



Tax Policy

Brief description

The purpose of this Policy is to set out the approach and outline the framework by which GPC's tax obligations are met from an operational and risk management perspective.

This Policy broadly sets out the requirements for tax corporate governance and is to operate in conjunction with any other documented or operational policies and procedures that operate within GPC with respect to tax risk management and governance.

Document information

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Audience	Board and all Employees with roles that potentially impact tax

Document accountability

Role	Position
Owner	Board
Custodian	Chief Financial Officer

Approved by Board on 23/11/2023

If you require any further information, please contact the Custodian.

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The current version of this Policy is available on GPC's Intranet.

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1 Terms and definitions

In this Policy:

“**ARC**” means Audit and Risk Committee

“**ATO**” means Australian Taxation Office.

“**BEPS**” means Base Erosion and Profit Shifting.

“**ESS Reporting**” means Employee Share Scheme Reporting.

“**FICA Committee**” means Finance Investment Commercial and Audit Committee.

“**Gladstone Ports Corporation**” means Gladstone Ports Corporation Limited and all subsidiary entities.

“**GRC Committee**” means Governance Risk & Compliance Committee.

“**Guide**” means the ATO’s Tax Risk Management and Governance Review Guide.¹

“**MLTN**” means More Likely Than Not.

“**NTER**” means National Tax Equivalent Regime.

“**RAP**” means Reasonably Arguable Position.

“**RTP**” means Reportable Tax Position.

Terms that are capitalised and not otherwise defined in this Policy are defined in the GPC Corporate Glossary Instruction (as listed in Appendix 1 – Related documents).

2 Introduction

The overall approach of GPC to taxation is ultimately determined by the risk tolerance established by the Board (or its delegated subcommittee). The Board has formally delegated responsibility for the oversight of tax risk and this Policy to the ARC (previously known as FICA Committee and GRC Committee).

Tax risk management forms a part of GPC’s Financial and Commercial Policy.

GPC is committed to managing its tax obligations within the context of its commercial operations and with full regard to all relevant legislation and regulation, whilst:

- (a) maintaining the best interests of Gladstone Ports Corporation;
- (b) maximising opportunities where possible; and
- (c) balancing the costs and non-monetary downsides that such a policy can entail.

A proactive rather than reactive approach is required.

¹<https://www.ato.gov.au/Business/Large-business/In-detail/Key-products-and-resources/Tax-risk-management-and-governance-review-guide/>

This Policy has been drafted in line with the tax corporate governance “better practices” for corporate taxpayers set by the ATO in their Guide.

2.1 Purpose

The ATO have adopted an assurance based approach to not only reviewing taxpayers’ affairs but also to identifying non-compliant taxpayers. Part of that assurance-based approach involves regulators examining and forming a view of the level of corporate governance and risk management dealing with tax.

Ongoing tax developments, coupled with the ATO’s requirement that companies have robust tax corporate governance in place, demonstrate the importance for companies to have sound tax risk management practices operating in their business.

Although company directors are not expected to be tax specialists, “there is a core, irreducible requirement of directors to be involved in the management of the company and to take all reasonable steps to be in a position to guide and monitor”². The establishment of this Policy is one of the steps taken by the Board to monitor tax risks of GPC and guide management in the evaluation and resolution of those risks.

2.2 Scope

This Policy applies to GPC, as head entity of the NTER tax consolidated group and its subsidiaries. This includes the Board, the ARC and all GPC Employees with roles that potentially impact tax, and employees of support functions.

2.3 Objectives

This Policy reflects GPC’s minimum requirements in ensuring tax risks are identified, managed, assessed, monitored and reported in a transparent and accountable manner to ensure GPC and all its Employees:

- (a) comply with the obligations under the GOC Act, the Corporations Act and other policies applicable to GOCs; and
- (b) align with initiatives and best practice as articulated by the ATO when dealing with tax.

3 Commitments

3.1 Overall approach to taxation and the regulator

GPC pursues an approach to tax that is principled, transparent and sustainable in the long term. The Board endorses the following principles governing its approach:

- (a) Commitment to ensure full compliance with all statutory obligations, and full disclosure to revenue authorities.
- (b) Maintenance of documented policies and procedures in relation to tax risk management and completion of thorough risk assessments including escalation and reporting to the Board where prescribed.
- (c) Sustaining engagement with revenue authorities, and actively considering the implications of tax planning for GPC’s wider reputation.

² *Australian Securities and Investments Commission v Healey* [2011] FCA 717 (the “Centro” case)

- (d) Management of tax affairs in a pro-active manner that seeks to maximise shareholder value, while operating in accordance with the law.

The Board also recognises that tax:

- (a) must fit comfortably with GPC's business strategy, and
- (b) can impact GPC's reputation as a good corporate citizen.

3.2 Tax risk

Tax risk can be defined as follows:

Any event, action, or inaction in tax strategy, operations, financial reporting, or compliance that either adversely affects GPC's tax or business objectives or results in an unanticipated or unacceptable level of monetary, financial statement or reputational exposure.

Tax risk is like any other risk faced by GPC in that it should be identified, controlled and reported upon.

3.3 Tax risk management

(a) Tax risk tolerance

GPC's philosophy on tax risk management is to balance the prevention of unnecessary disputes with tax authorities, that may give rise to reputational risk, and to preserve investor value.

Tax risk, particularly the reputational component, extends beyond GPC's relationship with revenue authorities and impacts almost every area of GPC, including shareholders, investors, staff, management, the Board, the ARC and all other stakeholders. Risk to GPC as head entity, and its subsidiaries can cause a significant negative impact to GPC and the subsidiaries' reputation or finances. Tax risk and its impact on stakeholders must also be managed by the Board in meeting its fiduciary duties to shareholders.

GPC will tolerate a low level of risk (which is inherent in taxation matters). Notwithstanding, taxes will be managed with the objective that all tax liabilities properly due under the law are correctly recorded, accounted for and paid.

(b) Assessment of tax risk

The Board requires an assessment of tax risk and a rating for all identified risks. In determining the appropriate classification, regard should be had as to how the revenue authorities profile Government owned corporations (e.g. past compliance behaviour, risks arising out of new tax laws).

Reports are required to be prepared and presented to the Board in accordance with Section 4.1 of this Policy.

(c) Certainty of tax positions

In view of 3.3(b) above, GPC will balance considered tax planning with appropriate tax risk management by adopting valid and supportable positions and maintaining awareness of other prevailing views and risks. The ATO has acknowledged that "tax planning is legitimate when you do it within the letter and spirit of the law³." However,

³ <https://www.ato.gov.au/General/Tax-planning>

GPC should not engage in tax planning that goes beyond support for genuine commercial activities.

The level of certainty required for tax positions taken will vary depending on the nature and size of the underlying issue. However, no tax position is to be taken unless it is at least a RAP, and thus should meet the threshold penalty protection of a RAP⁴. The maintenance of this position, including evidence in support of the position, should be considered to be a significant protection against tax shortfall penalties.

This position should be monitored in accordance with other disclosure requirements so as to manage disclosure obligations. For example, a MLTN position may avoid the need for Category A⁵ disclosure in the ATO RTP schedule⁶.

(d) Significant transactions and events – escalation procedure

The tax attributes of all significant transactions or events should be considered by the Finance Team. An event (such as a transaction, issue or risk) will be significant if it has the potential to markedly affect GPC's compliance, operational, financial or strategic outcomes or processes.

Tax issues associated with significant transactions or events are escalated from the Accountants to the Finance Team, who in turn escalates to the CFO for consideration and review and in turn, the ARC and / or Board if necessary.

(e) General anti-avoidance

GPC will not enter into any transaction where there is a material risk that any legislative general anti-avoidance provisions will be applied by a Court.

(f) Interpretation risk and escalation process

Where a dispute arises between the Finance Team on a tax interpretation issue that is jeopardising a transaction being undertaken, the issue should be escalated through the Finance Superintendent to the Finance Manager and then to the CFO, and subject to the significance of the transaction, to the ARC and / or Board.

(g) Communication and relationships

The Finance Team is responsible for managing relationships with Federal and State revenue authorities in all jurisdictions, external advisors and industry bodies as it relates to tax.

(i) Tax regulators

The Finance Team will have contact with various Federal and State revenue authorities from time to time. The objective of establishing and maintaining professional relationships with authorities is to enable an efficient and collaborative hearing of tax issues. Maintaining an open dialogue with the ATO has been promoted by the Commissioner of Taxation in the ATO's Guide.

(ii) External advisors

⁴ A Reasonably Arguable Position (“**RAP**”) is a term used in the tax law and refers to whether a tax position taken is “reasonably arguable”. If a taxpayer can evidence they do have a RAP, there are associated protections against penalties should the position taken ultimately be determined to be not correct. A position is defined as being reasonably arguable (in section 284-15 of the *Taxation Administration Act 1953*) if it would be concluded in the circumstances, having regard to relevant authorities, that what is argued for is about as likely to be correct as incorrect, or is more likely to be correct than incorrect

⁵ A Category A disclosure is a position that is about as likely to be correct as incorrect or is less likely to be correct than incorrect

⁶ The reportable tax position schedule, as defined by the ATO, is a schedule to the company income tax return that requires large businesses to disclose their most contestable and material tax positions

GPC will be required to engage external tax advisors from time to time as part of managing the desired tax risk profile. The choice of external tax advisor will generally be at the discretion of the CFO.

(iii) Lobby groups

The Finance Team participates in several relevant industry forums and lobbying groups to ensure it is engaged with current tax issues and developments. Generally, participation is via professional memberships of the Finance Team (e.g. National Tax and Accountants' Association, CPA etc.) or its advisors.

(h) Promoter penalties

GPC will not promote tax exploitation schemes. A tax exploitation scheme includes any arrangement or transaction entered into or carried out with the sole or dominant purpose of paying less tax or receiving increased tax offsets.

3.4 Management of key tax processes

(a) General requirements

It is incumbent on the Finance Team to design, document and implement strong internal controls as well as policy and procedure manuals.

(b) Document management

GPC must have a Record Retention Policy designed with the applicable statute, common law rights and revenue authority practice policies in mind (including statutory record retention requirements: Legal Professional Privilege, the Accountants' Concession, and the Corporate Board Advice Concession).

Record-keeping requirements should be read in conjunction with the following documents:

- (i) Records Management Standard
- (ii) Archives Management Procedure
- (iii) Information Policy

(c) Operations and compliance

GPC's Internal Audit or external advisor will conduct periodic risk assessments of the tax corporate governance framework including those associated with the operational and compliance aspects of GPC's tax obligations. In this context, tax specific controls will be tested. Guidelines for this testing are contained in the ATO's Self-Assessment Procedures and How to Test Controls, located in the Guide.

The CFO is accountable for the tax risk assessments and ensuring the appropriate controls are in place to manage the identified risks.

The Finance Team, with the oversight of the CFO, is responsible for the development and maintenance of internal controls as well as policy and procedure manuals that consider major transactions and strategies, taking into account any changes in tax law.

The Board will make an annual statement attesting that they have effective policies and processes in place to manage tax risk.

4 Monitoring and review

4.1 Tax risk reporting and monitoring

The Board bears the ultimate responsibility for corporate governance and tax risk management standards. To assist the fulfilment of these obligations, the Board (or its authorised subcommittee) requires the following reports to be prepared and presented:

- (a) Tax Status Report – at least biannually
- (b) Tax Risk Register – at least biannually
- (c) Tax Risk Matrix – at least biannually
- (d) Tax Assurance Report – at least biannually

In addition, significant transactions and events will be brought to the attention of the Board and the ARC more frequently than as prescribed in this Policy, that is, in real time when necessary.

4.2 Training and awareness

The CFO is responsible for approving or delegating approval for training, for key people across the Finance Team to enable them to own and manage tax risk. This includes training for tax technical areas, tax corporate governance and updates in the tax law. It is then the responsibility of these attendees to cascade this knowledge and promote tax risk ownership across their teams. Key performance indicators should be used to promote adherence with this Policy.

4.3 Whistleblower provisions

In extreme circumstances an individual may be concerned that a serious breach has occurred but are in a position where he or she believes that it would be personally damaging to pursue it through normal channels. For instance, they may have come into possession of information that indicates a colleague has knowingly caused a breach or suppressed the reporting of a breach.

In such a case, the Whistleblower will make a disclosure of a breach of professional conduct (the Disclosure) to another person (the Recipient) who has the corrective power or perceived willingness to take corrective action. The Recipient will take reasonable measures to protect the Whistleblower against reprisals as a result of the Disclosure. The Disclosure will be investigated on a timely basis and appropriate corrective action taken.

This provision operates in addition to, and alongside GPC's Whistleblower Protection Procedure and Public Interest Disclosure Procedure.

4.4 Fraud

GPC's Internal Audit will conduct periodic targeted fraud reviews. These may be conducted as part of a broader tax risk assessment or a specific fraud review.

4.5 Non-compliance with this Policy

Implementation of this Policy is the responsibility of the CFO, with the oversight of the ARC and the Board. The CFO will report non-compliance with the Policy, by exception to the ARC and the Board.

4.6 Review of this Policy

This Policy is to be reviewed every 2 years by the CFO who will propose any changes, if appropriate to the ARC and the Board.

5 Appendices

5.1 Appendix 1 – Related documents

(a) Legislation and regulation

Key relevant legislation and regulation, as amended from time to time, includes but is not limited to:

Type	Legislation/regulation/guidelines
Federal Acts	<i>Corporations Act 2001</i> (Cth) <i>Income Tax Assessment Act 1997</i> (Cth) <i>Income Tax Assessment Act 1936</i> (Cth) <i>Taxation Administration Act 1953</i> (Cth) <i>Taxation Administration Act 1997</i> (Cth)
State Acts	<i>Government Owned Corporations Act 1993</i> (Qld) <i>Financial Accountability Act 2009</i> (Qld) <i>Financial and Performance Management Standard 2019</i> (Qld)

(b) Gladstone Ports Corporation documents

The following documents relate to this Policy:

Type	Document number and title
Tier 1: Policy	#1539280 Financial and Commercial Policy #1133344 Information Policy
Tier 2: Standard/Strategy	#1552709 Tax Risk Management Standard #1190724 Records Management Standard
Tier 3: Specification/ Procedure/Plan	#1522205 Whistleblower Protection Procedure #941363 Public Interest Disclosure Procedure #1193076 Archives Management Procedure

Type	Document number and title
Tier 4: Instruction/Form/Template/Checklist	#1621179 GPC Corporate Glossary Instruction
Other	N/A

5.2 Appendix 2– Enterprise-wide tax corporate governance roles and responsibilities

(a) The Board

The ultimate responsibility for corporate governance and therein the establishment of a tax risk management and governance framework is borne by the Board.

The Board has formally delegated responsibility for the oversight of tax risk and this Policy to the ARC (previously known as FICA Committee and GRC Committee).

(b) The Audit and Risk Committee (ARC)

The ARC was established to assist the Board in fulfilling its responsibilities in relation to its financial, internal control, commercial and investment position.

The ARC considers and actions the finance, investment and commercial issues, including tax, that are brought to the attention of the Board.

The ARC's responsibilities include the provision of advice and assistance to the Board in fulfilling the Board's responsibilities relating to internal accounting controls and procedures, and the review of the risk management framework for accounting and tax risks of Gladstone Ports Corporation.

(c) Chief Financial Officer

The CFO is responsible for the development and monitoring of the tax risk framework, ensuring clear risk ownership and assisting Risk Owners⁷ define and manage a robust control set. The CFO must escalate transactions or tax issues that they believe should be brought to the attention of the Board and ARC.

The CFO is responsible for the development and monitoring of the entirety of GPC's tax affairs and advises staff on all matters relating to taxation. The CFO is responsible for monitoring tax issues and risks and escalating these to the Board and / or ARC as necessary.

(d) Finance Team

The role of the Finance Team is to establish, monitor and enforce GPC's tax corporate governance framework, planning and strategy, risk management, and compliance goals. The Finance Team is also the central point of contact for GPC's management, and the Board, on tax matters. The Finance Team serves a first line role with respect to tax matters that impact GPC's subsidiaries and their operations. The Finance Team are responsible for the ongoing management of general tax matters, which includes updating and identifying tax risks and applying suitable internal controls. The Finance Team must ensure that all control activities are

⁷ In this Policy, Risk Owner is any individual within the GPC business whose role either directly involves tax or who otherwise performs a function which has taxation consequences.

adequate and that they escalate significant transactions and events and any other concerns relating to tax matters to the CFO in real time. The Finance Team is headed by the CFO.

5.3 Appendix 3 – Revision history

Revision date	Revision description	Author	Endorsed by	Approved by
23/04/2020	#1552703 v1 to 3	Charleen Riley, Finance Superintendent	Jenelle Druce, Commercial General Manager (Acting)	Board
31/03/2021	#1552703 v4	Charleen Riley, Finance Superintendent	Jenelle Druce, Commercial General Manager (Acting)	EMT (minor changes)
31/05/2023	#1552703 v5	Charleen Riley, Finance Manager	Jenelle Druce, Chief Financial Officer	Board (minor changes)