

TAX TRANSPARENCY REPORT 2022



Bapcor[®]



We do the
right thing



We are in
it together



We give
a damn



We get
it done

INTRODUCTION

This Report sets out Bapcor's tax activities for the year ended 30 June 2022 together with our approach to tax strategy and governance. This report should be read in conjunction with the Bapcor 2022 Annual Report which can be found on the Bapcor website at www.bapcor.com.au.

WHAT DOES IT TAKE TO
DRIVE GROWTH, EFFICIENCY
AND IMPROVEMENT?



Bapcor
Annual Report 2022



BAPCOR Annual Report 2022
Download from bapcor.com.au

Bapcor is one of Asia Pacific's leading providers of vehicle parts, accessories, equipment, service and solutions. From our origins as Burson Auto Parts in 1971, Bapcor has since grown into a vertically integrated business servicing trade, wholesale and retail customers. Bapcor's reach now extends across c.1,100 locations and employs approximately 5,000 team members across Australia, New Zealand and Asia.



OUR APPROACH TO TAX POLICY, STRATEGY AND GOVERNANCE



Bapcor has a strong commitment to tax risk management and corporate governance. Bapcor adopts a group wide Tax Governance Policy developed by the Group Manager Taxation and Chief Financial Officer (CFO), endorsed by the Audit and Risk Committee (ARC) and approved by the Board of Directors.

Bapcor is committed to a high standard of integrity and acts as a responsible taxpayer. Under Bapcor's Tax Governance Policy (**Policy**), the Board has approved the following principles:

- › A low tolerance for tax risk.
- › Not sanction or support any activity that has as its principal function the avoidance of tax.
- › To conduct its tax affairs in compliance with the laws of all jurisdictions in which Bapcor operates.

The ARC provides oversight and advice to the Board on tax risk management and is ultimately responsible for directing Bapcor's approach to tax compliance, through adoption of the Policy. Changes to the Policy require Board approval. The CFO and Group Manager Taxation report to the ARC regularly (at least annually) on tax governance, significant tax issues and risks, effective tax rate updates, revenue authority reviews, significant transactions, tax reform and legislative change, and ongoing operational improvements. In the event where the application of a tax law is unclear, external advice is sought.

**BAPCOR
VALUES**



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right thing**



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it together**



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**We get
it done**



BAPCOR AUSTRALIAN GROUP AND INTERNATIONAL RELATED PARTY DEALINGS



As an ASX-listed public company with headquarters in Melbourne, Australia, Bapcor recorded gross revenue of over \$1.84 billion in the 2022 year across the Group, with circa 90% of global revenues coming from Australia. The wholly owned Australian entities form an Australian income tax consolidated group, where Bapcor Limited is the head entity.

Outside of Australia, Bapcor conducts business activities through its wholly owned subsidiary group in New Zealand and its 58% joint venture in Thailand. Its international related party dealings are limited to sales/purchases of trading stock, recharges for support services provided to its offshore businesses and intercompany balances that may arise from time to time.

For the 2022 year, the gross value of international related party transactions in and out of Australia represented less than 1% of total Australian revenues.

**GROSS REVENUE OF OVER
\$1.84B IN THE 2022 YEAR
ACROSS THE GROUP**



BAPCOR'S OVERALL TAX CONTRIBUTION



The majority of Bapcor's taxes are paid in Australia and New Zealand, being the areas where most of Bapcor's business operations are located. In addition to company tax, Bapcor also pays various other Federal, State & local taxes including fringe benefits tax, payroll tax, stamp duty, etc. Bapcor collects and pays taxes on behalf of others including taxes on employee earnings (PAYG/PAYE withholding), indirect taxes such as goods and services tax (GST) in Australia and New Zealand, value-added tax (VAT) and other withholding taxes, etc.

A summary of the taxes paid, collected and remitted by Bapcor for the year ended 30 June 2022 is presented below:

Amounts in Australian dollars	Australia \$'000	New Zealand, Thailand ¹ and Other \$'000	Total 2022 \$'000
Taxes directly borne and paid:			
Income Tax	51,484	6,034	57,518
Fringe Benefits Tax	3,411	610	4,021
Payroll Tax	16,913	-	16,913
Other Duties, Levies and Charges	4,017	221	4,238
Total	75,825	6,865	82,690
Taxes collected and remitted on behalf of others:			
Net GST/VAT/Sales Tax	61,947	8,280	70,227
Employee Withholding Taxes	68,849	10,269	79,118
Total	130,796	18,549	149,345
Overall Tax Contribution	206,621	25,414	232,035

1. 58% of the shares in Car Bits Asia Co Ltd.

EFFECTIVE TAX RATE AND RECONCILIATION OF STATUTORY PROFIT TO INCOME TAX EXPENSE AND INCOME TAX PAID



The table below provides details of Bapcor's global Effective Tax Rate (ETR) of 29.5% for year ended 30 June 2022. This ETR is reflective of taxes for the key regions in which Bapcor operates, primarily being Australia (30% statutory corporate tax rate) and New Zealand (28% tax rate).

	Consolidated 2022 \$'000
Amounts in Australian dollars	
Profit before income tax expense	178,082
Tax at the Australian tax rate of 30%	(53,425)
Adjustments in income tax expense due to:	
Net tax effect of amounts which are (non-deductible)/non-assessable for tax	(617)
Total income tax expense on current year profit	(54,042)
Income tax (under)/over provision in prior years	1,047
Difference in overseas tax rates	468
Total income tax (expense)/benefit	(52,527)
Effective Tax Rate	29.5%
Reconciliation of income tax expense to income tax paid	
Total income tax (expense)/benefit	(52,527)
Timing differences and tax losses recognised in deferred tax balances	16,734
Current year tax (refundable)/payable next year	(6,410)
Prior years' tax (payments)/refunds	(15,315)
Income tax (paid)/received per cash flow statement	(57,518)

Bapcor calculates its Effective Tax Rate (ETR) as income tax expense divided by profit before income tax expense. Income tax expense is an accounting concept and reflects the amount of income tax applied for accounting purposes.

Income tax expense is calculated using the current applicable Australian tax rate of 30% and is recognised in the income statement except to the extent that it relates to items recognised in 'other comprehensive income' or transactions recognised directly in equity. The income tax expense includes both current and deferred tax. Current tax represents tax payable on the profit for the current tax year and any adjustments identified in respect of tax recognised in prior periods. Deferred tax represents the timing difference between recognising income tax in the financial statements and the actual payment liability for income tax.



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