COCA-COLA AMATIL

Australian Tax Transparency Disclosures - 31 December 2014 Financial Year

Coca-Cola Amatil Limited ("CCA") is committed to achieving the highest standards in the areas of corporate governance and business conduct. CCA manages its tax responsibilities in the jurisdictions in which it operates in line with this commitment. CCA takes pride in seeking to ensure that it is regarded as a good corporate citizen in relation to tax matters and, in this regard, the Australian Taxation Office ("ATO") acknowledges that CCA maintains a cooperative and open relationship with it. CCA will also produce its first report under the Board of Taxation's voluntary tax transparency code in respect of its December 2016 financial year.

In December 2016, the ATO published the following information extracted from CCA's Australian consolidated group's income tax return for the year ended 31 December 2014.[1] This tax return was lodged with the ATO in July 2015.

	Dec-14	Dec-13
Total Income	3,682,016,170	3,782,532,580
Taxable / Net Income	375,396,012	438,490,851
Tax Payable	104,609,471	123,210,301

Putting the numbers in context

1. The "Total Income" disclosure published by the ATO represents CCA's gross Australian revenue reported in CCA's tax return. It includes the Australian trading revenue disclosed in the 2014 Annual Report for the Australian Beverages and the Alcohol, Food & Services businesses, and other income adjustments required for tax purposes.
2. The "Taxable Income" disclosure represents Total Income less all expenses allowed to be deducted against Total Income for tax purposes in the December 2014 year. These expenses include cost of goods sold, non-production related labour, depreciation, interest and other deductible expenses. These expense amounts are not disclosed by the ATO as part of the transparency measures.
3. In 2014, "Tax Payable" as a percentage of Taxable Income was 27.9% (2013:28.1%). CCA invests a significant amount in Research and Development (R&D) each year and the impact of the R&D tax offset is the primary reason that the tax payable on taxable income is reduced to a level below the 30% Australian corporate tax rate.
4. CCA's overall company Tax Payable has decreased in 2014 from 2013, primarily as a result of decreased revenue and earnings derived by CCA's Australian consolidated tax group during the year. After taking into account permanent and timing differences, tax payable decreased by $18.6m in total in 2014 to $104.6m.
5. The effective tax rate ("ETR")[2] for CCA's Australian consolidated tax group was 24.1% in 2014 [3]. The primary driver of the reduction in the ETR from the 30% corporate tax rate was the receipt of tax-exempt dividends from CCA's offshore subsidiaries, having an impact of (7.1%) on ETR. The underlying profits from which these dividends are paid have been subject to tax in the country of origin and are not subject to any further tax in Australia when repatriated.

Further guidance in relation to the transparency measures can be found here.

[1] The December 2013 numbers disclosed by the ATO have also been included as a comparative.
[2] ETR is accounting income tax expense expressed as a percentage of profit before tax (ETR ignores temporary differences between accounting and tax recognition of the item).
[3] Page 109 - 2015 Annual Report.