



2017 Tax Transparency Report – for Boral Limited



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1. Introduction

I am pleased to present Boral's Tax Transparency Report in respect of the year ended 30 June 2017.

This report represents our response to the Voluntary Tax Transparency Code, an initiative introduced by the Australian Government in recognition of the global need for greater transparency between business and the wider community.

The fundamental principles of this initiative were developed by the Board of Taxation and summarised in their final report dated February 2017. It is these principles that are addressed in this report:

- An outline of our Tax Strategy and Governance policies, as a subset of our Corporate Governance and Risk Management Framework*
- A reconciliation of our Australian and Global income tax expense to income tax payable, together with disclosure of our effective tax rate*
- A breakdown of our Tax Contribution across both state and federal taxes in Australia*
- A summary of our international related party dealings, and transfer pricing methodologies*

The information in this report should be read in conjunction with the Boral Annual Report 2017.

Rosaline Ng
Chief Financial Officer

2. 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 USG Corporation (listed on the NYSE). Through these segments we aim to serve our customers and deliver shareholder value through:

- Maintaining and strengthening our leading position in Australia
- Growing organically and through innovation in Asia
- Delivering transformational growth in America
- Leveraging growth in our key markets and across all geographies
- Further strengthening our cash flows and balance sheet.

As of 30 June 2017, Boral, together with its joint venture with USG, had more than 16,000 full-time equivalent employees and contractors working across 700 operating sites in 17 countries.

3. Tax Strategy and Governance

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

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

- To meet all our fiscal 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
- To manage tax risk
- To keep current with all new and proposed tax legislation

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

3. 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 broad adherence with the ATO's governance control guidelines.

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

- Legally meet our taxation obligations in the jurisdictions we conduct business in. 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.
- Tax outcomes do not drive transactions, business does.
- Exercising conservatism and applying proper process in managing tax risk. Proper process includes seeking appropriate external advice, informing and briefing management, with oversight by the Audit & Risk Committee and Board as appropriate.

3. 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. In addition:
 - The tax group reports (at a high level) on all activity it undertakes during a calendar month;
 - The group tax manager meets with the CFO; and
 - The group tax manager provides updates on material matters to the Audit & Risk Committee.
- The internal tax group works with revenue authorities in a courteous and co-operative way, whilst 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.

4. Reconciliation of Accounting profit to income tax expense

BORAL LIMITED

30 JUNE 2017

	Australia Tax Consolidated (A\$m) ¹	Global Group (A\$m) ¹
Accounting profit before tax	327.2	301.0
Prima facie tax expense	98.2	90.3
Adjustment diff Aust and overseas tax rates		(3.4)
<i>Non-Temporary Differences</i>		
Equity Accounted Income ²	(22.6)	(22.7)
External Franked Dividends	(4.3)	(4.3)
Profit/ (Loss) on sale of assets	(4.4)	(4.4)
Tax Losses	-	(5.2)
Under/(over) provisions in prior year	(2.5)	(2.5)
Share acquisition rights vested	(11.5)	(11.5)
Asset Impairments and Writedowns	6.1	6.1
Depreciation & Amortisation	0.3	0.4
Non-deductible expense & other	0.6	8.6
Total Income Tax Expense	59.9	51.4
Effective Tax Rate	18%	17%

Note 1: Excludes discontinued operations

Note 2: Non-assessable dividend income from equity accounted investments

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

BORAL LIMITED 30 JUNE 2017	Australia Tax Consolidated (A\$m) ¹	Global Group (A\$m) ¹
Income Tax Expense	59.9	51.4
<i>Temporary Differences</i>		
<i>- Increase/ (Decreases) in deferred tax assets</i>		
Receivables	(1.1)	(0.9)
Inventories	1.4	8.4
Property Plant and Equipment	11.6	37.5
Intangible Assets	-	(0.7)
Payables	-	5.2
Loans and borrowings	(3.4)	(3.4)
Provisions	(5.3)	(29.4)
Other	(0.3)	(12.4)
Unrealised foreign exchange	15.4	15.4
Tax losses carried forward	-	6.9
Deferred tax balance	18.3	26.6
	Australia Tax Consolidated	Global Group
	(A\$m)	(A\$m)
<i>Other Adjustments to Current tax liabilities</i>		
Tax benefit on discontinued operations	(10.7)	(4.3)
Tax Payments ²	(41.6)	(41.8)
Companies acquired	-	(2.2)
FX & other	(0.3)	(2.2)
Opening balance in provision for income tax payable	22.1	36.6
Provision for Income tax payable	47.7	64.1
Income tax instalments paid	27.5	
Income tax payable for 30 June 17	25.9	
Income tax paid for year ended 30 June 2017 ³	53.4	

Note 1: Excludes discontinued operations

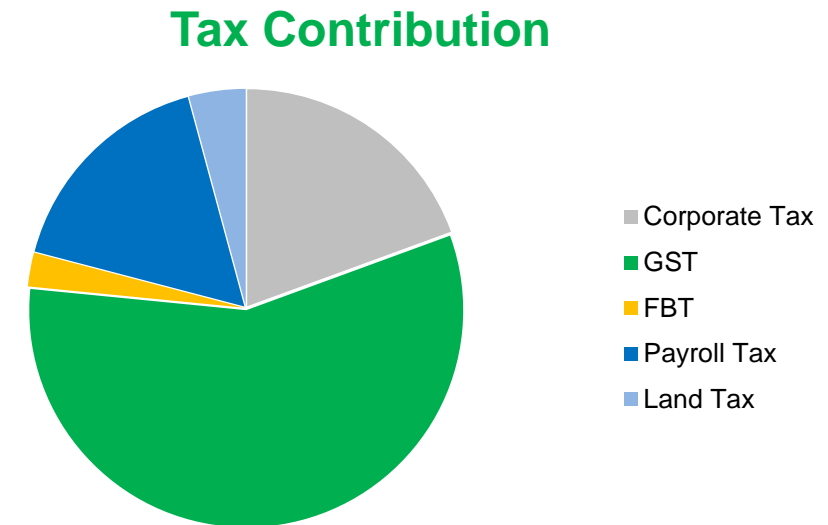
Note 2: Tax payments reflects all cash payments paid to the Australian Taxation Office which will include payments in relation to prior periods.

Note 3: All tax payments in relation to financial year ended 30 June 2017

5. Tax Contribution Statement

During the fiscal year 2017, Boral has paid, or collected and remitted approximately \$208.3 million of taxes to both 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	2017 A\$m
Corporate Tax ¹	Federal	40.4
Goods & Services Tax	Federal	119.0
Fringe Benefit Tax ²	Federal	5.3
Payroll tax	State	34.8
Land tax	State	8.8
Total		208.3



Note 1: Corporate Tax reflects cash payments in relation to company tax made to the Australian Taxation Office in the 30 June 2017 financial year. This does not reflect the income tax liability for the 30 June 2017 year and excludes taxes remitted on interest withholding (Note 3 includes taxes remitted on interest withholding) . Income tax payable for 30 June 2017 is disclosed in Section 4 of this report.

Note 2: Fringe Benefit Tax was for the period ended 31 March 2017

6. International Related Party Dealings

Boral is an international building and construction materials group with operations in various foreign jurisdictions, including the USA and through its joint venture with USG in South East Asia. These entities and foreign jurisdictions are disclosed in the Annual Report (refer Section 6.4 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 ATO transfer pricing rulings and guidance and the laws and rulings of the related party country.

Build something great™



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