

Telstra Superannuation Scheme (**TelstraSuper**) is a leading profit-to-member superannuation fund, with a proud 30-year history of providing quality products and services for members. Originally established exclusively for Telstra employees, today, TelstraSuper is open for everyone to join.

The Tax Transparency Code (TTC) is a set of principles and 'minimum standards' developed by the Board of Taxation to guide the public disclosures of tax information. They are mainly designed for large corporate, multinational taxpayers to enhance the public's understanding of their tax contribution and compliance to Australia's tax laws. However, it is also open to other large taxpayers on a voluntary basis.

The TelstraSuper Board is committed to the highest standard of tax governance and takes governance, disclosure, and transparency seriously. It has chosen to elect into the regime voluntarily. This report for the period ended 30 June 2023 makes the disclosures recommended within the TTC.

We welcome the opportunity to provide this report to detail the amount and types of taxes TelstraSuper contributes. We consider tax transparency and governance to be vital in delivering best practice service to our members.

The financial information included in the report is the total of taxes across the TelstraSuper entities.

About TelstraSuper

TelstraSuper was established in 1990 and in 2023 had approximately \$25b in assets invested on behalf of over 84,000 members. TelstraSuper has defined benefit, accumulation, and allocated pension divisions within the fund.

TelstraSuper offers a broad range of investment options including MySuper, diversified options, and single asset class options. TelstraSuper also offers a direct investment platform that enables members to invest in term deposits and shares on the ASX 300.

TelstraSuper owns a subsidiary financial planning business which can provide a range of financial advice services to TelstraSuper's 84,000 members.

At TelstraSuper, we value showing:

- Customer focus
- Connection
- Ownership
- Curiosity
- Care

in everything we do. We are keen to demonstrate this in our tax strategy and governance detailed in the sections below.

TelstraSuper's approach to tax strategy and governance

At TelstraSuper we consider tax risks from a legislative, compliance and business management perspective.

We strive to:

- Identify tax risks
- Establish and maintain an effective tax control environment
- Comply with taxation law in all relevant jurisdictions
- Ensure tax positions are reasonably arguable
- Consider market reputation and tax consequences when setting investment strategy and making investment decisions
- Consider the after-tax returns to members
- Communicate with relevant stakeholder

We manage our tax risk under our Tax Management Policy (the 'Policy'). The Policy identifies TelstraSuper's key tax processes, risks, and controls. It is based on our current operations and tax profile and documents our tax policies and processes.

The Policy is approved by the Board, and the tax controls framework is overseen by the Audit Committee as the delegate of the Board.

The Policy notes that our tax risk appetite is rated as 'Undesirable'. This means that preventative controls are put in place to ensure potential errors and omissions are identified before they are finalised, processed or submitted. As an example, the annual income tax return of TelstraSuper is reviewed by an external tax agent prior to lodgement.

TelstraSuper's policy is to seek external taxation advice on any uncertain tax related matters identified during the year.

TelstraSuper is committed to maintaining an open and transparent relationship with revenue authorities and does not enter positions that are tax driven, artificial or contrived.

TelstraSuper, like many other institutional investors in Australia, invests in a wide range of countries. TelstraSuper also invests through low or nil tax jurisdictions.

TelstraSuper uses a variety of vehicles such as multi-investor collective investment vehicles or wholly owned co-investment vehicles. These structures are a very common part of global investing. It allows us to build a diversified portfolio and access opportunities alongside other investors in an efficient way.

TelstraSuper uses these structures in a conservative way for legal, tax and commercial reasons to enhance TelstraSuper's efficiency, investment performance and to satisfy our risk management policies. In doing so, TelstraSuper explicitly rejects tax avoidance or evasion.

When investing in any entity, including entities established in these jurisdictions, the Trustee undertakes thorough due diligence. This ensures that the structures utilised are efficient, legal, and that TelstraSuper pays all taxes that it is obliged to pay.

At the same time, this ensures that TelstraSuper meets its obligations to members by ensuring that TelstraSuper does not pay more tax than necessary. (e.g. through double taxation or inefficient structures).

As of 30 June 2023, TelstraSuper invested in a number of entities located in the Cayman Islands, as well as a smaller number located in the British Virgin Islands, Bermuda, Guernsey or Luxembourg. These included investments in hedge funds and private equity entities.

Tax contribution

The following table details the amount of taxes paid by TelstraSuper entities in relation to the 2023 tax year in Australia.

Tax Type	\$ million
Income Tax	31
Goods and Services Tax	3
PAYG withholding	19
Fringe benefits tax (under 1m)	–
Total	53

The following table includes the taxes that were paid by TelstraSuper in the 2023 tax year in foreign countries.

Tax Type	\$ million
Income Tax — investments	19

Reconciliation of accounting profit to income tax expense

The table on the following page details a reconciliation of TelstraSuper's accounting profit to income tax expense showing the effective tax rate of TelstraSuper in relation to its operations/ investment activities.

	\$ million
Profit (loss) from operating activities	1,948
Income tax at 15%	298
Add/(Subtract) tax adjustment	
Net imputation and foreign tax offsets	-69
Exempt pension investment income	-58
CGT discount impact realised	-1
Accounting to tax differences unrealised	-82
Adjustments in respect to the previous year's income tax	-14
Income Tax expense (benefit)	74
Effective tax rate	4%

In addition to the tax on investments, TelstraSuper paid tax on contributions per the table below.

	\$ million
Gross contributions financial statements	1,282
Less internal transfers	95
Gross contributions — external	1,187
Less member and other non-taxable contributions	572
Taxable contributions	616
Gross tax on taxable contributions	92
Deductible insurance premiums	-5
Member accrued Contributions (under 1m)	–
Net tax on taxable Contributions	87
Effective tax rate on external contributions	7.3%

Reconciliation of income tax expense to income tax paid

	\$ million
Income tax expense	74
Add: Tax on contributions	87
Unrealised income and gains/losses on Investments	-150
Under / (over) provision from current year	6
Reverse Under / (over) provision from prior year	14
Income tax paid/payable for 2022-23	31

International related party dealings

TelstraSuper's international related party dealings are limited to owning and transacting in international investments including equities, private equity and fixed interest securities on behalf of our members. All transactions are completed on an arm's length basis.



Call us
1300 033 166



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