

Tax Governance

The Audit Committee of the Board oversees TD's financial reporting, including reviewing tax and tax planning matters that are material to the Bank's financial statements. TD's approach to tax governance includes these key elements:

- Complying with all applicable tax laws and the stated legislative intent of these laws.
- Maintaining tax compliance as a fundamental part of our business practice.
- Complying with arm's length principles for TD Bank Group's intragroup transactions between different countries and jurisdictions.
- Managing tax risk to avoid unnecessary disputes.
- Working transparently and cooperatively with the appropriate tax authorities.
- Consulting with leading law and accounting firms to obtain expert, objective advice and opinions on tax matters.
- Proactively working with policy-makers and revenue authorities to assist in the development of tax legislation and assessing its economic implications.

TD is supportive of the two-pillar solution developed by the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, in particular the Global Anti-Base Erosion (GloBE) Rules. The new reform of the international taxation rules are designed to ensure that multinational enterprises pay a minimum level of tax on the income arising in each of the jurisdictions where they operate. TD applies the tax transfer pricing principles and documentation requirements under the local country laws for each jurisdiction where we operate and follows the OECD guidelines. In managing our global tax incidence, TD considers the tax rates of foreign jurisdictions when determining where best to conduct operations and allocate capital.

TD has transparent working relationships with the Canada Revenue Agency and other tax authorities and often obtains advance tax rulings where legal uncertainty exists.

Taxes We Pay

TD pays corporate income taxes on the profits we earn, as well as various taxes incurred in our business operations. TD's business strategy is focused on our core markets of Canada and the U.S. In 2022, 97% of the taxes we paid were in these jurisdictions.

In the U.S., we make investments in affordable housing as discussed in the Highlight on Affordable Housing section of the [2022 ESG Report](#). These investments result in Low-Income Housing Tax Credits, which lower the taxes we pay in the U.S. We also invest in municipal bonds in the U.S., which pay tax-free interest. These and similar credits are the main reason why our tax liability is lower than the statutory tax rate.

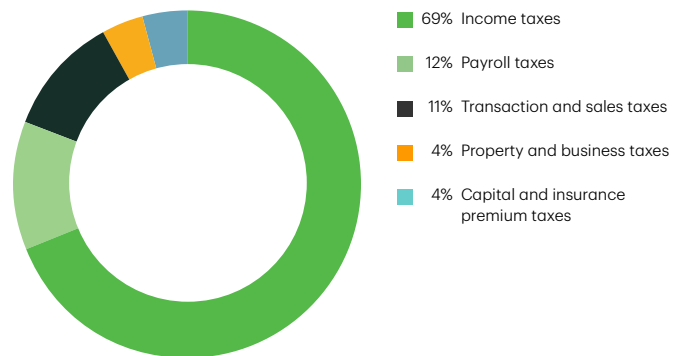
For additional information about the taxes we pay in Canada, please see page 10 of TD's [2022 Public Accountability Statement](#).

Taxes We Collect

TD collects taxes on behalf of governments in the countries and regions where we operate. The taxes we collect include:

- The employee portion of payroll taxes
- Income tax on behalf of employees
- Property tax on behalf of customers who are mortgage holders
- Transaction tax on customer activities to which sales taxes apply
- Withholding taxes on behalf of investors

Types of Taxes Borne by TD in 2022



March 2023