



medibank

# Tax Report 2022

For the year ended 30 June 2022

medibank  
Yvonne

medibank

# Message

I'm pleased to present the 7<sup>th</sup> report outlining Medibank's tax governance, strategy and tax-related payments for the year ended 30 June 2022 (FY22).

This report aligns with the Australian Government's voluntary tax transparency code which is designed to encourage transparency in tax reporting within the corporate sector.

In FY22 we paid \$385.8 million in taxes and levies. With 100% of our operations based in Australia during the period, we made these payments solely in Australia. We have also supported our employees and customers throughout the COVID pandemic without accessing any forms of taxpayer-funded government relief.

Medibank is a top 100 taxpayer in Australia. We are proud of the ongoing contribution we make to Australia's public finances and do not engage in tax avoidance schemes or aggressive tax positions. Our effective tax rate of 29.7% reflects this position.

We recognise that our customers, regulators and community expect us to pay our fair share of tax, and we remain committed to meeting these expectations.

## **Mark Rogers**

Group Lead – Chief Financial Officer & Group Strategy



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The Medibank logo is displayed in large, 3D-style letters. The letters 'med' and 'bank' are red, while the 'i' is blue. The logo is set against a background of a modern office interior with glass walls and structural beams, creating a sense of depth and transparency.



We are a **top 100** taxpayer in Australia

Paid

**\$385.8m**



taxes and levies paid to Australian revenue authorities



Medibank's effective tax rate

**29.7%**



## Introduction

This report provides information on Medibank Private Limited and its wholly-owned subsidiaries' (Medibank/our/we) approach to tax governance and strategy, and details our tax-related payments for the year ended 30 June 2022 (FY22).

We make a wide range of tax-related payments to governments in the jurisdictions in which we operate. In addition to paying corporate tax levied on profits generated for shareholders, we pay goods and services tax (GST), fringe benefits tax (FBT), payroll tax, and health insurance levies. As an Australian employer, we also collect and pay 'pay-as-you-go' (PAYG) taxes on behalf of our employees, as well as contributing to their superannuation.

## Our business

Medibank is a publicly listed company on the Australian Securities Exchange. Our policy is to ensure we comply with all statutory tax obligations in the jurisdictions in which we operate. With 100% of our operations based in Australia during FY22, we made tax payments solely in Australia.

We have looked after the health and wellbeing of Australians for more than 45 years. As a health company, our team of almost 3,800 people including around 1,300 health professionals are focused on delivering our Better Health for Better Lives purpose. Together, we are looking to achieve our 2030 Vision to deliver the best health and wellbeing for Australia.

Our core business is Health Insurance, whereby we underwrite and distribute private health insurance policies under the Medibank and ahm brands. Medibank Health complements our Health Insurance business by providing a number of services. Our health services business, Amplar Health, supports the healthcare needs of our core Medibank and ahm customers and the broader community. Our Live Better program supports customers and the community to make better choices for their health and wellbeing. We also offer a range of diversified insurance products such as travel, life and pet insurance. In addition, as we maintain assets to satisfy our regulatory reserves, we generate investment income from our portfolio of investment assets.

## Tax governance and strategy

Tax risk management is an integral part of corporate governance at Medibank. Our Tax Governance Policy sets out the way we manage our tax framework and strategy. Medibank's Board reviews and approves this policy every two years, with the most recent approval undertaken in December 2022.

The policy and framework outline the process we follow to ensure we manage all our tax risks promptly and appropriately. We report our tax-related activities to the Board's Audit Committee on a regular basis.

In conducting our business, we are committed to ensuring that Medibank is compliant with all statutory tax obligations in the jurisdictions in which we operate. We do not engage in tax avoidance schemes or aggressive tax positions. In addition, we have supported our employees and customers throughout the COVID pandemic without accessing any form of taxpayer-funded government relief.

We maintain a transparent and productive relationship with revenue authorities, as shown through the voluntary disclosure of tax information contained in this report. As a top 100 taxpayer, the ATO undertook various review activities in relation to Medibank's tax affairs during FY22. We continue to engage with the ATO in an open and transparent manner.

## Income tax disclosures

### Tax consolidated group

Medibank and its wholly-owned Australian subsidiaries are members of an Australian income tax consolidated group and subject to tax as a single taxpayer for income tax purposes.

### Effective tax rate

The "effective tax rate" is calculated by dividing Medibank's income tax expense by accounting profit before tax. Medibank's income tax expense utilised in the calculation of this effective tax rate is based solely on corporate income tax and excludes other types of non-corporate income taxes referenced on page 4. As the effective tax rate is a concept calculated based on accounting profit rather than taxable income, it necessarily differs from a corporation's income tax liability, which is calculated based on the Australian tax legislation that reflects government policies and intent with respect to the taxation of corporations. In most instances, these differences are only timing in nature, as the accounting and tax concepts of income align over time.

## Why is Medibank's effective tax rate less than 30%?

Medibank's effective tax rate for FY22 is 29.7% (FY21: 30.2%) of our accounting profits based on the FY22 audited financial report. The income tax expense / (benefit) is made up of the following:

### (a) Income tax expense

	2022 \$m	2021 \$m
Current tax	322.0	182.2
Deferred tax	(156.6)	8.6
Adjustment for tax of prior period	0.7	0.3
<b>Income tax expense</b>	<b>166.1</b>	<b>191.1</b>

Source – Note 15: Income tax (Medibank Annual Report 2022). For more information on COVID-19 claims liability, see Note 3(b) of the same annual report.

Medibank's effective tax rate is less than the Australian corporate tax rate of 30% due to several items detailed in the following table:

### (b) Numerical reconciliation of income tax expense to prima facie tax payable

	2022 \$m	2021 \$m
<b>Profit for the year before income tax expense</b>	<b>560.0</b>	<b>632.3</b>
Tax at the Australian tax rate of 30%	168.0	189.7
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	0.9	2.8
Tax offset for franked dividends	(1.6)	(1.2)
Share of (profit)/loss from equity accounted investments	(1.3)	0.3
Other items	(0.6)	(0.8)
	<b>165.4</b>	<b>190.8</b>
Adjustment for tax of prior period	0.7	0.3
<b>Income tax expense</b>	<b>166.1</b>	<b>191.1</b>

Source – Note 15: Income tax (Medibank Annual Report 2022).

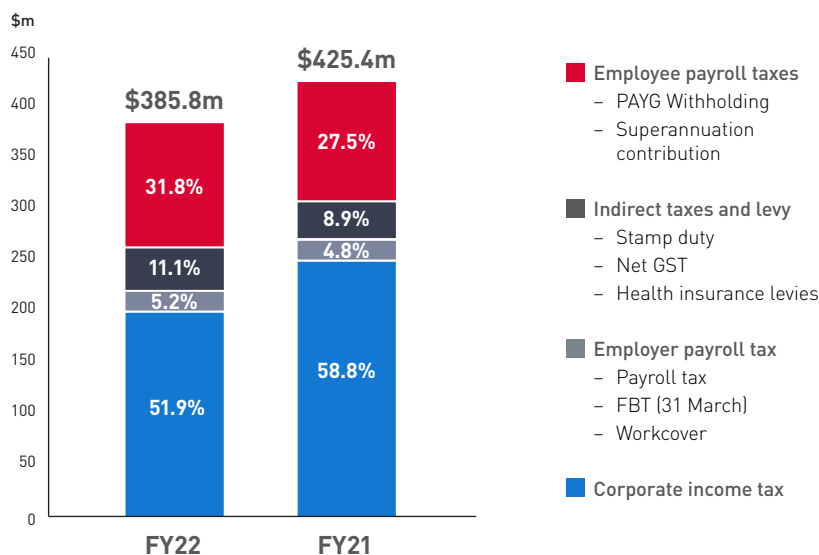
Notes on the above table:

1. Tax offset for franked dividends – relates to dividend imputation credits received by Medibank from our investment activities. These imputation credits arise on franked dividends received by Medibank on profits which have previously been taxed in Australia and are passed on to our shareholders on payment of dividends.
2. Non-deductible expenses – consists of costs associated with Medibank's investments in associates and joint ventures and non-deductible legal costs.
3. Other items - consists mainly of adjustments made to Medibank's investment portfolio.
4. Adjustment for tax of prior period – relates to adjustments made to Medibank's accounting tax estimates for prior periods, generally as a result of additional information.

## Taxes paid

We are proud of the contributions Medibank makes to Australia's public finances and our role as the employer of almost 3,800 people as at 30 June 2022 (excluding employees in associates and joint ventures). In addition to corporate income tax, we make significant payroll and employer tax payments in Australia in our capacity as an employer. We also manage employee taxes withheld from employees' remuneration and paid to the government.

The chart shows the taxes and levies paid by Medibank to the Australian revenue authorities during FY22 and FY21.



Note: The tax and levies paid by Medibank per the graph above are in millions (\$m). The movement in year-on-year tax contribution is primarily due to the timing of corporate tax payments.

**medibank**

Medibank Private Limited

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