



TAX TRANSPARENCY REPORT 2022

For the financial year ended 30 June 2022



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 2022 ('FY22'). This is the seventh consecutive year that Cleanaway has voluntarily adopted the Board of Taxation's Tax Transparency Code.

Cleanaway supports the tax transparency measures introduced by the Code and will continue to provide full disclosure in relation to our approach to tax governance and compliance with statutory obligations through the publication of this report.

Cleanaway is committed to meeting the highest standards of corporate governance, and this 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.

This report includes the following information in relation to FY22:

- Cleanaway's approach to tax strategy, tax policy and governance;
- Reconciliations of various accounting and taxation disclosures in the FY22 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 \$798.3 million comprising taxes borne of \$468.2 million and taxes collected on behalf of third parties and remitted to authorities amounting to \$330.1 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.

The information contained in this report should be read in conjunction with Cleanaway's 2022 annual report which can be found on the Cleanaway website.

Paul Binfield
CHIEF FINANCIAL OFFICER

31 March 2023

"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's approach to tax strategy, tax policy and governance



Tax risk management and tax policy

Cleanaway's tax governance documents, including its Tax Policy document, are regularly reviewed and subject to annual approval by the Audit and Risk Committee.

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.

Cleanaway also prepares and maintains other tax governance documentation which reinforces Cleanaway's low appetite for tax risk and informs Cleanaway directors and senior management where significant transactions undertaken by the Group have material taxation consequences.

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 and experienced personnel and are subject to 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 recently completed its Combined Assurance Review with the ATO where it received a high assurance rating for income tax. This rating indicates that the ATO is satisfied that the Group has complied with its taxation obligations and reported the correct income tax outcomes in the Group's tax returns in respect of the review period.

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 FY22 annual report

Cleanaway's FY22 income tax disclosures are presented at note 9 of the company's 2022 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 FY22 accounting profit to income tax expense and income tax payable. The reconciliation identifies material temporary and non-temporary differences, as disclosed in the FY22 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 FY22 year. Cleanaway calculates its effective tax rate as income tax expense divided by accounting profit before income tax. For FY22, the effective tax rate for Cleanaway was 30.7%.

TABLE 1

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

**2022
\$'M**

Profit/(loss) before tax	116.3
Income tax using the corporation tax rate of 30%	34.9
Non-temporary differences:	
Share of losses from equity accounted investments	0.6
Non-deductible expenses	0.4
Business acquisition costs	3.4
Adjustments in respect of prior years	(0.1)
Research and development tax credits	(3.1)
Employee share plan expenses	0.1
Non-assessable gain on remeasurement of contingent consideration	(0.6)
Other	0.1
Income tax expense	35.7
Temporary differences:	
Property, plant and equipment	(42.9)
Leases	(11.7)
Employee benefits	3.6
Provisions	(11.0)
Intangible assets	23.0
Other	(1.3)
Prior year adjustment:	
Adjustments excluded from calculation of income tax payable	2.1
Income tax loss (at 30%)	(2.5)

TABLE 2

EFFECTIVE TAX RATE

**2022
\$'M**

Profit before tax	116.3
Tax expense	35.7
Effective tax rate %	30.7%

Tax contribution summary for taxes paid in Australia in FY22

Taxes paid and collected

The Cleanaway Group collects and remits taxes to federal, state and local governments. During FY22, taxes borne by Cleanaway amounted to \$468.2 million (FY21: \$300.2 million). Taxes collected on behalf of third parties and remitted amounted to \$330.1 million (FY21: \$286.8 million).

TABLE 3 provides details in relation to taxes which were borne directly by Cleanaway and paid in FY22. In this respect, we note that net company tax payments of \$6.5 million were made in FY22. This includes tax instalment payments of \$5.6 million in respect of FY21 and tax instalment payments of \$1.6 million in respect of FY22. These payments are offset by a refund of \$0.7 million in respect of the 2021 income tax return. Tax instalment payments are lower compared to prior years due to the impact of the Government's temporary expensing/instant asset write off measures.

TABLE 4 provides details in relation to taxes which Cleanaway collected or remitted on behalf of others in FY22.

TABLE 3

DISCLOSURE OF AUSTRALIAN TAXES PAID TO GOVERNMENT

TOTAL TAXES BORNE BY CLEANAWAY IN FY22: \$468.2M

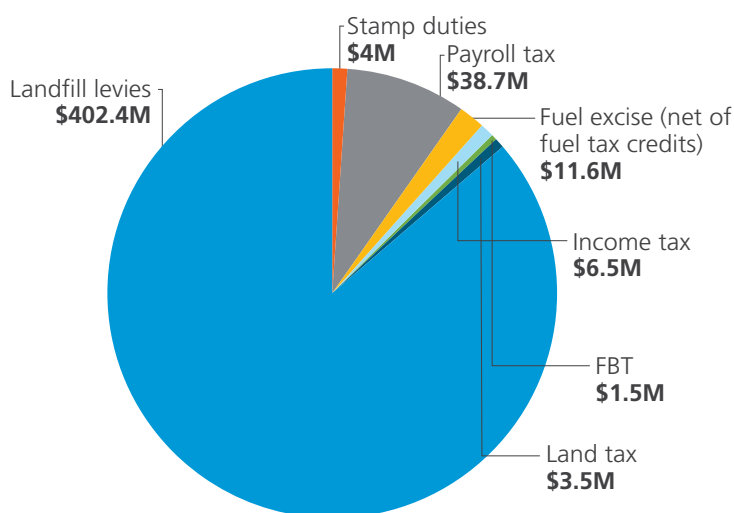


TABLE 4

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

TOTAL TAXES REMITTED BY CLEANAWAY IN FY22: \$330.1M

