

# Tax Transparency

Macquarie Group

**Year ended 31 March 2024**

# Basis of preparation

Macquarie Group Limited and its subsidiaries (Macquarie, MGL, the Group) support the Australian Government's commitment for greater Australian corporate tax transparency, as actioned through the Australian Board of Taxation's voluntary Tax Transparency Code (the Code).

The Tax Transparency report (the report) has been prepared to meet the requirements of the Code, and includes details of:

- Macquarie's approach to tax including its tax policy, strategy and governance and its international related party dealings.
- Macquarie's operations including details of Macquarie's effective tax rate (ETR) and tax contribution.

The report covers the year ended 31 March 2024 (FY24) and the comparative period 31 March 2023 (FY23) and is presented in Macquarie Group's functional currency, Australian dollars (\$A). Amounts have been rounded to the nearest million unless otherwise specified.

The report has been prepared in accordance with the Appendix to the Code issued by the Australian Accounting Standards Board and, where applicable, references financial information disclosed in Macquarie's 2024 Annual Financial Report. This can be found on Macquarie's website at [macquarie.com/au/en/investors/results](https://macquarie.com/au/en/investors/results).

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# Approach to tax

## Tax policy, strategy, and governance

Macquarie's tax governance framework is documented in [Macquarie's Group Tax Policy](#)<sup>1</sup> (the policy). Tax issues and risks are regularly considered with the CFO and escalated to MBL and MGL Executive Committees and Board Audit Committees (BAC) as appropriate. In addition, the CFO, with the assistance of the Head of Tax and the Heads of Finance, reports to the MGL and MBL BACs in relation to tax matters and tax governance. On relevant tax issues, the Chief Risk Officer will also be consulted.

The policy outlines the principles that govern Macquarie's approach to Tax risk including the framework by which Macquarie's operational and risk management obligations are met.

The key principles that govern Macquarie's approach to tax risk are outlined below:

- Tax risks are to be identified, assessed, controlled and reported.
- Laws, regulations, administrative requirements and required disclosures to Revenue Authorities are to be complied with.
- Policies and procedures in relation to tax risk management are to be documented and maintained.
- The integrity of our tax data, compliance and reporting systems are to be maintained.
- Open, transparent and professional relationships with Revenue Authorities, both local and international should be maintained.
- Outstanding issues with Revenue Authorities should be resolved as effectively as possible.
- Macquarie's reputation should be protected and the confidence of our stakeholders maintained.
- Our international related party transactions are based on commercial considerations and are undertaken in accordance with arm's length principles, supported by regular benchmarking.
- Macquarie staff should conduct themselves in a way that maintains trust in Macquarie by regulators, Revenue Authorities, clients and the public.
- Macquarie's tax affairs are to be conducted in compliance with the tax laws of the jurisdictions in which Macquarie operates.

Macquarie may be entitled to tax concessions in the course of its normal business but has no appetite for any transaction that is motivated by the avoidance of tax.

Moreover, Macquarie will not finance, or in any other way support, transactions where the objective of any of the parties might reasonably be expected to be the obtaining of a dividend withholding tax benefit.

Macquarie employs robust compliance procedures to enable the preparation of accurate and complete tax returns and other reporting. In Australia, the Australian Taxation Office (ATO) has issued a Pre-lodgement Compliance Review and GST Assurance Review Framework (PCR Framework) to Macquarie covering FY24. The PCR Framework documents the ATO's engagement and assurance approach for income tax, goods and services tax and the Major Bank Levy. The PCR Framework demonstrates Macquarie's positive and proactive relationship with the ATO.

In the event of a tax uncertainty, Macquarie may engage with Revenue Authorities and seek comprehensive advice from external tax advisors. The decision to seek external advice must be approved by the Tax function.

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<sup>1</sup> [macquarie.com/assets/macq/about/disclosures/disclosures-macquarie-group-tax-policy.pdf](https://macquarie.com/assets/macq/about/disclosures/disclosures-macquarie-group-tax-policy.pdf).

## International related party dealings

As an Australian headquartered global integrated business, the Australian operations have significant dealings (including through foreign branches) with offshore related parties that impact the taxable position of the MGL Australian Tax Consolidated Group (TCG).

Related party dealings include dealings with entities resident in the United States, United Kingdom, Singapore, Hong Kong, India and the Philippines.

Related party dealings giving rise to income and expenses in the MGL Australian TCG include:

- Revenue and profit-sharing arrangements for globally integrated businesses.
- Service arrangements including the provision of information technology and software development services, the provision of management and administrative services, together with asset management services.
- Derivative transactions as part of our global trading activities.
- Financing and related activities, including amounts borrowed and loaned.

Macquarie has sought to enter into advance pricing arrangements on either a bilateral or unilateral basis to manage and mitigate transfer pricing risk.

In FY24, Macquarie lodged its 7<sup>th</sup> Country-by-Country (CbC) report for FY23 with the ATO. CbC reporting discloses financial, economic, and tax-related information for each jurisdiction in which Macquarie operates.

## International tax and tax transparency developments

### Pillar 2

Macquarie continues to monitor the global progress toward the enactment of the Organization of Economic Cooperation and Development's Inclusive Framework's ("BEPS IF") model rules on a global minimum tax ("Pillar" 2"). Pillar 2 sets out global minimum tax rules designed to ensure that large multinational businesses pay a minimum effective rate of tax of 15% on Global Anti-Base Erosion Rules (GloBE) income on a jurisdictional basis. Certain jurisdictions in which Macquarie operates have started to enact these rules with operational effect for accounting periods beginning on or after 1 January 2024. Further information around Macquarie's Pillar 2 project and the expected impact of these changes can be found in Note 1 (iv) of the Financial Report.

In relation to Australia, Macquarie is assessing the recently released Exposure Draft Explanatory Materials in relation to the *Taxation (Multinational—Global and Domestic Minimum Tax) Rules 2024*. Consistent with previous Government announcements, the Income Inclusion Rule (IIR) and Domestic Minimum Tax (DMT) will apply to fiscal years commencing on or after 1 January 2024, with the Under Taxed Profit Rule (UTPR) applying to fiscal years commencing on or after 1 January 2025. It is therefore expected that this change will be in effect from Macquarie's 31 March 2025 financial year.

### Multinational Tax Transparency: Taxation Laws Amendment

Macquarie is assessing the recently released Exposure Draft Explanatory Materials in relation to the *Taxation Laws Amendment (Measures for Future Bills) Bill 2023: Multinational tax transparency - Tax changes*. The legislation will require large multinational enterprises ('CBC reporting parents') to publish tax information on a country by country ('CBC') basis. The information will be published on an Australian government website by the Commissioner of Taxation. It is expected that this change will be in effect from Macquarie's 31 March 2026 financial year.

### Multinational Tax Transparency: Treasury Laws Amendment

Macquarie will be required to comply with additional disclosures in relation to the *Treasury Laws Amendment (Making Multinationals Pay Their Fair Share - Integrity and Transparency) Bill 2023*, which the Federal Government passed on 27 March 2024.

Australian public companies will be required to disclose information about their subsidiaries in their annual financial reports in a 'consolidated entity disclosure statement' (CEDS). Macquarie will be required to include this statement in its annual financial statements for the year ending 31 March 2025.

# Tax contribution

## Macquarie's operations

Macquarie is a global financial services group operating in 34 markets. MGL, together with all eligible Australian resident wholly owned subsidiaries of MGL, comprise a Tax Consolidated Group with MGL as the head entity. Further details of Macquarie's taxation accounting policy and material subsidiaries including country of incorporation can be sourced from Note 1 and Note 17 of the Financial Report.

The distribution of taxes paid by Macquarie reflects the geographic spread of Macquarie's business. In operating its business globally, Macquarie has subsidiaries resident in many countries. The location of the subsidiaries reflects commercial considerations and global client needs. Each of these subsidiaries is subject to the taxation laws of the countries in which they are resident and the overlay of Australia's comprehensive international taxation regime.

## Income Tax Expense & Effective Tax Rate (ETR)

Macquarie's Group ETR<sup>2</sup> for year ended 31 March 2024 is 26.8% (FY23: 26.1%) and 33.8% for the Australian region (FY23: 30.2%). Macquarie's ETR is largely driven by the geographical mix of income and nature of earnings.

Approximately 66%<sup>3</sup> of Macquarie's income during FY24 was earned by businesses outside Australia (FY23: 71%).

The amount of income tax paid will be different to the income tax expense used in calculating Macquarie's ETR in any given period, largely because of the impact of differences between when an amount of revenue or expense is recognised for accounting purposes and when income and deductions are recognised under the tax laws in the various jurisdictions in which Macquarie operates.

The following table provides a reconciliation, on a global basis, of operating profit to income tax expense, and from income tax expense to income tax paid, in accordance with the Code.

Reconciliation of operating profit to income tax expense	March 2024 \$Am	March 2023 \$Am
Operating profit before income tax	4,826	6,992
<i>Prima facie</i> income tax expense on operating profit <sup>4</sup>	(1,448)	(2,098)
Permanent differences:		
Rate differential on offshore income	229	346
Other items	(72)	(72)
<b>Total income tax expense</b>	<b>(1,291)</b>	<b>(1,824)</b>

<sup>2</sup> ETR is calculated as total income tax expense divided by the accounting pre-tax profit.

<sup>3</sup> Calculated as international income/total income (excluding earnings on capital and other corporate items).

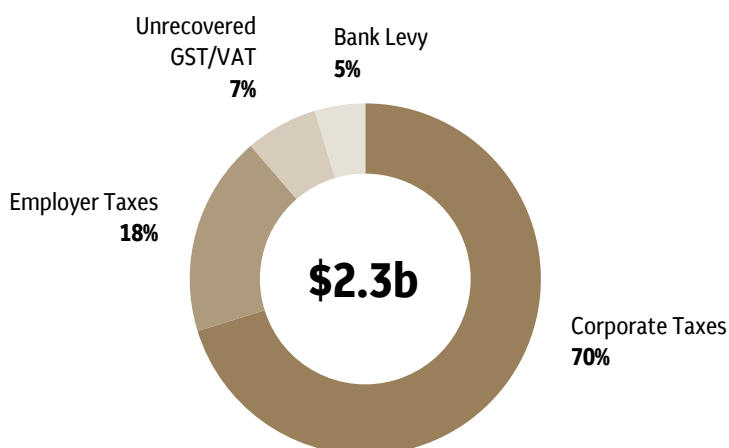
<sup>4</sup> *Prima facie* income tax on operating profit is calculated at the rate of 30% (2023: 30%).

Reconciliation of income tax expense to cash taxes paid	March 2024	March 2023
Total tax expense	(1,291)	(1,824)
Movement in current tax payable	(302)	105
Movement in tax receivables	(22)	(7)
Other balance sheet movements	9	(23)
Temporary differences:		
Interests in financial investments, associates and joint ventures	206	108
Property, plant and equipment	(15)	16
Operating and finance leases	(58)	22
Loan assets and derivatives	(19)	(42)
Tax Losses	(147)	(147)
Other assets and liabilities	91	(176)
Intangible assets	(85)	(67)
<b>Total Corporate income tax cash paid</b>	<b>(1,633)</b>	<b>(2,035)</b>

## Taxes paid

The below table and graph show the total of corporate and other taxes paid in Australia and New Zealand (ANZ) and offshore.

	FY24			FY23		
	ANZ	Offshore	Total	ANZ	Offshore	Total
Corporate Taxes	503	1,130	<b>1,633</b>	501	1,534	<b>2,035</b>
Employer Taxes	141	289	<b>430</b>	128	259	<b>387</b>
Unrecovered GST/VAT	62	93	<b>155</b>	62	54	<b>116</b>
Bank Levy <sup>5</sup>	108	0	<b>108</b>	108	0	<b>108</b>
<b>Total</b>	<b>814</b>	<b>1,512</b>	<b>2,326</b>	<b>799</b>	<b>1,847</b>	<b>2,646</b>



<sup>5</sup> The above numbers include the amount of the Major Bank Levy expected to be paid by Macquarie. This amount is treated as a finance cost and is recognised in Macquarie's Financial Report as interest expense. The Major Bank Levy came into effect from 1 July 2017 and applies to certain liabilities at the rate of 0.06% p.a.

## Taxes collected

During 2024, Macquarie also collected a range of taxes on behalf of governments in the countries where we operated.

The below table shows the total of these taxes collected by tax type:

	FY24			FY23		
	ANZ	Offshore	Total	ANZ	Offshore	Total
Indirect Taxes	446	22,288	<b>22,734</b>	390	22,095	<b>22,485</b>
Employee Taxes	834	1,598	<b>2,432</b>	731	1,157	<b>1,888</b>
<b>Total</b>	<b>1,280</b>	<b>23,886</b>	<b>25,166</b>	<b>1,121</b>	<b>23,252</b>	<b>24,373</b>

## Australian Tax Return information

In November 2023, the ATO released their 2022 Corporate Tax Transparency report<sup>6</sup> which contained the following information for the MGL TCG 2021-22 year:

	2021-22	2020-21
<b>Total income</b>	13,799	13,531
<b>Taxable income</b>	1,762	1,708
<b>Tax payable</b>	437	416
<b>Tax payable to income ratio</b>	24.8%	24.4%
<b>Australian taxpayer rank by tax payable</b>	25th	18th

Macquarie's prima facie Australian tax payable is 30% of taxable income, however the ratio of tax payable to taxable income was 24.8% in 2021-22 year. This difference reflects offsets in respect of foreign income tax, franking credits and research and development reducing Australian tax payable.

<sup>6</sup> [data.gov.au/data/dataset/corporate-transparency](https://data.gov.au/data/dataset/corporate-transparency).

# Disclosure

The material in this document has been prepared by Macquarie Group Limited ABN 94 122 169 279 ("MGL") and is general background information about Macquarie's ("MGL and its subsidiaries") activities current as at the date of this document. This information is given in summary form and does not purport to be complete. The material contained in this document may include information derived from publicly available sources that have not been independently verified. Information in this document should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice. No representation or warranty is made as to the accuracy, completeness or reliability of the information. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.

Unless otherwise specified all information is for the full year ended 31 March 2024. Certain financial information in this document is prepared on a different basis to the Financial Report within the Macquarie Group Annual Report for the year ended 31 March 2024, which is prepared in accordance with Australian Accounting Standards.

This document provides further detail in relation to key elements of Macquarie's financial performance and financial position. Any additional financial information in this document, which is not included in the Financial Report, was not subject to independent audit or review by PricewaterhouseCoopers. Numbers are subject to rounding and may not fully reconcile.

Other than Macquarie Bank Limited ABN 46 008 583 542 ("MBL"), any Macquarie group entity noted in this document is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Cth). That entity's obligations do not represent deposits or other liabilities of MBL and MBL does not guarantee or otherwise provide assurance in respect of the obligations of that entity. Any investments are subject to investment risk including possible delays in repayment and loss of income and principal invested.