

# 2024 Tax Transparency Code

# Tax Transparency Code

Commonwealth Bank of Australia (the Group) is pleased to provide our annual tax transparency report for the financial year ended 30 June 2024 (FY24).

The Group is one of the largest taxpayers in Australia. Our commitment is to comply with all prevailing tax laws in all jurisdictions that we operate and to maintain transparent and collaborative relationships with all tax authorities.

In FY24, the Group's total tax contribution was approximately **\$7.1 billion** in Australia, and **\$8.7 billion** globally, comprised of:

- Taxes Paid – **\$4.6 billion** in Australia and a total of **\$5.4 billion** globally; and
- Taxes Collected – **\$2.5 billion** in Australia and a total of **\$3.3 billion** globally (i.e. customer and employee taxes).

## Our Business

The Group remains committed to our purpose of building a brighter future for all.

Our approach to managing our tax affairs is in accordance with our corporate purpose, strategy, priorities and culture which are set out below. We always act responsibly and transparently in respect to managing our tax affairs.

### Our purpose

We are guided by our purpose –  
**Building a brighter future for all.**

Our purpose reflects our ambition, and it inspires and connects us to the Bank's reason for being, conveying our hope and optimism for the future.

### Our strategy

Inspired by our purpose, we are focused on **building tomorrow's bank today for our customers**, through our strategic priorities:

- Helping build Australia's future economy
- Reimagining banking
- Simpler, better foundations

### Our people and culture

Having highly engaged, capable and accountable teams is essential to delivering our strategy and positive outcomes for our customers, our people, communities and shareholders.

Our Code of Conduct guides our people to deliver on our purpose and strategy, by setting expectations for how we act and make decisions. The 'Should We?' test helps our people make the right decisions for our customers, shareholders and other stakeholders.

We are guided by our Values in everything we do.

**Care Courage Commitment**

Our leadership principles help leaders understand what is required to lead successfully to execute our strategy.



Obsess over customers



Lead as an owner



Be curious and humble



Create exceptional teams

# Tax Transparency Code (continued)

## Our Tax Approach

### 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 includes ensuring that all tax lodgements, payments, reporting, disclosures and other obligations are adhered to.

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 tax regulators may interpret tax laws differently to the Group.

### 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.

Most of the tax paid by the Group is to the Australian Taxation Office (ATO). In FY24, the ATO's engagement with CBA was managed through a Pre-lodgement Compliance Review and GST Assurance Review Framework (PCR). The PCR sets out the overall engagement and assurance approach the ATO will adopt with CBA for income tax, GST and the Major Bank Levy. Under the PCR, the Group continues to report all significant transactions, risks and other issues to the ATO on a regular basis, and issues are resolved with the ATO in a constructive and efficient manner.

### 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 (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.

### International Related Party Dealings

The Group has an international presence through its shareholdings in foreign retail banks, banking investments, and banking branches in international financial services hubs.

The key international related party dealings for the Group which have a material impact on the Group's Australian taxable income are:

Key International Related Party Dealing	Description	Significant Jurisdictions
Loans	Loans to/from offshore CBA branches and subsidiaries	United Kingdom, United States of America, Singapore, Japan, Hong Kong, New Zealand, China and Netherlands
Derivative arrangements	Derivative arrangements (including swaps, options, FX and commodity contracts) with offshore CBA branches and subsidiaries	New Zealand, United Kingdom, United States of America, Hong Kong, Singapore and Japan
Dividends	Dividends from offshore subsidiaries	New Zealand
Insurance premiums	Insurance premiums for insurance cover provided by offshore subsidiary	Singapore
Service Centre support	Information Technology and Information Technology enabled business support services from offshore subsidiary	India

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

# Tax Transparency Code (continued)

## 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 authorities on a global basis. The Group is committed to ‘doing what is right’ and complying with all such measures.

## Our Tax Transparency Information

### Taxes Paid

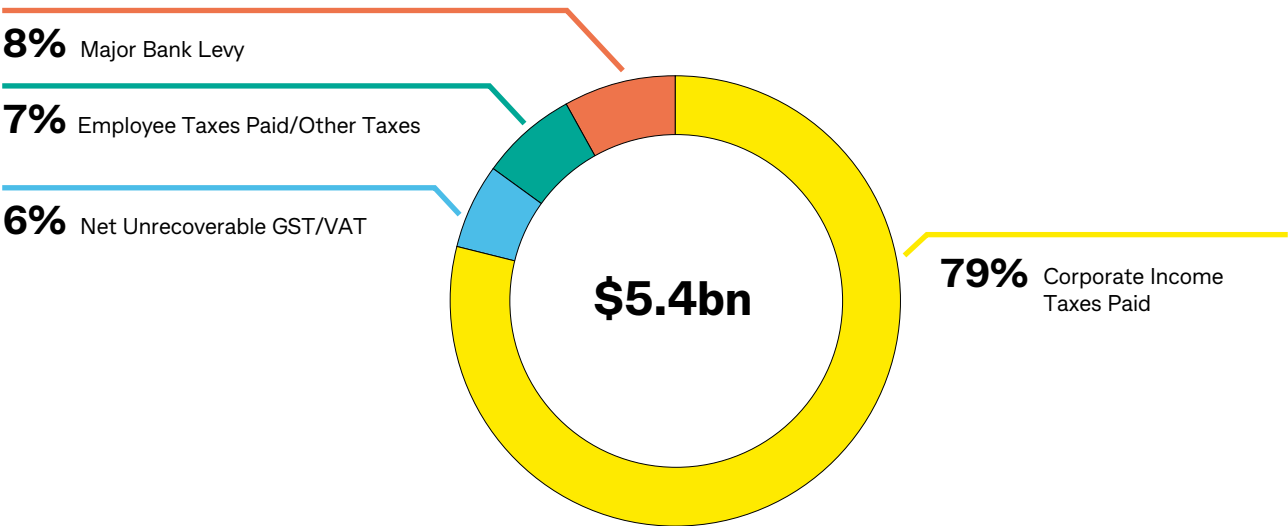
The total taxes paid by the Group in FY24 are as follows:

	FY24 \$M				FY23 \$M <sup>2</sup>
	Australia	New Zealand	Other	Group Total	Group Total
Total Tax Contribution by the Group <sup>1</sup>					
Corporate Income Taxes Paid	3,513	639	147	4,299	3,871
Net Unrecoverable GST/VAT	269	44	–	313	337
Employee Taxes Paid/Other Taxes (including Payroll Tax and FBT)	370	21	19	410	382
Major Bank Levy	415	–	–	415	376
Total	4,567	704	166	5,437	4,966

1 Represents payments made during the financial year.

2 Comparative information relating to New Zealand has been restated.

### Taxes Paid by type



# Tax Transparency Code (continued)

## Taxes Collected

The total taxes collected by the Group in FY24 are as follows:

Total Taxes Collected by the Group on behalf of Government	FY24 \$M				FY23 \$M <sup>3</sup>
	Australia	New Zealand	Other	Group Total	Group Total
GST/VAT (Customer)	527	25	11	563	635
Withholding Taxes (Largely Customer)	283	491	1	775	366
PAYG Withholding (Employees)	1,715	209	87	2,011	1,878
<b>Total</b>	<b>2,525</b>	<b>725</b>	<b>99</b>	<b>3,349</b>	<b>2,879</b>

<sup>3</sup> Comparative information relating to New Zealand has been restated.

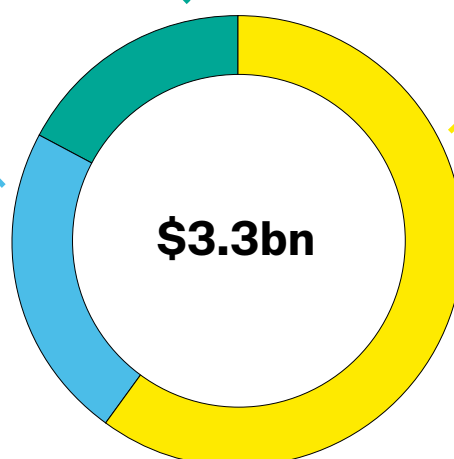
## Taxes Collected by type

**17%**

GST/VAT (Customer)

**23%**

Withholding Taxes (Largely Customer)



**60%**

PAYG Withholding (Employees)

## Effective Tax Rate (on a Statutory Basis)

Jurisdiction	Profit before income tax	Income tax expense	Effective income tax rate
Australia	11,118	3,641	32.7%
New Zealand	1,972	552	28.0%
Other	692	108	15.6%
<b>Total</b>	<b>13,782</b>	<b>4,301</b>	<b>31.2%</b>

The Group's effective tax rate for FY24 was 31.2%. This is the rate recognised in the financial statements included in our 2024 Annual Report and is calculated as total income tax expense divided by profit before income tax (on a continuing operations basis).

The effective tax rate is above the Australian company tax rate of 30% primarily as a result of hybrid capital distributions on the Group's issued PERLS Capital Notes and the loss on disposal from the sale of PT Bank Commonwealth (PTBC) being non-deductible for tax purposes. The corporate tax rates in the Group's main countries of operation outside Australia as at 30 June 2024 was as follows: New Zealand (28%), United States (21%), United Kingdom (25% – exclusive of bank corporation tax surcharge), India (25%), Singapore (17%), Hong Kong (16.5%) and Netherlands (25.8%).

# Tax Transparency Code (continued)

## Reconciliation of accounting profit to income tax expense

A reconciliation of the Group's accounting profit to income tax expense for continuing operations is disclosed in the Group's 2024 Annual Report (Note 2.5 of the Financial Report). Income tax expense is calculated in accordance with Australian accounting standards and represents accounting profit multiplied by Australia's corporate tax rate of 30%, adjusted for the "non-temporary" differences between accounting and tax as shown in the table below.

	FY24 \$M	FY23 \$M <sup>4</sup>
<b>Profit before income tax expense</b>	<b>13,782</b>	<b>14,241</b>
Prima facie income tax at 30%	4,135	4,272
<b>Tax effect of amounts not deductible / (assessable)</b>		
Offshore tax rate differential	(99)	(63)
Offshore banking unit	–	(52)
Effect of changes in tax rates	(4)	(6)
Income tax (over)/under provided in previous years	–	(178)
Impact of divestments	100	19
Hybrid capital distributions	163	112
Other	6	41
<b>Total income tax expense</b>	<b>4,301</b>	<b>4,145</b>
<b>Effective tax rate</b>	<b>31.2%</b>	<b>29.1%</b>

4 Comparative information has been revised to reflect the change detailed in Note 1.1 of the CBA 2024 Annual Report.

## Reconciliation of income tax expense to income tax payable

The table below reconciles income tax expense to income tax payable. Temporary differences represent the differences between the time transactions are recognised for accounting purposes and when they are recognised for income tax purposes.

	FY24 \$M	FY23 \$M <sup>5</sup>
<b>Total income tax expense</b>	<b>4,301</b>	<b>4,145</b>
<b>Temporary differences (movement)</b>		
Provisions	(85)	43
Lease financing	(14)	52
Unearned income	(20)	(25)
Intangibles	(27)	(22)
Other timing differences	(14)	87
Other adjustments <sup>6</sup>	22	8
<b>Current Year Income Tax Payable</b>	<b>4,163</b>	<b>4,288</b>

5 Comparative information has been revised to reflect the change detailed in Note 1.1 of the CBA 2024 Annual Report.

6 For FY24, predominantly derecognition of deferred tax assets and deferred tax liabilities of PTBC upon its sale.

# Tax Transparency Code (continued)

## Australian Tax Return Information

The ATO publishes tax return information annually for a number of large public companies. The FY23 amounts disclosed below reconcile to the ATO's 2022-23 Report of Entity Tax Information.

The following FY24 information will be disclosed by the ATO in respect of the Australian Tax Consolidated Group:

Australian Tax Consolidated Group	FY24 \$M	FY23 \$M
Total Revenues	61,493	45,733
Total Taxable Income	11,611	11,829
Tax Payable in Australia (after offsets)	3,435	3,496

The tax payable above relates to income tax payable by the CBA Tax Consolidated Group for the FY24 year. It will differ from the tax payable disclosed in the "Reconciliation of income tax expense to income tax payable" on page 6 as it does not include tax payable for foreign entities and Australian entities that are not wholly owned.

## Basis of Preparation

This report covers the year ended 30 June 2024 and comparative period 30 June 2023 and provides an overview of the tax contributions made by the Group and its approach to tax responsibilities. The information disclosed in this report meets the requirements of the Australian Board of Taxation's voluntary Tax Transparency Code (TTC) and has been prepared in accordance with the Appendix to the Code issued by the Australian Accounting Standards Board.

Amounts disclosed in this report are in Australian dollars, which is the Group's functional currency. Amounts disclosed in the report have either been sourced from the financial statements in the Group's 2024 Annual Report, financial records or submitted tax returns.



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Bank