Annual Report 2022

The Tax Institute

The Tax Institute is the home of a dedicated Australian tax community. More than 9,000 strong, our members are building the future of the profession.

The home of tax

Business leaders, tax professionals, government employees, students – we amplify voices from across the tax world. We bring like-minded people together and we dedicate ourselves to making the tax profession better every single day.

We've been around for more than 78 years and in that time we've educated some of the best minds of tax. We have collected the vast knowledge of thousands of experts – specialist, practical and accurate – then shared it with thousands more.

We've nurtured learners to become leaders. But tax is always changing. And so are we.

Now more than ever, we're working to support our members in a constantly challenging world. From guiding tax professionals through a shifting landscape of policy and technology, to helping them grow into their potential, we're here to serve the tax community.

Advocacy. Connections.
Knowledge. Support.

They're at the core of everything we do. And we do all of it with the dedication of our generous members

For more information about The Tax Institute, visit our website at taxinstitute.com.au

The Tax Institute

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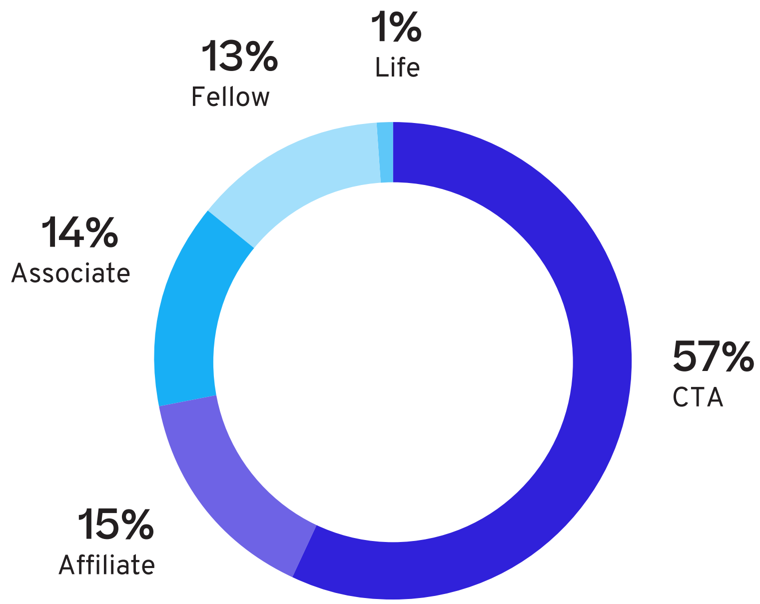
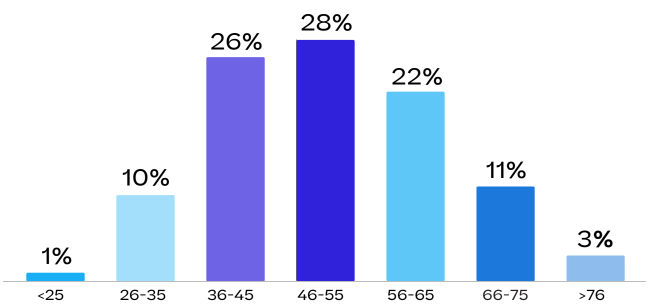
2022 Snapshot

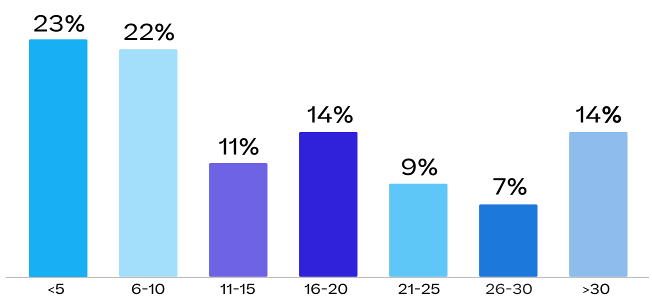
Membership by Grade



Membership by Age



Membership by Tenure



Membership Highlights

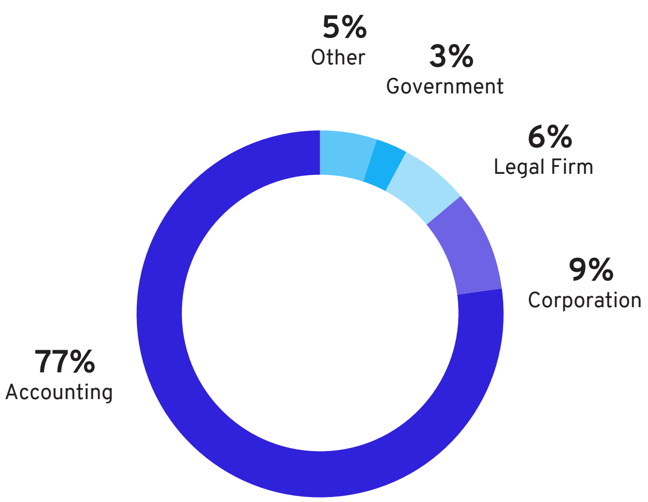
9,642
total members
of The Tax Institute

11,000+
attendees at CPD events
delivered nationally

405
mentions
in the media

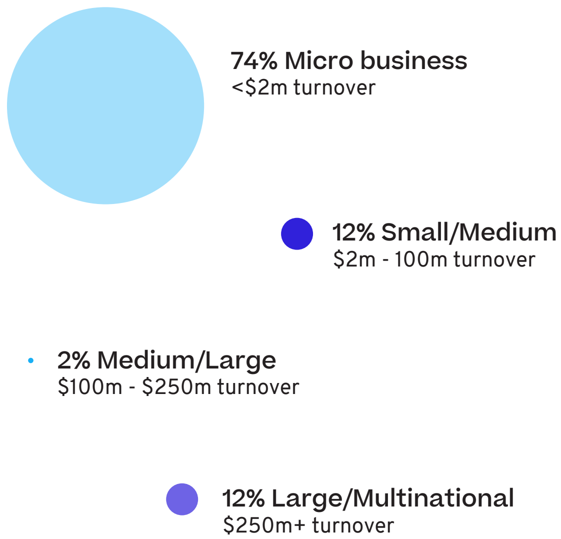
Membership by Industry

The Tax Institute's membership brings together over 11,000 of Australia's tax specialists and advisers, working in SMEs, Mid-Tier and Big-4 Accountings firms, as wells as Corporate Heads of Tax, Government and Academics.



Membership by Gender

Membership by size of company



Complaints and disciplinary activity

- 2 members memberships terminated following receipt of TPB notifications that tax agent registrations have been terminated
- 2 members caution following receipt of caution from TPB
- 1 members have ongoing appeals before the AAT

Education Highlights

285
enrolments
in CTA3 Advisory

1,702
enrolments in
structured education

279
Graduate Diploma
of Applied Tax Law
(GDATL) enrolments

"I am proud of the way The Tax Institute continued to provide critical support to our members over the course of the year, with free webinars on key issues such as 100A, advocacy on NALE/NALI and an increased focus on tax policy and positive change in the tax system."

Like many people and organisations, The Tax Institute started the financial year hoping that the COVID-19 pandemic was behind us, and that we would quickly get back to the business of providing education, knowledge and learning services to our members, without its impact looming over us. But reality kicked in and much of the year to 30 June 2022 remained challenging, with further lockdowns and trepidation amongst members in attending face-to-face events.

I am proud of the way The Tax Institute continued to provide critical support to our members over the course of the year, with free webinars on key issues such as 100A, advocacy on NALE/NALI and an increased focus on tax policy and positive change in the tax system.

Despite the continuing financial and commercial challenges of COVID-19, National Council's role is not just to tackle today's issues but to look to tomorrow, both for our organisation and on a wider stage. Over the course of the past year, National Council continued to invest in The Tax Institute and its future. Three major initiatives come to mind.

First, I am excited about the opportunities ahead for Tax Academy, our new micro-credential education program. Tax Academy's carefully curated modules meet the unique learning needs of the next generation of tax professionals. This has been a 2+ year journey, with significant investment by The Tax Institute both financially and from a people perspective. The benefits of this long-term capital investment will no doubt be reaped for years to come. I congratulate Giles and the team for focussing on this important offering despite the ongoing challenges of COVID-19.

Secondly, The Tax Institute finished the financial year by appointing its first independent chair, Clare Mazzetti. I am pleased that as The Tax Institute grows, its focus on governance and risk grows with it. Clare and I are working seamlessly together to deliver member benefits and I look forward to seeing Clare's impact over the coming years.

Thirdly, The Tax Institute, like the tax community, wouldn't be the same without the people involved. Our members, volunteers and staff are what make us whole. I would like to thank all our members, volunteers – including National Council, our State Councils and the many technical and event committee members – and staff, for all your hard work in what was another challenging year. As a people-oriented organisation, the introduction of a formal diversity and inclusion policy was dear to my heart. The Tax Institute must reflect the community it represents and serves. While the policy is a great start, it is only the start. I challenge all of us to continue this journey, whether as a part of The Tax Institute, in our workplaces or at home.

We also continue to invest in the future of the tax profession on a macro level. Both in the year gone and into the future, we are living in a changed economic environment. Not post-COVID-19, but alongside it. The country must now turn to budget repair. Good tax policy will be key to reducing the record budget deficit and there is much to discuss. Tax reform, while unlikely in the short term, remains a focus for us as we continue our positive engagement with Government and regulators.

Looking ahead, I am confident that The Tax Institute has set itself up for continued and sustained success. I look forward to seeing our board carry on with its efforts to represent our members, shape the future of the tax profession and improve the tax system for the benefit of all. We are a wonderful organisation, going from strength to strength and I am honoured to be a part of The Tax Institute team now and in the future.

Jerome Tse, CTA
President

"This year we have made significant investments in the future of our organisation, to the benefit of all our members. Despite an uncertain environment where we are still learning to live and work alongside COVID-19, we have achieved a number of significant milestones in long-term, high value projects. Our members have gone from strength to strength, continuing their good work for the Australian community with the untiring support of everyone at the Institute."

I'm excited to share our 2021/22 Annual Report.

As we settle into a new way of working alongside the effects of COVID-19, the Institute has kept its footing through the support and efforts of our members, volunteers and internal staff. We have spent the financial year focussing on some key milestones in our development and laying the groundwork for further successes in the future.

Of particular note, this financial year has seen our new website and new branding launch publicly. In an increasingly digital world, this was a crucial update that allows our organisation to move confidently forward. It also makes a huge impact on our members, allowing them to access their benefits, tools and resources through a digital platform that is capable of growing and improving over the years.

With the lingering effects of COVID-19 and lockdowns to consider, our events business has continued to be agile and flexible in its approach. We have greatly enjoyed welcoming members back to face-to-face events. This year we have all been reminded of the energy and enthusiasm generated when a group of tax professionals gets together.

It is an exciting time at the Institute, because with some important work now behind us, we are able to continue long-term, ongoing work and embark on new projects to continue our growth. Our financial results reflect both the uncertain environment we are operating in and the fact that we have invested heavily in major projects over the financial year. The benefit of these investments will almost certainly be seen in future years.

Key highlights are summarised as follows.

Membership

We maintained our commitment to deliver exceptional value to members. Our renewal rate was very encouraging with just under 90% of members renewing their membership for another year.

We launched our inaugural Member Appreciation Week in April 2022. Members were treated to a range of additional benefits, including their own digital badge which they proudly shared via LinkedIn.

Thousands of members took advantage of the free webinars on offer. Topics, including section 100A and professional firm profits, were timely and of critical importance. More than 30 hours of free CPD was made available to members in the last financial year.

We continue to look for new and innovative ways to engage with members and deliver increasing value and support.

Volunteer engagement

Volunteer participation has been at the core of the Institute since its foundation, and it remains vital to our ongoing success and prosperity. We have built a strong sense of belonging and connection amongst our volunteer network, which is unrivalled.

There has been significant disruption to the way we work and connect. To survive and thrive in a changing world, we've had to adapt and change the way we deliver content, professional development, and value to members.

To that end, we embarked on a review of our committee structure and volunteer model to ensure it was fit for purpose, aligned to the Institute's strategy and importantly, that it provided an opportunity for more members to experience the goodness of being part of our volunteer network.

Through a member-centred design and approach, we have created an invigorated committee and volunteer model. Engagement Committees were established in each major capital city, with the primary objective of growing our local tax community and supporting members to connect, engage and learn. More than 100 members contributed to this project and their wisdom and insight was invaluable.

Our volunteer community is where purpose, passion and expertise intersect. With the ongoing support of our members, our future is bright.

Tax policy and advocacy

For the Tax Policy and Advocacy (TPA) team, last financial year was a year of two distinct halves.

The first half of the financial year continued to be dominated by COVID-19 and the various government support packages. The TPA team's extensive consultation with the respective governments and other professional bodies resulted in improved administration of, and interaction with, the various programs. The team also presented various member-only seminars to deliver value to members through updates and insights on these measures.

Tax reform also remained a major focus of the TPA team throughout this time. The team released the published report of the Case for Change, and supported this with various presentations to government. Tax reform will remain a key focus for the TPA team in the coming 12 months with a desire to provide the community with education and awareness on why our tax system is in desperate need of reform.

The second half of the financial year saw more traditional tax issues return to the spotlight. The environment was dominated by tax issues associated with the Non-Arm's Length Income and Expense provisions for superannuation, the Professional Firm practical compliance guideline, and the various guidance materials pertaining to section 100A and Division 7A. Working closely with our national technical committees, the team engaged, and continues to engage, with government to consult on these issues. The team also delivered extensive presentations and webinars on these issues to keep members informed of developments.

Building on existing resources such as the Federal Budget report and the State of Tax Policy report, which keep members abreast of key tax developments, the team published the newly developed Incoming Government Brief soon after the election. This brief, aimed at educating the new government on our priorities for the numerous announced by unenacted measures, was well received by media and new Members of Parliament.

Throughout the year the team has continued to grow. This growth has set a platform to enable the TPA team to focus on delivering increased member value throughout the coming financial year. While consultation, with the support of our technical committees, remains a key component of the TPA team's activities, this growth will enable increased member value to be delivered through educational products and other tools and resources designed to assist members with their client activities.

Finally, we continued the reform of the various technical committees. Each of our represented states now has a formal State Taxes Committee, focused on state tax issues for their respective state, and, where nominated by the respective State Council, representation on the various National Technical Committees. We continue to work with our committee chairs to improve the diversity of representation on those committees.

We encourage members to continue to engage with the activities of the TPA team via involvement with the Institute and participation in our online Community hub.

People and Culture

One of the most important foundations of the Institute is our people, who support our initiatives and continue to achieve in the face of change and ambiguity.

The wellbeing of our people has been, and will continue to be, a high priority. Our people have contributed strongly with a 'can do' attitude which reflects their commitment to the greater good of our tax community. We have recently completed an all-staff wellbeing survey to understand how we are doing across motivating and meeting the needs of our people and will be delivering those results through a series of focus groups. We have invested in training to further enhance their skills and abilities and are committed to creating a workplace where our people feel valued, respected and safe, and one that is inclusive and values and embraces diversity.

Once again, we are enormously proud of the efforts of every one of our people during the past twelve months, and congratulate them on their adaptability, perseverance and performance to deliver support, knowledge and experiences to our members.

Events and professional development

During past 12 months we have continued to explore what's possible and find our new rhythm in the events space. Members have embraced online learning and the flexibility it affords. That said, many yearn for face-to-face engagement and interaction. Striking the right balance and delivering an experience that works for our various stakeholders remains top of mind.

The Institute delivered more than 100 events in 2021-2022. This was no small undertaking given the environment in which we were operating. As we navigated an uncertain time, our staff, organising committees and speakers rose to the challenge once again and delivered an outstanding events program.

Our biggest event in 2021 was The Tax Summit. Whilst our intention was to host a three-day, in person event in Melbourne, due to COVID-19 lockdowns, this was not to be. Despite our shared disappointment, we dug deep to transform The Tax Summit 2021 into a week-long tax extravaganza.

Dr Adam Fraser opened the event with his thought-provoking keynote address 'Recharge on the Run' and we concluded with a powerful and inspiring presentation from Todd Sampson on 'Brain Power'. The calibre of speakers was exceptional, and the breadth and depth of expertise, tax technical and beyond, was extremely well received.

Our Tax Summit attendees enjoyed a range of sweets and treats – delivered to their door. The virtual wine and chocolate tasting social option was a big hit. Another highlight was recognising and celebrating the achievements of members at the Tax Adviser of the Year Awards.

Our events have always been held in very high regard. We have a passionate and dedicated volunteer community who continue to go above and beyond keep members at the forefront of tax.

Learning and content

The past year has seen significant investment in the transformation of our learning and content portfolios. Migration of our vast Tax Knowledge Exchange database to our new website platform has been an enormous undertaking. The strength of our TKE database is the scale and reach of its content. Over the years, with the generous support of our contributors, we have amassed a library of over 25,000 tax resources, unparalleled in its depth and breadth.

The sheer scale of that database is one of the biggest challenges in transitioning the content, but one we expect to complete by the end of the first quarter FY22/23.

In July 2022 we launched our new suite of micro-credentialed learning units. The first units have been made available to learners at several our corporate partners. We'll be onboarding more member firms in the coming months and opening it up to members, new graduates and those wanting to upskill in tax in due course.

We will be developing and releasing future units in an agile way, starting with core concepts, and progressing onto advanced topics. This new offering will enable The Tax Institute to reach a broader range of practitioners while also providing a new and more accessible pathway to CTA.

HEPCO Pty Ltd

The Tax Institute Higher Education continues to deliver our education programs comprising the Graduate Diploma of Applied Tax Law, CTA Program, Tax Agents Program and an array of single subjects.

Importantly, the offering under The Tax Institute Higher Education continues to be accredited with TEQSA and meets the Tax Practitioners Board requirements for Board approved courses.

Marketing

It has been another year of marketing transformation with the launch of our new website and new brand guidelines, including an updated logo, concurrently. These constitute two significant project completions in the marketing project roadmap and a new chapter in how we interact and engage with our members. Importantly our new digital capabilities allow the Institute to better disseminate high value, timely content to our members and the tax community.

Marketing continues to support the Institute across major reoccurring projects including the annual renewals campaign; launching The Tax Summit 2022; creating bespoke, free member content such as the Federal Budget 2022-23 report, webinars and video explainers; and commencing new always-on member acquisition campaigns.

Technology

Our technology team continues to support the business across various projects, including major milestones of launching our upgraded website and enhanced Tax Knowledge Exchange (TKE) platform. These were both significant achievements for this financial year, and have laid the groundwork for a better digital experience, including better search and user experience opportunities.

The team are also supporting the business with the integration of new technology applications that support new product opportunities including our micro-credentialed learning units.

An ongoing key priority is our focus on cyber security to help protect data and secure our content. We continue to ensure the safety and privacy of our members' digital information.

Financials

The impact of COVID-19 has been reflected in our financial results for FY22 and the Institute has delivered a loss of ($891,812). Despite receiving government stimulus, our events business experienced a substantially disrupted schedule. Revenue was reduced by half of the expected budget as most events were either cancelled or delivered remotely. In the second half of the financial year there was still a reluctance for people to attend face-to-face.

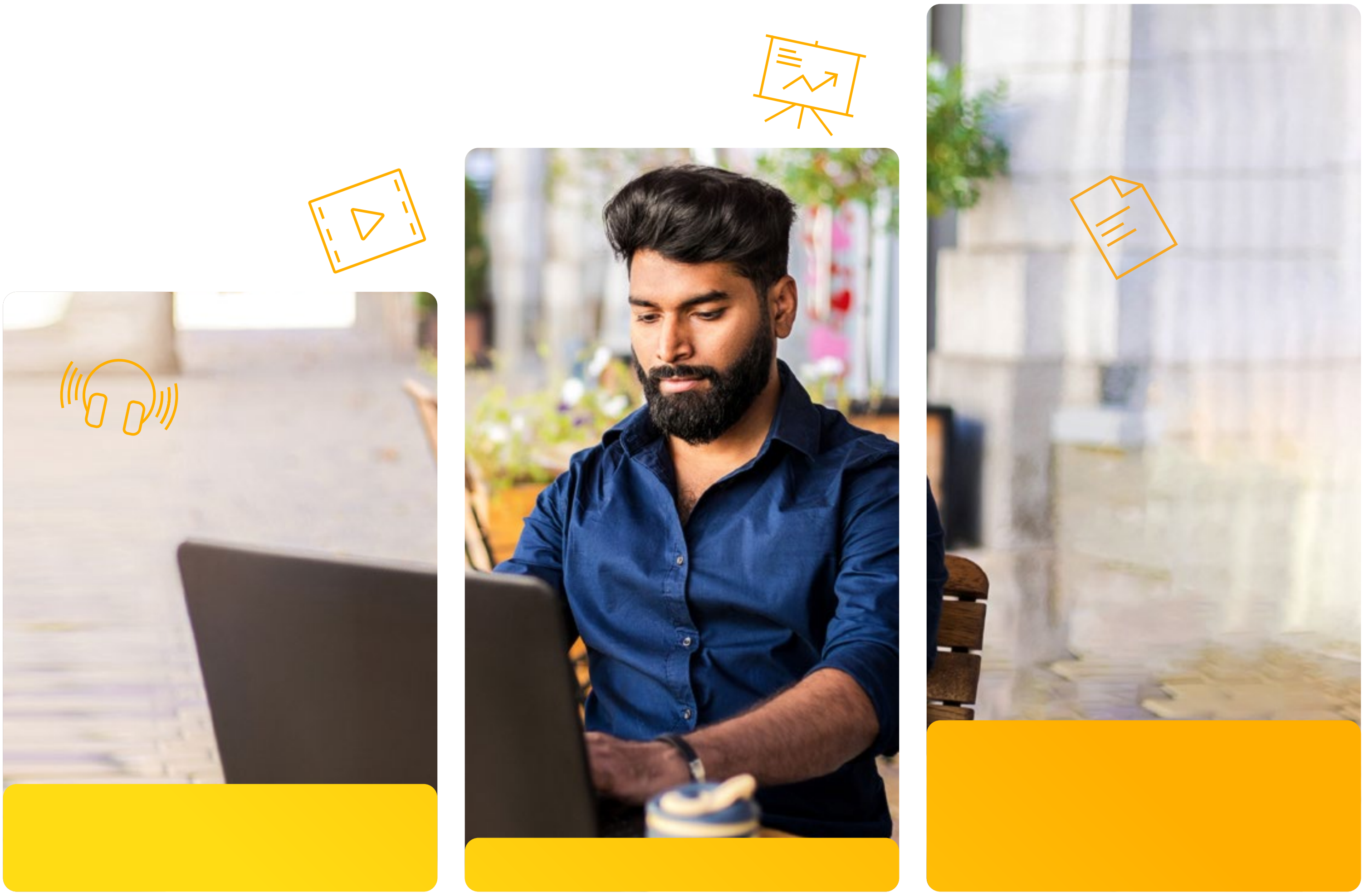
Despite this, we were able to invest in the business and deliver critical capital projects through FY22. It is anticipated that the benefits of these projects will deliver results in successive financial years.

As always, our community of members, volunteers and staff remain at the heart of all we do and achieve. They have stood steady and allowed us to navigate a changed world with confidence. I thank them wholeheartedly for the generosity of spirit, experience, knowledge and wisdom they have shown through this past financial year.

Thanks also go to our Board, who have shown great leadership through a period of change and transformation for our organisation. The Board is as highly invested in the success of the Institute and everyone associated with it as ever.

I have been proud and privileged to support and encourage our people as we lay the foundations of a bright future over this past year. I am excited for what's to come for our Institute in the next financial year as we continue our journey as the home and voice of tax.

Giles Hurst
Chief Executive Officer



Board of Directors

Paul Banister

BBus(Acc), LLB, FCA, CTA

Qualifications

Chartered Accountant

Experience

National Council member since January 2019

Responsibilities

- Treasurer
- Chair, Finance, Investment & Audit Committee 2022 (Member since 2019)
- Member, Professional Standards Committee since 2019
- Member, Qld State Council since 2012 (Chair 2016–2018)

David Earl

BCom, LLB(Hons), LLM, FTI

Qualifications

Australian Legal Practitioner

Experience

National Council member since January 2018

Responsibilities

- Chair, Risk & Governance Committee
- Member, VIC State Council since 2017

Ian Heywood

BBus(Acc), M (Tax), CPA, CTA

Qualifications

Certified Practicing Accountant, Chartered Tax Adviser

Experience

National Council member since January 2022

Responsibilities

- Member, Governance & Risk Committee
- Member, TAS State Council since 2006 (Chair 2019 - 2021)

Leanne Connor

BBus, Grad Dip FP, CTA, CA, SSA

Qualifications

Chartered Accountant, Chartered Tax Adviser & SMSF Specialist

Experience

National Council member since February 2021

Responsibilities

- Member, Finance, Investment & Audit Committee
- Member, VIC State Council since 2016 (Chair 2017-2019)

Peter Godber

BCom, LLM, FCA, CTA, MAICD

Qualifications

Chartered Accountant, Solicitor

Experience

National Council member since January 2014

Responsibilities

- Past President
- Member, Finance, Investment & Audit Committee since 2017
- Member, Nominations Committee since 2015
- Member, QLD State Council since 2003
- Director, HEPCO Pty Ltd

William Keays

BBus, CA, CTA

Qualifications

Chartered Accountant & Chartered Tax Adviser

Experience

National Council member since January 2022

Responsibilities

- Member, Finance, Investment & Audit Committee
- Member, WA State Council since 2014 (Chair 2020 - 2021)

Margaret Marshall

BBus, FCA, M(Tax), CTA, GAICD

Qualifications

Chartered Accountant

Graduate Australian Institute of Company Directors

Experience

National Council member since January 2016

Responsibilities

- Vice President
- Member, Finance, Investment & Audit Committee since 2017 (Chair 2021)
- Member, TAS State Council since 2013
- Member, Nominations Committee since 2022
- Director, HEPCO Pty Ltd

Timothy Sandow

BCom, LLB, CTA, FCA

Qualifications

Chartered Accountant

Experience

National Council Member since January 2018

Responsibilities

- Chair, Disciplinary Committee since 2018
- Chair, Strategic Advisory Committee since 2020
- Member, Risk & Governance Committee since 2020
- Member SA State Council since 2007 (State Chair 2016)

Todd Want

BCom(Dean's Scholar), CTA, CA, CPA

Qualifications

Chartered Accountant

Certified Practicing Accountant

Experience

National Council member since January 2017

Responsibilities

- Member, Finance, Investment & Audit Committee since 2021
- Director, HEPCO Pty Ltd
- Member, Academic Board since 2020
- Member, NSW Professional Development Committee since 2012
- Member, NSW State Council since 2014

Clare Mazzetti

BEcon, MBA, MIR, GAICD, FFin

Qualifications

- Independent Non-Executive Director

Experience

- Appointed Independent Chair of National Council July 2022

Responsibilities

- Governance for the Tax Institute

Eddy Moussa

BBus, LLB, M (Tax), CTA

Qualifications

Australian Legal Practitioner

Experience

National Council member since January 2019

Responsibilities

- Member, NSW State Council since 2012 (Chair 2018)
- Member, Nominations Committee since July 2021

Jerome Tse

LLM, LLB BCom, CTA

Qualifications

Australian Legal Practitioner

Experience

National Council member since January 2017

Responsibilities

- President
- Member, Nominations Committee since 2021
- Member, Finance, Investment & Audit Committee since 2020
- Member, NSW State Council since 2013
- Director, HEPCO Pty Ltd

Kerryn Divall

BCom, FCPA, GAICD

Qualifications

Certified Practicing Accountant, Graduate Australian Institute of Company Directors

Experience

Appointed Company Secretary September 2017

Responsibilities

- Company Secretary, Australian Tax Research Foundation appointed September 2017
- Company Secretary, HEPCO Pty Ltd appointed July 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of The Tax Institute (referred to hereafter as the 'Institute' or 'parent entity') and the entities It controlled at the end of, or during, the year ended 30 June 2022.

Directors

The following persons were directors of The Institute during the whole of the financial year and up to the date of this report, unless otherwise stated:

Peter Godber	Appointed 1 January 2014
Leonard Hertzman	Appointed 1 January 2016 (ceased 31 December 2021)
Margaret Marshall	Appointed 1 January 2016
Jerome Tse	Appointed 1 January 2017
Todd Want	Appointed 1 January 2017
David Earl	Appointed 1 January 2018
Timothy Sandow	Appointed 1 January 2018
Eddy Moussa	Appointed 1 January 2019
Paul Banister	Appointed 30 January 2019
Leanne Connor	Appointed 17 February 2021
William Keays	Appointed 1 January 2022
Ian Heywood	Appointed 1 January 2022
Clare Mazzetti	Appointed 18 July 2022

Short-term and long-term objectives

The consolidated entity's short and long-term objectives during 2022 continue to be to:

- advance education in relation to taxation and taxation laws
- advance public knowledge and understanding of taxation laws
- encourage research into the reform of taxation law and be the leading knowledge provider in taxation through our products and services.

The consolidated entity's strategies in 2022 to achieve these objectives included:

- providing a highly sought-after quality taxation education program
- offering a diverse and broad range of continuing professional development opportunities through an event program and publications
- being the authoritative opinion leader in tax policy and administration
- building the Chartered Tax Adviser designation as the gold standard in tax
- supporting our members

Performance measures

The consolidated entity measures its performance using both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial performance of the Institute and whether the objectives are being achieved in a cost- effective manner.

Member's guarantee

The Institute is a company limited by guarantee. In accordance with the Institute's Constitution, each member is liable to contribute $2.00 if the Institute is wound up. The total amount members would contribute at 30 June 2022 would be $17,400.

Principal activities

During the financial year the principal continuing activities of the consolidated entity were the advancement of knowledge and learning of the laws relating to taxation, principally by way of conferences, seminars and meetings support for our members and advocacy.

No significant change in the nature of these activities occurred during the year.

Operating result

The consolidated loss of the consolidated entity after providing for income tax for the financial year amounted to ($891,812) (2021: $1,020,981). During the year, the operating result incorporates $634,761 (2021: $1,332,050) which the consolidated entity received as part of the government's COVID-19 pandemic stimulus package.

Dividends

The constitution of the parent entity precludes the payment of dividends therefore no dividend has been paid or declared since the commencement of the financial year. HEPCO Pty Ltd is permitted to pay dividends to its shareholder. A dividend of $321,388 was declared on 17 June 2022.

Review of operations

The consolidated entity's financial performance was under budget for the year ended 30 June 2022. The COVID-19 pandemic is having a significant impact on both local and global communities and economies. The Group has assessed the impact of the COVID-19 pandemic on its financial reporting and determined the financial performance for the year ended 30 June 2022 as part of its comprehensive internal risk management program.

Significant changes in state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

After balance date events

Since the end of the financial year and the date of this report, there continues to be disruption to the global economy because of the COVID-19 pandemic. The fundamentals of the consolidated entity remain strong and whilst operations have been affected in the short term, in the opinion of Directors the consolidated entity is well placed to recover from this difficult situation.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's situation in future financial years.

Future developments

The consolidated entity is committed to delivering a broad range of practical learning and information services through transformation of our education offering.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Indemnifying officer or auditor

During the financial year the consolidated entity paid a premium for an Associations Liability Insurance policy. This policy provides cover for directors and officers of the consolidated entity to the extent permitted by the Corporations Act 2001. Other than the insurance policy, no indemnities have been given or agreed to be given during or since the end of the financial year, to any person who is or has been a director, officer, or auditor of the consolidated entity.

Proceedings on behalf of the consolidated entity

No person has applied for leave of court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or any of those proceedings.

The consolidated entity was not a party to any such proceedings during the year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

Directors' meetings

Attendance at Board and meetings during the year ended 30 June 2022:

Board of Directors		
Total number of meetings held 6		
Directors	**A**	**B**
Peter Godber	6	6
Leonard Hertzman	3	3
Margaret Marshall	6	6
Jerome Tse	6	6
Todd Want	6	6
David Earl	6	6
Timothy Sandow	6	6
Eddy Moussa	6	6
Paul Banister	6	6
Leanne Connor	6	6
William Keays	3	3
Ian Heywood	3	3

A Meetings eligible to attend as a director
B Meetings attended as a director

Signed in accordance with a resolution of the Board of Directors.

Jerome Tse, CTA
Director

Margaret Marshall, CTA
Director

Dated in Sydney this 28th day of October 2022

Directors' Declaration

The directors of the consolidated entity declare that:

1. 1The financial statements and notes, as set out on pages 20 to 39, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012, the Corporations Act 2001*, and other mandatory professional reporting requirements and:
   a. comply with Australian Accounting Standards – Simplified Disclosures Requirements; and
   b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the consolidated entity.
2. In the directors' opinion, there are reasonable grounds to believe that the Institute will be able to pay its debts as they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Jerome Tse, CTA
Director

Margaret Marshall, CTA
Director

Dated in Sydney this 28th day of October

Crowe Sydney
ABN 97 895 683 573
Level 24, 1 O'Connell Street
Sydney NSW 2000
Main +61 (02) 9262 2155
Fax +61 (02) 9262 2190
www.crowe.com.au

28 October 2022

The Board of Directors
The Tax Institute
Level 37, 100 Miller Street
North Sydney NSW 2060

Dear Board Members

The Tax Institute

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, I am pleased to provide the following declaration of independence to the Directors of The Tax Institute.

As lead audit partner for the audit of the financial report of The Tax Institute for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

Crowe Sydney

Crowe Sydney

Suwarti Asmono
Partner

Financial Report

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	2022	2021
		$	$
Revenue and other income	2	14,254,598	15,040,460
Net realised and unrealised change in fair value of financial assets held at fair value through profit and loss	8	(71,844)	654,108
Employee benefits expenses		(8,870,262)	(8,573,449)
Depreciation and amortisation expenses	3	(1,067,667)	(1,748,419)
CPD events and member services expenses		(2,378,279)	(1,679,076)
Occupancy expenses		(171,468)	(365,387)
Travel expenses		(110,454)	(79,150)
Publicity and promotion		(368,745)	(463,984)
Merchant fees		(96,217)	(140,268)
Interest expense on lease liabilities		(89,160)	(131,387)
Administration expenses		(1,800,308)	(1,395,809)
Profit / (Loss) before income tax expense		(769,806)	1,117,639
Income Tax Expense	5	(122,006)	(96,658)
Profit / (Loss) after income tax expense		(891,812)	1,020,981
Other comprehensive income, net of tax		–	–
Total comprehensive income		**(891,812)**	**1,020,981**

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2022

	Note	2022	2021
		$	$
CURRENT ASSETS			
Cash and Cash Equivalents	6	4,964,088	7,042,321
Trade and Other Receivables		160,741	152,099
Franking Credits Refundable		112,920	–
Prepayments		687,927	496,095
Inventory		18,426	16,810
TOTAL CURRENT ASSETS		**5,944,102**	**7,707,325**
NON-CURRENT ASSETS			
Financial Assets	8	3,906,222	4,090,984
Prepayments		–	2,682
Deferred Tax Asset	7	22,364	170,594
Plant and Equipment	9	509,127	720,060
Intangible Assets	10	2,944,400	1,395,451
Right-of-Use-Asset	11	945,103	1,381,304
TOTAL NON-CURRENT ASSETS		**8,327,216**	**7,761,075**
TOTAL ASSETS		**14,271,318**	**15,468,400**
CURRENT LIABILITIES			
Trade and Other Payables	12	1,392,062	1,376,332
Income in Advance	13	6,562,739	6,331,521
Employee Benefits Provisions	16	393,430	378,596
Lease Liabilities	15	470,530	420,227
Provision for Income Tax		100,964	267,252
TOTAL CURRENT LIABILITIES		**8,919,725**	**8,773,928**
NON-CURRENT LIABILITIES			
Lease Make Good Provision	14	195,552	194,303
Employee Benefits Provisions	16	65,088	46,874
Lease Liabilities	15	617,119	1,087,649
TOTAL NON-CURRENT LIABILITIES		**877,759**	**1,328,826**
TOTAL LIABILITIES		**9,797,484**	**10,102,754**
NET ASSETS		**4,473,834**	**5,365,646**
EQUITY			
Retained Earnings		4,473,834	5,365,646
TOTAL EQUITY		**4,473,834**	**5,365,646**

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2022

	2022	2021
	$	$
Retained Earnings		
Opening retained earnings	5,365,646	4,344,665
Net Profit / (Loss) after income tax expense	(891,812)	1,020,981
Other comprehensive income, net of tax	–	–
Total comprehensive income	(819,812)	1,020,981
Closing retained earnings	**4,473,834**	**5,365,646**

The accompanying notes form part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2022

	2022	2021
	$	$
Cash flows from operating activities		
Receipts from members and others	15,789,714	16,219,867
Payments to suppliers and employees	(15,249,015)	(13,325,931)
Interest Received	–	15,417
Interest Paid	(89,160)	(131,387)
Income tax paid	(140,064)	–
Net cash provided by operating activities	**311,475**	**2,777,966**
Cash flows from investing activities		
Payment for plant and equipment	(17,268)	(39,576)
Payment for intangible assets	(1,952,214)	(1,011,490)
Net cash (used in) investing activities	**(1,969,481)**	**(1,040,574)**
Cash flows from financing activities		
Repayment of Lease liability	(420,227)	(1,064,716)
Net cash (used in) financing activities	**(420,227)**	**(1,064,716)**
Net Increase in cash and cash equivalents	(2,078,233)	672,676
Cash at beginning of the financial year	7,042,321	6,369,645
Cash at end of the financial year	**4,964,088**	**7,042,321**

The accompanying notes form part of these consolidated financial statements.

Notes to financial statements

For the year ended 30 June 2022

Note 1. Statements of significant accounting policies

The consolidated financial statements for the year ended 30 June 2022 were authorised for issue by a resolution of the Directors on 28th October 2022.

The financial report covers the consolidated entity of The Tax Institute and the controlled entity HEPCO Pty Ltd. The Institute is a company limited by guarantee. HEPCO Pty Ltd Is a company limited by shares, both incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual ramework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting

Standards, but it has not had a material impact on the consolidated entity's financial statements.

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The consolidated entity has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

Basis of preparation

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Simplified Disclosure Requirements and interpretation issued by the Australian Accounting Standards Board and the *Australian Charities and Not-for-Profit Commission Act 2012* as appropriate for not-for-profit oriented entities.

The consolidated financial statements have, except for cash flow information, been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair values of selected non-current assets, financial assets and financial liabilities.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of material subsidiaries of the Tax Institute ('company' or 'parent entity') as at 30 June 2022 and the results of the subsidiary for the year then ended. The Tax Institute and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and could affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances, and unrealised gains on transactions between entities in the consolidated entity are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue recognition

Revenue from Contracts with Customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method.

The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts are received that are subject to the constraining principle are recognised as a refund liability.

Membership Revenue

Membership subscriptions are recognised as revenue pro rata over the period of the membership. Revenue from members received in advance is deferred to the period to which it relates and is included as income in advance in the Statement of Financial Position.

Advertising

Revenue is recognised at a point in time when the advertisement is published.

CPD Event Revenue

Revenue is recognised at a point in time, as events are delivered or as goods are transferred to customers.

Education Revenue

Revenue is recognised over time, being over the study period.

Sales of publications

Revenue is delivered at a point in time when goods are transferred to customers

Other Revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Volunteer Services

The consolidated entity has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is not recognised.

All revenue is stated net of the amount of goods and services tax (GST).

Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	20.0%-33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

Make good provision on leased premises

Costs required to return the premises to its original condition as set out in the lease agreement are recognised as a provision in the financial statements.

Intangible assets

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment.

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Course development and education assets

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development and its costs can be measured reliably. Capitalised intangible development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years. Capitalised course development costs are amortised on a straight-line basis over their expected benefit, being their finite life of five years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

Right-of-use assets and lease liabilities

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets.

Lease payments on these assets are expensed to profit or loss as incurred. A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Financial instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled, or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Classification and subsequent measurement financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value.

i. Financial assets held at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

iii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Impairment of assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Employee benefits

Short term employee benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled, plus related on-costs.

Other long-term employee benefits

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the consolidated entity to an employee superannuation fund and are charged as expenses when incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at call deposits with banks or financial institutions, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash Flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Income tax

The Institute is exempt for income tax purposes under Section 50-5 of the *Income Tax Assessment Act of 1997*, while HEPCO Pty Ltd Is subject to Income tax.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, because of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Trade and other payables

These amounts represent liabilities for goods or services provided to the consolidated entity prior to the end of the financial year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

Critical accounting estimates and judgements

The consolidated entity evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the Institute.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently because of the Coronavirus (COVID-19) pandemic.

Key Estimates – Impairment

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a few key estimates and assumptions. No impairment has been recognised for the financial year 30 June 2021.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly because of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been considered.

Lease Term

The lease term is a significant component in the measurement of both the right-of-use-asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty than an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental Borrowing rate

Where the interest rate implicit in a lease cannot be determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

	Consolidated	
	2022	2021
	$	$
Note 2. Revenue and other income		
Operating Activities		
Membership Services including Education	9,275,907	9,541,654
Rendering of services (CPD and Events)	3,646,545	2,761,452
Sales of publications	313,708	438,100
Advertising	200,807	104,631
	13,436,967	**12,845,837**
Interest income	650	15,417
Government Grants	634,761	1,332,050
Rental Income	–	670,477
Other Income	182,220	176,679
	817,631	**2,194,623**
Total revenue and other income	**14,254,598**	**15,040,460**

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2022	2021
	$	$
Membership services	6,169,807	6,291,249
Education	3,119,484	3,427,084
CPD and Events	3,646,545	2,761,452
Sales of publications	313,708	438,100
	13,249,544	**12,917,885**

Timing of recognition

	Consolidated	
	2022	2021
	$	$
Goods and Services transferred at a point in time	4,068,707	3,226,050
Services transferred over time	9,180,837	9,691,835
	13,249,544	**12,917,885**

	Consolidated	
	2022	2021
	$	$
Note 3. Profit from ordinary activities		
Profit from ordinary activities before income tax expense has been determined after:		
Expenses		
Superannuation expense		
– Defined contribution superannuation expense	746,042	691,400
Depreciation and amortisation of non-current assets		
– plant and equipment	228,201	224,407
– Intangible assets	403,265	572,255
– write-off of asset no longer held	–	23,976
– Right of use asset	436,201	927,781
	1,067,667	**1,748,419**
Remuneration of auditor		
– audit	45,400	45,300
– other services	11,195	4,404
	56,595	**49,704**

Note 4. Dividends

The parent company's constitution precludes the payment of dividends. No dividend has been paid or declared since the commencement of the financial year.

HEPCO Pty Ltd declared a dividend of $321,388 to the parent company on 17 June 2022.

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Note 5. Income Tax		
(a) Amounts recognised in profit or loss		
Current year tax expense	128,108	267,252
Deferred tax expense	(7,594)	(170,594)
(Over) / under provision	1,492	-
Income tax expense	**122,006**	**96,658**
Deferred income tax expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets (note 7)	148,230	(170,594)
(Over) / under provision from prior period	(155,824)	-
	(7,594)	(170,594)

(b) Numerical reconciliation of income tax expense and tax at the statutory rate:		
Profit / (Loss) before income tax expense:	(769,806)	1,117,639
The Tax Institute (exempt from income tax)	(1,247,562)	745,876
HEPCO Pty Ltd	477,756	371,763
Tax at the statutory tax rate of 25% (prior year 26%)	119,439	96,658
Tax effect of permanent difference		
Non-deductible expenses	**508**	**-**
Adjustment – impact of change of tax rate	**567**	**-**
(Over) / under provision prior year	**1,492**	**-**
Income tax expense	**122,006**	**96,658**

	30 June 2022	30 June 2021
Note 6. Current assets – cash and cash equivalents		
Cash at bank and on hand	4,469,782	6,266,203
Short term deposits	494,306	776,118
	4,964,088	**7,042,321**

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Note 7. Non-current assets – deferred tax		
(a) Deferred tax asset comprises temporary difference attributable to:		
Amounts recognised in the profit or loss:		
– Accrued income	–	271
– Prepayments	(64)	4,473
– Accrued expenses	3,877	14,516
– Income in Advance	–	135,962
– Provision for employee entitlements	18,551	15,372
Deferred Tax Asset	**22,364**	**170,594**
(b) Reconciliation		
Opening balance	170,594	–
Amounts recognised in profit or loss	(148,230)	170,594
Closing balance	**22,364**	**170,594**

	30 June 2022	30 June 2021
Note 8. Non-current assets – financial assets		
Financial asset – designated at fair value through profit or loss	3,906,222	4,090,984
	3,906,222	**4,090,984**
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	4,090,984	3,447,368
Revaluation increments / (decreases)	(184,762)	643,616
Closing fair value	**3,906,222**	**4,090,984**

Franking credits were received for $112,920 and recognised as investment income.

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Note 9. Non-current plant and equipment		
Plant and Equipment – at cost	3,609,873	3,592,605
Less: Accumulated Depreciation	(3,100,746)	(2,872,545)
Total Plant and Equipment	**509,127**	**720,060**
	Plant and Equipment	**Total**
Movements in carrying amounts.	$	$
Movement in carrying amounts for each class of plant and equipment between the beginning and the end of the financial year.		
Balance at the beginning of the year	720,060	928,869
Additions	17,268	39,576
Less: Asset written off – no longer held	–	(23,978)
Depreciation or amortisation expense	**(228,201)**	**(224,407)**
Carrying amount at the end of the year	**509,127**	**720,060**

	30 June 2022	30 June 2021
	$	$
Note 10. Non-current intangible assets		
Education Course Development – at cost	2,195,618	1,233,131
Less: Accumulated Amortisation	(459,853)	(398,665)
Total Education Course Development	**1,735,765**	**834,467**
	Intangible Assets	**Total**
Movements in carrying amounts	$	$
Movement in carrying amounts for intangible assets between the beginning and the end of the financial year.		
Balance at the beginning of the year	834,467	134,071
Additions	962,486	749,151
Amortisation expense	(61,188)	(48,755)
Carrying amount at the end of the year	**1,735,765**	**834,467**

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Software Projects – at cost	4,037,889	3,048,161
Less: Accumulated Amortisation	(2,829,254)	(2,487,177)
Total Software Projects	**1,208,635**	**560,984**
	Intangible Assets	**Total**
Movements in carrying amounts	$	$
Movement in carrying amounts for intangible assets between the beginning and the end of the financial year.		
Balance at the beginning of the year	560,984	822,145
Additions	989,728	262,339
Amortisation expense	(342,077)	(523,500)
Carrying amount at the end of the year	**1,208,635**	**560,984**
Total intangible assets	**2,944,400**	**1,395,451**

	30 June 2022	30 June 2021
	$	$
Note 11. Non-current right-of-use-assets		
Right-of-use-assets	2,108,307	3,631,781
Less: Accumulated Amortisation	(1,163,204)	(2,250,477)
Total Right-of-use-asset	**945,103**	**1,381,304**

The entity leases premises for its head office under agreements of five years with, in some cases, an option to extend. The lease has various escalation clauses. On renewal, the terms of the leases are renegotiated.

	30 June 2022	30 June 2021
	$	$
Note 12. Current liabilities – trade and other payables		
Trade payables	118,038	258,690
Accrued salaries	402,300	691,745
Goods & services tax – net	378,021	354,797
Accruals and other payables	493,703	71,100
	1,392,062	**1,376,332**

	Consolidated	
	30 June 2022	30 June 2021
	$	$
Note 13. Current income in advance		
Membership Fees	4,746,126	4,749,820
Event registrations	804,361	410,109
Education enrolments	235,076	522,932
Publication subscriptions	756,925	595,162
Other	20,251	53,498
	6,562,739	**6,331,521**

	30 June 2022	30 June 2021
Note 14. Non-current – lease make good provision		
Lease make good	195,552	194,303
	195,552	**194,303**

Lease make good

The provision represents the present value of the estimated costs to make the premises leased by the consolidated entity at the end of the respective lease terms.

Movements in carrying amounts.

Movement in carrying amounts for make good provision between the beginning and the end of the financial year.

Carrying amount at the start of the year	194,303	220,966
Additional provision recognised	1,249	2,573
Amounts used	–	(8,647)
Unused amounts reversed	–	(20,589)
Carrying amount at the end of the year	**195,552**	**194,303**

	30 June 2022	30 June 2021
Note 15. Non-current liabilities – lease liabilities		
Lease Liability	1,087,649	1,507,876
Future lease payments Future lease payments are due as follows:		
Within one year	470,530	420,227
One to five years	617,119	1,087,649
	1,087,649	**1,507,876**

	30 June 2022	30 June 2021
Note 16. Employee Benefits Provisions		
CURRENT		
Employee benefits	393,430	378,596
NON-CURRENT		
Employee benefits	65,088	46,874
Aggregate employee benefits	**458,518**	**425,470**
a. Number of employees at year end	**72**	**63**

Note 17. Controlled entities

Australian Tax Research Foundation (ATRF)

The Institute took over administrative responsibility for the ATRF in 2002. Before 2009, the Institute did not exercise control over the ATRF and the ATRF continued to be run as an independent organisation with an independent board.

In late 2009, the Institute took over control of the ATRF and appointed new directors to the ATRF Board.

It is in the opinion of the consolidate entity's directors that given the immateriality of the ATRF's operations, assets and liabilities, consolidating the ATRF into the consolidate entity's results would not lead to more meaningful information being provided to the users of the Institute's Financial Report.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
	Principal place of business /	2022	2021
Name	Country of incorporation	%	%
HEPCO Pty Ltd	Australia	100%	0%

Note 18. Financial risk management objectives and policies

The consolidated entity's principal financial instruments comprise receivables, payables, financial assets held at fair value through profit or loss, cash and short- and long-term deposits.

The main risks arising from the consolidated entity's financial instruments are interest rate risk, price risk, credit risk and liquidity risk. The consolidated entity's uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a hierarchy, based on the lowest level of input that is significant to the entire fair value measurement,

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly, or indirectly

Level 3: Unobservable Inputs for the asset or liability

	Note	Level 1	Level 2	Level 3	Total
		$	$	$	$
Consolidated 2022					
Financial Assets					
Financial assets at FVTPL	8	3,906,222			3,906,222
Consolidated 2021					
Financial Assets					
Financial assets at FVTPL	8	4,090,984			4,090,984

There were no transfers between levels during the year.

Note 19. Members' guarantee

The Institute is a company limited by guarantee. Every member of the Institute undertakes to contribute to the assets of the consolidated entity in the event of its being wound up while he/she is a member or within one year afterwards for the payment of the debts and liabilities of the consolidated entity contracted before he/she ceases to be a member and the costs, charges and expenses of winding up and for the adjustment of the rights of the contributors among themselves such amount as may be required not exceeding two dollars ($2.00).

Note 20. Related party transactions

Key management personnel

Total Remuneration for key management personnel

	Consolidated	
	30 June 2022	30 June 2021
	$	$
CEO (including an at-risk component)	521,568	470,194
Other key management	1,352,561	1,322,710
Total remuneration	**1,874,129**	**1,792,904**

Directors' remuneration

The Directors of the Institute are not remunerated. The 2021 President Peter Godber received an amount of $53,130 (inc gst) for the period 1 July to 31 December 2021. (Prior year: The 2021 President Peter Godber received an amount of $105,079 (inc gst) for the year ended 30 June 2021 for services rendered to the Institute).

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 21. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2022	2021
	$	$
Profit / (loss) after income tax	(1,247,562)	745,876
Total comprehensive income / (loss)	**(1,247,562)**	**745,876**
Statement of financial position		
Total current assets	**9,651,265**	**11,754,106**
Total assets	**13,369,826**	**14,252,751**
Total current liabilities	**7,862,024**	**7,416,529**
Total liabilities	**1,343,443**	**1,745,680**
Equity		
Retained profits	3,842,972	5,090,541
Dividends declared	321,388	0
Total equity	**3,842,972**	**5,090,541**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021

Capital commitments – Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as investment income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 22. Events after the reporting date

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 23. Contingent liabilities and contingent assets

As at 30 June 2022 there are guarantees provided by National Australia Bank of $494,306 (2021: $776,118) for the leases.

Other than the above, there are no contingent liabilities or contingent assets as at reporting date. (2021: Nil) The consolidated entity had no commitments for expenditure as at 30 June 2022. (2021: Nil)

Crowe Sydney
ABN 97 895 683 573
Level 24, 1 O'Connell Street
Sydney NSW 2000
Main +61 (02) 9262 2155
Fax +61 (02) 9262 2190
www.crowe.com.au

Independent Auditor's Report to the Members of The Tax Institute

Opinion

We have audited the financial report of The Tax Institute (the Institute) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the *Corporations Act 2001* and the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors' are responsible for the other information. The other information comprises the information contained in the Group's Annual Report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosure and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial report. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Crowe Sydney

Crowe Sydney

Suwarti Asmono
Partner

28 October 2022
Sydney

Contact details

Leadership Team

Giles Hurst	Chief Executive Officer
Alexandra Wilson	Executive General Manager – HEPCO
Sharon Kells	General Manager – Engagement
Kerryn Divall	General Manager – Finance and Corporate Services
Joanna Price	General Manager – People and Business Solutions
James Paterson	General Manager – Commercial Transformation
Scott Treatt	General Manager – Tax Policy and Advocacy
Maryann Haffenden	General Manager – Tax Academy

National Office

CEO: Giles Hurst
Level 37, 100 Miller Street
North Sydney, NSW 2060

Tel 02 8223 0000
Fax 02 8223 0099
Email ceo@taxinstitute.com.au

State Divisions

New South Wales & ACT
Level 37, 100 Miller Street
North Sydney, NSW 2060

Tel 02 8223 0040
Fax 02 8223 0077
Email nsw@taxinstitute.com.au

Victoria
Level 3, 530 Collins Street
Melbourne, VIC 3000

Tel 03 9603 2000
Fax 03 9603 2050
Email vic@taxinstitute.com.au

Queensland
310 Edwards Street
Brisbane, QLD 4000

Tel 07 3225 5200
Fax 07 3225 5222
Email qld@taxinstitute.com.au

Western Australia
152 St Georges Terrace
Perth, WA 6000

Tel 08 6165 6600
Fax 08 6165 6699
Email wa@taxinstitute.com.au

South Australia, NT & Tasmania
217–219 Flinders Street
Adelaide, SA 5000

Tel 08 8463 9444
Fax 08 8463 9455
Email sa@taxinstitute.com.au
tas@taxinstitute.com.au

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taxinstitute.com.au

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