



7 December 2022

The Manager  
Market Announcements Office  
Australian Securities Exchange

Dear Manager,

**2022 TAX CONTRIBUTION REPORT**

Please find **attached** a copy of the 2022 Tax Contribution Report which is also available on the company's website at [www.wesfarmers.com.au](http://www.wesfarmers.com.au)

Yours faithfully,

A handwritten signature in blue ink that reads "V. Robinson".

**Vicki Robinson**  
Executive General Manager  
Company Secretariat

This announcement was authorised to be given to the ASX by the Wesfarmers Limited Board.

# 2022 Tax Contribution Report



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## About Wesfarmers

**This 2022 Tax Contribution Report (Report) provides stakeholders with the necessary information concerning Wesfarmers' Australian tax activities for the 2022 financial year.**

From its origins in 1914 as a Western Australian farmers' cooperative, Wesfarmers has grown into one of Australia's largest listed companies and private sector employers, with almost 120,000 team members, and is owned by more than 515,000 shareholders.

With headquarters in Perth, Wesfarmers' diverse businesses cover: home improvement, outdoor living and building materials; general merchandise and apparel; office and technology products; health, beauty and wellbeing products; wholesale pharmacy distribution; manufacturing and distribution of chemicals and fertilisers; mine development and construction; industrial and safety product distribution; retail and commercial energy supply; and a data and digital ecosystem. Wesfarmers' businesses predominately operate in Australia and New Zealand.

### About this Report

This Report covers the financial year ended 30 June 2022 and the prior comparative period is the financial year ended 30 June 2021. The Report provides an overview of the tax contributions made by the Wesfarmers Group and our approach to tax strategy and governance. In this Report, references to 'Wesfarmers', 'the company', 'the Group', 'we', 'us' and 'our' refer to Wesfarmers Limited (ABN 28 008 984 049) and its controlled entities, unless otherwise stated. All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated.

The information disclosed in this Report meets the requirements of the Australian Board of Taxation's voluntary Tax Transparency Code (the Code) and has been prepared in accordance with the Appendix to the Code issued by the Australian Accounting Standards Board.

This Report should be read in conjunction with the Wesfarmers 2022 Annual Report:

## Group structure

### Bunnings

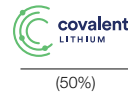


### Kmart Group



To 30 June 2022

### Chemicals, Energy and Fertilisers



(50%)



(50%)



(75%)



### Officeworks



### Industrial and Safety



### Health



### OneDigital



From 1 July 2022

### Other activities



50%



24.8%



50%



50%



2.8%

### Corporate

## Message from the Chief Financial Officer



**On behalf of the Board, I'm pleased to present the Wesfarmers Tax Contribution Report for the 2022 financial year.**

At Wesfarmers, our primary objective is to deliver satisfactory returns to shareholders over the long term. Wesfarmers, and each of our divisions, has a strong commitment to compliance with taxation laws and regulations in the jurisdictions in which we operate. We are committed to rigorous tax governance practices and aim to have an open and cooperative relationship with all tax authorities. This commitment to best practice for taxation matters has been reflected in Wesfarmers obtaining a high assurance rating under the Australian Taxation Office's (ATO) Justified Trust Program.

Wesfarmers seeks to make the communities we are part of stronger, and the economic contribution we make through taxes paid is integral to this.

For the 2022 financial year, Wesfarmers contributed \$1.3 billion in government taxes and other charges and our effective tax rate for our Australian operations was 29.1 per cent.

Wesfarmers is proud to be a signatory to the Australian Government's voluntary Tax Transparency Code. This year's Tax Contribution Report is our seventh report and shows our continued support for corporate tax transparency.



**Anthony Gianotti**  
Chief Financial Officer

7 December 2022

## Our primary objective

# To deliver a satisfactory return to shareholders.

**We believe it is only possible to achieve this over the long term by:**



anticipating the needs of our customers and delivering competitive goods and services



looking after our team members and providing a safe, fulfilling work environment



engaging fairly with our suppliers, and sourcing ethically and sustainably



supporting the communities in which we operate



taking care of the environment



acting with integrity and honesty in all of our dealings

## Introduction to this Report

This Report details Wesfarmers' tax activities for the 2022 financial year, together with our approach to tax strategy and governance.

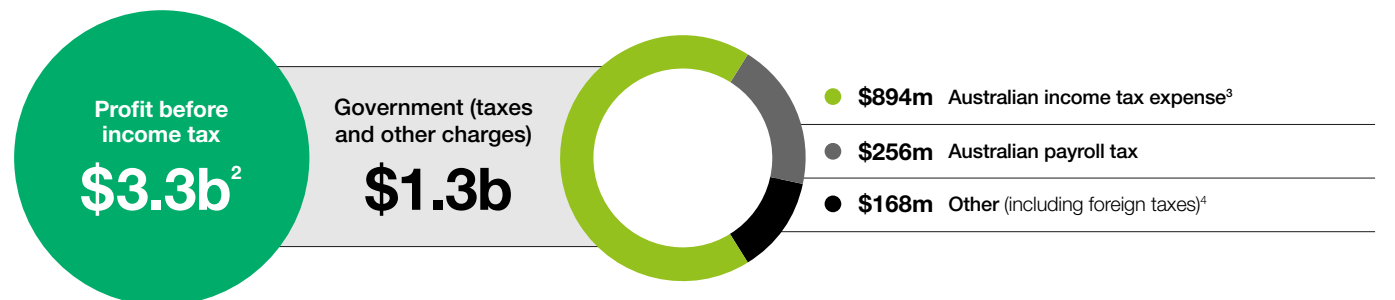
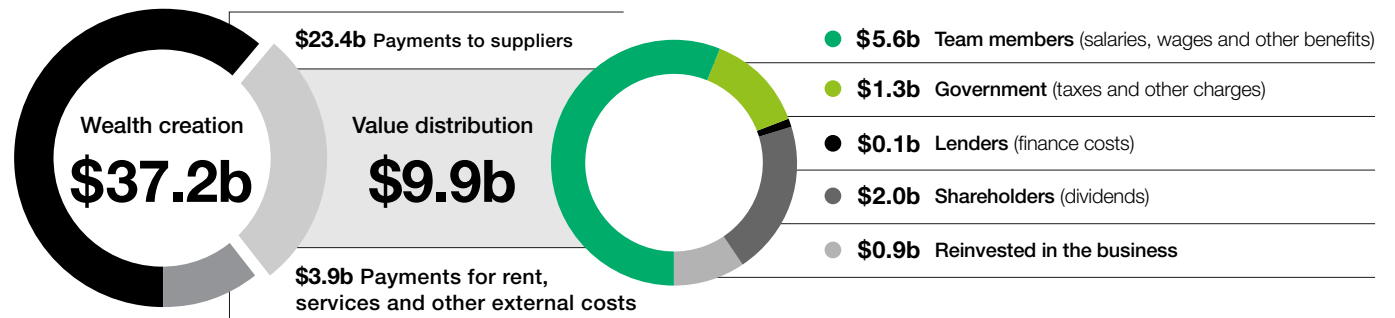
Wesfarmers makes a significant contribution to the communities in which we operate by paying team members and suppliers, generating wealth for shareholders and paying tax to governments.

In the 2022 financial year, Wesfarmers created wealth of \$37.2 billion of which \$5.6 billion related to salaries, wages and other benefits to our team members, \$23.4 billion to our suppliers and \$3.9 billion for rent, services and other external costs. We reinvested \$0.9 billion in our businesses, while distributing \$2.0 billion to our shareholders in the form of fully-franked dividends. Wesfarmers also reported \$1.3 billion in taxes and other charges in the 2022 financial year. We also collected an additional \$2.3 billion in taxes and duties for the Australian Government, including employee Pay As You Go (PAYG) withholding tax, excise and customs duty, and net Goods and Services Tax (GST).

### Wesfarmers' annual economic contribution (\$billion)<sup>1</sup>

Year	Economic Contribution (\$billion)
2022	37.2
2021	34.1
2020	31.7
2019	48.7
2018	69.9

### Wealth creation and value distribution



<sup>1</sup> These numbers have not been restated for discontinued operations. The reduction in Wesfarmers' economic contribution in 2019 and 2020 is primarily due to the impact of the Coles demerger part way through the 2019 financial year.

<sup>2</sup> Profit before income tax of \$3.3 billion relates to continuing operations. There were no discontinued operations and significant items in the 2022 financial year. Wesfarmers' profit after income tax for the 2022 financial year was \$2.35 billion.

<sup>3</sup> The \$894 million income tax expense relates to Australian operations only.

<sup>4</sup> Other relates to local government charges, fringe benefits tax (FBT) and foreign taxes reported in the 2022 financial year.

## Approach to this Report and tax matters

### Basis of preparation

Tax transparency information was included in the Wesfarmers 2022 Annual Report and is set out at notes 3 and 31 to the financial statements on pages 142 and 175 respectively of the Wesfarmers 2022 Annual Report. All other financial information included in this Report was sourced internally. Ernst & Young audited the Financial Statements included within the Wesfarmers 2022 Annual Report. Ernst & Young has not separately audited this Report.

### Tax policy, strategy and governance

Wesfarmers is committed to full compliance with its statutory obligations and takes a conservative approach to tax risk. Tax strategy and governance is implemented through Wesfarmers' Group Tax Policy (the Policy), which is part of Wesfarmers' corporate risk management and policy framework. The Policy includes an internal escalation process for the Group's businesses to refer tax matters to the corporate Group Tax Manager. The Executive General Manager, Group Finance must refer any material tax issues advised to Group Tax to the Chief Financial Officer, the Wesfarmers Audit and Risk Committee and the Wesfarmers Board as soon as practicable. Compliance with the Policy is ultimately monitored by the Wesfarmers Audit and Risk Committee.

Wesfarmers' approach to regulatory compliance is to operate and pay tax in accordance with the tax law in each relevant jurisdiction. We aim for certainty on all tax positions we adopt. Where the tax law is unclear or subject to interpretation, external advice is obtained, and when necessary, the ATO (or other relevant tax authority) is consulted for clarity.

Wesfarmers seeks to have a transparent and cooperative relationship with the ATO and other relevant tax authorities. This includes early engagement on significant transactions. The ATO conducts an annual review of Wesfarmers' Australian consolidated income tax returns in accordance with the Pre-lodgement Compliance Review (PCR) process. The PCR arrangement formalises the requirement for Wesfarmers to disclose to the ATO all material transactions undertaken. Wesfarmers is also part of the ATO's top 100 justified trust program.

Please refer to our tax transparency disclosures under the **Global Reporting Standard GRI 207: Tax 2019** for more information on governance.



## Effective company tax rate

### How it is calculated

The effective tax rate is calculated as income tax expense divided by accounting profit before income tax expense. Income tax expense captures taxes on profits and excludes other types of taxes such as GST, FBT and PAYG withholding tax paid on behalf of employees.

The effective company tax rate will differ from the statutory company tax rate of 30.0 per cent rate due to non-temporary differences.

Non-temporary differences are amounts which are recognised for either accounting purposes or tax purposes, but not both. For example, the receipt of dividend income from overseas subsidiaries is exempt income for Australian company tax purposes. Wesfarmers pays tax on the profit from which the dividend was paid in the country of origin.

Temporary differences exist where amounts are assessable or deductible for tax at a different time to when they are recognised under accounting practices. For example, different depreciation rates may be used for tax and accounting purposes. The differences will eventually reverse over time when an asset is fully depreciated.

Material temporary and non-temporary differences relevant to Wesfarmers are set out in notes 3 and 31 of the Wesfarmers 2022 Annual Report on pages 142 and 175, respectively.

	2022 %	2021 <sup>1</sup> %
<b>Effective company tax rate</b>		
Australian operations	<b>29.1</b>	29.4
Global operations	<b>29.2</b>	29.7

<sup>1</sup> The effective company tax rate for the 2021 financial year is inclusive of significant items. There were no significant items for the 2022 financial year.

### Australian operations (from continuing operations and inclusive of significant items)

Wesfarmers had an effective company tax rate of 29.1 per cent for its Australian operations for the 2022 financial year, compared to 29.4 per cent for the 2021 financial year. As discussed above, the effective company tax rate calculations are based on income tax expense calculated under accounting principles and may not reflect the full income tax paid by the Wesfarmers Australian tax consolidated group.

<b>29.1%</b>	<b>29.4%</b>	<b>30.7%</b>	<b>30.2%</b>	<b>32.5%</b>
2022	2021	2020	2019	2018

## Reconciliation of accounting profit to income tax expense and income tax payable

The reconciliation of accounting profit to tax expense and tax payable, and the effective company tax rate information, was previously published in the Wesfarmers 2022 Annual Report in notes 3 and 31 on pages 142 and 175, respectively. These disclosures were prepared for the statutory accounts in accordance with the relevant Australian Accounting Standards. The statutory accounts reflect the global accounting consolidated group, except where specifically noted otherwise.

Income tax expense, reported on a company's income statement, is calculated by multiplying accounting profit for the year, adjusted for non-temporary differences, by the relevant corporate tax rate (30.0 per cent in Australia).

In contrast, income tax paid or payable reported at note 31 in the Wesfarmers 2022 Annual Report, is calculated by multiplying accounting profit for the year, adjusted for both temporary and non-temporary differences, by the relevant corporate tax rate. Income tax paid or payable represents the estimated income tax paid or payable to the ATO and other tax authorities.

A reconciliation of Wesfarmers' accounting profit to estimated income tax payable is set out in the table below.

<b>Tax paid or payable reconciliation</b>	<b>2022 \$m</b>	2021 <sup>1</sup> \$m
Accounting profit	3,320	3,373
Income tax at the statutory rate of 30%	996	1,012
Non-deductible items (permanent differences)	5	10
Temporary differences: deferred tax	(94)	(9)
Associates and other	(25)	(17)
Utilisation of previously recognised tax losses <sup>2</sup>	(25)	-
<b>Current year tax paid or payable</b>	<b>857</b>	996

<sup>1</sup> The 2021 numbers reflect continuing operations inclusive of significant items. There were no significant items for the 2022 financial year.

<sup>2</sup> Wesfarmers expects to utilise approximately \$25 million of transferred net capital losses (tax effected) against a capital gain derived from the sale of the 2.1 per cent interest in Coles Group Limited in the 2022 financial year.

## Material temporary and non-temporary differences

A detailed reconciliation of accounting profit to income tax expense and material temporary and non-temporary differences is disclosed on page 142 of the Wesfarmers 2022 Annual Report.

Temporary differences of \$94 million were mainly driven by provisions, including employee benefits provisions, leasing balances, investments in associates and joint ventures, and other individually insignificant balances, leading to the difference between income tax expense and income tax payable.

There were no material non-temporary differences in the 2022 financial year.

## Australian income tax return information

The ATO publishes the Australian tax consolidated group information of more than 2,400 corporate tax entities annually. The following table reflects the Wesfarmers Australian tax consolidated group's information based on lodgement of the 2018 to 2021 income tax returns. The 2022 income tax return information will be released by the ATO late in the 2023 calendar year.

<b>Australian tax consolidated group</b>	<b>2021 \$m</b>	2020 \$m	2019 \$m	2018 \$m
Tax payable in Australia (after offsets)	953	896	885	1,250
Australian tax consolidated group revenue	31,996	29,954	48,486	66,875
Australian tax consolidated group taxable income	3,295	3,201	3,068	4,276

These amounts will differ from the tax numbers disclosed in Wesfarmers' annual reports for several reasons:

- The above amounts only reflect the Australian tax consolidated group whereas the Wesfarmers 2022 Annual Report includes the global Wesfarmers group of entities.
- Foreign subsidiaries and entities that are not wholly owned cannot be members of the Australian tax consolidated group.
- Tax payable disclosed in the table above includes credits for taxes paid on offshore income that is also taxable in Australia at 30.0 per cent.



## International-related party dealings

Wesfarmers is an Australian-based conglomerate, with active businesses across seven countries – Australia, New Zealand, Bangladesh, China, Hong Kong, India and Singapore. Given its current profile, Wesfarmers has relatively limited international-related party dealings. Wesfarmers always seeks to price international-related party dealings on an arm’s length basis to meet the regulatory requirements of the relevant jurisdictions.

Wesfarmers’ key international-related party dealings are set out below:

Key international-related party dealing	Significant jurisdictions during the 2022 financial year
Sourcing and logistic services	Bangladesh, China, Hong Kong and India
Management services	China, Hong Kong, India, New Zealand and the United Arab Emirates
Sale of goods and services	New Zealand
Re-insurance	Singapore
Royalties	New Zealand

**For the 2022 financial year, the gross value of international-related party transactions in and out of Australia represented less than 0.7 per cent of revenue (FY2021: 0.7 per cent).**

Wesfarmers’ international-related party dealings are summarised below:

- The Australian retail businesses source material amounts of trading stock from overseas, particularly through Asian based third-party suppliers. To facilitate this, Wesfarmers has offshore subsidiaries that coordinate these supplies. The Australian businesses pay the offshore subsidiaries for these services.
- Various administrative and support services are provided by Wesfarmers corporate office and divisional parent entities to offshore subsidiary businesses. As required by international cross-border tax rules, arm’s length consideration is paid for these services.
- Certain Wesfarmers retail businesses operate across multiple jurisdictions. To meet customer demand and manage stock levels, trading stock is occasionally transferred between jurisdictions, for which arm’s length consideration is paid by the recipient of the trading stock.
- Various aspects of Wesfarmers’ business operations are insured with third-party insurance providers. Wesfarmers has a regulated offshore captive insurance company in Singapore to better access global re-insurance markets. Insurance policy premium payments are made by Wesfarmers to the subsidiary for this purpose, with the majority of the premiums on-paid to external re-insurance providers.
- Certain Wesfarmers businesses operating outside Australia utilise intellectual property developed by Wesfarmers’ businesses in Australia. Where appropriate, and as required by international cross-border tax rules, a royalty payment is made by the offshore subsidiary to the relevant Australian business.

### Other jurisdictions

The Wesfarmers Group includes subsidiary companies that are incorporated in jurisdictions outside of Australia as summarised in the table below.

Country / Dependency	Nature of activities
Bangladesh	<ul style="list-style-type: none"> <li>• Coordinating the sourcing of trading stock - Kmart Group</li> </ul>
China	<ul style="list-style-type: none"> <li>• Coordinating the sourcing of trading stock - Kmart Group and Industrial and Safety</li> </ul>
Hong Kong	<ul style="list-style-type: none"> <li>• Coordinating the sourcing of trading stock - Kmart Group</li> <li>• Active trading operation – Industrial and Safety</li> </ul>
India	<ul style="list-style-type: none"> <li>• Coordinating the sourcing of trading stock - Kmart Group</li> <li>• The provision of information technology (IT) and IT-enabled services - Kmart Group and Bunnings</li> </ul>
Indonesia	<ul style="list-style-type: none"> <li>• Dormant entity – Industrial and Safety</li> </ul>
New Zealand	<ul style="list-style-type: none"> <li>• Active retailing operations – Bunnings, Kmart Group, Industrial and Safety, and Health</li> <li>• Manufacture and supply of over-the-counter drugs and personal care products – Health<sup>1</sup></li> <li>• Financing activities - Corporate</li> <li>• Dormant entities – Bunnings, Officeworks, and Kmart Group</li> </ul>
Singapore	<ul style="list-style-type: none"> <li>• Insurance company</li> </ul>
United Arab Emirates	<ul style="list-style-type: none"> <li>• Retailing operations – Industrial and Safety<sup>2</sup></li> </ul>
United States of America	<ul style="list-style-type: none"> <li>• Dormant entity – Kmart Group</li> </ul>

<sup>1</sup> The Health division’s New Zealand manufacturing business ceased trading operations on 30 June 2022, with final closure activities and site exit completed on 30 September 2022.

<sup>2</sup> The Industrial and Safety division’s United Arab Emirates company ceased its retailing operations on 30 June 2022.

## Australian tax contribution summary

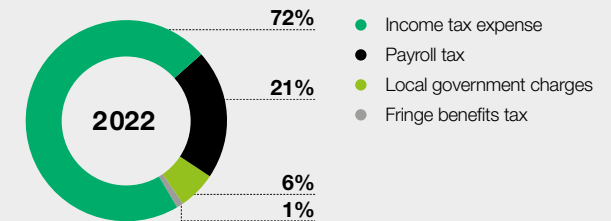
### Australian taxes borne by Wesfarmers

The table and diagram opposite detail the types of taxes contributed by Wesfarmers to Australian federal, state and local governments. The Australian taxes represent a significant proportion of Wesfarmers' \$1.3 billion in global taxes and other charges in the 2022 financial year. The figures in the table represent Australian taxes contributed by Wesfarmers.

Wesfarmers' global tax contributions were \$1.3 billion in the 2022 financial year, of which \$1.2 billion related to Australian tax contributions

#### Australian taxes borne by Wesfarmers

	2022 \$m	2021 \$m
Income tax expense	894	927
Payroll tax	256	237
Local government charges <sup>1</sup>	75	44
Fringe benefits tax	8	7
<b>Total</b>	<b>1,233</b>	1,215



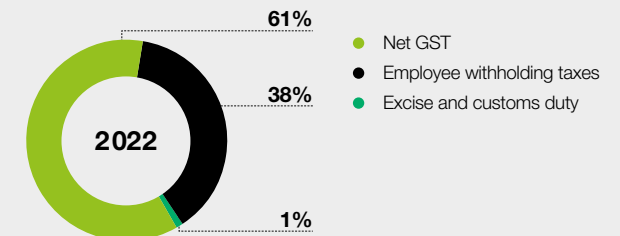
<sup>1</sup> Government charges are generally comprised of local government rates and fees.

### Australian taxes collected by Wesfarmers

In addition to taxes directly payable by Wesfarmers, we collected and paid \$2.3 billion in PAYG withholding taxes, excise and customs duty, and net GST on behalf of the Australian Government in relation to the 2022 financial year. Wesfarmers is obligated to withhold PAYG tax from salaries and wages paid to employees on behalf of the government. Excise duty arises predominantly from the sale of LNG and LPG. Customs duty is a tax imposed on imports and exports of goods. Net GST is calculated as the total GST liability on taxable supplies less all GST credits attributable to the respective financial year. The table and diagram opposite show the percentage of each type of tax collected. The figures in the table opposite represent Australian taxes collected by Wesfarmers from continuing and discontinued operations.

#### Australian taxes collected by Wesfarmers

	2022 \$m	2021 \$m
Net GST	1,423	1,408
Employee withholding taxes	891	749
Excise and customs duty	26	25
<b>Total</b>	<b>2,340</b>	2,182



Further information and publications about Wesfarmers' operations are available from the Corporate Affairs department on (08) 9327 4428 (within Australia) or (+61 8) 9327 4428 (International) or from the Wesfarmers website.

[wesfarmers.com.au](https://www.wesfarmers.com.au)