



medibank

# Tax Report 2023

For the year ended 30 June 2023

# Message

Medibank is a top 100 taxpayer in Australia, and we are proud of our contribution to the nation's public finances.

This report represents the 8th year we have published a tax report, setting out Medibank's tax governance, strategy and tax-related payments. It is aligned to the Australian Government's voluntary tax transparency code, which is designed to encourage greater transparency by the corporate sector and to enhance the community's understanding of the corporate sector's compliance with Australia's tax laws.

Medibank paid \$513.9 million in taxes and levies to Australian revenue authorities in the 2023 financial year (FY23). With 100% of operations based in Australia during this period, we paid tax solely in Australia. We did not engage in tax avoidance schemes or aggressive tax positions, with our effective tax rate of 29.7% reflecting this approach.

We remain committed to Medibank's ongoing transparency around tax reporting to meet the expectations of the community when it comes to paying our fair share.

## Mark Rogers

Group Lead – Chief Financial Officer & Group Strategy



### Contents

FY23 summary	2
Introduction	3
Our business	3
Tax governance and strategy	3
Income tax disclosures	3
Tax contributions	4





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

Paid

**\$513.9m**



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 2023 (FY23).

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 FY23, 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 3,640 people including around 950 health professionals (as at 30 June 2023) 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. These services include: 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 offer a range of diversified insurance products such as travel, life, home and pet insurance; and we have a number of non-controlling investments supporting our strategy to provide greater access, choice and flexibility in healthcare. As we maintain assets to satisfy our regulatory reserves, we also 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 affairs 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 its statutory tax obligations in the jurisdictions in which we operate. We do not engage in tax avoidance schemes or aggressive tax positions.

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 Australian Taxation Office (ATO) undertook various review activities in relation to Medibank's tax affairs during FY23 and 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.

# Tax Report 2023

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

Medibank's effective tax rate for FY23 is 29.7% (FY22: 29.7%) of our accounting profits based on the FY23 audited financial report. The income tax expense / (benefit) is made up of the following:

### (a) Income tax expense

	2023 \$m	2022 \$m
Current tax	98.6	322.0
Deferred tax	118.1	(156.6)
Adjustment for tax of prior period	(0.7)	0.7
<b>Income tax expense</b>	<b>216.0</b>	<b>166.1</b>

Source - Note 15: Income tax (Medibank Annual Report 2023).

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

	2023 \$m	2022 \$m
<b>Profit for the year before income tax expense</b>	<b>727.1</b>	<b>560.0</b>
Tax at the Australian tax rate of 30%	218.1	168.0
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	0.8	0.9
Tax offset for franked dividends	(3.6)	(1.6)
Share of (profit)/loss from equity accounted investments	0.4	(1.3)
Other items	1.0	(0.6)
	<b>216.7</b>	<b>165.4</b>
Adjustment for tax of prior period	(0.7)	0.7
<b>Income tax expense</b>	<b>216.0</b>	<b>166.1</b>

Source - Note 15: Income tax (Medibank Annual Report 2023).

Notes on the above table:

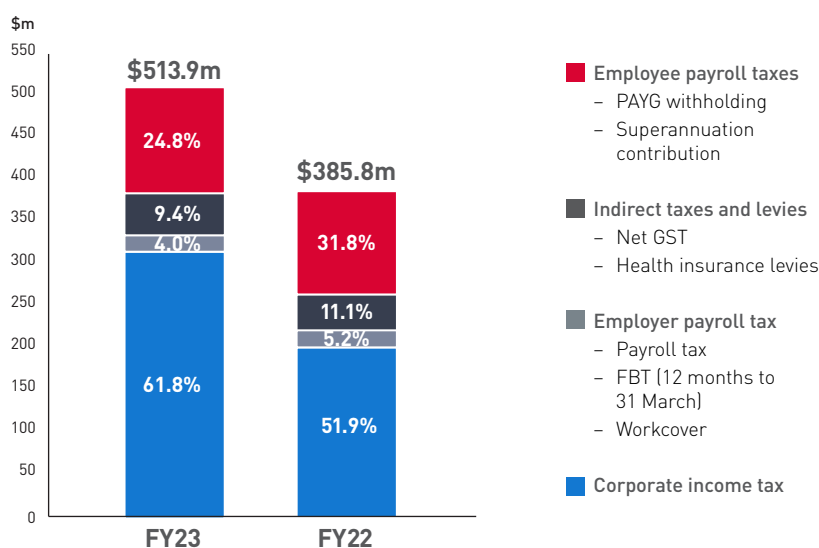
1. Tax offset for franked dividends – relates to dividend imputation credits received by Medibank from our investment activities. These imputation credits arise on franked dividends received by Medibank on profits which have previously been taxed in Australia and are passed on to our shareholders on 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.

## Tax contributions

We are proud of the contributions Medibank makes to Australia's public finances and our role as the employer of 3,640 people, including around 950 health professionals as at 30 June 2023 (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 following chart shows the taxes and levies paid by Medibank to the Australian revenue authorities during FY23 and FY22.



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

ABN 47 080 890 259