



Taxation Reconciliation – 2018-2019 Financial Year

The Government has announced that it will again be publicly disclosing the amount of tax payable by Australian Foundation Investment Company Limited (“AFIC”) and other large companies.

For the 2018-19 year the amounts to be shown can be reconciled to AFIC’s Annual Report as below:

	\$'000
Profit before tax for 2019 as per Accounts	421,529
Less : profit of subsidiary (taxed separately)	(2,532)
Less : loss from investments held on revenue account	(3,819)
Add : unrealised loss on trading portfolio	771
Less : timing differences	(648)
Add : net capital gains	70,939
Add : off-market buy-backs not included as revenue	50,323
Less : demerger dividend not taxable	(43,629)
Add : franking credits received	164,785
Taxable income	657,719
Tax Payable at 30%	197,315
Tax paid overseas	(592)
Tax paid by companies that AFIC invests in	(164,785)
Total Tax Paid or Payable	31,938

As can be seen, AFIC is subject to a 30% taxation rate on its taxable profits, which are usually higher than its accounting profits due to capital gains and franking credits.

Of the \$197.3 million due in taxation, the majority (nearly 84%) has already been paid by the companies that AFIC invests in, resulting in the franking credits that AFIC passes on to its shareholders, thereby avoiding double or even triple taxation.

This left \$31.9 million of Australian tax owing, which AFIC was required to pay and which has been paid either during the year ended 30 June 2019 via the PAYG system or during the year ended 30 June 2020.

This information was previously presented in the AFIC Tax Transparency Report 2018-19 which is also available on the Company’s website.

Please direct any enquiries to:

Andrew Porter	Geoff Driver
Chief Financial Officer	General Manager
(03) 9225 2103	(03) 9225 2102

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