



Aristocrat – Voluntary Tax Transparency Code Report

Aristocrat Leisure Limited (Aristocrat) is one of the world's leading providers of gaming solutions. Aristocrat offers a diverse range of products and services globally, including electronic gaming machines, social gaming and casino management systems.

Aristocrat has chosen to adopt the Board of Taxation's Voluntary Tax Transparency Code of 2016. In accordance with that code, the below disclosures have been made for the year ended 30 September 2016.

Part A

Reconciliation of accounting profit to income tax expense and income tax payable including identification of material temporary and non-temporary differences	\$ millions
Profit before tax	507.2
Tax at the Australian tax rate of 30%	152.2
Impact of changes in tax rates and law	7.7
Exempt income	(7.2)
Non-deductible expenses	3.7
Research and development tax credit	(6.4)
Difference in overseas tax rates	9.8
Adjustment in respect of previous years income tax	(3.1)
Income tax expense	156.7
Current income tax – adjustment for prior years	9.4
Temporary differences – deferred tax balance movements	(13.6)
Temporary differences – adjustment for prior years	(6.3)
Income tax payable	146.2

Accounting effective company tax rates for Australian and global operations (pursuant to AASB guidance)	
Global operations	Australian operations
30.9%	27.6%

Part B

Aristocrat's approach to tax policy, strategy and governance

The Aristocrat Group's approach to tax is approved by the Board and is aligned with the Group's commercial, reputational and business practices and its commitment to corporate responsibility. Aristocrat maintains a comprehensive Tax Governance Framework and adopts a conservative and cautious approach to tax risk management.

The objective of Aristocrat's tax strategy is to ensure that shareholders' best interests are served by the correct amount of taxes being paid at the right time in the countries in or through which Aristocrat group members operate.

Aristocrat's tax strategy principles are:

- To ensure full compliance with all of its statutory tax obligations.
- To maximise shareholder value, while operating in accordance with the law.
- Managing its tax risk and tax affairs in a proactive manner.
- To maintain professional and open relations with tax authorities.
- Consideration of reputation risk and stakeholder interests in assessing tax risk.
- For international operations, profits are allocated and taxed where the value is created.

Australian tax contribution summary

	\$ millions
Corporate Income Tax	47.1
Fringe Benefits Tax	1.0
Payroll Tax	6.8
Net GST Remitted	28.7
Total	83.6

Information about international related party dealings

As a provider of electronic gaming machines, social gaming and casino management systems globally, Aristocrat operates in a highly regulated industry across 90 countries and is regulated by 240 gaming regulators across the globe. Aristocrat conducts all international business transactions with related parties in accordance with the arm's length principle and the relevant tax laws of each jurisdiction ensuring that arm's length compensation is paid for such transactions.

Aristocrat enters into formal agreements with international related parties to ensure related party transactions are documented and contemporaneous records are prepared and maintained to support the appropriateness of the arm's length pricing methodologies adopted. Further, Aristocrat has entered into Advanced Pricing Arrangements with revenue authorities across the globe relating to its international related party dealings. Key international related party dealings are summarised below:

- Licensing and provision of intellectual property to our subsidiaries in the Americas, Asia Pacific and European regions for our Class III, Class II and Digital businesses.
- Distribution services in the Americas, Asia Pacific and European regions for our Class III, Class II and Digital business.
- Contracting of design and development activities to the Americas, Asia Pacific and European regions.
- Group / Head office support services are provided between Group entities where resources can be effectively shared with subsidiaries across the globe.