

## **Tax Transparency Report**

**For the year ended 30 June 2018**

## About Sunsuper

Sunsuper is one of Australia's largest superannuation funds looking after \$56 billion in retirement savings for more than 1.3 million members and supporting more than 130,000 participating employer clients from a diverse range of industries across the country (as at 30 June 2018).

As a profit-for-members fund, our customers sit at the heart of everything we do. Sunsuper has no shareholders to pay and after-tax profits are returned to members through low administration fees, product innovation and enhanced services.

## The Tax Transparency Code

The Tax Transparency Code (TTC) is a set of principles and minimum standards to guide medium and large businesses on public disclosure of tax information. The TTC was developed by the Board of Taxation and endorsed by the Government in the 2016-17 Federal Budget.

While the TTC is intended to encourage greater tax related public disclosure and transparency, its requirements do not specifically extend to superannuation funds nor is there a prescribed format in which the report should be produced.

Sunsuper's Board supports tax transparency and hence this initiative through voluntary publication of this report.

## Sunsuper's Tax Strategy and Governance

Sunsuper's Board maintains a low appetite to tax risk and has adopted a tax strategy and governance framework to support this. This framework is regularly reviewed and updated. Key elements include:

- Sunsuper must be fully compliant with the tax laws in Australia and all other jurisdictions where it invests. This requires the tax outcome of any given transaction to closely align with the business outcome. Sunsuper will not enter into any artificial or contrived tax avoidance arrangements or schemes;
- Investment decisions must be made focusing on after-tax returns;
- Sunsuper's tax affairs must be actively managed, so that all positions taken are properly supportable and ensure that Sunsuper pays the correct amount of tax. This includes ensuring that any tax offsets and credits which Sunsuper is entitled to, are not unnecessarily wasted;
- Sunsuper's tax charges/benefits must be allocated across each investment option in an equitable manner;
- Systems and procedures must be maintained with strong internal controls to facilitate accurate and timely reporting;
- Effective communication must be maintained in relation to all taxation matters via regular reporting to the Board and the Audit Compliance and Risk Management Committee.

Sunsuper has developed a robust corporate governance and risk management framework which is regularly monitored with practices updated in accordance with industry standards and regulations. In doing so, Sunsuper seeks to ensure that the interests of members and other stakeholders are protected.

As part of this risk management framework, Sunsuper's Board has systems in place to provide assurance that the Fund complies with all legislative and prudential requirements.

## Summary of Taxes paid by Sunsuper

Various entities in the Sunsuper Group pay taxes, including the Sunsuper Superannuation Fund (ABN 98 503 137 921), the Sunsuper Pooled Superannuation Trust (ABN 14 732 571 880), Precision Administration Services Pty Ltd (ABN 47 098 977 667) and Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818).

For the 2018 financial year (FY), the Sunsuper group paid the following taxes-

### Taxes paid in FY 2017-2018 by the Sunsuper Group

#### Taxes borne by Sunsuper Group

Tax Type	(\$m)
Australian Income Taxes	523.5
Non recoverable GST	5.1
Payroll Tax	5.1
FBT	0.1
Foreign taxes	55.2
	<u>589.0</u>

Sunsuper strives to maximise long term investment returns for members by investing globally to diversify investments across a broad range of assets. These investments include listed equities, cash, fixed interest securities and pooled vehicles which provide international exposure to property, private equity and infrastructure.

Being a global investor Sunsuper paid \$55.2m in foreign tax in accordance with the laws in the foreign countries in which investments are held. These taxes may be paid directly, either through the lodgement of tax returns in the relevant foreign jurisdiction or via a withholding from returns, or indirectly through unlisted and pooled investment vehicles. Currently the Sunsuper group lodges tax returns in USA, India and Pakistan.

Sunsuper also pays various other taxes in Australia including -

#### Taxes collected and remitted by Sunsuper Group

Tax Type	(\$m)
GST collected on supplies	16.8
GST paid on acquisitions	(22.9)
PAYG withholding on salaries	26.6
PAYG withholding on member benefits	32.7
	<u>53.2</u>

## International Related Party Transactions

Sunsuper did not enter into any transactions with related parties situated outside Australia during the 2018 financial year.

## **Reconciliation of accounting profit to income tax expense**

Sunsuper is a complying superannuation fund for income tax purposes with investments held on an unsegregated basis. Further information regarding Sunsuper's 2018 tax position, including a reconciliation of accounting income to income tax expense is included in Sunsuper's Financial Statements.

[www.sunsuper.com.au/annual-reports](http://www.sunsuper.com.au/annual-reports)

## **Further information**

Further information and publications about Sunsuper and its operations are available from the Sunsuper website [www.sunsuper.com.au](http://www.sunsuper.com.au)

This document was prepared and issued by Sunsuper Pty Ltd (ABN 88 010 720 840) as Trustee of the Sunsuper Superannuation Fund (ABN 98 503 137 921).