

# CALTEX AUSTRALIA LIMITED

2017 TAXES PAID REPORT  
YEAR ENDED 31 DECEMBER 2017





## INTRODUCTION

**For 2017  
Caltex's total  
tax  
contribution  
was \$7.1b**

**Almost all of  
this was paid  
in Australia**

**Caltex is  
committed to  
tax  
transparency**

This report discloses the taxes paid and collected by Caltex Australia Limited and its controlled entities ("Caltex") for the year ended 31 December 2017.

Caltex is a proudly Australian-owned company which has grown over more than 115 years to become the nation's outright leader in transport fuels, responsible for supplying around one third of all Australia's transport fuel needs, and the largest fuel company listed on the Australian Securities Exchange. During 2017 we continued to strengthen the capabilities which best position us to capture the opportunities ahead in the fuels and convenience marketplace, including investments beyond our shores in New Zealand and the Philippines.

In 2017, Caltex was again one of Australia's largest corporate taxpayers. We recognise that Caltex's tax contributions are critical to the Australian economy, helping fund critical infrastructure and other programs to benefit our society.

For the year ended 31 December 2017, Caltex's total tax contribution was \$7.1 billion and 99.15% of this tax was paid in Australia (refer Table 4.1). The purpose of this report is to provide further information to stakeholders about the amount and types of taxes Caltex pays and collects in Australia and elsewhere.

Caltex publishes this report on a voluntary basis, since 2013, as part of our commitment to tax transparency. This report builds on disclosures made by Caltex in relation to its tax affairs in its Financial Report for the year ended 31 December 2017 ("2017 Financial Report") and provides further details in relation to the tax information that the Australian Taxation Office ("ATO") will publish on the Caltex Australia Limited tax consolidated group for the year ended 31 December 2017 (2018 tax year) in December 2019 (refer Section 6).

In preparing this report, Caltex has adopted Australia's Tax Transparency Code, published by the Board of Taxation and endorsed by the Government in May 2016. Caltex has publicly registered its commitment with the Board of Taxation in relation to adoption of the code. During 2018, the ATO commended Caltex for adopting the Tax Transparency Code, noting that it is an important tool in building community confidence that Australia's largest taxpayers are paying the right amount of tax.

**Simon Hepworth**  
Chief Financial Officer  
21 December 2018

## 2017 Highlights

Taxes per Caltex's 2017 Financial Report			
REVENUE	PROFIT BEFORE TAX	TAX EXPENSE	EFFECTIVE TAX RATE
\$21.4 billion	\$863 million	\$243 million	28%

Cash taxes paid in 2017			
TOTAL TAX CONTRIBUTION	FUEL EXCISE PAID	NET GST COLLECTED	TAXES PAID ON PROFIT
\$7.1 billion	\$5.3 billion	\$1.4 billion	\$237 million



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**Proudly  
Australian,  
Caltex  
supplies  
around one  
third of all  
Australia's fuel  
transport  
needs,  
keeping  
Australia  
moving**

## 1. OVERVIEW OF BUSINESS OPERATIONS

### Company overview

Caltex, including its predecessor companies, has safely and reliably fuelled the needs of Australian motorists and businesses for more than a century.

Caltex is one of Australia's leading transport fuel suppliers and convenience retailers and is listed on the Australian Securities Exchange. The head office is in Sydney, and the company had approximately 4700 employees at the end of 2017.

Caltex aims to be the market leader in complex supply chains and the evolving convenience marketplace, by delivering the fuel and other everyday needs of its diverse customers through its networks.

The principal activities of Caltex during 2017 were the purchase, refining, distribution and sale of petroleum products and the operation of convenience stores throughout Australia and the north island of New Zealand under the Gull NZ brand. There were no significant changes in the nature of Caltex's principal activities or business during 2017.

At Lytton in Brisbane, Caltex manufactures fuels including LPG, petrol, diesel and jet fuel, lubricants, greases and other amounts of fuel oil and specialty products. Caltex also buys refined products on the open market through its shipping and trading entity Ampol located in Singapore. The products that Caltex manufactures and imports are marketed and distributed to retail and wholesale consumers and are supplied via a network of pipelines, terminals, depots, barges and company-owned and contracted transport fleets.

### International expansion

During 2017, Caltex expanded into new geographic markets with the completion of its first international acquisition, the acquisition of Gull New Zealand, on 3 July 2017. Gull New Zealand operates across 84 locations on the north island of New Zealand, including 33 unmanned sites and operates New Zealand's largest independent fuels import terminal at Mount Maunganui.

On 21 December 2017, Caltex announced a new strategic partnership with SEAOIL in the Philippines. Caltex acquired a 20% ownership interest in SEAOIL in addition to entering into a fuel supply arrangement with SEAOIL through Ampol.

These acquisitions leverage the trading and shipping capability of Ampol in Singapore and create a platform for further expansion.

### Group strategy

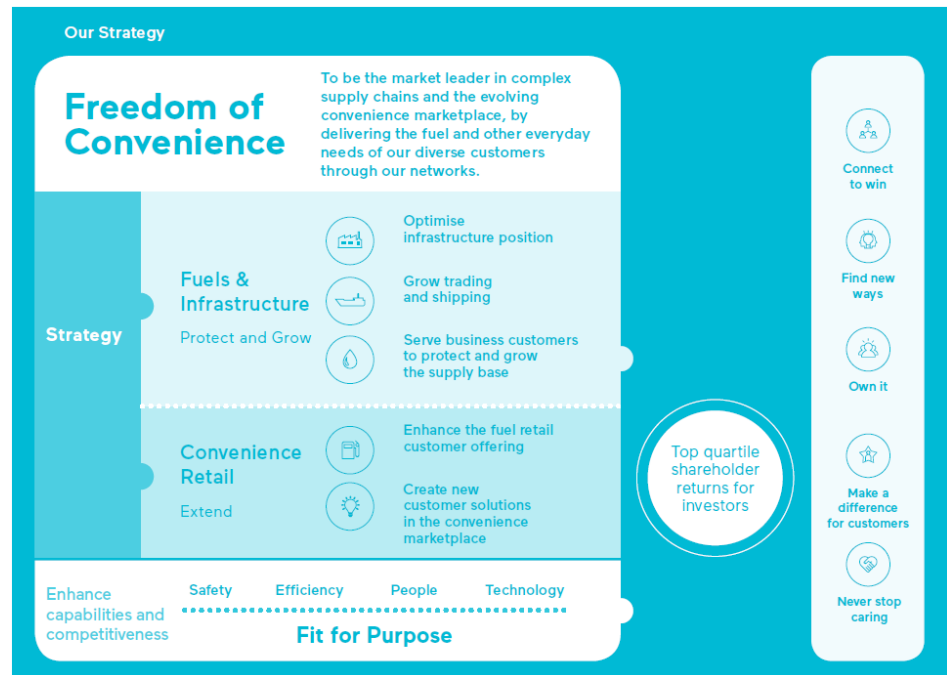
Over the past five years, Caltex has transformed from a refiner-marketer to an integrated transport fuels business. In 2016, we launched our new vision, the "Freedom of Convenience", announcing our intention to continue our transformation from being the leading provider of transport fuels to a much more diverse organisation that operates across complex supply chains and the evolving retail convenience marketplace.

In 2017, Caltex made the decision to establish two separate but interconnected businesses with separate cultures, processes and systems, and both with significant growth options. The company has merged Supply (including trading and shipping), B2B, Refining and Infrastructure into one business unit (Fuels & Infrastructure) to better optimise our value chain. Convenience Retail focuses on the company's consumer-facing petrol and convenience (P&C) business.



**OVERVIEW OF BUSINESS OPERATIONS (cont.)**

The strategy outlined below was updated to reflect the decision to establish two inter-dependent businesses. The “Protect and Grow” aspect of the strategy is focused on capturing the many opportunities that exist to continue to enhance and expand the Fuels & Infrastructure business. In the “Extend” aspect of the strategy, Caltex will build on its current assets, capabilities and customer base to develop the Convenience Retail business in both existing and new adjacent markets.



**Ownership**

Caltex’s shares are held by a mix of domestic and international institutional funds and retail shareholders. At 31 December 2017 Caltex was 56% Australian owned with no material corporate shareholders or other entities with any strategic or operational influence.

**2. TAX POLICY, TAX STRATEGY AND GOVERNANCE**

The Board is committed to conducting the business and operations of Caltex transparently in accordance with best practice corporate governance and in the best interests of our shareholders. An overview of Caltex’s corporate governance framework is set out in our [2017 Corporate Governance Statement](#) (also found on Caltex’s corporate website).

**Caltex Tax Policy**

The Caltex Tax Policy is part of the broader Caltex Corporate Strategy and [Risk Management Framework](#). It describes Caltex’s principled approach to the management of its tax affairs. The objectives of the Caltex Tax Policy are aligned with the broader organisational goals and values of Caltex.

Caltex acknowledges that tax risk is inherent in its operations and aims to adopt a systematic approach to the identification and management of tax risk. The oversight and management of tax risk plays an important part in ensuring that Caltex complies with its legal obligations and its broader obligations to the community as well as continuing to protect shareholder value.

## TAX POLICY, TAX STRATEGY AND GOVERNANCE (cont.)

The objectives of the Caltex Tax Policy are to:

- Achieve a stable, sustainable and competitive effective tax rate;
- Maintain the integrity of compliance and reporting systems; and
- Ensure all tax related positions adopted reflect the principles below.

To achieve these objectives, the guiding principles to be applied by Caltex in the management of its tax affairs are as follows:

- We pay all the tax we are legally obliged to pay as, and when, it becomes payable;
- We fully comply with the relevant tax laws in all jurisdictions in which we operate;
- We immediately report any detected errors/omissions to all relevant revenue authorities;
- We maintain the integrity of compliance, reporting and governance systems;
- We maintain open and constructive relationships with revenue authorities at all times;
- We can provide evidence that tax positions adopted are legally sustainable in the event of challenge by a revenue authority; and
- Any transactions entered into by Caltex have a clear business purpose or commercial rationale and do not rely on tax outcomes for their commercial viability.

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**Caltex has consistently received the ATO's best possible rating for a taxpayer of its size based on the ATO's own risk-differentiation framework**

### **Assurance regimes and approach to engagement with the ATO and other revenue authorities**

As part of the Caltex Risk Management Framework, Caltex has an established, strong, internal tax control framework to identify, manage and report tax risks.

In line with the guiding principles set by the Caltex Tax Strategy, Caltex strives toward maintaining a co-operative and open relationship with all tax authorities with which it deals. Caltex has regular engagement with the ATO through its participation in the pre-lodgement compliance review program and other products and channels available (e.g. private rulings and class rulings). In addition, Caltex participates in tax industry forums.

Caltex's tax affairs are constantly reviewed by the ATO and other tax and revenue authorities. Over the past 5 years these reviews have not identified any material errors or omissions or resulted in any material adjustments in relation to reported tax liabilities. Further, under the ATO's risk-differentiation framework, Caltex was once again categorised as a key taxpayer for 2017. Caltex has been consistently categorised this way since the inception of the framework, which we note is the best possible rating for a taxpayer of Caltex's size.

### **3. CALTEX AUSTRALIA'S INTERNATIONAL RELATED PARTY TRANSACTIONS**

In line with the Tax Transparency Code, this section provides information on key dealings between the Australian tax resident entities within the Caltex Group ("Caltex Australia") and offshore related parties. Dealings between offshore related parties, such as Ampol and Gull New Zealand, are outside the intended scope of this disclosure.

CALTEX AUSTRALIA'S INTERNATIONAL RELATED PARTY TRANSACTIONS (cont.)

**Ampol**

Caltex's crude oil and overseas product requirements are sourced through the Ampol group of companies, located in Singapore. Wholly owned by Caltex Australia Limited, Ampol is an international related party of Caltex Australia. For financial reporting purposes, Ampol's results are consolidated with those of Caltex Australia.

Ampol continues to play a critical role in Caltex's integrated value chain and its international market knowledge and strong shipping and operational capability allow Caltex to access new opportunities more rapidly as market conditions change. Sourcing refined products and crude oil from outside Australia is required in order to underpin the energy supply security of Australia while providing competitively priced fuel to our customers. Australia is a net importer of refined products and crude oil.

In 2016-2017, just over a quarter (26.0%)<sup>1</sup> of all refined petroleum products imported into Australia were produced in Singapore and more were traded through Singapore.

Ampol's strategic location in Singapore, has enabled it to build a team of experienced and capable industry professionals and to capture value for Caltex by:

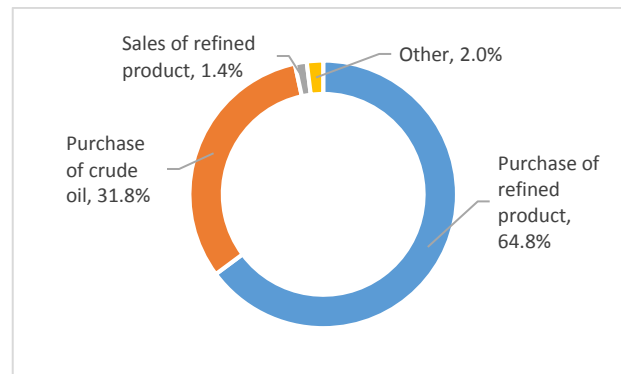
- Having a better understanding and visibility of suppliers and charterers, supply markets and vessels;
- Developing and leveraging strong relationships built with counterparties;
- Increasing supply options and opportunities for optimisation; and
- Entering new markets

As the largest importer of refined products into Australia, Ampol has been able to leverage its position in Singapore to build relationships across the industry and is now handling over 3 billion litres of international volumes, a significant portion of which is with unrelated third parties.

Transactions between Ampol and Caltex Australia are undertaken on an arm's length basis, in accordance with OECD Guidelines and Australian and Singapore transfer pricing rules. The transactions between Ampol and Caltex Australia during the year ended 31 December 2017 were as follows:

- Purchase of refined products and crude oil by Caltex Australia from Ampol;
- Sale of refined products by Caltex Australia to Ampol;
- Other international related party transactions.

The relative percentage of these transactions, by value<sup>2</sup>, for the year were as follows:



<sup>1</sup> Australian Petroleum Statistics, 260, March 2018 (Origin of petroleum imports, by product, by volume, by financial year, Australia)

<sup>2</sup> Values are based on transaction amounts. Percentages have been calculated based on the gross international related party dealings of Caltex Australia.

Caltex operates an integrated supply chain

The group's trading and shipping capability is located in Singapore, the oil and gas trading hub for the region





CALTEX AUSTRALIA'S INTERNATIONAL RELATED PARTY TRANSACTIONS (cont.)

**Other**

As noted above, Caltex Australia Limited acquired Gull New Zealand in July 2017. The Gull New Zealand group of companies are incorporated and tax resident in New Zealand. During the year ended 31 December 2017, there were no material transactions between Caltex Australia and Gull New Zealand.

Caltex Australia Limited wholly owns a captive insurance company located in Singapore, Octane Insurance Pte Ltd ("Octane"). Octane was established in 2012 and is managed by an independent third party insurance broker. Octane provides insurance to Caltex Australia and its earnings are subject to Australian income tax under Australia's Controlled Foreign Company regime.

**4. TAX CONTRIBUTION SUMMARY**

The following table shows the total tax contribution by Caltex's wholly owned entities during the year ended 31 December 2017 and prior years. This includes taxes paid by the Gull New Zealand group of companies from July 2017. Amounts have been disclosed on the basis of cash paid or received.

*Table 4.1 Total tax contribution*

Thousands of dollars ('000 AUD)	2017	2016
<b>AUSTRALIA</b>		
<b>Australian income tax</b>		
Income tax	240,713	(18,491)
<b>Other Australian taxes and imposts paid</b>		
Fuel excise	5,289,294	5,120,083
Fuel tax credits	(2,148)	(2,697)
Custom duties	1,341	29
Payroll tax	22,023	20,020
Land tax	14,995	19,669
Stamp duty	3,130	1,180
Fringe benefits tax	1,122	1,802
<b>Australian government imposts collected on behalf of others</b>		
Net GST	1,357,305	1,144,787
PAYG withholding	110,278	110,921
Other withholding taxes	441	1,247
<b>TOTAL AUSTRALIAN TAXES</b>	<b>7,038,494</b>	<b>6,398,550</b>
<b>SINGAPORE</b>		
<b>Singapore income tax</b>		
Income tax	(8,076)	29,913
<b>Other Singaporean taxes and imposts paid</b>		
Payroll tax	419	340
<b>Singapore government imposts collected on behalf of others</b>		
Net GST	(172)	(220)
Other withholding taxes	7	8
<b>TOTAL SINGAPORE TAXES</b>	<b>(7,822)</b>	<b>30,041</b>

Caltex's total tax contribution for 2017 was \$7.1b



TAX CONTRIBUTION SUMMARY (cont.)

Thousands of dollars ('000 AUD)	2017	2016
<b>NEW ZEALAND</b>		
<b>New Zealand income tax</b>		
Income tax	4,915	-
Resident withholding tax	49	-
<b>Other New Zealand taxes and imposts paid</b>		
Fuel excise and duties	56,005	-
Emissions Trading Scheme	3,835	-
Local Authority Petroleum Tax	777	-
Approved Issuer Levy	27	-
Fringe Benefits Tax	22	-
<b>New Zealand government imposts collected on behalf of others</b>		
Net GST	1,830	-
PAYG withholding	463	-
<b>TOTAL NEW ZEALAND TAXES</b>	<b>67,923</b>	<b>-</b>
<b>TOTAL TAXES CONTRIBUTED</b>	<b>7,098,595</b>	<b>6,428,591</b>

The amount of tax paid by Caltex year on year is influenced by a number of factors including the volume and price of petroleum products purchased, sold and used, underlying market demand, financial performance, salary and wages paid and asset purchases, amongst other things.

In relation to Caltex's major tax contributions:

- Australian fuel excise is by far Caltex's largest tax with Caltex remitting on average \$101 million to the ATO each week during 2017. The size of this liability illustrates the importance of Caltex's role in the collection and payment of taxes for the Australian economy. Caltex incurs significant working capital costs in funding this remittance.
- Australian net GST collections are Caltex's next biggest tax. This amount is the difference between the GST Caltex charges customers on its sales and the GST Caltex pays on its purchases. Most of Caltex's sales are to Australian customers and these sales are subject to GST.
- PAYG withholding is the personal income tax Caltex withholds, on behalf of the ATO, from salary and wages paid to its employees in Australia. Of the 4700 people employed by Caltex in 2017, 4,600 were in Australia.
- Australian income tax is payable on Caltex Australia's taxable income at a company tax rate of 30%. Taxable income is a net amount calculated as assessable income less allowable deductions, in accordance with Australia's tax laws. The calculation of taxable income and how this relates to accounting profit is discussed in Section 5.

## 5. RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX PAID OR INCOME TAX PAYABLE

### Accounting profit to income tax expense

Caltex's Financial Report comprises the consolidated results of Caltex Australia Limited, its controlled entities and its interests in associates and jointly controlled entities. It is prepared in accordance with both Australian Accounting Standards and International Financial Reporting Standards.

Proportionally, Australian fuel excise and net GST collections accounted for 93.6% of all tax contributed by Caltex in 2017



**RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX PAID OR INCOME TAX PAYABLE  
(cont.)**

In line with these standards, Caltex's 2017 Financial Report included a reconciliation of accounting profit to income tax expense. Caltex's accounting profit for these purposes is calculated on a historic cost basis, not on a replacement cost of sales operating profit (RCOP)<sup>3</sup> basis. An extract from the Notes to the Financial Statements, setting out this reconciliation, is copied below. For further details, please refer to the 2017 Financial Report.

Most of the revenue and expense amounts included in the calculation of Caltex's net profit before income tax expense are assessable or deductible in calculating Caltex's taxable income. However, there are some differences, and these are set out in the reconciliation in Table 5.1.

**Tax expense  
per Caltex's  
2017 Financial  
Report was  
\$243m**

*Table 5.1 Reconciliation of accounting profit to income tax expense*

Thousands of dollars ('000 AUD)	2017	2016
Profit before income tax expense (Table 5.2)	863,446	863,763
Income tax using the domestic corporate tax rate of 30%	259,034	259,129
Effect of tax rates in foreign jurisdictions	(6,204)	-
Increase/(decrease) in income tax expense due to:		
Share of net profit of associated entities	45	(415)
Capital losses utilised for which no deferred tax asset was recognised	(3,697)	(3,218)
Research and development allowances	(850)	(1,000)
Deferred tax against equity	-	(23)
Other	(938)	(262)
Income tax expense over provided in prior years	(4,696)	(927)
<b>Total income tax expense in the income statement</b>	<b>242,694</b>	<b>253,283</b>

Primarily, the differences relate to:

- Accounting expenses that are never deductible for tax purpose, e.g. entertainment;
- Amounts included in accounting profit that are not assessable for tax, e.g. net profits of associated entities – Caltex does not pay tax directly on these profits, rather it is assessed on the dividends received;
- Amounts which give rise to a tax benefit greater than 30% (e.g. the R&D tax offset); and
- Carried forward capital losses that have been used in the current year. The tax benefit arising from a capital loss is recognised for accounting purposes when the loss is used, rather than when the loss is incurred.

**Effective tax rates**

The objective of the effective tax rate disclosure is to demonstrate, relative to the Australian corporate income tax rate, the company income tax expense borne by Caltex in respect of its Australian and global operations.

<sup>3</sup> Reporting profit on an RCOP basis is conventional industry practice, as it removes the impact of fluctuations in the USD price of crude oil and foreign exchange on cost of sales - factors not controllable by the company.



RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX PAID OR INCOME TAX PAYABLE  
(cont.)

Caltex's effective tax rate for 2017 was 28.11%. In relation to entities in Australia was 34.97%

Caltex calculates its effective tax rate as income tax expense divided by accounting profit. The effective tax rate of Caltex for the year ended 31 December 2017 and prior year was:

*Table 5.2 Caltex effective tax rate calculation*

Thousands of dollars ('000 AUD)	2017	2016
Total income tax expense of Caltex (Table 5.1)	242,694	253,283
Profit before income tax expense of Caltex (Table 5.1)	863,446	863,763
Effective tax rate	28.11%	29.32%

The effective tax rate of Caltex Australia for the year ended 31 December 2017 and prior year was:

*Table 5.3 Caltex Australia effective tax rate calculation*

Thousands of dollars ('000 AUD)	2017	2016
Total income tax expense of Caltex Australia	233,167	241,585
Profit before income tax expense of Caltex Australia	666,735	694,215
Effective tax rate	34.97%	34.80%

At the time of preparing the 2017 Financial Report, the ATO had not determined the extent to which earnings from Caltex's Ampol operations would be subject to income tax in Australia under the Controlled Foreign Company regime. Due to the uncertainty surrounding the ATO's determination, the Caltex Group has estimated the income tax rate on those earnings to be 30% for 2017, being the Australian corporate income tax rate. As Caltex Australia is paying top-up tax on Ampol's profit in Australia this pushes Caltex Australia's effective tax rate above 30%.

The Singaporean corporate income tax rate is 17%; however, as some of the Caltex Group's Singaporean entities have Global Trader Company status, specified income of those entities is subject to a lower tax rate.

Under an administrative agreement made with the ATO, 50% of the differential between the earnings taxable under the Australian and Singaporean taxation rates has been paid pending resolution of the matter. If the outcome of the ATO's decision is in Caltex's favour, an amount of income tax expense recognised to date could be written back in future periods. If the tax matter is resolved such that the ATO's position is sustained there would be no impact on the Caltex income statement.

**Reconciliation of income tax expense to income tax paid or payable**

The amount of income tax paid or payable by Caltex in respect of a particular year in its tax returns differs to its income tax expense for that year.

The main reason for this is due to the difference in timing between when a transaction is recognised in the accounts and when it is assessable or deductible for tax purposes. These differences are referred to as temporary differences. Temporary differences do not impact how much tax is paid on profits (i.e. income tax expense), but they do impact the timing of when the liability to pay the related tax arises. This can therefore impact the cash income tax payable in any one particular year.

Temporary differences give rise to deferred tax assets and liabilities. Caltex's most significant temporary differences relate to:

- **Fixed assets:** The time over which the cost of an asset can be deducted for tax purposes differs to the time over which it is expensed (through depreciation, impairment etc.) in the accounts.



RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX PAID OR INCOME TAX PAYABLE (cont.)

- **Inventory:** Under Australian tax laws, there are particular methods that can be used to value trading stock on hand at year end. The valuation method used by Caltex Australia for tax purposes at 31 December 2017 differed to that used in the accounts.
- **Provisions and accruals:** Amounts are not generally deductible for tax purposes until they are incurred. Accounting provisions (e.g. for employee entitlements) are generally not considered incurred until they are paid or there is a definitive commitment to pay an amount.

The reconciliation of Caltex's income tax expense per its Financial Report to income tax paid or payable for the year ended 31 December 2017 per its tax returns is as follows:

*Table 5.4 Reconciliation of income tax expense to income tax paid or payable*

Thousands of dollars ('000 AUD)	2017	Restated 2016
Total income tax expense of Caltex (Table 5.1)	242,694	253,283
Income tax expense relating to over provision in prior years	4,696	927
Current year income tax expense	247,390	254,210
Adjustments to non-temporary differences	1,115	(2,278)
Temporary differences	(29,173)	(54,751)
Other	-	9
Income tax paid or payable per tax returns <sup>4</sup> (Table 5.5)	219,332	197,190

The above table includes a restatement of temporary differences for the year ended 31 December 2016 from \$58.1m to \$54.7m. Following the publication of its 2016 Taxes Paid Report, Caltex amended its tax return for the year ended 31 December 2016, increasing tax payable by \$3.4m.

Income tax paid or payable by Caltex in respect of the year ended 31 December 2017, split by country and entity type, is as follows:

*Table 5.5 Income tax paid or payable by country*

Thousands of dollars ('000 AUD)	2017	Restated 2016
<b>Australia</b>		
Wholly owned companies – Australia (Table 6.1)	199,909	185,931
Associates and jointly controlled companies	1,352	833
Other	757	686
<b>Total</b>	<b>202,018</b>	<b>187,450</b>
<b>Singapore</b>		
Wholly owned companies - Singapore	12,139	9,740
<b>Total</b>	<b>12,139</b>	<b>9,740</b>
<b>New Zealand</b>		
Wholly owned companies – New Zealand	5,175	-
	5,175	-
Income tax paid or payable (Table 5.4, 5.6)	219,332	197,190

The amount of income tax paid or payable by Caltex in respect of a particular year in its tax returns does not agree to the cash income tax paid in that year (as set out in Section 4). This is because taxes are paid by way of instalments with the balance payable or receivable once the final tax liability for the relevant year has been calculated, sometime after year end.

<sup>4</sup> This reconciliation has been prepared based on tax returns lodged with the ATO as at the date of this report. From time to time Caltex will amend its tax returns and these amendments may result in a change to tax payable.

The difference between Caltex's 2017 tax expense and tax liability per its tax returns is mainly due to timing differences

**RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX PAID OR INCOME TAX PAYABLE (cont.)**

Payments deferred under the administrative agreement with the ATO in relation to the treatment of Ampol group of companies for the current year (refer to page 9) is shown as taxes payable in future periods. The reconciliation between income tax paid or payable per tax returns and cash income tax paid in the relevant year is set out below:

*Table 5.6 Reconciliation of Income tax paid or payable to cash tax paid in year*

Thousands of dollars ('000 AUD)	2017	Restated 2016
Total income tax liability (paid or payable) per tax returns	219,332	197,190
Tax liabilities of associates and jointly controlled companies	(1,352)	(833)
Total income tax paid or payable by wholly owned	217,980	196,357
Prior year tax (refunded) or paid in current period	137,618	(5,455)
Current year tax (payable) or receivable in future periods	(118,046)	(176,084)
Total cash income tax paid during the year	237,552	11,422
Australia (Table 4.1)	240,713	(18,491)
Singapore (Table 4.1)	(8,076)	29,913
New Zealand (Table 4.1)	4,915	-
Total cash income tax paid during the year	237,552	11,422

The difference between Caltex's 2017 tax liability per its tax returns and cash tax paid is due to the timing of tax instalments

## 6. ATO PUBLIC DISCLOSURE

The ATO has a legislative duty to publicly report information about Australian public and foreign owned corporate tax entities with total income of \$100 million or more (and certain other entities).

In **December 2019** the ATO will publicly disclose the following specific information about Caltex Australia Limited, as reported by the company in its tax return for the 2018 tax year. The tax return for Caltex Australia Limited is a consolidated return and comprises the results of wholly owned, Australian tax resident, Caltex entities (Caltex Tax Group).

*Table 6.1 Data to be disclosed by ATO*

Entity reporting	2017	Restated 2016
Tax year	2018	2017
ABN	40 004 201 307	40 004 201 307
Total Income ('000 AUD)	\$20,506,675	\$20,066,633
Taxable Income ('000 AUD)	\$728,850	\$676,075
Income tax payable ('000 AUD) (Table 5.5)	\$199,909	\$185,931

### Tax year

The Caltex Tax Group has a December year end. The tax return filed for the year ended 31 December 2017 was in lieu of the year ended 30 June 2018 (2018 tax year).

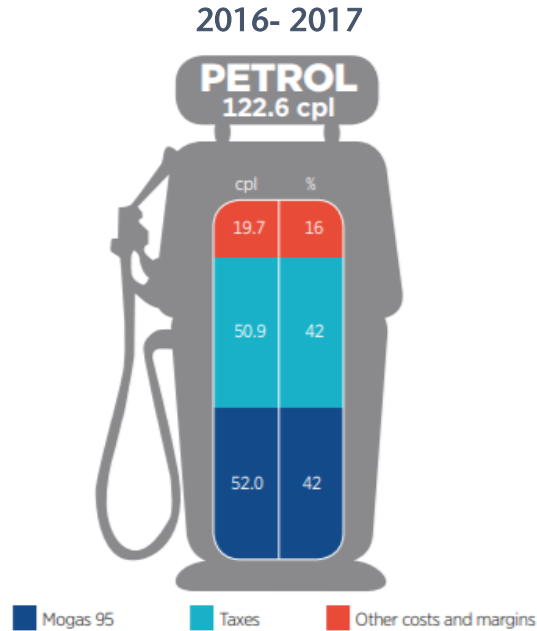
### Total income

The amount disclosed as Total Income in the tax return is the total accounting revenue of the Caltex Tax Group (including excise but excluding GST). Accounting revenue represents gross receipts before any expenses are taken into account, and therefore is not an indicator of the real, economic or taxable profits of an organisation. Caltex's revenue is heavily influenced by the pass through of the underlying (and volatile) oil commodity price and tax collections, as shown by the chart below.

Total income is Caltex's accounting revenue, it is not an indicator of taxable profit

Chart 6.2 Components of the annual average retail petrol price in the five largest cities<sup>5</sup>

Caltex operates in a high volume, low margin industry



**Mogas 95:** Singapore Mogas 95 Unleaded (Mogas 95) is the benchmark price of refined petrol in the Asia-Pacific region (in this case – 95 octane) and is considered the relevant international benchmark price for petrol in Australia (as monitored by the ACCC)

**Taxes:** Fuel excise and GST

#### Taxable income and income tax payable

Taxable income is calculated as assessable income less allowable deductions. It is the net amount upon which income tax payable is calculated, prima facie at a rate of 30%. Income tax payable disclosed by the ATO, is tax payable net of tax offsets. The Caltex Tax Group is entitled to claim tax offsets in relation to the R&D tax incentive, foreign income taxes paid and franking credits on dividends received.

<sup>5</sup> Quarterly report on the Australian petroleum industry – June quarter 2017 (ACCC, 21 August 2017)