

Tax Transparency Report

2023-24

Defence Housing Australia Tax Transparency Report 2024

Overview

Defence Housing Australia (DHA) is pleased to present the DHA Transparency Report. This report comprises our tax position for the income year ended 30 June 2024.

DHA was established in 1988 via the *Defence Housing Australia Act 1987* (DHA Act) to provide housing for, and related services to Defence members and their families. Under the DHA Act, DHA is subject to taxation under the law of the Commonwealth, which includes income tax, Goods and Services Tax (GST) and Fringe Benefits Tax (FBT). DHA is exempt from State and Territory taxation, however, is required to make state tax equivalent payments to the Commonwealth to avoid a net competitive advantage.

Tax Governance and Policy

DHA has developed a Board approved tax corporate governance policy to set out the approach and outline the framework by which the tax obligations of DHA are met from an operational and risk management perspective. DHA's approach to taxation is determined by the risk tolerance established by the Board and its delegated responsibility to the Board Audit and Risk Committee.

DHA pursues an approach to tax that is principled, transparent and sustainable in the long term.

The core principles governing the tax policies are:

- Commitment to complying with all statutory obligations, and full disclosure to revenue authorities.
- Maintaining documented policies and procedures in relation to tax risk management and completion of thorough risk assessments including escalation and reporting to the Board where prescribed.
- Engaging with revenue authorities and actively considering the implications of tax planning for DHA's wider reputation.
- Managing DHA's tax affairs in a pro-active manner that seeks to maximise shareholder value, while operating in accordance with the law.

Taxation Risk and Tax Planning

DHA has a low risk tolerance for non-compliance with tax legislation. DHA's overall objective is that all tax liabilities are correctly recorded.

DHA does not engage in tax planning that may be considered artificial or inconsistent with support for genuine business and commercial activities.

Depending on the nature and size of certain matters, DHA will adhere to the documentation and processes set out in DHA's Tax Operations Manual, which includes obtaining professional opinions from external advisors and/or engaging with the Australian Taxation Office (ATO) through private binding rulings. At all times DHA will only adopt a tax position that is at least a reasonably arguable position.

Assurance Regimes

DHA is subject to an annual internal audit as well as an annual audit by the Australian National Audit Office under section 98 of the *Public Governance, Performance and Accountability Act 2013*. During 2023-24, DHA was not subject to any other assurance or review regimes.

Basis of Preparation

This report has been prepared in accordance with the requirements set out in the Australian Board of Taxation's Voluntary Tax Transparency Code issued in May 2016. It also considers the Post Implementation Review of the Tax Transparency Code Consultation Paper issued in February 2019 and the Draft Appendix to the Code issued by the Australian Accounting Standards Board.

This report should be read in conjunction with the DHA Annual Report 2023-24.

The report is prepared internally, with the information sourced from:

- DHA's audited financial statements
- DHA's Income Tax Return lodged with the ATO, and
- Information lodged with other relevant revenue authorities.

The audited financial statements are subject to materiality in accordance with the relevant Auditing Standards. From a tax perspective, the concept of materiality is not applied to the lodgement obligations with revenue authorities.

The report undergoes an internal review process through the Chief Financial Officer before it is tabled to the Board Audit and Risk Committee prior to publication.

Tax Contribution

The table below details DHA's total tax contributions, including corporate income tax, fringe benefits tax and taxes collected and paid by us to the ATO on behalf of others.

TAX CONTRIBUTIONS	2024
	\$'000
Taxes paid by DHA to the ATO on its own behalf	
Corporate Income Tax	17,379
Fringe Benefits Tax	422
Total tax paid	17,801
Taxes collected and paid by DHA to the ATO on behalf of employees and other entities	
GST collected	12,765
Employee PAYG Withholding Tax	16,470
Total tax collected	29,235

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Although DHA is not required to pay state taxes, outlined below are the amounts paid to the Commonwealth that are considered state tax equivalents in accordance with section 63A of the DHA Act.

STATE TAX EQUIVALENT CONTRIBUTIONS	2024
	\$'000
State tax equivalent payments paid by DHA on its own behalf	
Payroll Tax Equivalent	4,135
Land Tax Equivalent	38,433
Stamp Duty Equivalent	4,823
Total state tax equivalent paid	47,391

Reconciliation of accounting profit to income tax expense

A reconciliation of DHA's accounting profit (before tax) to income tax expense is disclosed in the 2024 financial statements (note 10.b). Income tax expense is calculated in accordance with Australian Accounting Standards and represents the accounting profit before tax multiplied by the current corporate tax rate of 30%, adjusted for permanent tax differences. This calculation is reproduced in the table below:

RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSE	2024
	\$'000
Profit from continuing operations before income tax expense	76,202
Prima facie income tax expense at 30%	22,861
<i>Tax effect of adjustments for non-taxable items</i>	
Derecognition of deferred tax balances	(568)
Adjustments in respect of prior periods	61
Other	(93)
Income Tax expense per Financial Statements	22,261

Reconciliation of income tax expense to income tax payable

Temporary differences represent the difference between how transactions are recognised for accounting purposes and when they are recognised for income tax purposes (generally referred to as deferred tax movements). The table below reconciles the income tax expense reported in the financial statements and the actual tax payable reported in the income tax return.

RECONCILIATION OF INCOME TAX EXPENSE TO INCOME TAX PAYABLE	2024
	\$'000
Income tax expense per Financial Statements	22,261
<i>Movements in temporary differences recognised in deferred tax expense</i>	
Prepayments	1,435

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Investment Properties	(1,533)
Inventory Properties	1,471
Depreciation - Property, Plant & Equipment	690
Right of use assets	(26,267)
Lease liabilities	18,239
Unearned income	(108)
Employee benefits	290
Make good provisions	94
Other provisions	921
Accruals	(281)
Adjustment for prior year over provision of tax (deferred tax expense)	(3,820)
Current income tax expense	13,392
Prior year over provision of tax (current tax expense)	4,326
PAYG Instalments	(29,723)
Income tax payable/(refund) per the financial statements	(12,005)
Current year under provision of tax	(339)
PAYG Instalments	29,723
Franking credits received	-
Income tax paid	17,379

Effective Tax Rate

The effective tax rate (ETR) is calculated as income tax expense dividend by accounting profit before tax. DHA has no foreign operations and as such, the Australian ETR is also the global ETR.

EFFECTIVE TAX RATE	2024
	\$'000
Profit/(loss) from continuing operations before income tax expense	76,202
Income tax expense/(benefit)	22,261
Effective income tax rate	29.21%

Reconciliation to ATO corporate tax transparency disclosures

Under Section 3C of the *Tax Administration Act 1953* the ATO is required to publicly report certain tax information for corporate tax entities which meet the turnover test for the specific type of entity. This report, known as the '*Corporate Tax Transparency Report*', publishes the total income, taxable income and tax payable of specified entities as per their lodged income tax returns. The below table is a reconciliation between the information disclosed by the ATO and the figures reported above.

Please note that at the time of publishing this report, the ATO had not released the 2023-24 Corporate Tax Transparency Report. The below table has been prepared on information DHA anticipates the ATO will disclose in the report.

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Reconciliation to ATO public data disclosures	2024
	\$'000
Total income	850,467
Total expenses	774,265
Accounting Profit/loss before income tax	76,202
Permanent non-taxable differences	(311)
Temporary timing differences	(17,959)
Less total differences	(18,270)
Taxable income	57,932
Gross tax payable at 30%	17,379
Less franking credits received	-
Income tax paid	17,379