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ASX LIMITED – 2023 TAX TRANSPARENCY REPORT

Attached is a copy of the 2023 Tax Transparency Report.

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2023 Tax Transparency Report

ASX Group

ASX Limited (ASX) is Australia's leading exchange group and one of the 50 largest companies by market capitalisation listed in Australia. It was created as a national exchange in April 1987 after the amalgamation of Australia's six state-based stock exchanges. In July 2006, ASX merged with SFE Corporation, which operated the major derivatives exchange in Australia.

ASX is ranked among the world's top 10 exchange groups measured by market capitalisation. As a fully integrated exchange group, ASX offers a suite of services including listings, trading, clearing and settlement across multiple asset classes – equities, fixed income, commodities, and energy. ASX has an expansive customer base including retail, institutional and corporate customers directly and through Australian and international intermediaries.

Operations of ASX are licensed by the Australian Securities and Investments Commission (ASIC) and the Reserve Bank of Australia (RBA).

ASX's approach to tax risk management and governance

ASX has a robust corporate governance and risk management framework that governs the operations of the business. Tax is an important subset of this framework, which strives to ensure high standards of corporate and social responsibility and incorporates comprehensive risk management processes and procedures. The Board and Management have the responsibility of ASX's tax risk and strategy, with the CFO providing regular updates to the Audit & Risk Committee on any material tax issues and developments.

ASX carries out operations in Australia through one consolidated tax group. ASX is the head of the consolidated tax group and is responsible for the income tax liability of the Australian-based entities within the group. ASX operates a US-domiciled subsidiary and representative office in New Zealand. These offices promote ASX services to offshore customers only and ASX provides these services from Australia. The US domiciled subsidiary's contribution to tax is immaterial.

ASX adopts a low risk tax strategy to its activities and tax compliance obligations. ASX's Tax Policy reinforces the following key principles:

- > Identify, control and report tax risks.
- > Adopt a conservative approach in its interpretation of applicable taxation legislation.
- > Ensure that the taxation principles are applied consistently.
- > Maintain open and transparent professional relationships with revenue authorities.

ASX's engagement with the ATO and risk appetite

ASX adopts a low level of risk to all tax compliance and significant transaction activities. Early engagement with the ATO and tax advisers is undertaken by ASX in order to fully comply with tax obligations and operate in a low risk tax environment.

ASX is also meeting all compliance and payment obligations in each overseas jurisdiction, including the payment of local, state and federal taxes.

Income tax expense disclosed in the Annual Report

ASX's income tax expense is disclosed in Note B7 of the ASX Group's 2023 Annual Financial Report. The income tax expense disclosed in the Annual Financial Report is calculated in accordance with Australian Accounting Standards and represents the profit before income tax expense multiplied by the applicable corporate income tax rate of 30% adjusted for "non-temporary" differences. Non temporary differences represent differences between income and expense recognition criteria under accounting principles and income tax legislation. These can include non-deductible expenses and non-assessable adjustments.

ASX's Effective Tax Rate (ETR) is calculated as income tax expense divided by profit before income tax expense.

The following table provides ASX's ETR for the past five years. The lower ETR in 2023 is due to the reversal of a prior year impairment charge on an equity accounted investment, prior year adjustment relating to Research & Development (R&D) tax offset incentive, and offset by non-deductible losses arising from equity accounted investments.



Reconciliation of accounting profit to income tax expense

	FY19 \$m	FY20 \$m	FY21 \$m	FY22 \$m	FY23 \$m
Net profit reported in financial statements	492.0	498.6	480.9	508.5	317.3
Income tax expense	213.1	222.2	207.0	221.8	129.9
Profit before income tax expense (A)	705.1	720.8	687.9	730.3	447.2
Income tax expense calculated at 30%	211.5	216.2	206.4	219.1	134.2
Increase in income tax expense due to:					
Non-deductible items	3.1	2.6	2.2	4.5	4.8
Equity accounted investments impairment	—	4.6	—	—	—
Decrease in income tax expense due to:					
Net franking credit offset	(0.9)	—	—	—	—
Non-assessable income	—	—	(0.1)	—	(7.6)
R&D	(0.5)	(1.0)	(1.5)	(1.6)	—
Adjustments of prior periods	(0.1)	(0.2)	—	(0.2)	(1.5)
Income tax expense on profit (B)	213.1	222.2	207.0	221.8	129.9
Effective tax rate (ETR) (B)/(A)	30.2%	30.8%	30.1%	30.4%	29.0%

Reconciliation of income tax expense to income tax payable

The table below reconciles income tax expense to income tax payable. Temporary differences represent the differences between the transactions being recognised for accounting purposes compared to being recognised for tax purposes.

	FY19 \$m	FY20 \$m	FY21 \$m	FY22 \$m	FY23 \$m
Income tax expense on profit	213.1	222.2	207.0	221.8	129.9
Adjustments in the current year relating to the prior year	0.1	0.2	0.1	0.2	1.5
Temporary differences	2.8	3.0	3.9	13.3	16.1
R&D tax offset ¹	(2.3)	(3.7)	(7.3)	(8.3)	—
Tax on sale of IRESS	68.9	—	—	—	—
Income tax payable	282.6	221.7	203.7	227.0	147.5

1. The R&D tax offset has historically arisen from the CHESS replacement project. Following the derecognition of the cost of the asset capitalised on the project during the year no R&D offset has been claimed during the period.

ATO published tax information

Annually, the ATO releases tax information for large public companies. The ATO has published ASX’s taxation information for income tax years 2014 to 2021.

The following table details ASX’s published tax information for the income tax years 2019 to 2021, income tax years 2022 and 2023 is yet to be published by the ATO.

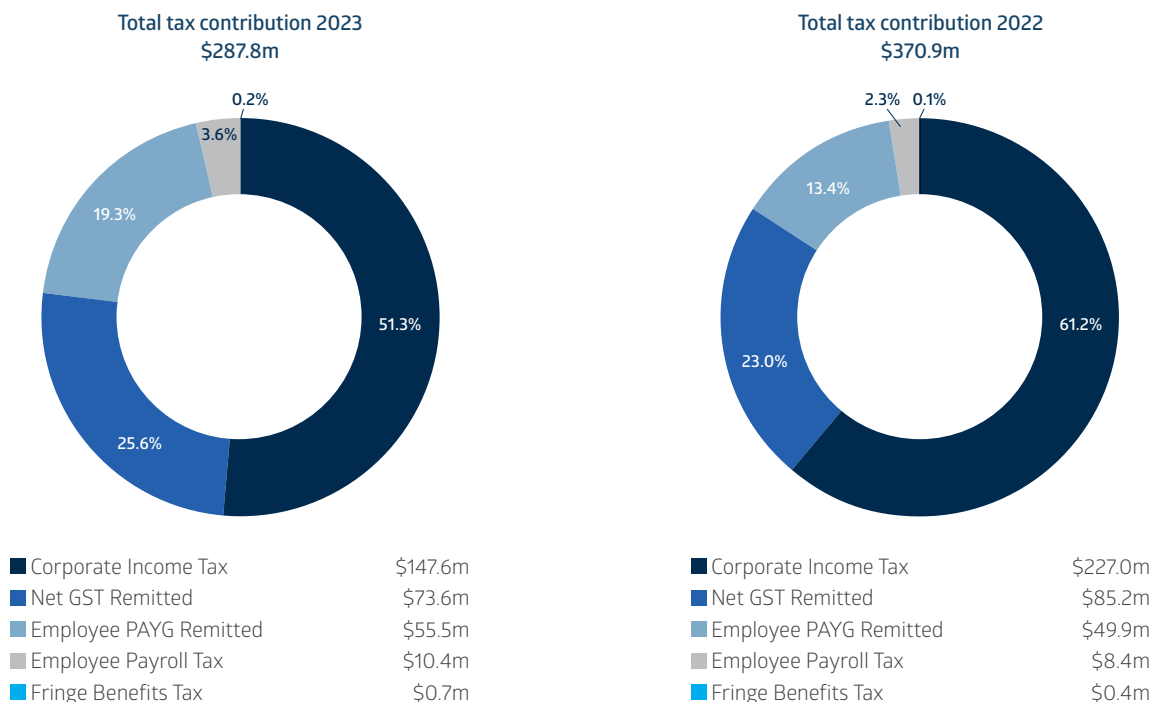
	FY19 \$m	FY20 \$m	FY21 \$m	FY22 ¹ \$m
Total income	1,089.4	1,095.3	1,017.1	1,082.8
Taxable income	955.6	754.5	708.5	789.6
Income tax payable	282.6	221.7	203.7	227.0

¹. FY22 is yet to be published by the ATO and is based on the annual tax assessment of return lodged.

Total income in the above table comprises total revenue and gross interest income. Taxable income is calculated on accounting concepts and adjusted for allowable tax temporary differences and non-temporary differences in accordance with Australian income tax legislation. Tax payable is calculated at the corporate income tax rate of 30% of taxable income, less tax offsets. ASX’s tax offsets include franking credits received from IRESS shares (FY19) and R&D tax offsets.

Tax contribution summary

The following chart provides a summary of ASX’s contribution to the Australian tax system for the financial years ended 30 June 2023 and 30 June 2022.



The above chart reflects taxes paid based on the reported financial statements.

Corporate income tax	Income tax paid/payable
GST payments	Net GST collected by ASX (gross receipts collected less GST paid on business inputs)
Employee PAYG remittances	Employee income tax remitted to the ATO on remuneration paid by ASX to its employees
Payroll tax	State tax paid on ASX’s employment costs
Fringe Benefits Tax	Tax paid on benefits provided to staff