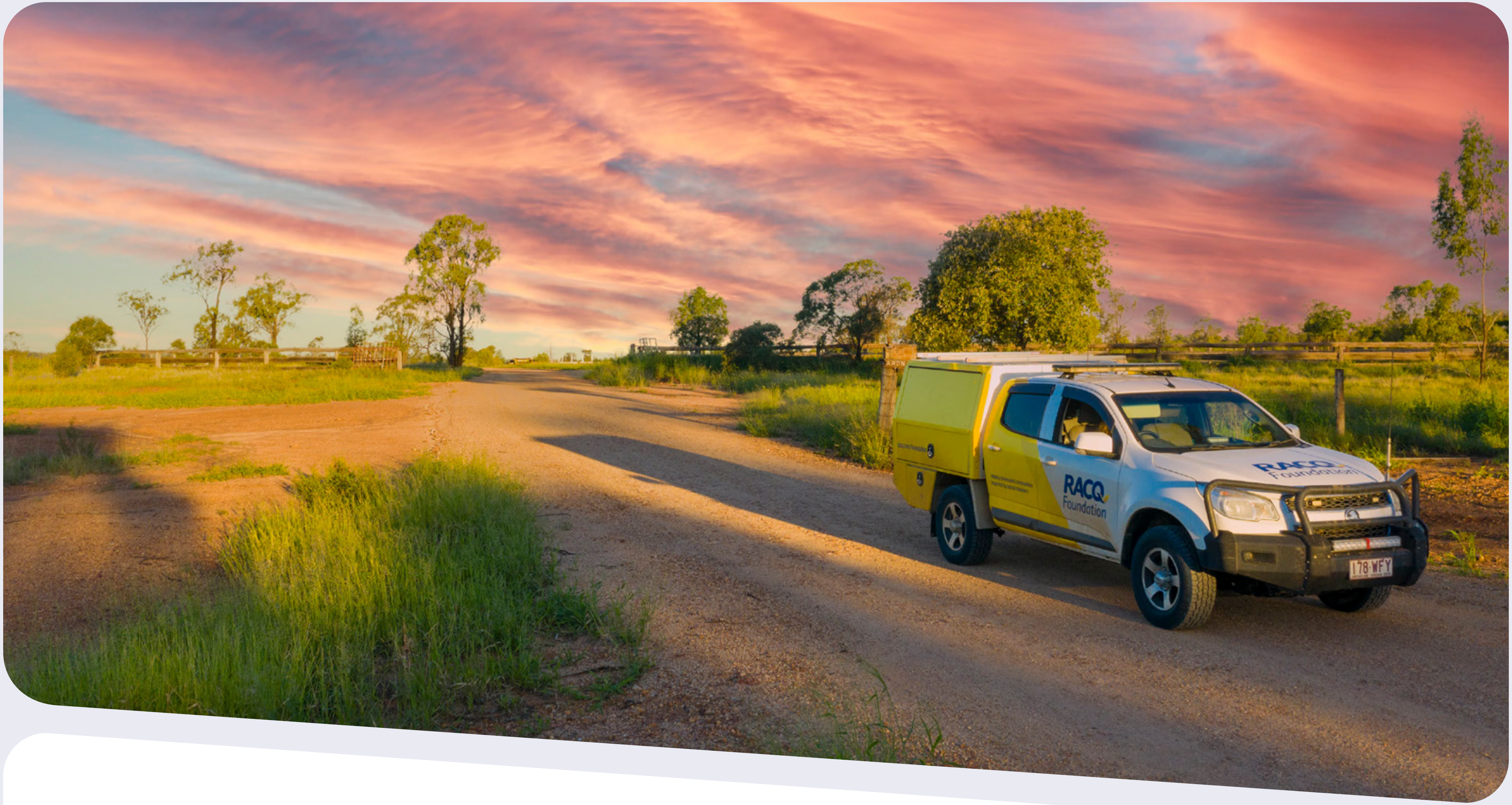



# Tax Transparency Report 2023-24

## Message from the Chief Financial Officer

I am pleased to present our Tax Transparency Report (TTR) for the Royal Automobile Club of Queensland Limited and its controlled entities[1] (RACQ) for the year ended 30 June 2024. RACQ takes its regulatory obligations seriously, which is why we are committed to being transparent with our members and the community regarding all of our tax affairs.

The information presented in this report has been prepared in accordance with the requirements of the Australian Board of Taxation's Voluntary Tax Transparency Code. It outlines our approach to tax policy, strategy and governance, as well as our tax contributions including reconciliations of income tax expense, effective tax rate and income taxes payable.

**Stephen Burton**
Chief Financial Officer

## RACQ - Our business

RACQ supports over 1.7 million members across Queensland through the provision of insurance, banking, roadside assistance, travel and solar energy products, services and solutions.

As a mutual, RACQ is owned and run for the benefit of our members. This remains our guiding principle as we carefully balance financial sustainability and supporting members with affordable and valuable products and services.

In FY24, RACQ recorded a net profit of $73.3 million after tax. This was driven by strong performance across all our business lines. The profit enabled us to provide $8.4 million to communities and charities across the state and make the investments we need to drive our 2032 strategy.

RACQ's vision is to be a trusted partner for our members providing solutions to move and live safely, securely and sustainably. This vision is supported by a strategy which focuses on helping our members to navigate the convergence of mobility, energy, home and climate resilience, and is structured around key strategic focus areas.

[1] See Appendix

# Tax policy, strategy and governance

RACQ's tax strategy is to support sustainable returns for our members, and is committed to a responsible approach to taxation that complies with the taxation laws and operates within a tax risk management and governance framework.

Our Tax Risk Management and Governance Framework forms part of our overall Group Risk Management Framework and is supported by the following:

- Corporate Governance Statement
- Group Risk Management Strategy[2]
- Group Risk Appetite Statement
- Group Tax Risk Management Policy and Plan.




The Tax Risk Management and Governance Framework is approved by the respective audit committees and management with delegations from the board. It is subject to ongoing reviews and enhancements.

In relation to taxation matters, the RACQ board recognises the complexity of processes, policies and systems needed across the RACQ Group to service the diversity of products and services offered across the organisation. However, the board expects that these processes, policies and systems are developed and maintained to be sufficiently robust as to ensure the ongoing achievement of RACQ's objectives. The RACQ board, therefore, has:

- **LIMITED APPETITE** for operational risk that arises from inadequacy of any of these processes, policies and systems
- **NO APPETITE** for operational risk that arises from a deliberate circumvention of these processes, policies and systems.

**RACQ's Tax Risk Management Policy contains the following key principles:**

- RACQ will not engage in aggressive tax planning or tax minimisation
- RACQ will cooperate with revenue authorities in respect of any review or audit activity and operate in a professional manner with revenue authorities
- RACQ's tax position will align with the views of the Australian Taxation Office (ATO) and other revenue authorities where published in a formal ruling or similar format
- RACQ will engage external tax advisors where required under its risk escalation framework to assist with managing tax risks
- RACQ will engage with the ATO and other revenue authorities in an open and transparent manner in respect of the area of uncertainty including seeking a private ruling from the ATO
- RACQ's tax function has professionals with the necessary knowledge and expertise for effectively managing RACQ's tax obligations.

[2] Enterprise risk management approach incorporating the concept of "three lines of accountability" model

## International related party dealings

RACQ and its controlled resident entities[3] have tax residency in Australia and do not have any international related party dealings.

## Basis of preparation

The information provided in this report has been sourced from a combination of lodged income tax returns, financial records, audited financial statements, payroll data and other tax lodgements in Australia.

All data, unless otherwise stated, has been prepared for the period 1 July 2023 to 30 June 2024. Data that relates to taxes paid or collected is reported on an accruals/incurred basis referable to the relevant period.

Total tax contribution data in this report is included only for Royal Automobile Club of Queensland Limited and its 100 per cent owned subsidiaries. However, taxes borne and collected by companies within RACQ Group that are not wholly-owned subsidiaries are excluded from this report.

Income tax expense and income tax payable data was sourced from RACQ's 2023-2024 Annual Report.

RACQ's 2023-2024 Annual Report were prepared in accordance with the requirements of the Corporations Act 2001 (Cth), accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS).

Income tax paid data for Australia was sourced from the individual 2024 income tax returns and prior year income tax return amendments (where applicable).


[3] See Appendix

# Australian tax contribution

## Income Tax

RACQ and its controlled entities are not part of an income tax consolidated group. Consequently, each entity is separately assessed for income tax.

Set out in the table is an aggregation of RACQ Limited and its controlled entities'[4] corporate income tax contributions for the years ended 30 June 2024 and 30 June 2023.

| Reconciliation of current tax payable / (receivable) as per the financial statements to corporate income tax contributions | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Current tax payable / (receivable) per the financial statements** | **653** | **(6,192)** |
| Adjust for | | |
| Income tax paid in the current year | 1,043 | 626 |
| **Current tax movement per financial statements** | **1,696** | **(5,566)** |
| Adjust for | | |
| Current year (over) / under provision[5] | 531 | (28) |
| **Corporate income tax contributions / (refunds) per income tax returns** | **2,227** | **(5,594)** |

## Other Taxes

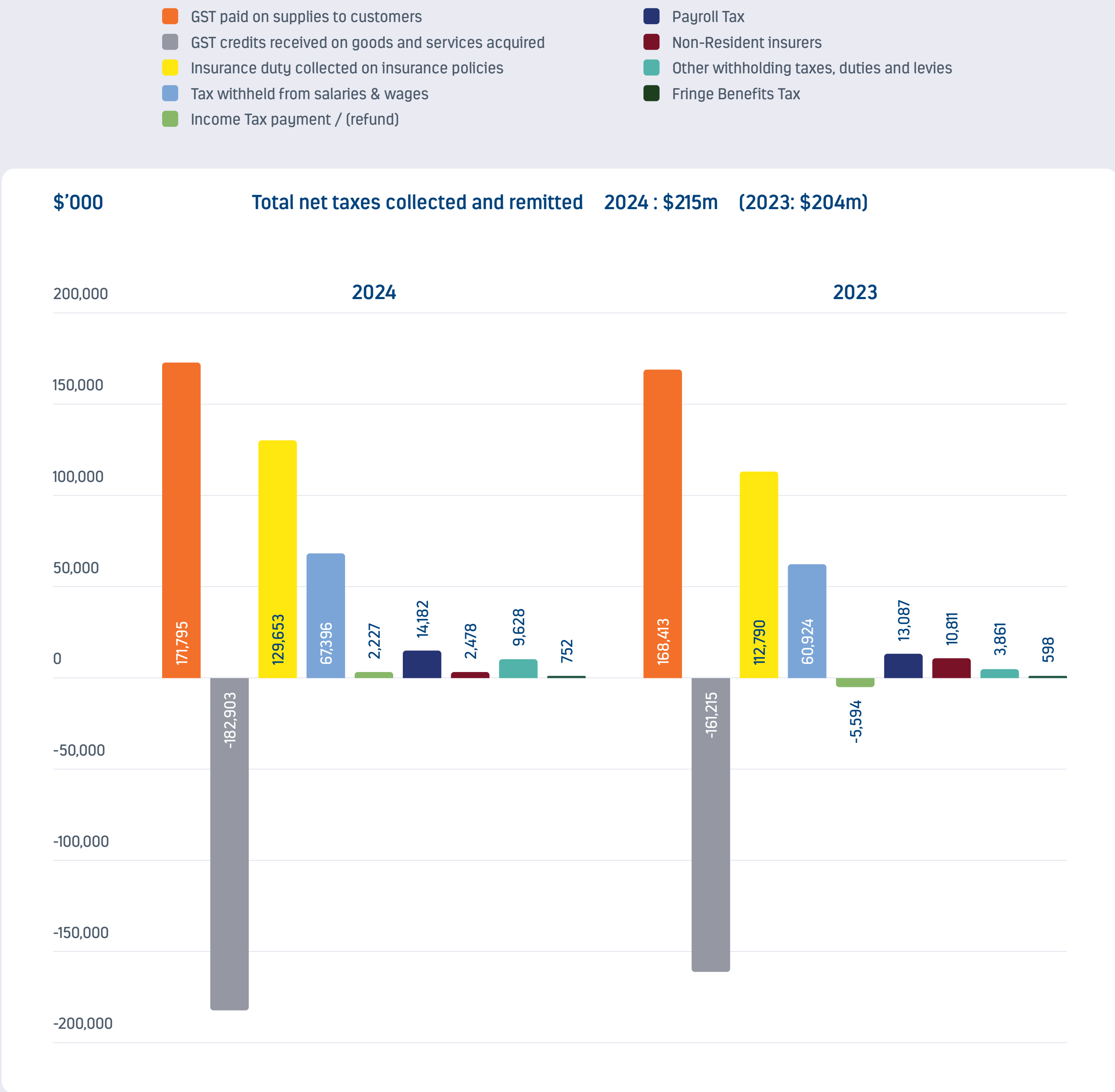
RACQ also collects and pays the goods and services tax (GST), insurance duty, salary and wages withholding tax, payroll tax, fringe benefits tax and other withholding taxes, duties and levies to Federal and State revenue authorities.


[4] See Appendix
[5] Includes amounts attributed to the relevant tax year only and not any prior year amendments booked in the reporting year.

# Australian Tax Contribution Summary

The total taxes collected and paid to revenue authorities is illustrated in the table below and the chart across the page.

| Total taxes collected and paid | 2024 $'000 | 2023 $'000 |
|---|---|---|
| GST paid on supplies to customers | 171,795 | 168,413 |
| GST credits received on goods and services acquired | (182,903) | (161,215) |
| Insurance duty collected on insurance policies | 129,653 | 112,790 |
| Tax withheld from salaries and wages | 67,396 | 60,924 |
| Income Tax payment / (refund) | 2,227 | (5,594) |
| Payroll Tax | 14,182 | 13,087 |
| Non-Resident insurers | 2,478 | 10,811 |
| Other withholding taxes, duties and levies | 9,628 | 3,861 |
| Fringe Benefits Tax | 752 | 598 |
| **Total taxes collected and paid** | **215,208** | **203,675** |



# Accounting profit to income tax payable reconciliation

The table below provides a reconciliation between income tax expense and income tax payable or receivable for the financial year ended 30 June 2024 and 30 June 2023 for RACQ Limited and its controlled entities.

The information is derived from the audited financial statements of RACQ Limited and its controlled entities for the year ended 30 June 2024 and 30 June 2023. Income tax expense is calculated based on accounting standards and represents accounting profit before tax multiplied by Australia's corporate tax rate of 30%, adjusted for non-temporary differences.

| Reconciliation of surplus/(deficit) before income tax to income tax expense | 2024 $'000 | Restated[6] 2023 $'000 |
|---|---|---|
| **Surplus/(deficit) before income tax per Consolidated Income Statement** | **103,765** | **(23,747)** |
| Income tax at corporate tax rate of 30% | 31,130 | (7,123) |
| Adjust for tax effect of: | | |
| Non-deductible expenses | 503 | 3,812 |
| Assessable income | 1,839 | 728 |
| Non-assessable income | - | (541) |
| Tax offset for franked dividends | (1,257) | (2,078) |
| Recognition of DTA not previously brought to account | (2,130) | 67 |
| Prior year under / (over) provision | 409 | (761) |
| **Income tax expense per Consolidated Income Statement** | **30,494** | **(5,896)** |
| **Effective tax rate** | **29.39%** | **24.83%** |

| Reconciliation of income tax expense to income tax payable | 2024 $'000 | Restated 2023 $'000 |
|---|---|---|
| **Income tax expense per Consolidated Income Statement** | **30,494** | **(5,896)** |
| Current tax expense impact of prior year true up and restatement | 28 | 1,354 |
| Deferred tax expense impact of movement in deferred tax balances[7]: | | |
| Property, plant and equipment and intangibles | (2,942) | 4,065 |
| Financial Assets | (10,325) | (2,014) |
| Claims handling costs on outstanding claims | (128) | (3,350) |
| Insurance contract liabilities | 561 | 7,190 |
| Employee benefits | 614 | 613 |
| Provisions | (18,286) | (3,674) |
| Other items | (1,363) | 4,086 |
| Tax offsets carried forward | 5,719 | (5,050) |
| Tax losses recognised | (2,676) | (2,890) |
| **Income tax payable /(receivable)** | **1,696** | **(5,566)** |
| Adjust for: | | |
| Income tax paid for the year | (1,043) | (626) |
| **Income tax payable / (receivable) per Consolidated Balance Sheet** | **653** | **(6,192)** |

[6] The Group adopted AASB 17 Insurance Contracts from 1 July 2023 and has correspondingly restated the comparative period.
[7] Includes the deferred tax expense impacts of movements in the Deferred Tax Assets and Liabilities for the relevant year and does not therefore include movements of deferred tax balances through Other Comprehensive Income or Reserves.

# Appendix

RACQ's controlled entities:

| Controlled entities | Percentage (%) of Share capital held 2024 | 2023 | Country of tax residence |
|---|---|---|---|
| RACQ Operations Pty Ltd | 100% | 100% | Australia |
| RACQ Investments Pty Ltd | 100% | 100% | Australia |
| RACQ-Queensland Driving Excellence Centre Pty Ltd | 100% | 100% | Australia |
| Automotive Assistance Services Pty Ltd | 100% | 100% | Australia |
| Q Garage Pty Ltd | 100% | 100% | Australia |
| Basecamp No.2 Pty Ltd (formerly Hug Insurance Pty Ltd) | 100% | 100% | Australia |
| Basecamp Innovations Pty Ltd | 100% | 100% | Australia |
| RACQ Investments No.2 Pty Ltd | 100% | 100% | Australia |
| Club Insurance Holdings Pty Ltd | 100% | 100% | Australia |
| RACQ Insurance Limited | 100% | 100% | Australia |
| Club Finance Holdings Limited | 100% | 100% | Australia |
| Members Banking Group Limited | 100% | 100% | Australia |
| RACQ Financial Planning Pty Ltd[8] | 100% | 100% | Australia |
| Arrow Funding Trust No.1 | 100% | 100% | Australia |
| RACQ Foundation Pty Ltd | 100% | 100% | Australia |
| RACQ Foundation Fund | 100% | 100% | Australia |
| RACQ Foundation Trust | 100% | 100% | Australia |

[8]The name of the entity has been changed to RACQ Distribution Services Pty Ltd effective from 4 February 2025.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