



## TREASURY WINE ESTATES

14 December 2015

# Australian tax transparency measures TWE tax contribution in fiscal 2014

## Introduction

In line with global initiatives to increase corporate tax transparency, in December 2015 the Australian Tax Office (ATO) will publish information on the tax returns of public Australian corporate tax entities that report a total income of A\$100 million or more in their fiscal 2014 tax return. The details to be published by the ATO are the corporate tax entity's name, Australian Business Number, total income, taxable income and income tax payable.

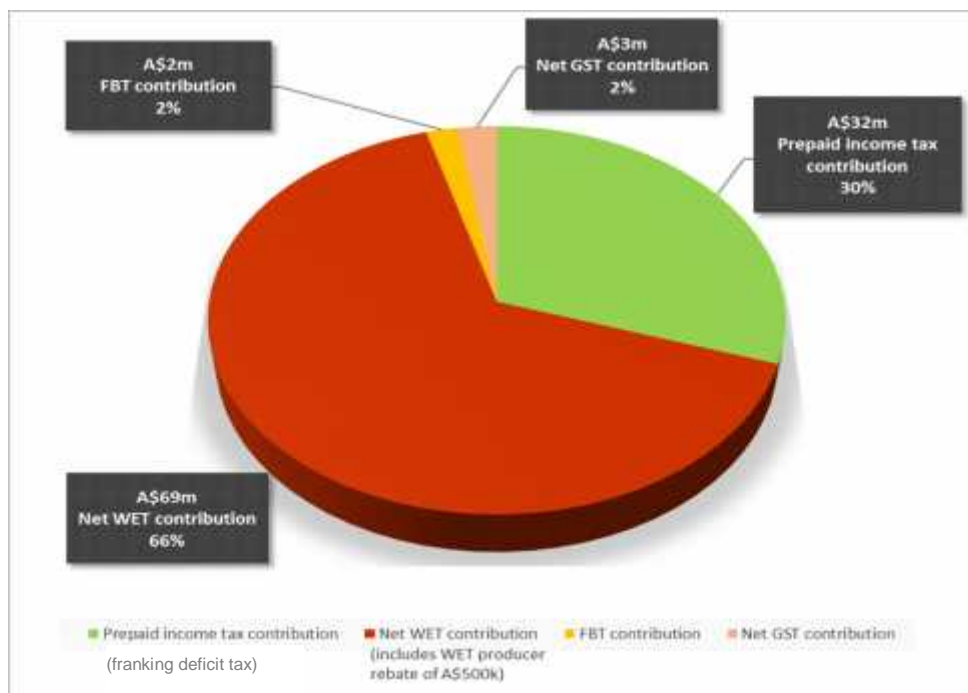
## TWE position on tax transparency

TWE welcomes initiatives designed to promote tax transparency and places significant importance on maintaining high standards of tax governance and compliance. TWE fully supports the work on tax transparency by the ATO, the Organisation for Economic Co-operation and Development (OECD), the Group of Twenty (G20) and other organisations.

Furthermore, TWE sees the momentum for greater transparency of corporate tax affairs as an opportunity to share relevant information with stakeholders that is above and beyond what the ATO will shortly publish.

## TWE Australian federal tax contribution for fiscal 2014

In Australia, TWE paid a net amount of A\$106m in federal taxes for the period of fiscal 2014. These taxes included: the Wine Equalisation Tax (WET), Goods and Services Tax (GST), Fringe Benefits Tax (FBT) and income tax. The following pie chart sets out TWE's total Australian federal tax contribution in respect of 2014.



In addition to TWE's Australian federal tax contribution shown in the pie chart, TWE contributes to Australian state taxes, including payroll tax, land tax and stamp duties.

## 2014 Australian tax return information

When assessing TWE's fiscal 2014 tax contributions it is critically important to note that TWE prepaid A\$31.4 million of Australian income tax in July 2014.

Further information on TWE's prepaid income tax is provided below:

	<b>(A\$ million)</b>
Total income <sup>1</sup>	1,013
Profit/(loss) before tax <sup>2</sup>	(91)
Taxable income <sup>3</sup>	49
Income tax payable after tax offsets <sup>4</sup>	0

<sup>1</sup> Total Australian income excludes all expenses (e.g. COGS, interest, employee costs, depreciation, etc.).

<sup>2</sup> Includes one-off expenses in 2014 which generated an accounting loss.

<sup>3</sup> Taxable income is assessable income derived from all sources less allowable deductions incurred in gaining that income.

<sup>4</sup> Income tax payable was reduced to nil through the application of tax offsets totalling A\$15 million for foreign income taxes paid, research and development expenditure and franking deficit tax paid.

**Note on prepaid income tax:** As disclosed in TWE's 2014 Annual Report, TWE was required to reset the cost base of all of its assets following its demerger from Foster's in 2011. This project was completed in 2014 and as a result TWE received A\$49.3 million of tax refunds. The receipt of these refunds meant that TWE's franking account went into deficit by A\$31.4 million and TWE was required to pay A\$31.4 million franking deficit tax in July 2014. The payment of franking deficit tax represents a prepayment of income tax and can be used to offset TWE's future Australian income tax liabilities. A\$8.3 million of this franking deficit tax offset was used in TWE's 2014 Australian income tax return.

## TWE's tax profile

Treasury Wine Estates Limited (TWEL) is an Australian company listed on the Australian Securities Exchange. TWEL is the ultimate global parent company of the TWE group.

TWEL has many wholly-owned subsidiaries in Australia. TWEL and its Australian wholly-owned subsidiaries are taxed in Australia as a consolidated group for income tax purposes.

TWEL has wholly-owned subsidiaries operating in our four market segments: Australia and New Zealand (ANZ), Europe, Middle East and Africa (EMEA), Americas and Asia. Each of these subsidiaries is subject to the taxation regime of their respective jurisdiction.

TWE has a Tax Governance policy which has been reviewed and approved by the Board. The core guiding principles of this policy include:

- a. Comply with all tax laws in the countries in which TWE operates
- b. Maintain effective relationships with revenue authorities in countries in which TWE operates
- c. Adhere to the Board approved tax risk framework.

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