Tax Transparency Report

For the year ended 30 June 2024

Rest's Tax Transparency Report

Open to all Australians, Rest is among the largest profit-to-member industry superannuation funds by membership with around 2.04 million members and $86 billion in funds under management.[1]

About Rest

Rest is dedicated to making the super experience simpler for our members. Our members are diverse and come from all corners of the country – capital cities, regional centres and small country towns. This includes:

- teenagers working their first jobs to retirees in their 90s;
- members who work part time or casually while supporting their families;
- members who work for many thousands of employers on shopfloors, in distribution centres, warehouses and head offices around the country.

About this report

Trust is pivotal to Rest. Members must have confidence that their superannuation fund is looking after their retirement savings.

The way we manage tax and disclose this information to our members and the public are important aspects of this. Rest is committed to transparency.

For this reason, Rest is a participant in the Voluntary Tax Transparency Code, which sets principles and standards to guide the public disclosure of tax information.

The Code was developed by the Board of Taxation and is administered by the Australian Taxation Office (ATO). It is intended to encourage greater transparency and improve the public's understanding of how businesses and institutions comply with Australia's tax laws.

This document covers the 2023/24 financial year.

Acting in the best interests of our members is at the heart of everything we do.

[1]As at 30 June 2024.

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Superannuation and taxes

How superannuation funds are taxed

Superannuation is an integral part of the Australian government's retirement income policy. In recognition of the important and long-term nature of superannuation in the Australian economy, superannuation funds and the benefits they pay are subject to a special income tax regime.

Superannuation funds generally pay tax at a rate of 15 per cent. Special rules apply to effectively tax certain capital gains at 10 per cent. Income related to assets supporting pension payments is exempt from tax.

Superannuation funds also benefit from the imputation system, getting a franking credit against the tax they owe for the tax already paid by companies paying dividends.

Where a superannuation fund pays taxes to foreign governments, it may get a credit against Australian tax for the foreign taxes paid. This helps prevent the fund being taxed twice on the same income.

So, a superannuation fund's effective tax rate will depend on a variety of factors, such as the mix of assets a fund holds, and the value of pensions paid.

These special tax rules mean that comparing effective tax rates across superannuation funds may be difficult.

Governance

Ultimate responsibility for the management of tax risk sits with Rest's Board of Directors.

Rest has established a Tax Risk Management and Governance Framework. The Framework helps us to manage or avoid the risk of non-compliance with tax law. Since the publishing of Rest's previous Tax Transparency Report, the Framework has been updated to incorporate governance over third-party data.

Set out in the Framework is Rest's overall approach to the implementation and management of tax issues expressed as follows:

Rest's objectives for managing tax risk include:

1. Complying with all relevant legislation and meeting tax obligations in a timely manner.
2. Applying the Fund's tax policies and the Framework in accordance with the Board approved Rest Risk Management Strategy and Risk Appetite Statement.
3. Maintaining a cooperative relationship with the ATO and other revenue authorities both domestically and internationally.
4. Maintaining acceptable assessment ratings with revenue authorities.
5. Protection of Rest's reputation in relation to tax matters.

Rest is committed to fully complying with and meeting its obligations under tax laws and paying taxes by their due date. Rest seeks to manage its taxes in an open and consultative manner with tax authorities around the world.

Rest aims to ensure that plans are developed and implemented for effective and prudent management of the Fund's taxation matters while meeting all legislative requirements.

Our approach to taxation matters is implemented to improve after-tax investment outcomes for members through unambiguous legal means. Rest will avoid entering into arrangements that rely for their benefits on unintended outcomes in tax legislation.

Income tax expense

Not all amounts recognised as income in a fund's financial statements will be treated as income for tax, nor will all expenses be deductible for tax. Accounting income must be adjusted for a variety of items that tax law treats differently to calculate taxable income which is the amount on which Rest pays tax.

The tax rules that apply to superannuation funds mean that income tax expense will usually be lower than if the tax rate were applied to the accounting net result or income.

The following table shows the prima facie income tax expense which is simply the 15 per cent tax rate for superannuation funds applied to the accounting net result and the adjustments that are made to this number to reach income tax expense.

Reconciliation of accounting income to income tax expense – 2023/24

	Income statement $ million	Change in member benefits $ million	Total $ million
Net result from superannuation activities	7,041	9,880	16,921
Prima facie income tax (benefit)/expense (at 15% applied to the accounting net result)	1,056	1,482	2,538
Adjusted for the following items			
Non-taxable member contributions and rollovers in		(256)	(256)
Tax exempt pension income	(44)		(44)
Franking credits and foreign tax offsets	(275)		(275)
Tax benefit on insurance premiums	(67)		(67)
Other non-assessable investment income	(204)		(204)
Expenses not deductible	18		18
Other		2	2
Under/(Over) - provision for prior years	(19)	15	(4)
Income tax (benefit)/expense	**465**	**1,243**	**1,708**
Effective rate of income tax (prima facie tax benefit or expense adjusted by non-assessable/non-deductible amounts)	6.60%	12.58%	10.09%

Income tax expense is not the amount of tax paid to the ATO in that year.

This is because accounting standards and tax law require some items of income and expenditure be recognised at different times. The following table shows the adjustments we have made to income tax expense to reach income tax paid.

Reconciliation of income tax expense to income tax paid – 2023/24

	Income statement $ million	Change in member benefits $ million	Total $ million
Income tax (benefit)/expense	465	1,243	1,708
Under provision for tax current year	9		9
Net unrealised investment gains	(255)		(255)
Accrued income and expenditure	(55)		(55)
Impact of over/(under) provision prior year	19	(15)	4
Other		(1)	(1)
	183	1,227	
Income tax paid – 2023/24			**1,410**

Rest is a significant taxpayer

1.6
billion

taxes paid in total during
the 2023/24 financial year

94%

of Rest's tax was
paid in Australia

1.5
billion

paid to the Australian
Government

10.09%

was Rest's
effective tax rate

Australian taxes paid by Rest and its controlled entities

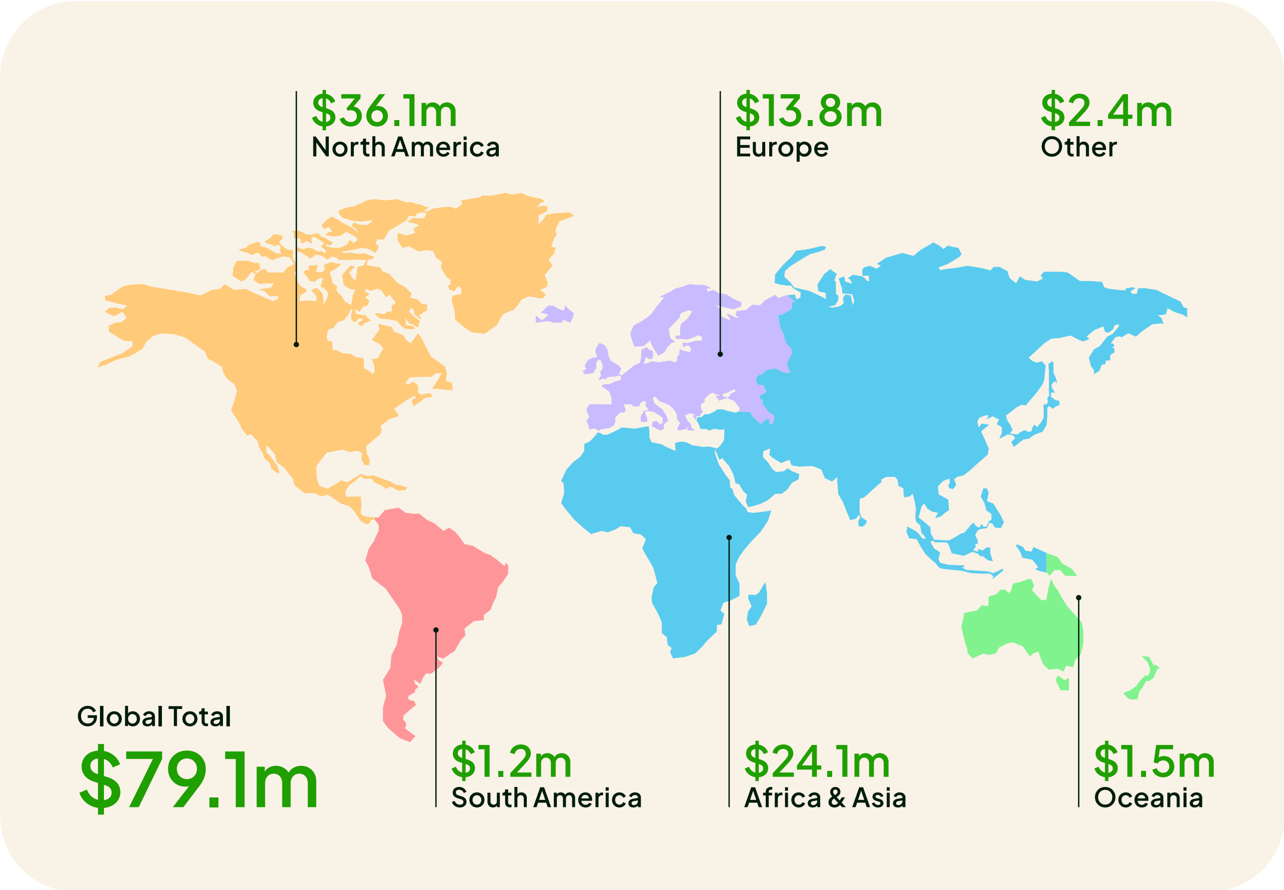
Type of tax paid 2023/24	$ million
Income tax: fund	1,410
Income tax: corporate	4
Employment taxes: Payroll and Fringe Benefits Tax	7
Taxes relating to employee salaries	37
Net Goods and Services Tax paid / not recovered	17
Taxes relating to member benefit payments	63

Global investment and taxes

As a large superannuation fund, Rest invests internationally. This helps to diversify investment risk and maximise returns to our members.

To assist with our management of international investments, Rest maintains offices with investment management staff in the UK.

Our international investments are in both listed and unlisted markets and across all asset classes. As a result, in the 2023/24 financial year Rest paid taxes in respect of its international investments, in the following regions:



From time to time, Rest will also invest in vehicles which are domiciled in low or no-tax jurisdictions. It is almost inevitable that large investors who invest outside Australia will invest in funds located in such jurisdictions. Many well-regarded international investment managers choose to base their funds in such locations for a variety of commercial and legal reasons.

The low or no-tax country provides a tax-neutral platform where the manager can aggregate investors' funds from all over the world. Rest pays the appropriate taxes in the countries where the investments are located and also in Australia with an offset for eligible foreign taxes paid.

We're here to help

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Rest.com.au

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Monday to Friday
8am - 8pm
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9am - 5pm
(AEST/ AEDT)

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