



# CBA UK Group Tax Strategy

for the financial year ended  
30 June 2023

# CBA UK Group Tax Strategy

for the financial year ended 30 June 2023

Commonwealth Bank of Australia's (CBA or the Group) commitment is to comply with all prevailing tax laws in all jurisdictions in which the Group operates and to maintain transparent and collaborative relationships with all tax authorities.

The Group publishes its approach to managing its tax affairs annually together with its tax information to meet the requirements of the Australian Board of Taxation's voluntary Tax Transparency Code<sup>1</sup>.

## 1. Overview of the Group's banking business in the United Kingdom

The Group's banking business operates in the United Kingdom (UK) through the CBA UK branch (CBA UK) and CBA subsidiaries, serving as: (i) an origination and client servicing hub for the UK and qualifying European client base; (ii) a global markets regional centre; and (iii) a point for the Group's Treasury function to access the Sterling Monetary Framework as implemented by the Bank of England. The Group's Treasury operations also include a New Zealand incorporated Group subsidiary (ASB Finance Limited) which has a UK branch, ASB Finance Limited – London Branch (ASBFL-UK) that sources international wholesale funding for the New Zealand banking business. ASBFL-UK was closed during the 30 June 2023 year.

A UK management team has oversight of the business. There is regular, open dialogue with UK regulators, HM Revenue & Customs (HMRC), the Prudential Regulation Authority (PRA), and the Financial Conduct Authority (FCA). CBA's home regulator is the Australian Prudential Regulation Authority (APRA).

Responsibility for oversight of the UK Institutional Banking and Markets (IB&M) business rests with CBA UK's CEO supported by a functional hierarchy that reflects the organisation's global structure. The London Branch Management Committee together with the Risk Governance Subcommittee manage governance. Responsibility for the production and integrity of the financial information and regulatory reporting for the UK IB&M business rests with CBA UK's CFO, who holds the role of Senior Accounting Officer and is the Senior Manager responsible for tax under the PRA and FCA's Senior Managers Regime.

Prior to the closure of ASBFL-UK, the Manager ASBFL-UK, based in London, managed ASBFL-UK day-to-day. Responsibility for the production and integrity of ASBFL-UK's financial information rested with the General Manager Financial Information and Control, ASB Bank.

The Group's UK operations are subject to Schedule 19 of the Finance Act 2016, which requires disclosures about various aspects of the Group's UK tax strategy. The Group has prepared this document to meet these requirements for the year ending 30 June 2023 for the entities listed at Appendix 1.

## 2. The Group's approach to tax risk management

### 2.1 Group tax risk appetite

The Group takes a conservative approach to managing its tax affairs. This includes complying with all tax laws in the jurisdictions in which the Group operates, and adhering to all tax lodgements, payments, reporting, disclosures and other obligations.

The Group applies the following principles in its assessment of tax outcomes:

- Only enter into transactions that have a clear business rationale, before taking into account any tax consequences;
- Not participate in or promote aggressive tax planning or tax avoidance arrangements (either for the Group's own tax affairs or for its customers);
- Pay the appropriate amount of tax in accordance with the prevailing tax laws; and
- Claim any deductions, credits, offsets or concessions that are legitimately available.

As tax laws can be very complex and open to interpretation, the Group acknowledges at times that tax regulators may interpret tax laws differently to the Group.

<sup>1</sup> The Tax Transparency Code is a set of principles and minimum standards developed by the Australian Board of Taxation to guide medium and large businesses on public disclosure of tax information. The Group's response is published here: <https://www.commbank.com.au/content/dam/commbank/assets/about/opportunity-initiatives/commbank-tax-transparency-code.pdf>

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for the financial year ended 30 June 2023 (continued)

## 2.2 Relationship with tax authorities

The Group aims to maintain transparent and collaborative relationships with all tax regulators, which includes:

- Providing any information required on a timely basis;
- Engaging proactively on significant tax issues; and
- Where disputes arise, working openly and constructively to resolve the issues.

## 2.3 Arm's length pricing

The Group ensures that international related party and intra-group transactions are in compliance with the Organisation for Economic Co-operation and Development's (OECD) guidelines and arm's length principles. The Group does not artificially divert profits to low tax jurisdictions or tax havens.

The Group does not participate in arrangements where transfer pricing outcomes are not consistent with value creation. Transfer pricing outcomes of the Group are consistent with the functional activities undertaken, risks assumed and assets utilised in each jurisdiction.

The Group maintains contemporaneous documentation supporting the pricing of international related party dealings, which are conducted in accordance with the arm's length principle.

## 2.4 Combatting tax evasion

The Group supports regulator initiatives aimed at supporting the integrity of tax systems. The introduction of customer information reporting regimes such as the Foreign Account Tax Compliance Act (FATCA) and the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (CRS) have enabled customer data to be shared between tax regulators on a global basis. The Group is committed to 'doing what is right' and complying with all such measures.

## 2.5 Tax governance framework

The Group manages its tax risk through the Group Operational Risk Management Framework, the Group Tax Policy, and the Group Tax Procedures. In addition, the Group:

- maintains an appropriately experienced and resourced tax team to identify, manage and mitigate tax risks;
- ensures that appropriate controls are in place to manage identified tax risks, and that key controls for material risks are regularly subjected to design and operating effectiveness testing; and
- regularly reports significant tax issues to the Group's CFO, the CEO and the Board Audit Committee.

## 3. Application of the Group's approach to tax in the UK

The above key tax governance principles underpin the Group's approach to UK tax risk management and governance.

Day-to-day UK tax compliance and reporting for the IB&M business are performed by the UK Finance Department under the direction of CBA UK's CFO, with the exception of employment taxes which are the responsibility of the Head of Human Resources Europe. The ASB Tax team, under the direction of the General Manager Taxation of ASB Bank, managed the day-to-day UK tax compliance and reporting for ASBFL-UK until it was closed in the 30 June 2023 year.

Group Tax provides oversight on compliance and reporting and is engaged by the UK business to provide advice on taxation matters and support business units in identifying, assessing, monitoring and managing tax risks. Group Tax participates in new product approval processes, material transactions, and matters involving significant complexity or interpretative uncertainty.

Qualified external tax professionals are engaged to provide advice on complex matters and to provide tax compliance oversight and assistance.

## 4. Level of risk acceptable in relation to UK Taxation

CBA UK's CEO and CFO together with the London Branch Management Committee and the Risk Governance Subcommittee ensure that the Group's conservative approach to managing its tax affairs is applied with regards to UK taxation.

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for the financial year ended 30 June 2023 (continued)

## 5. The Group's attitude to tax planning as applicable to the UK

The Group's principle of only entering into transactions that have a clear business rationale, before taking into account any tax consequences, is applied by the UK operations in their attitudes to tax planning.

CBA is a signatory to the UK Code of Practice on Taxation for Banks and agrees not to undertake tax planning that aims to achieve a tax result that is contrary to the intentions of Parliament. Furthermore, the Group is committed to ensuring adherence to the UK Criminal Finances Act.

## 6. Working with HMRC

The Group is committed to complying with all global statutory tax obligations and providing full disclosure to tax regulators in all jurisdictions in which it operates.

The Group is committed to maintaining a transparent and collaborative relationship based on openness and trust with HMRC.

The Group's UK operations actively seek to maintain an open, transparent and constructive relationship with HMRC. Regular communication and annual review meetings with HMRC ensure issues are raised in a timely manner, resolved quickly and uncertainty removed. Full disclosure is provided to HMRC, particularly for matters where the tax treatment may be uncertain. Where the Group's interpretation of UK tax law differs from that held by HMRC or is uncertain, the Group's UK operations will engage with HMRC in a constructive and efficient manner with a view to achieving a resolution.

# CBA UK Group Tax Strategy

for the financial year ended 30 June 2023 (continued)

## Appendix 1

The companies covered by the CBA UK Tax Strategy are:

- Commonwealth Bank of Australia, London Branch
- CBA Europe Limited
- CBA Services International Limited
- ASB Finance Limited, London Branch (closed during 30 June 2023 year)
- CBA SAF UK Limited



Commonwealth  
Bank