



TAX TRANSPARENCY REPORT

CROWN RESORTS LIMITED

30 JUNE 2021

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1. INTRODUCTION/OVERVIEW

Crown Resorts Ltd (Crown) is the parent company of one of Australia's largest entertainment groups. The group makes a major contribution to the Australian economy through its role in tourism, employment, training, and its corporate social responsibility programs.

In Australia, Crown owns and operates three of Australia's leading integrated resorts, Crown Melbourne and Crown Perth, as well as Sydney's latest premium hotel resort and dining precinct at Crown Sydney.

Overseas, Crown owns and operates Crown Aspinalls in London, one of the high-end licensed casinos in the West End entertainment district. Crown also holds a 50% equity interest in the UK-based Aspers Group and a 20% interest in Nobu. Crown has interests in various digital businesses, including Betfair Australasia (100%), DGN Games (100%) and Chill Gaming (50%).

Crown's economic contribution to the community includes the collection and remittance of the various taxes from its operations in the jurisdictions where we operate. In addition, as part of its commitment to corporate social responsibility, Crown makes significant voluntary contributions through charity partnerships and community-focussed collaborations aimed at supporting people and the communities in which Crown operates.

In this respect, Crown supports many community causes and organisations through employee volunteering opportunities, a variety of resorts specific community partnerships and the Crown Resorts Foundation. The Crown Resorts Foundation 2020/2021 Annual Review contains details on programs funded by the 10-year \$100 million fund. The report is located on Crown's website <https://www.crownresorts.com.au/our-contribution/crown-resorts-foundation>.

Crown's 2020 & 2021 Corporate Responsibility Report (link <https://www.crownresorts.com.au/getsydmmedia/b2ca6f25-a86e-4aac-8853-60b75a1a94f6/220113-Crown-Resorts-Corporate-Responsibility-Report-2022.pdf>) also contains details and case studies on Crown's voluntary contribution to the communities including employee volunteering and donations.

As a large taxpayer, Crown is committed to being a responsible corporate citizen and meeting our tax responsibilities. Transparency is a sub-set of this social responsibility. As part of our commitment to transparency, this report is published on a voluntary basis, in line with the guidelines set out in the Australian Tax Transparency Code recommended by the Board of Taxation and adopted by the Federal Government.

The information below relates to the year ended 30 June 2021.

2. BASIS OF PREPARATION

The information in this Report has been prepared in accordance with the recommendations and guidelines set out in the Australian Board of Taxation's Voluntary Tax Transparency Code issued in May 2016. This Report also considers the Post Implementation Review of the Tax Transparency Code Consultation Paper issued in February 2019¹ and the Draft Appendix to the Code issued by the Australian Accounting Standards Board. This Report should be read in conjunction with the Crown's Annual Report 2020-21.

The Report is for the income year ended 30 June 2021 and all figures are presented in Australian dollars (AUD).

The Report is prepared internally by the Crown Resorts Tax Team. The information in the Report is sourced from the audited financial statements and the information lodged with the relevant revenue authorities.

Crown's audited financial statements are subject to materiality in accordance with the relevant Auditing Standards. From a tax perspective, the concept of materiality is not applied to our lodgement obligations with revenue authorities.

The Report is approved by Crown's Audit and Corporate Governance Committee prior to publication. Additional information on specific figures in the Report can be found in the footnotes. The terms used have been defined throughout the Report, where applicable.

¹ Noting that the changes proposed in the February 2019 consultation paper are yet to be included in the Tax Transparency Code and in this respect, Crown will continue to monitor changes and expand future reports as necessary.

3. TAX GOVERNANCE AND STRATEGY

Crown's approach to tax policy, tax strategy and governance

Crown is committed to full compliance with its statutory obligations and takes a principled, transparent and sustainable approach to tax risk management. Crown manages tax risk like any other operational risk in the business and in this regard, has a comprehensive resort-wide risk management framework, which is supplemented by Board-endorsed tax-specific policies and procedures. When adopting tax positions, Crown takes into account the level of risk involved by considering the following lenses: financial risk, compliance systems risk, operational risk and reputation risk – thereby ensuring both qualitative and quantitative factors are considered when assessing risk.

Oversight of tax is specifically within the remit of Crown's Audit & Corporate Governance Committee (Committee). In this respect, Crown's Tax Policy, includes an internal escalation process for referring tax matters to the Group Tax function. The CFO must report any material tax issues to the Committee. Crown's Tax Strategy is implemented through its Tax Policy.

Crown's approach to tax management is to operate and pay the correct amount of tax when it is due and payable as prescribed under the law. Management of risk is achieved through a number of avenues:

- Crown will engage and consult with the Australian Taxation Office (ATO) (or other relevant tax authority);
- Use external advisors to assist the Tax Team in areas that are complex or uncertain;
- Obtain tax rulings from the ATO on complex or uncertain areas of the law.

Crown seeks to have a pro-active and cooperative approach to engaging with the ATO and responding to ATO enquiries on a timely basis. Crown is a "Top 100" taxpayer for the purpose of the ATO's Justified Trust program. In this respect, the ATO conducts an annual review of Crown's Australian consolidated income tax return and in this context, Crown regularly meets with the ATO and through the process discloses to the ATO all material transactions undertaken.

4. TAX CONTRIBUTION

Tax Contribution Summary

The table below outlines the total tax contribution, including taxes borne by Crown, and taxes collected and paid by Crown to the ATO and other State Revenue authorities on behalf of others for the year ended 30 June 2021.

In the year ended 30 June 2021, Crown incurred both an accounting and tax loss for Australian federal income tax purposes and as such did not pay corporate income tax. Further detail is provided below.

	\$m
<i>Corporate income tax</i>	(27.6)
<i>Other Australian taxes and imposts paid to State and Federal Governments</i>	
Payroll Tax	32.9
Fringe Benefits Tax	2.8
Gaming Taxes and Levies	238.7
GST	39.9
Point of Consumption Tax	9.7
Rates & Land Tax	35.9
Returns to racing/sporting bodies	28.2
TOTAL AUSTRALIAN TAXES PAID	360.5
Taxes Paid to Overseas Jurisdictions	2.5
TOTAL GLOBAL TAXES PAID	363.0²

² Differs from the amount of \$373.1m as disclosed in Appendix 4E as this report includes net GST collected and a reduction for the losscarry backoffset which is a refundable tax offset that eligible corporate entities can claim in their 2020-21 companytax returns.

5. TAX RECONCILIATION

Reconciliation of accounting profit to income tax expense and income tax payable including identification of material temporary and non-temporary differences

	\$m
Profit / (loss) before income tax	(308.6)
Prima facie income tax expense on profit at the Australian rate of 30%	(92.6)
 <i>Reconciliation of prima facie income tax expense to income tax expense (benefit) per the Statement of Profit or Loss</i>	
Prima facie income tax expense on profit – per above	(92.6)
<i>Adjustments (tax effected) of:</i>	
Non-deductible depreciation and amortisation	1.7
Share of associates' net losses / (profits)	2.6
Differences in foreign tax rates	1.9
Deferred tax balances not previously brought to account	(4.3)
Income tax (over)/under provided in prior years	1.7
Non-deductible/(non-assessable) significant items	31.9
Revenue losses not brought to account	2.5
Other Items - net	7.3
Income tax expense / (benefit) per Financial Statements	(47.3)

Reconciliation of income tax expense / (benefit) to the income tax payable / (refundable)

Income tax expense / (benefit) – per Financial Statements	(47.3)
Deferred expense/(benefit)	23.8
Deferred expense/(benefit) - adjustment for prior years	(0.7)
Adjustments for current income tax of prior periods	(1.7)
Foreign tax offsets	(0.2)
Revenue losses not brought to account	(1.5)
PAYG Instalments paid during the year	(40.8)
Other	(0.1)
Income tax payable / (refundable) per Financial Statements	(68.5)

Income tax payable / (refundable) consists of:

PAYG Instalments paid during the year	(40.8)
Loss carry back tax offset	(27.6)
Overseas obligations	(0.1)
Income tax refundable	(68.5)

During the year ended 30 June 2021, Crown incurred an accounting loss, as well as a tax loss, which was largely attributable Government directed closures and related restrictions imposed on operations due to COVID-19.

As a result of incurring a tax loss in the year ended 30 June 2021, Crown will receive refund of all PAYG instalments paid in respect of the year ended 30 June 2021. Crown has also made the choice as permitted by legislation to carry back its tax loss for the year ended 30 June 2021 to the year ended 30 June 2020 to claim the loss carry back refundable tax offset.

6. EFFECTIVE TAX RATE

Accounting effective company tax rates (ETR) for Australian and global operations (pursuant to Australian Accounting Standards Board guidance)

Crown incurred an accounting loss in the year ended 30 June 2021, and thus had a negative tax expense. As indicated below, Crown also incurred a tax loss. Accordingly, no tax was levied.

7. INTERNATIONAL RELATED PARTY DEALINGS

Information about International Related Party Dealings

With a number of business interests in foreign jurisdictions, Crown transacts with related parties in those jurisdictions. All material transactions between Crown's Australian operations and its international related parties during the year were conducted, priced and documented on an arm's length basis having regard to Australian transfer pricing laws.

An example of such a transaction is the license and management fees relating to restaurants at Crown Melbourne, Crown Perth and Crown Sydney paid by Crown to the Nobu Group of \$2.0m.

As a large taxpayer, Crown is under constant review by the ATO. Details of its international related party dealings are disclosed to the ATO as part of this review process.

8. ATO PUBLIC DATA DISCLOSURES

Reconciliation to ATO Public Data disclosures

Annually, the ATO publishes details of certain large corporate taxpayers in accordance with the tax returns that are lodged with the ATO. This is known as the "Report of Entity Tax Information". As part of this report, the ATO publishes the total income, taxable income and tax payable for relevant corporate entities. Below is a reconciliation of the amounts that Crown expects will be published by the ATO as part of the "Report of Entity Tax Information" public disclosures for the year ended 30 June 2021 (based on prior years this data will be published late in the 2022 calendar year).

Total Income

	\$m
Total Revenue per Note 3 of the Annual Report	1,536.8
Add:	
Commissions	2.8
JobKeeper receipts	229.0
Proceeds on sale of Sydney apartments	678.6
Intercompany revenue not eliminated for tax purposes	52.4
Other income	1.2
Less:	
Revenue that relates to entities not part of Crown tax consolidated group	(42.7)
Total Income expected to be published by the ATO	<u>2,458.1</u>

Taxable Income

In determining taxable income for an Australian taxpayer, generally the starting point is the accounting profit or loss of the taxpayer (i.e. as opposed to the Total Income, which does not ordinarily reflect expenses). In the year ended 30 June 2021, Crown incurred an accounting loss (i.e. because expenses exceeded income).

Crown incurred a tax loss for the year ended 30 June 2021. As there is a tax loss for the year ended 30 June 2021, the taxable income published by the ATO will be nil.

Tax Payable

As there is a tax loss for the year ended 30 June 2021, the tax payable published by the ATO will be nil.