



Dalrymple Bay
Infrastructure

TAX TRANSPARENCY REPORT 2023



About Dalrymple Bay Infrastructure

Dalrymple Bay Infrastructure Limited (DBI) is an Australian listed public company (ASX:DBI). DBI is committed to providing transparency over its tax payments and policies to demonstrate its commitment to complying with all tax laws in the countries in which it operates.

This report follows the guidelines in the Australian Board of Taxation's Tax Transparency Code and the information contained herein has been sourced from financial records and audited financial statements (Financial Report) for the period ended 31 December 2023 (FY23). The Financial Report is prepared in accordance with Australian Accounting Standards and therefore complies with International Financial Reporting Standards (IFRS).

DBI through its foundation asset, the Dalrymple Bay Terminal (DBT), aims to provide safe and efficient terminal infrastructure and services for producers and consumers of high quality Australian coal exports. DBT, as the world's largest metallurgical coal export facility, serves as a global gateway from the Bowen Basin and is a critical link in the global steelmaking supply chain. By providing operational excellence and options for capacity expansions to meet expected strong export demand for metallurgical coal, DBI intends to deliver value to security holders through stable cashflows and ongoing investment to support distributions and growth. dbinfrastructure.com.au

Approach to tax governance and strategy

As an ASX-listed company operating in Australia, DBI understands the importance of tax transparency and demonstrates this through the adoption of the Tax Transparency Code (TTC). The TTC is a voluntary code developed by the Board of Tax designed to encourage greater transparency and enhance the community's understanding of the corporate sector's compliance with Australian laws.

DBI adheres to a Board approved tax risk management policy and framework (Tax Policy and Framework) which, along with DBI's overarching risk management policy, sets out how tax risk is identified, managed and reported to the Board. The Tax Policy and Framework is reviewed on an annual basis by the Board.

DBI's Tax Framework is focused on:

- ensuring the group fulfils its tax reporting and regulatory obligations
- identifying and monitoring proposed changes in tax laws and regulations which may impact DBI
- identifying and reporting potential material tax risks in a timely manner
- principled tax planning which aligns with parliamentary intention and guidance provided by the ATO, and does not breach safe harbour limits
- maximising shareholders returns while adhering to the letter and spirit of the law
- maintaining a cooperative and open relationship with relevant Revenue Authorities

The Tax Policy and Framework requires thorough risk assessments and Board approval prior to DBI entering into any structuring, financing or other arrangement which may have significant taxation implications or where material tax risks are identified. Under DBI's Tax Policy and Framework all transactions must be structured in a prudent manner in accordance with the relevant commercial objectives of the underlying transaction(s) and involves early engagement with DBI's tax team on business strategies, transactions, and corporate initiatives so that tax implications may be given due consideration. Further, the Tax Policy and Framework prohibits conducting transactions for the specific purpose of obtaining a tax benefit. Material tax positions (as assessed in line with the Tax Policy and Framework) require verification with external independent advice, in accordance with the risk assessment and escalation guidance in the Tax Policy and Framework.

The Board delegates the oversight of tax risk management to the Finance and Audit Committee, which has delegated responsibility for the design, effectiveness and operationalisation of the Tax Policy and Framework. Management reports to the Finance and Audit Committee (which in turn updates the Board) on tax risk, the tax landscape and on adherence to the Tax Framework at least quarterly. In addition, the Tax Director prepares a Tax Status report for the Public Officer on a quarterly basis, which includes a summary of significant tax issues, risks and events, as well as a summary of DBI's effective tax rate. DBI's statutory financial statements, including tax calculations and disclosures, are subject to annual external audits as well as six monthly external reviews.

Tax contribution – Summary of taxes paid

DBI pays various taxes to the Australian and state governments and collects various tax payments on their behalf. DBI's total tax contribution for FY23 was \$63.1 million.

Table 1: Taxes collected and paid by DBI

	FY23 \$'000
Fringe Benefits Tax	11
Goods and Services Tax (GST) Net of Recoveries	24,345
PAYG Withholding Taxes ¹	12,484
Corporate income tax ²	25,689
Federal Taxes	62,529
Payroll Tax	604
State Taxes	604

¹ Amounts withheld on payments to employees and unfranked dividends paid to non-residents

² Corporate tax paid in respect of FY23

Reconciliation of accounting profit to income tax payable

The reconciliation of accounting profit to income tax expense contained in this report was previously published in DBI's 2023 Annual Report.

Income tax expense is calculated as net profit before tax, multiplied by the applicable tax rate and adjusted for non-temporary differences. Income tax payable is calculated as income tax expense, adjusted for temporary differences referable to differences in timing of recognition of certain amounts under Australian accounting standards and Australian tax law.

The table below provides a reconciliation of DBI's accounting profit to income tax expense and income tax payable.

Table 2: Reconciliation of profit income to tax payable

	FY23 \$'000
Statutory profit before tax	111,393
Tax at Australia tax rate of 30%	33,418
Increase/(decrease) income tax expense due to:	
Non-assessable income and other permanent differences	(345)
Difference in depreciation rates between tax and accounting	5,144
Adjustment for tax of prior periods	(751)
Income tax expense	37,466
Temporary differences:	
Accounting depreciation	6,864
Non-deductible accounting interest on shareholder loan notes	2,630
Tax depreciation	(27,735)
Repairs and maintenance	(3,043)
Provisions and accruals	683
Transaction costs	(1,933)
Taxable gain arising on settlement of debt and derivatives assumed as part of acquisition of DBT entities	11,067
Other adjustments ³	(743)
Adjustment for tax of prior periods	751
Income tax payable	26,007

DBI's key tax adjustments relate to:

- Temporary and non-temporary differences arising from the differing treatment of DBI's intangible asset for accounting and tax purposes
- Temporary differences arising from non-deductible accounting interest recognised in respect of DBI's shareholder loan notes⁴
- Temporary and non-temporary differences arising from the differing treatment of DBI's various financing arrangements and associated hedging instruments for accounting and tax purposes.

³ Other adjustments mainly relate to book to tax adjustments on financial derivatives and debt.

⁴ Loan notes which comprise part of DBI's listed stapled security are non-interest bearing. However, for accounting purposes non-deductible interest expense is recognised by reference to a benchmark interest rate of 4.69%.

Effective income tax rate

Australian accounting standards define effective tax rate as income tax expense for the income year, divided by the accounting profit/(loss) before tax. DBI's effective tax rate for FY23 is outlined in the table below.

Table 3: Effective income tax rate

	FY23 \$'000
Statutory Profit/(Loss) Before Tax	111,393
Statutory Income Tax Expense/(Benefit)	37,466
Statutory Effective Tax Rate	33.6%

DBI's statutory effective tax rate for FY23 of 33.6% is more than the 30% Australian corporate tax rate. DBI's higher effective tax rate is primarily a consequence of the accounting treatment of the acquisition of the DBT Entities in FY20 as an asset acquisition, and not a business combination⁵.

International dealings with related parties in FY23

During FY23 DBI only operated in Australia. However, DBI was party to transactions involving Brookfield Infrastructure Partners L.P. and its subsidiaries (Brookfield), a significant shareholder in DBI.

The main international dealings between DBI and Brookfield related to distributions paid by DBI (i.e., dividends and repayments of the loan notes attributable to DBI's securityholders). These dealings had not material impact on DBI's Australian taxable income.

⁵ Under Australian accounting standards, deferred tax assets and liabilities may not be recognised in respect of temporary differences that arise on initial recognition of an asset or liability, unless the initial recognition relates to a business combination. This is commonly referred to as the initial recognition exception (IRE). On initial recognition of DBI's intangible asset acquired as part of the acquisition of the DBT Entities, there was a difference between the carrying amount of the intangible asset for accounting purposes, and future tax deductions available in respect of the underlying assets attributable to DBI's intangible asset. As the transaction was accounted for as an asset acquisition, the IRE applied and DBI could not recognise a deferred tax liability in respect of the initial temporary difference on its intangible asset. The initial temporary difference attributable to DBI's intangible asset is decreasing as the intangible asset is amortised for accounting purposes. This gives rise to non-temporary tax adjustments.



dbinfrastructure.com.au

