

BUILDING FUTURES AND  
**PROTECTING WHAT MATTERS**

Suncorp Group Limited  
Tax Transparency Report 2021

Building futures and protecting what matters

Suncorp Group Limited  
ABN 66 145 290 124

SUNCORP 

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# Message from the Group Chief Financial Officer

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As we have faced another year of disruption and uncertainty, Suncorp's purpose of *building futures and protecting what matters* has remained core to our business. In line with our purpose, we recognise the importance of our commitment to contributing fairly to the communities that we operate in and the importance of accountability through full transparency on our tax payments and policies.

Our 2021 Tax Transparency Report details contributions made by Suncorp in Australia and New Zealand for the financial year ended 30 June 2021. Suncorp voluntarily adopted the Tax Transparency Code in 2016 in accordance with the recommendations and guidelines contained in the Board of Taxation's Voluntary Tax Transparency Code. This includes reporting annually on our tax contributions and our approach to tax strategy.

This report is part of our commitment to being open and transparent with our stakeholders.



**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 a heritage dating back to 1902, we have grown to become an ASX-listed company with more than 13,000 people and \$99 billion in assets as at 31 December 2021. Suncorp Group comprises three core businesses: Insurance (Australia), Suncorp Bank and Suncorp New Zealand. Please refer to our 2021 Annual Report for further information on Suncorp Group's business operations.

# 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.

All data, unless otherwise stated, has been prepared for the year 1 July 2020 to 30 June 2021. Data that relates to taxes paid or collected are reported on an accruals/incurred basis referable to the relevant period.

Total tax contribution data includes Suncorp Group Limited and its 100 per cent-owned subsidiaries and therefore excludes some taxes borne and collected by other companies within Suncorp Group.

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.

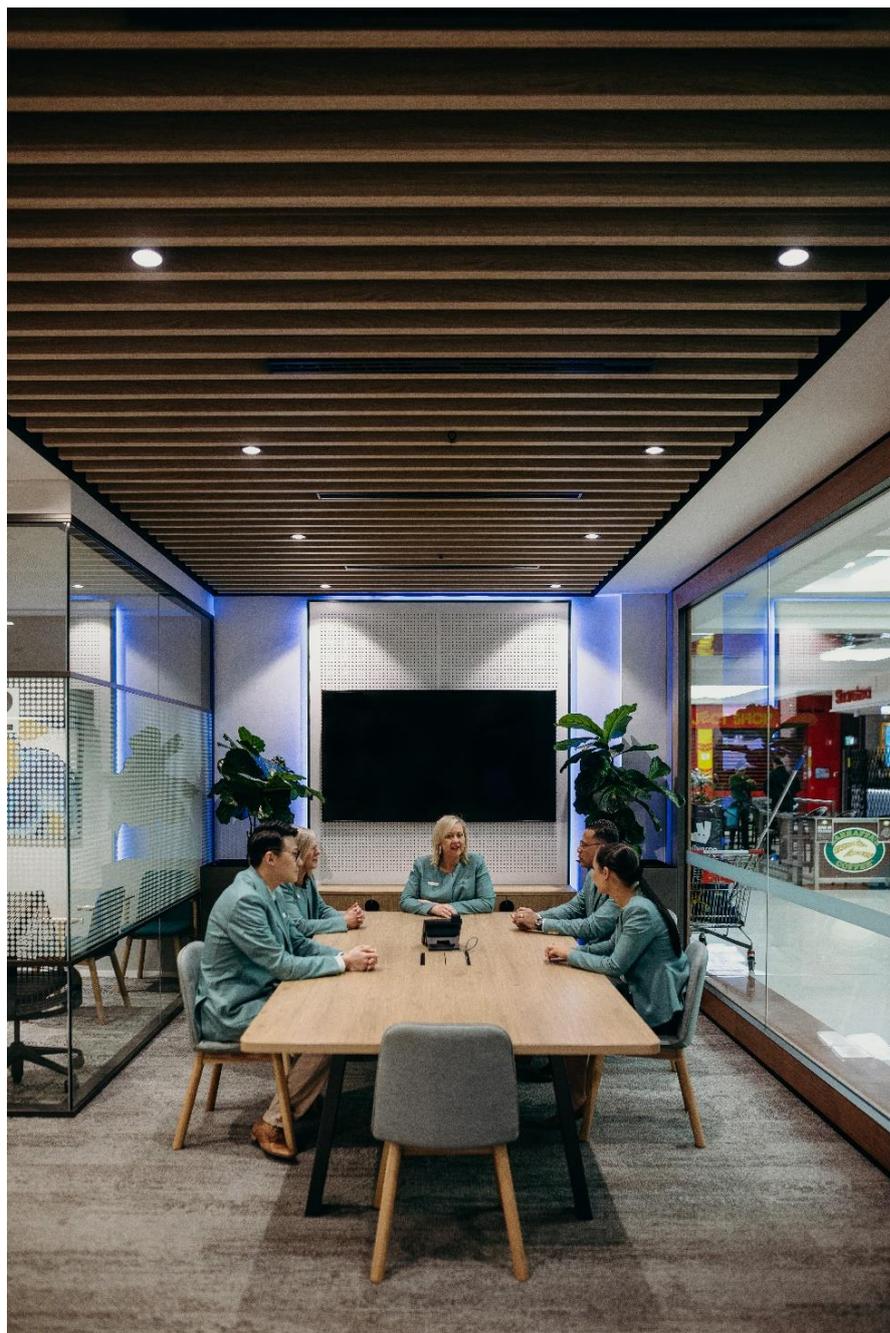
Where relevant, any tax payments have been translated from the applicable local currency to Australian dollars at the average exchange rate for the 2021 financial year.

Income tax expense and income tax payable data was sourced from Suncorp's 2021 Financial Statements. Suncorp's 2021 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 2021 income tax return prepared in accordance with Suncorp's 2021 Financial Statements.

NZ income tax payable data included on page 9 of this report is included for Suncorp's NZ subsidiaries on the basis of tax provision calculations for those entities' 2021 income tax returns (not due for lodgement in NZ at the time of publishing this report).

A glossary of definitions is provided at page 14 of this report.



# Tax governance

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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,
- implement mechanisms to measure significant transactions, materiality, and risk,
- 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 cooperative 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 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.

An ATO GST assurance review of Suncorp has commenced in respect of the financial year 1 July 2020 to 30 June 2021. The purpose of this review will be to assess whether Suncorp is meeting its GST obligations.

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/JustifiedTrust)

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.



# Tax collections and contributions

Suncorp paid an effective corporate income tax rate for 2021 which aligns closely with the statutory corporate tax rate in both the Australian and New Zealand (NZ) jurisdictions in which the Group operates in respect of continuing operations.

Suncorp recognises appropriate management of effective tax rates is essential to ensure customer pricing is not adversely impacted. 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 other Australian State/Territory duties and levies including the NSW Emergency Services Levy (ESL), Tasmania fire service levy (FSL), insurance duty, and payroll tax. In NZ, Suncorp also collects the Earthquake Commission levy and fire service levy.

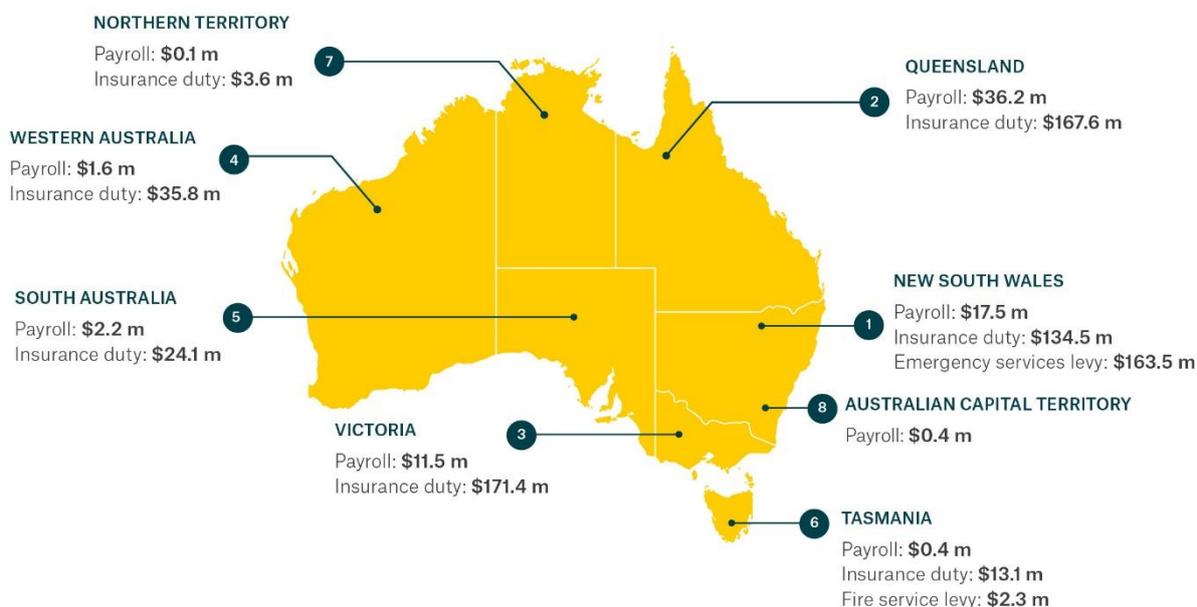
In addition to insurance duties and levies, Suncorp customers and Suncorp employees pay GST and withholding taxes which apply to Suncorp's business activities. Suncorp is responsible for the collection and remittance of these taxes to the relevant revenue authorities. Suncorp's total tax contribution for the financial year ended 30 June 2021 is summarised on page 9.

Corporate Income Tax	2021	2020
Suncorp's total corporate income tax contribution (\$m - AUD)	475	404
Suncorp's effective tax rate from continuing operations (%) <sup>1</sup>	30.6	32.1
Suncorp's global effective tax rate (%) <sup>1</sup>	30.6	28.5
Suncorp's Australian effective tax rate (%) <sup>1</sup>	31.2	29.0
Suncorp's New Zealand effective tax rate (%)	27.8	26.6

1. Continuing operations is consistent with the presentation in the statutory accounts. In FY20, continuing operations excludes the tax and accounting gains and losses on sale from discontinued operations of the Capital SMART and ACM Parts businesses sold in October 2019.

The effective tax rate of 30.6% from continuing operations is primarily due to the corporate tax rate in Australia of 30%. The most significant single factor contributing to the calculation difference between accounting profit and taxable income is interest expense relating to certain convertible instruments which is not deductible for income tax purposes.

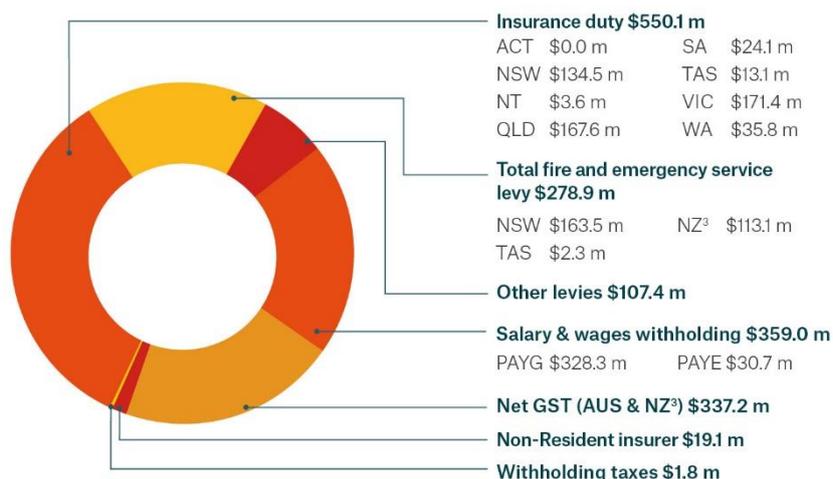
## STATE AND TERRITORY TAXES PAID



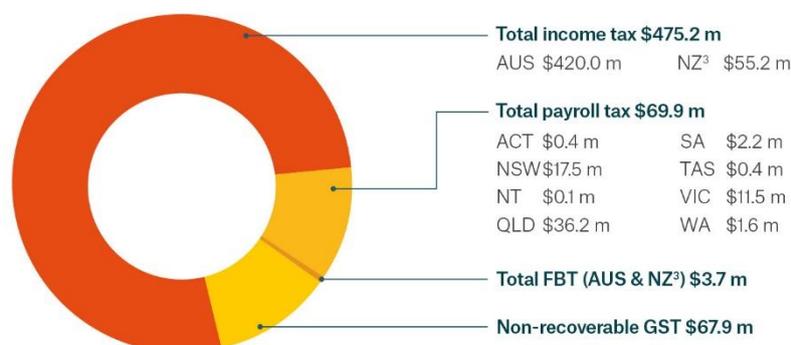
## Total tax contribution summary

	2021 Australia (\$m - AUD)	2021 New Zealand (\$m - AUD)	2021 Total (\$m - AUD)
<b>Taxes collected on behalf of others</b>			
Insurance duties and levies	716	220	936
Employee withholding (PAYG/PAYE)	328	31	359
Net GST paid <sup>2</sup>	254	83	337
Other withholding taxes	14	7	21
	<b>1,312</b>	<b>341</b>	<b>1,653</b>
<b>Taxes borne by Suncorp</b>			
Corporate income tax	420	55	475
Fringe benefits and payroll taxes	73	1	74
Non-recoverable GST	68	-	68
	<b>561</b>	<b>56</b>	<b>617</b>
<b>Total tax contribution</b>	<b>1,873</b>	<b>397</b>	<b>2,270</b>

### TAXES COLLECTED ON BEHALF OF OTHERS \$1,653 M



### TOTAL TAXES BORNE BY SUNCORP \$617 M



<sup>2</sup> Includes input tax credits claimed during the 2021 financial year attributable to prior financial years within the 4-year period of review.

<sup>3</sup> NZ taxes collected and paid are represented in AUD.

# Company tax position

Across Australia and New Zealand, Suncorp operates as three core businesses: Insurance, Banking & Wealth, 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 30 per cent corporate tax rate.

In New Zealand, there is a tax consolidated group and standalone company taxpayers, all taxed at the corporate tax rate of 28 per cent.

In New Zealand insurance businesses, Suncorp paid tax on participating policyholders' investment income generated from the investment of their policy premiums. The tax paid by Suncorp in respect of these participating interests has been included in the corporate tax paid in this report on page 9, in accordance with the treatment under tax legislation.

A list of material subsidiaries of Suncorp Group as at 30 June 2021 is included in our 2021 Annual Report.<sup>4</sup>

## 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 2020.

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 2020 Financial Statements to the profit before tax applied in the Suncorp TCG's 2020 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 2020 tax return. The tax payable calculated here reconciles to the ATO's public disclosures for the Suncorp TCG's 2020 tax payable in Table 3.

- **Table 3** states the ATO's public disclosures for Suncorp Group for the year ended 30 June 2020. The ATO publishes three amounts for Suncorp's TCG using records held by the ATO as at 1 September 2021: total income, taxable income, and tax payable.

Table 1 – Reconciliation of profit

	2020 (\$m)
<b>Suncorp Group profit before tax per Financial Statements<sup>5</sup></b>	<b>1,303</b>
Profit from Suncorp Group entities outside the Suncorp TCG	(132)
Other	2
<b>Profit before tax for the Suncorp TCG's 2020 income tax return</b>	<b>1,173</b>

<sup>4</sup> Refer to Suncorp Group's 2021 Annual Report, Notes to the consolidated financial statements, 26.2.

<sup>5</sup> Comprising of profit before tax from continuing operations of \$951m and discontinued operations of \$352m.

Table 2 – Summary of Income Tax Return Suncorp TCG	2020 (\$m)	ATO Disclosure (refer Table 3)
<b>Total Income (included in Table 3)</b>	<b>16,119</b>	<b>16,119</b>
Total Expenses	14,946	
<b>Net profit before tax (refer to Table 1)</b>	<b>1,173</b>	
<b>Book to Tax adjustments:</b>		
Non-temporary differences <sup>6</sup>	(278)	
Temporary differences <sup>7</sup>	298	
<b>Taxable Income (included in Table 3)</b>	<b>1,193</b>	<b>1,193</b>
Tax on taxable income at 30% corporate tax rate	358	
Franking and other offsets	(5)	
<b>Tax Payable (included in Table 3)</b>	<b>353</b>	<b>353</b>

Table 3 – ATO's published disclosures for the Suncorp TCG	2020 (\$m)
Total Income	16,119
Taxable Income	1,193
Tax Payable	353

<sup>6</sup> Material non-temporary differences for Suncorp TCG's 2020 income tax return include the taxable gain on sale of discontinued operations after utilisation of capital losses, New Zealand dividend income, non-deductible interest expense on convertible instruments, current year rebates and credits, and tax exempt revenues.

<sup>7</sup> Material temporary differences for Suncorp TCG's 2020 income tax return include the Provision for Impairment on loans and advances in Suncorp-Metway Limited, the movement in the investment income in AAI Limited, and depreciation of fixed assets in Suncorp Corporate Services Pty Ltd.

# 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 1.0% of Suncorp Group's total revenue for the year ended 30 June 2021.

Outlined in the below table are details of the nature of Suncorp's IRPDs for the year ended 30 June 2021 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 2020 and 2021 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	2021 (\$m - AUD)	2020 (\$m - AUD)
<b>Profit before tax</b>	<b>1,509</b>	<b>1,303</b>
Income tax using the domestic corporation tax rate of 30%	453	391
Effect of tax rates in foreign jurisdictions	(5)	(6)
Effect of income taxed at non-corporate tax rate - Life	-	1
Non-temporary differences <sup>8</sup>	14	(16)
<b>Income tax expense – current year profit</b>	<b>462</b>	<b>370</b>
Income tax expense – prior year adjustments	(1)	1
<b>Total income tax expense on pre-tax profit</b>	<b>461</b>	<b>371</b>
Temporary differences – Deferred tax expenses <sup>9</sup>	16	87
<b>Suncorp Group total current tax expense</b>	<b>477</b>	<b>458</b>
Current tax expense related to prior financial years	(3)	(13)
<b>Suncorp Group current year tax on operating profit</b>	<b>474</b>	<b>445</b>
Current tax expense of entities outside Suncorp's TCG	(73)	(91)
Current tax expense related to Suncorp TCG's current year under provision for tax	15	(1)
<b>Suncorp TCG's tax payable for the relevant period</b>	<b>416</b>	<b>353</b>

A detailed reconciliation of the Group's accounting profit-to-income tax expense is provided in the tax note in our [2021 Annual Report](#).

Reconciliation of Suncorp TCG's tax payable to Suncorp Group's corporate income tax contribution	2021 (\$m - AUD)	2020 (\$m - AUD)
<b>Suncorp TCG's tax payable for the relevant period</b>	<b>416</b>	<b>353</b>
Adjustment for Suncorp TCG's tax payable for prior years	4	(15)
Income tax contribution for entities outside the Suncorp TCG	55	66
<b>Suncorp Group's total corporate income tax contribution</b>	<b>475</b>	<b>404</b>

<sup>8</sup> Material non-temporary differences in FY21 include 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.

<sup>9</sup> Deferred tax expense 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 FY21, the most significant contribution to the difference between income tax expense and tax paid/payable is the Provision for Impairment on loans and advances in Suncorp-Metway Limited and movement in the investment income in AAI Limited.

# Glossary

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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.

## **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.

## **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 2020 to 31 March 2021.

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.

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

FSL and ESL charges are, where relevant, levied on premiums for insurance policies with a fire risk component, which is recoverable from insurance companies by the applicable state government in Australia or by Fire and Emergency New Zealand. FSL and ESL charges were established to cover corresponding fire brigade charges.

## **GST (GOODS AND SERVICES TAX)**

Suncorp remits GST to the Australian Government in respect of certain taxable products and services provided by Suncorp and is entitled to claim input tax credits to recover GST included in costs associated with providing these taxable products and services.

Suncorp also provides certain products and services that are classified as 'GST-free' and 'input taxed.' For these products and services, GST is not charged by Suncorp. Suncorp is entitled to claim input tax credits to recover the GST included in costs relating to 'GST-free' products and services, but 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 the 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**

In 2021, Suncorp withheld and remitted taxes to the relevant authorities from salary and wages payments on behalf of employees (both in Australia (PAYG) and New Zealand (PAYE)), and also from interest, royalties and reinsurance premiums paid to non-residents.

## **PAYROLL TAX**

Payroll tax is a tax imposed on an employer. Specifically, it is a state and territory tax assessed on taxable wages paid or payable by an employer to an employee when the total taxable wages exceed 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 2020 to 30 June 2021.

## **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.

### **Connect**

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