



**CSL Limited**

**Tax Transparency Report  
2017/2018**

**CSL™**

Driven by our promise, CSL is a global biotechnology company that develops and delivers innovative medicines to patients in more than **60 countries**. Our **22,000 employees** share a deep passion to help save lives and treat people with life-threatening medical conditions.



- |                            |                                   |
|----------------------------|-----------------------------------|
| ● Research and Development | ● Distribution                    |
| ● Manufacturing            | ● Warehousing                     |
| ● Commercial Operations    | ● Administration                  |
| ● Testing Laboratory       | ■ Regional Sales and Distribution |
| ● Logistics Centre         |                                   |

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## Introduction from the Chief Financial Officer

I am pleased to present CSL's 2018 Tax Transparency Report. The report is in keeping with the Australian Voluntary Tax Transparency Code and 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.

I am also pleased to advise that this year we have increased our disclosures to provide more information in relation to our international tax footprint, reflecting the global nature of our business.

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.

CSL's approach to tax is underpinned by our value of Integrity. This is consistent with our commitment to complying with all tax laws in the countries in which we operate. CSL has a low tax risk appetite and does not engage in aggressive tax planning.

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

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**In the year to 30 June 2018, CSL paid total taxes of US\$534m, and collected and remitted a further US\$260m of taxes. CSL's tax payment profile aligns with our profit generation profile – we pay taxes in the jurisdictions where we make profits.**

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Our specialised manufacturing operations span Australia, China, Germany, Switzerland, the United Kingdom, and the United States. With commercial enterprises in 35 countries, 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, including the recently implemented OECD Country-by-Country reporting measures. This information provides Tax Authorities around the world with details of how we conduct our business and how CSL's international related parties transact with each other.

CSL supports efforts to promote tax transparency and tax avoidance measures in order to support a fairer economy and ensure there is confidence in the robustness of country tax regimes.

We encourage governments to continue to work together to ensure tax requirements balance compliance administration with a globally consistent approach to implementing OECD recommendations.

Operating with transparency forms a core part of CSL's tax management philosophy and as such we welcome the opportunity to explain the global nature of our business in this report.



**David Lamont**  
Chief Financial Officer

## About CSL

More than a century ago, CSL made a promise to save lives and protect the health of people stricken with a range of serious and chronic medical conditions. Today that same promise has never been stronger.

CSL is a global biotechnology leader which develops and delivers innovative medicines that save lives, protect public health and help people with life-threatening medical conditions live full lives. CSL delivers medicines to patients in more than 60 countries and employs more than 22,000 people worldwide.

CSL was originally established by the Australian government in 1916 for the purpose of supplying Australia with vaccines and other bacteriological products. CSL listed on the Australian Securities Exchange (ASX) in 1994 and, since that time, has expanded rapidly via the acquisition of a number of businesses. Swiss company, ZLB, was acquired in 2000; Aventis Behring, with operations predominantly in the US and Germany was acquired in 2004; and more recently the influenza vaccine business of Novartis was acquired in 2015. These acquisitions have transformed CSL into a truly global organisation. Each of these acquisitions resulted in CSL acquiring new products and associated advanced manufacturing facilities.

CSL has earned a reputation as a passionate yet responsible organization, driven to care for patients and deliver on its commitments.

### R&D

Innovation is part of our DNA at CSL. Our global R&D activities support innovation in new products and technology, improved products and manufacturing expertise to ensure our continued growth and commitment to fulfill patient's needs. In support of this program, we employed 1,700 scientists globally and invested US\$702m in R&D in 2018.

CSL's global R&D activities are integral to the sustained success of both CSL Behring and Seqirus. Our R&D portfolio is divided into five strategic areas – speciality products, haemophilia, breakthrough medicines, immunoglobulins and transplant.

### CSL operates two global business units

#### CSL Behring

A global leader in biotherapies, offering the broadest range of products in the industry for treating coagulation disorders, primary immune deficiencies, hereditary angioedema, inherited respiratory disease, and neurological disorders. CSL Behring's products are also used in cardiac surgery, organ transplantation, burn treatment and to prevent haemolytic disease in newborns. Our coagulation products aim to dramatically improve the lives of patients with bleeding disorders. Our leading immunoglobulin speciality products are shifting treatment paradigms around the world.

CSL Plasma, a division of CSL Behring, operates one of the world's largest plasma collection networks, with over 200 plasma collection centres in the US and Europe.

CSL Behring also has integrated manufacturing facilities in the US, Germany, Switzerland, and Australia, as well as a manufacturing facility in China.

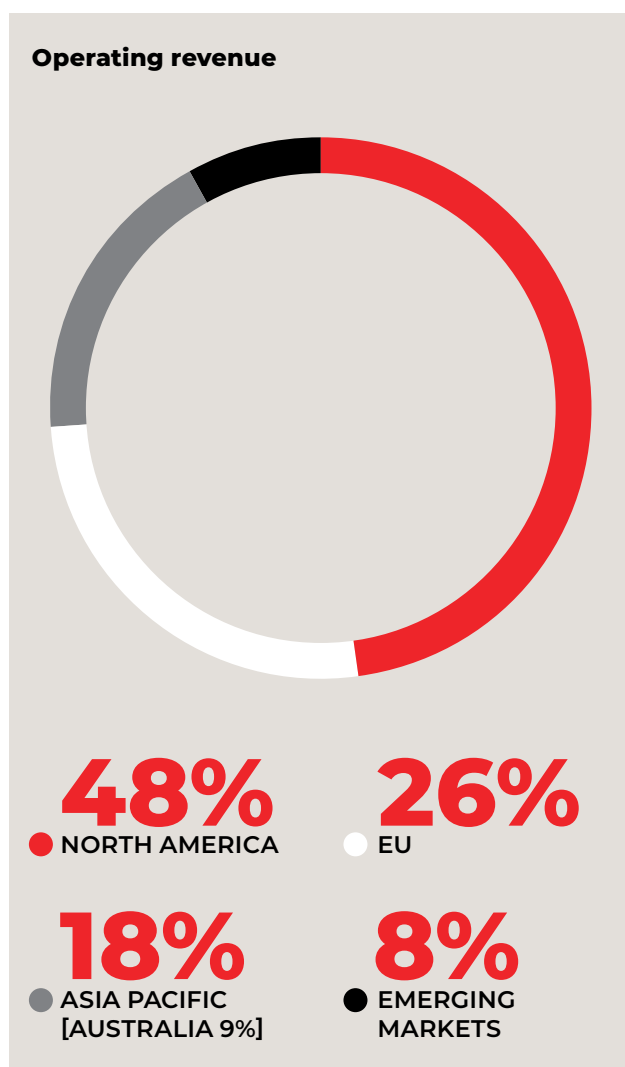
#### Seqirus

In July 2015, CSL acquired the influenza vaccines business from Novartis and combined it with bioCSL to create Seqirus, one of the world's largest influenza vaccine companies. With extensive research and production expertise and manufacturing plants in the US, UK, and Australia, Seqirus is a transcontinental partner in pandemic preparedness and a major contributor to the prevention and control of influenza globally. Seqirus has a commercial presence in 20 countries.

## CSL's global economic and community contributions

CSL's goal is to deliver value through fulfilling unmet needs and enhancing patient experience. With patients at the core of our focus, we also strive to deliver sustainable financial growth for our investors. We achieve this through high-quality, focused innovation capabilities, operational excellence and global commercial strength.

**In the year to 30 June 2018, CSL generated US\$7.9b in revenue. CSL's global footprint is reflected in our sales profile.**



In the year to 30 June 2018, CSL earned Profit Before Tax of US\$2.2b, paid US\$534m of taxes globally, and collected and remitted US\$260m in indirect taxes.

CSL paid dividends of US\$779m to our shareholders and almost US\$1.9bn in employee wages and benefits to our 22,000 employees.

As part of our ongoing commitment to fulfilling unmet needs, CSL invested US\$702m in R&D in 2018, and over US\$2.9 billion over the last five years. In addition, in 2018 we invested almost US\$1 billion in capital to expand our manufacturing capabilities across all regions to support future demand. This includes building capacity for new products as well as providing growth for existing products.

### Community Contributions

CSL believes that supporting local and global communities helps to build healthier and more sustainable environments. In the year to 30 June 2018, CSL contributed US\$39.5 million to patient, biomedical and local communities, including humanitarian programs and relief efforts around the world. CSL also invested \$7.5 million supporting product access across the world. Our support for patient communities continues as a priority, with the majority of total funding directed towards programs that enhance patient quality of life and improved access to our medicines.

To learn more about how we support the community, visit:

[corporateresponsibility.csl.com.au/home.htm](http://corporateresponsibility.csl.com.au/home.htm) 

# Our approach to tax governance

CSL's approach to tax governance is guided by our Code of Responsible Business Practice, which sets out CSL's values and principles of conduct. Our decisions in relation to tax are consistently made in accordance with this code.

CSL has a low tax risk appetite, and seeks to manage its global tax affairs in a manner that maintains the integrity and reputation of CSL at all times. Tax is considered a core part of CSL's corporate responsibility, and tax governance is overseen by the Board.

**CSL's approach to tax is guided by the following principles;**



## Compliance

CSL is committed to complying at all times with the requirements of the law, and also with CSL's understanding of the intent of the law. Tax positions adopted must be cogent and well grounded. Where appropriate, CSL will seek advance rulings from Revenue Authorities to reduce tax risk.



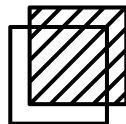
## Business Structure

CSL will only implement transactions that are aligned with our business activity, have clear commercial objectives, and do not rely on tax for their commercial effect. We will not operate artificial tax structures.



## Governance

The Board approves the Tax Policy, and has ultimate responsibility for ensuring there is an effective process to manage tax risk. The CFO is responsible for monitoring the effectiveness of the Tax Risk Management Framework.



## Transparency

Publish an annual tax transparency report to explain our tax payments.



## Relationships

CSL operates with integrity and transparency to maintain open, respectful and co-operative relationships with Tax Authorities.

**CSL's approach to tax is underpinned by our value of Integrity.**

## Summary of CSL's international related party dealings

Collaboration is at the heart of CSL's success, and this is reflected in our globally integrated value chain. Employing 22,000 people, we have operations in over 35 countries. In order to best serve the needs of our patients, CSL's companies and employees conduct business with each other throughout the entire value chain.

The vast majority of CSL's related party transactions are between our subsidiary companies located in Australia, Germany, Switzerland, USA and the UK. Over 90% of our employees are located in these countries, working across manufacturing, R&D and commercial operations.

A significant proportion of CSL's growth has been achieved through offshore acquisitions, resulting in a global manufacturing network, and products that are owned by different companies within the CSL group.

To facilitate the development, manufacture, and sales of our products across a global value chain, the relevant 'product owner' will engage other CSL related entities to carry out certain supply chain functions, such as contract R&D, supply of intermediate product, distribution and, in some cases, components of manufacturing.

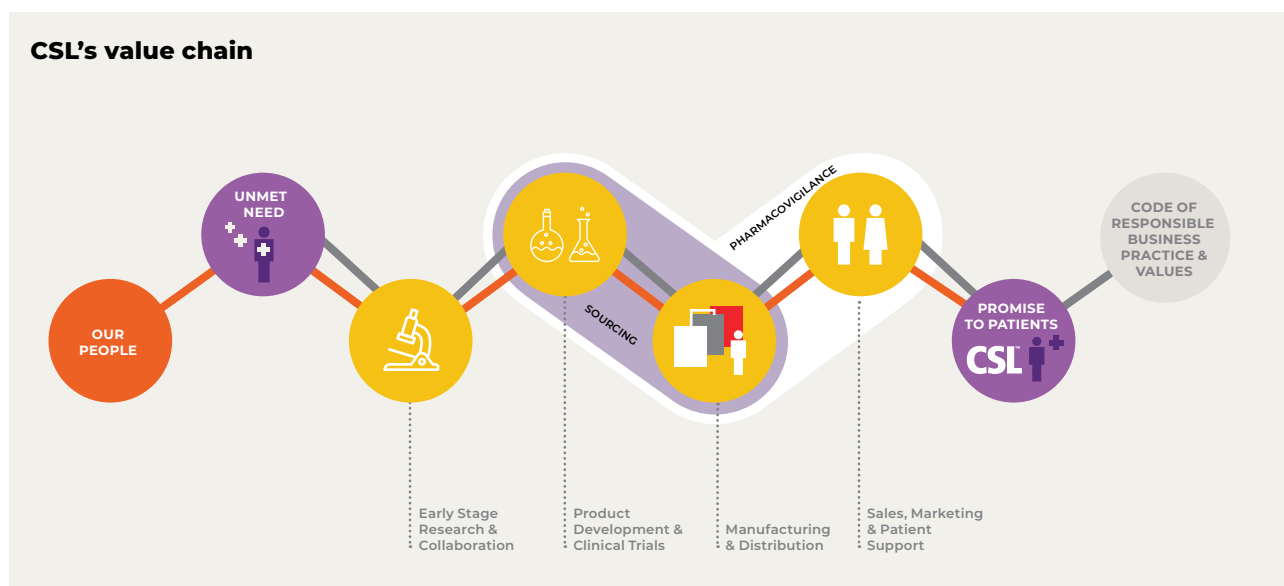
This business model enables CSL to leverage the benefits that arise from co-location of manufacturing, R&D and Intellectual Property (IP).

### Pricing of Intercompany Transactions

In line with our Tax Policy, CSL has a robust transfer pricing policy and transfer pricing guidelines in place that comply with the OECD transfer pricing guidelines.

Transactions between related parties are undertaken as if the transactions were carried out between unrelated parties. This is referred to as 'the arm's length principle' and determines how profits are allocated between countries, which in turn is a component of the amount of tax paid in a country.

Transfer pricing is a complex area and its application can be subject to differences in interpretation by global Revenue Authorities.





## The following activities are conducted between CSL related parties;

### Research and Development (R&D)

Strong and productive partnerships are essential for innovative discoveries and for developing new therapies for patients. CSL invests heavily in research, product development and clinical trials. Approximately 9% of global revenue was invested in R&D in 2017/18, and US\$2.9b has been invested in R&D in the last five years.

Our R&D network has over 1,700 R&D staff based around the world. The network operates by assembling co-ordinated teams, drawing together staff from different countries, depending on their expertise.

The activities of our R&D team span research, product development, clinical development, global regulatory affairs and safety. Research that is at the 'breakthrough' phase is conducted by the global hub for research and translational medicine, which is based in Melbourne, Australia.

Where one CSL entity owns a product, that entity will be responsible for future R&D in relation to that product and may engage other entities around the CSL group to conduct contract R&D on its behalf.

Contract R&D services result in arm's length charges for the R&D services provided by one CSL company to another.

### Licencing of IP

There are limited instances in the group where IP is owned by one entity, and that IP is licenced to another company in the group. Where this occurs, an arm's length royalty is paid to the owner of the IP.

### Manufacturing

CSL has specialised manufacturing sites in Australia, Germany, Switzerland, the United Kingdom and United States. Due to the integrated nature of the supply chain, there are a number of possible related party dealings that occur during the manufacturing stage;

- Raw material (i.e. plasma) for production can be sourced from the CSL network. For example, plasma sourced in the US is provided to Germany and Switzerland, where the plasma is used to manufacture intermediate or finished goods.
- Intermediate product can be provided by one manufacturing facility to another for further processing. For example, our manufacturing site in the US provides intermediate product, typically a 'paste' to manufacturing operations in Germany, Switzerland and Australia, where it is converted into finished goods.
- Products can be manufactured by one CSL entity on behalf of another – this can occur where the product owner does not have sufficient manufacturing capacity and also to manage supply risk.

The manufacturer will be compensated with an arm's length return for the manufacturing services performed.

### CSL's R&D network



### Sale of Product

Finished goods are principally sold into local markets through subsidiary distributors. Where the distributor is not the manufacturer, the distributor purchases the finished product at an arm's length price. CSL has distribution entities throughout the world.

### Financing

CSL Limited provides parent entity guarantees for external borrowings to certain CSL subsidiaries worldwide. CSL Limited receives an arm's length fee in respect of these guarantees. There are also limited instances of inter-company loans. Arm's length interest rates are charged in respect of any intercompany loans.

### Management Fees

A number of management, finance and administrative functions are performed by certain entities within the group that benefit other CSL entities worldwide. This is more efficient than if each country was to also perform the same function. The entity providing the service charges the recipient entities an arm's length fee.

### Note

For the purposes of clarity for Australian tax transparency reporting, Australia engages with its related parties in each of the above categories.

#### CSL'S MATERIAL SUBSIDIARIES\*

Company	Country of Incorporation	%
CSL Limited	Australia	
<b>Subsidiaries of CSL Limited:</b>		
CSL Behring (Australia) Pty Ltd	Australia	100
CSL Behring LLC	USA	100
CSL Plasma Inc	USA	100
CSL Behring GmbH	Germany	100
CSL Behring AG	Switzerland	100
CSL Behring Lengnau AG	Switzerland	100
Seqirus UK Limited	UK	100
Seqirus Pty Ltd	Australia	100
Seqirus Vaccines Limited	UK	100
Seqirus Inc	USA	100

\* Extracted from Note 17 of the 2018 CSL Limited Annual Report.

## OVERVIEW OF ACTIVITIES

# Australia



## US\$692m

EXTERNAL OPERATING REVENUE

## US\$85m

PROFIT

## US\$41m

INCOME TAX PAID

## US\$56m

TOTAL TAX PAID

## US\$238m

R&D EXPENDITURE

## 2,452

NUMBER OF EMPLOYEES

CSL is headquartered in Melbourne, Australia and listed on the Australian Securities Exchange.

### CSL Behring

CSL Behring's biotherapies manufacturing site at Broadmeadows, Victoria, is a substantial part of the Australian business. CSL Behring is the national plasma fractionator for the Australian Government and manufactures a complete range of life saving plasma-derived therapies for the treatment of the Australian community. The Australian manufacturing plant also provides plasma fractionation services to Hong Kong, Malaysia, New Zealand, Singapore and Taiwan.

Over A\$450m has been invested in manufacturing infrastructure at this site over the last five years. CSL continues to invest in the Broadmeadows site, and has committed to further expand its facilities over the next four years to meet increasing demand.

### Seqirus

Seqirus Australia manufactures egg based influenza vaccine and products of national significance to Australia at its Parkville facility. Influenza vaccines are supplied to Australia and global markets. Seqirus also markets and distributes a range of vaccines and speciality pharmaceuticals in Australia.

### Research & Development

CSL's Global Hub for Research and Translational Medicine is based in Australia, reflecting our long history in Australia and our valuable relationships with local universities and medical research institutes. CSL Australia owns and funds research projects, where the research does not have a connection with any existing CSL IP, as well as research and development that relates to existing Australian owned IP.

CSL's strong commitment to funding and conducting R&D in Australia is supported by the Australian government's R&D policy. 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 up to the capped amount of A\$100m.

### Dividends

CSL Limited – as the parent entity of the CSL group, receives dividends from subsidiary entities. Dividends received from wholly owned subsidiaries are not subject to further taxation in Australia. The intra group dividends received have not been included in the profit number above.

## OVERVIEW OF ACTIVITIES

# Switzerland



## US\$227m

EXTERNAL OPERATING REVENUE

## US\$937m

PROFIT

## US\$126m

INCOME TAX PAID

## US\$130m

TOTAL TAX PAID

## US\$232m

R&D EXPENDITURE

## 1,723

NUMBER OF EMPLOYEES

### CSL Behring

CSL's operations in Switzerland primarily manufacture finished products, and is the owner of intravenous and subcutaneous immunoglobulin products such as PRIVIGEN® and HIZENTRA®. Immunoglobulins are used in the management of primary immunodeficiency diseases, neurology and oncology conditions. The Swiss entities sell the products to Swiss third parties, and sell to the CSL group distribution entities for on sale to third parties overseas.

In order to meet patient demand for product, CSL Switzerland's technology is used by other manufacturing entities in the CSL network to manufacture immunoglobulins.

CSL's Swiss operations sell intermediate paste that is not required for its own manufacturing operations to other network companies for further manufacturing.

CSL's existing Swiss manufacturing facilities are based in Bern. A major capital expansion program has commenced to expand the manufacturing facilities to be able to deliver additional volumes of existing immunoglobulin products to patients globally.

A new state of the art recombinant coagulation facility is being constructed at Lengnau. Recombinants may offer patients strong and sustained efficacy with less frequent dosing.

### Research & Development

Our Swiss operations perform R&D activities such as product development and regulatory affairs, for the local business entity and for other companies in the CSL group.

## OVERVIEW OF ACTIVITIES

# Germany



## US\$818m

EXTERNAL OPERATING REVENUE

## US\$661m

PROFIT

## US\$192m

INCOME TAX PAID

## US\$196m

TOTAL TAX PAID

## US\$33m

R&D EXPENDITURE

## 3,343

NUMBER OF EMPLOYEES

### CSL Behring

CSL's German operations own and manufacture human plasma based coagulation products used to manage bleeding in patients with bleeding disorders such as haemophilia, along with critical care products and a broad range of specialty products, such as HAEGARDA® and BERNINERT®. The German entity sells their products to third parties in Germany, and to the CSL group distribution entities for on sale to third parties overseas.

CSL's German operations purchase and sell plasma and intermediate product to and from other network companies, for use in manufacturing operations. The German business also manufactures product on behalf of another entity in the CSL network.

The manufacturing operations are based in Marburg where a new base fractionation facility is currently under construction, and due to be completed in 2020. It will feature optimised process flows, modern technologies and an increased degree of automation that will allow it to significantly increase capacity. Base fractionation is the process by which different proteins in plasma are separated.

### CSL Plasma

CSL Plasma's EU headquarters are based in Marburg. CSL Plasma Germany collects, purchases and sells source plasma to CSL network companies for further processing into intermediate, semi-finished and finished products.

### Research & Development

Our German R&D team is based at Marburg, and undertake R&D activities across the full spectrum of R&D functions, including research, product and clinical development and global regulatory affairs. The German based R&D team conduct activities in relation to German owned products and provide R&D services to other CSL companies.



## OVERVIEW OF ACTIVITIES

# US



## US\$3,522m

EXTERNAL OPERATING REVENUE

## US\$293m

PROFIT

## US\$28m

INCOME TAX PAID

## US\$107m

TOTAL TAX PAID

## US\$71m

R&D EXPENDITURE

## 12,590

NUMBER OF EMPLOYEES

### CSL Behring

CSL Behring is headquartered in King of Prussia, Pennsylvania, with manufacturing operations in Kankakee, Illinois. The US operations primarily manufacture intermediate products that are shipped worldwide to the CSL manufacturing network for further manufacture into final finished products. Finished products include albumin, which is used to treat blood volume loss as a result of trauma or surgery and Zemaira, which is used to treat hereditary emphysema.

CSL Behring US manufactures some products on behalf of other CSL companies. This occurs where the IP owner has manufacturing capacity constraints.

CSL has invested heavily in expanding existing base fractionation and albumin production capacity and continues to invest in expanding Kankakee's capacity.

The US market is a key market for CSL products, and the US operation is the distributor for all of the CSL products in the US market.

### CSL Plasma

CSL operates one of the largest plasma collection networks in the world through our subsidiary CSL Plasma. CSL Plasma is headquartered in Boca Raton, Florida. There are now over 200 plasma collection centres in the US, with new centres continually being opened to meet the demand for plasma. Plasma is provided to the CSL Behring network for the manufacture and distribution of plasma protein therapies.

### Seqirus

Seqirus has a state-of-the-art facility at Holly Springs, North Carolina, where cell based technology is used for the production of influenza vaccine. The facility also retains capacity for rapid ramp up of pandemic vaccine production.

### Research & Development

The US based R&D team has a strong focus on clinical development and product commercialisation.

Both the CSL Behring and Seqirus businesses qualify for the R&D credit in respect of work performed in the US. This provides a tax credit in respect of qualifying R&D.

## OVERVIEW OF ACTIVITIES

# UK



## US\$363m

EXTERNAL OPERATING REVENUE

## US\$19m

PROFIT

## US\$0m

INCOME TAX PAID

## US\$7m

TOTAL TAX PAID

## US\$128m

R&D EXPENDITURE

## 673

NUMBER OF EMPLOYEES

### CSL Behring

CSL Behring UK is a distributor of CSL products to third parties in the UK market. It does not have any manufacturing facilities in the UK, nor does it own any product technology.

### Seqirus

CSL's principal business in the UK is Seqirus. Seqirus has a corporate head office in Maidenhead that provides various headquarter services to Seqirus entities around the world.

Seqirus' Liverpool site manufactures bulk material for a range of influenza vaccines. The Liverpool site is the largest influenza vaccine manufacturing site in the UK, and one of the largest in Europe. Following additional investment at the site, bulk formulation activity previously carried out by a third party in Italy has been brought in-house during 2018.

In November 2017, Seqirus announced a new £40 million investment for a new fill and finish facility at our Liverpool site, planned for 2020.

Seqirus was newly formed in 2015 when CSL acquired the influenza vaccine business of Novartis. During these first years of operation, the Seqirus business incurred losses, primarily on the set up of a new global influenza business and as a result of R&D spend. From a tax perspective, losses incurred are available for future carry forward against future taxable income of the Seqirus business. It is expected that Seqirus UK will be tax paying in 2020.

### Research & Development

There are R&D facilities based at Liverpool. The focus of the UK R&D team is on the Seqirus business.

# Our Global Tax Profile

## Calculation of Tax Expense

The Global Effective Tax Rate represents the tax expense calculated in accordance with Australian Accounting Standards, and is included in CSL's annual report. This is calculated by dividing the profit before tax by the income tax expense. It reflects the amount of tax that is expected to be paid on the year's activities.

### Consolidated Entity Values Per CSL Limited 2018 Annual Report

	2018 US\$m
<b>Profit before income tax expense</b>	<b>2,281.2</b>
Income tax expense	(552.3)
<b>Net profit for the period</b>	<b>1,728.9</b>
<b>Global Effective Tax Rate</b>	<b>24.2%</b>

## Reconciliation of Accounting Profit to Tax Expense

The effective tax rate differs from the statutory tax rate at 30% due to differences in tax rates in the countries in which we operate, incentives such as R&D or any other country specific allowances and disallowance or limitation of certain deductions in some countries.

Consolidated Entity	2018 US\$m
Profit before income tax	<b>2,281.2</b>
Income tax calculated at 30% (2017: 30%)	<b>684.4</b>
Effects of different rates of tax on overseas income <sup>1</sup>	(143.3)
Research and development <sup>2</sup>	(12.7)
Over/(under) provision in prior year	(2.1)
Other non-deductible expenses <sup>3</sup>	26.0
Income tax expense	<b>552.3</b>

## Calculation of Effective Cash Tax Rate

The Effective Cash Tax Rate represents the tax rate based on total income tax paid to tax authorities during the year. This will always differ from the Effective Tax Rate for the period calculated for accounting purposes. This is due to a variety of factors. For example, cash tax paid in the year may relate to the prior years profit and may also exclude the final installment due for the current financial year. There are also differences in accounting and tax depreciation rates that impact the timing of tax payments, and other tax and accounting timing differences.

<sup>1</sup> This arises due to the global nature of CSL's business. CSL pays tax in the jurisdiction where the income is earned. Some of the jurisdictions we operate in, such as the US, the UK and Switzerland have lower corporate income tax rates than Australia.

<sup>2</sup> Governments around the world offer tax incentives to companies that spend money on qualifying research and development activity. This is in recognition of the value and importance of such expenditure. CSL claims R&D tax incentives in Australia and the US.

<sup>3</sup> This includes expenses such as acquisition costs on new investments, non deductible interest costs due to thin capitalisation restrictions and non deductible foreign exchange movements.

## Consolidated Entity

	2018 US\$m
<b>Profit before income tax expense</b>	<b>2,281.2</b>
Income taxes paid	(424.6)
<b>Global Cash Tax Rate</b>	<b>18.6%</b>

## Reconciliation of Tax Expense to Income Tax Payable in respect of Current Year Profits

	2018 US\$m
Tax Expense on profit before tax	552.3
Total net deferred tax movements affecting tax payable	(100.1)
Amounts charged to other comprehensive income	(6.9)
Amounts credited to equity	(3.2)
Amounts credited to translation reserve	3.5
<b>Income Tax Payable in Respect of Current Year Profits</b>	<b>445.6</b>

## Taxes Paid

Country of Operation	Corporate Income Tax Paid USDm	Employee Taxes Paid USDm	Other USDm	<b>Total Taxes Paid USDm</b>
<b>Australia</b>	40.5	13.3	2.2	<b>56.0</b>
<b>Germany</b>	191.8	-	4.4	<b>196.2</b>
<b>Switzerland</b>	126.4	-	3.2	<b>129.6</b>
<b>US</b>	27.9	46.8	32.5	<b>107.2</b>
<b>UK</b>	-	6.5	-	<b>6.5</b>
<b>RoW<sup>1</sup></b>	38.0	-	-	<b>38.0</b>
<b>Total</b>	<b>424.6</b>	<b>66.6</b>	<b>42.3</b>	<b>533.5</b>


## Other Taxes Collected and Remitted

Country of Operation	GST/VAT Collected USDm	GST/SVAT Paid but reclaimed USDm	Employee Taxes Remitted USDm	Other USDm	<b>Total Taxes Collected USDm</b>
<b>Australia</b>	90.2	(78.1)	68.1	-	<b>80.2</b>
<b>Germany</b>	127.2	(221.1)	59.8	-	<b>(34.1)</b>
<b>Switzerland</b>	86.6	(62.3)	3.9	-	<b>28.2</b>
<b>US</b>	-	-	161.9	36.9	<b>198.5</b>
<b>UK</b>	93.5	(122)	15.3	-	<b>(13.2)</b>
<b>Total</b>	<b>397.5</b>	<b>(483.5)</b>	<b>309</b>	<b>36.9</b>	<b>259.6</b>

<sup>1</sup> For materiality reasons, only corporate income tax has been disclosed for RoW.

## Australian Tax Reconciliation

Values in A\$m per CSL Australian income tax return (2018 Draft Tax Return).

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> 

<b>CSL Australia</b>	<b>2018 A\$m</b>
External Sales Revenue	686.3
Related Party Revenue	645.2
External Royalty income	160.2
Other external income	44.3
External interest income	7.5
Related party dividend income	1,375.0
<b>Gross income including Related party dividend income</b>	<b>2,918.5</b>
Profit Before Tax	1,488.3
less tax exempt foreign related party dividend income	(1,375.0)
Australian Profit Before Tax (excluding dividends)	113.3
add R&D eligible expenditure	100.0
add/(less) permanent non-taxable differences	61.8
add/(less) temporary tax timing differences	44.0
<b>Taxable Income</b>	<b>319.1</b>
<b>Australian Tax Payable is calculated as:</b>	
Taxable Income	319.1
Gross Tax Payable @ 30%	95.7
less Foreign Tax Paid Offsets	(25.2)
Prima Facie Australian Tax Payable	70.5
less 38.5% R&D Tax Offset	(38.5)
<b>Australian Tax Payable</b>	<b>32.0</b>
<b>Calculation of the Australian Income Tax Expense:</b>	
Profit Before Tax	1,488.3
less tax exempt foreign related party dividend income subsidiaries	(1,375.0)
Australian Profit Before Tax (excluding dividends)	113.3
add R&D eligible expenditure	100.0
add/(less) permanent non-taxable differences	61.8
	275.1
Australian Tax @30%	82.5
less 38.5% R&D Tax Offset	(38.5)
<b>Australian Income Tax Expense on current year income</b>	<b>44.0</b>
<b>Australian Effective Tax Rate</b>	
Total Profit Before Tax - includes tax exempt dividends from foreign subsidiaries of \$1,375;	3.0%
Taxable Australian Profit - excluding tax exempt dividends from foreign subsidiaries results in taxable profit of \$113.3;	38.8%
(Effective Tax Rate = Income Tax Expense as a percentage of the stated Profit values)	



## Australian Tax Contribution Summary

The table below provides an overview of all the other Australian Federal and State taxes paid and collected by CSL Australia in the 2018 income year.

This table only includes taxes paid to Australian Federal and State authorities. It does not include taxes paid or collected by CSL Australia in foreign jurisdictions. In 2018, CSL Australia paid \$25.2m in withholding taxes to overseas governments. In accordance with the Australian tax law, this withholding tax is available for offset against the Australian income tax liability.

CSL Australia	2018 A\$m
Corporate Income Tax	28.1
Fringe Benefits Tax	0.8
Customs duties	0.2
Land Tax	1.3
Payroll tax	16.3
Congestion levy	0.8
<b>Total Australian taxes and imposts paid</b>	<b>47.5</b>
GST paid	116.4
GST claimed	(100.7)
PAYG - employee withholding tax	87.8
<b>Total Other Australian taxes collected and remitted</b>	<b>103.5</b>

## Basis of Report Preparation

The purpose of this report is to provide an overview of the tax contribution made by CSL and provide further information in relation to CSL's tax governance process and tax profile.

The Australian component of the report, has been prepared in line with the Voluntary Tax Transparency Code.

**Currency:** The Australian transparency component of the report is disclosed in Australian dollars. The rest of the data has been disclosed in US dollars. Income Tax payments have been translated at the exchange rate at date of payment. The balance of tax payments have been translated at the average exchange rate for the year.

**External Operating Revenue:** This represents the revenue received on sales to third parties, and any other third party operating revenue. It does not include revenue from sales by the product owner to the group distribution companies.

**Income Tax Paid:** Income tax paid is calculated as the cash tax paid in the year 1 July 2017 – 30 June 2018. It is the amount of tax paid by the CSL companies in that country. It includes both payments made to the local Revenue Authority, and also any withholding taxes paid to foreign governments.

**Number of Employees:** This is calculated as the number of employees, including part time employees.

**Other Taxes:** This includes items such as property taxes, pharmaceutical taxes, sales and use tax, carbon taxes etc.

**Profit disclosed on a Country Level Basis:** The profit disclosed is based on the local statutory profit before tax, excluding intercompany dividends.

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