

Voluntary Tax Transparency Report 2019

On 3 May 2016, the Government announced it was committed to a new voluntary Tax Transparency Code (TTC) to facilitate greater public disclosure of tax information by business.

Beyond Bank Australia (Beyond Bank) is committed to being transparent and honest about its tax affairs and is pleased to provide its second Tax Transparency Report, covering the 2019 financial year. In accordance with that Code, information is provided in relation to both Part A and Part B of the TTC. This Report builds upon the income tax disclosures made in the consolidated financial Report of Beyond Bank Australia Limited and its controlled entities, which was prepared in accordance with Australian Accounting Standards.

Beyond Bank is a 100% customer-owned bank, with operations only in Australia, it has no international related party dealings. The Group, and the entities comprising it, can be viewed in the [Beyond Bank Group Structure](#).

Tax Strategy and Governance

Beyond Bank's Board is committed to the highest level of corporate governance, professionalism and ethical conduct. Beyond Bank recognises that an organisation's values and behaviours are integral components of the corporate governance framework, of which taxation is an important element. Beyond Bank was the first Australian bank to become B Corp Certified, which is a validation of our commitment to social responsibility, transparency and good governance.

Beyond Bank views taxation as a social levy which we have an obligation to the community to pay. Beyond Bank is committed to paying the correct amount of tax and will strive to ensure all societal obligations are met in accordance with the spirit of the law.

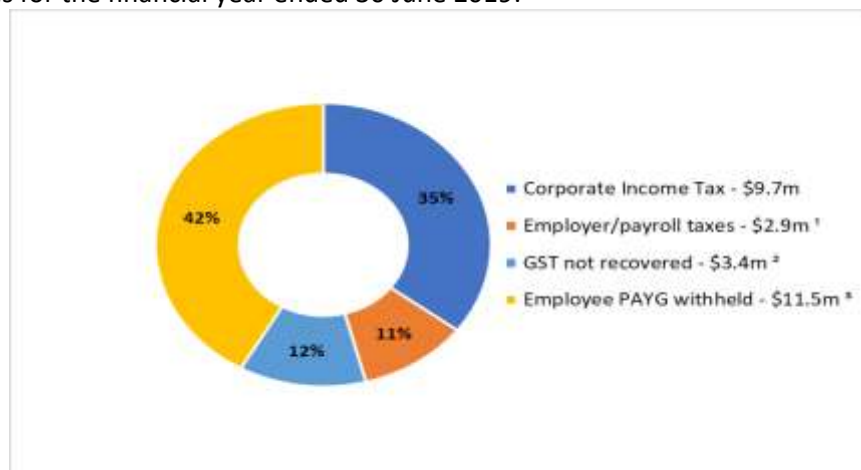
Beyond Bank implements this strategy through its Taxation Policy. This Policy is approved by the Board and is aligned to the Group's comprehensive overarching Risk Management Framework. Tax risks are identified, assessed and managed in accordance with the Board defined thresholds/risk appetite.

In congruence with our taxation philosophy and corporate risk management approach, Beyond Bank will adopt a conservative or risk-averse approach to taxation matters and tax planning. This means, if any material doubt exists as to the application of the tax law, Beyond Bank will adopt the tax position most likely to be upheld by the Australian Tax Office (ATO).

Beyond Bank welcomes ATO audits, should they occur, as an opportunity to gain an external perspective on our taxation compliance processes. Beyond Bank proactively engages with the ATO and independent external advisors to discuss potential taxation implications of significant transactions where appropriate.

Tax contribution summary

The following chart illustrates Beyond Bank's tax contribution to the Australian (Federal and State) tax authorities for the financial year ended 30 June 2019:



Reconciliation of accounting profit to tax expense and income tax payable

A reconciliation of Beyond Bank's accounting profit to its income tax expense is included at Note 4 of the 2019 Financial Report. Additional information is provided below to enhance the transparency of Beyond Bank's tax information.

	ETR %	2019 \$'000
Profit from operations		29,322
Pima facie income tax expense at 30%	30.0	8,796
Foundation funds (tax exempt charitable entities)	(0.2)	(46)
Franked dividends received	(0.3)	(94)
R&D Tax Offset	(0.3)	(82)
Adoption of AASB 9	(2.5)	(725)
Adoption of AASB 15	8.5	2,500
Impairment of Goodwill	3.2	943
Fixed Assets	(4.6)	(1,347)
Other	(0.2)	(49)
Income tax expense	33.6	9,896
Temporary differences		(1,074)
Adjustments to current tax for prior periods		62
Current year income tax payable		8,884

1. Fringe Benefits Tax for the year ended 31 March 2019 and Payroll Taxes for the year ended 30 June 2019
2. Certain products and services that Beyond Bank offer are 'input taxed', meaning we do not charge customers GST on these products or services and therefore are not able to claim full GST input tax credits on costs incurred by the Bank in providing those services. GST not recovered represents the GST paid by Beyond Bank and not recovered from the ATO.
3. Pay As You Go Income Tax withheld from employee earnings and remitted to the ATO for the year ended 30 June 2019

Effective Tax Rate (ETR)

For 2019, Beyond Bank's ETR is 33.6% (2018: 26.9%). The ETR is calculated by dividing the Group's income tax expense by its accounting profit before tax. Beyond Bank's ETR is higher than the Australian corporate tax rate of 30% due to non-temporary differences, the table above provides a reconciliation between the Australian corporate tax rate and the Group's ETR.

The two areas of non-temporary differences which elevated the ETR in FY19 were; the accounting expense associated with the Impairment of Goodwill, which is unable to be claimed as a tax deduction, and the adjustment required due to the adoption of the new Accounting Standard AASB 15 Revenue, which resulted in receivables of \$8.5M being recognised for future income receivable ~~and this adjustment to Retained Earnings being considered assessable income for tax purposes. A deferred tax liability was recognised as a result of the implementation of the new standard.~~

In FY19 Beyond Bank received fully franked dividends, however these dividends were much higher in FY18 which diluted the effective tax rate in that year.

Reconciliation of taxes payable

	2019
	\$'000
Tax Payable (refundable) as at 30 June 2018	242
Prior period adjustments	(62)
Less: income taxes paid during the year	(9,739)
Income tax payable for current financial year	8,884
Total Tax Payable / (Refundable) as at 30 June 2019	(675)