



# TAX TRANSPARENCY REPORT 2021

For the financial year ended 30 June 2021



CLEANAWAY WASTE MANAGEMENT LIMITED  
ABN: 74 101 155 220



## Overview

# Statement from our CFO



I am pleased to present our Tax Transparency Report for Cleanaway Waste Management Limited and its subsidiaries ('Cleanaway' or 'the Group') for the year ended 30 June 2021 ('FY21'). This is the sixth consecutive year that Cleanaway has voluntarily adopted the Board of Taxation's Tax Transparency Code.

Cleanaway is committed to the highest standards of corporate governance which includes our approach to tax risk management. We understand the importance of maintaining an open and transparent dialogue with all relevant stakeholders in respect of the taxation obligations and disclosures of the Group. Cleanaway is supportive of the tax transparency measures introduced by the Board of Taxation in this regard.

### **This report includes the following information in relation to FY21:**

- Cleanaway's approach to tax strategy, tax policy and governance;
- Reconciliations of various accounting and taxation disclosures in the FY21 annual report; and
- A summary of taxes paid by Cleanaway including those borne by the Group and those collected on behalf of others and remitted to the relevant authorities as a result of our activities.

Cleanaway has continued to make a significant contribution to the Australian economy during the period, with taxes and levies paid amounting to \$587.0 million comprising taxes borne of \$300.2 million and taxes collected on behalf of third parties and remitted to authorities amounting to \$286.8 million.

Cleanaway continues to maintain a cooperative and compliant relationship with the Australian Taxation Office ('ATO') and is pleased to provide additional taxation information in this report which may be of assistance to external stakeholders. Cleanaway operates in an environment where taxation risk is carefully considered by all levels of management in relation to all activities undertaken by the Group. Cleanaway's Audit and Risk Committee is also provided with regular updates in relation to the taxation affairs of the Group and all significant and material taxation issues are addressed appropriately by the company's management.

**Paul Binfield**  
CHIEF FINANCIAL OFFICER

31 March 2022



**"We understand the importance of maintaining an open and transparent dialogue with all relevant stakeholders in respect of the taxation obligations and disclosures of the Group."**



## Overview

# Cleanaway's approach to tax strategy, tax policy and governance



## Tax risk management and tax policy

Cleanaway's Tax Risk Management Framework and Tax Policy documents are regularly reviewed and subject to annual approval by the Audit and Risk Committee.

Cleanaway's Tax Risk Management Framework outlines the overall tax risk profile of the Group and reconfirms a philosophy and framework for Cleanaway's management of tax compliance and governance that takes into account the current group structure and Cleanaway's tax governance and compliance profile.

Cleanaway's Tax Policy establishes a set of tax policies and guidelines that, if consistently applied across the Group, will ensure Cleanaway's taxation affairs continue to be properly managed in compliance with the provisions of the tax legislation.

## Tax compliance

Tax compliance plays a vital part in managing the tax affairs of the Group. All tax returns are lodged within the prescribed time limits and contain a fair and proper level of disclosure of information material to the determination of the Group's tax liabilities. Tax returns are prepared by suitably qualified personnel and are subject to independent internal and/or external review prior to lodgement.

## Engagement with the ATO

Cleanaway maintains an open and transparent relationship with the ATO in relation to all aspects of its taxation affairs. Group Tax is primarily responsible for management of the Group's relationship with the ATO and liaises regularly with ATO personnel.

Cleanaway will continue to cooperate in an open and transparent manner with respect to any taxation reviews and with the provision of industry relevant information.

## International related party dealings

Cleanaway does not have any material international related party dealings.

# Income tax disclosures in the FY21 annual report



Cleanaway's FY21 income tax disclosures are presented at note 9 of the company's 2021 Annual Report. The income tax expense disclosed is calculated based on the application of relevant Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

## Reconciliation of accounting profit to income tax expense and income tax payable

**TABLE 1** provides a reconciliation of the FY21 accounting profit to income tax expense and income tax payable. The reconciliation identifies material temporary and non-temporary differences, as disclosed in the FY21 Annual Report.

In any one income year, there may be a difference between the income tax expense calculated and the income tax payable calculated. This is because only non-temporary differences are included in the calculation of income tax expense whereas both temporary and non-temporary differences are included in the calculation of income tax payable (temporary differences will reverse over time whereas non-temporary differences generally do not).

## Effective tax rate

**TABLE 2** provides the effective tax rate for Cleanaway in respect of the FY21 year. Cleanaway calculates its effective tax rate as income tax expense divided by accounting profit before income tax. For FY21, the effective tax rate for Cleanaway was 28.6%.

**TABLE 1**

**RECONCILIATION BETWEEN PRE-TAX NET PROFIT AT THE STATUTORY RATE, INCOME TAX EXPENSE AND INCOME TAX PAYABLE**

**2021  
\$'M**

<b>Profit/(loss) before tax</b>	<b>206.8</b>
<b>Income tax using the corporation tax rate of 30%</b>	<b>62.0</b>
<b>Non-temporary differences:</b>	
Share of losses from equity accounted investments	0.9
Non-deductible expenses	0.3
Business acquisition costs	0.5
Adjustments in respect of prior years	(0.5)
Research and development tax credits	(3.1)
Non-assessable gain on sale of properties	(0.1)
Non-assessable gain on remeasurement of contingent consideration	(0.9)
<b>Income tax expense</b>	<b>59.1</b>
<b>Temporary differences:</b>	
Property, plant and equipment	(7.0)
Leases	(3.4)
Employee benefits	2.3
Provisions	(8.7)
Intangible assets	6.6
Other	(6.2)
<b>Prior year adjustment:</b>	
Adjustments excluded from calculation of income tax payable	(1.6)
<b>Income tax payable</b>	<b>41.1</b>

**TABLE 2**

**EFFECTIVE TAX RATE**

**2021  
\$'M**

Profit before tax	206.8
Tax expense	59.1
<b>Effective tax rate %</b>	<b>28.6%</b>



# Tax contribution summary for taxes paid in Australia in FY21



## Taxes paid and collected

The Cleanaway Group collects and remits taxes to federal, state and local governments. During FY21, taxes borne by Cleanaway amounted to \$300.2 million (FY20: \$334.2 million). Taxes collected on behalf of third parties and remitted amounted to \$286.8 million (FY20: \$288.3 million).

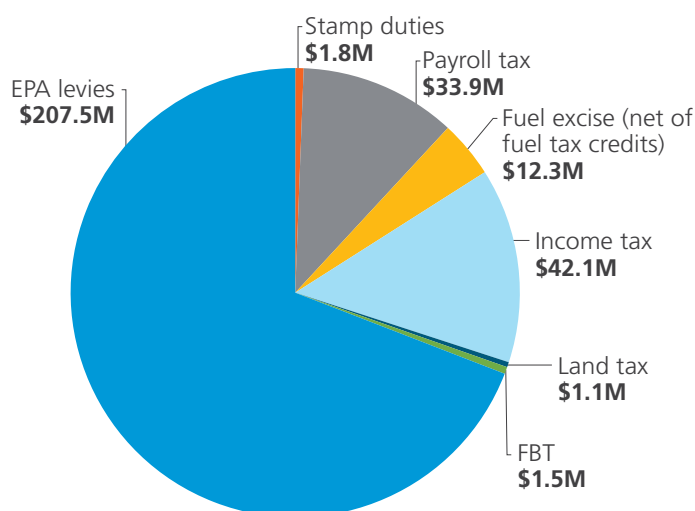
**TABLE 3** provides details in relation to taxes which were borne directly by Cleanaway and paid in FY21. In this respect, we note that net company tax payments of \$42.1 million were made in FY21. This includes tax instalment payments of \$8.5 million in respect of FY20 and tax instalment payments of \$34.2 million in respect of FY21. These payments are offset by a refund of \$0.6 million in respect of the 2020 income tax return.

**TABLE 4** provides details in relation to taxes which Cleanaway collected or remitted on behalf of others in FY21.

**TABLE 3**

### DISCLOSURE OF AUSTRALIAN TAXES PAID TO GOVERNMENT

#### TOTAL TAXES BORNE BY CLEANAWAY IN FY21: \$300.2M



**TABLE 4**

### DISCLOSURE OF GOVERNMENT TAXES AND LEVIES COLLECTED BY CLEANAWAY ON BEHALF OF THIRD PARTIES

#### TOTAL TAXES REMITTED BY CLEANAWAY IN FY21: \$286.8M

