



Tax Transparency Report

**FOR THE YEAR ENDED
30 JUNE 2023**

Introduction

UniSuper is the super fund dedicated to brilliant minds and great thinkers. With more than 615,000 members and approximately \$124 billion in funds under management as at 30 June 2023, we are one of Australia's largest super funds.

The Voluntary Tax Transparency Code (the Code) is a set of principles and minimum standards to guide medium and large businesses on public disclosure of tax information. The Code was developed by the Board of Taxation and endorsed by the Federal Government.

The Code was principally designed to encourage greater tax transparency by large corporate taxpayers, particularly by multinationals to enhance the community's understanding of compliance with Australia's tax laws by the corporate sector. Other large taxpayers, including superannuation funds, are also encouraged to voluntarily adopt the Code.

The UniSuper Board supports the Code and chose to become a signatory to the Code in 2017. UniSuper has paid approximately \$671 million in taxes in relation to the year ended 30 June 2023, most of which relates to tax paid in Australia. The UniSuper Board is committed to maintaining an open and transparent approach with respect to tax.

This Report meets the set of principles and minimum standards guide in respect to large businesses on public disclosure of tax information recommended under the Code.

UniSuper's approach to tax strategy and governance

Part of UniSuper's tax philosophy is to meet all of its obligations and pay the appropriate amount of tax applicable to each relevant revenue authority, based on a reasonable interpretation of tax laws. This includes any tax obligations which may arise on behalf of its members.

An objective of the UniSuper Board includes ensuring that UniSuper complies with its regulatory tax obligations.

UniSuper's Tax Governance Policy is approved by the UniSuper Board. The Policy details UniSuper's approach with respect to its tax strategy and governance, as follows:

- The overall responsibility for tax rests with the UniSuper Board via the Audit, Risk and Compliance Committee (ARCC) as the delegated Committee, and UniSuper's CEO. Regular tax reporting is provided to the ARCC.
- UniSuper shall act with truthfulness and the highest of integrity.
- UniSuper will only enter into transactions which are based on commercial considerations. UniSuper will not participate in artificial or contrived tax avoidance schemes or transactions.
- UniSuper will comply with prevailing tax laws in all relevant jurisdictions, whilst also seeking to maximise the after-tax returns on investment for UniSuper's members.
- UniSuper maintains a robust tax governance framework to effectively manage tax risk. The tax control framework is reviewed regularly to ensure the controls continue to be appropriate and are operating effectively.
- UniSuper maintains an open and transparent relationship with the Australian Taxation Office and with other tax revenue authorities in all relevant jurisdictions.

Tax reconciliations

The information below provides a reconciliation of UniSuper's accounting profit before tax to the income tax expense disclosed in UniSuper's Annual Report for the financial year.

The Australian Accounting Standards for superannuation funds (AASB 1056 *Superannuation Entities*) requires investments to be recognised at fair value and investment income to be recognised in UniSuper's Annual Report separately to member related activities.

RECONCILIATION OF ACCOUNTING INCOME TO INCOME TAX EXPENSE - 30 JUNE 2023 FINANCIAL YEAR

2023 RECONCILIATION OF ACCOUNTING INCOME TO INCOME TAX EXPENSE (\$M)	INCOME STATEMENT	CHANGES IN MEMBERS BENEFITS	TOTAL
Accounting Income	9,379	18,678	28,057
Prima facie income tax expense (taxed at the superannuation tax rate of 15%)	1,407	2,802	4,209
Adjusted for tax effect of the following items:			
Non-assessable member contributions		-219	-219
Non-assessable transfers in from other superannuation funds		-1,860	-1,860
Difference between investment income recognised for accounting and income tax ¹	-279		-279
Exempt pension investment income ²	-208		-208
Capital gains tax concession ³	-26		-26
Franking credits ⁴	-438		-438
Foreign income tax offsets ⁵	-53		-53
Other		-1	-1
Under/(over) provision of income tax relating to prior income tax year	-49	11	-38
Income tax expense / (benefit)	355	733	1,088
Effective tax rate⁶	3.8%	3.9%	3.9%

NOTES:

Note 1 - Investment income is recognised for accounting purposes in the Income Statement in accordance with AASB1056. This includes any movement in the fair value of investments (realised and unrealised) to be included in the Income Statement, whereas investment income is taxed in accordance with Australian income tax legislation.

Note 2 - An exemption is available to a complying superannuation fund in respect to its ordinary and statutory investment income which is attributed to the current pension liabilities of the superannuation fund.

Note 3 - A one-third capital gains tax discount is available in relation to capital gains realised in respect to CGT assets held for more than 12 months. The one-third CGT discount is only available after prior year and current year capital losses have been applied.

Note 4 - Franking credits arise for shareholders when certain Australian-resident companies pay income tax on their taxable income and distribute their after-tax profits by way of franked dividends. These franked dividends have franking credits attached. UniSuper is taxed on the franked dividend income at the 15% tax rate which applies to complying superannuation funds and receives a credit for the franking credits attached.

Note 5 – Foreign income tax offsets relate to the tax withheld from foreign sourced investment income received by UniSuper. UniSuper is taxed in Australia on the foreign sourced investment income at the 15% tax rate which applies to a complying superannuation fund and claims a credit for the foreign income tax offset subject to certain limitations.

Note 6 – In FY2023, UniSuper received approximately \$10.3 billion in non-taxable rollover superannuation benefits in relation to UniSuper’s merger with Australian Catholic Superannuation and Retirement fund (ACSRF). These rollover amounts are included in UniSuper’s FY2023 accounting income per above.

UniSuper’s effective tax rate (ETR) on the Statement of Changes in Member Benefits is calculated as the tax on contributions divided by the contribution and rollover income. The ETR is impacted by the non-taxable contributions and rollover amounts received from other superannuation funds, including the rollovers received as part of the merger with ACSRf.

The information below details a reconciliation of UniSuper’s income tax expense to income tax paid.

RECONCILIATION OF INCOME TAX EXPENSE TO INCOME TAX PAID

2023 RECONCILIATION OF INCOME TAX EXPENSE TO INCOME TAX PAID (\$M)	INCOME STATEMENT	CHANGES IN MEMBERS' BENEFITS	TOTAL
Income tax expense / (benefit)	355	733	1,088
Unrealised gains on investment income ⁷	-547		-547
Under/(over) provision of income tax relating to the current income tax year	-94	-2	-95
Impact of under/(over) provision of income tax relating to the prior income tax year	49	-11	38
Income tax paid	-236	719	483

NOTES:

Note 7 – This amount represents the increase/ decrease in the unrealised investment income which is recognised in the Income Statement under AASB 1056, but which is not yet recognised for income tax purposes in accordance with Australian tax legislation.

Summary of taxes paid

UniSuper pays a range of different taxes to the Australian federal, state and territory governments each year as well as foreign taxes. The information below details the taxes paid by the UniSuper Group for the year ended 30 June 2023.

RECONCILIATION OF INCOME TAX EXPENSE TO INCOME TAX PAID

TAX TYPE	AMOUNT PAID FY2023 (\$M)	AMOUNT PAID FY2022 (\$M)	DRIVEN BY
Income tax ⁸	519	399	Assessable member contributions and investment returns
Direct foreign taxes ⁹	72	60	Foreign investment returns
GST	<1	4	Acquisition of goods and services
Withholding tax - benefit payments	24	22	Benefit payments to members (tax liability borne by members)
Withholding tax - salaries	45	39	Employee salaries (tax liability borne by employees)
Employment taxes	10	8	Employee salaries and benefits
Total	671	532	

NOTES:

Note 8 - The amount of income tax published in the table "Reconciliation of income tax expense to income tax paid" on page 2 of this Report reflects only the income tax payable by the Fund. The income tax disclosed in the above table "Summary of taxes paid" reflects the income tax paid by entities within the UniSuper Group, noting that foreign tax is disclosed above as a separate line item.

Note 9 - UniSuper is a global investor and pays tax in foreign jurisdictions.

CONTACT US

1800 331 685
+61 3 8831 7901

WEBSITE

unisuper.com.au

UNISUPER ADVICE

1800 823 842
+61 3 8831 7916

ADDRESS

UniSuper
Level 1, 385 Bourke Street
Melbourne Vic 3000
Australia

Issued by UniSuper Limited ABN 54 006 027 121 the trustee of the fund UniSuper ABN 91 385 943 850 AFSL No. 492806. UniSuper Management Pty Ltd ABN 91 006 961 799 AFSL No. 235907.

IMPORTANT INFORMATION

The information in this report is current as at date of publication and is based on our understanding of the laws at that date. Information is subject to change.

© UniSuper Limited 2024

US24-0051