



# **The NRMA Tax Transparency Report 2023**

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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 2023 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 expanded beyond our iconic roadside services. Today, our business includes a network of unique holiday parks and resorts across Australia, vehicle rental, our electric vehicle fast charging network, and several cruise and ferry operators.

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 2023 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 2024

# 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 are contrary to 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 Group Tax Management Framework (TMF) provides further detail on how tax risk will be identified, quantified and managed. The TMF includes guiding principles to ensure that the NRMA Group's tax position aligns with the stated tax risk appetite.

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. In February 2023, the ATO issued a GST Assurance Report to the NRMA in relation to the financial year ended 30 June 2020. The NRMA is currently taking 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 2023, we hold 100% of the shares in a New Zealand entity called NRMA New Zealand Ltd. The licence to operate the Thrifty brand in New Zealand ceased on 30 November 2021. As a result, NRMA New Zealand Ltd continues to be classified as a discontinued operation in the NRMA Annual Report 2023.

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 2023 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 2023.

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 2023, as published in the NRMA Annual Report 2023.

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.

	2023 \$000	2022 \$000
Accounting profit / (loss) before tax from continuing operations	44,025	(16,658)
Profit / (loss) before tax from discontinued operations <sup>1</sup>	711	14,800
<b>Accounting profit / (loss) before income tax</b>	<b>44,736</b>	<b>(1,858)</b>
Income tax expense / (benefit) calculated at 30% (2022: 30%)	13,421	(557)
<b>Tax effect of permanent differences:</b>		
Tax offsets <sup>2</sup>	(4,020)	(1,238)
Non-assessable net mutual benefit <sup>3</sup>	(1,400)	(6,789)
Non-deductible asset impairments and carrying value adjustments	(1,690)	2,846
Assessable income not included in accounting profit	349	0
Non-deductible acquisition related costs	465	1,109
Net capital gain / (losses) after applying against capital gains	9	(2,463)
Tax effect of tax losses and temporary differences not recognised	1	(2,642)
Other	(141)	299
<b>Adjustment recognised in the current year in relation to:</b>		
- the current tax of prior years	315	(1,659)
- the deferred tax of prior years	(1,653)	(863)
<b>Total tax expense / (benefit)</b>	<b>5,656</b>	<b>(11,957)</b>
<b>Effective tax rate (for Australian operations)</b>	<b>12.6%</b>	<b>0.0%</b>
<b>Effective tax rate (for Global operations)</b>	<b>12.6%</b>	<b>0.0%</b>

<sup>1</sup> The investment in the Tucker Box Hotel Trust and NRMA New Zealand Ltd have been classified as discontinued operations.

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

<sup>3</sup> 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

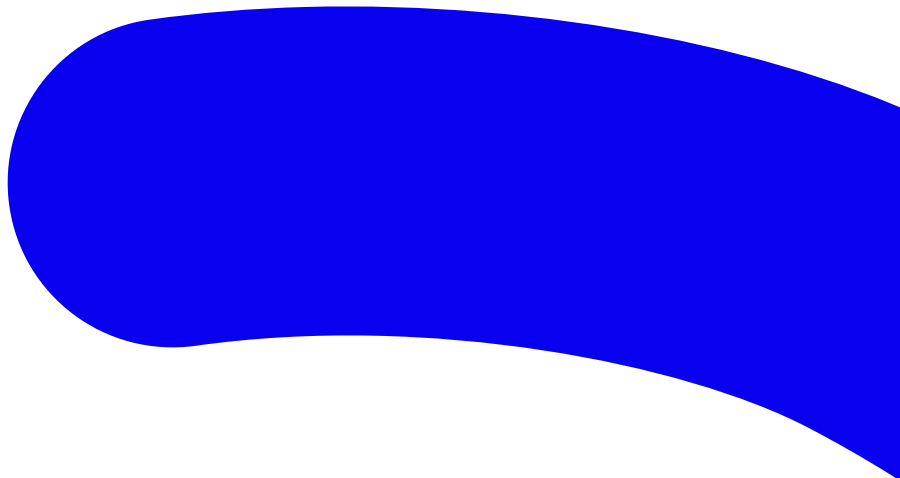
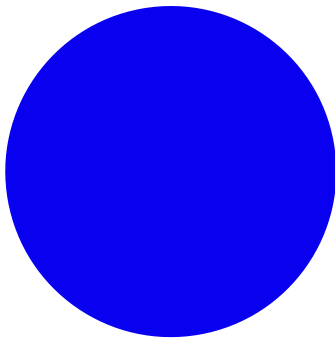
The below table provides a reconciliation of income tax expense to current year income tax payable for the NRMA for the year ended 30 June 2023.

	2023 \$000	2022 \$000
<b>Total tax expense on profit before income tax</b>	<b>5,656</b>	(11,957)
Adjustments relating to prior years	1,211	1,554
<b>Timing differences recognised in deferred tax</b>		
Trade and other receivables	(273)	(1,237)
Financial assets at fair value through profit or loss	(4,370)	10,329
Financial assets at fair value through other comprehensive income	1,028	331
Equity accounted investments	2,986	41,087
Property, plant and equipment	(40,265)	(28,720)
Intangibles	1,163	2,290
Investment property	842	(1,464)
Defined benefit asset	(130)	(19)
Lease liability	25,668	12,963
Trade and other payables	(582)	136
Provisions	1,380	1,361
Tax losses	29,830	(0)
Right – of – use assets	(23,096)	(11,809)
Other assets and liabilities	(1,048)	1,009
	<b>(6,867)</b>	26,257
<b>Current year income tax payable</b>	<b>0</b>	<b>15,854</b>

### 3.3 A reconciliation of income tax payable

The below table provides a reconciliation of income tax payable as at 30 June 2023 per the consolidated balance sheet in the NRMA Annual Report 2023.

	2023 \$000	2022 \$000
<b>Income tax payable / (receivable) at beginning of financial year</b>	<b>12,799</b>	(7,063)
Less: income tax paid during the year	(15,741)	5,657
Less: adjustment relating to prior income years	(1,211)	(1,649)
Add: income tax payable for current financial year	0	15,854
<b>Income tax payable / (receivable) at end of financial year</b>	<b>(4,153)</b>	<b>12,799</b>



# 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 2023 financial year. The majority of these taxes are paid in Australia.

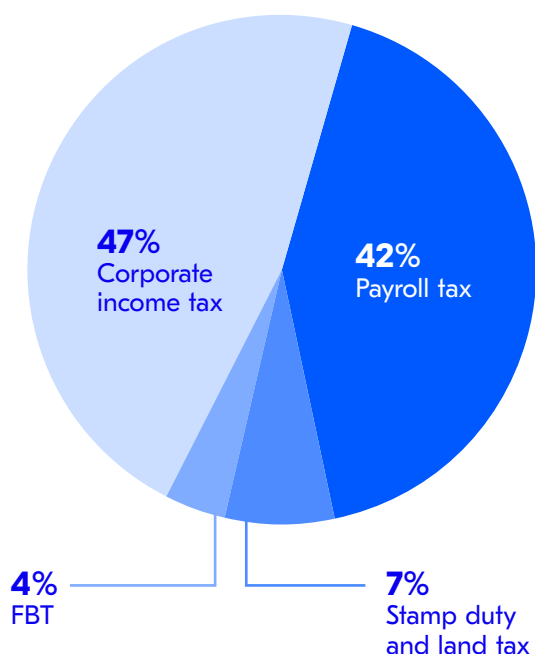
## Taxes paid by the NRMA

	2023 \$m	2022 \$m
Corporate income tax <sup>1</sup>	14.9	0
Payroll tax	13.1	9.7
Stamp duty and land tax	2.4	7.0
FBT	1.1	0.5
<b>Total</b>	<b>31.5 <sup>2</sup></b>	<b>17.2</b>

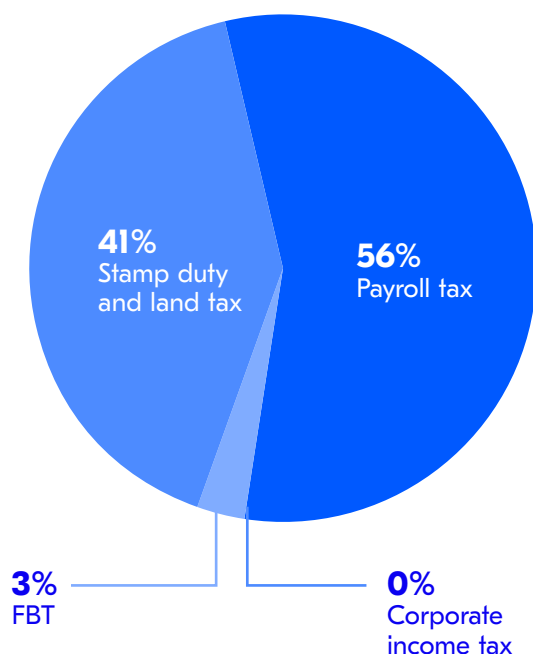
<sup>1</sup> NRMA was in a tax payable position for the year ended 30 June 2022, largely due to the sale of properties in its investment in the Tucker Box Hotel Trust.

<sup>2</sup> The increase in total taxes paid since the 2022 financial year is largely due to the 2022 tax payable position.

### Taxes paid by the NRMA - 2023



### Taxes paid by the NRMA - 2022





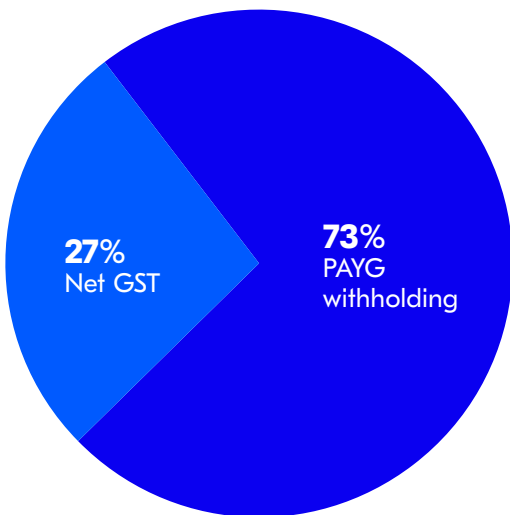
## Taxes collected by the NRMA

	2023 \$m	2022 \$m
PAYG withholding	60.7 <sup>1</sup>	49.7
Net GST <sup>2</sup>	22.7 <sup>2</sup>	21.0
<b>Total</b>	<b>83.4</b>	<b>70.7</b>

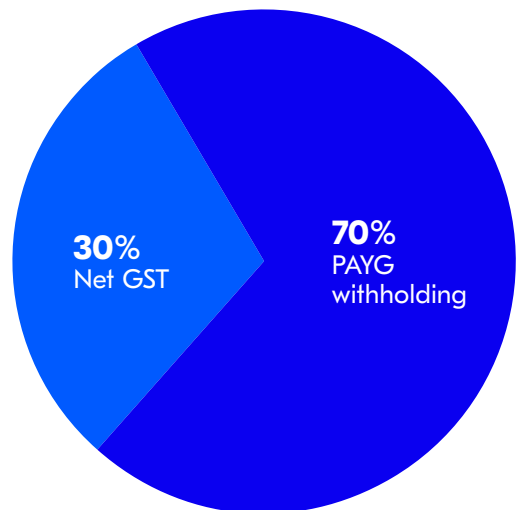
<sup>1</sup> The increase in PAYG withholding taxes collected since the 2022 financial year is largely due to an increase in salary and wages expenses from the acquisition of businesses.

<sup>2</sup> Net GST represents GST collected on sales less the input tax credits claimed on supplies.

### Taxes collected by the NRMA - 2023



### Taxes collected by the NRMA - 2022



# 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 2022 and 30 June 2021.

	2022 \$	2021 \$
Total income	650,407,671	574,783,226
Taxable income	61,280,228	19,794,010
Tax payable	14,866,357	0

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.

