

Taxation Reconciliation – 2019-2020 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 2019-20 year the amounts to be shown can be reconciled to AFIC’s Annual Report as below:

	\$'000
Profit before tax for 2020 as per Accounts	258,241
Less : profit of subsidiary (taxed separately)	(2,655)
Less : loss from investments held on revenue account	(6,545)
Less : unrealised gain on trading portfolio	(274)
Add : net capital gains	83,894
Add : income accounted for in past years	34,560
Less : income not taxable in current year	(21,325)
Add : dividend from subsidiary	3,000
Add : franking credits received	88,920
Taxable income	437,816
Tax Payable at 30%	131,345
Tax paid overseas	(730)
Tax paid by companies that AFIC invests in	(88,920)
Total Tax Paid or Payable	41,695

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 \$131.3 million due in taxation, the majority (nearly 68%) 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 \$41.7 million of Australian tax owing (60% of which related to the capital gains for the year), which AFIC was required to pay and which has been paid either during the year ended 30 June 2020 via the PAYG system or during the year ended 30 June 2021.

This information was previously presented in the AFIC Tax Transparency Report 2019-20 which is also available on the Company’s website.

Please direct any enquiries to:

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