



# 2023 Tax Transparency Report

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Australia Post acknowledges the Traditional Custodians of the land on which we operate, live and gather as a team, and recognises their continuing connection to land, water and community. We pay respect to Elders past, present and emerging.

# Introduction

This Tax Transparency Report is published on a voluntary basis as part of our commitment to improved tax disclosure. The report includes information recommended to be disclosed under the Australian Voluntary Tax Transparency Code (TTC). The TTC is a set of principles and minimum standards to guide medium and large businesses on public disclosure of tax information.

# Overview

We manage our taxation affairs in accordance with the Group Risk Management Framework. Forming part of the Framework, the Group Tax Governance Policy outlines the framework and methodology for applying a risk-based approach to managing our taxation affairs and our relationship with revenue authorities. We maintain a comprehensive system of corporate governance practices designed to provide appropriate levels of disclosure and accountability. We are committed to providing our stakeholders, customers and communities with transparent disclosure of our tax affairs.

## Providing greater Tax Transparency

This Tax Transparency Report complies with the standard of disclosure expected of 'large businesses' under the TTC. It includes information in relation to our approach to tax governance and tax risk management and international related party dealings. In addition, this report provides information on the Australia Post Group accounting effective tax rate, the relationship between accounting profit and our income tax liability, and Australian tax contributions and collections.

This report should be read in conjunction with the Annual Report for the year ended 30 June 2023 (2023 year). Consistent with the Annual Report, comparative information has been adjusted, where required, for consistency with the current year's presentation. All amounts are stated in Australian dollars.

## Improving everyday

We continue to review our Tax Transparency reporting and implement stakeholder feedback together with industry and regulatory developments. We look to maintain and help develop best practice in Tax Transparency reporting to better serve the communities in which we operate.



# Approach to tax

In pursuing the Australia Post corporate strategy, we abide by our Tax Governance Policy to ensure full and transparent compliance with all taxation obligations.

## Tax Governance Policy

The Australia Post Tax Governance Policy operates as part of the wider Board-approved Group Risk Management Framework.

### Tax Governance Principles

The core policy principles outlined in our Tax Governance Policy are that Australia Post will endeavour to:

- 1 Be 100 per cent compliant** – We will ensure full compliance with all statutory tax obligations and seek to pay the legally correct amount of tax wherever the Australia Post Group operates.
- 2 Maximise shareholder value** – We will manage the tax affairs of the Australia Post Group in a proactive manner and seek to maximise shareholder value in relation to the taxation consequences of implementing the overall group strategy.
- 3 Manage risk** – We will maintain documented policies, procedures and positions in relation to tax risk consequences of business strategy within the Group's Risk Management Framework taking into account the implications for the Australia Post Group's corporate reputation as a trusted iconic brand. All material identified risks and tax exposures will be tracked and reported to the Group Chief Financial Officer and escalated in accordance with approved processes.
- 4 Be open and transparent** – We will maintain an open and honest relationship with Revenue Authorities, the responsible Shareholder Ministers and the general public and will consult appropriately with the Revenue Authorities in accordance with the Tax Code of Conduct and publish an annual Tax Transparency statement as per Board of Taxation guidelines.
- 5 Build assurance** – We will provide the Board, Chief Executive Officer & Managing Director, Group Chief Financial Officer, senior management and other key stakeholders with appropriate reporting on the level of compliance with the Group Tax Governance Policy in respect of the Australia Post Group's management of its Tax expense in accordance with this policy.

In accordance with the above principles, we apply a risk-based approach to key activities in the corporate tax function. We adopt a strong control framework to identify, mitigate and control tax risks and refrain from undertaking aggressive tax planning. We proactively manage our business and tax affairs in accordance with the Group Tax Governance Policy.

By applying the Tax Governance Principles, our tax risk appetite is consistent with the Group Risk Appetite Statement.

The Tax Risk Management Framework expands on the principles outlined in the Group Tax Governance Policy. It contains a framework for its implementation within the Australia Post Group to ensure that the principles are translated into practice in a methodical and structured manner. The Tax Risk Management Framework has been designed to be congruent with the Group Risk Management Framework.





## ATO Justified Trust and Assurance Report

We strive to maintain collaborative and trusted relationships with the Australian Taxation Office (ATO) and other Revenue Authorities and we are committed to full compliance and transparent disclosure with respect to our tax affairs.

As a Top 100 public and multinational taxpayer in Australia, Australia Post participates in an annual Pre-Lodgement Compliance Review Program with the ATO and continues to adopt real-time communication with Tax Authorities.

Under its Top 100 Action Differentiation Framework, the ATO adopts a tailored Engagement approach, and seeks to establish 'Justified Trust' on an evidence-based approach to:

- Understand a taxpayer's Tax Governance framework, significant and new transactions and why the accounting and tax results vary.
- Identify tax risks flagged to the market.

The ATO's review of the Australia Post Group under the Justified Trust approach has been completed for the 2020 income year and is in progress for the 2021 and 2022 income years.



The Commissioner of Taxation advised Australia Post in December 2022,

“  
based on our current understanding of Australia Post's tax affairs relative to others in the population for the 2022 income year, we will continue to partner with you to maintain good compliance. This means that we have confidence in your tax compliance and your ongoing commitment to maintaining an open and transparent relationship with us.  
”

The ATO has attained an overall unqualified high level of assurance over Australia Post's economic and income tax affairs. The high assurance (justified trust) overall rating changed from provisional in 2019 to unqualified in 2020. The ATO advised that this was due to Australia Post's income tax governance framework and that Australia Post was able to demonstrate improvements to the design of the periodic testing of income tax controls and improved procedures for explaining significant differences. This means the ATO has obtained the highest degree of assurance that Australia Post has paid the 'right' amount of Australian tax, in relation to the 2020 income year.

## International related parties

We have continued investing in our international subsidiaries and partnerships to strengthen our warehousing and international freight-forwarding capabilities in various international markets. This is part of our strategy for future growth as an eCommerce business.

Our international related party dealings generated less than 1% of our consolidated revenue in the 2023 year. Our dealings with these international related parties are conducted in a manner consistent with the arm's length principle and reflect the commercial nature of the transactions.

# Tax reconciliations

The reconciliation of accounting profit to income tax expense / benefit and tax asset / liability, as described in the 2023 Annual Report.

<b>Income tax expense / benefit reconciliation</b>	<b>2023 \$m</b>	<b>2022 \$m</b>
<b>Profit / (loss) before income tax</b>	<b>(200.3)</b>	<b>55.3</b>
At the Group's statutory income tax rate (30%)	(60.1)	16.6
Investment revaluation	2.6	(0.2)
Capital Gains Tax impact of property disposals and divestments	(13.2)	(14.0)
Associate and overseas subsidiary tax impacts	2.4	2.5
Goodwill impairments	1.9	-
Sundry items	0.7	0.9
<b>Income tax expense / (benefit) on profit / (loss) before tax</b>	<b>(65.7)</b>	<b>5.8</b>

<b>Effective tax rate</b>	<b>2023 \$m</b>	<b>2022 \$m</b>
<b>Profit / (loss) before income tax</b>	<b>(200.3)</b>	<b>55.3</b>
Less: Post-tax share of results of equity accounted investments	(1.9)	(0.1)
<b>(A) Adjusted profit / (loss) before income tax</b>	<b>(202.9)</b>	<b>55.2</b>
<b>(B) Income tax expense / (benefit)</b>	<b>(65.7)</b>	<b>5.8</b>
<b>Effective tax rate (B/A)</b>	<b>32%</b>	<b>11%</b>

<b>Reconciliation of income tax expense / benefit to current tax asset / liability</b>	<b>2023 \$m</b>	<b>2022 \$m</b>
<b>Income tax expense / (benefit) in the consolidated income statement</b>	<b>(65.7)</b>	<b>5.8</b>
<b>Add / (subtract):</b>		
Deferred tax assets and liabilities charged to income	65.8	44.1
<b>Current tax expense included in income tax expense / (benefit)</b>	<b>0.1</b>	<b>49.9</b>
<b>Add / (subtract):</b>		
Net opening balance carried forward	(15.9)	30.4
Income tax refunds / (tax payments)	10.4	(123.7)
Adjustments relating to prior years (current tax impact)	7.1	27.0
Other	0.2	0.5
<b>Net current tax liability / (asset)</b>	<b>1.9</b>	<b>(15.9)</b>

# Australian taxes borne and collected

Contributions and collections of Australian taxes and duties to Federal and State Governments.

Australian taxes and duties borne	2023 \$m	2022 \$m
Goods and Services Tax (GST) – net amount paid*	320.9	307.8
Payroll Tax	179.1	171.4
Land Tax	22.5	22.2
Rates and Registrations	20.5	20.9
Federal Excise Duty*	11.9	11.1
Fringe Benefits Tax	3.6	3.5
Income Tax – net amount paid / (refunded)	(10.7)	123.7
<b>Total</b>	<b>547.8</b>	<b>660.6</b>

\*Fuel Tax Credits (FTC) are not included as an offset in net GST paid. FTC are instead reflected in Federal Excise Duty.

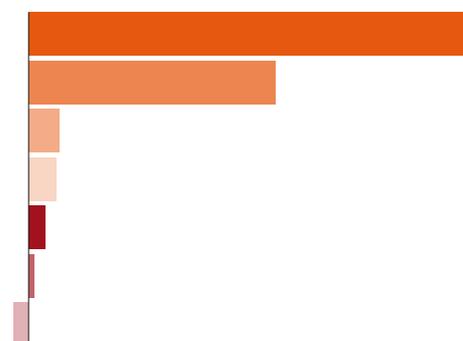
Australian taxes collected on behalf of Governments	2023 \$m	2022 \$m
GST	832.6	823.9
Pay As You Go (PAYG) Withholding	708.5	675.1
<b>Total</b>	<b>1,541.1</b>	<b>1,499.0</b>

### Basis of preparation

Tax payments are presented on a cash paid basis for the year ended 30 June 2023 for all Australian operations. Those tax payments made by entities accounted for as equity investments, and entities domiciled outside of Australia, are excluded.

### Taxes and duties borne

GST – net amount paid	58.6%
Payroll Tax	32.7%
Land Tax	4.1%
Rates and Registrations	3.7%
Federal Excise Duty	2.2%
Fringe Benefits Tax	0.7%
Income Tax – net amount (refunded)	– 1.9%



### Taxes collected

GST	54.0%
PAYG Withholding	46.0%

