DRAFT Voluntary Tax Transparency Code

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# Introduction

The VTTC was first developed by the Board of Taxation in 2016 on behalf of the Government.

In response to developments in global tax transparency requirements and stakeholder feedback, the VTTC has been updated and simplified to minimise reporting duplication. Notwithstanding that the VTTC is voluntary, the Government expects all responsible businesses operating in Australia to adopt it.

The VTTC encourages taxpayers to publicly disclose information regarding their tax affairs to promote community confidence that they are paying their fair share of tax and not engaging in aggressive tax avoidance behaviours. The VTTC complements Australia’s mandatory public country-by-country reporting regime (public CbCr) as well as providing an avenue for taxpayers who are not subject to the public CbCr to report on their tax affairs.

## Objectives of the VTTC

The VTTC has been designed to:

* Reinforce Australia’s culture of voluntary compliance and leadership in tax transparency, promoting community confidence in the tax system, in alignment with global developments and broader ESG reporting;
* Encourage all businesses to adopt a risk-based approach to their tax affairs;
* Enhance community understanding of business tax compliance by providing businesses with the opportunity to explain their tax affairs;
* Provide a framework for entities that are not in scope of mandatory transparency regimes to report information about their tax affairs; and
* Provide access and visibility for the public, to view and compare the tax affairs of companies.

## Why adopt the VTTC?

Increasing transparency about the tax affairs of businesses operating in Australia provides benefits to business and the wider community. These benefits include:

* Allowing businesses to provide a comprehensive explanation of their tax affairs, minimising any tax misunderstandings;
* Building public trust via good governance on tax matters, and providing objective evidence to demonstrate a commitment to responsible and ethical tax practices; and
* Strengthening investor confidence by reducing information asymmetry to attract and retain investors.

## New VTTC participants

The Board of Taxation maintains a register of businesses that have adopted the VTTC on its [website](https://taxboard.gov.au/current-activities/voluntary-tax-transparency-code). Businesses that intend to adopt the VTTC should notify the Board by email to taxboard@treasury.gov.au providing the below information:

* Name of the business;
* Whether the business is a ‘Public CbC reporter’ or a ‘Non-public CbC reporter’ for VTTC purposes (See [**Appendix C – Glossary**](#_Appendix_C_–)); and
* An indication of the first income year in which the business intends to publish a VTTC report.

The Australian Taxation Office (ATO) facilitates the VTTC by hosting a centralised database of links to published VTTC reports. Following publication of the VTTC, businesses should notify the ATO by emailing ttc@ato.gov.au and following the directions on its [website](https://www.ato.gov.au/businesses-and-organisations/corporate-tax-measures-and-assurance/large-business/corporate-tax-transparency/voluntary-tax-transparency-code).

## Who should report?

The VTTC is targeted at larger businesses as most of the public interest is focussed on the tax affairs of large business, including both Australian headquartered businesses and foreign multinationals. However, all businesses are encouraged to adopt the VTTC to demonstrate their commitment to responsible tax practices.

The VTTC offers flexibility on grouping of entities and formatting, aimed at reducing compliance costs:

* There may be a number of entities within an accounting consolidated group which are subject to the VTTC. The VTTC does not specify the means by which these disclosures should occur. Therefore, groups can choose the level of aggregation or grouping of entities for disclosures under the VTTC and which entity is the discloser(s). For example, groups can choose to produce one disclosure covering all relevant entities, individual disclosures by entity or aggregations of entities.
* Similarly, some taxpaying entities (such as multiple entry consolidated (MEC) groups) may produce more than one set of financial reports for different parts of the group, and this may impact the way in which they choose to make their VTTC disclosures. Groups should produce their disclosures in a manner which best matches the natural accounting and reporting systems of that organisation to mitigate compliance costs in adoption of the VTTC, whilst ensuring that the disclosures are presented in a way that is relevant and easily understood by users.

## Overview of VTTC redesign

The Australian and global tax transparency landscape has evolved significantly since 2016. With the commencement of the public CbCr in Australia, the VTTC has been updated and simplified to minimise duplication with public tax transparency reporting frameworks. Following extensive stakeholder consultation and feedback, the following changes have been made:

* Separation of requirements under the VTTC based on whether or not a business is a ‘Public CbC reporter’ for VTTC purposes, to achieve purposeful transparency by simplifying and minimising duplication with the public CbCr requirements and to reduce reporting requirements for ‘Non-public CbC reporters’;
* Inclusion of a new requirement to provide a reconciliation of the VTTC to the ATO Corporate Tax Transparency Disclosures. This is in response to feedback by stakeholders regarding timing of reports, data lags, discrepancies in tax payable on account of reporting methods, and concerns regarding information misrepresentation;
* Inclusion of an example template format for VTTC reporting, for both ‘Public CbC reporters’ and ‘Non-public CbC reporters’ based on fictitious businesses (contained in [**Appendix A**](#_Appendix_A_–_1)), to provide guidance, encourage consistency in reporting and facilitate improved comparability of VTTC reports;
* Inclusion of optional elements throughout the VTTC. Whilst voluntary and subject to discretion, completion of the optional elements is encouraged; and
* Inclusion of a self-assessment reporting checklist (contained in [**Appendix B**](#_Appendix_B_–_1)) to assist reporters in completing their VTTC.

# VTTC reporting requirements

The VTTC reporting requirements are separated based on whether a business is a ‘Public CbC reporter’ or a ‘Non-public CbC reporter’:

* A **‘Public CbC reporter’** for VTTC purposes is a ‘CbC reporting parent’ (as defined under the ITAA 1997)that is required to publish information under section 3D of the TAA; and
* A **‘Non-public CbC reporter’** for VTTC purposes is defined as any business that is not a ‘Public CbC reporter’ for VTTC purposes. This includes taxpayers who are exempt from the public CbCr.

(See [**Appendix C – Glossary**](#_Appendix_C_–))

Reporting under the VTTC includes both ‘requirements’ and ‘optional elements’ which differ according to classification as a ‘Public CbC reporter’ or a ‘Non-public CbC reporter’:

* **Requirements**: Businesses who choose to adopt the VTTC should ensure that all requirements have been met.
* **Optional elements**: Businesses that wish to provide comprehensive tax information are encouraged to adopt the optional elements

See [**Appendix A**](#_Appendix_A_–_1) for an example template format of a VTTC report to aid with completion, comparability and consistency of reports.

#### Timing

For ‘Public CbC reporters’, it is suggested that the VTTC is prepared and published at the latest to align with the public CbCr publication timing requirements under subsection 3D(3) of the TAA, to reduce unnecessary duplication. Reporters may choose to publish earlier.

## Summary of VTTC reporting requirements

**Overview**

|  |  |  |
| --- | --- | --- |
| VTTC reporting requirements | Public CbC reporter | Non-public CbC reporter |
| Entity name | ✔ | ✔ |
| Confirmation of public CbC reporting status and compliance with reporting requirements under the TAA. | ✔ | n/a |
| Link to completed CbC report (where available) | ✔ | n/a |
| Activities | Covered by the public CbCr | ✔ |
| Material subsidiaries | Covered by the public CbCr | ✔ |
| Number of employees | Covered by the public CbCr | ✔ |

**Tax data**

|  |  |  |
| --- | --- | --- |
| VTTC reporting requirements | Public CbC reporter | Non-public CbC reporter |
| Total tax contribution | ✔ | ✔ |
| Effective tax rate for Australian and global operations | ✔ | ✔ |
| Reconciliation of accounting profit to income tax expense to income tax paid or payable | Covered by the public CbCr | ✔ |
| Reconciliation to ATO Corporate Tax Transparency Disclosures | ✔ | ✔ |

**Overall approach to tax**

|  |  |  |
| --- | --- | --- |
| VTTC reporting requirements | Public CbC reporter | Non-public CbC reporter |
| Approach to tax  | Covered by the public CbCr | ✔ |
| Tax governance, control and risk management | Optional elements only | Optional elements only |
| Stakeholder engagement and management of concerns related to tax | Optional elements only | Optional elements only |
| International related party dealings summary | ✔ | ✔ |

## VTTC Navigation

|  |  |  |
| --- | --- | --- |
| VTTC section | Public CbC reporter | Non-public CbC reporter |
| VTTC reporting requirements  | * Navigate to pages 8 – 12

[Public CbC reporter](#_Public_CbC_reporter) | * Navigate to pages 13 - 18

[Non-public CbC reporter](#_Non-Significant_Global_Entity) |
| Example VTTC report (Appendix A) | * Navigate to pages 20 – 30 [Public CbC Reporter: Example VTTC Report](#_Public_CbC_Reporter:)
 | * Navigate to pages 31 - 39

[Non-public CbC Reporter: Example VTTC Report](#_Non-public_CbC_Reporter:) |
| VTTC checklist (Appendix B) | * Navigate to pages 40-42

[Public CbC reporter](#_CbC_reporter_1) | * Navigate to pages 43-45

[Non-public CbC reporter](#_Non-public_CbC_reporter) |

## Public CbC reporter

|  |  |
| --- | --- |
| **VTTC reporting requirements** | **Public CbC reporter** |
| [Overview](#_Basic_information_1)  | ✔Partial completion |
| [Total tax contribution](#_Total_tax_contribution_2) | ✔ |
| [Effective tax rate for Australian and global operations](#_Effective_tax_rates) | ✔ |
| [Reconciliation to ATO Corporate Tax Transparency Disclosures](#_A_reconciliation_to) | ✔ |
| [Tax governance, control and risk management](#_Tax_governance,_control,)  | Optional elements only |
| [Stakeholder engagement and management of concerns related to tax](#_Stakeholder_engagement_and)  | Optional elements only |
| [International related party dealings summary](#_International_related_party_1) | ✔ |

### Overview

|  |
| --- |
| **VTTC Requirement**Businesses should confirm that they are a public country-by-country reporting parent and that they have complied with their reporting requirements under the TAA. Where available, businesses should provide a link to their completed public CbC report.  |

### Tax Data

#### Total tax contribution

|  |
| --- |
| **VTTC Requirement**Businesses should report their total Australian corporate income tax contribution. |

##### Optional elements

* Report on global group total income tax contribution.
* Report other Australian taxes and imposts paid to Government, for example Petroleum Resource Rent Tax, royalties, excises, payroll taxes, stamp duties, fringe benefits tax and state taxes.
* Report Government imposts collected by the business on behalf of others, for example, GST and Pay As You Go withholding taxes.

#### Effective tax rates – Australia and global

|  |
| --- |
| **VTTC Requirement**Businesses should report an Australian accounting effective tax rate (ETR) and a global ETR for the worldwide accounting consolidated group calculated based on tax expense (income). |

##### Optional elements

* Provide a description of the primary drivers of the gap between ETR and the weighted average statutory rate.

##### Guidance[[1]](#footnote-2)

The Australian Accounting Standards Board (AASB) developed guidance material to assist businesses in meeting the requirements of the VTTC.[[2]](#footnote-3) In particular, the AASB guidance establishes a common definition of ETR to ensure consistency and comparability.[[3]](#footnote-4)

The global ETR should be calculated ‘for the worldwide accounting consolidated group’ of which the Australian operations form a part.

ETRs can be calculated on different bases (for example total profit vs underlying earnings), inviting possible criticism that they can potentially be misleading to those seeking to understand how a given ETR compares to the company tax rate.

Businesses are expected to follow the AASB guidance in preparing their VTTC reports.[[4]](#footnote-5) Where AASB is not followed, businesses should explain the basis of their ETR calculations and any underlying assumptions.

#### A reconciliation to ATO Corporate Tax Transparency Disclosures

|  |
| --- |
| **VTTC Requirement**Businesses that are subject to the ATO Corporate Tax Transparency Disclosures, should provide a reconciliation of the data published by the ATO against the data in the VTTC, including:* The accounting profit which correlates to ‘total income’ reported by the ATO in respect of relevant entities;
* The income tax paid and payable in the VTTC to ‘tax payable’ reported by the ATO; and
* Any further explanation necessary to assist users of the tax transparency information to understand how the information reported by the ATO reconciles to the VTTC.
 |

##### Guidance

The VTTC provides an opportunity for business to provide meaningful context to the information published annually by the ATO under the mandatory corporate tax transparency measures.

This reporting requirement will involve businesses indicating which entities in the ATO disclosures are covered by the VTTC.

**[Guidance on timing]**[[5]](#footnote-6)

### Overall approach to tax

#### Approach to tax

|  |
| --- |
| **VTTC requirement** Businesses should provide a statement confirming that they report on ‘approach to tax’, consistent with the GRI 207-1 requirements, in their public CbC report.  |

#### Tax governance, control, and risk management (Aligned with GRI 207-2)

##### Optional elements

* Provide a description of the tax governance and control framework including:
	+ the governance body or executive-level position within the organisation accountable for compliance with the tax strategy;
	+ how the entity’s approach to tax is communicated and embedded in the organisation;
	+ how tax risks are identified, managed and monitored; and
	+ how compliance with tax governance and control framework is evaluated.
* Provide a description of the mechanisms to raise concerns about business’ conduct and integrity in relation to tax.
* Provide a description of the assurance process for disclosures on tax.

#### Stakeholder engagement and management of concerns related to tax (Aligned with GRI 207-3)

##### Optional elements

* Provide a description of the approach to engagement with the ATO. This may include:
	+ the assurance regimes the entity is subject to, including any outcomes from assurance regimes, for example, internal audit, external audit, Advance Pricing Arrangements (APAs), Annual Compliance Arrangement (ACA), Justified Trust reviews and ATO pre-lodgment compliance reviews;
	+ engagement on tax risks including private binding rulings obtained, cooperative compliance agreements, seeking active real-time audit, seeking clearance for significant transactions and advance pricing agreements sought;
	+ the outcome of ATO compliance activities, for example, a ‘risk rating’ or the outcome of a streamlined risk review; and
	+ any significant ongoing or recently settled tax disputes with the ATO and/or other revenue authorities, including settlement outcomes, to the extent not already disclosed in financial statements.
* Provide a description of its approach to engagement with other tax authorities.
* Provide a description of the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders.

#### International related party dealings summary

|  |
| --- |
| **VTTC Requirement**Businesses should provide a qualitative disclosure of key categories of dealings with offshore related parties which have a material impact on the business’ Australian taxable income, including:* the nature of the dealings; and
* the country in which the related party is located.
 |

##### Guidance

A business’ dealings with international related parties have particular relevance for the VTTC audience. Businesses may wish to provide further information, including:

* A description of the business approach to allocation of value between international related parties. For example, use of the arm’s length principles in line with OECD guidelines.
* Additional context in relation to the size of their international related party dealings relative to their whole business. For example, a business could express its international related party dealings as a percentage of its total revenue or expenditure, as relevant; and
* An explanation of activities undertaken in no or low tax jurisdictions, types of tax incentives used, approach to transfer pricing and how it ensures its transactions are arm’s length.

The Board believes it is necessary for the VTTC to include this information in light of community concern and media coverage of tax issues. This information provides ‘Public CbC reporters’ with a platform to elaborate on the nature of any related party dealings and revenue from related parties reported under the public CbCr. Businesses may address these concerns by carefully explaining the commercial context of the arrangements.

There is public interest in ensuring that international related party dealings are being conducted in a manner consistent with Australian tax law and international taxation norms (the arm’s length principle). Transparency ensures the public have visibility over the structuring arrangements and activities of multinational entities.

The Board acknowledges there may be risks for some businesses in publicly disclosing the information noted above, including the risk of reputational damage caused by misunderstanding of the information and disclosure of commercially sensitive information. However, it may also provide an opportunity for businesses to explain and mitigate any misunderstanding as information about business activities in specified jurisdictions may now require disclosure under other transparency regimes.

Large businesses with no material international related party dealings should state this in their VTTC.

## Non-public CbC reporter

|  |  |
| --- | --- |
| **VTTC reporting requirements** | **Non-public CbC reporter** |
| [Overview](#_Overview)  | ✔Partial completion |
| [Total tax contribution](#_Total_tax_contribution) | ✔ |
| [Effective tax rate - Australia](#_Effective_tax_rates_3) | ✔ |
| [Reconciliation of accounting profit to income tax expense to income tax paid or payable](#_A_reconciliation_of_1) | ✔ |
| [Reconciliation to ATO Corporate Tax Transparency Disclosures](#_A_reconciliation_to_1) | ✔ |
| [Approach to tax](#_Approach_to_tax_2)  | ✔ |
| [Tax governance, control and risk management](#_Tax_governance,_control)  | Optional elements only |
| [Stakeholder engagement and management of concerns related to tax](#_Stakeholder_engagement_and_1)  | Optional elements only |
| [International related party dealings summary](#_International_related_party)  | ✔ |

### Overview

|  |
| --- |
| **VTTC Requirement**Businesses should provide the following information: * a list of all material subsidiaries in the group;
* an explanation of the main business activities undertaken by the group; and
* total number employees for the global group and for the Australian operations.
 |

### Tax Data

#### Total tax contribution

|  |
| --- |
| **VTTC Requirement**Businesses should disclose their total Australian corporate income tax contribution. |

##### Optional elements

* Report on global group total income tax contribution.
* Report other Australian taxes and imposts paid to Government, for example Petroleum Resources Rent Tax, royalties, excises, payroll taxes, stamp duties, fringe benefits tax and state taxes.
* Report Government imposts collected by the business on behalf of others, for example, GST and Pay As You Go withholding taxes.

#### Effective tax rate – Australia

|  |
| --- |
| **VTTC Requirement**Businesses should disclose an Australian accounting effective tax rate (ETR).  |

##### Optional elements

* Provide a description of the primary drivers of the gap between ETR and the weighted average statutory rate.
* Provide a global ETR for the worldwide accounting consolidated group calculated based on tax expense (income).

##### Guidance[[6]](#footnote-7)

The Australian Accounting Standards Board (AASB) developed guidance material to assist businesses in meeting the requirements of the VTTC.[[7]](#footnote-8) In particular, the AASB guidance establishes a common definition of ETR to ensure consistency and comparability.[[8]](#footnote-9)

The global ETR should be calculated ‘for the worldwide accounting consolidated group’ of which the Australian operations form a part.

ETRs can be calculated on different bases (for example total profit vs underlying earnings), inviting possible criticism that they can potentially be misleading to those seeking to understand how a given ETR compares to the company tax rate.

Businesses are expected to follow the AASB guidance in preparing their VTTC reports.[[9]](#footnote-10) Where AASB is not followed, businesses should explain the basis of their ETR calculations and any underlying assumptions.

#### A reconciliation of accounting profit to income tax expense to income tax paid or payable

|  |
| --- |
| **VTTC Requirement**Businesses should disclose a reconciliation of accounting profit to income tax expense, and from income tax expense to income tax paid or income tax payable. The reconciliation should identify material temporary or non-temporary differences. |

##### Guidance

In the interests of minimising compliance costs, inclusion of a reconciliation in the ‘Australian general purpose financial reports’ or via publication of a ‘taxes paid’ report or another document prepared at a global level is acceptable provided that reconciliation identifies material temporary and non-‑temporary differences.

The reconciliation should follow the draft AASB standards.[[10]](#footnote-11)

#### A reconciliation to ATO Corporate Tax Transparency Disclosures

|  |
| --- |
| **VTTC Requirement**Businesses that are subject to the ATO Corporate Tax Transparency Disclosures, should provide a reconciliation of the data published by the ATO against the data in the VTTC, including:* The accounting profit which correlates to ‘total income’ reported by the ATO in respect of relevant entities;
* The income tax paid and payable in the VTTC to ‘tax payable’ reported by the ATO; and
* Any further explanation necessary to assist users of the tax transparency information to understand how the information reported by the ATO reconciles to the VTTC.
 |

##### Guidance

The VTTC provides an opportunity for business to provide meaningful context to the information published annually by the ATO under the mandatory corporate tax transparency measures.

This reporting requirement will involve businesses indicating which entities in the ATO disclosures are covered by the VTTC.

**[Guidance on timing]**[[11]](#footnote-12)

### Overall approach to tax

#### Approach to tax

|  |
| --- |
| **VTTC Requirement**Businesses should provide information on its approach to tax including:  * whether they have a formal tax policy or strategy;
* the governance body or executive-level position that formally reviews and approves the tax strategy and is responsible for compliance with the tax strategy, including frequency of review; and
* the approach to regulatory compliance.
 |

#### Tax governance, control and risk management[[12]](#footnote-13)

##### Optional elements

* Provide a description of the tax governance, control and risk management framework including:
	+ the governance body or executive-level position within the organisation accountable for compliance with the tax strategy;
	+ how the entity’s approach to tax is communicated and embedded in the organisation;
	+ how tax risks are identified, managed and monitored; and
	+ how compliance with tax governance and control framework is evaluated.

#### Stakeholder engagement and management of concerns related to tax[[13]](#footnote-14)

##### Optional elements

* Provide a description of the approach to engagement with the ATO. This may include:
	+ the assurance regimes the entity is subject to, including any outcomes from assurance regimes, for example, internal audit, external audit, Advance Pricing Arrangements (APAs), Annual Compliance Arrangement (ACA), Justified Trust reviews and ATO pre-lodgment compliance reviews;
	+ engagement on tax risks including private binding rulings obtained, cooperative compliance agreements, seeking active real-time audit, seeking clearance for significant transactions and advance pricing agreements sought;
	+ the outcome of ATO compliance activities, for example, a ‘risk rating’ or the outcome of a streamlined risk review; and
	+ any significant ongoing or recently settled tax disputes with the ATO and/or other revenue authorities, including settlement outcomes, to the extent not already disclosed in financial statements.
* Provide a description of its approach to engagement with other tax authorities.

#### International related party dealings summary

|  |
| --- |
| **VTTC Requirement**Businesses should provide a qualitative disclosure of key categories of dealings with offshore related parties which have a material impact on the business’ Australian taxable income, including:* the nature of the dealings; and
* the country in which the related party is located.
 |

##### Guidance

A business’ dealings with international related parties have particular relevance for the VTTC audience. Businesses may wish to provide further information, including:

* A description of the business approach to allocation of value between international related parties. For example, use of the arm’s length principles in line with OECD guidelines.
* Additional context in relation to the size of their international related party dealings relative to their whole business. For example, a business could express its international related party dealings as a percentage of its total revenue or expenditure, as relevant; and
* An explanation of activities undertaken in no or low tax jurisdictions, types of tax incentives used, approach to transfer pricing and how it ensures its transactions are arm’s length.

The Board believes it is necessary for the VTTC to include this information in light of community concern and media coverage of tax issues. Businesses may address these concerns by carefully explaining the commercial context of these arrangements.

There is public interest in ensuring that international related party dealings are being conducted in a manner consistent with Australian tax law and international taxation norms (the arm’s length principle). Transparency ensures the public have visibility over the structuring arrangements and activities of multinational entities.

The Board acknowledges the risks of businesses publicly disclosing the information noted above, including the risk of reputational damage caused by misunderstanding of this information. However, this may also provide an opportunity for businesses to explain and mitigate any misunderstanding as information about business activities in specified jurisdictions may now require disclosure under other transparency regimes.

Large businesses with no material international related party dealings should state this in their VTTC.

# Appendix A – Example template format of VTTC report

|  |
| --- |
| **Notes.*** + The examples contained in Appendix A are entirely based on fictitious businesses ‘JAS Ltd’ (Public CbC reporter) and ‘PAA Ltd’ (Non-public CbC reporter).
	+ All data and information has been constructed for guidance purposes only. Any similarities drawn between the data contained in Appendix A and any Australian listed companies is entirely coincidental.
	+ The inclusion and presentation of information in VTTC reports will depend on the particular facts and circumstances of each business and business-specific materiality.[[14]](#footnote-15) These examples do not prescribe a mandatory format of presentation but rather have been provided for guidance purposes only.
 |

#

# Public CbC Reporter: Example VTTC Report

**Tax Transparency Report for JAS Ltd**

**For the year ended 31 December 2024**

**Published: 31 December 2025**

****

## Overview

JAS Ltd reports under Australia’s public country-by-country reporting requirements, the 2025 report can be found here [**insert link**].

This VTTC report has been approved by the JAS Ltd Audit and Risk Committee on behalf of the Board.[[15]](#footnote-16) In preparing this report, JAS Ltd have followed the recommendations in the Board of Taxation’s Tax Transparency Code.

## Tax Data

### Total Tax Contribution

|  |
| --- |
| **$130.7m paid in Australian income tax** |

In the 2025 reporting year, JAS Ltd paid **$130.7 million** in corporate income taxes in Australia. Corporate income tax is paid on taxable profits, not on revenue.

**$130.7m**

Total corporate income tax contribution

#### Optional elements

* **[Report on global group total income tax contribution]**

In the 2025 reporting year, JAS Ltd’s total global tax contribution was AUD$217.8 million. Of this, JAS Ltd’s Australian contribution represented 60%.

* **[Report on other Australian taxes and imposts paid to Government, for example Petroleum Resources Rent Tax, royalties, excises, payroll taxes, stamp duties, fringe benefits tax and state taxes]**
* **[Report Government imposts collected by the business on behalf of others, for example, GST and Pay As You Go withholding taxes]**

In addition to corporate income tax, JAS Ltd collected and paid **$19.8 million** in other Australian taxes, and **$219.8 million** in government imposts collected on behalf of others.

**$370.4m**

Total Australian taxes paid

These taxes are summarised in the below table.

##### Total Australian tax contribution summary

| **Taxes borne by JAS Ltd**  | **2025 reporting year ($,000)** |
| --- | --- |
| Corporate income tax | 130,750 |
| Fringe benefits tax (FBT) | 2,536 |
| Withholding taxes on dividends, interest, invoices without ABN  | 190 |
| Property taxes  | 824 |
| Payroll taxes  | 16,270 |
| **Total taxes borne by JAS Ltd in Australia**  | **150,570** |
| Net GST  | 123,560 |
| Pay As You Go Withholding  | 96,302 |
| **Total taxes collected on behalf of others**  | **219,862** |
| **Total taxes paid**  | **370,432** |

### Effective Tax Rate

|  |
| --- |
| **23% Australian ETR | 18.2% Global ETR** |

JAS Ltd’s Australian effective tax rate (corporate income tax) for the 2025 reporting year was **23%.** JAS Ltd operates in 19 countries and its global effective tax rate for the 2025 reporting year was **18.2%.**



#### Optional elements

* **[Provide a description of the primary drivers of the gap between ETR and the weighted average statutory rate]**

JAS Ltd’s effective tax rate differs from the Australian statutory corporate tax rate of 30% due to several items:

* Differences in tax rates in the countries in which JAS Ltd operates;
* Material temporary and non-temporary differences (book to tax adjustments);
* Incentives such as R&D tax offset which is applied; and
* Country specific allowances and disallowances or limitations of certain deductions in countries.

### A reconciliation to ATO Corporate Tax Transparency Disclosures

The ATO publishes certain Australian income tax information in relation to large taxpayers annually, including JAS Ltd. The below table provides a summary of how the ATO’s 2023 FY public disclosures reconcile to the income tax paid and income tax payable disclosures in JAS Ltd’s 2023 FY VTTC.

The ATO public disclosure amounts will differ from the numbers disclosed in JAS Ltd’s 2023 VTTC:

* The ATO amounts reflect the Australian tax consolidated group whereas JAS Ltd’s annual report includes the JAS Ltd global group.
* Foreign subsidiaries and entities that are not wholly owned cannot be members of the Australian tax consolidated group.
* Tax payable disclosed by the ATO includes credits for taxes paid on offshore income that is also taxable in Australia.

|  |  |  |
| --- | --- | --- |
| **Reconciliation**  | **2023 FY ($,000)** | **ATO Disclosure ($,000)** |
| **Total Australian income and accounting profit**  |
| **Total income**  | **2,170,256** | **2,170,256** |
| Total expenses  | (2,033,764) | n/a |
| Profit before tax (accounting profit) | 136,492 | n/a |
| **Book to tax adjustments**  |
| Non-temporary differences | (556) | n/a |
| Temporary differences | 53,020 | n/a |
| **Taxable income** | **188,956** | **188,956** |
| Tax payable at 30% statutory rate | 56,687 | n/a |
| R&D tax offset  |  (12,630) | n/a |
| **Income tax payable**  | **44,057**  | **44,057** |

**Note**. The ATO’s public disclosures with respect to JAS Ltd’s 2025 income tax return are expected to be released by the ATO in late 2026 and will be reconciled in the 2026 JAS Ltd Tax Transparency Report.[[16]](#footnote-17)

## Overall approach to tax

### Approach to tax

JAS Ltd reports ‘approach to tax’ information for the group, consistent with the GRI 207-1 global standards, as part of our reporting requirements under Australia’s public country-by-country reporting regime.

### Tax governance, control, and risk management

#### Optional elements

* **[Provide a description of the tax governance, control and risk management framework including:**
	+ **the governance body or executive-level position within the organisation accountable for compliance with the tax strategy;**
	+ **how the entity’s approach to tax is communicated and embedded in the organisation;**
	+ **how tax risks are identified, managed and monitored; and**
	+ **how compliance with tax governance and control framework is evaluated.]**

**Governance**

JAS Ltd is committed to high standards of corporate governance and tax transparency including compliance with all applicable tax laws, rules and regulations. JAS Ltd does not participate in tax avoidance schemes or aggressive tax positions and only engages in transactions that are aligned with PAA’s commercial objectives.

Our approach to tax is embodied in the ***JAS Ltd Code of Responsible Business Practice*** and the ***JAS Ltd Tax Strategy***. The code outlines JAS Ltd’s values and principles of conduct, with ethics, integrity and transparency at the forefront. The tax strategy applies to all taxes including indirect taxes (such as GST) and outlines our tax principles.

In the 2025 reporting year, JAS Ltd engaged an independent specialist to conduct a governance review of its Australian GST and income tax environment who found the key controls were effective.

**Six responsible tax principles that govern JAS Ltd’s global approach to tax**

|  |  |
| --- | --- |
|  | **Compliance** JAS is committed to complying with the laws of the countries we operate in and meeting all tax obligations on time. Our commitment to compliance means that appropriate arrangements are in place to accurately calculate our tax liabilities, so we can ensure we pay the right amount of tax in the right place at the right time. We report all relevant facts and circumstances to tax authorities on a timely basis while claiming available reliefs and incentives relevant to our business activities. |
|  | **Risk management and governance** JAS is committed to strong governance. Our Board approves all tax policy and ensures all tax risks are identified, assessed and managed under the Tax Risk Management Framework and reported to the Audit and Risk Committee.  |
|  | **Transparency** JAS publishes annual tax transparency reports to explain the taxes we pay. JAS has an open-door culture underpinned by the JAS Whistleblower Protection Policy.We believe openness facilitates understanding on the contributions we make and provides community stakeholders with confidence over our group compliance in the countries in which we operate.  |
|  | **Corporate citizenship**JAS operates with integrity to maintain open, respectful, constructive and co-operative relationships with revenue authorities. We engage revenue authorities in real-time to obtain certainty over our tax positions and to identify and resolve disagreements on a timely basis.  |
|  | **Business structure** JAS engages in transactions which align with our business activity and with clear commercial purpose and economic rationale. We do not engage in aggressive tax planning.  |
|  | **Advocating reform** JAS supports simple, efficient, stable and competitive tax rules and the principle that the taxing rights of countries should be commensurate with where the economic activity occurs. We engage in the reform process of international tax rules and local tax rules to support economic growth, job creation and viable long-term tax contributions.  |

The tax strategy is overseen by the JAS Ltd Board, who are responsible for overall compliance, tax risks and reporting. The Board is supported by the Audit and Risk Committee who maintain a high level of oversight and meets on a quarterly basis to assess the effectiveness of the strategy and undertake formal assurance reviews to ensure compliance with the strategy. The Chief Financial Officer is directly accountable for the management of tax risks, with the JAS Tax Manager and Tax Business Unit operationalising the framework, advising the CFO and Committee on the tax implications of business decisions, transactions and compliance with tax laws.

**Risk management**

JAS Ltd’s tax risk management approach is informed by the ***JAS Ltd Tax Risk Management Framework***which was prepared in accordance with the ATO’s Tax Risk Management and Governance Review Guide and is reviewed annually by the Board. The framework sets out the processes, roles, responsibilities and accountabilities to ensure a consistent and compliant approach across the group. JAS Ltd ensures its tax processes, systems and controls are robust through regular reviews and revisions where necessary. JAS Ltd has controls to test the integrity of tax data, a strong focus on technology to support tax compliance, and carries out regular tax due diligence and verification processes.

**Escalation of tax matters**

**Key elements of the JAS Ltd Tax Risk Management Framework**

|  |  |
| --- | --- |
| **Formal risk management mechanisms** | **Day-to-day risk management obligations**  |
| Enterprise Risk Management Framework  | Provide appropriately resources tax function with experienced professionals  |
| Risk Appetite Statement  | Implement mechanisms to measure significant transactions, materiality and risk |
| Corporate Governance Statement  | Provide tax engagement protocols  |
| Tax guidelines relating to taxes, tax concessions and relationships with regulators  | Engage external tax advisors where necessary |
| Significant Transaction Identification and Tax Risk Escalation Guideline | Obtain tax rulings or advice from tax authorities on complex or uncertain areas of the law.  |
| Quarterly tax compliance papers submitted to the Audit and Risk Committee  |  |

### Stakeholder engagement and management of concerns related to tax

#### Optional elements

* **[Provide a description of its approach to engagement with the ATO. This may include:**
	+ **the assurance regimes the entity is subject to, including any outcomes from assurance regimes, for example, internal audit, external audit, Advance Pricing Arrangements (APAs), Annual Compliance Arrangement (ACA), Justified Trust reviews and ATO pre-lodgment compliance reviews;**
	+ **engagement on tax risks including private binding rulings obtained, cooperative compliance agreements, seeking active real-time audit, seeking clearance for significant transactions and advance pricing agreements sought;**
	+ **the outcome of ATO compliance activities, for example, a ‘risk rating’ or the outcome of a streamlined risk review; and**
	+ **any significant ongoing or recently settled tax disputes with the ATO and/or other revenue authorities, including settlement outcomes, to the extent not already disclosed in financial statements]**
* **[Provide a description of its approach to engagement with other tax authorities]**

**Engagement with tax authorities**

JAS Ltd recognises the role of tax authorities in administering tax laws and is committed to maintaining an open, constructive and transparent relationship with tax authorities. JAS Ltd is committed to maintaining good compliance and mitigating tax risks. We recognise that on occasion there will be differences in interpretation of the laws where the tax treatment of certain activities and transactions is unclear. For transactions which present as non-routine, or unclear JAS Ltd seeks tax certainty, and utilises Private Binding Rulings where appropriate. In the event of any disputes, we will maintain an open and constructive relationship with tax authorities to achieve a mutually acceptable resolution.

**Engagement with the ATO**

We correspond with the ATO to explain any relevant tax issues and risks that arise. We seek to resolve any differences firstly through professional and transparent discussions, during the ATO’s Pre-lodgment Compliance Review Program, targeted at Australia’s top taxpayers. This involves ongoing real-time discussions with the ATO regarding significant transactions and/or tax positions adopted on specific matters.

**✔ ATO pre-lodgment compliance program**

**✔ ‘High assurance’ under the ATO justified trust program**

**✔ Actively seeks ATO advice via Private Binding Rulings and makes Voluntary Disclosures**

JAS Ltd works closely with the ATO under their Top 100 justified trust program. As part of this program, the ATO seeks to obtain a greater level of assurance that taxpayers are paying the ‘right amount of tax’ in accordance with the tax laws. JAS Ltd has maintained a ‘High Assurance’ rating since the 2018 financial year, meaning the ATO has obtained sufficient objective evidence to conclude that JAS Ltd paid the correct amount of income tax.

In the 2025 reporting year, JAS reached an agreement with the ATO to settle a transfer pricing dispute relating to its cross-border transfer and licencing of IP between JAS Ltd and JAS Singapore. The settlement brings an end to all transfer pricing tax disputes for past years back to 2018 for $81 million. In the 2025 reporting year, JAS Ltd separately provided a voluntary disclosure to the ATO to adjust Research & Development (R&D) tax incentive claims in our 2023 income tax return, after mistakenly claiming non-R&D related expenses as part of R&D expenditure.

* **[Provide a description of the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders]**

JAS Ltd are committed to adhering to the tax laws in each of the countries in which we operate. We continuously monitor changes to tax legislation and seek advice from professional advisors where appropriate, including for material or non-routine tax transactions. Any tax planning will have commercial and economic substance, considering impact on our reputation and values as a responsible business. We do not put in place any contrived or artificial tax arrangements.

### International Related Party Dealings summary

In the course of conducting our business across the markets in which we operate, transactions take place which give rise to international related party dealings with offshore branches and subsidiaries.

JAS Ltd international related party dealings are disclosed in the International Dealings Schedule of its annual income tax return. These dealings fall into five key categories set out below.

| **Transaction type**  | **Summary of the nature of dealings**  | **Countries related parties are located**  |
| --- | --- | --- |
| **Research and Development (R&D)**  | JAS Ltd has a global innovation network with R&D activities ranging from drug discovery, preclinical studies, clinical trials and regulatory affairs. The JAS group entity that owns a product is responsible for R&D and engages other JAS group entities as appropriate to conduct R&D on its behalf.  | Germany, Netherlands, Singapore. |
| **Manufacturing**  | JAS Ltd has specialised manufacturing operations including two Australian sites based in Sydney and Brisbane, and global manufacturing operations where we have contract manufacturing arrangements with our subsidiaries.  | Ireland, Belgium, Switzerland.  |
| **Transfer and licencing of Intellectual Property** | JAS Ltd performs a large part of all functions related to the development, enhancement and protection of IP. JAS Ltd transfers and licences IP between related jurisdictions with all royalty or licencing fees based on arm’s length amounts.  | Germany, Ireland, Singapore. |
| **Financing arrangements**  | JAS Ltd has financing-related activities, including guarantees, equity funding and intra-group loans, advanced to fund operations and capital expenditure. JAS Ltd receives interest income on amounts loaned in accordance with arm’s length principles.  | United Kingdom  |
| **Exported medicines** | JAS Ltd pharmaceutical products are sold directly into local markets via subsidiary headquarter distributors.  | United Kingdom, United States, Canada, Panama, Singapore, Switzerland, Germany, Belgium, China, Netherlands, Dubai, New Zealand, Japan, Hong Kong, Malaysia, Sweden, Brazil, South Africa  |

# Non-public CbC Reporter: Example VTTC Report

**Tax Transparency Report for PAA Ltd**

**For the year ended 30 June 2025**

**Published: 30 June 2026**

****

## Overview

PAA Ltd is an Australian listed leading manufacturer and distributor of high-quality widgets, incorporated in 1983, and headquartered in Newcastle, Australia with a growing international presence. PAA specialises in the manufacture and distribution of a wide range of high-quality widgets which power industries across the globe. We deliver products that meet the diverse needs of our customers. Our widgets are built to last, ensuring reliability and performance in every application.

PAA Ltd has regional headquarters with subsidiaries across three countries, **the United States, India and China.** PAA’s global workforce is comprised of approximately 1,013 employees who engage in manufacturing, distribution, logistics, sales and administration.

This VTTC report has been approved by the PAA Ltd Audit and Risk Committee on behalf of the Board.[[17]](#footnote-18) In preparing this report, PAA Ltd have followed the recommendations in the Board of Taxation’s Tax Transparency Code.

## Tax Data

### Total Tax Contribution

|  |
| --- |
| **$14.9m paid in Australian income tax** |

In the 2025 financial year, PAA Ltd paid **AUD$14.9 million** in corporate income taxes in Australia. Corporate income tax is paid on taxable profits, not on revenue.

**$14.9m**

Total corporate income tax contribution

#### Optional elements

* **[Report on global group total income tax contribution]**

In the 2025financial year, PAA’s total global income tax contribution was **AUD$23 million**. Of this, PAA’s Australian contribution represented 65%.

* **[Report on other Australian taxes and imposts paid to Government, for example Petroleum Resources Rent Tax, royalties, excises, payroll taxes, stamp duties, fringe benefits tax and state taxes]**
* **[Report Government imposts collected by the business on behalf of others, for example, GST and Pay As You Go withholding taxes]**

****In addition to corporate income tax, PAA Ltd collected and paid **$17.4 million** in other Australian taxes, and **$53.4 million** in government imposts collected on behalf of others.

These taxes are summarised in the below table.

**$85.6m**

Total Australian taxes paid

|  |  |
| --- | --- |
| **Total Australian tax contribution summary** | **2024-25 FY ($,000)** |
| **Taxes borne by PAA Ltd** |
| Corporate income tax | 14,898 |
| Fringe benefits tax (FBT) | 600 |
| Payroll taxes | 7,233 |
| Property taxes  | 5,800 |
| Stamp duty  | 1,200 |
| Other local taxes and levies  | 2,581 |
| **Total taxes borne by PAA Ltd in Australia**  | **32,312** |
| **Taxes collected by PAA Ltd on behalf of others**  |
| Net GST  | 20,467 |
| Pay As You Go Withholding  | 32,900 |
| **Total taxes collected on behalf of others**  | **53,367** |
| **Total taxes paid**  | **85,679** |

### Effective Tax Rate

|  |
| --- |
| **25% Australian ETR**  |

PAA Ltd’s Australian effective tax rate (corporate income tax) for the 2025 financial year was **25%.**

#### Optional elements

* **[Provide a description of the primary drivers of the gap between ETR and the weighted average statutory rate]**

PAA Ltd’s effective tax rate differs from the Australian statutory corporate tax rate of 30% due to several items:

* Differences in tax rates in the countries in which PAA Ltd operates;
* Country specific allowances and disallowances or limitations of certain deductions in countries;
* Application of carried forward losses from prior financial years;
* Timing differences and losses recognised in deferred tax liabilities; and
* Current year tax payable in next financial year.
* **[Provide a global ETR for the worldwide accounting consolidated group calculated based on tax expense (income)]**

The PAA global group ETR for the 2025 financial year was **21.3%.**

### A reconciliation to ATO Corporate Tax Transparency Disclosures

The ATO publishes certain Australian income tax information in relation to large taxpayers annually, including PAA Ltd. The below table provides a summary of how the ATO’s 2023 FY public disclosures reconcile to the income tax paid and income tax payable disclosures in PAA Ltd’s 2023 FY VTTC.

The ATO public disclosure amounts will differ from the numbers disclosed in PAA Ltd’s 2023 VTTC:

Tax payable disclosed by the ATO includes credits for taxes paid on offshore income that is also taxable in Australia and utilisation of franking credits on dividends.

Foreign subsidiaries and entities that are not wholly owned cannot be members of the Australian tax consolidated group.

There are differences in taxable income reported by the ATO and VTTC accounting profit due to temporary and permanent differences.

| **Reconciliation** | **2023 FY ($,000)** | **ATO Disclosure ($,000)** |
| --- | --- | --- |
| **Total Australian income and accounting profit**  |
| **Total income**  | **723,800** | **723,800** |
| Total expenses  | (622,600) | n/a |
| Profit before tax (accounting profit)  | 101,200 | n/a |
| **Book to tax adjustments**  |
| Temporary differences | 2,367 | n/a |
| Reconciliation of income tax expense to cash tax paid | (2,540) | n/a |
| **Taxable income**  | **101,027** | **101,027** |
| **Income tax payable**  | **25,256** | **25,256** |

**Note**. The ATO’s public disclosures with respect to PAA Ltd’s 2025 income tax return are expected to be released by the ATO in late 2026 and will be reconciled in PAA Ltd’s 2026 Tax Transparency Report.[[18]](#footnote-19)

### A reconciliation of accounting profit to income tax expense to income tax paid or payable

A reconciliation of PAA Ltd’s accounting profit to income tax payable is set out in the below table. The following gave rise to differences between tax and accounting treatment during the period:

* Differences in tax rates in the countries in which we operate;
* Country specific allowances and disallowances or limitations of certain deductions in countries;
* Application of carried forward losses from prior financial years;
* Timing differences and losses recognised in deferred tax liabilities; and
* Current year tax payable in the next financial year.

| **Reconciliation for PAA Ltd for the 2025 FY** | **2025 FY ($,000)** | **2024 FY ($,000)** |
| --- | --- | --- |
| **Total Australian income and accounting profit** |
| **Profit before income tax**  | 100,300 | 98,200 |
| **Income tax at 30% statutory rate** | **(30,090)** | **(29,460)** |
| Share of net profit of associates  | 1,920 | 1,833 |
| Taxable profit on property sales  | (233) | (133) |
| Subsidiary provisions/impairments  | 612 | (2,643) |
| **Total income tax expense on current year profit**  | **(27,791)** | **(30,403)** |
| **Effective tax rate**  | **27.7%** | **30.9%** |
| **Book to tax adjustments: Temporary Differences**  |
| Recognition of carried forward capital tax losses  | n/a | 1,667 |
| Recognition of carried forward tax losses  | 1,300 | 933 |
| Income tax over (under) provided in prior years | 167 | (233) |
| **Total income tax expense on current year profit**  | **(26,324)** | **(28,036)** |
| **Reconciliation of income tax expense to cash tax paid**  |
| Timing differences and losses recognised in deferred tax | 850 | 3,360 |
| Current year tax payable in next financial year  | 1,680 | 950 |
| Prior period adjustments  | (167) | (233) |
| Tax payments relating to prior periods  | (1,133) | (1,600) |
| Foreign exchange on overseas movements  | n/a | 63 |
| **Income tax expense paid**  | **(25,094)** | **(25,496)** |
| **Australian Effective Tax Rate**  | **25%** | **25.9%** |

## Overall approach to tax

### Approach to tax

PAA is committed to high standards of corporate governance and tax transparency including compliance with all applicable tax laws, rules and regulations to ensure we pay our fair share of tax in the jurisdictions in which we operate.

PAA has developed a ***Tax Risk Management and Governance Framework*** to govern its tax strategy and guide effective management of tax risks. The PAA Board requires the Audit and Risk Committee to review the framework every two years for the Board’s approval to ensure it remains fit for purpose. The Chief Financial Officer is accountable for compliance with this framework, supported by the Tax Manager and Tax Business Group who operationalise the framework, advising the Committee on the taxing implications of business decisions, transactions and compliance with tax laws.

PAA seeks to comply with the spirit of the law at all times and takes a conservative approach to managing tax risks, seeking independent advice when significant tax positions are uncertain. PAA does not participate in tax avoidance schemes or aggressive tax positions, and only engages in transactions that are aligned with PAA’s commercial objectives. As part of the ***Tax Risk Management and Governance Framework,*** the PAA Board endorsed the below tax principles.

|  |
| --- |
| **PAA’s approach to tax principles** |
| ✔ | Compliance with all tax obligations in a timely manner  |
| ✔ | Consideration of tax risks as part of the commercial assessment of any transaction  |
| ✔ | Conservative assessment and management of tax risks, with a view to always being considered by revenue authorities as ‘low risk’ |
| ✔ | Maintenance of an open and transparent relationships with all revenue authorities  |
| ✔ | No participation in tax evasion or avoidance schemes  |
| ✔ | A ‘no surprises’ approach to the management of tax risks  |

### Tax governance, control, and risk management

#### Optional elements

* **[Provide a description of the tax governance, control and risk management framework including:**
	+ **the governance body or executive-level position within the organisation accountable for compliance with the tax strategy;**
	+ **how the entity’s approach to tax is communicated and embedded in the organisation;**
	+ **how tax risks are identified, managed and monitored; and**
	+ **how compliance with tax governance and control framework is evaluated.]**

**Governance and risk management**

The PAA Ltd ***Tax Risk Management and Governance Framework*** outlines PAA’s tax governance structure, risk management processes, roles and responsibilities. The Board is accountable for PAA’s overall tax compliance, and ensuring there is an effective process to manage tax risk.

**Escalation of tax matters**

The Chief Financial Officer is responsible for the management of tax risks. The Audit and Risk Committee meet on a quarterly basis to discuss and evaluate tax governance and compliance, with all material tax risks reported to the Board. The Tax Manager and Tax Business Unit operationalise the framework, advising the Committee on the tax implications of business decisions, transactions and compliance with tax laws.

The framework outlines a consistent approach to tax risk identification, management and monitoring across PAA. PAA has controls to test the integrity of tax data including early engagement with tax advisors, and authorities where necessary to ensure compliance and test positions.

### Stakeholder engagement and management of concerns related to tax

#### Optional elements

* **[Provide a description of its approach to engagement with the ATO. This may include:**
	+ **the assurance regimes the entity is subject to, including any outcomes from assurance regimes, for example, internal audit, external audit, Advance Pricing Arrangements (APAs), Annual Compliance Arrangement (ACA), Justified Trust reviews and ATO pre-lodgment compliance reviews;**
	+ **engagement on tax risks including private binding rulings obtained, cooperative compliance agreements, seeking active real-time audit, seeking clearance for significant transactions and advance pricing agreements sought;**
	+ **the outcome of ATO compliance activities, for example, a ‘risk rating’ or the outcome of a streamlined risk review; and**
	+ **any significant ongoing or recently settled tax disputes with the ATO and/or other revenue authorities, including settlement outcomes, to the extent not already disclosed in financial statements]**
* **[Provide a description of its approach to engagement with other tax authorities]**

**Engagement with tax authorities**

PAA recognises the role of tax authorities in administering tax laws. PAA seeks to foster an open, constructive and transparent relationship with the tax authorities from each jurisdiction in which we operate. PAA does not tolerate any practices that rely on secrecy or concealment of any information from any tax authority.

We recognise that on occasion there will be differences in interpretation of the laws where the tax treatment of certain activities and transactions is unclear. For transactions which present as non-routine, or unclear PAA seeks tax certainty, and utilises Private Binding Rulings where appropriate. In the event of any disputes, we will maintain an open and constructive relationship with tax authorities to achieve a mutually acceptable resolution.

PAA maintain thorough and timely disclosures of necessary information required by law, providing the ATO with required information through lodgments, or during reviews or audits. In the 2025 financial year, the ATO performed an assurance review of the APP group as part of their Top 1,000 Tax Assurance Program covering the 2019-20, 2020-21 and the 2021-22 financial years. During this process, PAA submitted a voluntary disclosure for the 2020-21 financial year to explain and rectify an error made concerning misapplication of the payroll tax rate. No further adjustments were made to tax payable, and PAA demonstrated that it has an effective tax control framework.

PAA have been engaging with the ATO through their commercial deals program to obtain certainty and reach an agreement over the capital gains tax treatment of the sale of a commercial warehouse in PAA’s 2025 income tax return.

### International Related Party Dealings summary

In the course of conducting our business, transactions take place which give rise to international related party dealings with offshore branches and subsidiaries. PAA Ltd’s international related party dealings are disclosed in the International Dealings Schedule of its annual income tax return and are summarised below.

|  |  |  |
| --- | --- | --- |
| **Transaction type**  | **Summary of the nature of dealings**  | **Countries related parties are located**  |
| **Transfer of raw materials and finished widgets**  | Raw materials and unfinished widgets are transferred between subsidiaries at market value for widget production.PAA Ltd finished widgets are sold directly into local markets via subsidiary distributors. | China, India, United States  |

# Appendix B – VTTC Checklist

|  |
| --- |
| **Note*** + Appendix B has been designed as a voluntary self-assessment disclosure checklist designed to support businesses with the completion of their VTTC report.
	+ Whilst completion of all ‘optional elements’ is encouraged; it is not a requirement.
 |

## Public CbC reporter

| VTTC requirements | Checklist | Requirements and optional elements  |
| --- | --- | --- |
| Overview  |
| Overview | **Requirement**[ ]  | **Businesses should confirm that they are a public country-by-country reporting parent and that they have complied with their reporting requirements under the TAA. Where available, businesses should provide a link to their completed public CbC report.**  |
| Tax data |
| [ ] otal tax contribution | **Requirement**[ ]  | **Businesses should report their total Australian corporate income tax contribution.** |
|  |[ ]  Report on global group total income tax contribution. |
|  |[ ]  Report other Australian taxes and imposts paid to Government, for example Petroleum Resources Rent Tax, royalties, excises, payroll taxes, stamp duties, fringe benefits tax and state taxes. |
|  |[ ]  Report Government imposts collected by the business on behalf of others, for example, GST and Pay As You Go withholding taxes. |
| Effective tax rate for Australian and global operations | **Requirement**[ ]  | **Businesses should report an Australian accounting effective tax rate (ETR) and a global ETR for the worldwide accounting consolidated group calculated based on tax expense (income).** |
|  |[ ]  Provide a description of the primary drivers of the gap between ETR and the weighted average statutory rate. |
| [ ]  reconciliation to ATO Corporate Tax Transparency Disclosures | **Requirement**[ ]  | **Businesses that are subject to the ATO Corporate Tax Transparency Disclosures, should provide a reconciliation of the data published by the ATO against the data in the VTTC, including:*** **The accounting profit which correlates to ‘total income’ reported by the ATO in respect of relevant entities;**
* **The income tax paid and payable in the VTTC to ‘tax payable’ reported by the ATO; and**
* **Any further explanation necessary to assist users of the tax transparency information to understand how the information reported by the ATO reconciles to the VTTC.**
 |
| Overall approach to tax |
| Approach to tax  | **Requirement**[ ]  | **Businesses should provide a statement confirming that they report on ‘approach to tax’, consistent with the GRI 207-1 requirements, in their public CbC report.** |
| Tax governance, control, and risk management |[ ]  Provide a description of the tax governance, control and risk management framework including: * the governance body or executive-level position within the organisation accountable for compliance with the tax strategy;
* how the entity’s approach to tax is communicated and embedded in the organisation;
* how tax risks are identified, managed and monitored; and
* how compliance with tax governance and control framework is evaluated.
 |
|  |[ ]  Provide a description of the mechanisms to raise concerns about business’ conduct and integrity in relation to tax.  |
|  |[ ]  Provide a description of the assurance process for disclosures on tax.  |
| [ ] takeholder engagement and management of concerns related to tax |[ ]  Provide a description of its approach to engagement with the ATO. This may include: * the assurance regimes the entity is subject to, including any outcomes from assurance regimes, for example, internal audit, external audit, Advance Pricing Arrangements (APAs), Annual Compliance Arrangement (ACA), Justified Trust reviews and ATO pre-lodgment compliance reviews;
* engagement on tax risks including private binding rulings obtained, cooperative compliance agreements, seeking active real-time audit, seeking clearance for significant transactions and advance pricing agreements sought;
* the outcome of ATO compliance activities, for example, a ‘risk rating’ or the outcome of a streamlined risk review; and
* any significant ongoing or recently settled tax disputes with the ATO and/or other revenue authorities, including settlement outcomes, to the extent not already disclosed in financial statements.
 |
|  |[ ]  Provide a description of its approach to engagement with other tax authorities.   |
|  |[ ]  Provide a description of the processes for collecting and considering the views and concerns of stakeholders, including external stakeholders.  |
| [ ] nternational related party dealings summary | **Requirement**[ ]  | **Businesses should provide a qualitative disclosure of key categories of dealings with offshore related parties which have a material impact on the business’ Australian taxable income, including:*** **the nature of the dealings; and**
* **the country in which the related party is located.**
 |

## Non-public CbC reporter

| VTTC requirements | Checklist | Requirements and optional elements |
| --- | --- | --- |
| Overview  |
| Overview  | **Requirement**[ ]  | **Businesses should provide the following information:** * **a list of all material subsidiaries in the group;**
* **an explanation of the main business activities undertaken by the group; and**
* **total number of employees.**
 |
| [ ] ax data |
| [ ] otal tax contribution | **Requirement**[ ]  | **Businesses should report their total Australian corporate income tax contribution.** |
|  |[ ]  Report on global group total income tax contribution. |
|  |[ ]  Report other Australian taxes and imposts paid to Government, for example Petroleum Resources Rent Tax, royalties, excises, payroll taxes, stamp duties, fringe benefits tax and state taxes. |
|  |[ ]  Report government imposts collected by the business on behalf of others, for example, GST and Pay As You Go withholding taxes. |
| Effective tax rate for Australia | **Requirement**[ ]  | **Businesses should disclose an Australian accounting effective tax rate (ETR).** |
|  |[ ]  Provide a description of the primary drivers of the gap between ETR and the weighted average statutory rate. |
|  |[ ]  Provide a global ETR for the worldwide accounting consolidated group calculated based on tax expense (income). |
| [ ]  reconciliation to ATO Corporate Tax Transparency Disclosures | **Requirement**[ ]  | **Businesses that are subject to the ATO Corporate Tax Transparency Disclosures, should provide a reconciliation of the data published by the ATO against the data in the VTTC, including:*** **The accounting profit which correlates to ‘total income’ reported by the ATO in respect of relevant entities;**
* **The income tax paid and payable in the VTTC to ‘tax payable’ reported by the ATO; and**
* **Any further explanation necessary to assist users of the tax transparency information to understand how the information reported by the ATO reconciles to the VTTC.**
 |
| [ ]  reconciliation of accounting profit to income tax expense to income tax paid or payable  | **Requirement**[ ]  | **Businesses should provide a reconciliation of accounting profit to income tax expense, and from income tax expense to income tax paid or income tax payable.** **The reconciliation should identify material temporary or non-temporary differences.** |
| Overall approach to tax |
| Approach to tax | **Requirement**[ ]  | **Businesses should provide information on its approach to tax including:** * **whether they have a formal tax policy or strategy;**
* **the governance body or executive-level position that formally reviews and approves the tax strategy and is responsible for compliance with the tax strategy, including frequency of review; and**
* **the approach to regulatory compliance.**
 |
| Tax governance, control and risk management |[ ]  Provide a description of the tax governance, control and risk management framework including: * the governance body or executive-level position within the organisation accountable for compliance with the tax strategy;
* how the entity’s approach to tax is communicated and embedded in the organisation;
* how tax risks are identified, managed and monitored; and
* how compliance with tax governance and control framework is evaluated.
 |
| [ ] takeholder engagement and management of concerns related to tax |[ ]  Provide a description of its approach to engagement with the ATO. This may include: * the assurance regimes the entity is subject to, including any outcomes from assurance regimes, for example, internal audit, external audit, Advance Pricing Arrangements (APAs), Annual Compliance Arrangement (ACA), Justified Trust reviews and ATO pre-lodgment compliance reviews;
* engagement on tax risks including private binding rulings obtained, cooperative compliance agreements, seeking active real-time audit, seeking clearance for significant transactions and advance pricing agreements sought;
* the outcome of ATO compliance activities, for example, a ‘risk rating’ or the outcome of a streamlined risk review; and
* any significant ongoing or recently settled tax disputes with the ATO and/or other revenue authorities, including settlement outcomes, to the extent not already disclosed in financial statements.
 |
|  |[ ]  Provide a description of its approach to engagement with other tax authorities. |
| [ ] International related party dealings summary | **Requirement**[ ]  | **Businesses should provide a qualitative disclosure of key categories of dealings with offshore related parties which have a material impact on the business’ Australian taxable income, including:*** **the nature of the dealings; and**
* **the country in which the related party is located.**
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# Appendix C – Glossary

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| **Note**. For the purposes of the VTTC, the following definitions apply.  |

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| --- | --- |
| **Term**  | **Definition** |
| **Accounting profit**  | Adopts the same definition in Accounting Standard AASB 112. Profit or loss for a period before deducting tax expense.  |
| **ATO** | Australian Taxation Office  |
| **Australian headquartered business** | Generally taken to mean an Australian company (or business that is treated as a company for Australian tax purposes), or an accounting consolidated group headed by an Australian parent. |
| **Public CbC reporter** | Any entity that is required to publish information under the requirements in sections 3D and 3DA of the *Taxation Administration Act 1953* (Cth) and is a country-by-country reporting parent under section 815-375 of the *Income Tax Assessment Act 1997* (Cth).  |
| **Public CbCr** | Public country-by-country reporting introduced under the *Treasury Laws Amendment (Responsible Buy Noy Pay Later and Other Measures) Act 2024* which applies from 1 July 2024.  |
| **Foreign multinational business**  | Generally taken to mean an accounting consolidated group headed by a non-Australian parent. |
| **GRI 207** | Global Reporting Initiative Standards for Tax: 2019.  |
| **ITAA** | *Income Tax Assessment Act 1997* (Cth)  |
| **Non-public CbC reporter**  | Any business that is not a ‘Public CbC reporter’ for VTTC purposes. |
| **OECD** | Organisation for Economic Cooperation and Development  |
| **TAA** | *Taxation Administration Act 1953* (Cth)  |
| **Tax expense (income)**  | Adopts the same definition in Accounting Standard AASB 112. The aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.  |

1. Note. Consultation question: How should the guidance material be presented within the VTTC for the best user experience? Should guidance be included under each respective reporting requirement or removed and captured in a separate Appendix? [↑](#footnote-ref-2)
2. <https://www.aasb.gov.au/admin/file/content106/c2/TaxTransparency_sub_1_EY.pdf> [↑](#footnote-ref-3)
3. <https://www.aasb.gov.au/admin/file/content106/c2/TaxTransparency_sub_1_EY.pdf> see paragraphs 27 to 52. [↑](#footnote-ref-4)
4. The VTTC ETR should comply with ASIC Regulatory Guide 230. [↑](#footnote-ref-5)
5. **Note**: Consultation question: Do you consider inclusion of the ‘reconciliation to ATO CTT’ in the draft redesigned VTTC to be of value noting the proposed VTTC publication timing is likely to be prior to the ATO CTT Report publication? [↑](#footnote-ref-6)
6. Note. Consultation question: How should the guidance material be presented within the VTTC for the best user experience? Should guidance be included under each respective reporting requirement or removed and captured in a separate Appendix? [↑](#footnote-ref-7)
7. <https://www.aasb.gov.au/admin/file/content106/c2/TaxTransparency_sub_1_EY.pdf> [↑](#footnote-ref-8)
8. <https://www.aasb.gov.au/admin/file/content106/c2/TaxTransparency_sub_1_EY.pdf> see paragraphs 27 to 52. [↑](#footnote-ref-9)
9. The VTTC ETR should comply with ASIC Regulatory Guide 230. [↑](#footnote-ref-10)
10. <https://www.aasb.gov.au/admin/file/content106/c2/TaxTransparency_sub_1_EY.pdf> [↑](#footnote-ref-11)
11. **Note:** Consultation question: Do you consider inclusion of the ‘reconciliation to ATO CTT’ in the draft redesigned VTTC to be of value noting the proposed VTTC publication timing is likely to be prior to the ATO CTT Report publication? [↑](#footnote-ref-12)
12. Aligned with GRI Standards GRI 207: Tax 2019, GRI 207-2 Tax governance, control and risk management. [↑](#footnote-ref-13)
13. Aligned with GRI Standards GRI 207: Tax 2019, GRI 207-3 Stakeholder engagement and management of concerns related to tax. [↑](#footnote-ref-14)
14. <https://www.aasb.gov.au/admin/file/content106/c2/TaxTransparency_sub_1_EY.pdf>. See guidance on materiality. [↑](#footnote-ref-15)
15. **Note**. Where relevant, include information on whether VTTC has been assured by an external auditor. [↑](#footnote-ref-16)
16. **Note**. Consultation question: Do you consider inclusion of the ‘reconciliation to ATO CTT’ in the draft redesigned VTTC to be of value noting the proposed VTTC publication timing is likely to be prior to the ATO CTT Report publication? [↑](#footnote-ref-17)
17. **Note**. Where relevant, include information on whether VTTC has been assured by an external auditor. [↑](#footnote-ref-18)
18. **Note**. Consultation question: Do you consider inclusion of the ‘reconciliation to ATO CTT’ in the draft redesigned VTTC to be of value noting the proposed VTTC publication timing is likely to be prior to the ATO CTT Report publication? [↑](#footnote-ref-19)