

Half-year to 30 Sep 2014 \$m	Half-year to 31 Mar 2014 \$m	Half-year to 30 Sep 2013 \$m
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## Note 4

### Income tax expense

#### (i) Numerical reconciliation of income tax (expense)/benefit to prima facie tax payable

Prima facie income tax expense on operating profit <sup>(1)</sup>	(336)	(389)	(243)
Tax effect of amounts which are non-assessable/(non-deductible) in calculating taxable income:			
Rate differential on offshore income	(79)	(154)	(25)
Other items	(17)	23	(39)
<b>Total income tax expense</b>	<b>(432)</b>	<b>(520)</b>	<b>(307)</b>

#### (ii) Tax (expense)/benefit relating to items of other comprehensive income

Available for sale reserves	(16)	54	(92)
Cash flow hedges	10	(7)	(4)
Foreign currency translation reserve	1	(29)	(2)
Share of other comprehensive income of associates and joint ventures	2	(1)	(5)
<b>Total tax (expense)/benefit relating to items of other comprehensive income</b>	<b>(3)</b>	<b>17</b>	<b>(103)</b>

<sup>(1)</sup> Prima facie income tax expense on operating profit is calculated at the rate of 30 per cent.

Revenue authorities undertake risk reviews and audits as part of their normal activities.

Macquarie Group is currently subject to risk review and audit by the Australian Taxation Office (ATO). In prior years, Macquarie received amended assessments from the ATO. A number of these matters have been resolved. Macquarie has not received amended assessments from the ATO in the current period.

In accordance with ATO practice, Macquarie has paid a portion of the primary tax and interest in respect of the unresolved amended assessments and this amount has been included in these financial statements as part of tax receivables, pending resolution.

Macquarie has considered its position with respect to unresolved matters and other tax claims, including seeking advice, and considers that it holds appropriate provisions.

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