



CSL Limited
Australian Tax Transparency Report
For the year ended 30 June 2017

ABN 99 051 588 348



CSL Tax Transparency Report

Introduction from the Chief Financial Officer

CSL recognises that operating responsibly and transparently is critical to the long term sustainability of our business. Our continued success requires strong corporate governance and transparent engagement with our stakeholders, including in relation to our tax philosophy and tax profile. CSL's commitment to voluntarily reporting our tax philosophy and profile is consistent with our commitment to complying with all global tax obligations in all the countries in which we operate.

I am pleased to present the first Tax Transparency Report for CSL Limited in Australia. In keeping with the voluntary Australian Tax Transparency Code, this report aims to provide a greater understanding of CSL's tax profile, tax contributions, and the manner in which we govern and manage our tax obligations.

For more than 100 years, CSL has protected and improved the health and wellbeing of millions of people in Australia and around the world.

Our success as a globally integrated biotherapeutics company is built around key capabilities that span research & development of new technologies, educating patients and providers toward better diagnoses, and the specialised manufacture and distribution of life-saving and life-changing therapies.

While CSL's roots are proudly in Australia, we are a truly global company with more than 90% of revenues and profits derived outside of Australia.

Our specialised manufacturing operations span Australia, Germany, Switzerland, United Kingdom, China and the United States. We have commercial enterprises in more than 30 countries and we serve customers and patients in more than 60 countries. CSL is subject to the different tax regimes that apply in each of those countries and complies with applicable taxation laws in all the jurisdictions in which we operate. Our tax payments are aligned with applicable profit generating activity and we have a low risk appetite for tax risk.

While the lion's share of our revenue is generated overseas, our world-class Global Hub for Research and Translational Medicine is Australian-based. CSL is committed to fostering excellence in Australian research and also has some of the largest in-house translational research expertise and capacity in Australia. In the year ended 30 June 2017, we invested US\$645 million into R&D of which a little over 20% was spent by CSL Australia, making CSL one of Australia's largest R&D investors in the private sector.

In our response to the Australian government's review of the R&D Tax Incentive in 2016, we acknowledged that the R&D tax incentive is one of many considerations influencing future investment in R&D capacity. Furthermore, CSL strongly believes it improves the country's attractiveness as a destination for innovation and supports the competency of Australia's research institutions.

Our approach to managing tax is underpinned by 'Integrity' - one of CSL's long-held corporate values. To this end, CSL supports efforts by authorities to curb tax evasion and tax avoidance in order to support a healthy and fair economy and we acknowledge that increased tax transparency by corporations is an important element of the global tax system.

Operating with transparency forms a core part of CSL's tax management philosophy and as such we welcome the opportunity to participate in the Tax Transparency Code.

David Lamont
Chief Financial Officer
12th December 2017

ABOUT CSL: A GLOBALLY INTEGRATED BUSINESS PROUDLY HEADQUARTERED IN AUSTRALIA

With proud origins in Australia, CSL is now one of the leading biotherapeutics companies in the world.

CSL delivers life-changing and life-saving products globally, employing 19,367 employees in more than 30 countries.

In the year ended 30 June 2017, we:

- *Generated global net profit after tax of US\$1,337.4 million*
- *Paid US\$468.3 million in income taxes*
- *Invested US\$645 million in research and development*
- *Paid \$US601.4 million in dividends to our shareholders*

Headquartered in Melbourne for more than 100 years, we are proud of our long history in Australia which continues to be an important location for CSL from both a corporate and business perspective.

Our Melbourne operations include the CSL Global Hub for Research and Translational Medicine as well as a plasma and recombinant therapy manufacturing facility in Broadmeadows and an influenza vaccine manufacturing facility in Parkville, supplying influenza vaccines to Australia and global markets.

Since listing on the Australian Securities Exchange (ASX) in 1994, we have made several significant acquisitions overseas and now operate successful globally integrated value chains.

SNAPSHOT OF CSL's GLOBAL FOOTPRINT



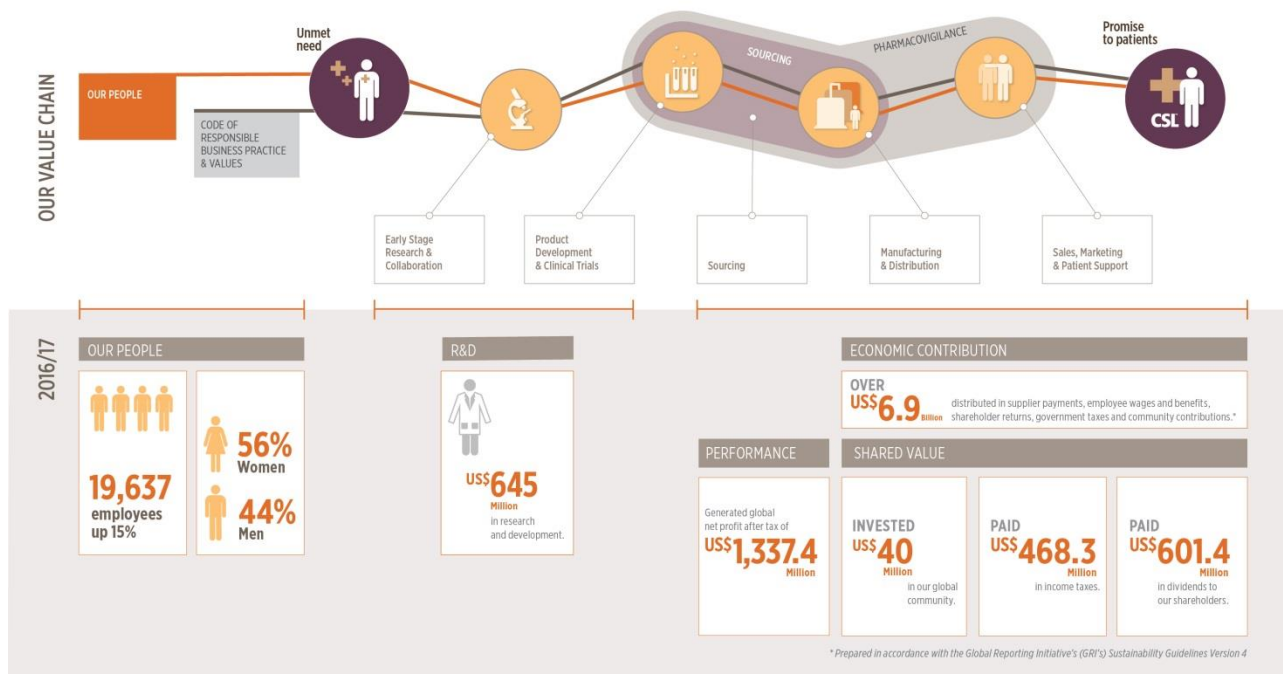
CSL's GLOBAL ECONOMIC CONTRIBUTION

In 2017, CSL paid US\$468.3 million in income tax globally

In the financial year ending 30 June 2017, CSL distributed close to US\$7 billion in employee wages and benefits, supplier payments, shareholder returns, government taxes and community contributions, an increase of 13% on the prior period. This result reflects our commitment to strong corporate governance and the successful execution of our strategy.

CSL believes that supporting local and global communities helps to build healthier and more sustainable environments. In 2017, CSL contributed US\$40 million in support of patient, biomedical and local communities. In the same year, our global workforce grew by 15% to 19,367 with women making up 56% of our employees.

CREATING SHARED VALUE FOR STAKEHOLDERS:



CSL'S ECONOMIC CONTRIBUTION TO AUSTRALIA

CSL's economic contribution to Australia in the financial year ended 30 June 2017 comprised:

- Total sales & other revenue generated of \$A1,128.8 million;
- \$A306.7 million paid in wages and salaries to Australian workers;
- \$A879.6 million in goods; and
- 1,980 full-time equivalent jobs.

Both CSL's primary commercial businesses have manufacturing facilities in the state of Victoria, Australia - the CSL Behring plasma-derived products manufacturing facility in Broadmeadows and the Seqirus flu vaccine manufacturing facility in Parkville. These are well established businesses which are contributing to CSL Australia's overall profitability.

INDIRECT CONTRIBUTIONS PAID VIA CSL SHAREHOLDERS

CSL provides an indirect economic contribution to Australia through the taxes paid by shareholders. CSL's shareholders are taxed when they receive dividends from CSL or make capital gains from disposal of CSL's shares.

Australian resident shareholders are entitled to a franking tax credit (that is credited against their own tax liability) when they receive dividends that are franked under Australia's dividend imputation regime. CSL dividends paid during the year ended 30 June 2017 were not franked so they were fully subject to tax in the hands of Australian shareholders.

Shareholders that are not residents of Australia are subject to the tax rates that are applicable in their own country on the dividends paid to them from CSL. Because CSL's dividends are paid wholly out of profits earned from outside of Australia, when they are paid to non-resident shareholders the dividends are exempt from Australian withholding tax.



THREE CORE BUSINESS UNITS EXPLAINED:

CSL operates three global business units;

- CSL Behring, a global leader in biotherapies with a broad range of products, including the world's largest plasma collection network (CSL Plasma),
- Seqirus, the world's second largest influenza vaccine company, and
- An integrated R&D team.



1. CSL BEHRING

CSL BEHRING

Global
16,000+ employees

Develops, manufactures & markets biotherapies for:

- Coagulation disorders
- Immunological disorders
- Pulmonary therapies
- Wound healing therapies
- Critical care therapies

Operates one of the world's largest plasma collection networks.

CSL Behring is a global leader in biotherapies with a broad range of therapies and products across markets in the Americas, Europe and Asia Pacific. These therapies and products are used to treat bleeding disorders, immune deficiencies, hereditary angioedema, neurological disorders, inherited respiratory disease, and to help victims of trauma, shock and burns.

CSL Plasma, a division of CSL Behring, operates one of the world's largest and most efficient plasma collection networks incorporating more than 170 centres in the US and Europe. CSL Behring also has integrated manufacturing platforms and production facilities located in the US, Germany, Switzerland, China and Australia, and uses sophisticated production methods to meet or exceed stringent safety and quality standards.

In Australia, CSL Behring's plasma manufacturing at Broadmeadows is a substantial part of the Australian business. CSL Behring is the chosen national plasma fractionator for the Australian Government and, under contract to Australia's National Blood Authority, manufactures a complete range of life saving plasma-derived therapies for the treatment of the Australian community.

For more information visit: <http://www.cslobehring.com.au>

2. SEQIRUS

SEQIRUS

Global
2,000+ employees

- Second-largest influenza vaccine provider in the world.
- Provides influenza vaccine to both the Northern and Southern hemispheres, protecting Australia, the UK and the US from the ever-present threat of an influenza pandemic.
- Our broad portfolio of influenza products are sold in more than 20 countries around the world.

Seqirus was established in 2015 following CSL's acquisition of the Novartis influenza vaccine business and its subsequent integration with the pre-existing bioCSL business.

Seqirus is now the world's second largest influenza vaccine company and a major partner in the prevention and control of influenza globally. We are a major supplier of influenza vaccine for Northern and Southern Hemisphere markets, and a transcontinental partner in pandemic preparedness and response.

Seqirus operates specialised production facilities in the US, UK and Australia. We also have leading R&D capabilities, a broad portfolio of differentiated products and commercial operations in more than 20 countries.

Seqirus Australia manufactures influenza vaccine at its Parkville facility, supplying influenza vaccines to Australia and global markets. We also manufacture immunohaematology products and products of national significance, including Q-fever vaccine and anti-venoms. In addition, we have an extensive Australian in-licensing business. For more information visit: <http://www.seqirus.com.au>

3. RESEARCH AND DEVELOPMENT

RESEARCH & DEVELOPMENT

Global - 1,400+ employees

Develops new & improved therapies for treating serious illnesses.

- Haemophilia
- Immunoglobulins
- Speciality plasma products
- Breakthrough medicines
- Influenza vaccines

CSL's future growth and commitment to continually develop new products to provide treatments for unmet patient needs creates the need for us to continually invest in the development of new and innovative R&D. CSL employs over 1,400 scientists globally and in 2017 we invested US\$645 million in R&D activities around the globe.

Our global R&D activities and capabilities are integral to the sustained success of both CSL Behring and Seqirus, and are integrated across both businesses. This supports the continued development of innovative products, intellectual property (IP) and specialised processes.

CSL's Global Hub for Research and Translational Medicine is based in Australia reflecting our long history in Australia and our valuable relationships with Australian universities and medical research institutes and the talent of personnel.

OUR TAX POLICY, STRATEGY AND GOVERNANCE APPROACH

Our approach to managing tax is underpinned by 'Integrity'- one of CSL's long-held corporate values. CSL's tax philosophy guides our approach to tax risk, governance and planning.

CSL has a well-developed and structured risk management framework to allow for risks in the CSL Group to be identified, evaluated, monitored and managed. Tax is managed within that framework.

CSL's principal tax governance document is its Tax Management Policy, which includes a 'tax philosophy' to guide our approach to tax risk, governance and planning. This was updated in 2017 to reflect the Australian Taxation Office's (ATO) revised *Tax Risk Management and Governance Review Guide*.

Approved by the CSL Limited Board, our tax management philosophy commits CSL to:

- Comply at all times with requirements under tax laws, and with CSL's understanding of the intent of tax laws, in each jurisdiction in which we operate;
- Only adopt tax positions that are cogent, well-grounded, and considerable in their persuasiveness;
- Only enter arrangements and adopt positions that exhibit clear commercial objectives and that do not rely on their tax effect to be viable;
- Operate with transparency and maintain an open and co-operative relationship with revenue authorities in all jurisdictions in which we operate;
- Commencing in 2017, publish an annual Tax Transparency Report (approved by the Board) that includes an explanation of taxes paid, why tax and financial results may vary and describes the operation of the tax governance framework; and
- Seek to maintain the integrity and reputation of CSL at all time.

The Chief Financial Officer is ultimately responsible for CSL's tax risk management framework and for providing assurance to the CSL Limited Board that tax risk management procedures are compliant and robust.

CSL's cohesive tax management framework supports robust compliance

ENGAGEMENT WITH REVENUE AUTHORITIES

CSL values strong relationships with relevant tax authorities as this provides an opportunity for us to explain our tax strategy and profile, to satisfy audit queries and to ensure we are aligned with local law and legislation. Maintaining an open and strong working relationship with the Australian Taxation Office (ATO) and other tax authorities around the world is vitally important to CSL. This includes keeping the ATO informed of changes to our business, including any tax consequences. The CSL Limited Board has clear line of sight to our global tax position and tax governance framework.

Where appropriate we seek advice from the ATO through Private Binding Rulings and Advanced Pricing Arrangements. We aim to openly communicate with the ATO with full disclosure of all relevant facts and circumstances.

In the event any significant tax adjustments were to be raised from a tax audit, CSL would disclose as required in accordance with CSL's disclosure obligations.

OUR TAX POSITION

A significant proportion of CSL's growth has been achieved through offshore acquisitions and product and market expansions internationally. As a result, the overwhelming majority of CSL's manufacturing facilities and sales markets are now located outside of Australia. Accordingly, most of CSL's profits are generated outside of Australia and the majority of CSL's tax payments are also outside of Australia.

In 2017 CSL Australian external sales represented less than 10% of CSL's Global External Sales Revenues.

Our Australian tax position reflects the global nature of our business, the manner in which Australian tax law treats profits from foreign business, and the relatively large scale of our innovative medical research activities in Australia.

CSL's global income taxes (US\$468.3 million tax paid in 2017) are paid in the countries where the majority of taxable income is earned, which is where the significant economic activities are conducted.

Some jurisdictions that CSL operates in, such as Australia, also provide income tax concessions, including incentives to perform research and development activities and make investments in manufacturing facilities. These concessions reduce the income tax that would otherwise be payable in those countries and results in an effective tax rate that can be lower than the country statutory tax rate. These outcomes are in accordance with OECD policy and government guidelines.

THE CSL VALUE CHAIN: DRIVING VALUE THROUGH INVESTMENT IN R&D AND IP

Our global R&D programme delivers significant social, economic and scientific benefits, as demonstrated by our:

- Continual investment in early stage medical research and the development of new therapies, treatments and vaccines that deliver life-changing and life-saving benefits to people across diverse communities in more than 60 countries;
- Strong commitment to funding R&D and our continued investment in new and innovative products. This allows us to continue to provide treatments and products to respond to unmet patient needs, underpins our continued growth, provides highly skilled jobs and allows us to re-invest over the longer term; and
- Focus on partnerships as illustrated by our collaboration with the University of Melbourne in the Bio21 Molecular Science and Biotechnology Research Institute, which plays an important role in positioning Parkville, Victoria and Australia as a leading destination for life sciences and biotechnology research.

The manner in which CSL progresses the development of successful R&D activities through to commercialisation is determined by a range of commercial factors. In determining which CSL entity will own the R&D project and its related IP, the commercial decision around where to ultimately or primarily base manufacturing is key. Where an existing manufacturing site owns IP but requires future capacity expansion at a new location, the legacy owner of the IP selects the additional location(s), which can be based on a number of factors, but retains ownership of the IP.

However, not all R&D leads to the successful commercialisation of products and CSL undertakes its R&D at a significant commercial risk and expense. CSL does this with a view to the potential future products that will provide treatments for unmet patient needs, while also allowing the Group to grow and invest over the longer term. Similarly the returns generated from R&D activities fluctuate from year to year.

CSL's strong commitment to funding and conducting R&D in Australia is supported by the Australian Government. Much of the R&D undertaken in Australia is eligible for the Australian Government's R&D tax offset regime, which provides a tax concession as an incentive for companies to conduct R&D in Australia. This concession effectively provides an additional 8.5% tax benefit on eligible R&D expenditure available to companies with an annual aggregate turnover of \$20 million or more.

R&D projects that are owned by CSL in Australia, and that generate products that can be commercialised, provide a return through the development of:

- New products to be manufactured in Australia – (CSL Australia generates sales revenue);
- New products to be manufactured in CSL facilities outside of Australia – (CSL Australia generates income in return for the manufacturer utilising that IP); and
- New products that are not core to CSL's needs or which CSL decides to use in a third party collaboration – (CSL Australia transfers the R&D project, through license or sale of related IP and associated risks and benefits, to a third party. This generates income in return for the third party utilising that IP).



CSL's AUSTRALIAN FINANCIAL AND TAX PROFILE

Under the Australian tax system, CSL Limited and its wholly owned Australian subsidiaries have formed an Australian tax consolidated group, meaning that CSL conducts its Australian businesses as a single taxpayer in Australia. CSL's consolidated Australian tax position reflects Australia's tax law as it applies to CSL Australia's role in the global business and the relatively large scale of the specialised medical R&D investment in Australia.

In 2017 CSL's Australian businesses had a combined income tax expense of A\$57.3 million. Due mainly to the utilisation of R&D tax offsets carried forward from prior years, the total amount of tax payable to the ATO in respect of the 2017 financial year was reduced to A\$16.3 million. This was paid on 1st December 2017 in accordance with the Australian tax instalment requirements. Withholding tax amounting to A\$27.6 million was also paid to foreign tax authorities in respect of foreign income earned by CSL Australia in 2017. The largest component of this income was royalties paid to CSL Australia by foreign third parties.

Tax paid on CSL Australia's 2017 profits:

- Tax paid to ATO – A\$16.3 million (paid 1st December 2017)
- Withholding tax paid in the 2017 year to foreign tax authorities – A\$27.7 million

Effective Tax Rate of CSL Australia in 2017:

- On Total Profit – (including dividends from foreign subsidiaries that are exempt from Australian tax) 3.9%
- On Profit excluding exempt foreign related party dividends – 29.2%

When foreign related party dividend income is included in CSL Australia's profit, the effective tax rate in Australia is measured as 3.9% (Tax Expense as a % of Profit). However, when the foreign related party dividends are excluded the Australian effective tax rate is 29.2%. The Australian Statutory tax rate applying to CSL Australia is 30%.

More than ninety per cent of CSL's global external revenues are generated outside of Australia and tax on that income is paid in the jurisdictions where the relevant income is generated. When the profit from those foreign businesses is paid to CSL Australia through dividends, that dividend income is exempt from Australian tax under Australia's tax laws.

This reflects a long-standing Australian Government policy designed to enable companies such as CSL to invest in overseas subsidiaries by removing the potential double-tax burden on income earned by those subsidiaries. This policy also supports the regular repatriation of profits from overseas subsidiaries to Australia for further strategic investment within the CSL Group or for subsequent returns to CSL's own shareholders. In CSL's case, dividends received from overseas subsidiaries also help to fund continuing R&D in Australia.

Other aspects that are relevant to the Australian tax position include the fact that both the global corporate headquarters and CSL's Global Hub for Research and Translational Medicine are based in Melbourne, where much of our early-stage R&D capability is also located. CSL is one of Australia's largest private sector investors in R&D activity and R&D facilities.

The CSL Group's Australian profile represents the combination of those and other roles performed in Australia. These roles include CSL Australia acting as the:

1. Operator of CSL's Australian based specialised manufacturing businesses (in both the CSL Behring and Seqirus businesses);
2. Operator of the CSL Global Hub for Research and Translational Medicine;
3. Ultimate Shareholder in CSL subsidiaries domiciled in over 30 countries around the world; and
4. ASX listed company and corporate head office for the global CSL Group.

Summary of International related party dealings within the CSL Group

The CSL Group comprises a globally integrated group of companies. As such CSL entities around the world conduct business with one another through a global supply chain, which includes the purchase and sale of products and services, payments for the use of Intellectual Property, and manufacturing of products, under arm's length arrangements.

CSL has sales offices in more than 30 locations worldwide. CSL's presence in all countries, including those with lower corporate tax rates, is for genuine commercial purposes and is driven by our goal of expanding the sale of our products to patients in those countries. This is consistent with CSL's tax policy which requires that we only adopt positions that exhibit clear commercial objectives and that do not rely on their tax effect to be viable.

CSL's globally integrated value chain relies on the network of CSL entities being able to work collaboratively when it makes commercial sense to do so. As a result, when CSL entities in different jurisdictions conduct business with one another, they need to determine an appropriate allocation of the value that is created and shared between each entity within the value chain.

Where CSL entities around the world enter into transactions with international related parties, they do so on terms which:

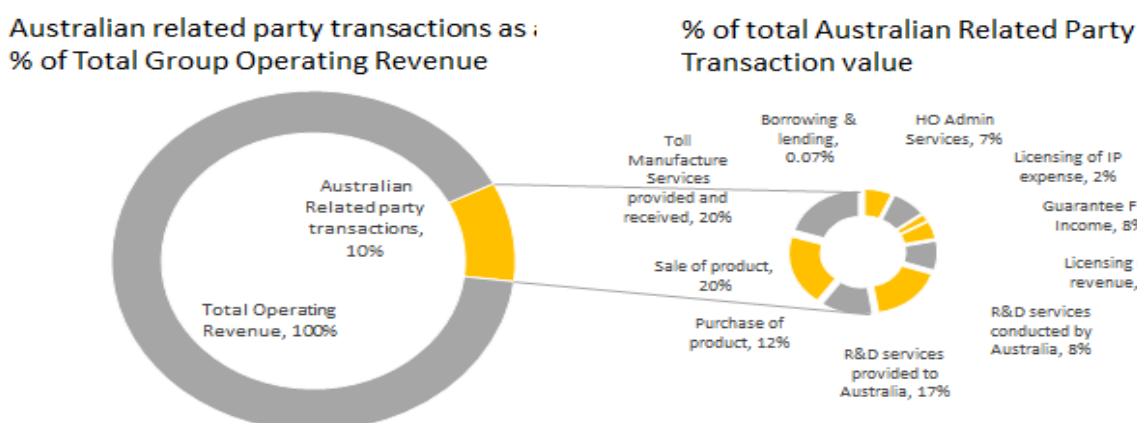
- reflect the commercial and legal substance of the transaction; and
- are consistent with those that would apply in an arm's length context.

This is consistent with established international tax compliance rules and mitigates the risk of under or over paying tax in the countries which are a party to the transactions.

CSL is committed to complying with all applicable taxation laws in each of the countries in which we operate. Transactions between CSL entities in different countries are required to be disclosed to revenue authorities around the world, including the ATO, and to be priced on an arms' length basis. The same transfer pricing approach is used and applied around the world so that the tax outcomes are determined on a consistent basis which ensures compliance with tax obligations and that CSL is not subject to double tax in respect of the profits that are generated by the global group.

These principles are reflected in the fact that all of CSL's subsidiaries that generate a profit do so from ordinary trading activities and all such trading companies have commercial substance. This aligns CSL's profits with the economic substance of the underlying activities and is consistent with the OECD's stated tax principles, which the Australian government also adopts. CSL Limited is the only entity in the CSL Group which generates any "passive" (non-trading) income of any significance, including income that has been earned as a result of R&D projects being commercialised and the intellectual property being licensed to both third parties and related parties. The profit generated by each of CSL's entities is commensurate with the value created, the risks carried and the substance of physical assets the entities have invested in.

As demonstrated in the diagram below, the international related party dealings involving CSL Australia are relatively small when compared to the Total Group Operating Revenue of the CSL Global Group.



The following tables provide details of CSL's international related party dealings involving Australia:

Types of international related party dealings (involving Australia) within the CSL Group

Income

Main types of related party dealings	Why are these transactions necessary?	2017 A\$m
Corporate head office and administration services	A number of management, finance and administration functions are performed by CSL Australia which benefits other CSL entities worldwide. This is more efficient than if each country was to also perform the same functions.	4.0
Guarantee fee income	Payments to CSL Limited for parent entity guarantees of external borrowing by certain CSL entities worldwide.	58.9
Licensing of IP revenue	Royalty payments made to CSL Australia for the use of Australian owned and developed IP.	36.1
R&D services conducted by Australia	Payments to CSL Australia for R&D services with required skill sets or experience that sits in Australia.	60.0
Sale of product	Export sales of products made in Australia for sale in overseas markets.	143.9
Toll Manufacturing services provided	Payments received for the toll manufacture of product by CSL Australia on behalf of offshore CSL entities.	114.6

Expenses

Main types of related party dealings	Why are these transactions necessary?	2017 A\$m
Borrowing & lending	From time to time, CSL entities with surplus cash will lend funds to other entities within the Group on a short term basis.	0.5
Operational, management and administration services	A number of operational, management and administration functions are performed by CSL entities worldwide which benefit CSL Australia. This is more efficient than if CSL Australia was to also perform the same functions.	43.4
Licensing of IP expense	Royalty payments from CSL Australia for the use of IP owned by other offshore CSL entities.	14.5
R&D services provided to Australia	Payments from CSL Australia for R&D services with required skill sets or experience that sits outside of Australia.	124.0
Purchase of product	Purchase by CSL Australia of products for sale within the CSL Australia market made outside of Australia by offshore CSL entities.	90.1
Toll Manufacturing services received	Payments made by CSL Australia to offshore CSL entities for the toll manufacture of product located in offshore manufacturing facilities.	31.0

Key Financial Results of the Consolidated CSL Global Group

Values in US\$m per CSL Limited 2017 Annual Report

Extract from Consolidated Statement of Comprehensive Income	2017 US\$m	2016 US\$m
External Sales Revenue	6,615.8	5,909.5
Other Revenue	307.0	205.8
COGS	3,326.8	3,052.8
Gross Profit	3,596.0	3,062.5
Research & Development expenses	645.3	613.8
Selling and Marketing expenses	697.0	620.9
General & Administration expenses	484.8	390.3
Net Finance costs	79.1	57.7
Gain on Acquisition	0.0	176.1
Net Profit Before Tax	1,689.8	1,555.9
Income tax expense	352.4	313.5
Net Profit After Tax	1,337.4	1,242.4
Tax paid per Consolidated Statement of Cash Flows	468.3	326.2
Global Effective Tax Rate:		
Profit Before Tax	1,689.8	1,555.9
Income tax expense	352.4	313.5
Global effective tax rate (Income tax expense as a % of Profit Before Tax)	20.9%	20.1%

Reconciliation of accounting profit to tax expense and income tax payable

Values extracted from Annual Report Note 3: Tax	2017 US\$m	2016 US\$m
Net Profit before tax	1,689.8	1,555.9
Prima facie income tax @30%	507.0	466.8
<u>Add/(Deduct)</u>		
Effects of different rates of tax on overseas income	(157.6)	(98.5)
Research & development incentives	(13.3)	(15.7)
Over/(Under) provision in prior year	8.2	(7.5)
Intercompany restructuring	0.0	12.0
Non-taxable gain on acquisition	0.0	(52.8)
Other non-deductible expenses	8.1	9.2
Income Tax Expense	352.4	313.5
Total net deferred tax movements affecting tax payable	88.5	133.6
Amounts acquired through business acquisitions	0.0	(22.6)
Amounts charged to other comprehensive income	14.2	(15.7)
Amounts credited to Equity	(3.7)	(0.9)
Amounts credited to translation difference	1.6	4.1
Income tax payable in respect of Current Year Profits	453.0	412.0

In any year there may be a difference between Tax paid, Tax payable and Income Tax Expense due to various reasons such as tax law timing differences as to when tax is payable on income and the impact of different tax instalment regimes of individual country taxing authorities. In 2017 CSL paid income tax of US\$468.3 million.

Australian Tax Reconciliation

Values in A\$m per CSL Australian income tax return (2017 Draft, 2016 Actual)

These details are provided to assist an understanding of the tax values in the Report of Entity Tax Information published by the Australian Taxation Office each year, refer -

<http://data.gov.au/dataset/corporate-transparency>

CSL Australia	2017	2016
	A\$m	A\$m
External Sales Revenue	856.2	704.3
Related Party Sales Revenue	135.7	146.0
Royalty income	279.9	223.8
Other income	286.7	248.8
Related party dividend income	1,271.6	851.1
Gross income including Related party dividend income	2,830.1	2,174.0
Profit Before Tax ¹	1,467.9	1,016.0
less tax exempt foreign related party dividend income	(1,271.6)	(851.1)
Australian Profit Before Tax (excluding dividends) ²	196.3	164.9
add R&D eligible expenditure	100.0	98.1
add/(less) permanent non-taxable differences	23.1	(22.3)
add/(less) temporary tax timing differences	7.5	(4.9)
Taxable Income	326.9	235.8
Australian Tax Payable is calculated as:		
Taxable Income	326.9	235.8
Gross Tax Payable @ 30%	98.1	70.7
less Foreign Tax Paid Offsets	(27.7)	(22.7)
Prima Facie Australian Tax Payable	70.4	48.0
less 38.5% R&D Tax Offset (40% for 2016)	(38.5)	(39.2)
less brought forward R&D Tax Offset utilised	(15.6)	(8.8)
Australian Tax Payable	16.3	0
Balance of R&D Tax Offset carried forward to future years	0	15.6
Calculation of the Australian Income Tax Expense:		
Profit Before Tax	1,467.9	1,016.0
less tax exempt foreign related party dividend income subsidiaries	(1,271.6)	(851.1)
Australian Profit Before Tax (excluding dividends)	196.3	164.9
add R&D eligible expenditure	100.0	98.1
add/(less) permanent non-taxable differences	23.1	(22.3)
	319.4	240.7
Australian Tax @30%	95.8	72.2
less 38.5% R&D Tax Offset (40% for 2016)	(38.5)	(39.2)
Australian Income Tax Expense on current year income	57.3	33.0
Australian Effective Tax Rate on:		
¹ Total Profit Before Tax (includes tax exempt dividends from foreign subsidiaries) of \$1,467.9; (2016 \$1,016.0)	3.9%	3.2%
² Australian Profit (excluding tax exempt dividends from foreign subsidiaries) of \$196.3; (2016 \$164.9)	29.2%	20.0%
(Effective Tax Rate = Income Tax Expense as a % of the stated Profit values)		

Australian Tax Contribution Summary – Other taxes

The table below provides an overview of all the other Australian Federal and State taxes paid and collected by CSL Australia in the 2017 income year (with comparatives to 2016).

This table does not include taxes paid or collected by CSL in foreign jurisdictions or taxes paid by CSL's shareholders on dividends received from CSL or on sale of CSL shares.

CSL Australia	2017	2016
	A\$'m	A\$'m
Fringe Benefits Tax	1.2	1.0
Customs duties	0.2	0.3
Land Tax	1.3	1.3
Payroll tax	14.7	13.2
Congestion levy	0.8	0.8
Total Other Australian taxes and imposts paid	18.2	16.6
GST paid	121.9	97.4
GST claimed	(106.3)	(82.9)
GST (net of recoveries)	15.6	14.5
PAYG - employee withholding tax	80.8	74.6
Superannuation guarantee charge	22.1	20.0
Total Other Australian imposts collected on behalf of others	118.5	109.1
Total Other Australian taxes collected and paid	136.7	125.7