

# Tax Transparency Report

Contribution to Australia's tax system  
For the year ended 30 June 2023



[art.com.au](https://art.com.au)



Australian Retirement Trust acknowledges the Traditional Custodians of Country throughout Australia, and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.



This Tax Transparency Report provides information in relation to Australian Retirement Trust (ART) for the period from 1 July 2022 to 30 June 2023.

This Tax Transparency Report has been prepared and issued by Australian Retirement Trust Pty Ltd, ABN 88 010 720 840 AFSL No. 228975, the trustee of Australian Retirement Trust ABN 60 905 115 063 (the Fund).

More information about ART's activities in 2022-23 can be found in our:

**Financial Statements:**

[art.com.au/prescribed-information](https://art.com.au/prescribed-information)

**Director & Executive Remuneration Report**

(available November 2023)

[art.com.au/prescribed-information](https://art.com.au/prescribed-information)

**Sustainable Investment Report**

(available November 2023)

[art.com.au/responsible-investing](https://art.com.au/responsible-investing)

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# Introduction

Australian Retirement Trust (ART) is the super fund formed through the merger of QSuper and Sunsuper in February 2022. As one of Australia's largest super funds, we remain focused on ensuring we meet the expectations of our regulators and the broader community in safeguarding more than \$300 billion in the retirement savings of more than 2.3 million Australians. 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 highlight that we are paying our fair share
- 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 Tax Transparency Report for the year ended 30 June 2023. 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
- 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 2023. This Tax Transparency Report should be read together with ART's Annual Report 2022-23, available at [art.com.au](https://www.art.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.

# About the ART Group

Australian Retirement Trust is one of Australia's largest super funds. Over 2.3 million Australians trust us to take care of over \$300 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 our members feel secure, confident, and protected in retirement.

As an industry super fund open to all Australians, we don't pay dividends to shareholders, which means we're focused on low fees and can reinvest profits back to members as better value products and services.

Our scale and size mean we invest in a broad range of local, national and global investment opportunities to help us grow members' super savings and maximise their retirement income.

ART provides financial advice, where requested, to members on their ART superannuation account.

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.

Australian Retirement Trust Pty Ltd (ART PL) is the 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.

# 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're proud to be a signatory to the voluntary Tax Transparency Code, and to publish our second 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 we take our role seriously as a steward of, and leader in, the Australian tax system.

Our report includes explanations of the income taxes we have paid during the financial reporting year between 1 July 2022 to 30 June 2023, 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 the ART Group 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're pleased to share 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 combined income and concessional contributions exceeds the \$250,000 p.a. threshold; payable on excess contributions over the threshold or the taxable super contributions, whichever is less.
<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 who 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 retirement savings and income in retirement.

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 and Finance Committee (AFC) from 1 July 2024 who have endorsed this report. This was predated by the Audit, Finance and Risk Committee (AFRC). Both Committees were 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 within 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 Committee on tax risk and controls and compliance with the Tax Governance Policy and Tax Control Framework on a quarterly basis, with material risks being escalated to the ART Board.



### Compliance

The ART Group 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

The ART Group 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 does 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.

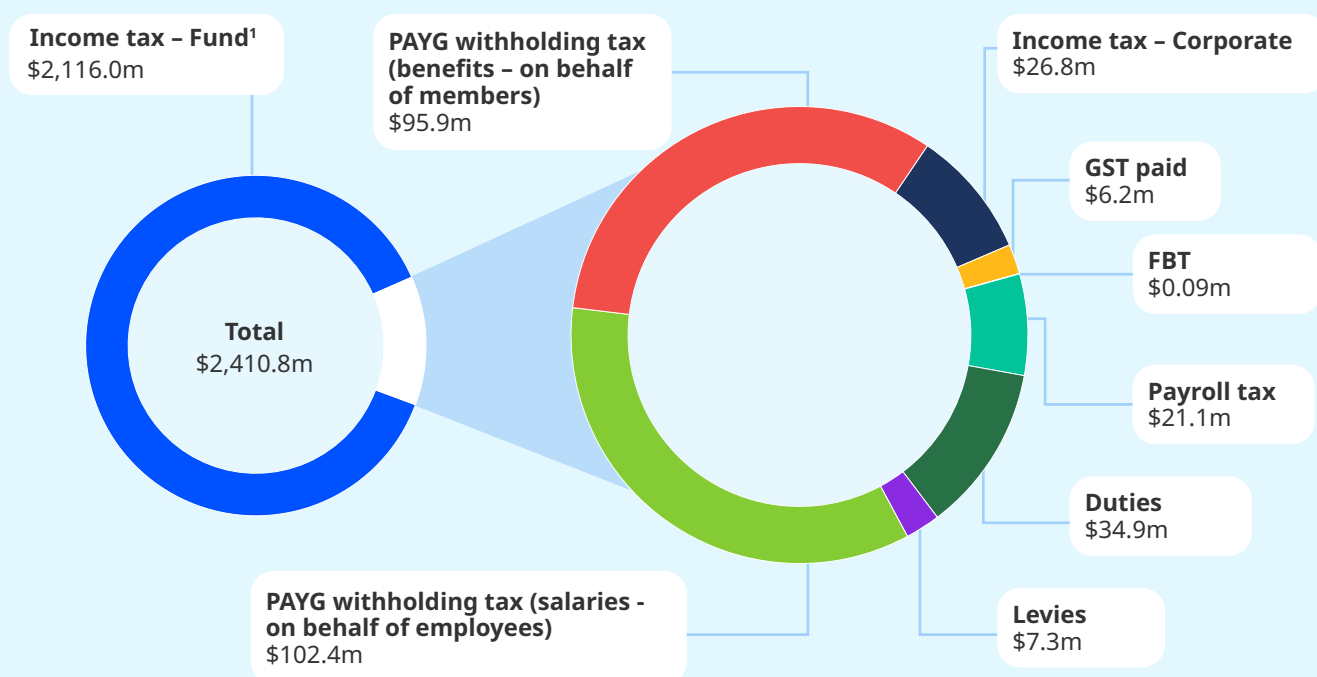
We have a high level of assurance over our tax processes and aim to maintain high assurance from the ATO. As a 'Top 100' taxpayer, ART participates in the ATO's Pre-lodgement Compliance Review Program (PCR). The Top 100 PCR forms part of the ATO's 'Justified Trust' program, under which Australia's largest 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 tax in respect of superannuation contributions we receive from members on their behalf, as well as income tax and duties in respect of investment returns and insurance premiums.

### Summary of taxes paid by ART<sup>1</sup> - Australia

The following table outlines taxes paid or payable for the 2023 financial year by ART Group in Australia:



<sup>1</sup> Includes superannuation contributions tax, tax on income and realised capital gains, net of exempt pension income, deductions, franking credits and other tax offsets.

## 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 2023 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 2023. 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 supporting members in pension phase
- discounted capital gains tax
- deductibility of certain expenditures.

The reconciliation and effective tax rate is set out below:

	\$ million (AUD)
<b>Results from superannuation activities</b>	17,105.5
<b>Prima facie income tax expense/ (benefit) at the tax rate of 15%</b>	2,565.8
<b>Imputation and foreign income tax offsets</b>	(767.8)
<b>Exempt pension income</b>	(57.9)
<b>Difference between accounting and taxation treatment on investment income</b>	(1,047.3)
<b>Notional deduction for self-insurance</b>	(20.3)
<b>Non-deductible expenditure/ Other</b>	17.1
<b>Adjustments in respect of current income tax of previous years</b>	219.3
<b>Income tax expense/(benefit)</b>	909.0
<b>Effective tax rate</b>	5.31%

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>	23,855.9
<b>Less: Contributions as a result of successor fund transfers (SFTs)</b>	(565.0)
<b>Gross Contributions (excluding SFTs)</b>	23,290.9
<b>Less: Member and other non-taxable contributions (incl. deductions relating to contributions)</b>	(7,944.0)
<b>Taxable contributions</b>	15,346.9
<b>Tax on taxable contributions at 15%</b>	2,302.0
<b>Effective tax rate on gross contributions (excluding SFTs)</b>	9.88%

## 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 2023 financial statements
- income taxes payable/paid in the 2023 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>	909.0
<b>Add tax effect of: Taxable contributions</b>	2,302.0
<b>Add tax on prior year contributions</b>	15.4
<b>Unrealised capital (gains) / losses on investments</b>	(1,356.5)
<b>Unrealised income (gains) / losses on investments</b>	101.6
<b>Accrued franking credits and foreign income tax offsets</b>	9.4
<b>Income tax payable in the 2023 financial year</b>	1,980.9
<b>Balance of 2022 income tax liability paid/(refunded)</b>	(626.1)
<b>Balance of income tax liability to be (paid)/refunded</b>	(81.2)
<b>Income tax paid in the 2023 financial year</b>	1,273.6

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

## Important information

This document has been prepared on 23 October 2024 and issued by Australian Retirement Trust Pty Ltd (ABN 88 010 720 840) (AFSL 228975), the trustee of Australian Retirement Trust (ABN 60 905 115 063)(theFund). While it has been prepared with all reasonable care, no responsibility or liability is accepted for any errors or omissions or misstatement however caused. All forecasts and estimates are based on certain assumptions which may change. If those assumptions change, our forecasts and estimates may also change. Past performance is not a reliable indication of future performance. For Super Savings product the PDS and Target Market Determinations are available at [art.com.au/pds](http://art.com.au/pds) or by contacting us on 13 11 84. For QSuper products the PDS and Target Market Determinations are available at [qsuper.qld.gov.au/calculators-and-forms/publications](http://qsuper.qld.gov.au/calculators-and-forms/publications). We are committed to respecting your privacy. Our formal privacy policy sets out how we do this, visit [art.com.au/privacy](http://art.com.au/privacy).

## General information only

This document has been prepared for general information purposes only and not as specific advice to any particular person. Any advice contained in this document is general advice and does not take into account any particular person's objectives, financial situation or needs. Because of this, before acting on any advice, you should consider its appropriateness, having regard to your own particular objectives, financial situation and needs. You should obtain and consider the Product Disclosure Statement (PDS) and relevant Target Market Determination (TMD) before making any decision about whether to acquire or continue to hold the product.

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