



proudly
celebrating
75
years

2020 Tax Transparency Report

For Boral Limited

Agenda

01 Boral overview

02 Tax strategy and governance

03 Reconciliation of accounting profit to
income tax expense to income tax
paid / payable

04 Tax contribution statement

05 International related party dealings

1. Boral overview

Boral is an international building and construction materials group, headquartered in Sydney, Australia.

Our primary business is the manufacture and supply of building products and construction materials, in Australia, North America and Asia.

The group is organised by reference to its geographic markets with three divisions: Boral Australia, Boral North America and USG Boral, a 50:50 joint venture with Knauf/USG Corporation.

As of 30 June 2020, Boral, together with its joint venture, had more than 23,750 full-time equivalent employees and contractors working across 17 countries.

Boral is committed to the Australian Voluntary Tax Transparency Code and this report for the year ended 30 June 2020, is prepared in accordance with the code.

The information in this report should be read in conjunction with the Boral Annual Report 2020.

2. Tax strategy and governance

Boral's tax strategy, governance and risk management is encompassed by the following:

- To meet all our fiscal filing and payment obligations in a timely manner;
- To structure all aspects of our business transactions and dealings to meet the legal and business requirements in all jurisdictions;
- To manage tax expense and tax paid through the use of all available statutory opportunities, but not through the use of artificial arrangements or the use of tax haven jurisdictions where no business purpose exists;
- To manage tax risk, mindful of reputational risk; and
- To keep current with all new and proposed tax legislation and developments.

Boral's tax governance is based on the application of appropriate and proper skills and knowledge (both internal and external) coupled with relevant senior management (and where required, the board) input and review.

2. Tax strategy and governance (continued)

Fundamental Principles – Framework of Operations

The Boral tax function works within clearly defined, fundamental principles and policies which include elements of both corporate governance and risk management. From an Australian perspective there is fundamental adherence with the ATO's governance control guidelines.

A summary of Boral's principles and policies is set out below:

- Meet our taxation obligations in the jurisdictions in which we conduct business. For compliance this means filing our returns on time with complete and accurate disclosures and paying our tax obligations on time. It also means reviewing and explaining, where necessary, the ATO's published tax data on our Australian corporate income tax position.
- Business outcomes drive transactions, not tax outcomes.
- Exercising prudence and applying proper process in managing tax risk. Proper process includes seeking appropriate external advice, informing and briefing management and the Board, and having oversight by the Audit & Risk Committee and Board as appropriate.

2. Tax strategy and governance (continued)

Fundamental Principles – Framework of Operations (continued)

- Significant matters are escalated to senior management, the Audit & Risk Committee and the Board.
- The internal tax group works with revenue authorities in a courteous and co-operative way, while preserving our rights and protecting our position.
- The internal tax group engages external assistance in a judicious way having regard to the skills, expertise and knowledge of that assistance, and the need for independence.
- The internal tax group is staffed with legal and/or accounting qualified people who are experienced in taxation and business matters and who continue to maintain and build their skills.
- Our records are maintained in accordance with the Statute of Limitation requirements of the countries in which we operate.

3. Reconciliation of accounting profit to income tax expense

Boral Limited 30 June 2020 (\$Am)	Australia Tax Consolidated	Global Group
Accounting Profit Before Tax - Continuing Operations	130.4	210.4
Significant Items	(168.3)	(1,404.4)
Accounting Loss Before Tax - Discontinued Operations	(7.7)	(7.7)
Accounting Loss Before Tax	(45.6)	(1,201.7)
Prima facie tax benefit at Australian tax rate 30%	(13.7)	(360.5)
Adjustment for difference between Australian and overseas tax rates	0.0	48.1
<i>Non-Temporary Differences</i>		
Share of associates' net profit	(8.7)	(8.6)
Capital and Income Tax Losses realised	(2.6)	(17.2)
Changes in estimates from prior years	(4.9)	(2.5)
Tax benefit arising from share acquisition rights vested	(0.6)	(0.6)
Non-deductible significant items	0.6	275.3
Other Items	5.5	2.9
Total Income Tax Benefit	(24.4)	(63.1)
Effective Tax Rate	54%	5%

Note 1: The accounting loss before tax reflects Boral's share of net loss after tax from equity accounted investments, hence increasing the effective tax rate. Tax is paid at the investment level. The dividend income received by Boral is non-assessable for Australian tax purposes.

3. Reconciliation of income tax expense to income tax paid/payable

Boral Limited
30 June 2020 (\$Am)

Australia Tax Consolidated

Global Group

Income Tax Benefit

(24.4)

(63.1)

Temporary Differences

- Increase/(Decreases) in deferred tax assets

Receivables	(0.8)	(0.8)
Inventories	(1.9)	(1.9)
Other Financial Instruments	(12.8)	(12.8)
Property Plant and Equipment	40.5	40.0
Intangible Assets	(0.1)	36.1
Payables	(12.4)	(12.4)
Loans and borrowings	4.2	4.2
Provisions	(2.2)	(4.0)
Other	(6.9)	12.9
Unrealised foreign exchange	14.7	14.7
Tax losses carried forward	30.9	14.6

Deferred tax movements

53.2

90.6

Other Adjustments to Current tax liabilities

Tax payments to the Australian Taxation Office ¹	(28.8)	(28.8)
Other	(4.6)	(13.0)
Tax payment to foreign tax authorities	(0.8)	(1.9)
Foreign Exchange impacts recorded direct to equity	(20.9)	(20.9)

Opening balance in provision

13.8

29.0

Provision for Income tax payable/(receivable)²

(12.5)

(8.1)

Income tax instalments paid

(11.7)

Income tax (payable)/receivable for 30 Jun 20

11.7

Income tax paid for year ended 30 June 2020³

0

Note 1: Tax payments reflects all cash payments paid to the Australian Taxation Office during the financial year ended 30 June 2020, which will include payments in relation to prior financial years.

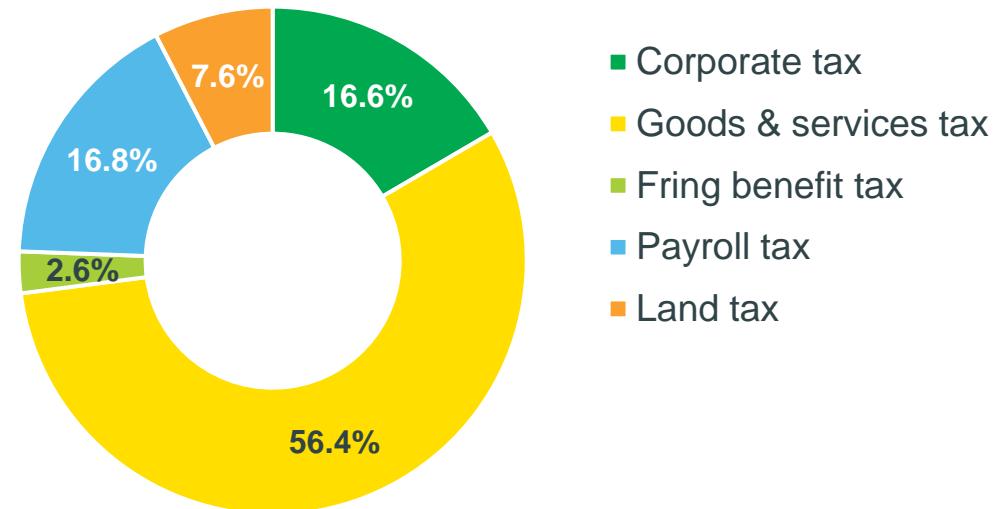
Note 2: Income tax payable as disclosed in the annual report for the year ended 30 June 2020.

Note 3: Income tax paid for the year ended 30 June 2020, after adjusting for amounts payable/ refundable for 30 June 2019, following the lodgment of the 2020 company tax return.

4. Tax contribution statement

During the fiscal year 2020, Boral has paid, or collected and remitted approximately \$173.7 million of taxes to the Federal and State Governments in Australia. A summary of the taxes paid and collected and remitted is noted below.

Tax Contribution	Level of government	2020 A\$m
Corporate tax ¹	Federal	28.8
Goods & services tax	Federal	97.9
Fringe benefit tax ²	Federal	4.6
Payroll tax ³	State	29.2
Land tax	State	13.2
Total		173.7



Note 1: Corporate Tax reflects cash payments in relation to company tax made to the Australian Taxation Office in the 30 June 2020 financial year. This does not reflect the income tax liability for the 30 June 2020 year and excludes taxes remitted on interest withholding of A\$0.8m which is paid to foreign tax authorities .

Income tax payable for 30 June 2020 is disclosed in Section 4 of this report.

Note 2: Fringe Benefit Tax was for the period ended 31 March 2020

Note 3: As a result of COVID-19, payroll tax payments for some state revenue authorities were deferred until 2021.

5. International related party dealings

Boral is an international building and construction materials group with operations in various foreign jurisdictions, including North America and through its joint venture with USG in Australia, New Zealand, Asia and the Middle East. The entities in their foreign jurisdictions are disclosed in the Annual Report (refer Section 6.3 Controlled Entities) and are subject to the taxation regime of their respective jurisdictions.

Boral Limited, as the ultimate global parent company, is an Australian company listed on the Australian Securities Exchange, and is also the head of the consolidated group for Australian taxation purposes.

Boral Limited has relatively limited international related party dealings with its foreign subsidiaries. Boral receives and pays interest on a number of intercompany loans and there are various inter-group charges for services provided by different parts of the group.

All international related party dealings are conducted on an arm's length basis in accordance with the regulatory requirements of the relevant jurisdiction and in accordance with the OECD transfer pricing rules and guidelines.

Boral also complies with its Country-by-Country Reporting (CbCR) requirements.



proudly
celebrating
75
years

Level 18
15 Blue Street
North Sydney
NSW 2060

www.boral.com