



The NRMA Tax Transparency Report 2022

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1. A message from the Chief Financial Officer

On behalf of the Board of Directors, I am pleased to present the 2022 Tax Transparency Report for the National Roads and Motorists' Association Limited (the NRMA).

The NRMA is Australia's largest Member-owned organisation and our business has grown well beyond our iconic roadside services. We are focused on leading the charge and building a sustainable business that affords everyone the opportunity to explore, experience and connect with people and places across Australia.

The NRMA remains focused on complying with legislative and regulatory requirements in accordance with our Risk Appetite Statement, and is committed to meeting all tax compliance obligations and being open, transparent and cooperative about our tax affairs.

This report is based on the principles outlined in the Board of Taxation's Voluntary Tax Transparency Code and for the year ended 30 June 2022 we present:

- Our approach to tax policy, strategy and governance
- Reconciliations of income tax expense, effective tax rate and income tax payable
- Our tax contribution to the community



Michael Gabriel
Chief Financial Officer

March 2023

2. Tax policy, strategy and governance

The NRMA is a purpose-led organisation with a focus on creating shared value for Members, customers and the wider community. As a community focused Mutual, we approach our tax obligations with integrity and transparency.

Our Tax Policy sets out clear principles for managing tax risk. The Board of Directors (the Board) has approved this document and it is reviewed every two years.

The key principles of our Tax Policy are:

- The NRMA has no appetite for tax outcomes which contravene the spirit of the law
- The tax legislation will be applied within the spirit and policy intent of the law
- Community and Member responsibilities must be balanced
- Dealings with revenue authorities will be approached in an open and transparent manner

The NRMA Tax Management Framework (TMF) provides further detail on how tax risk will be identified, quantified and managed.

The key principles of the NRMA TMF are:

- The identification, measurement and management of tax risks will be in accordance with the Group Risk Management Framework
- Tax processes and controls are in place to ensure the NRMA pays the right amount of tax
- Tax is included in the internal audit program to ensure relevant processes and controls are appropriately reviewed
- Tax advice from an external advisor will be sought where there is uncertainty on the interpretation or application of the tax legislation

The NRMA Audit and Risk Management Committee (ARMC) is a sub-committee of the Board. Under the Board approved ARMC Charter, the ARMC must approve all tax related policies and procedures. There is also regular tax reporting to the ARMC and the full Board.

2.1 Our engagement with revenue authorities

The NRMA engages with the Australian Taxation Office (ATO) and other revenue authorities in an open and transparent manner. The NRMA has been engaging with the ATO as part of a GST assurance review for the financial year ended 30 June 2020. The NRMA has taken steps to address recommendations identified during the review and is committed to continue co-operating with the ATO.

2.2 International related party dealings

As stated in the NRMA Annual Report 2022, we hold 100% of the shares in a New Zealand entity called NRMA New Zealand Ltd (formerly Motoka Rentals Limited). The licence to operate the Thrifty brand in New Zealand ceased on 30 November 2021. As a result, NRMA New Zealand Ltd was classified as a discontinued operation in the NRMA Annual Report 2022 as the business is winding down.

The dealings between the Australian business and NRMA New Zealand Ltd do not have a material impact on the Australian taxable income of the NRMA. We do not engage in activities in no or low tax jurisdictions.

3. The NRMA 2022 annual tax position

The NRMA predominantly has operations in Australia. The NRMA and its wholly owned Australian subsidiaries are part of a tax consolidated group under Australian tax law. We are the head company of the tax consolidated group. We also hold investments in associates and joint ventures which are detailed in the NRMA Annual Report 2022.

We are a Mutual organisation and as such derive income and incur costs in our transactions with Members as owners of the company. These transactions with Members are not subject to company tax.

3.1 A reconciliation of accounting profit to income tax expense

The below table provides a reconciliation of accounting profit to income tax expense and the effective tax rate (for Australian and global operations) for the NRMA and its controlled entities for the year ended 30 June 2022, as published in the NRMA Annual Report 2022.

Income tax expense is calculated in accordance with Australian Accounting Standards and is calculated by multiplying accounting profit before income tax by the relevant corporate tax rate (30% in Australia), and then adjusting for non-temporary differences.

The effective tax rate is calculated as income tax expense divided by accounting profit before tax.

	2022 \$000	2021 \$000
Accounting profit / (loss) before tax from continuing operations	(16,658)	51,651
Profit / (loss) before tax from discontinued operations ¹	14,800	19,867
Accounting profit / (loss) before income tax	(1,858)	71,518
Income tax expense / (benefit) calculated at 30% (2021: 30%)	(557)	21,455
Tax effect of permanent differences:		
Tax offsets ²	(1,238)	(3,581)
Non-assessable net mutual benefit ³	(6,789)	(6,047)
Derecognition of deferred tax asset	0	7,634
Tax effect of tax losses and temporary differences not recognised	(2,642)	0
Net capital losses after applying against capital gains	(2,463)	0
Non-deductible capital losses	0	2,068
Non-deductible asset impairments and carrying value adjustments	2,846	4,229
Non-deductible acquisition related costs	1,109	1,216
Other	299	25
Adjustment recognised in the current year in relation to:		
- the current tax of prior years	(1,659)	(2,346)
- the deferred tax of prior years	(863)	1,949
Total tax expense / (benefit)	(11,957)	26,602
Effective tax rate (for Australian operations)	0.0%	26.5%
Effective tax rate (for Global operations)	0.0%	37.2%

¹ The investment in the Tuckerbox Hotel Trust and NRMA New Zealand Ltd have been classified as discontinued operations.

² Tax offsets represent franking credits from dividends the NRMA has received. The franking credits represent income tax already paid by Australian resident companies.

³ This amount represents transactions with Members which are not subject to company tax.

3.2 A reconciliation of income tax expense to current year income tax payable

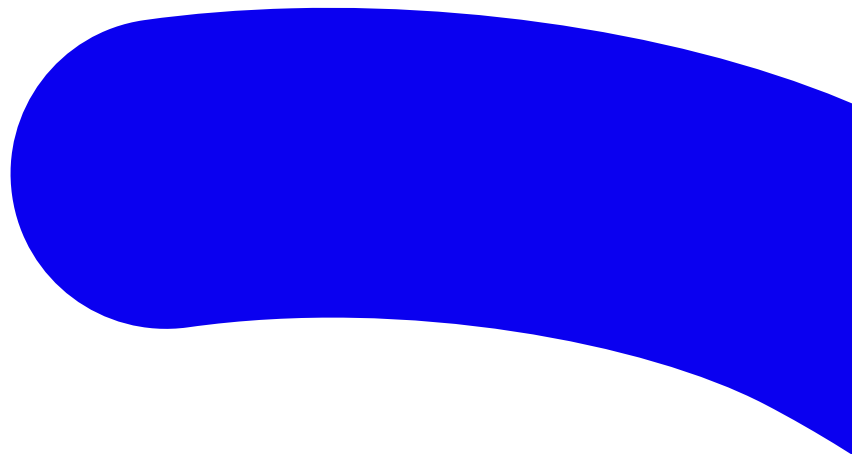
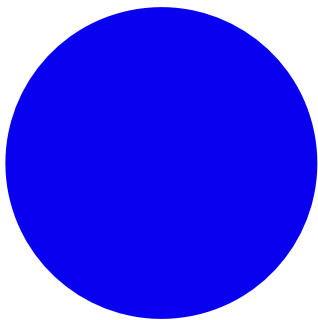
The below table provides a reconciliation of income tax expense to current year income tax payable for the NRMA for the year ended 30 June 2022.

	2022 \$000	2021 \$000
Total tax expense on profit before income tax	(11,957)	26,602
Adjustments relating to prior years	1,554	2,346
Timing differences recognised in deferred tax		
Trade and other receivables	(1,237)	1,039
Financial assets at fair value through profit or loss	10,329	(14,969)
Financial assets at fair value through other comprehensive income	331	0
Equity accounted investments	41,087	(11,001)
Property, plant and equipment	(28,720)	(1,560)
Intangibles	2,290	105
Investment property	(1,464)	1
Defined benefit asset	(19)	(6)
Lease liability	12,963	(8,448)
Trade and other payables	136	2,403
Provisions	1,361	(174)
Tax losses	(0)	(2,683)
Right — of — use assets	(11,809)	8,983
Other assets and liabilities	1,009	(860)
	26,257	(27,170)
Current year income tax payable	15,854	1,778

3.3 A reconciliation of income tax payable

The below table provides a reconciliation of income tax payable as at 30 June 2022 per the consolidated balance sheet in the NRMA Annual Report 2022.

	2022 \$000	2021 \$000
Income tax payable at beginning of financial year	(7,063)	872
Less: income tax paid during the year	5,657	(4,038)
Less: adjustment relating to prior income years	(1,649)	(5,674)
Add: income tax payable for current financial year	15,854	1,777
Income tax payable / (receivable) at end of financial year	12,799	(7,063)



4. Total tax contribution of the NRMA

The below tables and diagrams detail the types of taxes paid and collected by the NRMA to Australian and New Zealand revenue authorities in relation to the 2022 financial year. The majority of these taxes are paid in Australia.

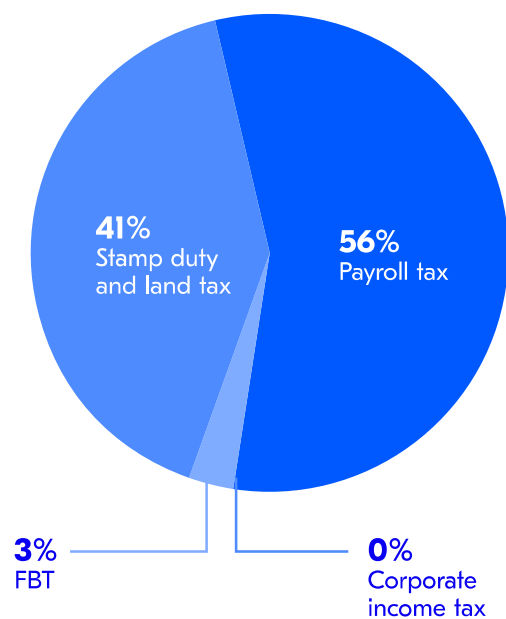
Taxes paid by the NRMA

	2022 \$m	2021 \$m
Corporate income tax ¹	0	4.0
Payroll tax	9.7	8.7
FBT	0.5	0.5
Stamp duty and land tax	7.0	0.2
Total	17.2 ²	13.4

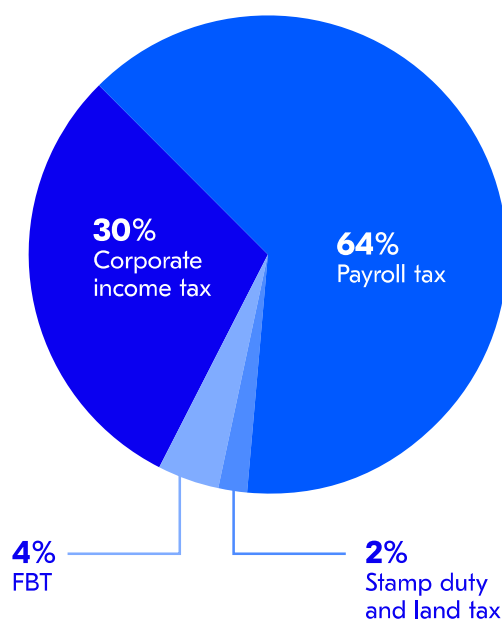
¹ NRMA was in a tax loss position for the year ended 30 June 2021.

² The increase in total taxes paid since the 2021 financial year is largely due to the acquisition of businesses.

Taxes paid by the NRMA - 2022



Taxes paid by the NRMA - 2021



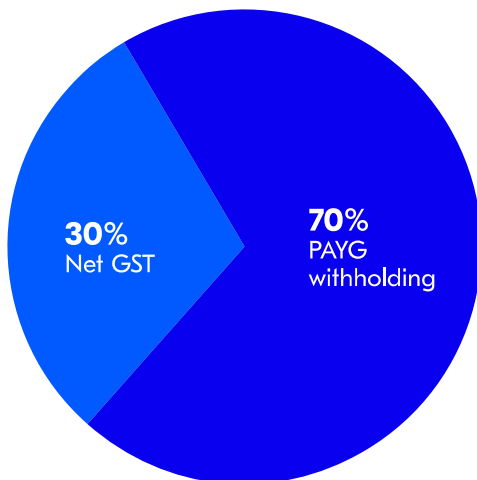
Taxes collected by the NRMA

	2022 \$m	2021 \$m
PAYG withholding	49.7 ¹	42.1
Net GST ²	21.0	29.6
Total	70.7	71.7

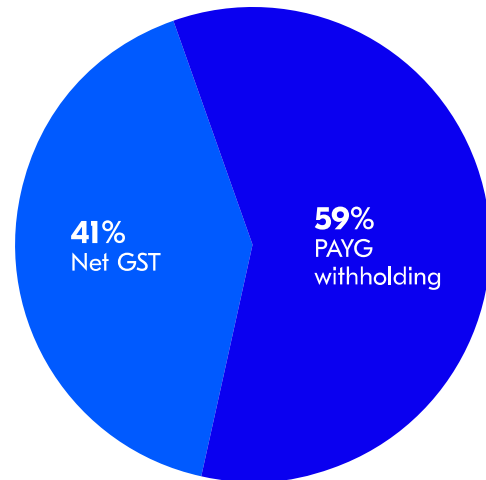
¹ The increase in PAYG withholding taxes collected since the 2021 financial year is largely due to the increase in salary and wages from the easing of restrictions from COVID 19.

² Net GST represents GST collected on sales less the input tax credits claimed on supplies. The reduction in net GST payable since the 2021 financial year is largely due to an increase in acquisitions of motor vehicles in the Sixt business.

Taxes collected by the NRMA - 2022



Taxes collected by the NRMA - 2021



5. ATO's tax transparency disclosures

The ATO publishes an annual 'Report of entity tax information' for entities with total income of \$100m or more. The ATO has published the following information for the NRMA relating to the years ended 30 June 2021 and 30 June 2020.

	2021 \$	2020 \$
Total income	574,783,226	662,674,198
Taxable income	19,794,010	20,318,337
Tax payable	0	3,099,199

Taxable income is calculated based on accounting profit adjusted for allowable temporary and non-temporary differences in accordance with the Australian tax law. The tax payable amount is then determined by multiplying the taxable income by the 30% corporate tax rate, reduced by available tax offsets.

