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30 November 2022

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

2022 Tax Transparency Report

To the Company Announcements Office,

Please find attached nib holdings limited's 2022 Tax Transparency Report.

nib's 2022 Tax Transparency Report can also be viewed online at nib.com.au/shareholders.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'R. Toms', written over a horizontal line.

Roslyn Toms
Company Secretary

For further information, please contact:

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Head of Investor Relations



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This announcement has been authorised for release by Roslyn Toms, nib Company Secretary.

2022 Tax Transparency Report



70  **nib**
CELEBRATING 70 YEARS





Message from the Group Chief Financial Officer

I am pleased to present nib's Tax Transparency Report for the financial year ended 30 June 2022. The report has been prepared in accordance with the Australian Voluntary Tax Transparency Code, which encourages the corporate sector to publicly disclose increased information regarding their tax affairs. As a Top 1,000 corporate taxpayer, this provides nib with the opportunity to assist stakeholders in understanding our compliance with Australian and international tax laws. It also helps demonstrate that we pay our fair share of tax. This is the fifth annual Tax Transparency Report published by nib.



nib is proud of its robust approach to tax governance and managing tax risk. We do not engage in tax avoidance of any kind. 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 \$81.1 million across the group and our global effective tax rate was 29.9%.

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

FY22 summary

	Australia \$m	New Zealand \$m	Other jurisdictions \$m	Consolidation adjustments \$m	Group \$m
External revenues and other income	2,442.2	292.4	2.4	–	2,737.0
Profit (loss) before tax	184.8	12.3	(1.9)	(4.4)	190.8
Income tax expense	51.7	3.9	0.1	1.3	57.0
Total taxes paid	81.0	0.2	(0.1)	–	81.1

For each metric disclosed, data has been aggregated for all constituent entities in the relevant jurisdiction. Consolidation adjustments relate to items such as dividends paid from New Zealand to Australia, unrealised foreign exchange movements and diversification benefits recognised.

About nib

Our purpose is your better health and wellbeing. We deliver deep insight and guidance about how to best achieve personal health and wellbeing goals. We connect our members and travellers with a wide ecosystem of relevant health and wellbeing products, services, programs and providers. And we make it all accessible and affordable with insurance and other related financial protection and support.

We provide health and medical insurance to over 1.5 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 more than 180,000 international students and workers in Australia. Policies are sold either directly to these members online, or through our network of education and immigration agents, and other relationships.

We are also one of Australia's leading travel insurers and are a global distributor of travel insurance through our travel business, 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 provides numerous travel insurance products through various brands.

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 Australia, as detailed in this report.



Our tax governance approach

nib recognises that tax governance and tax risk management play a key role in good management and corporate governance. Our Tax Governance Board Policy and Tax Governance Framework form the basis for the approach to managing our tax risk. Both of these are approved by nib's Board and are reviewed on an annual basis to ensure that they continue to operate effectively and meet the continually evolving expectations of the Australian Taxation Office (ATO). All updates to the policy and framework are approved by the Board.

nib has a strong commitment to complying with its taxation obligations in Australia and in the overseas countries in which it operates. We ensure that appropriate taxes are paid in the jurisdictions where revenues are generated.

nib has 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 appropriately 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.

Internally, nib's ongoing taxation affairs in relation to both our Australian and international operations are reported to the nib Audit Committee, as delegated by the Board.

Lastly, we support transparency in explaining our tax affairs and are proud to publish this annual Tax Transparency Report.

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 also operate in Brazil, the United States, the United Kingdom and Ireland. 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 and shared back office services between Australia and New Zealand is a key component of our international related party dealings. nib Australia has also provided loan funding to its New Zealand subsidiary for working capital and other cash requirements.

Similarly, Australian and international entities within our travel business support each other by providing services such as business development, marketing, underwriting and claims processing. All of these activities are priced on an arm's length basis in accordance with global transfer pricing laws and OECD guidelines.



Tax disclosures

Calculation of tax expense

a) Effective tax rate for the year ending 30 June 2022

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.

	Australia \$m	Group \$m
Profit before income tax expense	184.8	190.8
Income tax expense	(51.7)	(57.0)
Net profit for period	133.1	133.8
Effective tax rate	28.0%	29.9%

b) Numerical reconciliation of income tax expense to prima facie tax payable for the year ending 30 June 2022

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	184.8	190.8
Tax at the Australian tax rate of 30%	55.4	57.2
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry items	(1.2)	1.5
Net assessable trust distributions	0.7	0.7
Imputation credits and foreign tax credits	(2.2)	(2.2)
Adjustment for current tax of prior periods	(1.0)	(0.7)
Differences in foreign tax rates	–	0.5
Income tax expense	51.7	57.0

Total tax contributions

The table below provides an overview of all cash taxes paid by nib across all jurisdictions, for the year ending 30 June 2022.

	Australia \$m	New Zealand \$m	Other jurisdictions \$m	Group \$m
Corporate income tax	75.0	–	(0.1)	74.9
Employee taxes	6.0	0.2	–	6.2
	81.0	0.2	(0.1)	81.1

The above table shows a low amount of corporate income cash tax paid by nib's non-Australian entities during the year. This is explained by overpaid amounts in New Zealand in relation to the previous financial year being kept on account with Inland Revenue, rather than refunded. These were applied to taxes otherwise due and payable for the current financial year in that jurisdiction.

Furthermore, nib's remaining entities in other jurisdictions recognised tax losses for the year, arising from the ongoing impact of the pandemic. As such, a small net tax refund amount was realised across those jurisdictions.