# AMP Tax Report 2022

## 1. Introduction

AMP is committed to the Board of Taxation's voluntary tax transparency code (TTC). This voluntary tax transparency report follows TTC principles and provides information about AMP's tax strategy and governance, tax payments, effective tax rate and international related party dealings.

The vast majority of tax paid and collected by AMP is payable in Australia. Income tax is levied on profits attributable to AMP shareholders to the extent the shareholder's tax liability on the dividend exceeds the associated imputation credits. In addition, AMP is subject to payroll tax, property tax, goods and service tax (**GST**), stamp duty and other taxes. AMP also collects and pays Pay As You Go (**PAYG**) taxes on behalf of employees, withholding tax on behalf of shareholders and investors, and contributions tax on customers' superannuation investments. The payment of Australian income tax by AMP generally results in the generation of imputation credits which are passed to shareholders on payment of dividends; where a shareholder is an Australian taxpayer, they can obtain credit for the tax already paid by AMP.

The information in this report complements the financial information published in the AMP 2022 Annual Report. The Annual Report was prepared to apply the recognition, measurement and disclosure requirements of Australian accounting standards in compliance with international financial reporting standards.

This report also serves to assist with understanding the disclosures published by the Australian Taxation Office (**ATO**) in its Corporate Tax Transparency Report in relation to AMP for its tax year ended 31 December 2022.

## 2. AMP group

AMP has evolved over the course of its 173-year history to meet the changing needs of customers. Founded in 1849, AMP is a leading wealth management company providing banking, super and retirement solutions in Australia and New Zealand.

The holding company of the group, AMP Limited, is listed on the Australian Securities Exchange (**ASX**).

AMP's business operations are carried out by a number of controlled entities. Each of AMP's business units is wholly owned by AMP Limited. AMP operates mainly in Australia and New Zealand, with a few overseas subsidiaries. The majority of AMP's revenue is earned from financial services operations in Australia.

AMP's Australian corporate entities are consolidated for income tax purposes, such that this group is treated as a single taxpayer for income tax purposes. A small number of partly-owned Australian corporate entities are not members of the tax consolidated group and are taxed separately on a standalone basis.

Where AMP operates in foreign jurisdictions, it will generally establish separate legal entities in those jurisdictions and be subject to the tax regime of those jurisdictions.

To support its overseas operations, AMP in Australia provides support services (including administrative and IT support) to its overseas related parties. All of AMP's international related party dealings reflect arm's length conditions in accordance with tax transfer pricing requirements of Australia and the overseas jurisdiction, as well as the Organisation for Economic Co- operation and Development (**OECD**) guidelines.

## 3. Corporate Governance

AMP is dedicated to upholding high standards of corporate governance. AMP's governance framework ensures accountability, transparency and integrity in all our operations.

This is supported by the AMP Code of Conduct which requires AMP personnel to act ethically, with trustworthiness, honesty, fairness and transparency in dealings with each other, customers, shareholders, regulators, business partners, suppliers and other stakeholders. AMP personnel act lawfully and comply with our legal and regulatory obligations, internal standards, policies and procedures, and other rules that apply to AMP.

AMP's risk management framework governs risk management throughout the AMP group and integrates it into decision making processes. The framework includes risk governance roles and responsibilities, risk appetite and strategy, and the risk processes and systems that support identification, assessment, actions, treatment, outcomes and reporting of risks.

The AMP Limited Board of Directors, with assistance from the Risk and Compliance committee, sets AMP's risk appetite and monitors risk, setting a strong tone from the top. The Risk and Compliance committee oversees the implementation and operation of the risk management framework, while the Audit committee oversees the integrity and effectiveness of AMP's financial reporting.

The AMP Limited Board of Directors reviews AMP's risk management framework annually, assessing whether it continues to be sound and fit for purpose and that AMP is operating with due regard to the risk appetite set by the board.

## 4. Tax strategy and governance

AMP's risk management framework is supplemented with a specific tax risk management framework, focused on integrity in compliance and reporting. AMP is committed to fulfilling its tax obligations by ensuring the accurate payment of taxes and timely compliance with all applicable laws in the countries in which it operates. AMP recognises that tax risk is an inherent aspect of conducting business, particularly in light of the scale and sophistication of its operations, and the inherent intricacies of domestic and international tax laws that govern its business activities. AMP's tax strategy prioritises the effective management of tax risk and the maintenance of integrity in compliance and reporting, supported by a robust and informed decision-making framework.

AMP manages tax risks in line with its purpose, core values and corporate governance, as implemented through AMP's tax risk management framework. This framework has been approved by the AMP Limited Board and is supported by governance processes that ensure continued effectiveness of the framework. This framework is a key element of AMP's broader corporate governance, supporting the achievement of its organisational purpose and strategic objectives. AMP's tax risk management framework outlines an internal tax control framework to identify, categorise and manage tax risk. AMP recognises that a tax control framework must be maintained, to provide stakeholders, most particularly shareholders and regulators, confidence that tax risks are managed in accordance with its tax risk appetite and compliance responsibilities are being fulfilled.

AMP's tax risk appetite and approach to engaging tax regulators globally is set by the AMP Limited Board. The AMP Limited Board does not sanction or support any activities which seek to aggressively structure AMP's tax affairs. AMP's tax risk appetite is 'low', meaning that:

- Aggressive tax planning strategies are not pursued including entering into artificial arrangements designed to avoid taxation or defeat the intended purpose of tax laws. In particular, AMP does not:
    - shift and/or accumulate profits in low or zero tax jurisdictions;[1] and
    - use the secrecy jurisdictions to hide assets or income.
- At a minimum, a reasonably arguable position should be in place to support tax positions taken.
- An opinion from an external tax advisor or clearance from a tax authority should be obtained for significant or material tax related matters, with the level of opinion provided being commensurate with the level of tax risk. At a minimum, the level of opinion obtained should at least be a reasonably arguable position[2].
- Transactions have a proper business purpose and economic rationale.

AMP is committed to upholding the highest standards of corporate responsibility. In alignment with this commitment, AMP seeks to engage with tax authorities in all jurisdictions where it operates in a manner that is transparent, constructive, and collaborative. We maintain proactive, real-time engagement with tax authorities to ensure clarity regarding the interpretation and application of tax legislation and to identify and address potential areas of

[1] While AMP has operations in Luxembourg and the Cayman Islands, these jurisdictions are not used to shift or accumulate profits, but reflect fund management operations in those jurisdictions which are common investment hubs or gateways into European and other global markets.

[2] A position is reasonably arguable if, having regard to relevant legislation, it is about as likely to be correct as incorrect, or is more likely to be correct than incorrect.

risk or dispute. In circumstances where our interpretation differs from that of the tax authorities, AMP will robustly and appropriately defend its position.

## 5. Relationship with authorities

AMP is subject to review from time to time by regulators, both in Australia and offshore. AMP is committed to upholding positive and transparent cooperation with relevant authorities, including the Australian Taxation Office (**ATO**).

As a Significant Global Entity, AMP is subject to additional tax reporting. AMP is also part of the ATO's Top 1000 justified trust program, involving regular assurance activity. AMP complies with all requests for information from revenue regulators honestly and openly.

## 6. International related party dealings

AMP prices its cross-border related party transactions having regard to the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and arm's length principles.

AMP lodges its Country-by-Country (**CbC**) Report with the ATO each year as required. In compliance with both Australian filing requirements and the OECD BEPS Action Plan, the CbC Report contains details about AMP's international related party dealings, revenue, profits and taxes paid in each jurisdiction. Under intergovernmental exchange of information agreements, this report is available to overseas tax authorities.

The key international related party dealings for FY22 are:

| Key transaction type | Jurisdiction |
|---|---|
| Asset management services | Luxembourg |
| Management and administrative services | New Zealand |
| Dividends from offshore subsidiary | New Zealand |
| Loan to offshore subsidiary | USA |

## 7. Tax contribution summary

AMP paid a total of $26.2m in corporate income tax in FY22 (FY21: $37.4m).

| | FY22 | | FY21 | |
|---|---|---|---|---|
| **Global corporate income tax contribution** | **$m** | **%** | **$m** | **%** |
| Australia[1] | 0.0 | 0 | 0.0 | 0 |
| Europe | 11.7 | 45 | 9.0 | 24 |
| New Zealand | 11.5 | 44 | 21.0 | 56 |
| Asia Pacific | 1.9 | 7 | 1.8 | 5 |
| USA | 1.1 | 4 | 5.6 | 15 |
| **Total Group income tax paid** | **26.2** | **100%** | **37.4** | **100%** |

1. AMP Limited tax consolidated group incurred a taxable loss

AMP paid a total of $243.8m in other Australian taxes in FY22 (FY21: $287.6m).

| | FY22 | | FY21 | |
|---|---|---|---|---|
| **Australian tax contribution summary** | **$m** | **%** | **$m** | **%** |
| Corporate Income Tax | 0.0 | 0 | 0.0 | 0 |
| PAYG Withholding Tax[1] | 205.1 | 84 | 223.3 | 78 |
| Payroll Tax | 38.1 | 16 | 49.1 | 17 |
| Net GST remitted[2] | 0.0 | 0 | 14.3 | 5 |
| Fringe Benefits Tax | 0.6 | 0 | 0.9 | 0 |
| **Total Australian tax paid** | **243.8** | **100%** | **287.6** | **100%** |

1. PAYG Withholding comprises mainly withholding from employee salaries.

2. Net GST remitted was a negative amount of $1.1m in 2022 due to Australia GST recoveries received in relation to projects which incurred GST in prior years and did not recover the GST until the outcomes of the projects were certain.

## 8. Effective tax rate FY22

| | Profit/(loss) before income tax | Income tax credit/(expense) | Effective tax rate |
|---|---|---|---|
| **Jurisdiction** | **$m** | **$m** | **%** |
| Australia | (138) | 81 | N/A |
| New Zealand | 42 | (12) | 28.6 |
| Other overseas entities (blended rate) | 32 | (9) | 28.1 |
| **Total** | **(64)** | **60** | **N/A** |

'Effective tax rate' is a term used in public discourse and in this report, to refer to the income tax expense charged as a percentage of total profit, before the income tax expense is charged. Income tax expense is an accounting concept and reflects the amount of income tax accrued for accounting purposes. Typically, in any given year, there will be differences between the income tax charge and the amount paid for the period to the ATO, due to timing differences.

For accounting purposes, income tax includes only taxes that are based on taxable profits (ie. corporate income tax) and excludes other types of taxes, such as GST, stamp duty, superannuation contributions tax, and PAYG tax paid on behalf of superannuation members and employees.

Most of AMP's income tax responsibilities arise in Australia where tax is levied at the corporate tax rate of 30% of the taxable income of the business. Taxable income is a tax legislation concept and differs from total profit before income tax expense for reasons that reflect government policies which apply for each accounting tax year.

The effective tax rate is also impacted by the fact that the corporate tax rate varies between jurisdictions in which AMP operates, for example the tax rate in New Zealand is 28%.

For the year ended 31 December 2022, AMP did not pay corporate tax in Australia as it incurred tax losses attributable to operating losses.

| Reconciliation of accounting profit to income tax expense | |
|---|---|
| | **2022 $m** |
| (Loss)/Profit before income tax | (64) |
| Prima facie tax credit/(expense) at the Australian tax rate of 30% | 19 |
| **Tax effect of permanent differences:** | |
| - Non-deductible expenses | (23) |
| - Non-assessable income | 41 |
| - Other items | 2 |
| - Over provided in previous years | 19 |
| Differences in overseas tax rate | 2 |
| **Income tax credit per Consolidated income statement** | **60** |

## 9. Reconciliation of accounting profit to income tax payable

The reconciliation of AMP's accounting profit to tax payable in Australia for FY22 is set out below.

| Reconciliation of accounting profit/(loss) to tax payable | 2022[1] $m |
|---|---|
| Profit before income tax per financial statements | (64) |
| **Adjustment from accounting group to tax consolidated group:** | |
| Foreign subsidiaries eliminations | (656) |
| Intra group dividend eliminations | (1,365) |
| Eliminations on the sale of businesses | 412 |
| Other adjustments | 78 |
| **Profit before income tax per tax consolidated group[2]** | **(1,595)** |
| Permanent differences: | |
| Non-deductible expenses | 3,303 |
| Non-asssesable income | (11) |
| Eliminations for entities no longer in the tax consolidated group | (1,761) |
| Other items | (29) |
| Franking credits and tax offsets | 11 |
| **Total permanent difference** | **1,513** |
| Temporary differences: | |
| Property plant and equipment | 14 |
| Capitalised software expenses | (27) |
| Black-hole expenditure[3] | (14) |
| Right of use assets & liabilities (AASB 16) | 150 |
| Provisions | (362) |
| Other timing differences | (35) |
| **Total temporary differences** | **(274)** |
| Taxable Income /(loss) per consolidated income tax return | (356) |
| **Tax payable** | **0** |

[1]The amounts included in the above reconciliation are based on the amended income tax return calculation for the year ended 31 December 2022.

[2] The accounting loss disclosed in the Australian income tax return corresponds to the accounting loss of the AMP income tax consolidated group, not the accounting group as reflected in the annual financial statements.

[3] Black hole expenditure relates to deductions which do not fall within the scope of general deductions or allowable in relation to depreciating or capital gains tax assets and are instead deducted evenly across a 5 year period under Australian tax law.

## 10. ATO Corporate Tax Transparency Report

The ATO publishes the Australian tax return information of large public companies including AMP Limited annually.

The following information was published by the ATO from the 31 December 2022 tax return.

| | Gross income[1] $m | Taxable income[2] $m | Tax payable[3] $m |
|---|---|---|---|
| 31 December 2022 | 3,602 | 0 | 0 |

1. The gross accounting income for AMP and its wholly owned Australian subsidiaries and their foreign branches as disclosed in the tax returns, prior to offsetting expenses was updated to $3,634m in a subsequent amendment of the 31 December 2022 income tax return. This is not readily comparable to AMP's income statement, which also includes income from foreign subsidiaries and Australian entities that fall outside of the AMP Tax Consolidated Group.
2. For the 31 December 2022 year-end, AMP Limited incurred a tax loss of $356m and accordingly, had no taxable income.
3. No Australian corporate income tax was payable. The tax loss is carried forward and is available to offset taxable income in future years.

## 11. Basis of preparation

All taxes relate to the income tax year ended 31 December 2022. The information in this report follows the guidelines of the Australian Board of Taxation Tax Transparency Code. Amounts disclosed in this report are in Australian dollars which is AMP's reporting currency. Amounts disclosed in the report are sourced from the AMP Annual Report, financial records and lodged tax returns and filings.