

Brighter Super
Tax Transparency Report
For the year ended 30 June 2022



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A Year of Transformation

The financial year ended 30 June 2022 saw a number of transformative milestones for LGIASuper beginning with the merger of members and assets from Energy Super into LGIASuper as the successor fund on 1 July 2021. Following the merger, LGIASuper then went on to acquire Suncorp Portfolio Services Limited (SPSL) on 31 March 2022. SPSL is the trustee of the SPSL Master Trust, and SPSL Pooled Superannuation Trust, and this acquisition resulted in the initiation of the future successor fund transfer of SPSL Master Trust members and assets into LGIASuper on 31 May 2023.

Recognising LGIASuper now represented three foundation funds, the fund rebranded to Brighter Super on 1 July 2022.

July 2021	April 2022	July 2022
LGIASuper and Energy Super merge to form a single fund managed by the LGIASuper Trustee.	Aquisition of Suncorp Portfolio Services Limited (SPSL).	Introduction of Brighter Super name and brand.

During the year, the Fund remitted over \$102M in taxes throughout Australia representing a variety federal and state obligations the Fund and its subsidiary operating companies are subject to. Through its returns the Fund also is subject to taxes in global jurisdictions to which the Fund invests into through structured investment entities.

The details of these payments are presented within this report.



Garnett Hollier

Chief Financial Officer

About Brighter Super

Brighter Super (the rebranded name of LGIAsuper from 1 July 2022) is a Queensland-based superannuation fund that has provided trusted and reliable investment, advice and insurance since 1965.

Brighter Super is 100% member-owned. We do not have any shareholders, which means we are a not-for-profit fund. We work hard to keep our fees and costs as low as possible, and our members come first in everything we do.

We are also an open fund, welcoming members from government and private sectors, and the wider community.

About this Report

The Tax Transparency Code (“TTC”) developed by the Board of Taxation is a set of principles and minimum standards to guide medium and large business on public disclosure of tax information. This report is published on a voluntary basis and is part of our commitment to improved tax disclosure to our members and other interested parties.

Brighter Super is committed to strong governance, accountability and transparency with all of our stakeholders, including members, regulators, employees and the community. Brighter Super recognises the importance of greater tax transparency by large taxpayers and enhancing the community’s understanding of taxpayer’s compliance with Australia’s tax laws. For this reason, Brighter Super is a participant in the Voluntary Tax Transparency Code.

This Tax Transparency Report in respect of the year ended 30 June 2022 is designed to provide insight on compliance with our tax obligations, our tax strategy and governance arrangements and our contribution of taxes paid.

Australia’s Tax Regime for Superannuation Funds

In Australia, superannuation funds are required to pay tax (generally at a rate of 15%, subject to various adjustments and tax offsets) on:

- Contributions received from or on behalf of members (apart from after-tax contributions or taxed roll-overs from other super funds)
- Investment earnings generated for members in the accumulation and transition to retirement phase. Note capital gains on assets held for more than 12 months are taxed at 10%; and
- Some benefits paid to members (depending on the type of benefit and the age and circumstances of the recipient).

Our approach to tax strategy and governance is outlined in our Tax Risk Management Policy (the “Policy”), which is reviewed and approved by our Finance and Audit Committee at least every second year. The Tax Risk Management Policy is a subsidiary policy within LGLAsuper’s Financial Management Framework which contains the Board approved principles for its approach to tax. The strategic objective of Brighter Super’s tax function is to “identify, manage and monitor tax risks that might jeopardise a secure source of retirement income for Brighter Super’s members”. This is in line with our primary investment objective to provide a secure source of retirement income for Brighter Super’s members.

The key strategic tax principles which we are committed to achieving are:

- Not to breach tax laws, tax filing or tax payment obligations in any jurisdiction
- Achieve a high standard of integrity as a responsible taxpayer and good corporate citizen
- Maintain open and honest relationships with all tax authorities
- Take prudent steps to maximise member returns sustainably and strictly within the tax risk appetite adopted by the fund
- Ensure that the tax applied to member returns to the extent possible is fair and equitable and reflects the most accurate net member return value for each member
- Sufficiently resource tax advisory and tax compliance activities, including with expert external advice
- Strive to comply with both the letter and ‘spirit’ of tax laws and regulations in all relevant jurisdictions

We invest funds in a diverse range of assets, geographic locations and legal structures to optimise investment performance and after-tax returns for our investors, whilst ensuring that any tax risk associated with the investments is appropriately considered and managed.

We also invest into third party managed collective investment vehicles which aggregate funds from various investors (including Brighter Super). In this regard, though tax may not be paid by these collective investment vehicles, Brighter Super is subject to tax on the income it earns from such collective investment vehicles. For collective investment vehicles established in overseas jurisdictions or that hold foreign assets, such tax may be payable in both the jurisdiction where the relevant assets and investment activity is located, as well as in Australia, as determined by the relevant tax laws and regulations.

Relationship with Tax Authorities

Brighter Super is committed to maintaining an open, transparent, honest and cooperative approach with tax authorities. We take a proactive approach to:

- Providing tax authorities with required information for the fund on a timely basis.
- Managing tax uncertainties, by engaging in discussions with tax authorities, and seeking rulings / clearances from tax authorities where appropriate.
- Working with tax authorities in an open and constructive manner to resolve any issues and to minimise the risk of disputes which might attract additional taxes, penalties and costs.
- Engage in consultation with the tax authorities, either directly or together with other industry superannuation funds or representative bodies, on matters relevant to improving processes or on any proposed changes to the law that are open for consultation.

International Related Party Dealings

Brighter Super’s international related party dealings are limited to arm’s length transactions between investment entities controlled by Brighter Super that have been set up to facilitate investments made on behalf of our members. Brighter Super has no other international related party dealings.

Tax Contribution

LGIAsuper is a significant taxpayer, and contributes to government revenues in Australia by paying various taxes. Due to the global nature of our investments, we also pay taxes in foreign jurisdictions where we invest.

Summary of Taxes Paid

The table below outlines taxes paid or payable for the 2022 financial year by the Brighter Super Group of entities.

The Brighter Super Group of entities consists of Brighter Super as well as the following wholly owned companies:

- LGIAsuper Services Pty Ltd
- ESI Financial Services Pty Ltd
- Globe Hold Co Pty Ltd
- LGIAsuper Corporate Services Pty Ltd
- SPSL Limited (for the period from 1 April 2022 through to 30 June 2022)
- SPSL Services Pty Ltd (for the period 1 April 2022 through to 30 June 2022)

Tax Type	\$'000(AUD)
Income tax - fund	86,585
Income tax - corporate ¹	2,217
GST	(3,514)
FBT ²	92
Payroll tax	1,678
PAYG withholding tax	15,937
TOTAL AUSTRALIAN TAXES	102,995
TOTAL FOREIGN TAXES	20,420

¹ Paid by wholly owned and managed services companies within the Brighter Super Group

Income Tax Reconciliations

² FBT return lodged by the employing entities for the period ended 31 March 2022

Reconciliation of Accounting Profit to Income Tax Expense

Australian Accounting Standards require entities to calculate and disclose various tax balances in its financial statements including its income tax expense for the relevant period. We outline below a summary reconciliation of accounting profit to the income tax expense disclosed in Brighter Super's financial statements for the year ended 30 June 2022. In addition, the effective tax rate has been calculated based on the prima facie tax rate for a superannuation fund (15%) adjusted for the effective tax rate on the identified adjustments.

Reconciliation of accounting profit to income tax expense	\$'000(AUD)	\$'000(AUD)	%
Operating result before income tax	(944,975)		
Prima facie income tax (expense)/benefit at the tax rate of 15%		142,568	15%
Prima facie income tax (expense)/benefit at the tax rate of 30%		(1,643)	30%
Adjustments			
Increase in tax expense due to non-deductible expenses relating to exempt pension income		(20,959)	
Decrease in tax expense due to non-assessable investment (income)/losses relating to exempt pension income		39,168	
Decrease on tax expense due to non-assessable investment (income)/losses relating to trust distributions		478	
Decrease in tax expense due to imputation and foreign tax credits		149,536	
Decrease in tax expense due to Discount Capital Gains		15,960	
Increase in tax expense due to prior period adjustments & reconciliations		(88,769)	
Increase in tax expense due to recovery of anti-detriment payments from ATO		-	
Decrease in tax expense due to other adjustments		414	
Adjustment total		95,827	
Income tax (expense) / benefit (after adjustments)		236,752	
Effective tax rate			N/A¹

¹ Meaningful effective tax rate unable to be calculated where an income tax benefit represents an aggregated position of future and current tax benefits.

Income Tax Reconciliations

The effective tax rate in respect of Net Contribution Revenue is not included in the above calculation as Australian Accounting Standards no longer require it to be included. The effective tax rate in respect of Contributions is outlined in the below table:

Contributions	\$'000
Gross contributions	1,718,217
Less member and other non-taxable contributions, including deductions relating to contributions	(828,264)
Taxable contributions	889,953
Tax on taxable contributions at 15%	133,493
Effective tax rate on gross contributions	7.77%

Reconciliation of Income Tax Expense to Income Tax Payable

We outline below a summary reconciliation of income tax expense disclosed in the financial statements for the year ended 30 June 2022 for Brighter Super and actual tax payable in the 2022 financial year.

Reconciliation of income tax expense to income tax payable	\$'000 (AUD)	\$'000 (AUD)
Income tax expense / (benefit)		(236,752)
Tax expense on contributions		133,493
Deductible Insurance Premiums (recognised in member equity)		(12,362)
Unrealised capital (gains) / losses on investments & other timing differences		181,387
Movements between tax provision and income tax return		
Realised capital (gains) losses on investments	11,644	
Assessable / non-assessable investment income	(5,540)	
Imputation and foreign tax credits	14,117	
Exempt pension income	534	
Deductible / non-deductible expenses	344	
Contributions	(137)	
Other	63	21,026
Prior period adjustment		2,009
Income tax payable - total		88,801
Income tax payable - fund		86,585
Income tax payable - company		2,217
Income tax payable - total		88,801

Description of taxes and definitions

GST (Goods and Services Tax)

Brighter Super's supplies are classified as input taxed for GST purposes. GST is not charged on such supplies and Brighter Super is generally not entitled to claim input tax credits in respect of costs associated with making these supplies other than certain acquisitions for which an entitlement to a Reduced Input Tax Credit ('RITC') exists at a rate of 75% or 55%.

Franking Credits

Franking credits arise from franked dividends received by Brighter Super from companies in which LGIAsuper has an interest (either directly, or through interposed holding trusts) and that have paid Australian income tax on their taxable income. They ensure Brighter Super is only exposed to tax on the taxable income of those companies at the rate Brighter Super would be exposed to if it carried on those businesses directly. As Brighter Super's tax rate will be lower than the corporate tax rate, franking credits will generally result in a reduction to Brighter Super's total income tax expense.

PAYG Withholding Tax

In 2021-22 LGIAsuper withheld and remitted tax from (i) salary and wages paid to staff and (ii) payments of superannuation benefits to members and their beneficiaries.

ETR (Effective Tax Rate)

This is the income tax expense recognised in the financial statements divided by the net income before income tax.

Over/Under Provisions

These are the differences between the current and deferred tax expense recorded in the financial statements and the actual tax reported in lodged tax returns and paid. Such differences generally arise due to additional adjustments made as part of the preparation and lodgement of Brighter Super's income tax return.

Temporary Differences

Temporary differences arise from differences between when revenue and expenses are recognised under the Australian taxation law and the Australian financial accounting rules.

Payroll Tax

Brighter Super employees are subject to payroll tax in Queensland. This amount is as reflected in our audited financial statements.

Fringe Benefits Tax (FBT)

Brighter Super is subject to FBT on any benefits provided to employees. The FBT reported in this report is based on the 12 month period ending 31 March 2022.



right by your side

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LGIAsuper Trustee (ABN 94 085 088 484 AFS Licence No. 230511) as trustee for LGIAsuper (ABN 23 053 121 564), trading as Brighter Super. Brighter Super products are issued by the Trustee on behalf of the Fund