TREASURY
WINE ESTATES

30 November 2016

Australian tax transparency measures
TWE's Australian tax contribution in fiscal 2015

Introduction

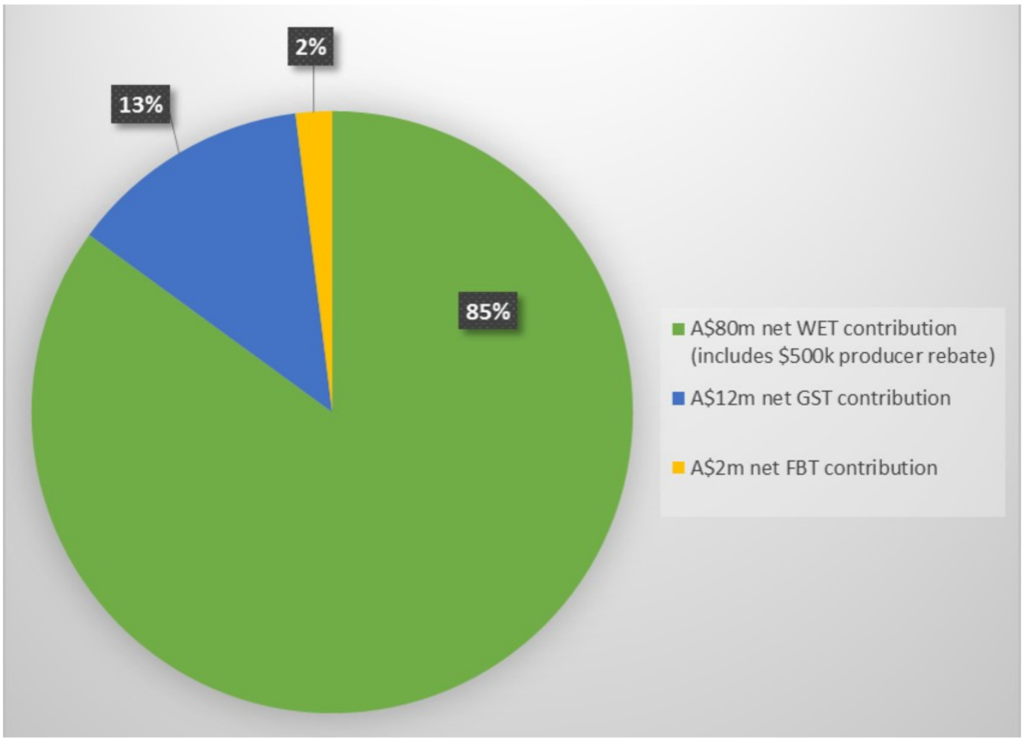
In line with global initiatives to improve corporate tax transparency, the Australian Tax Office (ATO) will publish information shortly on the tax returns of public Australian corporate tax entities that report a total income of A$100 million or more in their fiscal 2015 tax return. Consistent with the prior year, 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's Australian federal tax contribution for fiscal 2015

TWE paid a net amount of A$94 million in Australian federal taxes for the fiscal 2015 period.

TWE's Australian income tax for the fiscal 2015 period was prepaid as part of the franking deficit tax of A$31.4 million paid in July 2014.

The Australian federal taxes paid by TWE for fiscal 2015 included Wine Equalisation Tax (WET), Goods and Services Tax (GST) and Fringe Benefits Tax (FBT). The chart below depicts TWE's total Australian federal tax contribution in respect of fiscal 2015.



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

TWE’s fiscal 2015 Australian tax return information

Key numbers from TWE’s fiscal 2015 Australian income tax return include:

	(A$ million)
Total income[1]	1,075
Profit/(loss) before tax[2]	39
Taxable income[3]	41
Tax on taxable income	12
Tax offsets applied	(12)
Income tax payable after tax offsets[4]	0

[1] Total Australian income includes net sales revenue and all other revenue and excludes expenses (e.g. COGS, interest, employee costs, depreciation, etc.).
[2] Profit before tax of $39 million includes material items predominately reflecting provisions raised for restructuring costs.
[3] Taxable income is assessable income derived from all sources less allowable deductions incurred in gaining that income.
[4] Income tax payable was reduced to nil through the application of tax offsets totalling A$12 million for franking deficit tax paid, research and development expenditure and foreign income taxes paid.

As disclosed in TWE’s 2014 Annual Report, TWE 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.

TWE’s 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.

TWE is formally adopting the principles and details of the voluntary tax transparency code as outlined by the Board of Taxation for the financial year ended 30 June 2016. In addition, TWE released details of its Australian federal tax contribution and Australian tax return information for fiscal 2014 in late 2015.

TWE considers the greater transparency of corporate tax affairs to be an opportunity to share relevant information with stakeholders that is above and beyond what the ATO will publish later this year.

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.

Currently, TWEL has wholly-owned subsidiaries operating in our four key market segments: Australia and New Zealand, the Americas, Asia and Europe. 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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