Tax report for the year ended 31 December 2015

1. Message from the Chief Financial Officer

Since 1849, AMP has been committed to improving the lives of Australians and New Zealanders. We know that our success is directly correlated to the prosperity of our shareholders, customers, advisers and business partners, employees and our communities. This commitment extends beyond the provision of our products and services to helping create a better tomorrow for everyone.

We are proud of the contribution we make to the public finances of the countries in which we operate. We take our tax obligations seriously and our approach to paying tax is predicated on integrity and transparency. That's why we are proud to prepare and present this report. It details the taxes we paid in 2015 and our effective tax rate from 2011–2015.

It also describes our approach to tax: one that seeks to ensure our tax strategy is executed in the spirit of contributing appropriately to the communities in which we operate.

Gordon Lefevre
Chief Financial Officer

2. Introduction

AMP makes a wide range of tax-related payments to governments in various jurisdictions in which it operates.

This report provides information on AMP, the tax payments the company makes, and its tax strategy and governance.

The vast majority of AMP's tax liability is payable in Australia. Income tax is levied on profits attributable to AMP shareholders and, for some investment structures, the investment returns generated for its customers. AMP is also subject to payroll, property, goods and services tax (GST), stamp duty and other taxes. AMP also collects and pays 'pay as you go' (PAYG) taxes on behalf of employees, withholding tax on behalf of shareholders and investors, and contributions tax on customers' superannuation investments. The payment of Australian income tax by AMP generally results in the generation of imputation credits which are passed to shareholders on payment of dividends; where a shareholder is an Australian taxpayer, they obtain the credits for the tax already paid by AMP.

The information in this report is in addition to information published in the AMP 2015 annual report which were prepared applying the recognition, measurement and disclosure requirements of international financial reporting standards.

This report serves two other purposes, firstly, to assist with understanding disclosures expected to be made by the Australian Taxation Office (ATO) later this year in its Tax Transparency Report for our tax year ended 31 December 2014; and secondly, to demonstrate longer term trends in AMP's tax payments, as suggested by the Board of Taxation in its December 2015 consultation paper 'A tax transparency code', comparative data for our tax years ended 31 December 2011, 2012 and 2013 (the '2011 year', '2012 year' and '2013 year' respectively) have been included.

3. AMP group

AMP is Australia and New Zealand's leading independent wealth management company, with an expanding international investment management business and a growing retail banking business in Australia.

The holding company of the group, AMP Limited, is listed on the ASX and NZX.

AMP business operations are carried out by a number of controlled entities including an Australian bank and two Australian registered life insurers. Each of AMP's business units is wholly owned by AMP Limited, except for the AMP Capital business unit which is 85% owned by AMP Limited and 15% owned by Mitsubishi UFJ Trust and Banking Corporation, domiciled in Japan.

The majority of AMP profits are earned from financial services operations in Australia. Other profits are earned from financial services operations in New Zealand, as well as a number of mainly investment management operations in Asia and elsewhere.

AMP comprises the following business units:

- The **Australian wealth management** business provides customers with superannuation, retirement income, investment, SMSF administration and financial advice services (through aligned and owned advice businesses).
- **AMP Capital** is a diversified investment manager, managing investments across major asset classes including equities, fixed interest, infrastructure, property, diversified funds, multi-manager and multi-asset funds.
- **Australian wealth protection** comprises individual and group term, disability and income protection insurance products. Products can be bundled with a superannuation product or held independently.
- **AMP Bank** is an Australian retail bank offering residential mortgages, deposits, transaction banking, and SMSF products with around 100,000 customers. It also has a small portfolio of practice finance loans. AMP Bank distributes through brokers, AMP advisers, and direct to retail customers via phone and internet banking.
- **New Zealand financial services** provides tailored financial products and solutions to New Zealanders through a network of financial advisers. New Zealand financial services has a leading market position in both wealth protection and wealth management, in addition to being the market leader in advice and in providing support to advisers.
- The **Australian mature** business is the largest closed life insurance business in Australia. Australian mature assets under management (AUM) comprises capital guaranteed products (76%) and market linked products (24%). Australian mature products include whole of life, endowment, investment linked, investment account, retirement savings account, eligible rollover fund, annuities, insurance bonds, personal superannuation and guaranteed savings accounts.

AMP's life insurance entities conduct a wealth management business through separate life statutory funds. For the purpose of preparing AMP Limited's consolidated financial report, income, expenses, assets and liabilities attributable to policyholders within the life statutory funds are consolidated into the AMP group financial statements, together with those attributable to the shareholders of the parent entity.

The business of AMP's life insurance activities relates to the provision of wealth management and life insurance products to investors, referred to as policyholders. The nature of the savings element of this business is that AMP receives premiums and other contributions from policyholders and then invests those funds on behalf of the policyholders. Australian tax law generally taxes at different rates policyholder returns and superannuation contributions in the hands of the life insurer.

In addition to the above business units, AMP has a group office function which provides centralised services and performs treasury activities.

Under Australian tax law, AMP's Australian corporate entities are organised into two tax consolidated groups, one for AMP Limited and its wholly owned Australian corporate subsidiaries and another for AMP Capital Holdings Limited and its wholly owned Australian corporate subsidiaries. Each of these tax consolidated groups is a group of companies generally treated as a single taxpayer for income tax purposes. A small number of partly owned Australian corporate entities fall outside these tax consolidated groups and are taxed separately on a stand alone basis.

Where AMP operates in foreign jurisdictions, it will generally establish separate legal entities in those jurisdictions and be subject to the local tax regime. One notable exception is AMP's life insurance operations in New Zealand, which are conducted through a branch in New Zealand (the operations of this branch are funded by premiums paid by New Zealand policyholders). In some cases, AMP establishes investment vehicles and/or investment assets across multiple jurisdictions. This is discussed further in section 4.

To support its global operations, AMP in Australia provides support services (including administrative and IT support) to its overseas related parties (mainly to AMP New Zealand). In addition, advisory arrangements are entered into between AMP Capital in Australia and its international subsidiaries to support the provision of investment advisory and management services to AMP Capital's global client base. All of AMP's international related party dealings reflect arm's length terms in accordance with Australia's transfer pricing requirements and OECD guidelines.

AMP Capital operates a large number of registered managed investment schemes and other pooled investment vehicles. AMP's life insurance entities are significant investors into these vehicles and in many cases this results in control and consolidation of these investment vehicles in the AMP Limited financial statements. In general, those investment schemes and other pooled investment vehicles do not pay tax but are required to distribute taxable income annually which is then taxed in the hands of the investors.

4. Tax strategy and governance

AMP's tax strategy is focused on integrity in compliance, reporting and enhancing shareholder value.

The strategy is implemented through AMP's tax risk framework. This framework is approved by the AMP Limited Board and supported by governance processes which ensure it is implemented with continued effectiveness. The framework and supporting governance processes include an escalation requirement for key risks that are outside of the parameters approved by the AMP Limited Board.

AMP Limited has entered into an annual compliance arrangement (ACA) in relation to income tax and GST with the Australian Taxation Office (ATO). The primary purpose of the ACA is to formalise a relationship predicated on mutual trust, respect and transparency, and which facilitates interaction and cooperation between the parties. The ATO has acknowledged AMP's continued willingness to maintain a cooperative and open relationship.

In conducting AMP's activities (both in Australia and offshore):

- AMP does not shift and/or accumulate profits in low- or zero-tax jurisdictions
- AMP does not use the secrecy rules of jurisdictions to hide assets or income, and
- AMP pays tax where the underlying economic activity occurs.

AMP Limited's board does not sanction or support any activities which seek to aggressively structure AMP's tax affairs.

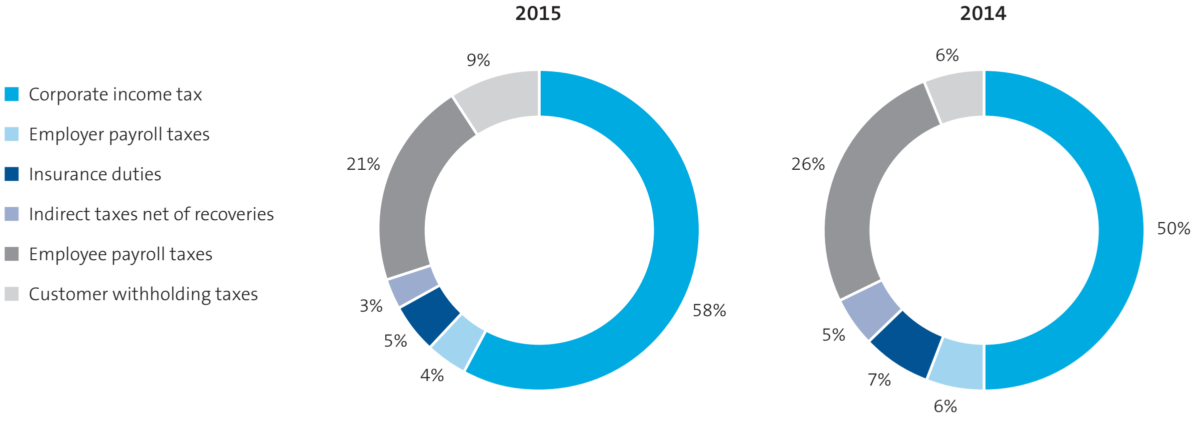
As part of managing a global investment portfolio on behalf of domestic and international clients, including Australian superannuation funds, AMP uses a variety of structures and entities to enter into offshore markets. The selection of a particular location requires balancing various commercial, legal, investor and cost (including tax) factors. In that context, AMP manages investments through entities in jurisdictions which have alignment with The Organisation for Economic Co-operation and Development (OECD) guidelines on tax transparency (ie information exchange with other tax authorities) and in certain instances lower effective tax rates. AMP's public financial reports clearly disclose any 'differences in overseas tax rates' to highlight the impact of the different tax rates applied in relation to shareholder profit from offshore activities.

5. Tax paid analysis

The below table provides an analysis of the types of taxes paid by the AMP group in the 2015 year to the Australian and New Zealand governments (state and federal). The majority of AMP's operations are in these two countries.

AMP also pays taxes (corporate and withholding tax) to other foreign governments where it conducts economic activity, as well as other taxes (eg property taxes, stamp duty on asset transactions), which have not been included in the table below. The table excludes taxes paid by controlled Australian entities which do not form part of the AMP Limited and AMP Capital Holdings tax consolidated groups.

Taxes paid



2015

	Corporate income tax[1] ($m)	Employer/ payroll taxes[2] ($m)	Insurance duties[3] ($m)	Indirect taxes net of recoveries[4] ($m)	Total taxes borne[5] ($m)	Employee payroll taxes[6] ($m)	Customer withholding taxes[7] ($m)
Australian federal taxes	625.1	3.9	–	25.7	654.7	226.7	104.0
Australian state / territory taxes	–	45.2	56.0	–	101.2	–	–
New Zealand taxes[8]	57.8	0.5	–	4.6	62.9	18.2	–
Total	**682.9**	**49.6**	**56.0**	**30.3**	**818.8**	**244.9**	**104.0**

2014

	Corporate income tax[1] ($m)	Employer/ payroll taxes[2] ($m)	Insurance duties[3] ($m)	Indirect taxes net of recoveries[4] ($m)	Total taxes borne[5] ($m)	Employee payroll taxes[6] ($m)	Customer withholding taxes[7] ($m)
Australian federal taxes	412.0	4.4	–	38.8	455.2	210.3	54.4
Australian state / territory taxes	–	43.4	56.6	–	100.0	–	–
New Zealand taxes[8]	25.4	0.5	–	5.5	31.4	17.3	–
Total	**437.4**	**48.3**	**56.6**	**44.3**	**586.6**	**227.6**	**54.4**

1 Tax liability of the AMP Limited and AMP Capital Holdings Limited tax consolidated groups (see further details on page 2) and the New Zealand branches of AMP Life and The National Mutual Life Association of Australasia. This includes tax of $306m (2014:$221m) attributable to Australian policyholders.

2 Comprises payroll and employer taxes payable as a result of a company's capacity as an employer (including Australian and New Zealand fringe benefits tax [FBT]). Figures shown represent payroll tax for the year to 30 June 2015 and 30 June 2014 respectively, Australian FBT for the year to 31 March 2015 and 31 March 2014 respectively and New Zealand FBT for 2015 and 2014 respectively.

3 Insurance duties remitted by AMP to state and territory governments in 2015 and 2014 respectively.

4 Comprises GST and other taxes that arise which cannot be recovered from governments. Figures shown are GST payments for the AMP Life, AMP Services and AMP Capital Investors Australian GST groups, and the New Zealand branches of AMP Life and The National Mutual Life Association of Australasia. The GST under management in these groups totalled $689m in 2015 (2014: $768m) (comprising both GST remitted to the ATO/New Zealand IRD and GST paid to suppliers).

5 Taxes that AMP is obliged to pay to a government on its own behalf (including income tax attributable to policyholders).

6 Employee taxes withheld from employee remuneration and paid to governments in the year to 30 June 2015 and 30 June 2014 respectively.

7 Taxes withheld from customer returns and remitted to governments in 2014 (including PAYG and no-TFN withholding tax).

8 Amounts denominated in New Zealand dollars have been converted to Australian dollars at the 2015 average exchange rate of A$1 = NZ$1.0739 (2014: A$1 = NZ$1.0885).

6. Effective tax rate

'Effective tax rate' is a term used in public discourse, and in this report, to refer to the income tax expense charged as a percentage of total profit before the income tax expense is charged. Income tax expense is an accounting concept and reflects the amount of income tax accrued for accounting purposes. Typically, in any given year, there will be differences between the income tax charge and the amount paid for the period to the ATO, due to timing differences.

For accounting purposes, income tax includes only taxes based on taxable profits and excludes other types of taxes such as GST, stamp duty, superannuation contributions tax, and PAYG tax paid on behalf of superannuation members and employees.

Most of AMP's shareholder income tax responsibilities arise in Australia where tax is levied at the corporate tax rate of 30% of the taxable income of the business. Taxable income is a tax legislation concept and differs from total profit before income tax expense for a number of reasons reflecting government policies applying for each accounting tax year. For example, Australian tax concessions which reduce the effective rate of tax are established government incentives to promote Australian innovation (eg research and development concession [R&D]) and the Australian financial services industry (eg offshore banking unit [OBU] concession).

The effective tax rate is also impacted by the fact that the corporate tax rate applicable to NZ taxable income (28%) is less than the Australian rate.

The total income tax expense disclosed in AMP's financial report consists of both income tax on shareholder profit and also tax on investment returns of policyholders. When making a comparison to the Australian corporate tax rate of 30%, it is appropriate to first deduct the amount of tax attributable to policyholders and then compare the amount of tax attributable to shareholders to the amount of profit after policyholder tax but before shareholder tax.

AMP's total income tax expense attributable to shareholders is 16% (2014: 24%) of the profit after policyholder tax but before shareholder tax.

The following table provides details on the actual amounts and circumstances involved in the AMP income tax applicable to the years of 2011–2015 inclusive.

Relationship between income tax expense and accounting profit

	2015		2014		2013		2012		2011	
	$m	%	$m	%	$m	%	$m	%	$m	%
Profit before income tax excluding tax charged to policyholders	**2,041**	**100%**	**1,274**	**100%**	**934**	**100%**	**826**	**100%**	**938**	**100%**
Prima facie tax at the rate of 30%	612	30%	382	30%	280	30%	248	30%	281	30%
Tax effect of differences between amounts of income and expenses recognised for accounting and the amounts deductible/taxable in calculating taxable income										
– Research and development concession[1]	(9)		(10)		(16)		(14)		(6)	
– Offshore banking unit[2]	(2)		(2)		(2)		(2)		(5)	
– Non-taxable income[3]	(14)		(11)		(7)		(5)		(16)	
– Non-deductible expenses	10		7		7		9		30	
– Other items[4]	(205)		(13)		3		(7)		14	
Differences in overseas tax rate[5]	(7)		(7)		(13)		(10)		(4)	
	(227)	(11%)	(36)	(3%)	(28)	(3%)	(29)	(4%)	13	2%
Prima facie tax adjusted for income and expenses accounting/tax differences and differences in overseas tax rates	**385**	**19%**	**346**	**27%**	**252**	**27%**	**219**	**26%**	**294**	**32%**
Shareholder impact of life-insurance tax treatment[6]	11	1%	30	2%	(16)	(2%)	22	3%	(24)	(3%)
'One-off' tax expense adjustments recognised relating to transactions or events which occurred in one or more previous financial years										
– (Over) under provided in previous years[7]	(25)		(17)		(15)		(83)		33	
– Utilisation of previously unrecognised tax losses[8]	(43)		(56)		(3)		(31)		(41)	
	(68)	(4%)	(73)	(5%)	(18)	(2%)	(114)	(14%)	(8)	(1%)
Total income tax expense attributable to shareholders recognised for accounting purposes	**328**	**16%**	**303**	**24%**	**218**	**23%**	**127**	**15%**	**262**	**28%**

1 Australian tax law provides a government incentive of a 10% additional net tax benefit for qualifying R&D activities undertaken by corporates, up to a limit of $10m per annum.

2 Profit from certain eligible funds management activities undertaken by AMP for non-residents are taxed at a concessional tax rate of 10% under the offshore banking unit regime.

3 This amount includes the impact of imputation credits applying to dividends received on shareholder investments.

4 Includes the tax effect of $723m (2014: $67m) profit attributable to non-controlling interests in investment entities controlled by the AMP life insurance entities' statutory funds which is not subject to tax in the hands of AMP. The taxation of these profits in the hands of the owners of the non-controlling interests will vary depending upon their jurisdiction and individual circumstances. If these profits were excluded from the above analysis, AMP's effective tax rate would have been 9% higher in 2015 (2014: 1% higher). Tax on the controlling interest held by AMP is taxed on a similar basis to other investments of the AMP life insurance entities' statutory funds.

5 A relatively small part of AMP's operations are in jurisdictions with tax rates other than 30% (principally New Zealand where the corporate tax rate is 28%).

6 Profit before tax is impacted by the method for allocating to shareholders 20% of the 'after tax' profits of the participating business book, in both Australia and New Zealand, resulting in the prima facie tax expense not equalling the income tax expense for accounting purposes. The factors affecting the difference vary from period to period reflecting variations in investment returns including bond rates, variations in levels of premiums and claims, and tax treatment compared to tax treatment in New Zealand. In addition, New Zealand tax law provides a concessional tax treatment for life insurance business. This concession ceased to apply after 30 June 2015.

7 Over/under provided in previous years relates to the subsequent adjustment of tax estimates made in prior periods. This occurs as a result of data impacting the estimate, changes to expectations of how tax law should be applied to certain transactions and retrospective adjustments to tax legislation. Significant items include:
- 2011 – the recoverability of the additional deductions claimed in 2010 was reassessed in light of developments during 2011 and the deductions were derecognised.
- 2012 – the release of provisions previously held against the tax treatment of amounts for which additional evidence has been obtained and analysis performed during the period supporting the validity of the original tax treatment.

8 Shareholder tax expense is reduced due to the recoupment of tax benefits that AMP or an entity it acquired became entitled to as a result of losses in a previous period but which had not been recognised for accounting purposes at the time the losses occurred. AMP's tax losses stem primarily from the acquisition of the GIO insurance business in 2000 and the demerger of the UK operations in 2003. At 31 December 2015, AMP had unutilised tax capital losses carried forward which could result in a future tax benefit of $239m. These tax benefits can only be booked to the extent that it becomes probable that sufficient applicable taxable capital gains will be made to utilise the losses. In addition, at 31 December 2015, AMP has unutilised tax losses on revenue account which could result in a future tax benefit of $109m arising from the acquisition of businesses with carried forward tax losses. These are available to offset against taxable income at a constrained rate (approximately 0.6% of AMP's ordinary class taxable income per annum).
- 2014 and 2015 – losses utilised in 2014 and 2015 were impacted by the realisation of capital gains by trusts that AMP invests in.

7. Tax transparency disclosures for the years ended 31 December 2011 to 2014

The following tables outline income tax return data for AMP Limited and AMP Capital Holdings Limited for the tax years ended 31 December 2011 to 2014. The 2013 and 2014 amounts represent information that has been or will be disclosed by the ATO under tax transparency legislation. AMP has disclosed information for the 31 December 2011 and 2012 years voluntarily as this legislation does not apply for those years. These disclosures apply to AMP's Australian income tax position and do not cover any foreign taxes. In the 2011 year, AMP Capital Holdings Ltd (AMPCH) was part of the AMP Limited tax consolidated group and was not a separate taxpayer. AMPCH became a separate taxpayer from 1 March 2012.

This income tax return data will contain both tax attributable to shareholder and policyholder related profits and will therefore differ from the tax paid analysis in section 5 of this report, which only relates to tax paid on shareholder profits.

The ATO has published documents on its website providing background on its corporate tax transparency report and acknowledges that for companies that include a life insurance business (eg AMP), the effective tax rate for accounting purposes will be impacted by the aggregation of shareholder and policyholder tax. The ATO has also noted that differing applicable tax rates, in particular the 15% rate for superannuation, may give an impression of an artificially low tax paid. These documents also comment on the impact of certain items, including the research and development tax concession (R&D) and imputation credits.

For the year ended 31 December 2014 (2014 year)

We expect the data will be released by the ATO later this year and will include the following information from the AMP Limited and AMPCH 2015 Australian income tax returns:

	Gross income ($m)[1]	Taxable income ($m)[2]	Tax payable ($m)
AMP Limited	31,350	5,844	587
AMP Capital Holdings Limited	752	132	38
Total	**32,102**	**5,976**	**625**

Tax transparency disclosures for earlier years (ie the 2011, 2012 and 2013 years) can be found below. The information was taken from the AMP Limited and AMPCH Australian income tax returns for the respective income years.

2013 year

The following data was released by the ATO on 17 December 2015:

	Gross income ($m)[1]	Taxable income ($m)[2]	Tax payable ($m)
AMP Limited	30,123	4,939	376
AMP Capital Holdings Limited	664	116	34
Total	**30,787**	**5,055**	**410**

2012 year

	Gross income ($m)[1]	Taxable income ($m)[2]	Tax payable ($m)
AMP Limited	28,136	5,996	642
AMP Capital Holdings Limited	589	135	38
Total	**28,725**	**6,131**	**680**

2011 year

	Gross income ($m)[1]	Taxable income ($m)[2]	Tax payable ($m)
AMP Limited	**23,615**	**6,886**	**603**

1 Gross accounting income for AMP and its wholly-owned Australian subsidiaries and their foreign branches as disclosed in the tax returns, prior to offsetting expenses (such as claims, commissions, employee costs or interest). This is not readily comparable to AMP's income statement, which also includes income from foreign subsidiaries and Australian entities that fall outside of the tax consolidated groups.

2 Under Australian tax law, AMP Limited has two classes of taxable income (ordinary class and complying superannuation class). Ordinary class taxable income (2014: $1,600m, 2013: $908m, 2012: $1,225m, 2011: $597m) is taxed at the corporate tax rate of 30%, and complying superannuation class taxable income (2014: $4,244m, 2013: $4,031m, 2012: $4,771m, 2011: $6,289m) is taxed at a statutory tax rate of 15%. The taxable income shown above for AMP Limited is the total of both classes of taxable income.

Note: In the 2014 year, AMP Limited's tax payable, as a percentage of taxable income, is 10.04% (and 10.46% including AMPCH). The comparable percentages were 7.6% (and 8.1% including AMPCH) in 2013, 10.72% (and 11.09% including AMPCH) in 2012 and 8.75% in 2011. This relatively low percentage is largely due to how tax payable is determined for life insurance businesses and is explained further below under the heading 'Why tax does not equal 30% of taxable income'. How tax payable is determined for life insurance businesses is also outlined in the ATO's 2013 transparency disclosure report.

Why tax does not equal 30% of taxable income

Separate tax treatment for life insurance business

AMP's tax profile differs to other Australian corporates due to its life insurance and superannuation businesses.

Under the tax rules for life insurance businesses, a significant portion of AMP's gross income, as reported in its tax returns, is not subject to tax (not included in taxable income) or is subject to a concessional rate of tax where it relates to policyholder interests. This includes:

– certain life insurance premiums invested in AMP out of after-tax earnings by policyholders which are not subject to further contributions tax
– income relating to AMP's pension business is exempt from tax, consistent with the taxation of pension phase earnings in a superannuation fund, and
– income relating to complying superannuation business which is taxed at 15%, consistent with the taxation of standalone complying superannuation funds.

Breakdown between the statutory rate of 30% and AMP's tax rate

The difference between AMP's tax payable and a tax payable rate of 30% is a result of:

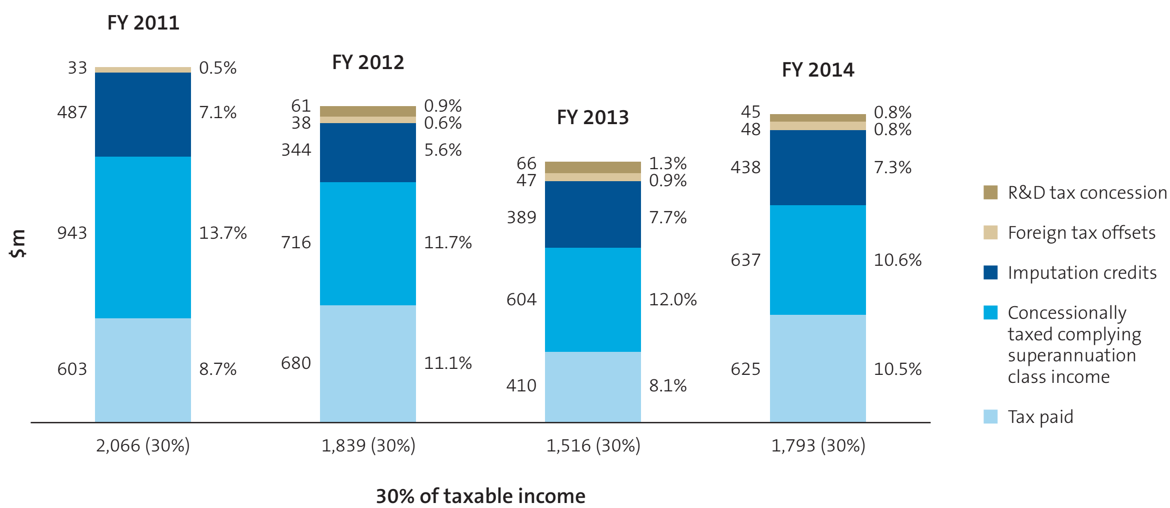
– Complying superannuation class income taxed at a statutory rate of 15%, consistent with the rate of taxation on complying superannuation funds. This contributed a $637m reduction to tax from a 30% tax rate in 2014 (2013: $604m, 2012: $716m, 2011: $943m).
– Imputation credits received by AMP from franked dividends, which reduce its tax payable. These imputation credits arise on dividends received by AMP that have been paid from taxed profits and prevents double taxation of these profits. This contributed a $438m reduction to tax from a 30% tax rate in 2014 (2013: $389m, 2012: $344m, 2011: $487m).
– Foreign tax offsets reflecting payments of foreign tax by AMP. These are allowed as a credit against Australian tax to prevent double taxation. This contributed a $48m reduction to tax from a 30% tax rate in 2014 (2013: $47m, 2012: $38m, 2011: $33m).
– AMP receives R&D tax offsets from conducting R&D activities in Australia. Under the relevant Australian tax law, R&D expenditure was not deductible and gave rise to a 40% tax offset, which is equivalent to a 10% tax concession. This contributed a $45m reduction to tax from a 30% tax rate in 2014 (2013: $66m, 2012: $61m)[1].

The nature of AMP's business means that under Australian tax laws its Australian tax payable ($625m for 2014) is lower than 30% of taxable income (30% tax payable would equate to $1,793m for 2014). In 2011, 2012 and 2013, AMP's Australian tax payable was $603m, $680m and $410m respectively, which is lower than 30% of its taxable income (30% tax payable in each of those years would equate to $2,066m, $1,839m and $1,516m respectively).

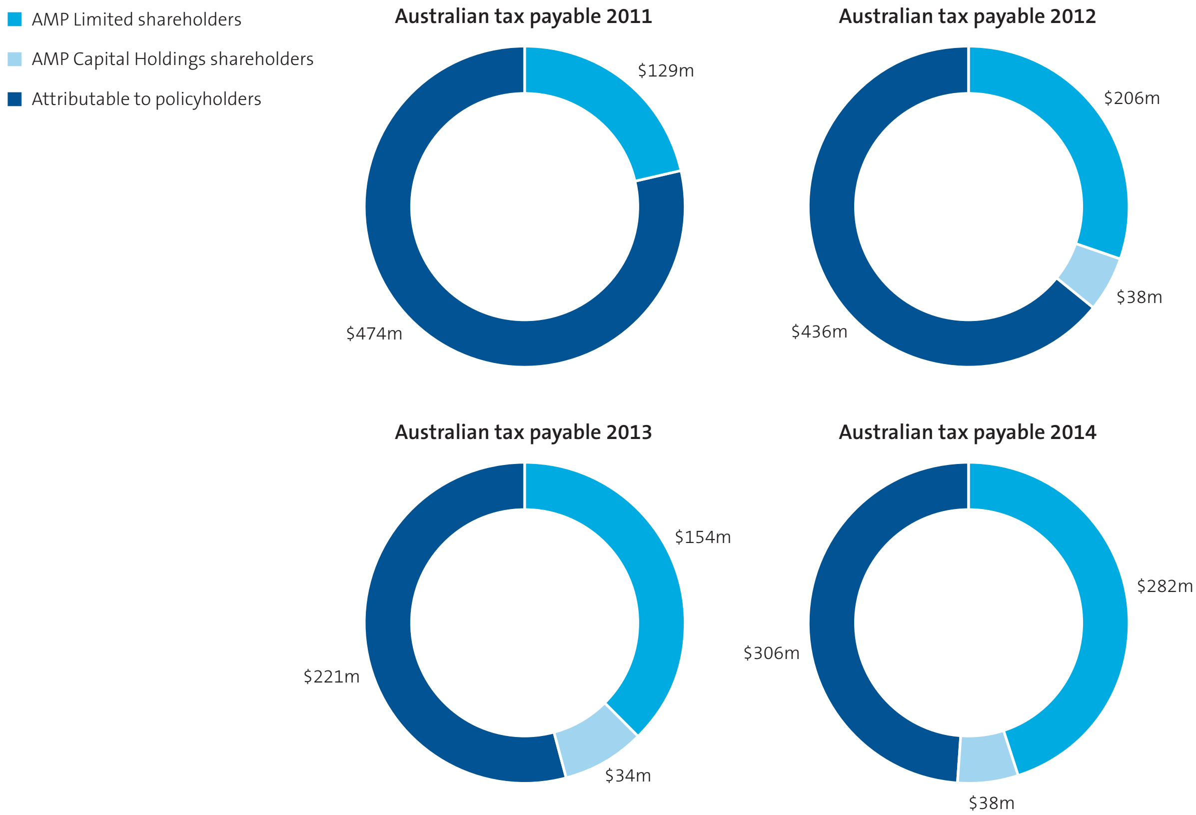
1 The R&D tax offset represents the value of tax deductions for R&D expenditure (at 30%) plus an additional 10% R&D tax concession.

Analysis of gap to 30% of taxable income

The impact of these items on AMP's tax payable over the period from 2011 to 2014 is illustrated in the chart below.



Shareholder vs policyholder tax



1 In 2011, tax payable by AMP Limited shareholders was reduced by an amount of $169.3m as a result of utilisation of AXA Asia Pacific Holdings Limited's (AXA AAPH) tax losses of $564m against shareholder taxable income. The tax cost of AXA APH's reset cost base assets acquired by AMP was reduced by the amount of these tax losses.

2 AMP Capital Holdings Limited did not become a separate taxpayer until 1 March 2012.

The table below and the following footnotes summarise AMP's taxable income and the Australian tax payable by each part of AMP's business for the 2011 to 2014 income years.

	AMP Limited shareholders ($m)	AMP Capital Holdings Limited shareholders ($m)	Total attributable to shareholders ($m)	Attributable to policyholders ($m)	Total ($m)
2014					
Taxable income	1,250	132	**1,382**	4,594	**5,976**
Tax	375[1]	39[1]	**414**	742[2]	**1,156**
Tax offsets[3]	(93)	(1)	**(94)**	(437)	**(531)**
Tax payable	**282**	**38**	**320**	**306**	**625**
2013					
Taxable income	877	116	**993**	4,062	**5,055**
Tax	262[1]	35[1]	**297**	615[2]	**912**
Tax offsets[3]	(108)	(1)	**(109)**	(393)	**(502)**
Tax payable	**154**	**34**	**188**	**221**	**410**[4]
2012					
Taxable income	952	135	**1,087**	5,044	**6,131**
Tax	286[1]	40[1]	**326**	797[2]	**1,123**
Tax offsets[3]	(79)	(2)	**(82)**	(361)	**(443)**
Tax payable	**206**	**38**	**244**	**436**	**680**
2011					
Taxable income	470	N/A	**470**	6,416	**6,886**
Tax	141[1]	N/A	**141**	981[2]	**1,122**
Tax offsets[3]	(12)	N/A	**(12)**	(507)	**(519)**
Tax payable	**129**	**N/A**	**129**	**474**	**603**

1 Shareholder income is subject to tax at a 30% tax rate.

2 Policyholder income is subject to tax at either 30%, 15% or exempt from tax (as discussed above).

3 Tax offsets include R&D offsets imputation credits received by AMP on dividends and foreign tax offsets.

4 This differs to the amount of tax paid shown in the table on page 4 of AMP's 2014 tax report, due to refunds received by AMP from an amendment request in 2015.

Difference between tax payable and income tax expense

The tax payable disclosed in the tax returns of AMP Limited and AMPCH differs to the shareholder income tax expense disclosed in AMP's accounts and 2015 tax report ($303m for 2014, $218m for 2013, $127m for 2012 and $262m for 2011) for reasons including:

– the total tax payable includes tax referable to policyholder income which is not included in shareholder tax expense
– timing differences in respect of the recognition of income and expenses for tax and accounting purposes (eg gains on investments are not included in taxable income until the investments are realised)
– AMP's shareholder income tax expense includes foreign taxes, as well as Australian tax referable to entities that are not included in the AMP Limited and AMPCH consolidated tax groups (eg income of AMP's foreign branches already taxed overseas are not subject to further Australian tax).

Further, the tax payable attributable to policyholders disclosed above represents the cash tax paid in respect of those income years. The policyholder income tax expense disclosed in AMP's accounts (2014: $540m, 2013: $564m, 2012: $561m, 2011: ($265m)) represents both current and deferred tax expense/(benefit) expected to be paid in future income years.

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Independent Auditor's Report to the Board Audit Committee of AMP Limited

We have audited the extraction of information contained in the 'Relationship between income tax expense and accounting profit' table ("the table") as presented in the accompanying AMP Tax Report of AMP Limited ("the company") on page 5 for the years ended 31 December 2011, 2012, 2013, 2014 and 2015.

The financial information contained in the table for the years ended 31 December 2011, 2012, 2013, 2014 and 2015 ("the respective years) has been extracted from the audited financial information for the respective years of the company for inclusion in the AMP Tax Report. We have audited the financial report of AMP Limited for the respective years in accordance with the *Corporations Act 2001*. Our independent auditors report for the year ended 31 December 2015 can be found on page 135 of the AMP Limited 2015 Annual Report and states that in our opinion, the financial report of AMP Limited at 31 December 2015 gives a true and fair view of AMP Limited's financial position and financial performance for the year ended on that date.

Management's Responsibility for the AMP Tax Report

Management of the company are responsible for the preparation of the AMP Tax Report, inclusive of the table, and have determined that the financial information, as presented on page 5 in the AMP Tax Report is appropriate to the needs of financial users. This responsibility includes establishing and maintaining internal controls relevant to the preparation of the AMP Tax Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the extraction of the table based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial information contained in the table for the respective years has been properly extracted, in all material respects, from the audited financial information for the respective years.

The financial information has been extracted from audited financial information for inclusion in the AMP Tax Report for the respective years. We have not performed an audit of the financial information contained in the AMP Tax Report.

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

Independence

We are independent of AMP Limited and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Opinion

In our opinion, the specified financial information contained in the table as presented in the AMP Tax Report for the respective years has been properly extracted from the audited financial reports of AMP Limited for the respective years and therefore presents fairly the tax position of AMP Limited in all material respects for the years ended 31 December 2011, 2012, 2013, 2014 and 2015.

Ernst & Young
Sydney
22 March 2016