

Tax Transparency Report

30 June 2026

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Introduction

ASC Pty Ltd (ASC) has adopted the Board of Taxation's voluntary Tax Transparency Code (TTC). The company's 2025-26 Tax Transparency Report provides:

- an overview of the business operations of ASC and its wholly owned subsidiaries, together referred to as the ASC Group (the Group);
- ASC's approach to tax strategy, risk management and tax planning; and
- information on ASC's tax payments during the financial year (FY).

ASC is subject to various taxes across its Australian and foreign locations, including corporate income tax, payroll tax, fringe benefits tax (FBT), and goods and services tax (GST). ASC also withholds pay as you go (PAYG) withholding in respect of personal income tax on employees' behalf.

In preparing this report, ASC has followed TTC recommendations by providing both the:

- minimum disclosures required as a 'non-public country-by-country reporter' under the TTC; and
- optional disclosures in relation to other Australian and foreign taxes and imposts paid to government, and government imposts collected by ASC on behalf of others, which are contained in the Taxes paid section of the Australian and foreign tax contribution summary in this document.

Summary of tax policy, strategy and governance

Business operations overview

ASC has proudly served as Australia's sovereign submarine builder and sustainer for over 40 years and is Australia's dedicated submarine sustainment company, with naval design, project management, supply chain, construction and engineering resources unequalled within Australia's defence industry. With a highly skilled workforce of more than 3,100 employees based in Australia, and approximately 230 employees based overseas, ASC is a trusted partner to the Royal Australian Navy, its suppliers and original equipment manufacturers.

ASC is a Government Business Enterprise and proprietary company limited by shares, registered under the *Corporations Act 2001 (Cth)* and subject to the *Public Governance Performance and Accountability Act 2013 (Cth)* (PGPA Act) and Guidelines. All shares issued in the capital of ASC are owned by the Commonwealth of Australia (through the Minister for Finance).

ASC and its wholly owned Australian subsidiaries formed an income-tax-consolidated group under the tax consolidation legislation effective from 1 July 2002. Consequently, these entities are subject to income tax as a single entity and the company lodges a consolidated income tax return with the Australian Taxation Office (ATO).

Material subsidiaries

Please refer to the Consolidated Entity Disclosure Statement in ASC's Annual Report[1] for the year ended 30 June 2026 for a list of all subsidiaries in the ASC Group.

Tax strategy

ASC's approach to taxation aligns with the Group's business strategy, code of conduct and values. The company's strongly held 'PRIDE' values – Protect, Respect, Integrity, Discipline and Excellence – underpin its open and honest communication with stakeholders and the public on financial reporting and taxation matters. ASC is committed to conducting its tax affairs in line with these corporate values through its tax principles:

- Comply with tax laws, filing and payment obligations in all jurisdictions.
- Act with a high standard of integrity as a responsible taxpayer and good corporate citizen.
- Maintain open, honest and cooperative relationships with all tax authorities.
- Do not tolerate practices that rely on secrecy or concealment of information from tax authorities.
- Embed risk management principles and practices into ASC's organisational culture and processes.
- Focus on what is good for ASC and its stakeholders, not only for today but for the future.

1. Please refer to page 158 of ASC's Annual Report for the year ended 30 June 2026.

Approach to risk management and governance arrangements

ASC has developed a Board-approved Tax Risk Governance Framework to guide the way in which the Group manages its taxation obligations. The ASC Board is responsible for corporate governance, which is monitored against performance at each Board meeting. The Board is committed to risk management as an integral part of ASC's business and has established an Audit Committee to ensure effective financial compliance. Tax risks are managed by the Board and the Audit Committee as part of this overall Tax Risk Governance Framework. ASC seeks to comply with, and observe, all applicable rules and regulations of all jurisdictions it operates in, and to maintain open, honest and cooperative relationships with all tax authorities.

Attitude towards tax planning

At all times, tax decision-making is consistent with ASC's overall strategy.

ASC applies due professional care and judgement when considering tax planning or initiatives, including in relation to ASC's reputation, brand and corporate social responsibilities, and only undertakes transactions that relate to the Group's commercial needs. Where there's uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from external advisers.

Accepted tax-related risk

The Board adopts a conservative approach when considering tax options to mitigate potential taxation risks.

ASC has a tax governance and risk management system in place, which manages tax risk in line with the company-wide Risk Management Framework. Tax risks are identified, assessed and managed in accordance with Board-defined thresholds (risk appetite). ASC complies with and observes all applicable tax laws and regulations of all jurisdictions in which it operates.

Approach to ATO engagement

ASC maintains a professional, collaborative and transparent relationship with the ATO. This relationship has allowed ASC to successfully undertake various ATO early-engagement reviews and Top 1000 tax performance program assurance reviews in prior years.

Where management deems it appropriate, ASC engages with the ATO to obtain formal guidance (including private binding rulings) in relation to the tax consequences of complex or non-routine transactions, or where there's uncertainty in the application of tax legislation.

Dealings with foreign subsidiaries and permanent establishments

ASC's dealings with its foreign subsidiaries and permanent establishments are based on commercial considerations and have been undertaken in accordance with arm's-length principles.

Australian and foreign tax contribution summary

Taxes paid

The table below outlines the total corporate, indirect and other taxes paid in Australia and in foreign jurisdictions.

	June 2026 $'000	June 2025 $'000
Corporate tax[1]	6,482	15,397
Corporate tax paid in foreign jurisdictions[2]	2,420	78
Indirect taxes net of recoveries[3]	68,673	55,122
Employer payroll taxes[4]	24,036	18,904
Employee withholding taxes[5]	128,611	97,570
Employee taxes paid in foreign jurisdictions[6]	33,178	16,052
FBT[7]	6,478	1,102
Total taxes paid / withheld	**269,878**	**204,223**

Table 1: Corporate, indirect and other taxes paid in Australia and in foreign jurisdictions.

1. Corporate income tax paid to the ATO.
2. Corporate income tax paid to various foreign revenue authorities.
3. Net amount of GST paid to the ATO.
4. Payroll taxes paid to state revenue authorities.
5. PAYG withholding from employee remuneration paid to the ATO.
6. Employer taxes from employee remuneration paid to various foreign revenue authorities.
7. FBT paid to the ATO.

Corporate income tax payable

The following table reconciles ASC's current income tax expense account, as reported in the Profit and Loss, to the income tax payable disclosed in the Balance Sheet.

	June 2026 $'000	June 2025 $'000
Income taxes payable at the beginning of the financial year	6,600	13,225
Less: income tax paid during the year as per cash flow	(8,902)	(15,475)
Prior year adjustments	1,280	175
Income taxes payable (i.e. current income tax expense) for current financial year	2,614	8,674
Total tax payable as reported in the balance sheet	**1,592**	**6,600**

Table 2: Total corporate income tax payable.

The net income tax paid during the financial year includes:

- monthly instalments of $9,527,998 for FY 2025-26 (2024-25: $17,718,000) paid to the ATO in accordance with legislation; and
- a final net payment/(refund) of ($3,045,648) for FY 2024-25 (2023-24: ($2,321,255)).

Total tax payable as reported in the balance sheet of $1,592,000 reflects:

- ASC's estimated income tax liability for FY 2025-26 of $1,592,000. This will be settled by ASC and its wholly owned foreign subsidiaries in the relevant foreign jurisdiction by the due dates.

Reconciliation of accounting profit to income tax expense

ASC's consolidated accounting loss for FY 2025-26 attributable to the shareholders was $41,840,000 (2024-25: $15,835,000 profit) after provision for income tax benefit of $16,711,000 (2024-25: $5,992,000 income tax expense). This is reconciled to loss before tax in the table below:

	June 2026 $'000	June 2025 $'000
Profit/(Loss) from continuing operations before income tax expense	**(58,551)**	**21,827**
Income tax (expense)/benefit	16,711	(5,992)
Profit/(Loss) attributable to shareholders	**(41,840)**	**15,835**
Income tax calculated at 30%	(17,565)	6,549
Tax effect of non-temporary adjustments	854	(557)
Income tax expense/(benefit)	**(16,711)**	**5,992**
Represented by:		
Current tax expense	4,001	8,842
Deferred income tax expense	(20,712)	(2,850)
Income tax expense/(benefit)	**(16,711)**	**5,992**

Table 3: Reconciliation of accounting profit to income tax expense.

Reconciliation of income tax expense/benefit to income tax payable

ASC's consolidated income tax benefit for FY 2025-26 was $16,711,000 (2025: $5,992,000 income tax expense). This is reconciled to income tax payable in the table below:

	June 2026 $'000	June 2025 $'000
Income tax expense/(benefit)	**(16,711)**	**5,992**
Movements in temporary differences	20,712	2,850
Amounts attributable to foreign tax expense differences	(6)	(44)
Expected income tax payable	**3,995**	**8,799**
Tax payments during the year	(1,152)	(2,024)
Adjustments to current tax of prior periods	(1,251)	(175)
Income tax payable – current year	1,592	6,600
Income tax payable/(refundable) – prior year	-	-
Total income tax payable	**1,592**	**6,600**

Table 4: Reconciliation of income tax expense to income tax payable.

Material temporary and non-temporary differences

Temporary differences

ASC's material temporary differences mainly relate to:

- right-of-use assets;
- lease liabilities;
- contract balances;
- employee benefits;
- project recognised profit;
- property, plant and equipment;
- intangible assets; and
- revenue tax losses.

Non-temporary differences

ASC's material non-temporary differences relate to:

- non-deductible entertainment expenses; and
- non-assessable non-exempt (NANE) income and non-deductible expenditure in relation to foreign permanent establishments.

Effective company tax rate

ASC's effective corporate tax rate has been calculated by dividing the income tax expense by profit-before-tax, as set out in the table below:

	June 2026 $'000	June 2025 $'000
Profit/(Loss) from continuing operations before income tax expense	(58,551)	21,827
Income tax expense/(benefit) as reported in the Profit and Loss	(16,711)	5,992
Effective corporate tax rate	**28.54%**	**27.45%**

Table 5: Effective company tax rate.

ASC's 2025-26 effective corporate tax rate is 28.54% (2024-25: 27.45%).

ASC's effective tax rate for 2025-26 of 28.54% is different to the corporate tax rate due to tax adjustments arising from the impact of non-deductible entertainment, novated leases, non-assessable non-exempt income arising from foreign permanent establishments, and other permanent differences.

ASC's effective tax rate for 2024-25 of 27.45% is different to the corporate tax rate due to tax adjustments arising from the impact of non-deductible entertainment, novated leases, non-assessable non-exempt income arising from foreign permanent establishments, and other permanent differences.

Australia's Submarine Company

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