Tax Transparency Report

For the year ended 30 June 2025
ABN 75 493 363 262

2025

SECURING YOUR FUTURE

cbus super

1. Introduction

This Tax Transparency Report covers the 2024/2025 financial year (FY2025).

The Voluntary Tax Transparency Code (VTTC) was established to guide medium and large businesses on the public disclosure of tax information and to enhance the community's understanding of their compliance with Australia's tax laws. The VTTC was developed by the Board of Taxation and endorsed by the Federal Government in 2016. Adoption of the VTTC is voluntary.

Cbus Super is a signatory to the VTTC and published its first tax transparency report for the year ended 30 June 2019.

As one of Australia's largest profit-for-members superannuation funds, Cbus Super is committed to demonstrating strong governance on tax matters and responsible tax practices. Cbus Super also understands the importance of being transparent with its members and the wider community regarding its approach to tax strategy, governance and compliance with Australian and international tax laws.

For this reason, Cbus Super is committed to participating in the VTTC (including the redesigned VTTC from 1 July 2026) for future years.

2. Basis of preparation

This report has been prepared in accordance with the VTTC's minimum standards of information for Part A and Part B tax transparency disclosures, the Australian Accounting Standards Board (AASB) Tax Transparency Draft Guidance, and certain recommendations contained within the Board of Taxation's Consultation Paper regarding the 'Post-Implementation Review of the Tax Transparency Code' dated February 2019.

During 2025, the Board of Taxation redesigned the VTTC for application from 1 July 2026. Accordingly, Cbus Super intends to adopt the redesigned VTTC from that date.

All information presented within this report has been sourced from Cbus Super's audited financial statements prepared for the year ended 30 June 2025 in accordance with the relevant AASB standards applicable to superannuation entities. The qualitative disclosures in this report have been subject to independent external review.

All amounts disclosed are specified in Australian dollars.

3. About Cbus Super

Cbus Super has been part of the Australian building and construction and related sectors for over 40 years. Our members are predominantly from the building and construction, energy and related sectors, with a high proportion of members working in higher-risk occupations. We also have members in the printing, media, entertainment and art industries.

We have a proud history as a specialist fund, and this remains at the core of our strategy to deliver on our mission to deliver the best possible outcomes for our members.

First and foremost, we invest to maximise returns for our members and maximise their retirement outcomes. Where it makes sense to do so, we invest back directly and indirectly into the industries our members work in. We invest in our members' best financial interests, directly and via Cbus' wholly owned entity, Cbus Super Property[1].

Cbus Super is a complying Australian superannuation fund managing more than 910,000 members and managing over $105 billion of their money[2]. At Cbus Super, our members are our primary stakeholders, and we create value for them by delivering strong investment returns, tailored insurance, education, advice and support services. We work with sponsoring organisations, unions, employers and regulators, who also have an aligned interest in ensuring our members are looked after.

Cbus Super operates within the Australian superannuation industry and is regulated by the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC).

1 Cbus Super Property is a wholly-owned entity of United Super Pty Ltd and has responsibility for the development and management of Cbus Super's direct property investments.

2 As at 30 June 2025.

4. Approach to tax strategy and governance

Cbus Super's Tax Risk Governance Framework outlines its framework for complying with and demonstrating best practice in satisfying its taxation obligations and managing tax strategy, risk and governance across its business operations, in line with Cbus Super's broader Risk Management Framework.

The Tax Risk Governance Framework is reviewed and approved by the Cbus Board Audit and Finance Committee annually.

In setting its Tax Risk Governance Framework and in consideration of the ATO Guides[3], Cbus Super implemented a tax control testing program as part of internal audit procedures to obtain external assurance over the design and operational effectiveness of its key tax controls. Testing results are reported to the Cbus Super Board Audit and Finance Committee annually.

Cbus Super maintains either a conservative or neutral tax risk appetite. The following principles guide Cbus Super in managing tax risks and making decisions in relation to its tax affairs:

- **Full compliance** – Cbus Super will ensure it is compliant with all statutory tax obligations and seek to pay the legally correct amount of tax in all jurisdictions in which it operates on time.
- **Optimising tax efficiency** – Cbus Super will manage its tax affairs in a proactive and structured manner, drive tax efficiencies and identify opportunities to optimise after-tax member outcomes in the course of carrying out Cbus Super's business activities.
- **Prudent assessment of tax risk** – Cbus Super will not engage in tax avoidance and evasion schemes or aggressive tax positions that have a material risk of an adverse finding in court or an erosion of public trust and the reputation of Cbus Super. Cbus Super will maintain documented tax positions and procedures.
- **Transparent, productive and cooperative** – Cbus Super will seek to maintain a transparent, productive and cooperative relationship with revenue authorities locally and abroad.
- **Continuous improvement** – Cbus Super will seek to continually improve its tax risk management and governance practices in line with leading industry practice.

4.1 Engagement With Tax Authorities

Many APRA and ASIC-regulated superannuation funds, including Cbus Super, are participants in the ATO Top 1,000 Program.

The Top 1,000 Program seeks to increase the ATO's level of assurance that Australia's largest taxpayers are reporting the right amount of income tax and GST, or to identify areas of income tax or GST risk for further action.

Under the Top 1,000 Program, Cbus Super has participated in a number of assurance and risk reviews, including a Streamlined Assurance Review, Next Actions Review, Combined Assurance Review and income tax and GST-related audits. In the latest Top 1,000 ATO Combined Assurance Review, Cbus Super obtained the highest overall assurance review rating and the highest rating for tax risk management and governance – income tax which is a Stage 3. The ATO has confirmed it is engaging with the broader superannuation industry, including those in the Top 1,000 Program, on a consistent basis.

Cbus Super continues to maintain a transparent, productive and cooperative relationship with the ATO and all tax revenue authorities in all relevant jurisdictions.

5. Australia's superannuation tax regime

In Australia, superannuation funds are required to pay or collect tax in respect of: member contributions received; investment earnings; and withdrawals/benefits paid to members. Generally, the rate of tax applicable is set out below:

Pre-tax member and employer contributions (subject to concessional contribution limit)	15%[4]
After-tax member contributions, account transfers and rollovers from other super funds (subject to non-concessional contribution limit)	Nil
Contributions for members who don't provide their TFN by relevant 30 June	47%
Investment earnings for members in accumulation phase	15%[5]
Investment earnings for members in pension phase	Nil
Member benefit payments/withdrawals	Varies[6]

3 Tax Risk Management and Governance Review Guide; Governance Over Third-Party Data Supplementary Guide; and GST Governance, Data Testing and Transaction Testing Supplementary Guide.

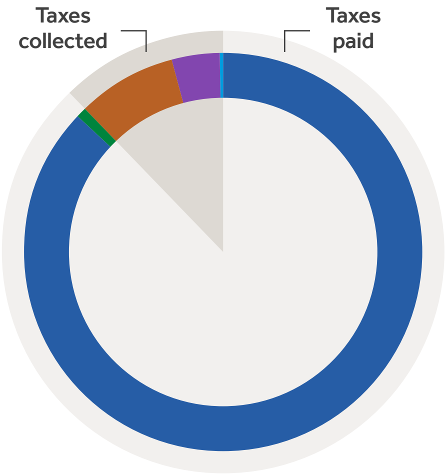
4 Members who earn more than $250,000 in a financial year may be subject to additional tax of 15% on their contributions.

5 This tax rate may be reduced due to the impact of franking credits, foreign tax offsets and capital gains tax discount.

6 Applicable tax rate will vary depending on a range of factors, including member's age and nature of benefit payment or withdrawal.

6. Tax contribution

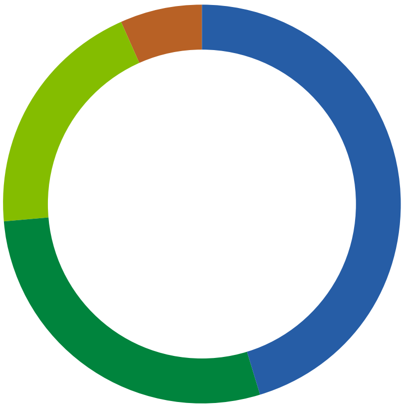
During FY2025, Cbus Super's total Australian taxes amounted to approximately $1,232 million, consisting of $1,084 million of taxes paid and $148 million of taxes collected. The table and graph below show the different types and amounts of Australian taxes paid and collected over the past two financial years.



Australian taxes ($,000)

Taxes paid by Cbus Super	FY2025	FY2024
Income Tax	1,072,869	822,568
Payroll Tax	10,161	8,906
Fringe Benefits Tax	541	418
Sub-total	**1,083,571**	**831,892.00**
Taxes collected by Cbus Super		
PAYG on superannuation benefits	100,001	69,371
PAYG on employee salaries	46,706	44,018
Goods and Services Tax	1,263	1,386
Sub-total	**147,970**	**114,775**
Total	**1,231,541**	**946,667**

Cbus Super also paid $81 million of taxes in foreign jurisdictions attributable to its overseas investments. The table and graph below show the amounts of foreign taxes paid by region over the past two financial years.



Foreign taxes paid by region ($,000)

Region	FY2025	FY2024
Americas	36,870	35,940
Asia	23,160	21,200
Europe	16,070	14,520
Other	5,310	4,210
Total	**81,410**	**75,870**

7. Reconciliation of accounting income and income tax expense

The table below provides an aggregated reconciliation of Cbus Super's accounting income to income tax expense as presented in the Financial Statements and therefore determined in accordance with the Australian Accounting Standards.

For this purpose, AASB 1056 requires superannuation funds to separately disclose an Income Statement (relating to investment activities) and a Statement of Changes in Members' Benefits (relating to member activities).

	Income Statement $,000	Statement of Changes in Members' Benefits $,000	Total FY2025 $,000	Total FY2024 $,000
Accounting Income	**9,738,345**	**8,143,211**	**17,881,556**	**15,059,541**
Prima facie income tax expense (at the superannuation tax rate of 15%)	1,460,752	1,221,482	2,682,234	2,258,931
Adjusted for tax effect of the following items:				
Capital gains tax concession and tax-exempt capital gains[1]	(419,061)	-	(419,061)	(283,792)
Tax-exempt income supporting pension balances[2]	(134,980)	-	(134,980)	(77,637)
Franking credits and foreign tax offsets[3]	(255,021)	-	(255,021)	(225,244)
Tax deductible insurance premiums	(61,987)	-	(61,987)	(62,528)
Under/over provision for tax in prior year[4]	(19,778)	-	(19,778)	55,976
Non-taxable member contributions[5]	-	(112,271)	(112,271)	(95,481)
Non-taxable transfers in from other superannuation funds[6]	-	(131,094)	(131,094)	(159,138)
Other – No TFN Tax	-	1,396	1,396	1,391
Income Tax Expense/(Benefit) – (current tax and deferred tax)	**569,925**	**979,513**	**1,549,438**	**1,412,478**

The differences between accounting income and tax income arises from the following main factors:

1. This amount largely relates to Cbus Super's (fund) entitlement to a concessional one third capital gains tax (CGT) discount on capital gains derived from assets held for at least 12 months. The one-third discount is only available after prior year carried forward capital losses and current year capital losses have been applied.
2. This amount largely relates to pension exemption income. A portion of a fund's income is exempt from tax as it is derived from assets supporting retirement phase pensions. The exempt proportion is typically determined using an actuarial certificate, which calculates the percentage of income that qualifies as exempt current pension income (ECPI) based on the fund's liability profile over the income year.
3. Franking credits and foreign tax offsets
   - Franking credits are tax paid at the company level that is passed on to shareholders, including superannuation funds, through franked dividends. Franking credit is applied as a tax offset against the fund's tax liability, the excess is a tax refund to the fund. This thereby reduces the double taxation.
   - Cbus Super pays foreign taxes on some overseas investment income which is also subject to Australian income tax. To prevent double taxation, Australian tax law allows Cbus to claim a foreign income tax offset in Australia for these foreign taxes paid, subject to relevant conditions i.e. the claim is limited by the foreign income tax offset (FITO) cap.
4. Prior year under/over tax provision adjustment reflects the differences between the income tax expense recognised in prior year and the actual tax paid for that year. Differences arise from additional tax adjustments identified during the preparation and lodgement of the income tax return. Adjustments are mainly attributable to present entitlement trusts distribution income and manual investment tax adjustments to override custodian default tax treatments.
5. Non-taxable member contributions relate to personal contributions which no valid notices have been provided under s290-170, spouse contributions and government contributions are generally not subject to tax.
6. Non-taxable transfers in from other superannuation funds relates to transfers from other superannuation funds from a taxable source which are not subject to tax.

8. Reconciliation of income tax expense and income tax paid

The following reconciliation outlines the differences between Cbus Super's income tax expense determined in accordance with Australian Accounting Standards and Cbus Super's actual income tax paid determined in accordance with Australian income tax laws.

The observed temporary differences primarily relate to the different accounting and tax rules for timing and recognition of certain income and expense items, and additional tax adjustments that are made as part of preparing Cbus Super's income tax return.

	Income Statement $,000	Statement of Changes in Members' Benefits $,000	Total FY2025 $,000	Total FY2024 $,000
Income Tax Expense/(Benefit)	**569,925**	**979,513**	**1,549,438**	**1,412,478**
Adjusted for tax effect of temporary items:				
Unrealised capital gains and revenue income/(losses)[7]	(456,160)	-	(456,160)	(515,646)
Deferred franking credits	(471)	-	(471)	1,724
Accrued expenses	6,848	-	6,848	(234)
Current year over-provision for tax[8]	(46,564)	-	(46,564)	(19,778)
Prior year under-provision for tax	19,778	-	19,778	(55,976)
Income tax paid	**93,356**	**979,513**	**1,072,869**	**822,568**

7. Unrealised capital gains and revenue income/losses include the investment deferred tax movements between current period closing balance and opening balance, net of pension exemption amount.
8. The current year over tax provision adjustment reflects the differences between the income tax expense recognised in current year and the actual tax paid for the year. Differences arise from additional tax adjustments identified during the preparation and lodgement of the income tax return. Adjustments are mainly attributable to present entitlement trusts distribution income and manual investment tax adjustments to override custodian default tax treatments.

9. Effective tax rate

The table below shows the calculation of Cbus Super's effective tax rate for FY2025 as 8.67%.

For this purpose, the effective tax rate of Australian superannuation funds typically varies from the standard 15% tax rate due to several factors described in section 7 and 8 above. They mainly consist of the following:

- non-assessable member contributions and transfers in/rollovers,
- exempt current pension income,
- non-deductible expenses,
- franking credits and foreign tax offsets; and
- capital gains tax discounts, and the utilisation of carried forward tax losses.

Cbus Super holds offshore investments that contribute to its financial and investment performance, however, these investments are passive in nature and the related income are recognised in Cbus Super's financial statements and income tax return. Cbus Super does not have any permanent establishments outside Australia and is not considered to carry on a business through foreign operations. Accordingly, Cbus Super is not subject to a distinct global effective tax rate, and its Australian effective tax rate represents its overall effective tax rate.

Cbus Super's effective tax rate is expressed as a percentage and is calculated as: Income Tax Expense/Accounting Income.

	Income Statement $,000	Statement of Changes in Member Benefits $,000	Total FY2025 $,000	Total FY2024 $,000
Accounting income	9,738,345	8,143,211	17,881,556	15,059,541
Income tax expense	569,925	979,513	1,549,438	1,412,478
Effective tax rate	**5.9%**	**12.0%**	**8.67%**	**9.38%**

10. International related party dealings

Cbus Super invests in many different jurisdictions around the world, including developed and emerging markets. Cbus Super also invests across a wide range of different assets, including listed equities, fixed interest instruments, property, private equity and infrastructure.

As part of our due diligence process, when investing into these different countries, we ensure that we comply with the relevant tax laws in those jurisdictions, paying the appropriate amount of foreign tax under a reasonable reading of the law.

Where tax is paid in those foreign jurisdictions, Cbus Super is generally, unless otherwise denied under Australian tax law, allowed an appropriate amount of foreign tax credits in Australia, which offsets that foreign tax paid against any Australian tax payable on that same income. This effectively prevents double taxation on income (if the foreign tax is allowed as a tax credit in Australia).

Due to commercial reasons, Cbus Super has some investments in pooled entities that are in certain low or no tax jurisdictions. These pooled entities aggregate funds from investors all over the world and invest into various sectors and jurisdictions.

Investing into global pooled entities allows for commercial and business efficiencies. For example, it allows Cbus Super to invest with other foreign institutional investors into quality assets (and projects) that Cbus Super might not necessarily have the opportunity or capacity to invest in alone.

Aggregating funds in this way permits tax to be paid where those investments are located, as well as when the income is returned to investors (in Australia for Cbus Super).

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