

# Tax Policy Principles

## Background

The Commonwealth Bank Group (the Group) maintains a Board approved Group Tax Policy which sets out our approach to governance, decision making and conduct in respect of tax matters. This document provides a summary of the key principles and requirements contained in the Group Tax Policy.

## Key Principles

The Group:

- adopts a conservative approach to tax management;
- maintains a tax governance framework to identify, manage and mitigate tax risks;
- seeks to comply with all statutory tax obligations; and
- maintains open, transparent and professional relationships with all tax authorities.

These principles are explained below.

## Approach to Tax Management

The Group takes a conservative approach to managing tax affairs and commits to:

- comply with all prevailing tax laws, including appropriately considering and applying available reliefs, concessions, incentives or exemptions;
- only enter into transactions or arrangements that have a clear and commercial or business purpose; and
- not enter, facilitate or promote any arrangements for the purpose of avoiding, evading or exploiting tax.

## Tax Governance Framework

The Group manages its tax risks 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 CFO, the CEO and to the Board Audit Committee.

## Compliance with Statutory Obligations

The Group seeks to be compliant with all its tax obligations in every jurisdiction of operation as follows:

### (a) Reporting Obligations

The Group makes payments, lodges returns, makes disclosures and provides information to tax authorities, in line with the statutory requirements. The Group always seeks to pay the appropriate amount of tax and report correct information in accordance with the prevailing laws. If the Group identifies that an error or omission has been made, the Group will promptly disclose and correct or resolve the matter with the relevant tax authority.

### (b) Tax Advice

The Group maintains procedures to ensure appropriate tax advice and sign-off is obtained for all significant transactions, investments, new products and new tax issues as they arise. External advice may be sought as needed. Changes in tax law and administration, including the impact on advice, compliance and reporting requirements are continually monitored.

### (c) Transfer Pricing

The Group adopts the arm's length transfer pricing principle when reporting tax on transactions between related entities. Cross border transactions are supported by contemporaneous documentation that complies with local requirements for tax transfer pricing reporting.

## Tax Authority Relationship

The Group aims to maintain strong relationships with all tax authorities, which includes:

- providing required information and disclosures on a timely basis;
- engaging in a co-operative, supportive and professional manner; and
- where disputes arise, working constructively to resolve the issues.