

21 January 2016

The Board of Taxation
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A voluntary tax transparency code: consultation paper

BHP Billiton appreciates the opportunity to provide a submission on the Board of Taxation's (**BoT**) preliminary findings and recommendations contained in its consultation paper for the development of a voluntary tax transparency code (**TTC**) for Australia.

We welcome the introduction of a TTC in Australia as we believe that transparency is critical for the public to have trust and confidence in the integrity of the Australian tax system. BHP Billiton is committed to continuing to demonstrate the highest standards of corporate governance and transparency.

Our transparency journey began 15 years ago when BHP Billiton began publicly voluntarily disclosing our payments of taxes and royalties at a global level. Over this period we have progressively increased the granularity of our disclosure. In 2014, BHP Billiton formally adopted a set of Transparency Principles¹ and in September 2015 voluntarily published our [Economic contribution and payments to governments Report](#) (**Taxes Paid Report**) showing how much tax we pay on a country by country basis and on a project by project basis.² This report has been issued on a voluntary basis ahead of mandatory reporting requirements which will be imposed by the European Union and Canada. BHP Billiton's Taxes Paid Report for 2015 broadly complies with the preliminary recommendations of the BoT.

We support the preliminary recommendations in the TTC in terms of the granularity and type of disclosures. We believe they strike an appropriate balance in ensuring the information that would be disclosed is meaningful and readily understandable to a diverse range of interested parties.

We commend the BoT's recommendation to allow a 'taxes paid' report to be prepared at a global level provided meaningful disclosure of certain Australian-specific information (i.e. Australian effective tax rate and qualitative information on international related party dealings) is also provided. This will ensure companies which operate globally (such as BHP Billiton) can disclose information which covers all their global operations in a single report. This makes the disclosures more complete and accessible.

BHP Billiton supports the establishment of a globally consistent disclosure framework. Clear equivalence provisions between jurisdictions which have mandatory or voluntary disclosure regimes ensures that there is a consistent basis for companies to disclose tax information, minimises compliance costs and facilitates ease of comparison between jurisdictions, irrespective of the country

¹ <http://www.bhpbilliton.com/society/operatingwithintegrity/bhp-billiton-revenue-transparency-principles>

² <http://www.bhpbilliton.com/~media/bhp/documents/investors/annual-reports/2015/bhpbillitoneconomiccontributionandpaymentstogovernments2015.pdf?la=en>

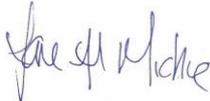
of operation or industry. To this end, BHP Billiton recommends regulators in different jurisdictions seek to align data reporting formats to enable interested users to compare information on a like for like basis.

As a large business, we support the use of a 'taxes paid' report to clearly disseminate information to interested users. We further support the inclusion of additional flexibility in the TTC to allow large companies to choose the method by which tax information is disclosed to interested users. For example, we would recommend that large companies be permitted to disclose the minimum standard of information in either its financial statements, 'taxes paid' report or an equivalent global report. Such flexibility will ensure that duplication of effort is minimised having regard to the reporting requirements and timing requirements in other foreign jurisdictions and would mitigate unnecessary compliance costs.

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Should you require any further explanation of the issues raised in this letter, please contact me on (03) 9609 3763.

Yours sincerely

A handwritten signature in blue ink that reads "Jane Michie". The signature is written in a cursive, slightly slanted style.

Jane Michie
Head of Tax