



Super with impact

HESTA tax transparency report

for the year ended
30 June 2025

About us

At HESTA, we invest in and for people who make our world better.

Super with impact™ is the positive outcome we create by supporting our members to face the future with confidence, being a gutsy advocate for a fair and healthy community, and delivering investment excellence with impact.

HESTA sets out its approach to Environmental Social and Corporate Governance (ESG) and responsible investing on its website, including its commitment to industry codes and frameworks such as the Principles for Responsible Investment (PRI) and the United Nations Sustainable Development Goals (UNSDG). As a specialist fund for health and community services workers, HESTA paid \$1,350 million of taxes for the Financial Year 2025 (FY25).

**More than 1.08 million members entrust HESTA with their money.
So together, we invest over \$96 billion in savings to create brighter futures.**

\$96B Funds under Management	\$1,350M Total Taxes Paid	
93% of Taxes Paid in Australia	1,085,000+ Members	
9.52% Effective Tax Rate	690+ Number of Employees	9 Offices Nationally

* Approximate figures for the year ended 30 June 2025.

About this report

We take our compliance with tax obligations seriously which is why we are committed to being transparent with our members and the community regarding our tax affairs.

The Tax Transparency Code (The Code) is a set of principles and standards developed by the Board of Taxation to help guide the public disclosure of tax information. HESTA acknowledges and will comply with the redesigned Tax Transparency Code which will be effective 1/7/2026.

This report is designed to provide insight into HESTA's:

- tax strategy and governance arrangements; and
- extensive contribution of taxes paid.

This report is published on a voluntary basis and is part of our commitment to improved tax disclosure to our members and other interested parties.

In adopting The Code, we are mindful of the complexities around tax. We have tried to balance The Code's disclosure requirements with keeping this report simple and easy for the reader to understand.

Superannuation funds and taxation




Australian Superannuation Funds are taxed in a unique manner compared to other similar retirement systems around the world.

In Australia, superannuation is taxed in three different stages:

- contributions received from members
- investment earnings generated for members in the accumulation phase
- a limited number of benefits paid to members or their beneficiaries.

Globally, most other Organisation for Economic Co-Operation and Development (OECD) countries only tax benefits.

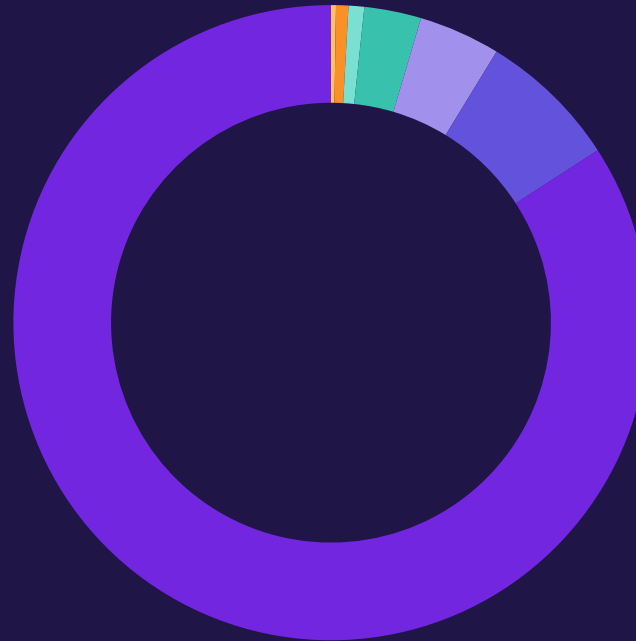
In Australia, we typically pay tax on the below:

Contributions	Investment earnings	Withdrawals
		
<p>Most employer contributions on behalf of members are taxed at 15%*.</p> <p>Member contributions from pre tax dollars are also taxed at 15%.</p> <p>Generally no contributions tax applies to after tax contributions or rollovers from other super funds.</p>	<p>Income earned within the fund (also known as investment earnings) is generally taxed at 15%. Practically, this tax rate is reduced by franking credits, foreign tax offsets and capital gains tax discounts.</p> <p>Investment earnings of members in the pension phase are generally not subject to any tax. However, these members still benefit from franking credits.</p>	<p>The taxation of withdrawals from super or benefit payments can be complex.</p> <p>There may be instances where some payments attract tax - this will depend on numerous factors such as the recipient's age, type of benefit received and components of the benefit.</p>

* Members that earn in excess of \$250,000 may be required to pay an additional 15% tax on their contributions. Additionally, if members do not provide their Tax File Number (TFN), their contributions will be taxed at 47% (FY25). The above information is for illustration purposes only.

Total Amount of Taxes Paid in FY25 (\$M)

In addition, we also pay Foreign Income Tax, Goods and Services Tax (GST), Fringe Benefits Tax (FBT), withholding tax in relation to employee salaries and payroll tax in each of the states and territories we operate in.



Types of Tax

■ FBT	0.40
■ Payroll tax	8.50
■ Net GST Paid	10.80
■ Taxes relating to employee salaries	39.20
■ Taxes relating to member benefit payments	56.20
■ Foreign Income Tax	96.70
■ Income Tax Paid on Investment Income and Contributions	1,138.50

Amount Paid (\$M)

Driven By

0.40	Employee Benefits
8.50	Employee Salaries
10.80	Acquisition of goods and services
39.20	Employee Salaries
56.20	Benefit payments to members
96.70	Foreign investment returns
1,138.50	Assessable Contributions and Transfers In and Investment Returns

Total Taxes Paid

1,350.30

* For the year ended 30 June 2025.

Tax strategy and governance

We are committed to strong corporate governance policies and practices, which are fundamental to our success.

Our approach to tax is based on integrity and transparency, which is embedded in the key overarching principles that govern our tax risk framework.

We actively consider our social, regulatory and fiduciary obligations to pay the right amount of tax, in the right jurisdiction, at the right time and the need to be transparent in the management and conduct of our tax affairs.

As a Superannuation Trustee, our approach to tax is also anchored in our statutory obligation to act in the best financial interests of our members. Efficient and responsible tax management directly supports this duty. In meeting this obligation, we also recognise that paying our fair share of tax contributes to the broader community that our members are part of, reinforcing our role as a responsible and transparent taxpayer.

Tax Laws are complex and are subject to broad interpretation. Taxation issues and their outcomes are highly dependent on their facts. HESTA consistently applies the relevant tax law to ensure that it pays the right amount of tax. If the Australian Taxation Office (ATO) has a different interpretation of the tax law, HESTA works closely with the ATO to reach a considered agreement on a reasonable application of the law.

Our General Manager of Tax reports on the operation and effectiveness of the tax framework to the Chief Financial Officer who then flows this information through to the Chief Executive Officer directly, and the HESTA Board via the Finance Audit and Compliance Committee. We have a good track record of cooperation and transparency with the ATO and we are considered a key taxpayer by the ATO, i.e. HESTA is a participant in the ATO's Top 1,000 Tax Performance Program.

Our approach to tax management and governance is outlined in HESTA's internal Tax Management Policy (Policy). The Policy has been reviewed and approved by the Finance Audit Compliance Committee.

A summary of some of the key strategic objectives for managing tax from this Policy are:

- to maintain open and constructive relationships with all relevant authorities
- to be considered a lower risk taxpayer by tax authorities, with the recognition that the risk rating will be affected by the overall complexity and size of the fund
- to comply with all applicable laws and regulations relating to tax, including meeting tax compliance obligations in a timely manner
- to maintain high standards of tax risk management and governance, and
- to not participate in tax evasion or facilitate the evasion of tax.



“To strive to achieve an appropriate balance between value sought and risk appetite to maximise long term sustainable returns for the Fund’s members.”

The overall strategy for tax outlined in the Policy.

Tax risk management

At HESTA, we believe that the identification and management of risk is central to achieving our strategic objectives and our purpose of making a real difference to the financial future of every member.

Our risk management framework guides how we manage risk across the organisation. Tax risks are identified, evaluated and managed in accordance with this framework, with risk categories approved by the HESTA Board.

Examples of these tax risks include the risk of not maintaining accurate and timely financial data for tax and failure to budget appropriately for tax. A continued area of focus has been HESTA's governance over tax data provided by external service providers (custodial and administration), driven by the ATO's released 'Governance over third-party data' supplementary guide. HESTA has a number of controls and comprehensive processes to validate the tax data provided. These controls are documented in our risk management framework.

HESTA has a low appetite for Tax Risk.

The operation and effectiveness of the tax risk framework is subject to an annual staged review by HESTA's appointed internal audit team.

Our attitude to tax planning

We manage our tax affairs on a 'no surprises basis'.

We are committed to paying our fair share of taxes in all jurisdictions in which we operate. We assess the tax implications of all transactions before committing to them and we ensure that adequate controls and processes are in place to meet all our ongoing tax and compliance obligations.

We invest both within Australia and globally. To gain access to these global opportunities and maximise the long-term sustainable returns for our members, we also invest into collective investment vehicles which aggregate funds from different investors.

Some of these pooled vehicles are situated in low or no tax rate jurisdictions for legal or commercial reasons. This will sometimes mean that no tax or low tax is paid in the location where the funds are aggregated.



Tax is generally paid where the assets and investment activity are located, as well as when this income is brought back into Australia, with an offset for eligible foreign tax paid.

Overseas taxes

Due to the global nature of our investments, we pay tax in foreign jurisdictions.

Foreign Taxes Paid By Region (\$M)

A summary of the foreign taxes paid by HESTA during FY25 is shown in the chart below:



International related party dealings

HESTA holds interests in various foreign investment vehicles (controlled foreign companies and foreign hybrid limited partnerships) for global investment purposes. These international related party dealings are entered into solely for commercial reasons.

HESTA is a Country-by-Country Reporting entity (CbCRE) and is therefore required to comply with reporting obligations designed to promote transparency and facilitate the exchange of information between jurisdictions.

Our relationship with the tax authorities

We seek to maintain an honest, open, and transparent relationship with the ATO and with tax authorities in all relevant jurisdictions.

As a key taxpayer we cooperate with the ATO and proactively engage with them where necessary. We seek to build and develop our relationship with the ATO that is constructive and based on mutual respect.

Where appropriate, we engage in consultation with the ATO on tax matters either directly or as a collective with other Industry superannuation funds or representative bodies. We do this with a focus to either improve existing processes or comment on proposed changes that are open for consultation.

HESTA is a participant in the ATO's 'Top 1,000 Tax Performance Program'. The program forms part of the ATO's 'Justified Trust' initiative, and examines the taxpayer's tax governance, its approach to meeting tax compliance and tax accounting obligations, and its management of tax risks arising from not only transactions but also emerging issues affecting the superannuation industry as a whole. The objective of the program is to enhance market transparency within the community and ensuring that the largest Australian businesses (including superannuation funds) are paying the right amount of tax.

To date, under this program, HESTA has participated in a number of compliance engagements with the ATO. HESTA continues to engage constructively with the ATO as part of its Justified Trust program and remains committed to maintaining a transparent approach to tax governance.

HESTA is appealing an assessment in the Federal Court, seeking clarity on the application of the law in relation to an industry-wide issue on the Fund's entitlement to franking credits. We are cooperating with the ATO and will continue to comply with Australian tax law.

Tax reconciliations

Australian Accounting Standards require an entity to calculate and disclose various tax balances, including its tax expense for the period.

The adjacent table sets out a reconciliation of the accounting profit before tax to the tax expense to demonstrate the relationship between accounting profit and tax expense and explains, numerically, why tax expense does not equal 15% of accounting profit.

The Australian Accounting Standards for superannuation funds also require income from investing activities to be shown separately from member related activities, as outlined in the adjacent table:

Reconciliation of accounting income to income tax expense – FY25

Reconciliation of accounting income to income tax expense (\$M)	Income statement	Changes in member benefits	Total
Accounting Income	9,555	9,056	18,611
Prima facie income tax expense (taxed at the superannuation rate 15%)	1,433	1,358	2,792
Adjusted for tax effect of the following items:			
Non-assessable member contributions		-187	-187
Non-assessable transfers in from other superannuation funds		-153	-153
Non-assessable group life insurance proceeds		-14	-14
Capital gains tax concession, tax-exempt capital gains and capital gains tax adjustments	-386		-386
Exempt current pension income	-109		-109
Franking credits and foreign tax offsets	-207		-207
Under provision for income tax relating to the prior year	34		34
Others	2		2
Income tax expense	767	1,004	1,771
Effective tax rate for income tax expense (after adjusting amounts which are non-assessable/non-deductible)	8.03%	11.09%	9.52%

Effective Tax Rate

FY25	FY24
9.52%	9.06%

HESTA's effective tax rate (ETR) is calculated as total income tax expense, divided by the sum of net investment income and contribution income.

There are several factors that can affect the ETR each year, including long term capital gains, franking credits, foreign income tax offsets, exempt current pension income and non-taxable member contributions or rollovers.

HESTA's ETR was 9.52% for the year ended 30 June 2025, moving from 9.06% in the previous year. The rise in the ETR is predominately driven by increased investment income and contribution levels.

Whilst some taxpayers report both an Australian and global ETR separately, HESTA does not maintain any international operations. Any income received from foreign investments is passive in nature and reflected in HESTA's financial income. This results in HESTA's Australian ETR being equivalent to its global ETR.

Reconciliation of income tax expense to income tax paid – FY25

Reconciliation of income tax expense to income tax paid (\$M)	Income statement	Changes in member benefits	Total
Income tax expense	767	1,004	1,771
Impact of Under-Provision of tax in the prior year	-34		-34
Movement in unrealised gains	-566		-566
Accrued income and expenses	2		2
Impact of Under-Provision of tax in the current year	-35		-35
Income tax paid in relation to 2025	134	1,004	1,138



The Australian tax law and Australian Accounting Standards contain different rules regarding the timing of when amounts may be assessable income or deductible expenditure. These differences give rise to temporary differences, which are recognised in deferred tax expense.



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