaning:

EARTHQUAKE COMMISSION LEVY

The Earthquake Commission (EQC) is a New Zealand Crown entity funded by levies applied to certain insurance premiums. EQC provides natural disaster insurance for residential property, administers the New Zealand Natural Disaster Fund, and funds research and education on natural disasters. New Zealand insurance companies collect EQC levies from customers as part of the cost of insurance.

ESL (EMERGENCY SERVICES LEVY) AND FSL (FIRE SERVICE LEVY)

ESL and FSL charges are, where relevant, levied on premiums for insurance policies and are recoverable from insurance companies in the relevant Australian state and territory governments or, in New Zealand, by Fire and Emergency New Zealand. ESL and FSL charges were established to facilitate funding for the corresponding fire and emergency services.

ETR (EFFECTIVE TAX RATE)

This is the rate recognised in the financial statements and is calculated as income tax expense divided by the accounting profit before income tax.

INCOME TAX

For Suncorp, income tax is broadly the tax payable at the relevant corporate tax rate on Suncorp's total taxable income in Australia (30%) and New Zealand (28%).

Taxable income is determined annually by calculating assessable income less allowable deductions and can significantly vary from accounting profit due to temporary and non-temporary differences.

Where carried forward tax losses and capital losses can be applied against Suncorp's assessable income, this will reduce the income tax paid in a particular period.

FBT (FRINGE BENEFITS TAX)

A fringe benefit is a benefit an employee (or an employee's associate) receives because of their employment. FBT is a tax payable by employers on fringe benefits provided to employees (or employees' associates) in

respect of their employment.

FBT is separate to income tax and is calculated on the grossed-up taxable value of the fringe benefit provided during the FBT year (1 April to 31 March). Australian FBT returns were lodged for the period 1 April 2021 to 31 March 2022.

In New Zealand, FBT returns are submitted quarterly with the March quarter being the final FBT return.

FINANCIAL STATEMENTS

Suncorp Group's Financial Statements included in SGL's annual reports.

GST (GOODS AND SERVICES TAX)

Suncorp remits GST to the ATO and IR in respect of certain taxable products and services provided to customers. Suncorp is entitled to claim input tax credits (Australia) and GST credits (New Zealand) to recover GST included in costs associated with providing these taxable products and services.

GST is not charged by Suncorp, however, on certain products and services classified as 'GST-free' or 'input taxed.' While Suncorp is entitled to claim input tax credits to recover the GST included in costs relating to 'GST-free' products and services, Suncorp is not entitled to claim input tax credits in respect of costs associated with providing 'input taxed' products and services (except where entitlement exists under GST regulations).

INSURANCE DUTY

Insurance duty is a duty imposed by Australian state and territory governments for certain insurance policies. The types of insurance policies that are subject to duty vary between the states and territories. The rate of duty varies according to the type of insurance and value of the transaction involved and may not be charged on all transactions in every jurisdiction.

PAYG (PAY AS YOU GO)/PAYE (PAY AS YOU EARN) WITHHOLDING TAX

PAYG (Australia) and PAYE (New Zealand) withholding tax is an amount an employer is required to withhold and remit to the relevant tax authority from payments of salary and wages to employees, company directors and certain contractors.

Withholding tax is also required to be deducted from interest, royalties and reinsurance premiums paid to non-residents. Suncorp is an employing entity in both Australia and New Zealand and withholds and remits PAYG withholding tax to the ATO and PAYE withholding tax to the New Zealand IRD.

PAYROLL TAX

Payroll tax is a tax imposed by Australian states and territories on taxable wages paid or payable by an employer to their employees when the total taxable wages (or group taxable wages) exceeds the prescribed threshold. Suncorp employs more than 13,000 people across Australia and is liable for payroll tax in all states and territories. Payroll tax returns were lodged for the period 1 July 2021 to 30 June 2022.

SGL (SUNCORP GROUP LIMITED)

Suncorp Group Limited, head entity of the Suncorp TCG.

SUNCORP GROUP

SGL and its controlled entities (as defined in the Financial Statements).

SUNCORP TCG (SUNCORP GROUP LIMITED'S INCOME TAX CONSOLIDATED GROUP)

SGL and all its Australian wholly-owned entities which are consolidated as a single taxpayer for Australian income tax purposes.


VICTORIA MENTAL HEALTH AND WELLBEING SURCHARGE

The mental health and wellbeing surcharge is a payroll tax surcharge that is intended to provide additional funding for Victoria's mental health system. The surcharge commenced from 1 January 2022 and is payable on Victorian taxable wages paid or payable by an employer or a group of employers where taxable wages exceed prescribed threshold.

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