



# **TAX REPORT AUSTRALIA**

**FOR YEAR ENDED 31 DECEMBER 2022**

**Unilever Australia Group Pty Ltd**

# CONTENTS

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Introduction	1
Tax Strategy	2
Tax Principles	3
Tax Risk Framework	5
Related Party Transactions	7
Total Tax Contribution	8
Effective Tax Rate	10
Reconciliation of Accounting Profit to Income Tax Expense	11
Reconciliation of Income Tax Payable	12
Deferred Tax	13

# INTRODUCTION

As one of the world's largest consumer goods companies with a portfolio of leading purposeful brands, an unrivalled presence in future growth markets, and a determinedly commercial focus as a sustainable business. We are creating value for our multiple stakeholders through the clear investment choices we have made in our Compass strategy which, along with our step-up in operational excellence, are improving the consistency and competitiveness of our performance. We are home to 400+ brands – and proud that around 3.4 billion people use our products every day. Our multi-stakeholder business model recognises the importance of the relationships and resources that we depend on across our value chain – from the ingredients we source to the products we sell in over 190 countries.

The tax we pay is an important part of our wider economic and social impact and plays a key role in the development of the countries we operate in. We regard it as a critical element of our commitment to grow in a sustainable, responsible and socially inclusive way.

Our Code of Business Principles set clear expectations in terms of the standards of conduct we expect from our employees to adhere to. This is no different when it comes to taxation. While Unilever has a clear responsibility to comply in full with the laws in the countries in which we operate, we also choose to do this by respecting not only the letter of the law but also the underlying tax policy intent.

Re-building public trust in the corporate tax system is vital - when broader taxpayer trust in the system is damaged people become less willing to comply and all taxpayers suffer as a result. Providing user-friendly information about a company's tax position to a broad range of stakeholders plays an important role in this.

We promote open, transparent working relationships with tax authorities. In Australia, we engage co-operatively with the Australian Taxation Office regarding international related party dealings using the process for Advance Pricing Arrangements.

We are pleased to provide, in this report, an overview of Unilever's global tax policy, risk and governance which we fully endorse and comply with in Australia. Further we have provided a summary of our total tax contribution for Unilever Australia Group Pty Ltd and its subsidiaries (collectively, the "Group") for the period ended 31 December 2022 as per the guidelines set out in the tax transparency code recommended by the Australian Board of Taxation.

A handwritten signature in black ink, appearing to read 'Laura Kuehn'.

**Laura Kuehn**

Chief Financial Officer

Unilever Australia and New Zealand

# TAX STRATEGY

Our brands are important assets used in our business and managing them effectively requires a global strategy. Centralising parts of our business means we can offer consumers innovative products quickly. By bringing together activities in one location, we create efficiencies and economies of scale which create value for our consumers and our shareholders. As a result, there are many transactions between Unilever Group companies, and the transfer pricing for these transactions must reflect an arm's-length or market price. Our pricing is driven by the activities undertaken and the value created in each part of our business and is in accordance with the OECD transfer pricing guidelines.

Corporate income tax is payable on the profits made by the companies in the Unilever Group after deducting business expenses and legislated tax reliefs - such as depreciation on equipment and R&D incentives - as provided by the tax laws in the countries we operate in. We aim to pay the right amount of tax at the right time, on the profits we make, and in the countries where we create the value that generates those profits. This means that we must:

- Respect the tax laws applicable in each country, including not only the letter of the law but the tax policy intent underlying the tax law
- Understand how and where the different companies in the Unilever Group contribute to creating value, and ensure that our transfer prices - the prices paid on transactions between companies in the Unilever Group - properly reflect where value is created
- Prepare and file all tax returns in the form specified and at the time required
- Prepare and retain the documentation required by the tax laws or which will be needed to answer any questions raised by tax auditors
- Employ appropriately qualified and trained tax professionals with the right levels of tax expertise and understanding of Unilever's business



# TAX PRINCIPLES

## 1. Compliance

We act at all times in accordance with all applicable laws and are guided by relevant international standards (for example OECD Guidelines). We aim to comply with the spirit as well as the letter of the law

## 2. Transparency

We are transparent about our approach to tax. We regularly put forward understandable, timely and transparent communication about our tax policy and total tax payments.

## 3. Transfer Pricing

We aim to pay an appropriate amount of tax according to where value is created within the normal course of commercial activity. Any transfer pricing is always calculated using the 'arm's-length' principle.

## 4. Structure

We do not use contrived or abnormal tax structures that are intended for tax avoidance, have no commercial substance and do not meet the spirit of local or international law.

## 5. Tax havens

Secrecy jurisdictions or so-called 'tax havens' are not used for tax avoidance.

## 6. Tax rulings

We only seek rulings from tax authorities to confirm the applicable treatment based on full disclosure of the relevant facts.

## 7. Relationships with government

We respect the right of governments to determine their own tax structures, rates of tax and collection mechanisms.

## 8. Relationships with tax authorities

We seek to develop strong, mutually respectful relationships with national tax authorities based on transparency and trust. Where countries have weak or poorly constructed fiscal regulation and/or institutions we support work to help develop the capability of tax authorities and systems.



## **9. Accountability & governance**

We ensure that as a business we have the mechanisms in place to adhere to the above principles and provide both relevant training and opportunities for employees to raise any issues of concern confidentially, consistent with the Unilever Code of Business Principles.

# TAX RISK FRAMEWORK

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As Unilever operates a global business, we are subject to taxation in the many countries in which we operate. The tax legislation in these countries differs and is often complex and subject to interpretation by management and the government authorities. Recent developments in the international tax arena have increased the likelihood of changes to tax systems in the countries we operate in and this creates added uncertainty.

The risks are managed through our Tax Risk Framework and monitored through a web-based tool for collecting details of corporate income tax exposures and provisions. We also have an Annual Compliance Checklist, in which the confirmation is given on complying with statutory tax obligations and Unilever Tax Principles and control effectiveness.

We centrally monitor the filing of all corporate income tax returns and related tax payments.

The Tax Risk Framework, detailed below, sets out the key tax risks and the mitigating actions that Unilever takes to manage and monitor those risks. There are five key risk areas covered by the tax risk framework – policy, governance & organisation, people, compliance & documentation, reporting & risk management.

## Tax Risk Framework – examples of a risk and mitigating action for each of 5 key risk areas

	RISK	MITIGATING ACTION
<b>POLICY</b>	Transactions and behaviours not in line with Tax Principles	Annual compliance confirmation and completion of scorecard for certain transactions
<b>GOVERNANCE &amp; ORGANISATION</b>	Lack of right organisational structure to implement tax strategy	Organisational structure regularly reviewed by Tax Leadership Team
<b>PEOPLE</b>	Insufficient tax training	Regular Global, regional and local training sessions, plus individual development plans
<b>COMPLIANCE &amp; DOCUMENTATION</b>	Failure to comply with statutory tax obligations	Annual compliance checklists plus online compliance tracking tool
<b>REPORTING &amp; RISK MANAGEMENT</b>	Tax positions not accurately reflected in reporting	Online tool to collect and approve direct tax exposures and provisions



## RELATED PARTY TRANSACTIONS

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The ultimate parent company of the Group is Unilever PLC, a public company registered in the United Kingdom. Transactions with related parties are conducted in accordance with agreed transfer pricing policies. Transactions include sale and purchase of goods, receipt and provision of services, and related party loans.

# TOTAL TAX CONTRIBUTION

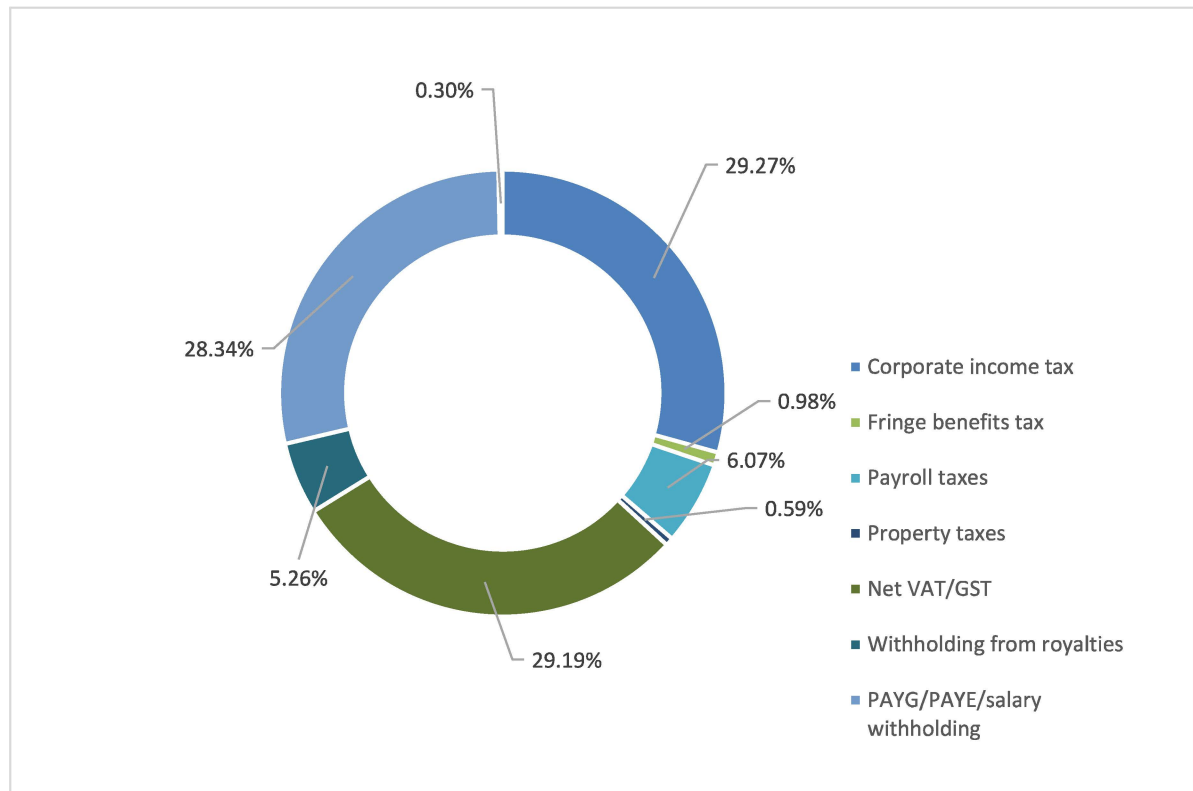
In Australia, we pay corporate income tax and pay and collect various other taxes, including employment taxes, transaction taxes, withholding taxes, property taxes and customs duties.

During 2022, the total tax contributions were A\$108.9 million, comprising A\$72.0 million of taxes borne by Unilever, and A\$36.9 million of taxes collected on behalf of the Australian government.

## Total Tax Contributions

	2022
<b>Tax Borne</b>	<b>\$A'000</b>
Corporate Income tax	31,878
Fringe benefits tax	1,065
Payroll taxes	6,608
Property taxes	645
Net GST	31,797
<b>Tax Collected</b>	<b>\$A'000</b>
Tax withheld from employees (PAYG)	30,870
Royalties withholding tax	5,733
Interest withholding tax	323
<b>Total Tax Contribution</b>	<b>108,919</b>

## Tax Paid by Category – 2022



## EFFECTIVE TAX RATE`

The Effective Tax Rate (ETR) in 2022 was 33.74%. The table below provides the calculation of the ETR

	2022 A\$'000
<b>Total current and deferred income tax expenses</b>	
Income tax attributable to continuing operations	19,501
Accounting profit before tax (PBT)	57,796
<b>Effective tax rate (ETR)</b>	<b>33.74%</b>

The Unilever Global Effective Tax Rate (ETR) in 2022 was 20%. For further details, refer to the Unilever Global Annual Report note 6.



**Table 1:**

# RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSE

	2022 A\$'000
<b>Profit for the year before income tax</b>	57,796
Income tax calculated at 30%	17,339
<b>Amounts recognised in profit but not included in taxable income (tax effected):</b>	
Non-Deductible	89
Employee Benefits	(770)
Expected credit losses	(30)
Provision for Redundancy	(489)
Right-of-use assets/Lease liabilities	674
Other provisions and accruals	2,747
Inventories and consumables	(495)
Depreciable fixed assets and intangibles amortised	(361)
Retirement Benefit obligation	(1,866)
Under provision of current tax in prior periods	2,935
Deferred tax expense (current year adjustments)	110
Deferred tax benefits (prior period adjustments)	(382)
<b>Income Tax expense</b>	<b>19,501</b>

Table 2:

## RECONCILIATION OF INCOME TAX PAYABLES

	2022 A\$'000
<b>Income taxes payable at beginning of financial year</b>	(23,815)
Income tax paid during the year	31,878
Income taxes payable for current financial year	(16,838)
Under provision of current tax in prior periods	(2,935)
<b>Income taxes payable at end of financial year</b>	<b>(11,710)</b>

**Table 3:**  
**DEFERRED TAX**

	Consolidated statement of financial position:	Consolidated statement profit or loss and other comprehensive income:
	DT Asset/ DT (Liabilities)	Expense/(Benefit)
Employee Benefits	6,111	(292)
Expected credit losses	240	(30)
Provision for redundancy cost	935	(489)
Other provisions and accruals	8,803	3,131
Inventories and consumables	(522)	(495)
Depreciable fixed assets and intangibles amortised	(2,175)	(361)
Retirement benefit obligations	(3,450)	(1,866)
Right-of use assets/Lease liabilities	1,369	674
<b>Deferred tax benefit</b>		<b>272</b>
<b>Net deferred tax assets</b>	<b>11,311</b>	