



tax
transparency
report
2021



group chief financial officer's message

I am pleased to present nib's Tax Transparency Report for the financial year ended 30 June 2021.

The report has been prepared in accordance with the Australian Voluntary Tax Transparency Code, which was developed to encourage the corporate sector to publicly disclose increased information regarding their tax affairs. For nib, this assists the public in understanding our compliance with Australian and international tax laws, and helps demonstrate that we pay our fair share of tax. This is the fourth annual Tax Transparency Report published by nib.

nib is proud of its robust tax governance framework and low risk approach to tax. We ensure that we do not engage in any form of tax avoidance. Furthermore, we have a commitment to compliance with the spirit as well as the letter of the tax laws and regulations in the countries in which we operate. During the year, nib made total tax contributions of \$70.0 million across the group and our global effective tax rate was 30.5%.

We are supportive of transparency in the public reporting of tax information and welcome the opportunity to disclose the following information.

Nick Freeman

Group Chief Financial Officer

about nib

Our purpose is your better health.

nib is a trusted international health partner, empowering our members to make better healthcare decisions and improve health outcomes through greater accessibility to affordable health services and information.

We provide health and medical insurance to over 1.4 million Australian and New Zealand residents. Our Australian residents health insurance business division provides private health insurance to Australian residents under the nib and GU Health brands, as well as through a number of whitelabel arrangements. In New Zealand, our subsidiary entity provides health insurance to local residents under a direct to consumer offering, as well as through advisers, whitelabel partnerships and corporate group sales.

nib also supports the health insurance needs of almost 190,000 international students and workers in Australia. Policies are sold either directly to these members online, or through our network of education and immigration agents, educational institutions and other relationships.

We are also one of Australia's leading travel insurers and are a global distributor of travel insurance through our business nib Travel, providing financial protection and assurance to travellers wherever they are in the world. While this business is headquartered in Australia, our entities in Brazil and Ireland act as distributors in the geographical markets in which they operate. nib Travel provides numerous travel insurance products through various brands.

Our tax payments reflect our global footprint; as our core operations are Australian based, the majority of our tax payments are also made here. We ensure that we comply with all local taxation laws in each jurisdiction in which we operate and have therefore also made relevant tax contributions outside of Australia, as detailed in this report.

our tax governance approach

nib has a strong commitment to complying with its taxation obligations in Australia and in the overseas countries in which it operates.

We recognise that tax governance and tax risk management play a key role in good management and corporate governance. We ensure that appropriate taxes are paid in the jurisdictions where revenues are generated.

We have a robust tax governance policy and framework which are both approved by the Board. Our processes align with the Australian Taxation Office (ATO)'s continually evolving guidance, including the Tax Risk Management and Governance Review Guide. We also regularly report our taxation affairs in relation to both our Australian and international operations to the nib Audit Committee, as delegated by the Board.

nib adopts a low appetite for tax compliance risk and for operational risk on tax matters. There is no tolerance for breaches that place our good standing with tax authorities in the countries in which we operate at risk. We engage with tax authorities in a professional, cooperative and transparent manner.

Furthermore, nib does not use structures intended for tax avoidance, including the use of entities in tax haven jurisdictions that lack business purpose or substance. nib strictly applies the ATO's rules in relation to corporate tax residency and as a result, a number of the Group's overseas entities are members of the Australian income tax consolidated group.

Lastly, we are proud to publish the annual Tax Transparency Report to explain our tax profile and payments.

summary of nib's international related party dealings

While nib's core operations are located in Australia and New Zealand, our international presence means that we have operations in seven countries.

We endeavour to utilise our internal resources and people's skills to maximise our efficiencies, enabling nib's shareholder value and economic contributions to be optimised.

In line with our tax governance framework, nib has robust transfer pricing documentation and transfer pricing controls in place. Our approach to pricing, documentation and reporting complies with the OECD transfer pricing guidelines. The 'arm's length principle' is applied to all transactions between related parties. We place a high emphasis on ensuring that our transfer pricing procedures and documentation are continually updated and that any new international related party dealings are identified and priced proactively. This ensures that profits are allocated correctly between countries, which in turn means that the appropriate amount of tax is reported and paid across the countries in which we operate.

The provision of management, strategic and shared back office services between Australia and New Zealand is a key component of our international related party dealings. nib Australia also provides funding to its New Zealand subsidiary for working capital and other cash requirements.

Similarly, nib Australia provides marketing and management services to its Irish operations, supporting nib Travel's European operations. Loan funding is also provided by nib Australia to its Irish subsidiaries. All other international related party transactions are not considered material, however are priced on an arm's length basis in accordance with global transfer pricing laws and OECD guidelines.

tax disclosures

(a) Effective tax rate for the year ending 30 June 2021

The effective tax rate represents the tax expense calculated in accordance with Australian Accounting Standards. This is calculated by dividing income tax expense by profit before tax. It reflects the amount of tax that is expected to be paid on the year's activities net of prior period adjustments.

	Australia \$m	Group \$m
Profit before income tax expense	215.1	231.0
Income tax expense	(66.3)	(70.5)
Net profit for period	148.8	160.5
Effective tax rate	30.8%	30.5%

(b) Numerical reconciliation of income tax expense to prima facie tax payable for the year ending 30 June 2021

The effective tax rate differs from the statutory Australian tax rate of 30% due to differences explained in the table below.

	Australia \$m	Group \$m
Profit from continuing operations before income tax expense	215.1	231.0
Tax at the Australian tax rate of 30%	64.5	69.3
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Goodwill impairment	2.3	2.3
Sundry items	0.5	(0.4)
Net assessable trust distributions	0.2	0.2
Imputation credits and foreign tax credits	(0.7)	(0.7)
Adjustment for current tax of prior periods	(0.5)	(0.5)
Differences in foreign tax rates	–	0.3
Income tax expense	66.3	70.5

(c) Total tax contributions

The table below provides an overview of all taxes paid by both nib's Australian operations, as well as the group, for the year ending 30 June 2021.

	Australia \$m	Group \$m
Corporate income tax	55.6	63.6
Employee taxes	6.0	6.2
Unrecovered VAT	–	0.2
	61.6	70.0