



Tax Transparency Report

2024



Contents

1

**Chief Financial
Officer
statement**

2

**Tax strategy
and governance
statement**

3

**Australian tax
contribution
summary**

4

**Income taxes
disclosed in
2024 Annual
Financial Report**

1. Chief Financial Officer statement

We are pleased to present our Tax Transparency Report for 2024 for the Royal Automobile Club of Victoria (RACV) Limited.

RACV has prepared this report in accordance with the recommendations and guidelines set out in the Board of Taxation's Tax Transparency Code (TTC). RACV discloses this information voluntarily in support of the Australian Government's efforts in promoting tax transparency.

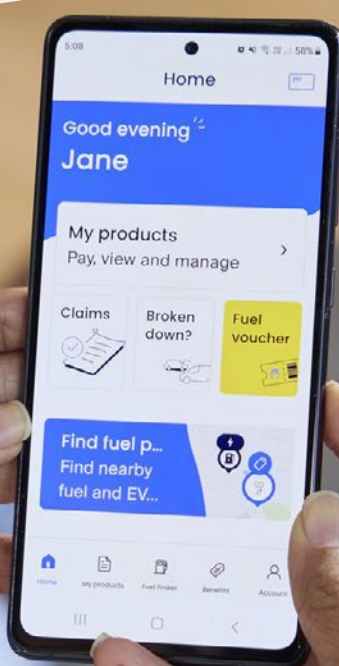
This report should be read in conjunction with the RACV Group's 2024 Annual Report which may be found on our website www.racv.com.au. RACV remains committed to providing transparent information to its members and the community about its tax affairs, which is why it is a signatory to the TTC Register.

This report is RACV's 8th Tax Transparency Report since becoming a signatory to the TTC. This report presents an overview of RACV's conservative appetite to tax, its tax strategy and governance framework, and the tax contributions it has made to the Australian State and Commonwealth Governments.

During the income year ended 30 June 2024 (2024 financial year), RACV contributed, both directly and indirectly, \$71.9 million in various taxes, and collected and remitted an additional \$114.1 million to the Australian Taxation Office (ATO) on behalf of others. RACV remains committed to reviewing and monitoring its tax framework to align with best practices and evolving regulatory standards.

Michael Sheehy
Chief Financial Officer

25 July 2025



2. Tax strategy and governance

2.1. Approach to risk management and governance

RACV has a conservative appetite towards tax risk. It seeks to comply with applicable tax laws fully and properly and to maintain a high standard of integrity in managing its tax obligations. It is committed to ensuring its systems, procedures and practices reflect a high standard of corporate governance and risk management to ensure the correct amount of tax is paid.

Pursuant to RACV's Corporate Governance Statement 2024, which may be found on our website www.racv.com.au, the Directors have implemented a Risk Management Framework which mandates for balanced and considered risk to achieve business objectives. This involves input from all levels within RACV, from Directors providing oversight and guidance on the organisation's risk appetite and policy, through to individual departments identifying and managing the risks inherent in their activities, processes, and systems. Key risks and mitigating strategies are also the subject of ongoing monitoring and review by Management and Directors.

Responsibility for RACV's tax strategy sits with the Board and Management. The Board oversees and reviews tax risks in the context of RACV's Risk Management Framework, and monitors tax compliance and reporting obligations. Management operationalises tax strategy and manages tax affairs on a day-to-day basis. Tax is also included within the ambit of the internal audit review process as a mechanism to ensure adequate controls are in place.

RACV has a framework for managing tax risk, which encompasses both policies and layers of defence, ensuring compliance with tax legislation and maintaining high standards. Policies include mechanisms to measure and assess significant transactions, procedures to ensure tax compliance and payment obligations are met in a timely manner, and governance to ensure there is an appropriately resourced tax function with experienced professionals who manage tax risks through regular reporting and, when necessary, engagement of external tax advisors.

2.2. Attitude towards tax planning

RACV's attitude towards tax planning is to ensure that transactions and compliance activities are undertaken within a minimal risk-tolerance environment. RACV is committed to complying fully with all applicable tax laws and maintaining a high standard of integrity in managing its overall tax position. RACV does not establish or maintain operations in jurisdictions that are considered tax havens, nor participate in aggressive tax arrangements.

Where RACV has a potential uncertain tax outcome in relation to a material business transaction or initiative, it will seek advice from an independent external tax advisor to consider and support its position.

RACV does not enter arrangements that are artificial, lack a genuine commercial purpose, or that rely on non-disclosure.

2.3. Approach to engagement with the ATO

RACV maintains an open and transparent relationship with the ATO and other tax revenue authorities and has been a participant in the ATO's Early Engagement Initiative since 2015.

RACV also engages with the ATO appropriately and provide submissions regarding the development of new laws that may impact its tax profile or relate to the services provided to members.

2.4. International related party dealings

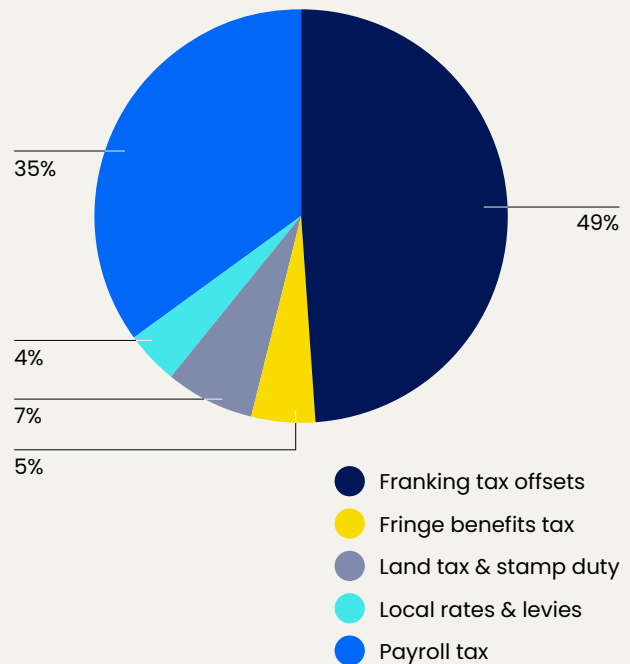
RACV holds both direct and indirect interests in foreign entities which have operations in high-tax jurisdictions. It has not entered into aggressive international related party transactions or structures and does not have related party dealings with entities in zero and low tax jurisdictions. RACV seeks to comply with the tax laws of all foreign jurisdictions in which its interests are located.

3. Australian tax contribution summary

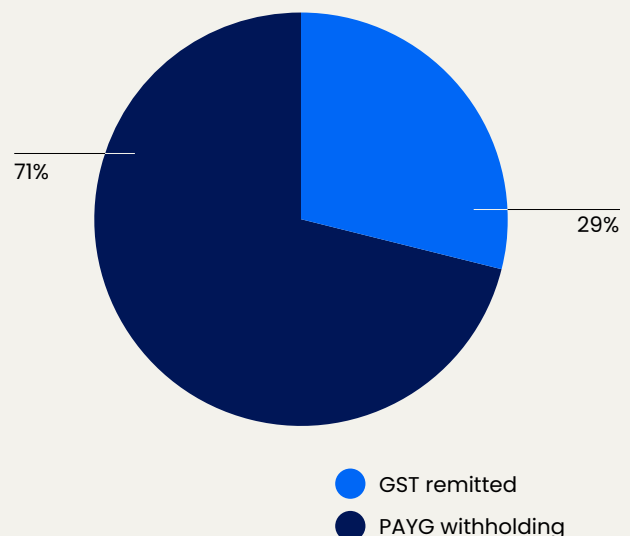
A summary of RACV's tax contribution to the Australian tax authorities (both Federal and State) for the 2024 financial year is outlined below. The majority of RACV's taxes are paid in Australia.

Total taxes borne* by RACV	FY24 \$m
Franking tax offsets	35.4
Fringe benefits tax	3.3
Land tax & stamp duty	5.0
Local rates & levies	2.8
Payroll tax	25.4
Total	71.9

* Under the Australian dividend imputation system, company income received as dividends by shareholders is taxed at the recipient taxpayer's marginal income tax rate. Shareholders also receive a franking tax offset representing the company tax already paid on the distributed income. The franking tax offset may be offset against the shareholder's tax liability, or for certain shareholders, be refunded in cash if the offset exceeds their income tax liability. On this basis RACV has included non-refundable franking tax offsets in its taxes borne.



Total taxes collected by RACV on behalf of others	FY24 \$m
GST collected	91.2
GST claimed	(58.0)
Net GST remitted	33.2
PAYG withholding	80.9
Total	114.1





4. Income taxes disclosed in 2024 Annual Financial Report

4.1. RACV's tax position

RACV Limited is a company limited by guarantee. It is a tax resident of Australia and operates predominantly within Australia. As a mutual organisation, it is not taxed on member contributions or receipts from member dealings that are not of a commercial nature, nor is expenditure incurred in deriving mutual receipts tax deductible. However, it is subject to tax on the commercial activities it conducts with both members and non-members and on gains derived from its investment activities.

RACV Limited and its wholly owned Australian tax resident entities have formed an income tax consolidated group (RACV TCG) and are taxed as a single entity for income tax purposes.

RACV holds interests in a number of associates and joint venture entities, which are accounted for in its financial accounting results using the equity method. Since these entities are not wholly-owned, they are taxed independently of the RACV TCG and file their own tax returns. Dividends received by RACV from associates and partially-owned subsidiaries are included in the RACV TCG's taxable income.

To the extent that RACV receives franked dividends from partially-owned entities and through its investment portfolio, its tax payable is reduced by the franking credits through a tax offset. This reflects the fact that the underlying income has already been subject to corporate tax at its source.

4.2. Income tax expense in Annual Financial Report

The RACV Group Income Tax Expense (ITE) Reconciliation is published in RACV's 2024 Annual Financial Report in Note 14, which is largely reproduced overleaf in section 4.3. The disclosure was prepared for the statutory accounts in accordance with the relevant Australian Accounting Standards.

The ITE disclosed in a company's income statement does not represent its liability to the ATO, 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 amounts which are not taxable or tax deductible, or specifically assessable where not already included in profit. 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 such as certain penalties, impairment of goodwill, or non-assessable mutual receipts.

RACV calculates its Effective Tax Rate (ETR) based on an accounting methodology as ITE divided by accounting profit before income tax. For the 2024 financial year, the ETR for RACV is demonstrated in Table 1 in section 4.3. This method of calculating the ETR should not be compared to the corporate income tax rate of 30%, as it is distorted by a number of factors. An explanation of these factors is outlined in section 4.3 below.

4.3. Reconciliation of accounting profit to income tax expense

Table 1 below sets out a reconciliation of accounting profit to ITE and the ETR for the RACV Group of companies as disclosed in RACV's 2024 Annual Financial Report.

Table 1: Income Tax Expense Reconciliation	2024 \$m
Statutory Profit before income tax expense	156.8
Prima face income tax at the Australian tax rate of 30%	47.0
Add/(Deduct) tax effect of amounts not deductible/(assessable)	
Profit attributable to mutual dealings	(11.3)
Share of net profit of equity accounted investments ¹	(40.1)
Current year tax losses derecognised ²	13.8
Deferred tax derecognised ³	(7.5)
Sundry items	(2.1)
Income tax expense on profit before income tax	(0.2)
Cash tax ETR	0.0%

Notes:

1. This represents the profits from associated entities that have been recognised for accounting purposes in the Group's profit before income tax, but should be excluded for tax purposes given these entities pay taxes to the ATO in their own right as they are not part of the RACV TCG.

2. In accordance with RACV's tax loss recognition policy taking into account the expected future utilisation of income tax losses, a deferred tax asset of \$13.8 million relating to income tax losses from the current financial year was derecognised.

3. RACV has derecognised a \$7.5 million reduction in deferred tax assets in the current year on the basis that it is not probable that sufficient future tax liabilities will be generated to utilise the net deferred tax asset balance.

RACV's ITE does not accurately reflect income taxes paid at source on dividend income that has been fully franked. The majority of RACV's accounting profit consists of franked dividends from associated entities and its investment portfolio. As franking credits attached to these dividends represent income tax that has previously been paid, the income tax effect of these dividends is not included in RACV's ITE. As stated in section 4.1, RACV is a mutual organisation that generates receipts and incurs costs in relation to certain transactions with members that are not subject to income tax.

RACV's ETR aligns closely with the corporate tax rate of 30% when based on taxes paid at source and after adjusting for net mutual receipts, and the derecognition of tax losses and net deferred tax assets.



4.4. Reconciliation of income tax benefit to income tax payable

A reconciliation of income tax benefit to income tax payable for the RACV Group for the year ended 30 June 2024 is set out in Table 2 below.

Table 2: Reconciliation of Income Tax Expense to Income Tax Payable		2024 \$m
Income Tax Expense on profit before income tax		(0.2)
Timing differences recognised in deferred tax:		
Property, plant and equipment	(1.3)	
Superannuation plan	(0.5)	
Accrued income & prepayments	(0.2)	
Provisions and accruals	(3.8)	
Unearned income	0.2	
Available for sale financial assets	(3.1)	
Intangible assets	(0.7)	
Other	0.9	
Derecognition of deferred tax assets	8.7	
		0.2
Income Tax Payable per Financial Statements		0.0

A reconciliation of income tax payable for the RACV Group as at 30 June 2024 is set out in Table 3 below.

Table 3: Income Tax Payable		2024 \$m
Income Tax Payable at beginning of financial year		
Less: Income tax paid during the year		-
(Over)/under provided in prior years		-
Income tax payable for the current financial year		0.0
Income Tax Payable as at 30 June 2024		0.0

4.5. ATO tax transparency disclosures

As one of its tax transparency initiatives, the ATO annually publishes on the www.data.gov.au website the “Report of entity tax information” for entities with income of \$100 million or more. The RACV TCG’s current tax information published by the ATO for the year ended 30 June 2023, along with the expected disclosures relating to the year ended 30 June 2024, are outlined below.

RACV	2024	2023
Total Income	\$ 1,100,651,340	\$ 932,704,127
Taxable Income	\$ 73,236,461	\$ -
Tax Payable	\$ -	\$ -

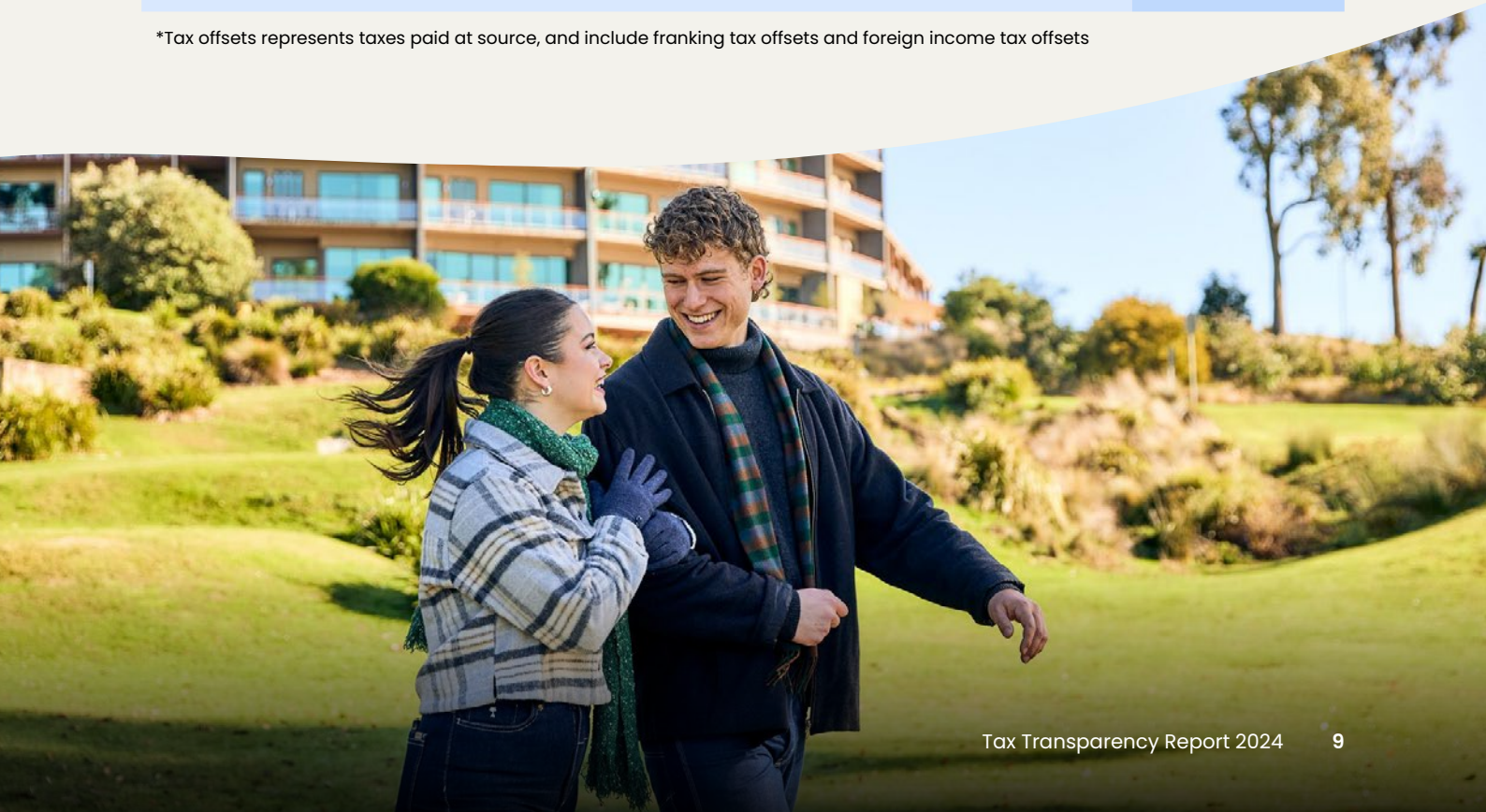
Total income represents RACV’s accounting income before offsetting expenses. Taxable income is calculated by subtracting allowable tax deductions from RACV’s assessable income. RACV’s allowable tax deductions exceeded its assessable income in 2023. As the ATO does not report taxable income amounts of zero or less, the ATO left this disclosure blank.

The tax payable amount is calculated by applying the corporate income tax rate (30%) to taxable income, reduced by available tax offsets. For RACV, the main tax offset which reduces the tax payable amount to nil relates to franking credits attached to the assessable dividends received from associated entities.

Table 4 below provides a reconciliation of taxable income to tax payable based on taxes paid at source for the RACV Group of companies, which shows that RACV’s share of taxes paid at source is \$36.0 million, effectively reducing RACV’s tax payable to nil.

Table 4: Reconciliation of Taxable Income to Tax Payable	2024
Taxable Income	\$ 73,236,461
Gross Tax	\$ 21,970,938
Less Non-refundable non-carry forward tax offsets	\$ (21,970,938)
Tax Payable	\$ -
Non-Refundable non-carry forward tax offsets utilised	\$ 21,970,938
Excess franking tax offsets converted to tax losses	\$ 14,020,702
Total tax offsets*	\$ 35,991,640

*Tax offsets represents taxes paid at source, and include franking tax offsets and foreign income tax offsets



Level 7, 485 Bourke Street
Melbourne Victoria 3000

Royal Automobile Club of Victoria
(RACV) Limited
ABN 44 004 060 833

racv.com.au



RACV Noosa
Resort

