Cbus Tax Transparency Report

For the year ended 30 June 2023



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Introduction

This Tax Transparency Report covers the 2022/2023 financial year (FY2023).

The Voluntary Tax Transparency Code (the Code) is a set of principles and minimum standards to guide medium and large business on the public disclosure of tax information. The Code was developed by the Board of Taxation and endorsed by the Federal Government.

This report meets the set of principles and minimum standards guide in respect to large businesses on public disclosures of tax information recommended under the Code. As a large taxpayer, Cbus understands the importance of acting in a transparent manner and to help educate the public about its compliance with Australian and international tax laws. Accordingly, Cbus is a voluntary participant in this disclosure regime.

About Cbus

Cbus has a proud history as one of Australia's first industry funds formed in 1984. Cbus continues to proudly represent those in building and construction.

Leveraging expertise in the construction and building industry, Cbus have expanded to other sectors, including Electricity and Utilities, Transport, Manufacturing and Mining. On 12th of May 2023, Cbus successfully completed its merger with Energy Industries Superannuation Scheme (EISS Super), welcoming 17,000 new members and establishing itself as the leading fund for energy and electrical workers in Australia.

Cbus is one of Australia's top performing superannuation funds*. With more than **910,000 members**, including **50,000 members** in the electrical sector and managing over **$85 billion** of their money (as of 30 June 2023).

Cbus invests to maximise returns for members and so they can enjoy the best possible retirement.

At Cbus, responsible investment is important for our members' long-term returns and their quality of life in retirement. Environmental, Social and Governance (ESG) factors are integrated across Cbus' portfolio as one input into our investment decision-making process.

Cbus also provides insurance that is designed to meet the specific needs of members' industries and occupations, including insurance cover for members working in high-risk jobs†. Cbus helps members make informed decisions to create financial security for their retirement by offering education and guidance.

Cbus members are at the heart of everything we do and the decisions we make are designed to maximise their future retirement outcomes, with all profits going to members not to shareholders.



* The Growth (MySuper) investment option obtained top quartile performance ranking over 7, 10, 15 and 20 year periods from the SuperRatings FCRS SR50 Balanced (60-76) Index, for the period ending 30 June 2023. Past performance is not a reliable indicator of future performance.
† Insurance is issued under a group policy with our insurer TAL Life Limited ABN 70 050 109 450 AFSL 237848.

Cbus' approach to Tax Strategy, Risk and Governance

Cbus' approach to Tax Strategy, Risk and Governance aims to support its objective of achieving the best retirement outcomes for its members. In accordance with Cbus' Tax Risk Governance Framework, Cbus maintains either a conservative or neutral tax risk appetite. The following principles guide Cbus in managing tax risks and making decisions in relation to its tax affairs:

- **Full compliance** – Cbus 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 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' business activities.
- **Prudent assessment of tax risk** – Cbus 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. Cbus will maintain documented tax positions and procedures.
- **Transparent, productive and cooperative** – Cbus will seek to maintain a transparent, productive and cooperative relationship with revenue authorities locally and abroad.
- **Continuous improvement** – Cbus will seek to continually improve its tax risk management and governance practices in line with leading industry practice.

Cbus' engagement with Tax Authorities

Many large APRA regulated superannuation funds, including Cbus, are participants in the Australian Tax Office's (ATO) Top 1,000 Tax Compliance Programs. These ATO compliance programs form part of the ATO's 'Justified Trust' initiative which seeks to obtain greater confidence that Australia's largest taxpayers are paying the right amount of tax.

Cbus has regular interactions with the ATO as part of its Top 1,000 Tax Compliance Programs. Cbus seeks to maintain a transparent, productive and cooperative relationship with tax authorities in all relevant jurisdictions.

Australia's superannuation tax regime

The income tax rates applied to superannuation funds are different to company and individual tax rates.

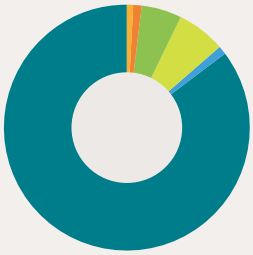
Super funds like Cbus are required to pay tax on member contributions and earnings as follows:

Pre-tax member and employer contributions up to $27,500, salary under $250,000	**15%**
Pre-tax member and employer contributions up to $27,500, salary over $250,000 *(15% deducted and paid to ATO by Cbus, plus additional 15% directly payable to ATO or deducted from account)*	**30%**
After-tax member contributions and account consolidation transfers	**Nil**
Accumulation and Transition to Retirement account earnings	**15%**
Retirement Income account earnings	**Nil**
Contributions tax rate for members who don't provide their TFN by 30 June *(15% deducted and paid to ATO by Cbus, plus additional 32% directly payable to ATO or deducted from account)*	**47%**

Tax paid in FY2023

The chart below shows the different types and amounts of taxes paid by Cbus in FY2023. For comparative purposes, the table below also shows the different types and amounts of taxes paid in FY2022.

Taxes paid in FY2023 ($000)



	FY2023	FY2022
Goods and Services tax	994	637
Fringe Benefits Tax	402	375
PAYG on employee salaries	38,816	35,734
PAYG on superannuation benefits	47,925	44,386
Payroll Tax	7,261	6,287
Income Tax	608,130	546,462

Reconciliation of accounting profit/income tax expenses

FY2023 reconciliation of accounting income to income tax expense ($,000)	FY2023 Income Statement	FY2023 Statement of Changes in Members' Benefits	FY2023 Total	FY2022 Total
Accounting income	**6,523,575**	**12,126,689**	**18,650,264**	**8,964,586**
Prima facie income tax expense (at the superannuation tax rate of 15%)	978,536	1,819,003	2,797,540	1,344,688
Adjusted for tax effect of the following items:				
Capital gains tax concession and tax-exempt capital gains	-334,628	–	-334,628	115,067
Tax exempt income supporting pension balances	-43,954	–	-43,954	16,049
Franking credits and foreign tax offsets	-181,994	–	-181,994	-322,616
Tax deductible Group Life insurance premiums	-65,288	–	-65,288	-53,830
Under provision for tax in the prior year	78,935	–	78,935	15,610
Non-taxable member contributions	–	-73,651	-73,651	-98,040
Non-taxable transfers in from other superannuation funds	–	-972,902	-972,902	-1,221,075
Other	–	1,357	1,357	706
Income Tax Expense / (Benefit)	**431,607**	**773,807**	**1,205,415**	**-203,441**
Effective rate of income tax expense (after adjustment for amounts which are not deductible/not taxable)*	6.6%	6.4%	6.46%	-2.27%

* Cbus' effective rate of income tax expense is calculated as: "FY2023 total Income tax expense / (benefit)" divided by total "FY2023 total accounting income".

Reconciliation of income tax and income tax paid

FY2023 reconciliation of income tax expense to income tax paid ($,000)	FY2023 Income Statement	FY2023 Statement of Changes in Members' Benefits	FY2023 Total	FY2022 Total
Income Tax Expense / (Benefit)	**431,607**	**773,807**	**1,205,415**	**-203,441**
Under provision for tax in current year†	50,695	–	50,695	70,878
Net unrealised investment losses	-569,045	–	-569,045	694,635
Impact of under-provision for tax in the prior year‡	-78,935	–	-78,935	-15,610
Income tax paid for FY2023	**-165,677**	**773,807**	**608,130**	**546,462**

† Largely relates to no foreign tax offsets claimed and higher assessable trust distribution income for components provided to the Fund after completion of the financial statements.

‡ Total for Cbus ($70,878) and Media Super ($8,057) following successor fund transfer during FY2022.

Cbus' International Investments

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

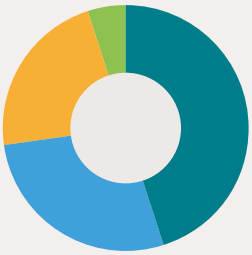
As part of our due diligence process, when investing into these different countries, Cbus ensures that the fund complies with the relevant tax laws in those jurisdictions, paying the appropriate amount of foreign tax under a reasonable reading of the law.

Where tax is paid in those foreign jurisdictions, Cbus 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 does have 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 invests into various sectors and jurisdictions.

Investing into global pooled entities allows for commercial and business efficiencies. For example, it allows Cbus to invest with other foreign institutional investors into quality assets (and projects) that Cbus 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).

Foreign tax paid by region



Region	($m)
Americas	31.76
Asia	20.16
Europe	15.45
Other	3.52
Total	**70.89**

Foreign taxes paid by country

Country	$ million (AUD)	Country	$ million (AUD)
United States	28.36	Denmark	1.15
India	8.58	Russia	0.73
Germany	5.06	Sweden	0.61
China	3.58	Thailand	0.51
France	3.48	South Africa	0.51
Japan	2.76	Mexico	0.46
Taiwan	2.40	Belgium	0.38
South Korea	2.10	United Kingdom	0.35
Netherlands	1.66	Norway	0.30
New Zealand	1.52	Chile	0.27
Italy	1.48	Spain	0.25
Canada	1.36	Indonesia	0.23
Brazil	1.31	Other	1.07
		Sub-total	**70.47**
Foreign taxes paid through pooled vehicles			**0.42**
Total			**70.89**



Cbus' Trustee

United Super Pty Ltd ABN 46 006 261 623 AFSL 233792 as Trustee for the Construction and Building Unions Superannuation Fund ABN 75 493 363 262 offering Cbus Super and Media Super products (Cbus, Cbus Super and/or Media Super). United Super Pty Ltd provides trustee services to Cbus and in doing so incurs operating costs in fulfilling its trustee obligations. United Super Pty Ltd recovers those operating costs by charging a Trustee service fee to Cbus.

In FY2023, United Super Pty Ltd reported an accounting profit (before income tax) of $2,063,300 and a taxable income position of $2,066,130. A reconciliation between accounting profit and taxable income is provided below.

For income tax purposes, United Super Pty Ltd is subject to the lower company income tax rate of 25%.

	FY2023
Accounting profit (before income tax)	**2,063,300**
Adjusted for the following timing differences: – Current year expense accrual – Prior year expense accrual	 11,547 ($8,717)
Taxable income	**2,066,130**
Tax payable @ 25%	**516,533**

Contact Cbus

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This information is about Cbus Super. It doesn't account for your specific needs. Please consider your financial position, objectives and requirements before making financial decisions. Read the relevant Product Disclosure Statement (PDS) and Target Market Determination to decide if Cbus Super is right for you. Call **1300 361 784** or visit **cbussuper.com.au**.

United Super Pty Ltd ABN 46 006 261 623 AFSL 233792 as Trustee for the Construction and Building Unions Superannuation Fund ABN 75 493 363 262 offering Cbus Super and Media Super products (Cbus, Cbus Super and/or Media Super).