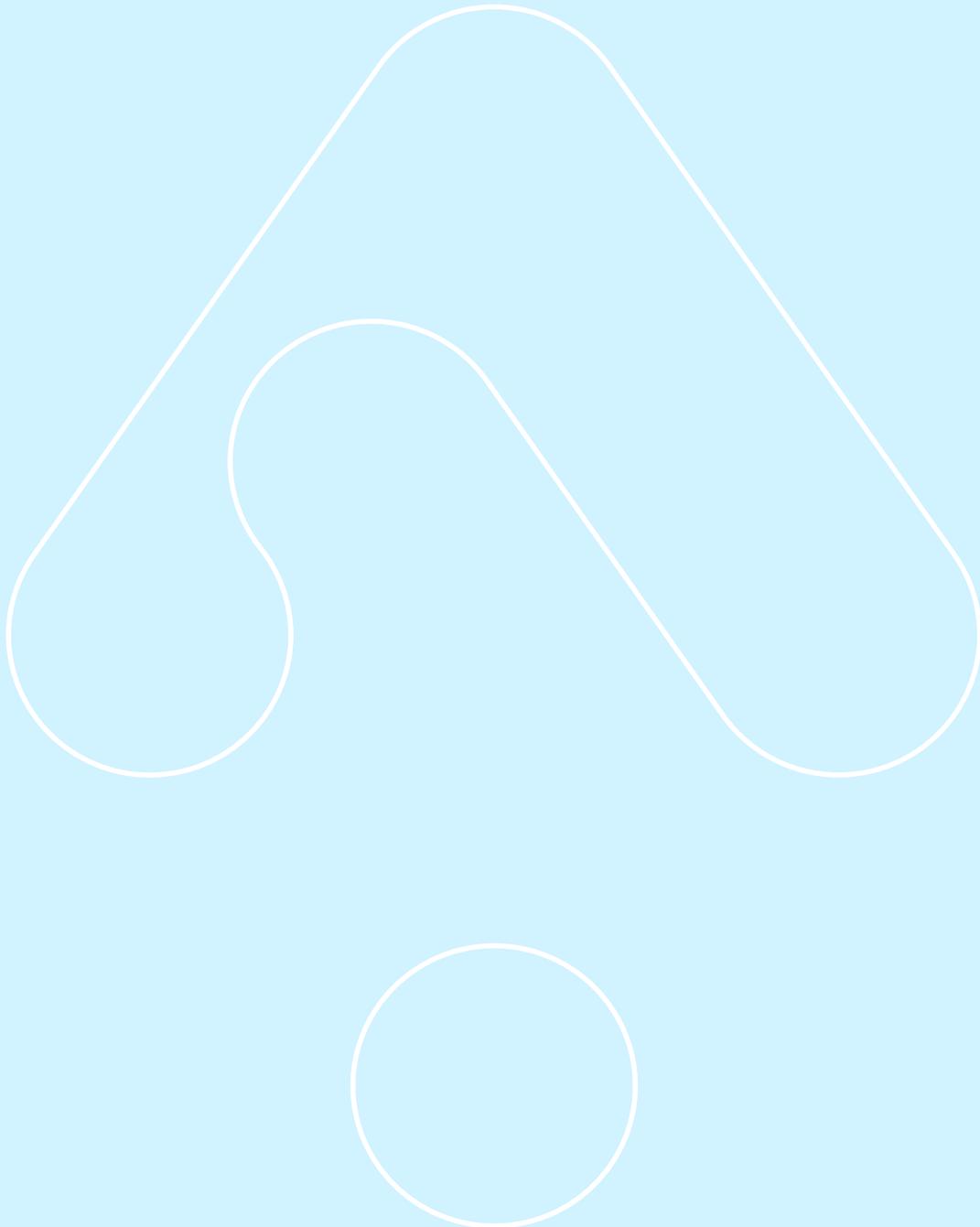


# Tax Transparency Report

Contribution to Australia's tax system  
For the year ended 30 June 2022





Australian Retirement Trust Pty Ltd  
(ABN 88 010 720 840) as trustee of Australian  
Retirement Trust (ABN 60 905 115 063) (the Fund)  
acknowledges the Traditional Owners of this land,  
recognising their connection to land, waters and  
community. We pay our respects to Australia's First  
Peoples, and to their Elders past, present and future.

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# Introduction

Australian Retirement Trust (ART) is the super fund formed through the merger of Sunsuper and QSuper in February 2022. Australian Retirement Trust is one of Australia's largest super funds. 2.2 million Australians trust us to take care of over \$240 billion of their retirement savings. As a Top 100 taxpayer, The ART Group<sup>1</sup> is committed to the highest standards of tax governance.

The Tax Transparency Code (TTC) is a set of principles and 'minimum standards' developed by the Board of Taxation to guide the public disclosure of tax information. For large organisations such as the ART Group, it is designed to:

- Encourage public disclosure of our tax affairs and in particular, highlight that we are paying our fair share; and
- Ensure we are transparent and help educate the public about our compliance with Australia's tax laws.

ART supports the TTC and is pleased to publish its first Tax Transparency Report for the year ended 30 June 2022.<sup>2</sup> While adoption of the TTC is voluntary, ART recognises the importance of transparent disclosure and welcomes the opportunity to provide our members and other interested parties with insight into:

- The tax strategy that the ART Board pursues;
- The governance arrangements that the ART Board has implemented and follows in pursuit of that strategy; and
- The substantial extent to which ART and its members contribute to taxes paid in Australia and elsewhere.

We have prepared this report in accordance with the TTC and have also adopted disclosures on the proposed new minimum standards as recommended in the Board of Taxation's 2019 *Consultation Paper – Post-Implementation Review of the Tax Transparency Code*.

All information is sourced from internal and external data, such as Custodian reports and ART's audited Annual Report 2022. This Tax Transparency Report should be read together with ART's Annual Report 2021-22, available at [australianretirementtrust.com.au](http://australianretirementtrust.com.au)

Above all, this report is intended to provide a clear picture of how much tax we pay in Australia and overseas. All amounts are specified in Australian dollars and are set to the nearest million dollars.

<sup>1</sup> Unless the context indicates otherwise, when we say "we", "us", "our", "Australian Retirement Trust", "ART" or the "Australian Retirement Trust Group" we are referring to Australian Retirement Trust Pty Ltd (ABN 88 010 720 840) (formerly Sunsuper Pty Ltd) as trustee of Australian Retirement Trust (ABN 60 905 115 063) (formerly QSuper) (the Fund) and the entities which are ultimately owned or controlled by Australian Retirement Trust Pty Ltd as trustee for the Fund which include: QSuper Limited (ABN 50 125 248 286); Precision Administration Services Pty Ltd (ABN 47 098 977 667); Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818); and any related body corporate (as defined in the Corporations Act 2001 (Cth)), subsidiary, affiliate or joint venture partner of any of the above entities. <sup>2</sup> Previous Tax Transparency Reports have been published prior to the merger under the legacy Sunsuper and QSuper funds.

# About the ART Group

On 28 February 2022, ART was formed through the merger of Sunsuper and QSuper, with QSuper being the Successor Fund or continuing entity. After the merger, all Sunsuper and QSuper members became ART members. QSuper is part of ART.

ART is one of Australia’s largest super funds. 2.2 million Australians trust us to take care of over \$240 billion of their retirement savings. We’re here to help our members retire well with confidence, focused on strong long-term investment returns, low fees and the information and access to advice our members need to manage their super and retirement.

We’re open to all Australians. Whether they’re just starting out working, working to build their super, planning to work less, or already using their savings to live, we’re here. Wherever they are, and wherever they’re at, we’re here to help them feel secure, confident, and protected in retirement.

Australian Retirement Trust Pty Ltd (ART PL) is the current trustee of the Fund and is licensed by the Australian Prudential Regulation Authority under a Registrable Superannuation Entity (RSE) and holds an Australian Financial Services Licence (AFSL) from the Australian Securities and Investments Commission.<sup>1</sup>

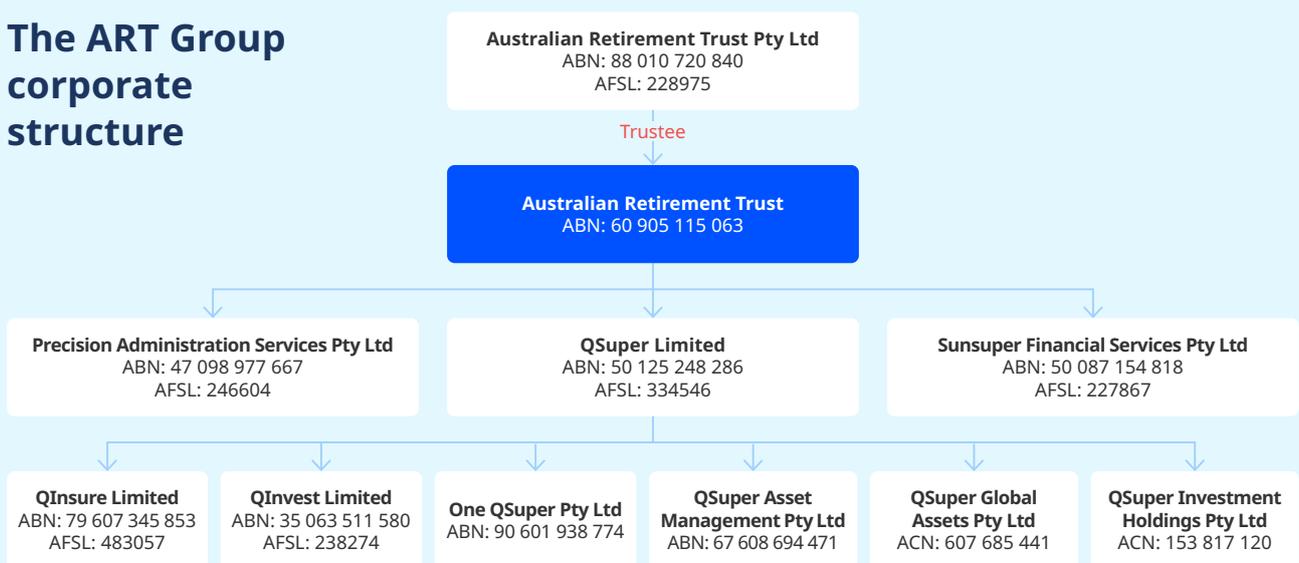
ART offers Super Savings and QSuper superannuation products.

- The Super Savings products are available to all Australians of working or retirement age and offer a wide range of investment options to suit different risk profiles and retirement goals.
- The QSuper products are available to Queensland Government employees and their families and also offer a wide range of investment choices.

ART provides financial advice, where requested, to members on their ART superannuation account.<sup>2</sup>

We also support more than 171,000 businesses across Australia to manage their employees’ retirement savings through a range of products and services designed to make managing superannuation efficient.

## The ART Group corporate structure



<sup>1</sup> Australian Retirement Trust Pty Ltd’s RSE Licence number is L0000291 and AFSL Licence number is 228975. <sup>2</sup> Australian Retirement Trust provides advice to Australian Retirement Trust Super Savings members through representatives of Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818 AFSL No. 227867) (SFS). QInvest Limited (ABN 35 063 511 580, AFSL 238274) (QInvest) representatives provide financial advice to QSuper members. SFS and QInvest are wholly owned by Australian Retirement Trust Pty Ltd as trustee of the Fund but are separate legal entities responsible for the financial services they provide.

# Message from the Chief Financial Officer



The ART Group supports the Government's commitment to ensuring that large businesses are more publicly transparent about their tax affairs.

We are proud to be a signatory to the voluntary Tax Transparency Code, and to publish our first Tax Transparency Report as the ART Group. This continues our existing commitment to tax transparency, with previous tax transparency reports released under our legacy organisations.

Our report makes it clear that the ART Group pays its fair share of tax in Australia. We have a robust tax governance framework and a constructive relationship with the Australian Taxation Office (ATO) to ensure that we comply with not just the letter, but the spirit of the tax laws, both domestically and globally. We understand that our size and position in the industry affords us the opportunity to engage with regulators and the government, to contribute to a tax system which balances the interests of our members' with the expectations of the broader community. As one of Australia's largest super funds working for all Australians, we take our role seriously as a steward of, and leader in, the Australian tax system.

We trust that you find our Report helpful in understanding our approach to tax compliance. The Report includes explanations of the income taxes we have paid during the financial reporting year between 1 July 2021 to 30 June 2022, and our contribution to the Australian tax system more broadly. We have also outlined our tax strategy and tax governance framework.

Given the interest the Australian community has in ensuring that ART pays the right amount of tax for its activities, we have prepared our Report so that it may be read by a wide range of audiences. We are delighted to share with you the way in which we manage our tax affairs, and we look forward to your feedback.

**Anthony Rose**  
Chief Financial Officer

# How super is taxed in Australia

ART is taxed as a complying superannuation fund under the Australian income tax legislation. This means that we generally pay income tax on:

**Contributions from members**

**Investment earnings generated for accumulation members**

**In limited situations, benefits paid to members.**

The income tax rates which apply to superannuation funds differ from company and individual tax rates and will also vary depending on several factors such as the member's account type, age, account balance, and the amount and type of any contributions to their account.

The following table is only a general summary of the superannuation tax rules. Further details are set out in the ART product guides and Product Disclosure Statements available on our website.

Type of tax	Tax rate
<b>Employer before-tax contributions (concessional)</b> Includes salary sacrifice and personal contributions for which a tax deduction is claimed	15% contributions tax. Additional 15% tax paid by the member if their income exceeds \$250,000 p.a. threshold.
<b>Voluntary after-tax contributions (non-concessional)</b>	No tax on contributions below the contributions cap.
<b>Investment earnings</b>	On Accumulation accounts and Transition to retirement income accounts: Up to 15%. The actual tax rate may be lower than 15% due to franking credits, other rebates, and capital gains tax discounts. On Retirement Income accounts: generally no tax is payable.
<b>Withdrawals and benefits</b>	Generally tax free, however the position is complex as some payments may attract tax depending on factors such as the recipient's age and the nature of the payment.
<b>Members which don't provide us with their TFN</b>	Contributions taxed at 47%.

# Tax governance

ART Group takes a responsible approach to the management of taxes, supporting the principles of transparency and constructive engagement with its stakeholders. ART Group's tax obligations must always be managed in compliance with the tax law, and in accordance with our understanding of the policy intent of the law in a manner that builds and maintains community trust. This accords with our purpose of leveraging our size and scale to be a force for good to make our members' world better, seeking out investments to guard and grow their savings and retirement income.

Our Tax Governance Policy sets out the principles and approach to tax risk management for ART. It also documents the control framework that facilitates the appropriate oversight and governance over ART Group's tax risks. The Tax Governance Policy complements the ART Group's risk management and compliance framework more broadly, and underpins our more detailed suite of tax frameworks, policies, procedures, and controls.

ART adopts three key pillars to its approach to tax risk governance, namely: responsibility, compliance and transparency.

## These are summarised briefly below:



### Responsibility

The ART Board have established the Audit, Finance Risk Committee (AFRC) that is responsible for the governance over ART Group's risk management and governance framework, including the ART Group's Tax Governance Policy. The ART Group operates with the framework and the Tax Governance Policy that outlines the processes, systems and controls for managing tax risk. The Head of Tax reports to the AFRC on tax risk and controls and compliance with the Tax Governance Policy on a quarterly basis, with material risks being escalated to the ART Board.



### Compliance

ART acts responsibly in relation to all tax compliance matters, and is committed to complying with relevant tax laws, paying the right tax at the right time. We recognise the importance of respecting both the spirit and the letter of the laws of each country in which we operate/invest.



### Transparency

ART proactively engages in public policy advocacy on tax, with revenue authorities and governments as well as with other interested parties. We do so to assist in shaping future tax policy and legislation in ways that reflect our experience, create shared benefits, and promote and protect the interests of our members.

# Engagement with the ATO

ART Group seeks to maintain an open, transparent, and collaborative relationship with relevant revenue authorities, including the ATO, in relation to tax matters and do not tolerate any practices that rely on secrecy or concealment of any information. In support of this, where the ATO has adopted cooperative compliance arrangements, we will favourably consider participation in those arrangements. If we seek rulings, we do so based on full disclosure of all relevant information. We seek early and up-front engagement with the ATO on areas of uncertainty.

We respond to the ATO enquiries in a timely manner. If there are misunderstandings around either facts or law, we seek to work with the ATO to resolve these. We follow established procedures and channels for all dealings with the ATO and other government parties in a professional, courteous, and timely manner.

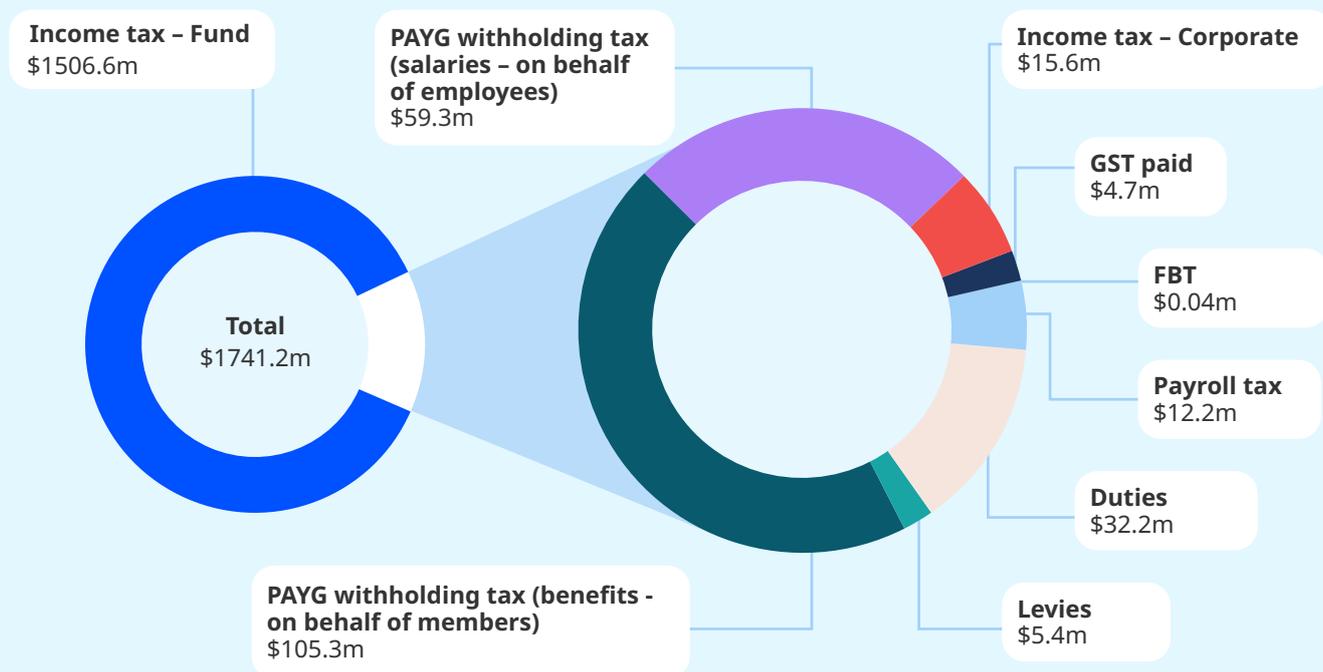
We have a high level of assurance over our tax processes and aim to obtain and maintain high assurance from the ATO. As a 'Top 100' taxpayer, ART participates in the ATO's Pre-lodgement Compliance Review Program (PCR). The Top 100 PCR forms part of the ATO's 'Justified Trust' program, under which Australia's largest taxpayers seek to gain and maintain a high level of assurance from the ATO in respect of their compliance with Australian income tax laws. The PCR likewise allows the ART Group to identify and manage tax risks early and through tailored and transparent engagement with the ATO.

## Tax contribution

ART Group is a significant contributor to government revenue in Australia. ART Group pays over \$1.4 billion of tax annually in respect of superannuation contributions we receive from members. We also pay significant levels of income tax and duties in respect of investment returns and insurance premiums.

### Summary of taxes paid – Australia

The following table outlines taxes paid or payable for the 2022 financial year by ART Group in Australia:



## Summary of taxes paid – by region

In addition to the taxes paid in Australia, the following table also outlines taxes paid or payable for the 2022 financial year by the ART Group in relation to investments held directly in overseas entities or through overseas investment structures:



# Income tax reconciliations

## Reconciliation of accounting profit to income tax expense

The TTC requires a reconciliation of accounting profit to the income tax expense disclosed in ART's financial statements for the year ended 30 June 2022. The TTC also requires us to disclose the accounting 'effective tax rate' based on our income tax expense.

These reconciliations explain why our income tax expense is not equal to 15% (being the superannuation fund tax rate) of our accounting profit. The difference generally arises due to income being included for accounting purposes but not being included for tax purposes under our Australian tax laws. These tax laws include those relating to a super fund's eligibility for:

- tax offsets such as franking credits and foreign tax offsets;
- tax exempt earnings for assets in pension phase;
- discounted capital gains tax; and
- deductibility of certain expenditures.

The reconciliation and effective tax rate is set out below:

	\$ million (AUD)
<b>Results from superannuation activities</b>	(9,113.7)
<b>Prima facie income tax expense/ (benefit) at the tax rate of 15%</b>	(1,367.1)
<b>Imputation and foreign income tax offsets</b>	(746.3)
<b>Exempt pension income</b>	(108.7)
<b>Difference between accounting and taxation treatment on investment income</b>	622.2
<b>Notional deduction for self-insurance</b>	(20.7)
<b>Non-deductible expenditure/ Other</b>	(5.4)
<b>Adjustments in respect of current income tax of previous years</b>	316.7
<b>Income tax expense/(benefit)</b>	(1,298.4)
<b>Effective tax rate</b>	14.25%

Member/employer contributions are no longer included in the 'Results from superannuation activities' (extracted above) for the income statement, as Australian Accounting Standards no longer require it be included. As such, we have separately calculated the effective tax rate in respect of contributions below, as follows:

	\$ million (AUD)
<b>Gross contributions</b>	119,833.1
<b>Less: Contributions as a result of successor fund transfers (SFTs)</b>	(104,796.8)
<b>Gross Contributions (excluding SFTs)</b>	15,036.2
<b>Less: Member and other non-taxable contributions (incl. deductions relating to contributions)</b>	(5,638.8)
<b>Taxable contributions</b>	9,397.4
<b>Tax on taxable contributions at 15%</b>	1,419.6
<b>Effective tax rate on gross contributions (excluding SFTs)</b>	9.4%

## Reconciliation of income tax expense to income tax paid/payable

The TTC also requires participants to disclose a reconciliation of the differences between:

- income tax expense disclosed in the 2022 financial statements; and
- income taxes payable/paid in the 2022 financial year.

The difference between these two measurements again arises due to the difference between Australian tax and accounting rules. Specifically, the mismatch gives rise to 'temporary differences', resulting in deferred tax expenses being recognised for Australian accounting purposes but not in the current year's income tax assessment. For example, while the tax effect of unrealised capital gains may be recognised for accounting purposes, it will not be recognised for tax purposes unless the asset is sold.

The reconciliation is set out below:

	\$ million (AUD)
<b>Income tax expense</b>	(1,298.4)
<b>Add tax effect of: Taxable contributions</b>	1,419.6
<b>Unrealised capital (gains) / losses on investments</b>	1,441.7
<b>Unrealised income (gains) / losses on investments</b>	2.4
<b>Accrued franking credits and foreign income tax offsets</b>	(55.0)
<b>Income tax payable in the 2022 financial year</b>	1,500.3
<b>Balance of 2021 income tax liability paid</b>	414.6
<b>Balance of income tax liability to be (paid)/refunded</b>	383.0
<b>Income tax paid in the 2022 financial year</b>	2,297.8

## Global taxes

ART Group investments span a range of countries and regions, in both developed and emerging markets. ART's investment philosophy aims to achieve strong long-term returns for members through maintaining a substantial allocation to alternative assets, particularly unlisted assets such as infrastructure, property and private equity. We adjust our portfolios dynamically as conditions change.

### International related party dealings

ART's international related party dealings are limited to transactions between investment entities set up to facilitate investments made on behalf of our members. These related party transactions are either debt or equity and are structured on arm's length terms. ART has no other international related party transactions.

### Global tax contribution

In addition to the taxes paid in Australia, ART Group pays the appropriate amount of foreign taxes in jurisdictions in which we invest as outlined above. Where the foreign income is also subject to Australian income tax, ART may be eligible for tax offsets so that the same income is not taxed twice.





# Australian Retirement Trust

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MySuper Authorisation 60905115063256



Australian Retirement Trust is a member of The Association of Superannuation Funds of Australia Limited (ASFA).

## Important information

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For QSuper products the PDS and TMDs are available at [qsuper.qld.gov.au/docs](http://qsuper.qld.gov.au/docs).

We are committed to respecting your privacy. Our privacy policy sets out how we do this, visit [australianretirementtrust.com.au/privacy](http://australianretirementtrust.com.au/privacy)

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