

Voluntary Tax Transparency Report 2020

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

Beyond Bank Australia (Beyond Bank) is committed to being transparent and honest about its tax affairs and is pleased to provide its fourth Tax Transparency Report, covering the 2020 financial year. 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 Beyond Bank Australia Limited and its controlled entities, which was prepared in accordance with Australian Accounting Standards.

Beyond Bank is a 100% customer-owned bank, with operations only in Australia, it has no international related party dealings. The Group, and the entities comprising it, 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.

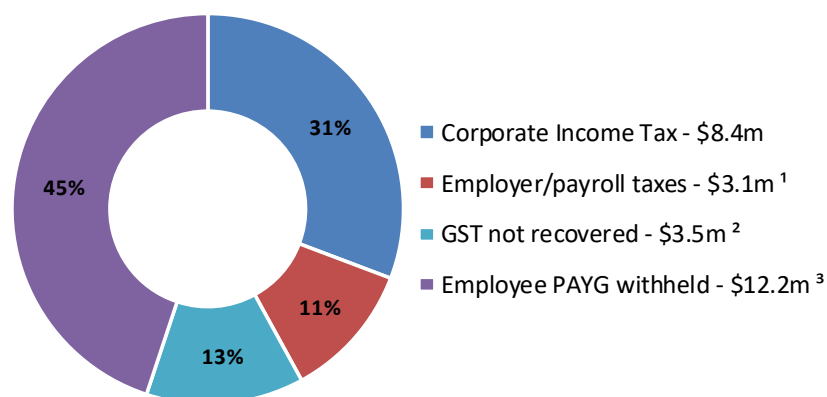
Beyond Bank implements this strategy through its Taxation Policy. This Policy is approved by the Board and is aligned to the Group's comprehensive overarching Risk Management Framework. Tax risks are identified, assessed and managed in accordance with the Board defined thresholds/risk appetite.

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.

Tax contribution summary

The following chart illustrates Beyond Bank's tax contribution to the Australian (Federal and State) tax authorities for the financial year ended 30 June 2020:



Reconciliation of accounting profit to tax expense and income tax payable

A reconciliation of Beyond Bank's accounting profit to its income tax expense is included at Note 4 of the 2020 Financial Report. Additional information is provided below to enhance the transparency of Beyond Bank's tax information.

	ETR %	2020 \$'000
Profit from operations		35,292
Pima facie income tax expense at 30%	30.0	10,588
Foundation funds (tax exempt charitable entities)	(0.1)	(37)
Franked dividends received	(0.7)	(240)
Adoption of AASB 16	(5.1)	(1,835)
AASB 16 leases adjustment	5.1	1,826
Fair value adjustment on interest rate swaps	(1.0)	(350)
Fixed assets	2.2	795
Other	(1.2)	(437)
Capital losses utilised	(0.5)	(190)
Income tax expense	28.7	10,120
Temporary differences		1,286
Current year income tax payable		11,406

1. Fringe Benefits Tax for the year ended 31 March 2020 and Payroll Taxes for the year ended 30 June 2020
2. 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.
3. Pay As You Go Income Tax withheld from employee earnings and remitted to the ATO for the year ended 30 June 2020

Effective Tax Rate (ETR)

For 2020, Beyond Bank's ETR is 28.7% (2019: 33.6%). The ETR is calculated by dividing the Group's income tax expense by its accounting profit before tax. Beyond Bank's ETR is lower than the Australian corporate tax rate of 30% due to non-temporary differences, the table above provides a reconciliation between the Australian corporate tax rate and the Group's ETR.

In FY20 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 Homebush property was disposed for \$2.1m during FY20 which increased the effective tax rate. However this was partially offset by utilising \$634k of capital losses which diluted the effective tax rate.

In contrast the ETR in FY19 was higher mainly due to; the accounting expense associated with the Impairment of Goodwill being unable to be claimed as a tax deduction, and the adjustment required due to the adoption of the new Accounting Standard AASB 15 Revenue, which resulted in receivables of \$8.5M being recognised for future income receivable and this adjustment to Retained Earnings being considered assessable income for tax purposes.

Reconciliation of taxes payable

	2020
	\$'000
Tax Payable (refundable) as at 30 June 2019	(675)
Prior period adjustments	-
Less: income taxes paid during the year *	(8,319)
Income tax payable for current financial year	11,406
Total Tax Payable as at 30 June 2020	2,412

* In addition, there has been \$50,011 of income tax paid by EECU Limited (trading as Nexus Mutual) as part of the final tax obligation prior to the merger with Beyond Bank Australia Limited. This is reflected in the Statement of cash flows in the annual report for the financial year ended 30 June 2020.