VOLUNTARY TAX TRANSPARENCY CODE

Computershare supports the objectives of the Government and the Board of Taxation to provide additional information that will assist the public to understand their tax contribution and compliance with Australia's tax laws.

Information for the year ended 30 June 2018 is set out below.

OUR APPROACH TO TAX

Computershare is committed to meeting its tax obligations in all the countries in which it undertakes economic activity.

Computershare has a tax governance framework which has been approved by the Board. Tax falls under the oversight of the Risk and Audit Committee and tax risk is managed pursuant to documented policy. Tax expense forms part of our financial results which are reviewed regularly by management and the Board. Material tax risks are reviewed by management, Computershare's tax advisers, external auditors and the Risk and Audit Committee.

Tax is one of a broad range of commercial factors and consequences taken into account when Computershare assesses and undertakes any investment activity. All tax planning is required to align to commercial substance and the application of the framework and policy approved by the Board.

Computershare provides services to clients in over 20 countries. A key premise of operating share registry businesses is that public records and certain activities around the maintenance of a share register ordinarily have to be undertaken in the jurisdiction where Computershare's clients are registered or incorporated. Computershare's presence in certain lower taxed countries such as Jersey is to enable the provision of our registry, custody, equity plan and related services to our clients in those jurisdictions. Each of our revenue-generating subsidiaries in those countries represents a substantial commercial presence, both in terms of physical premises and employees.

We have a strong history of compliance and of open engagement with the relevant tax authorities. This includes entering into Bilateral Advance Pricing Arrangements with the Canadian Revenue Authority, Her Majesty's Revenue and Customs and the Australian Taxation Office (ATO). During calendar 2018, Computershare is participating in a pilot of the International Compliance Assurance Program (ICAP), working closely with the ATO. ICAP is an OECD initiative for tax assurance across multiple tax jurisdictions.

As an Australian headquartered company, we have created and maintained significant intellectual property in Australia which has been successfully deployed in our overseas expansion over time. Our engagement with tax authorities includes seeking to ensure that Australia receives a commercial return for the use of the intellectual property by our overseas businesses. These returns are taxable in Australia.

To the extent that Computershare generates income which is taxable in Australia, this generates franking credits which can be distributed to our shareholders. Profits from our operations overseas are taxable in the country in which they are generated. Under Australian tax law, these profits are not subject to further tax when repatriated to Australia and therefore do not generate franking credits. While unfranked dividends paid to Computershare's shareholders represent profits which have not been taxed in Australia, they will be taxed in the hands of our shareholders, the majority of which are resident in Australia.

RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX EXPENSE

Year ended 30 June 2018	**Consolidated Global Group USD**
Profit before income tax expense	**389,896**
Prima Facie tax at 30%	116,969
Restatement of deferred tax balances due to US tax reform	-44,692
Withholding tax not creditable	9,142
Effect of changes in tax rates (excluding US tax reform)	-6,538
One-off accruals regime tax payable due to acquisition of Equatex	5,244
Tax on expected disposal of Karvy	3,777
Variation in tax rates of foreign controlled entities	-2,201
Prior year tax (over)/under provided	-1,739
Net other	1,605
Income tax expense recognised in profit or loss	**81,567**
Effective tax rates	
Global group effective tax rate	**21%**
Australian group effective tax rate	**9%**

The effective tax rate is calculated as accounting income tax expense as a percentage of accounting profit before income tax.

Australian group effective tax rate

As Computershare is an Australian headquartered group, it receives substantial dividends from its foreign subsidiaries. These foreign dividends are included in the Australian group's accounting profit before income tax but are not assessable under Australian tax law. Foreign withholding tax charged on dividends from foreign subsidiaries is not creditable.

Tax expense was also incurred in Australia in relation to:

- estimated tax for the Equatex acquisition pursuant to Australia's controlled foreign company rules. Although the acquisition had not yet settled as at 30 June 2018, software license income derived by a Switzerland resident company for the entire year ended 30 June 2018 was required to be brought to tax in Australia due to the Equatex acquisition contract being signed during the income year; and
- estimated capital gains tax on the upcoming disposal of Karvy.

Excluding the impact of foreign dividends from the Australian group's accounting profit before income tax, and excluding the related dividend withholding tax, Equatex and Karvy amounts from Australian tax expense, the Australian group effective tax rate would be 50%.

This is higher than the 30% Australian corporate tax rate primarily as a result of permanent adjustments for:

- the accounting revaluation of a put option relating to the Karvy joint venture arrangement which is not recognised for tax purposes (ETR impact of 10%); and
- non-deductible interest expense arising under the thin capitalisation rules (ETR impact of 12%).

RECONCILIATION OF INCOME TAX EXPENSE TO INCOME TAX PAYABLE

Year ended 30 June 2018	Consolidated Global Group USD
Income tax expense recognised in profit or loss	**81,567**
Temporary differences	
Tax losses	-17,606
Doubtful debts	9
Financial instruments and foreign exchange	6,708
Property, plant & equipment	-3,057
Share based remuneration	98
Goodwill	65,748
Intangible assets	23,493
Deferred revenue	-1,542
Other creditors & accruals	-6,293
Provisions	-1,849
Employee benefits	795
Finance leases	-1,543
Mortgage servicing related liabilities	-23,140
Other	-9,617
Temporary difference charged/(credited) to equity	-3,537
Tax arising from acquisitions/(disposals)	369
Foreign tax credits	-14,040
Income tax payable for the current year	**96,563**
Income tax payable for the prior year (net of refunds)	40,790
Tax Paid during the year	-86,881
Currency and other differences	-10,389[1]
Income tax payable at year end (net of refunds)	**40,083**

1 Tax obligations arise in different currencies in the various countries in which Computershare operates. These are translated into USD for reporting purposes. In the current year the net effect of currency movements is a general deterioration against the USD.

The tax expense for the year differs from the tax payable due to the time at which tax consequences must be recognised for accounting purposes, which may be different to when the tax liability arises under tax laws.

OUR TAX CONTRIBUTION

Year ended 30 June 2018	USD '000
Corporate income taxes	86,881
Employer related taxes (benefits, payroll, social security and pension contributions to governments and funds)	124,214
Property and stamp taxes	6,166
Withholding taxes	11,907
Net indirect taxes	85,197
Other taxes	849
Taxes paid by the global group	315,214
Taxes collected from employees and non-resident withholding	167,596
Total	**482,810**

INTERNATIONAL RELATED PARTY DEALINGS

As an Australian home grown success story with global headquarters in Australia, Computershare's Australian entities have the following types of dealings with its overseas related parties:

- Licensing of IP owned by Computershare Limited to overseas controlled entities including software, brand names, trademarks and other intangible assets. As mentioned above, we have created and maintained significant intellectual property in Australia which has been successfully deployed in our overseas expansion over time – this gives us a competitive advantage and helps contribute to synergies from acquisitions. A commercial return is charged to our overseas businesses which use this intellectual property, and amounts charged are taxable in Australia.
- Management and administrative services provided to and received from overseas controlled entities. As a global group, internal management and support services are centralised for efficiency. Each business in our global group that benefits from these services is required to pay a commercial charge for them.
- Operational services provided to and received from overseas controlled entities in relation to global clients. A large number of our clients are also international companies that require our services in multiple locations.
- Technology support services provided to and received from overseas controlled entities in relation to maintenance, infrastructure and device costs. For example, our data servers located in one country may be used by businesses in another country, and a commercial charge is imposed for that use.
- Loans made to and received from overseas controlled entities for short-term, medium-term and long-term funding requirements. As a large global group, these transactions assist with managing cash flow and funding requirements.
- Receiving dividends from overseas controlled entities which repatriate profits back to Australia.