



Tax Transparency Report  
2024



**SGH**

Disciplined Execution

# TAX POLICY, STRATEGY AND GOVERNANCE

## Corporate Governance

SGH continues to be mindful of its corporate governance responsibilities and takes a proactive approach to ensuring that it stays at the forefront of corporate governance practices. Tax governance and tax risk management are a key priority of the SGH Board and SGH management.

SGH's tax strategy is based on its commitment to build sustained shareholder value through high quality tax management which ensures SGH's compliance with revenue laws and which preserves and enhances the Company's integrity and reputation. SGH seeks to meet all tax compliance obligations and to apply sound tax risk management principles within the Board approved tax risk management framework and consistent with SGH's overall risk framework. SGH's risk appetite is governed by the "more likely than not" principle which is enshrined in the SGH Tax Risk Management Policy.

The tax risk framework works in conjunction with SGH's other policies including the Code of Conduct, under which employees are expected to behave honestly and openly and with integrity and maintain ethical standards.

The Board is assisted in carrying out its responsibilities by the Audit & Risk Committee (ARC) whose purpose is to oversee financial risk management and internal controls across the Group, including tax. The ARC is regularly informed of tax matters and currently is chaired by a former member of the Board of Taxation.

SGH is committed to achieving the highest standards in the areas of corporate governance and business conduct and its tax responsibilities are managed in line with this commitment. SGH aims for certainty in relation to all tax positions that it adopts.

Formal risk management procedures incorporating tax include SGH's Risk Management Policy and Corporate Governance Statement.

## Engagement with tax authorities

A fundamental tenet of SGH's commitment to governance is its transparent and co-operative relationship with the Australian Taxation Office (ATO) and other relevant tax authorities on a range of issues as part of the ongoing activities of the Group.

SGH seeks to be proactive and ensure that its engagement with taxation authorities is constructive. The Board recognises that the management of financial and non-financial risks are an integral part of its operation and has established policies and procedures for the oversight and management of material business risks. The Board oversees the risk management framework which is aimed at identifying and delivering improved business processes and procedures across SGH. As part of this commitment, the Tax Risk Management Policy is also regularly reviewed and updated.

### About this Report

In this Report references to "Seven Group Holdings", "SGH", "the company", "we", "us" and "our" refer to Seven Group Holdings Limited (ABN 46 142 003 469), unless otherwise stated. References to "SGH Group" and "the Group" refer to SGH and its accounting consolidated group, including Boral Limited and its subsidiaries. References to a "year" are to the financial year ended 30 June 2024 unless otherwise stated. All dollar figures are expressed in Australian dollars (AUD) unless otherwise stated. This report should be read in conjunction with the [SGH FY24 Annual Report](#).

Included in this Report is data prepared by the management of SGH. This data is included for information purposes only and has not been subject to the same level of review by the company as the financial statements, so is merely provided for indicative purposes. The company and its employees do not warrant the data and disclaim any liability flowing from the use of this data by any party.

## EFFECTIVE COMPANY TAX RATE<sup>1</sup>

The Australian company income tax rate applied to SGH is 30 per cent. Taxable income represents the net profit of SGH for income tax purposes, that is gross assessable income less allowable deductions or exemptions for the tax year.

The effective tax rate is calculated as income tax expense divided by accounting profit before tax. Non-temporary adjustments to accounting profit generate a difference between a company's effective tax rate and the Australian company tax rate.

Non-temporary adjustments are amounts which are recognised for either accounting or income tax purposes but not both. For example, dividends received by SGH from overseas subsidiaries are exempt income for Australian taxation purposes. SGH pays tax on the profit in the country in which the profit is earned.

Temporary differences arise when amounts are assessable or deductible for tax at a different time to when they are recognised in accordance with the accounting principles adopted by SGH. For example, different depreciation rates may be used for tax and accounting purposes creating a temporary difference over the life of an asset.

Material temporary and non-temporary differences are discussed below and should be read in conjunction with the relevant disclosures in Note 6 of the SGH FY24 Annual Report on pages 109 - 110.

### Australian operations

SGH's continuing Australian operations had an effective tax rate of 32.0 per cent for the 2024 year. This compares to 24.5 per cent for the 2023 financial year. The FY24 rate for SGH's Australian operations is higher than the corporate income tax rate of 30 per cent. The value of non-deductible amounts such as impairments and the share of losses from equity accounted associates has given rise to an ETR that is much higher than the prior year and is also higher than the statutory corporate tax rate of 30 per cent.

### Global operations

SGH's global effective tax rate for continuing operations was 31.8 per cent for 2024 which is higher than the 24.2 per cent reported for 2023.

The Australian non-temporary adjustments described above are the major contributing factors to the increased effective tax rate outcome for global operations in 2024.

The comparatives are outlined in the table below.

Effective Tax Rates	2024 %	2023 %
Australian operations	32.0	24.5
Global operations	31.8	24.2

1. All values reflect continuing operations.



## RECONCILIATION OF ACCOUNTING PROFIT TO TAX EXPENSE AND INCOME TAX PAID/PAYABLE<sup>1</sup>

The reconciliation of accounting profit to tax expense and tax payable was previously published in Note 6 to the SGH FY24 Annual Report. These disclosures were prepared for the statutory accounts in accordance with the relevant Australian Accounting Standard. As such, the values in the accounts reflect the accounting consolidated group, including offshore subsidiaries, subsidiaries in which the Group's investment is less than 100% and equity accounted investees. Income tax expense in the company's income statement is calculated by multiplying SGH's accounting profit for the year, adjusted for non temporary differences, by the relevant company tax rate (30 per cent in Australia).

### Identification of material temporary and non-temporary differences

A reconciliation of accounting profit to income tax expense and material temporary and non-temporary differences is detailed on pages 109 – 110 of the SGH FY24 Annual Report. The continuing operations current year non-temporary adjustments of \$(14.4) million during FY24 reflects SGH's adjustments for the share of losses and the impairment of the investment in equity accounted investees and the difference between non-assessable accounting gains and taxable gains on the various transactions throughout FY24.

FY24 Temporary differences of \$59.9 million were mainly driven by accounting provisions, depreciation, tax and accounting differentials, deferred income and other individually immaterial balances which led to the difference between tax expense and income tax payable.

Further detail is provided in the SGH FY24 Annual Report.

Tax paid or payable reconciliation	2024 \$m	2023 \$m
Accounting profit before income tax	765.8	866.2
Income tax expense at the statutory rate of 30%	(229.7)	(259.9)
Add/ (subtract): Non-temporary differences	(14.4)	37.1
Prior year adjustments	0.4	13.0
Tax expense	<b>(243.7)</b>	<b>(209.8)</b>
Add/ (subtract): Temporary differences: deferred tax	(59.9)	102.9
Current year tax paid or payable	<b>(303.6)</b>	<b>(106.9)</b>

1. The information disclosed above reflects continuing operations only. The value of income tax payable of \$303.6 million, referred to above, includes both Australian and global operations.

## AUSTRALIAN TAX CONTRIBUTION SUMMARY

The table outlined below details the Australian federal, state and local government taxes contributed by SGH.

Australian taxes borne by SGH	2024 \$m	2023 \$m
Corporate Income Tax	240.5	103.7
Payroll Tax	88.3	73.2
Fringe Benefits Tax	7.7	4.7
Other (including land tax, local government charges, royalties and excise)	35.0	18.4
<b>Total taxes borne</b>	<b>371.5</b>	<b>200.0</b>
Australian taxes collected by SGH	2024 \$m	2023 \$m
Employee Withholding Taxes	387.4	330.5
Goods and Service Tax	1,031.1	863.3
<b>Total taxes collected</b>	<b>1,418.5</b>	<b>1,193.8</b>
Australian taxes distributed by SGH	2024 \$m	2023 \$m
Fully franked dividends paid	454.4	167.1

The amounts reported above relate to amounts paid or accrued in the relevant financial year. Corporate income tax is reported on a cash paid basis and includes payments for periods other than the year ended 30 June 2024.

Prior year comparatives have been restated in line with current guidance on the proposed Public Country-by-Country Reporting legislation.

## INTERNATIONAL RELATED PARTY DEALINGS

SGH is an Australian company listed on the Australian Securities Exchange. As an Australian headquartered business, SGH is Australian centric with the majority of its global revenues being generated in Australia. Overall, SGH's international revenue continues to represent less than one per cent of its global revenues.

A full list of the entities as at 30 June 2024, their jurisdictions of incorporation and tax residency are disclosed in the Consolidated Entity Disclosure Statement on pages 159 – 161 of the SGH FY24 Annual Report.

SGH's international related party dealings remains very limited. SGH always seeks to ensure that it complies with the regulatory requirements of each of the jurisdictions in which it operates and therefore seeks to price its international related party dealings on an arm's length basis.

There are three key categories of dealings with international related parties:

- Sale and purchase of tangible goods such as finished goods and parts may occur as goods are transferred between jurisdictions to meet customer demand.
- International related party financing occurs between Australian based parent entities and their offshore subsidiaries.
- Various administrative and support services provided by Australian based parent entities to offshore subsidiaries.

SGH also qualifies as a Country-by-Country Reporting Entity and ensures that the additional filing obligations imposed by that regime are completed each year.

