

Tax Transparency Report

Year ended 30 June 2025

McMillan Shakespeare Limited

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1. Introduction

This report provides information on McMillan Shakespeare Limited (the "Company") and its Australian subsidiaries' approach to Tax Governance and Strategy and details tax-related payments made in respect of the year ended 30 June 2025 ("FY25"). The Company has chosen to voluntarily disclose this information consistent with the Australian Government's efforts to promote Tax Transparency.

2. Our business

McMillan Shakespeare (MMS) is a provider of salary packaging, novated leasing, disability plan management, support co-ordination, asset management and related financial products and services.

The Company has formed an Australian tax consolidated group for its 100% owned Australian tax resident subsidiaries. The Company also owns subsidiaries in the United Kingdom & New Zealand. The overseas subsidiaries comply with the respective tax legislation of those countries.

3. Tax Governance & Strategy

Tax risk management is seen as an integral part of good corporate governance at MMS.

MMS manages its tax framework and strategy in accordance with MMS's Tax Corporate Governance Policy ('Tax Policy'), which has been approved by the Board. The Tax Policy is reviewed and updated as required, and at a minimum, annually. In the absence of any material changes, the Tax Policy will be formally re-approved by the Board upon recommendation by the Audit, Risk and Compliance Committee on a triennial basis.

The Tax Policy outlines the appropriate course of action required to ensure that all tax risks are managed appropriately and promptly. MMS's risk appetite for tax non-compliance is "low" – MMS does not engage in any tax avoidance schemes, nor does it take any aggressive tax positions. MMS is committed to ensuring that it is compliant with all statutory tax obligations in the jurisdictions in which it operates.

The Company maintains a productive and transparent relationship with revenue authorities, as reflected by the voluntary disclosure of tax information contained in this report.

4. Income Tax Disclosures

Effective Tax Rate (ETR)

The ETR for MMS is calculated by dividing MMS's income tax expense by its accounting profit before tax. Note that this transparency report is based on the Financial Statements presented in the MMS Annual Report, which includes overseas entities which are not part of the Australian tax consolidated group.

The ETR is calculated by reference to corporate income tax and does not include other types of taxes such as GST, payroll tax, FBT, land tax, superannuation contributions and PAYG withholding remitted to the ATO on behalf of MMS's employees/eligible personnel. For FY25, the ETR is 29% (see table below).

The ETR is calculated based on accounting principles and has no bearing on an entity's taxable income or tax payable. In most cases, the difference between tax expense and tax payable is of a temporary nature as the tax and accounting concepts align over time.

Income Tax Expense from the FY25 MMS Annual report:

Income Tax expense ($'000)	2025	2024
Current Tax expense	53,876	47,456
Tax adjustments relating to prior years	(2,350)	1,383
Deferred Tax	(13,618)	(8,274)
Current tax under provision	322	-
Total Income Tax Expense	**38,230**	**40,565**

Reconciliation of accounting profit to income tax expense

MMS's ETR will vary from the Australian corporate tax rate of 30% due to permanent adjustments that arise as set out below:

Reconciliation of accounting profit to income tax expense ($'000)	2025	2024
Profit for the year before income tax expense from continuing operations	134,020	130,622
Tax at Australian Corporate Rate – 30%	40,206	39,187
Non-deductible costs	145	49
Overseas tax rate differential of subsidiaries	(8)	(38)
Intercompany loan forgiveness	44	-
(Over)/Under provision of tax from prior year	(2,028)	1,383
Other	(128)	(16)
Total Income Tax Expense	**38,230**	**40,565**
ETR	**29%**	**31%**

The ETR of MMS's global operations is 29% which is in line with the Australian corporate tax rate of 30%.

The key adjustments were as follows:

- Non-deductible costs – relates to non-deductible expenses such as entertainment.
- Overseas tax rate differential – difference between the corporate tax rate in Australian and the UK and NZ rate applied on the profits of the overseas subsidiaries.

Reconciliation of income tax expense to income tax payable

The table below reconciles the income tax expense per the financial statements to the income tax payable for the Australian tax consolidated group. Temporary differences are the differences between pre-tax accounting income and taxable income that will eventually reverse or be eliminated.

Reconciliation of income tax expense to income tax payable ($'000)	2025	2024
Total Income Tax Expense	**38,230**	**40,565**
Exclude tax expense relating to Overseas entities	1,989	(2,140)
Total tax expense of Australian tax consolidated group	**40,220**	**38,425**
Temporary differences:		
Depreciation and amortisation	13,461	11,735
Provisions & accruals	(1,261)	240
Section 40-880 deductions	(158)	(207)
Share based payments	-	(149)
Property leases	(638)	(436)
Other	(146)	(4,814)
Current Year Australian Income Tax Payable	**51,478**	**44,794**

5. Tax Contribution Summary

The following is a list of tax payments and collections that MMS makes on behalf of Governments within Australia for year ended 30 June 2025.

Tax contribution summary ($m)	2025	2024
Income Tax	51.5	44.8
GST (paid on expenses and claimed as input tax credits)	58.8	67.2
Payroll Tax	8.4	8.4
Fringe Benefits Tax	0.6	0.5
Total	**119.3**	**120.9**

Tax collected on behalf of the Government ($m)	2025	2024
PAYG Withholding	33.2	33.6
GST (collected on revenue and remitted)	70.2	69.4
Total	**103.4**	**103.0**

6. International Related Parties

McMillan Shakespeare Limited is an Australian public company, listed on the Australian Stock Exchange. MMS has subsidiaries in the UK and NZ. The related party dealings between the Australian tax consolidated group and offshore subsidiaries do not have a material impact on the Australian taxable income of the Company.