

## Tabcorp and Taxes

Tabcorp Holdings Limited (**Tabcorp**) is a leading Australian gambling entertainment company that operates across three diversified businesses: Lotteries and Keno; Wagering and Media; and Gaming Services.

Tabcorp returns a substantial amount of its revenue to the community through the gambling taxes levied on its operations.

Tabcorp has adopted the Board of Taxation's Voluntary Tax Transparency Code and makes the disclosures below in accordance with that code.

The information provided below relates to the year ended 30 June 2020:

### Part A

#### A reconciliation of accounting profit to tax expense and to income tax paid or income tax payable, including identification of material temporary and non-temporary differences

	<b>\$ millions</b>
Profit/(loss) before income tax expense	(767.3)
Income tax payable at the 30% company tax rate	230.2
Tax effect of adjustments in calculating taxable income:	
– amortisation of licences	(12.1)
– research and development claims	2.8
– non-deductible impairment expense	(327.0)
– non-deductible expenses	(3.7)
– other	6.2
Effect of differing international tax rates	(0.4)
Income tax (expense)/benefit	(103.2)
Adjustments in respect of current income tax of previous years	
– research and development claim refunds	(2.8)
– other	4.8
Deferred tax balance movements	(27.8)
Current period tax payable (before FITO)	(129.0)
Foreign income tax offset (FITO) expected	2.6
Current period tax payable	(126.4)

## Accounting effective company tax rates (ETR) for Australian and global operations (pursuant to AASB guidance)

Global operations ETR*	Australian operations ETR*
N/A	N/A

**Note: ETR \***

In FY20 ETR is not applicable given it has a statutory loss.

Tabcorp Group's international operations are based in the United States and Isle of Man. The international operations represent 1.8% of revenue.

In FY20, Tabcorp held a 50% interest in Premier Gateway International (**PGI**), located in the Isle of Man. PGI operates as an international hub for pari-mutuel betting. In February 2021, Tabcorp acquired the balance of the 50% interest in PGI from Phumelela Gold International Limited. Tabcorp owns Sky Racing World LLC (**SRW**), located in the USA. SRW operates as a race broadcasting distributor.

## Part B

### Approach to tax strategy and governance

Tabcorp adopts a conservative and cautious approach to tax risk management. It maintains a comprehensive Tax Risk Management Policy [TRMP], which it has shared with the Australian Taxation Office (**ATO**). The TRMP applies to the technical, financial impact of Australian tax laws as well as corporate reputation and accountability of Tabcorp. The TRMP is approved by the Board.

The objective of Tabcorp's tax strategy is to ensure that shareholders' best interests are served by the correct amount of taxes being paid at the right time in the countries in or through which Tabcorp group members operate.

Tabcorp's tax strategy principles are:

- Tabcorp aims to ensure the highest level of compliance with all of its statutory tax obligations, operating in good faith and with transparency.
- Tabcorp seeks to maximise shareholder value, while operating in accordance with the law.
- Tabcorp manages its tax risk and tax affairs in a proactive manner.
- Tabcorp seeks to maintain professional, collaborative and open relations with tax authorities.
- Tabcorp considers reputation risk and stakeholder interests in assessing tax risk.
- For international operations, profits are allocated and taxed where the value is created.

### Tax contribution summary for corporate taxes paid

Tax or impost	\$ millions
Income taxes	103
Gambling taxes and GST	2,086
Returns to the racing industry	954

### Information about international related party dealings

As a large taxpayer, Tabcorp is under constant review by the ATO. Its international related party dealings are disclosed to the ATO as part of this review process.

All transactions between Tabcorp and these international related parties are conducted, priced and documented on an arm's length basis having regard to Australian transfer pricing laws.

Tabcorp Holdings Ltd	tabcorp.com.au	ABN 66 063 780 709
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