

Tax Transparency Report

2020



**Western
Sydney
Airport**

Introduction

In order to improve the transparency of businesses tax affairs, the Board of Taxation has designed a Tax Transparency Code (TTC) that includes a set of principles and minimum standards which act as guidance for businesses to make disclosures around their tax contribution and compliance with Australia's tax laws.

WSA Co Limited (WSA) supports the Australian Government's efforts to promote Tax Transparency. WSA has voluntarily signed up to the TTC and has chosen to disclose the information contained in this report in order to provide additional information to assist the public in understanding our tax position. This reflects the intention of WSA to maintain a productive and transparent relationship with the Australian Taxation Office (ATO).

Our Business

WSA was established by the Australian Government on 7 August 2017 to deliver and operate the Western Sydney International Airport as an integrated transport hub to resolve aviation capacity challenges in the Sydney basin. Construction at the Airport site is underway with completion planned for 2026.

Our vision is to build an airport that will be the gateway of choice and deliver infrastructure that will benefit the people of Western Sydney, and Australia.

Western Sydney International is one of Australia's most significant infrastructure projects and will be a major catalyst for growth and development in the region, as well as for the state of New South Wales. Our current workforce for the construction phase is well above the 30% target set for local employment.

WSA is a Government Business Enterprise and is subject to tax in the same way as any large Australian corporate taxpayer. WSA is currently in the construction phase of the project with no commercial revenue expected to be derived until the completion of the airport in 2026. As a result, WSA will not pay corporate income tax for the foreseeable future.

Tax Strategy and Governance

Throughout the development of the project WSA has adopted sound and commercial practices and maintains the highest standard of risk management across its operations.

As part of the wider risk framework in place, WSA has established a specific Tax Risk Management and Governance Framework (the Framework) which governs our tax strategy and acts as a guide for the effective management of tax risks. The Framework was reviewed and approved by the Audit & Risk Committee (ARC) in August 2018.

As part of the Framework, the Board has endorsed the following to be implemented throughout WSA:

- To comply with all tax compliance obligations in a timely manner.
- To ensure that tax risks are considered as part of the overall commercial assessment of any transaction.
- To take a conservative approach to the assessment and management of tax risk with a view to always being considered by revenue authorities as low risk.
- To maintain open and transparent relationships with all relevant revenue authorities.
- Not to participate in tax evasion or to facilitate the evasion of tax by a third party in any way.
- To protect the reputation of WSA in relation to tax matters.
- To proactively engage and communicate regularly with the ARC and the Board, so as to adopt a 'no surprises' approach to the management of tax risk.
- The ARC has committed to review the Framework on an annual basis to ensure it remains fit for purpose.

Income Tax Disclosures

Reconciliation of Accounting Profit to Tax Expense / Tax Paid (as derived from the WSA audited financial statements for the year ended to 30 June 2020) and Effective Tax Rate (ETR).

Reconciliation of accounting profit to income tax expense	30 June 2020 \$000
Loss before income tax	(363,452)
Tax at the company tax rate of 30%	(109,036)
Increase / (decrease) in income tax expense due to:	-
Permanent differences	6
Temporary differences not recognised	109,030
Income tax expense	-

Reconciliation of Income Tax Expense to Income Tax Paid	30 June 2020 \$000
Income tax expense	-
Movements in temporary differences	-
Income tax paid	-

As WSA does not recognise deferred tax on any of the temporary differences, there is no difference between the income tax expense and income tax paid in the year.

Effective Tax Rate	30 June 2020 \$000
Loss before income tax	(363,452)
Income tax expense	-
Effective tax rate	0%

The ETR is calculated by dividing the income tax expense by the accounting profit and as WSA has no income tax expense in the period, the ETR is zero.

The ETR of zero reflects the non-recognition of deferred tax on deductible temporary differences and tax losses incurred in the year. If WSA had recognised deferred tax on these amounts, the ETR for the period would be in line with the Australian full company tax rate of 30%.

Total tax contribution summary

Tax Contribution Summary	30 June 2020 \$000
Fringe Benefits Tax	22
Payroll Tax	1,154
PAYG	7,159