



Tax transparency report

for the year ended 30 September 2024

National Australia Bank Limited (**NAB**) takes its tax obligations seriously and is committed to being transparent about its tax affairs. This Tax Transparency Report meets the requirements of Australia's Voluntary Tax Transparency Code and provides an explanation of NAB's tax contribution for the year ended 30 September 2024.

Introduction

NAB is a major Australian company which, together with its subsidiary companies and foreign branches, makes a significant contribution to the Australian economy and business landscape and to the offshore economies in which it conducts financial services activities. The corporate behaviour of NAB impacts many stakeholders including customers, shareholders, employees and governments. As a corporate leader, NAB commits to strong corporate values and behaviours, including in its approach to taxation.

In August 2016 NAB committed to Australia's Voluntary Tax Transparency Code (**the Code**).

The disclosures made in this report satisfy Parts A and B of the Code.

In particular, the report sets out for the year ended 30 September 2024 NAB's:

- Approach to tax risk governance
- International Related Party Dealings
- Total Tax Contribution in Australia
- Total Tax Contribution globally
- Reconciliations of:
 - Income Tax Expense
 - Effective Tax Rate
 - Income Taxes Payable
 - Current Tax Expense
- Reconciliation to the ATO's transparency disclosures
- Basis of preparation
- Glossary.

The report should be read in conjunction with NAB's 2024 Annual Report (**AR**) which can be found on NAB's website at www.nab.com.au

NAB's Approach to Tax Risk Governance

The NAB Board is ultimately responsible and accountable for determining the Tax Policy of the NAB and its tax risk governance. NAB's Tax Policy is fully endorsed by the NAB Board. The Tax Policy is reviewed on a regular basis and approved by the NAB Board biennially.

Background and Context

NAB's Tax Policy applies to all employees of NAB and its controlled entities, including contractors. NAB's Tax Policy covers all tax obligations owed to tax authorities in the countries in which NAB carries on business.

For the purpose of the Tax Policy, tax risk is defined as an adverse financial or reputational consequence arising for NAB as a result of adopting a position or taking an action that is inconsistent with the key tax principles.

NAB subscribes to the United Kingdom Code of Practice for Banks (UK Code) which was introduced on 9 December 2009 as NAB conducts operations in the United Kingdom. The objective of the UK Code is to ensure that banking groups operating in the United Kingdom comply with the spirit, as well as the letter of the law when it comes to tax matters.

Policy Principles

NAB's Tax Policy is founded on seven key principles:

1. Robust Tax Control Framework

The Tax Policy provides that NAB will maintain a robust tax control framework which will be subject to regular testing and assurance. NAB will monitor the impact of new legislation or practice on NAB's business and must ensure that any changes to the tax obligations are appropriately reflected in the tax control framework.

2. Tax Compliance

NAB must comply with the tax laws in all countries in which NAB does business. This includes ensuring all tax obligations are complied with by the relevant due date and paying the right amount of tax at the right time.

NAB will not adopt a tax position which is clearly contrary to tax laws or administrative practices of the relevant jurisdictions.

NAB recognises that there may be areas of differing legal interpretation between ourselves and tax authorities, and where this occurs, NAB endeavours to engage proactively with relevant stakeholders in resolving these matters.

NAB continues to monitor the potential impact of new legislation, judicial pronouncements, and administrative practices in assessing the impact on operations and transactions.

3. Tax Planning

As part of the prudent management and organisation of its affairs, NAB will only engage in acceptable tax planning in regard to transactions, products and business structures. In this regard acceptable tax planning must have a commercial and economic relevance to NAB's underlying business activities and have genuine substance.

NAB will not enter arrangements that are:

- contrived, artificial or based solely on achieving tax outcomes;
- produce tax consequences that are clearly inconsistent with, or not aligned with, underlying economic consequences;
- exploits loopholes in tax laws, clear legislative deficiencies or oversights;
- is contrary to the clear legislative intent or spirit of the relevant tax law;
- is a structured finance transaction which produces a tax arbitrage outcome; or
- utilises entities established in tax havens that are not used for commercial purposes but with the main objective of obtaining a tax benefit or to avoid disclosure of business activities or established in a country deemed to be uncooperative for tax purposes or where the ownership is opaque or not transparent.

NAB has developed policies and procedures to detect and report on financial crimes, including tax evasion. There are strict internal policies in place to prevent the committing or facilitating and abetting of tax evasion or other forms of financial crimes.

4. Tax Transfer Pricing

NAB will adopt the arm's length principle for setting prices for transactions between NAB's related entities and branches. NAB will pay an appropriate amount of tax in the relevant country where economic value is created. NAB will not use transfer pricing as an inappropriate tax planning tool.

NAB must not transfer assets or economic value to lowly taxed countries without genuine commercial reasons. Tax transfer pricing documentation must be prepared pursuant to applicable tax laws and practice.

5. Relationship with Tax Authorities

NAB seeks and maintains a constructive working relationship with tax authorities based on mutual respect, trust and transparency.

All dealings with tax authorities must be undertaken in a professional, courteous and timely manner. Where possible, NAB must seek to reach early agreement on disputed issues and achieve certainty before tax returns are filed. NAB recognises that there may be areas of differing legal interpretation with tax authorities, and where this occurs, NAB will engage proactively with the relevant tax authority to resolve these issues as soon as possible.

NAB will:

- be fully transparent in disclosing and discussing significant uncertainties in relation to tax matters;
- discuss and resolve material tax issues before returns are filed, wherever practicable;
- engage in a co-operative, supportive and professional manner; and
- work collaboratively to achieve early resolution of issues.

NAB will participate and contribute to the design and development of new legislation, regulations and practices applicable to NAB to ensure the relevant legislation and regulations operate as intended and can be complied with efficiently.

As one of Australia's largest taxpayers, NAB is subject to the ATO's Pre-lodgement Compliance Review (PCR) program. As part of the PCR process, NAB has clear lines of communication with the ATO on particular transactions that NAB is undertaking and positions that are adopted. This provides the ATO with an opportunity to perform a timely review of NAB's tax obligations.

NAB has received a high level of ATO assurance over its income tax compliance and medium level of ATO assurance over its GST obligations. This means that NAB has received a Justified Trust designation.

6. Tax Transparency

NAB will annually publish a tax transparency report. This report will meet stakeholder expectations around the transparency of NAB's tax affairs including the provision of information about NAB's approach to tax risk and the disclosure of taxes paid by NAB.

To this end, the NAB has signed up to the Australian Voluntary Tax Transparency Code and has released an annual report under this Code since the year ended 30 September 2016.

7. Complete and correct CRS and other customer related tax reports

NAB is subject to various legislative requirements to collect and provide customer related tax information and data to tax authorities in accordance with local reporting regimes, the Common Reporting Standard (CRS) and Foreign Account Tax Compliance Act (FATCA) in all jurisdictions in which it operates.

Under these regimes NAB must collect the relevant information from customers and report complete and correct information and data to local tax authorities under the laws of any country in which NAB operates.

NAB's International Related Party Dealings

NAB undertakes international related party dealings between its operations in Australia and its offshore branches and subsidiaries. In line with the Tax Policy, all transactions are conducted in a manner consistent with the arm's length standard.

Outlined below are details of the nature of the material categories of dealings and the countries in which the counterparties to the dealings are located.

A listing of entities, business activities and employee numbers for each region in which NAB operates is published in the "NAB Entity Report" which can be located at <https://www.nab.com.au/about-us/sustainability/reporting-policies-approach/open-transparent-tax-disclosure>.

Funding

As a major Australian financial institution, NAB raises funds to facilitate lending to customers and to meet regulatory capital requirements. NAB raises funding through a number of different means including raising funding from both domestic and international markets. As part of its general funding activities, NAB enters into various funding arrangements with its offshore branches and subsidiaries to address both short-term and longer-term funding requirements.

International related party funding transactions occur between NAB and the following offshore related party locations: New Zealand, United States, United Kingdom, France, Japan and Singapore.

Derivatives

The derivative market is a global market with major trading hubs located outside of Australia. To enable NAB to participate in these markets, NAB engages in derivative sale and trading arrangements with its offshore branches and subsidiaries.

International related party derivative transactions occur between NAB and offshore operations in the following locations: New Zealand, United States, United Kingdom, France, Singapore, China and Japan.

Capability Centre support

NAB established two Global Capability Centres (GCCs) in India and Vietnam. These GCCs provide technology and/or middle and back-office support services to NAB to drive better outcomes for NAB and its customers.

Global Taxes Paid

The amount of global taxes paid in each region is provided on page 4 in A\$ equivalent.

NAB's Contribution to Australian Tax Revenue

NAB paid total taxes in Australia during the year ended 30 September 2024 of \$3,372 million. This includes:

Taxes paid in Australia	2024 \$m
Corporate Tax	2,365
Major Bank Levy	396
Unrecoverable GST	305
Employer Related Taxes	306
Total	3,372

Given the quantum of Australian Corporate Income Tax Paid, in 2024 NAB was able to fully frank all dividends paid to shareholders and to the holders of frankable hybrid instruments.

The Corporate Tax Paid in Australia of \$2,365 million above is \$124 million higher than the Tax Payable per the 2024 income tax return in Australia (see table 3 on Page 8) mainly due to tax payments made after 30 September for each year. Table 4 on Page 8 provides a reconciliation between the Corporate Tax Paid of \$2,365 million and the Tax Payable of \$2,241 million.

In addition to the above taxes paid, NAB also collects significant taxes on behalf of the Australian Government. Below is a summary of the key taxes collected and remitted by NAB in 2024.

Taxes Collected and Remitted in Australia	2024 \$m
Salary Withholding Taxes	1,295
GST	1,379
Other Withholding Taxes	150
Total	2,824

NAB's Global Tax Contribution

NAB paid total taxes (A\$ equivalent) globally during the year ended 30 September 2024 of \$3,930 million. This includes:

Taxes Paid Globally	AUST 2024 \$m	NZ 2024 \$m	EUROPE ¹ 2024 \$m	USA 2024 \$m	ASIA ² 2024 \$m	TOTAL 2024 \$m
Corporate Tax	2,365	381	57	17	20	2,840
Major Bank Levy	396	-	-	-	-	396
GST/VAT Unrecovered	305	50	4	-	6	365
Employer Related Taxes	306	6	14	2	1	329
TOTAL	3,372	437	75	19	27	3,930
Percentage of Total	85.80%	11.12%	1.91%	0.48%	0.69%	100%

Income tax expense reconciliation

Below is a reconciliation of Income Tax Expense (ITE) for NAB including a split per major country/region for the year ended 30 September 2024. NAB's ITE Reconciliation is disclosed in Note 6 of NAB's 2024 AR. The ITE disclosed in the company's income statement does not represent NAB's liability to the ATO (or relevant overseas revenue authority), but rather ITE is calculated in accordance with Australian accounting standards and represents the accounting profit multiplied by the prima facie corporate income tax rate, with subsequent adjustments for "non-temporary" differences between accounting and tax. These adjustments take into account the difference between expense and income recognition criteria under accounting principles and the income tax legislation. Some examples include non-deductible expenses, non-assessable income and foreign tax rate differences for income derived overseas.

Income Tax Expense Reconciliation	2024 NAB \$m	2024 Australia \$m	2024 NZ \$m	2024 Europe ¹ \$m	2024 USA \$m	2024 Asia ² \$m
Statutory Profit before Income Tax Expense [A]	9,879	7,187	1,906	316	353	117
Prima facie income tax at 30%	2,964	2,156	572	95	106	35
Tax effect of permanent differences:						
Assessable foreign income	16	16	-	-	-	-
Foreign tax rate differences	(76)	-	(38)	(13)	(10)	(15)
Foreign branch income not deductible	(18)	(5)	-	-	(13)	-
Over/(under) provision in prior years	(15)	(12)	(1)	(2)	-	-
Restatement of deferred tax balances for tax rate changes	1	-	-	1	-	-
Non-deductible interest on convertible instruments	143	143	-	-	-	-
Adjustments to deferred tax balances for tax losses and timing differences	(120)	-	-	-	(120)	-
Gain on disposal of New Zealand Wealth business	(114)	(88)	(26)	-	-	-
Other	17	(7)	18	(2)	6	2
Total Income Tax Expense [B]	2,798	2,203	525	79	(31)	22
Effective Tax Rate [B] / [A]	28.3%	30.7%	27.5%	25.0%	(8.78%)	18.8%

1. Includes UK and France

2. Includes Japan, Singapore, China, India and Vietnam countries in the Asian region

Effective tax rate

The Effective Tax Rate (**ETR**) for the year ended 30 September 2024 was **28.3%** for NAB (2023: 28.5 %) and **30.7%** (2023: 30.7 %) for NAB's Australian region.

The ETR is the Income Tax Expense as a percentage of Statutory Profit Before Income Tax. NAB's ETR for the 2022 to 2024 years is shown below (on a Continuing Operations basis).

NAB's statutory ETR differs from the Australian corporate tax rate of 30% principally due to differing corporate tax rates in offshore locations where NAB operates.

Effective Tax Rate	2024 \$m	2023 \$m	2022 \$m
Statutory Profit Before Income Tax	9,879	10,450	9,744
Statutory Income Tax Expense	2,798	2,980	2,684
Statutory Effective Tax Rate	28.3%	28.5%	27.5%

Income taxes payable reconciliation

The reconciliation of Income Taxes Payable for NAB for the year ended 30 September 2024 is as follows:

Income Taxes Payable Reconciliation	2024 \$m
Income Taxes Payable as at 1 October 2023 (per Balance Sheet in AR)	992
Less: Income Tax Paid during the year (per Cash Flow Statement in AR)	(2,834)
Add: Current Tax Expense for the year ended 30 September 2024 (refer below)	2,950
Add/(Less) Other Items ³	(91)
Income Taxes Payable as at 30 September 2024 (per Balance Sheet in AR)	1,017

Current tax expense reconciliation

Current Tax Expense for NAB for the year ended 30 September 2024 is calculated as follows:

Current Tax Expense Reconciliation (Continuing Operations Basis)	2024 \$m	2024 \$m
Profit before Income Tax Expense		9,879
Prima facie income tax at 30%		2,964
Non-Temporary Differences		
Assessable foreign income	16	
Foreign tax rate differences	(76)	
Foreign branch income not deductible	(18)	
Over/(under) provision in prior years	(15)	
Restatement of deferred tax balances for tax rate changes	1	
Non-deductible interest on convertible instruments	143	
Adjustments to deferred tax balances for tax losses and timing differences	(120)	
Gain on disposal of New Zealand Wealth business	(114)	
Other	17	
Total Non-Temporary Difference	(166)	
Income Tax Expense (per Note 6 in AR)		2,798
Temporary Differences giving rise to a Deferred Tax Expense		
Collective & Specific Provisions	113	
Other Provisions	36	
Fixed Assets	59	
Other	(56)	
Deferred Tax Expense (per Note 6 in AR)		152
Current Tax Expense (per Note 6 in AR)		2,950

Reconciliation to the ATO's tax transparency disclosure

Following the introduction of tax transparency legislation, the ATO has published certain information about the tax affairs of certain companies since 2014, which includes NAB.

To facilitate a greater understanding of how the ATO published data agrees to NAB's AR, the Tables below provide the following information:

- **Table 1** is a high-level reconciliation of NAB's profit before income tax from continuing operations as disclosed in the AR to the profit disclosed in the 2024 tax return for the NAB Income Tax Consolidated Group (**NAB TCG**). The NAB TCG comprises NAB and all of NAB's wholly owned Australian entities.
- **Table 2** is a summary of the 2024 tax return for the NAB TCG. The information is taken from various labels of the tax return. The information in this Table will not reconcile to the amounts disclosed in the "Australia" column in the "Income Tax Expense Reconciliation" on Page 4. This is because the actual tax paid to the ATO incorporates tax temporary differences (for example, differences between tax and accounting depreciation expense) whilst these do not form part of the ITE calculation.
- **Table 3** is what the ATO will publish for NAB for the year ended 30 September 2024.
- **Table 4** provides a reconciliation between the Corporate Tax Paid on Page 3 and the Tax Payable per Tables 2 and 3.

Table 1 – Reconciliation of Net Profit		2024 \$m
NAB Statutory Profit Per AR on a Continuing Operations basis		9,879
Add:		
Net Profit included in the Tax Return but not included in the AR		1,223
Exclude:		
Net Profit from NAB entities outside the NAB TCG		(2,838)
Adjust for transactions in the NAB Group including accounting consolidation entries		(23)
Net Profit from Discontinued Operations ⁴		(134)
Profit for NAB TCG per the 2024 Tax Return		8,107

Table 2 – Summary of NAB TCG Tax Return	2024 \$m	ATO disclosure (refer Table 3)
Total Income (included in Table 3)	52,721	52,721
Total Expenses	(44,614)	
Net Profit Before Income Tax (refer to Table 1)	8,107	
Book to Tax Adjustments:		
Collective & Specific Provisions	267	
Other Provisions	(120)	
Fixed Assets	135	
Customer-related Remediation Provision	(1)	
Non-assessable Dividends	(1,235)	
Other Adjustments	362	
Taxable Income (Included in Table 3)	7,515	7,515
Income Tax on Taxable Income	2,255	
Tax Offsets	(14)	
Tax Payable (included in Table 3)	2,241	2,241

4. Discontinued operations are a component of the group that either have been disposed of or classified as held for sale

Table 3 – ATO’s Published Information of NAB’s TCG		2024 \$
Total Income		52,721,911,283
Taxable Income		7,515,488,634
Tax Payable		2,240,631,463

Table 4 – Reconciliation of Corporate Tax Paid to Tax Payable (Australia)		2024 \$m
FY24 Australian Corporate Tax Paid – cash basis		2,365
Adjustments – payments/refunds outside of FY24:		
FY24 final tax payment made after 30 Sept 24		514
FY23 final tax payment after 30 Sept 23		(619)
FY23 PAYG tax instalment made after 30 Sept 23		(162)
FY24 PAYG tax instalment made after 30 Sept 24		155
Prior year tax return amendments – tax paid during FY24		(12)
FY24 Australian Tax Payable – tax return		2,241

Basis of preparation

This report gives its readers an overview of the total tax payments made by NAB.

Key Income Tax Expense and Tax Payable data was sourced from NAB’s 2024 AR. NAB’s 2024 AR was prepared in accordance with the requirements of the Corporations Act 2001 (Cth), accounting standards and interpretations issued by the Australian Accounting Standards Board (**AASB**), International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

All data, unless otherwise stated, has been prepared for the year 1 October 2023 to 30 September 2024. Data that relates to taxes paid or collected are reported on a cash paid basis.

Amounts are presented in Australian dollars, which is NAB’s functional and presentation currency. These amounts have been rounded to the nearest million dollars (\$m).

Glossary

For the purposes of this report, the following terms have the below meaning:

Accounting standards

Standards and interpretations issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

AR

Annual Report.

Arm's length standard

To price international related party dealings as if they were between unrelated, well-informed parties.

Effective Tax Rate

Income Tax Expense as a percentage of Statutory Profit Before Income Tax Expense.

Employer related taxes

Fringe Benefits Tax and State imposed Payroll Tax.

Foreign branch

The international operations of an Australian company that is subject to tax in the foreign jurisdiction.

Justified Trust

The ATO have obtained assurance that NAB paid the right amount of Australian income tax for the relevant tax year.

Income tax legislation

Income Tax Assessment Act 1936 (Cth) and Income Tax Assessment Act 1997 (Cth).

International related party dealing

A transaction between a domestic and international party of NAB.

Major Bank Levy

In 2017, the Australian Government introduced a Major Bank Levy which has applied to NAB since 1 July 2017. The rate is 0.06% per annum of certain Authorised Deposit Taking Institution liabilities. The Bank levy is deductible for income tax purposes.

NAB Income Tax Consolidated Group (NAB TCG)

NAB and all Australian wholly owned entities which are consolidated as one taxpayer for Australian income tax purposes.

NAB

National Australia Bank Limited and its controlled entities (as defined in the AR).

Non-Temporary Differences

An adjustment to account for an amount of income or expense that, while recognised for accounting purposes, will never be taken into account for income tax purposes or vice versa.

Pre-lodgement Compliance Review (PCR)

ATO's Pre-lodgement Compliance Review Program.

Revenue Authorities

Federal, state and offshore revenue authorities.

Tax Payable

The amount of corporate income tax due for a particular period, calculated in accordance with the relevant income tax legislation.

Temporary Differences

An adjustment to take into account the different time in which income or expenses are recognised for accounting and income tax purposes.

Unrecoverable GST

The amount of GST paid for which a credit cannot be obtained.