

UK APPLICATION OF NAB GROUP'S TAX POLICY



National Australia Bank Limited (NAB) and subsidiaries (NAB Group) has a formal Group Tax Policy setting out its approach to managing tax risk and compliance with its tax obligations.

Since 1 October 2016 NAB Group's UK operations have been subject to section 161 of the Finance Act 2016 which requires certain disclosures to be made about various aspects of NAB Group's UK tax governance.

NAB Group's UK operations are subject to the Group Tax Policy. The key principles of the Group Tax Policy and how these principles are applied in the UK are set out below.

NAB GROUP TAX POLICY

As a corporate leader, the NAB Group commits to strong corporate values and behaviours, including in its approach to taxation.

The Group Tax Policy is fully endorsed by the NAB Board, which has ultimate responsibility and accountability for tax risk governance.

The Group Tax Policy applies to all functions of the NAB Group globally, NAB Group employees, contractors and agents.

The Group Tax Policy states a conservative tax risk appetite and is founded on five key principles:

- **Tax Compliance** - The NAB Group will seek to be fully and properly compliant with its tax obligations in each of the jurisdictions in which it operates.
- **Tax Governance** - The NAB Group will exercise strong governance over its tax affairs.
- **Tax Planning** - The NAB Group will not participate in, or promote, aggressive tax arrangements or complex structured finance transactions in either:
 - The NAB Group's own tax affairs.
 - The products or services offered to the NAB Group's clients or customers.
 - Remuneration packages provided to employees.
- **Tax Transfer Pricing** - The NAB Group will adopt the arm's length standard for transfer pricing.
- **Relationship with Revenue Authorities** - The NAB Group will seek and maintain enhanced relationships with revenue authorities.

Application of the Group Tax Policy in the UK

The application of the Group Tax Policy in the UK is set out below:

- **Approach of the group to risk management and governance arrangements in relation to UK taxation.**

The above five key tax governance principles underpin the NAB Group's approach to UK tax risk management and governance.

The day to day responsibility for the management of tax risk and the tax governance framework rests with the Head of Tax who reports to the UK regional CFO. The tax department is staffed with experienced and appropriately qualified individuals who handle the majority of tax compliance obligations.

- **The attitude of the NAB Group as towards tax planning (so far as it affects UK taxation).**

Any tax planning undertaken is or will be consistent with the above tax planning policy principle.

NAB Group is a signatory to the UK Code of Practice on Taxation for Banks whereby the NAB Group agrees to comply with the spirit of the law and the intentions of Parliament.

- **The level of risk in relation to UK taxation that the NAB Group is prepared to accept.**

The NAB Group will manage its UK tax affairs consistent with the conservative tax risk appetite stated in the Group Tax Policy and the above five principles

The NAB Group will continue to work towards and maintain 'Low Risk' status as assessed by Her Majesty's Revenue and Customs (HMRC).

- **The approach towards its dealing with HMRC.**

The NAB Group will approach its dealings with HMRC consistent with the above policy principle of seeking enhanced relationships with tax authorities.

The NAB Group operates an open, transparent and constructive relationship with HMRC and seeks to raise queries in real time. Frequent communication with HMRC ensures that issues get resolved quickly and uncertainty is removed.

Full disclosure by the NAB Group is made in submitted computations and particularly for transactions or issues where the tax treatment maybe uncertain.