

Elders Limited
Tax Transparency Report
2020



Elders Limited ABN 34 004 336 636



Introduction

The Board of Elders Limited strongly believes that a culture of compliance is essential in ensuring the long-term success of our strategic objectives. We continue to uphold high standards of corporate governance, including our continuous disclosure obligations. To this end, Elders is pleased to publish our annual Tax Transparency Report for the year ended 30 September 2020.

Elders has had a tax governance framework which has been approved by the Board for a number of years. Elders believes that the commercial needs of the group are of utmost importance. In addition, Elders' overarching tax management principles are to ensure all tax obligations are met and all taxes that are legally obliged to be paid are paid.

Although Elders posted another strong financial result in the 2020 year, as the Elders tax consolidated group has a significant amount of carried forward tax losses, it was not required to pay any company tax in the current year. Nevertheless, Elders remitted around \$112m of taxes to both Federal and State revenue offices.

This document should be read in conjunction with our 2020 Elders Annual Report, which is available at our website, Elders.com.au.

Elders Tax Strategy and Governance

Elders adopts a conservative approach to tax risk management. Elders' tax governance framework includes a comprehensive tax risk policy which is reviewed bi-annually under our policy by our experienced in-house internal team as well as our external auditors. It also has appropriate systems, procedures and controls in place to identify and manage any tax risks. Our Head of Tax presents to the Board Audit, Risk and Compliance Committee at least twice a year on tax matters.

Elders believes that the commercial needs of the group are of utmost importance and all tax advisory will be undertaken in this context. All transactions must have a business purpose or commercial rationale. Elders will not undertake purely tax driven transactions and the requirement to meet commercial needs will in no circumstances override compliance with tax laws.

Elders' overarching tax management principles are to:

- Pay all taxes legally obliged to pay as and when they become payable or on a basis that is agreed with the tax authorities;
- Fully comply with all tax compliance obligations in all jurisdictions that Elders has a business presence;
- Maintain documentary evidence for the defence of all material tax positions in the event of challenge by a tax authority; and
- Operate with the aim of maintaining constructive relationships with tax authorities.

Contribution to Australia

While Elders has only paid a minimal amount of corporate taxes for the 2020 year due to a significant amount of carried forward tax losses, it has contributed to the Australian economy with the payment of other taxes. In particular, due to the employment of over 2,000 employees around Australia, Elders has paid a significant amount of employment taxes, totalling around \$73m, to both Federal and State revenue offices.

Australian taxes paid/collected - Tax contribution summary

	2020	2019
	\$'000	\$'000
Australian Taxes		
Paid		
Corporate Tax	555	706
Payroll Tax	11,071	10,523
Fringe Benefits Tax	367	424
Collected		
GST (collected and remitted)	243,250	170,493
GST (paid but claimed)	(204,203)	(141,452)
Fuel tax credits claimed	(369)	(294)
Personal Income Tax from employees (remitted)	61,395	49,639
Total Australian Taxes paid	112,066	90,039

ATO published tax information

As part of the ATO's obligation in publishing the tax information for large entities, the following information will be published in December 2020 for Elders Limited in relation to its lodged 2019 income tax return:

	2019
Total Income	1,619,585,206
Taxable Income	14,364,498
Tax Payable	Nil

Total income comprises of total revenue for the Elders tax consolidated group for the 2019 year. Taxable income is calculated as all assessable income less allowable tax deductions, after offsetting against carried forward losses. Tax payable is then calculated at 30% of taxable income, less franking credits received from investments.

Reconciliation of statutory profit to income tax expense & income tax payable

	2020	2019
	\$'000	\$'000
Statutory profit before income tax expense	104,065	54,518
Income tax (expense) at 30%	(31,220)	(16,355)
Adjusted for non-temporary differences:		
Adjustment in respect of income tax of previous years	(103)	(181)
Impairment of assets	0	(1,555)
Recognition of previously unrecognised losses	53,324	35,705
Share of equity accounted profits	1,957	1,894
Other net (non-deductible)/non-assessable items	(2,737)	(3,299)
Income tax (expense)/benefit	21,221	16,209
Accounting effective company tax rate	(20.39%) *	(29.73%)
Adjusted for temporary differences:		
Provision for employee entitlements	(6,123)	1,809
Other provisions	(550)	(1,291)
Capitalised expenses	266	(1,313)
Inventory	224	599
Intangibles	14,486	(83)
Others	614	(340)
Recognition of additional previously unrecognised losses	(15,500)	(18,576)
Temporary differences	(6,583)	(19,195)
Adjustment in respect of income tax of previous years	103	181
Utilisation of carried forward tax losses	(37,824)	(17,129)
Other assets & liabilities	(16,292)	770
Associates & others	1,551	2,035
Tax losses utilised @30%	37,824	17,129
Income tax (payable) for Elders tax consolidated group	(0)	0
Elders Group Tax Losses at 30%:		
Tax loss brought forward	(196,431)	(213,505)
Overprovision in the year	(168)	(55)
Current year taxable income/(loss)	37,824	17,129
Tax loss carried forward	(158,775)	(196,431)

* The major difference between the company tax rate of 30% and Elders' effective tax rate of (20.39%) is due to the recognition of previously unrecognised tax losses - as a result of continuous improvement in business operations and forecasted taxable income.