

## Voluntary Tax Transparency Report

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On 3 May 2016, the Government announced it was committed to a new voluntary Tax Transparency Code to facilitate greater public disclosure of tax information by business.

Beyond Bank is committed to being transparent and honest about its tax affairs, and is pleased to voluntarily adopt the Board of Taxation's Tax Transparency Code (TTC) for the year ended 30 June 2017. In accordance with that code, information is provided in relation to both Part A and Part B of the TTC. This Report builds upon the income tax disclosures made in the consolidated financial Report of Community CPS Australia Limited (trading as Beyond Bank Australia) and its controlled entities, which was prepared in accordance with Australian Accounting Standards.

Beyond Bank Australia (Beyond Bank) is a 100% customer-owned bank, with operations only in Australia, it has no international related party dealings. The entities comprising, and the construct of, the Group can be viewed in the [Beyond Bank Group Structure](#).

### TAX STRATEGY AND GOVERNANCE

Beyond Bank's Board is committed to the highest level of corporate governance, professionalism and ethical conduct. Beyond Bank recognises that an organisation's values and behaviours are integral components of the corporate governance framework, of which taxation is an important element. Beyond Bank was the first Australian bank to become B Corp Certified, which is a validation of our commitment to social responsibility, transparency and good governance.

Beyond Bank views taxation as a social levy which we have an obligation to the community to pay. Beyond Bank is committed to paying the correct amount of tax and will strive to ensure all societal obligations are met in accordance with the spirit of the law.

Beyond Bank implements this strategy through its Taxation Policy. This Policy is approved by the Board and is aligned to the Group's comprehensive overarching Risk Management Framework. Tax risks are identified, assessed and managed in accordance with the Board defined thresholds/risk appetite.

In congruence with our taxation philosophy and corporate risk management approach, Beyond Bank will adopt a conservative or risk-averse approach to taxation matters and tax planning. This means, if any material doubt exists as to the application of the tax law, Beyond Bank will adopt the tax position most likely to be upheld by the Australian Tax Office (ATO).

Beyond Bank welcomes ATO audits, should they occur, as an opportunity to gain an external perspective on our taxation compliance processes. Beyond Bank proactively engages with the ATO and independent external advisors to discuss potential taxation implications of significant transactions where appropriate.

## 2017 TAX CONTRIBUTION SUMMARY

The table below illustrates the types of taxes paid by Beyond Bank to the Australian (Federal and State) tax authorities for the financial year ended 30 June 2017.

Tax Type	\$'000
Corporate Income Tax	10,245
Employer / payroll taxes <sup>1</sup>	2,618
GST not recovered <sup>2</sup>	3,562
<b>Total taxes paid</b>	<b>16,425</b>
Employee taxes remitted <sup>3</sup>	10,047

## INCOME TAX EXPENSE AND PAYABLE

A reconciliation of Beyond Bank's accounting profit to its income tax expense is included at Note 4 of the 2017 Financial Report. Additional information is provided below to enhance the transparency of Beyond Bank's tax information, including material differences between accounting profit and tax expense, reconciliation to income tax payable, and the effective company tax rate.

Consolidated
2017
\$'000

### 1.1 Reconciliation of accounting profit to tax expense

Profit from operations	<b>33,977</b>
Income tax calculated at 30% (2016: 30%)	<b>10,193</b>
<b>Adjust for tax effect of:</b>	
Franking credits on dividends received	(539)
Deferred tax on equity accounted associates	(179)
Employee provisions	120
Provisions and accruals	(112)
Net difference between tax and accounting asset carrying values	153
Unrealised fair value adjustment on interest rate swaps	(47)
Sundry items	(120)
Under / (Over) provision of income tax in previous year	(816)
<b>Current Tax Expense / (Income tax payable for 2017)</b>	<b>8,652</b>
Deferred Tax Expense as per Financial Statements	600
<b>Total Income Tax Expense on Profit as per Financial Statements</b>	<b>9,252</b>

<sup>1</sup> Fringe Benefits Tax for the year ended 31 March 2017 and Payroll Taxes for the year ended 30 June 2017

<sup>2</sup> Certain products and services that Beyond Bank offer are 'input taxed', meaning we do not charge customers GST on these products or services and therefore are not able to claim full GST input tax credits on costs incurred by the Bank in providing those services. GST not recovered represents the GST paid by Beyond Bank and not recovered from the ATO.

<sup>3</sup> Pay As You Go Income Tax withheld from employee earnings and remitted to the ATO for the year ended 30 June 2017

*1.2 Reconciliation of taxes payable*

Tax Payable as at 30 June 2016	1,351
Less: income tax paid during the year (as per Statement of Cash Flows)	<b>(10,246)</b>
Income taxes payable for current financial year (see 1.1 above)	8,652
<b>Total Tax Payable / (Refundable) as at 30 June 2017</b>	<b>(243)</b>

*1.3 Effective tax rates (pursuant to AASB guidance)*

Income Tax Expense per Financial Statements	9,252
Accounting profit before tax	<b>33,977</b>
<b>Accounting Effective Tax Rate</b>	<b>27%</b>

The effective tax rate is an accounting concept calculated by dividing income expense by accounting profit. In FY17 Beyond Bank received fully franked dividends, which diluted the effective tax rate. Fully franked dividends are included in accounting profit but are not taxed in the hands of Beyond Bank. Instead, the tax (at 30%) has already been paid on the profits from which the dividends are sourced. The effective tax rate has been adjusted below to include the tax paid on dividend income.

Income Tax Expense per Financial Statements	9,252
Franking credits on dividends	539
Research and development tax offset	260
<b>Adjusted Income Tax Expense</b>	<b>10,050</b>
Accounting profit before tax	<b>33,977</b>
<b>Adjusted Effective Tax Rate</b>	<b>30%</b>