Construction and Building Unions
Superannuation Fund

cbus super



Tax Transparency Report

For the year ended 30 June 2024

ABN 75 493 363 262

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Introduction

This Tax Transparency Report covers the 2023/2024 financial year (FY2024)

The Tax Transparency Code (the Code) 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 Code was developed by the Board of Taxation and endorsed by the Federal Government in 2016. The adoption of the Code is voluntary.

Cbus Super is a voluntary participant in the Code 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 its compliance with Australian and international tax laws. For this reason, Cbus Super is also committed to participating in the Code for future years.

Basis of preparation

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for Part A and Part B tax transparency disclosures, Australian Accounting Standards Board (AASB) Tax Transparency Draft Guidance, and certain recommendations contained within the Board of Taxation's Consultation Paper regarding the *'Post-Implementation Review of the Tax Transparency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

All information presented within this report has been sourced from Cbus Super's audited financial statements prepared for the year ended 30 June 2024 in accordance with the relevant AASB applicable to superannuation entities. This report has not been subject to independent external audit assurance.

All amounts disclosed are specified in Australian dollars.

About Cbus Super

Cbus Super has been part of the Australian building and construction and related sectors for 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.

Cbus Super is an award winning Australian superannuation fund managing more than $94 billion of superannuation for over 900,000 members (as of 30 June 2024). 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.

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 interest, directly and via Cbus' wholly owned entity, Cbus Super Property[1].

Our mission is to deliver the best possible retirement outcomes for our members and be the number one specialist super fund in our target sectors.

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.

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[2], 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 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.

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 identify areas of income tax or GST risk for further action.

Under the Top 1,000 Program, Cbus Super has participated in a Streamlined Assurance Review and a Next Actions Review and is currently cooperating with the ATO on a Combined Assurance Review and Audit. 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.

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%**[3]
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%**[4]
Investment earnings for members in pension phase	**Nil**
Member benefit payments / withdrawals	**Varies**[5]

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

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

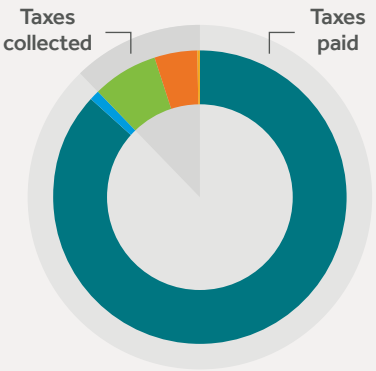
[4] This tax rate may be reduced due to the impact of franking credits, foreign tax offsets and capital gains tax discount.

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

Tax contribution

During FY2024, Cbus Super's total Australian taxes amounted to approximately $947 million, consisting of $832 million of taxes paid and $115 million of taxes collected. The table and graph below shows the different types and amounts of Australian taxes paid and collected over the past two financial years.

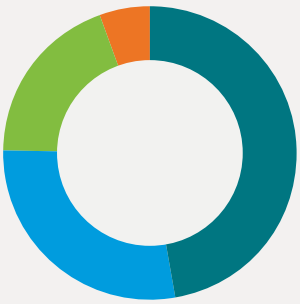
Australian taxes ($,000)



Taxes paid by Cbus Super	FY2024	FY2023
Income Tax	822,568	608,130
Payroll Tax	8,906	7,261
Fringe Benefits Tax	418	402
Taxes collected by Cbus Super	**FY2024**	**FY2023**
PAYG on superannuation benefits	69,371	47,925
PAYG on employee salaries	44,018	38,816
Goods and Services Tax	1,386	994

Cbus Super also paid $75 million of taxes in foreign jurisdictions attributable to its overseas investments. The table and graph below shows the amounts of foreign taxes paid by region over the past two financial years.

Foreign taxes paid by region ($,000)



Region	FY2024	FY2023
Americas	35,940	31,760
Asia	21,200	20,160
Europe	14,520	15,450
Other	4,210	3,520
Total	**75,870**	**70,890**

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, accounting standards require superannuation funds to separately disclose an Income Statement (relating to investment activities) and a Statement of Changes in Member Benefits (relating to member activities).

	Income Statement $,000	Statement of Changes in Member Benefits $,000	Total FY2024 $,000	Total FY2023 $,000
Accounting Income	**7,454,969**	**7,604,572**	**15,059,541**	**18,650,264**
Prima facie income tax expense (at the superannuation tax rate of 15%)	1,118,245	1,140,686	2,258,931	2,797,540
Adjusted for tax effect of non-temporary items				
Capital gains tax concession and tax-exempt capital gains	-283,792		-283,792	-334,628
Tax exempt income supporting pension balances	-77,637		-77,637	-43,954
Franking credits and foreign tax offsets	-225,244		-225,244	-181,994
Tax deductible insurance premiums	-62,528		-62,528	-65,288
Over-provision for tax in the prior year	55,976		55,976	78,935
Non-taxable member contributions		-95,481	-95,481	-73,651
Non-taxable transfers in from other superannuation funds		-159,138	-159,138	-972,902
No TFN tax paid on contributions		1,391	1,391	1,357
Income Tax Expense (current and deferred tax)	**525,020**	**887,458**	**1,412,478**	**1,205,415**

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 Member Benefits $,000	Total FY2024 $,000	Total FY2023 $,000
Income tax expense (current and deferred)	**525,020**	**887,458**	**1,412,478**	**1,205,415**
Adjusted for tax effect of temporary items				
Unrealised capital gains and revenue income/losses	-515,646		-515,646	-576,734
Deferred franking credits	1,724		1,724	729
Accrued expenses	-234		-234	6,960
Current year under-provision for tax	-19,778		-19,778	50,695
Prior year over-provision for tax	-55,976		-55,976	-78,935
Income tax paid	**-64,889**	**887,458**	**822,568**	**608,130**

Effective tax rate

The table below shows the calculation of Cbus Super's effective tax rate for FY2024 as 9.38%.

For this purpose, the effective tax rate of Australian superannuation funds typically varies from the standard 15% tax rate due to several factors, which include tax-exempt income, non-deductible expenses, franking credits, foreign tax offsets, capital gains tax discounts, and the utilisation of carried forward tax losses.

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 FY2024 $,000	Total FY2023 $,000
Accounting Income	7,454,969	7,604,572	15,059,541	18,650,264
Income Tax Expense	525,020	887,458	1,412,478	1,205,415
Effective tax rate	**7.0%**	**11.7%**	**9.38%**	**6.46%**

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 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 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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