

## **Friendly Society Medical Association Limited**

**ABN 69 088 347 602**

### **VOLUNTARY TAX TRANSPARENCY CODE**

Friendly Society Medical Association Limited (FSMA) has chosen to provide additional disclosure of tax information as recommended by the Board of Taxation's Voluntary Tax Transparency Code ("TTC"). FSMA is currently classified as a 'medium business' for the purposes of the TTC (i.e. The Company's aggregated Australian turnover is between A\$100 million and A\$500 million).

In February 2018 the ATO initiated a Streamlined Assurance Review (STAR) with FSMA. The program aims to achieve greater assurance that the largest 1,000 public and multinational companies registered in Australia are reporting the right amount of income tax. The process culminated in the ATO issuing a Streamlined Tax Assurance Report in which the ATO concluded that they obtained a high level of assurance that FSMA paid the right amount of Australian income tax for the 2014 to 2017 income years.

FSMA has chosen to disclose the following tax information in our annual report and below:

- A reconciliation of accounting profit to tax expense and to income tax paid or income tax payable. This information is disclosed in note 5(a) to the Consolidated Financial Statements of our annual report.
- Identification of material temporary and non-temporary differences. This information is disclosed in note 5(a) to the Consolidated Financial Statements of our annual report.
- The Accounting effective company tax rate for Australian and global operations for the year ended 30 June 2017 is 0% (30 June 2016:0%). This effective tax rate is lower than the Australian company tax rate because the principle of mutuality applies to FSMA as we are a member based organisation. This means when members transact with us, the income is not taxable however, the costs of deriving this income are not deductible.
- Our Taxation policy sets out FSMA's approach to tax risk management and governance. In summary, FSMA's approach to tax risk management and governance is as follows:
  - The organisation aims to comply with all relevant State and Commonwealth Taxation legislation;
  - Taxation liabilities are paid as they fall due;
  - Records are maintained accurately and in accordance with taxation legislation;
  - Taxation administration and the preparation of tax returns shall be performed by persons that are qualified and competent to do so. All workers must be aware of their obligations with respect to the administration of taxation, this principally involves their obligations with respect to the Goods and Services Tax and Fringe Benefits Tax.
- Our total revenue for the 2017 financial year was \$298.8m. From this, we paid all the operating costs of the business including the following tax payments:
  - Payroll tax (approximately \$1,820,000)
  - Land tax (approximately \$373,000)
  - Fringe benefits tax (approximately \$24,000).

Through our membership model we provided benefits to members of \$35.9 million.

Community engagement is a cornerstone of our organisation and supports our role in society. We currently support several local children's sporting clubs with our overarching community sponsorship being KickStart for Kids (approximately \$89,000). We also donated oxygenation kits to the CFS

Foundation in South Australia for distribution to deserving brigades around the State.

- FSMA has no international related party dealings
- FSMA currently complies with all relevant State and Commonwealth Taxation legislation