

FY20

Tax Contribution Report



Beach Energy Limited
ABN 20 007 617 969

Message from the Chief Financial Officer

Dear Readers,

I am pleased to present the Beach Energy Tax Contribution Report for the financial year ended 30 June 2020.

This report follows the recommendations outlined in the Board of Taxation's Tax Transparency Code and demonstrates Beach Energy Ltd's support of the public interest in the integrity of tax systems, and enhanced disclosure of taxes paid.

In the 2020 financial year, Beach Energy Ltd reported tax, royalties and other payments to governments of \$608.7m and an effective income tax rate of 29.4%.

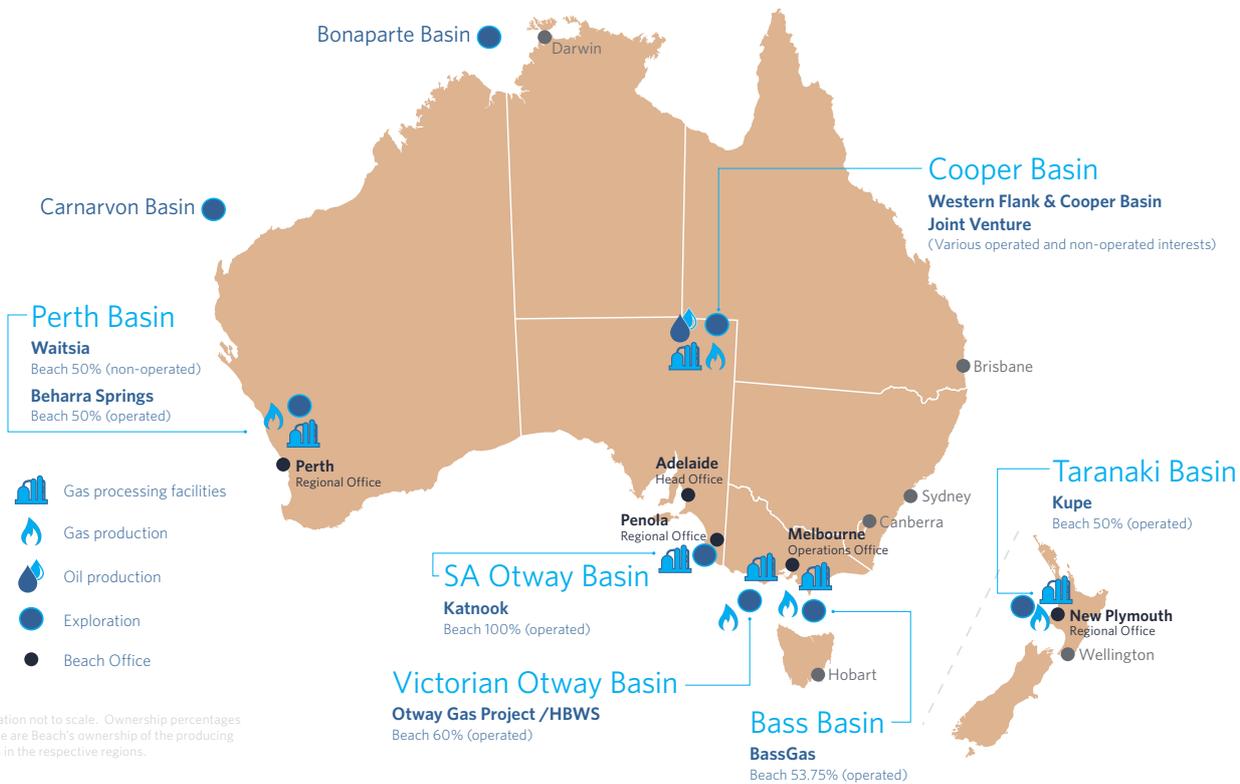


This significant contribution of tax and royalty revenue gives governments the opportunity to provide essential services and invest in their communities for the future.

We look forward to continuing to make a positive contribution.

Morné Engelbrecht
Chief Financial Officer
June 2021





Beach Energy Ltd

Beach Energy Ltd is an ASX listed, oil and gas, exploration and production company headquartered in Adelaide, South Australia.

Beach's purpose is to sustainably deliver energy for communities and in doing so is focused on maintaining the highest health, safety and environmental standards. Beach is committed to an emissions reduction target of 25% by FY25, measured from when Beach acquired its Lattice assets in 2018.

Founded in 1961, Beach has oil and gas production in five basins across Australia and New Zealand and is a key supplier of gas into the Australian east coast gas market.

Beach's asset portfolio includes ownerships interests in strategic oil and gas infrastructure, such as the Moomba processing facility, Otway Gas Plant and BassGas, a portfolio of oil and gas assets across Australia and New Zealand including the Waitsia Gas Project and Beharra Springs in the Perth Basin and a suite of high potential exploration prospects.

Beach has a major gas business comprising operated and non-operated, onshore and offshore assets across five producing basins that supply gas to the Australian west coast and east coast markets and the New Zealand market.

Beach has established a sound operated oil business on the Western Flank of the Cooper Basin. In addition to its producing assets, Beach has exploration permits in the onshore Cooper and Perth basins, onshore and offshore Otway Basin and offshore Bonaparte and Carnarvon basins in Australia.

Beach continues to pursue growth opportunities within Australia and nearby which align with its strategy, satisfy strict capital allocation criteria, and demonstrate clear potential for shareholder value creation.

Beach is also committed to engaging positively with the local communities in which it operates, providing local employment, as well as partnerships with a range of clubs and organisations. Beach is committed to sustainability and improvement of social, environmental and economic outcomes for the benefit of all stakeholders.

Financial reports are available on the company's website: www.beachenergy.com.au

All amounts disclosed in this report are in AUD.



Tax policy, tax strategy and governance

Beach Energy, together with its 100% controlled Australian subsidiaries, has formed a tax consolidated group for Australian income tax purposes, with Beach Energy Limited as the head company.

The Beach Energy group:

- Recognises its responsibility to pay tax to all revenue authorities globally according to the tax rules and legislation of the jurisdictions in which it operates;
- Manages tax risk in the same manner as any other operational risk;
- Employs staff with appropriate qualifications and experience to manage its tax obligations;
- Engages with revenue authorities, including the Australian Taxation Office and New Zealand Inland Revenue, in a transparent and cooperative manner; and
- Takes a conservative approach to tax planning and ensures that transactions are managed with a low level of tax risk.

Income taxes

The income tax expense (ITE) disclosed in the Annual Report is calculated based on Australian Accounting Standards.

In any income year it is expected that there will be differences between ITE calculated in the Annual Report, and the total cash taxes paid to a relevant taxation authority during that same income year.

A number of factors contribute to this difference, including the timing of corporate tax instalments made to relevant tax authorities, and a number of taxes excluded from ITE such as government royalties, fringe benefits tax, payroll taxes and employee related taxes.



Global reconciliation of accounting profit to income tax expense (\$m)	2020	2019
Global accounting profit	693.1	810.4
Income tax on profit at 30%	207.9	243.1
Non-deductible expenditure	1.5	0.7
Losses of controlled foreign entities not recognised	-	2.0
Impact of tax rates applicable outside Australia	(0.8)	(1.6)
Derecognition of tax losses	-	2.8
Non-assessable income	(5.1)	-
Over provision prior years	(11.2)	(13.9)
Income tax expense reported in Annual Report	192.3	233.1
Adjusted for amounts relating to other years	11.2	13.9
Income tax expense in the year	203.5	247.0

Effective tax rates (%)	2020	2019
Global	29.4	30.5
Australia	29.5	31.2
New Zealand	29.1	28.5

Global reconciliation of income tax expense to income tax payable (\$m)	2020	2019
Income tax expense for current year reported in Annual Report	192.3	233.1
Temporary differences between accounting and tax treatment		
Accounting depreciation	136.4	158.0
Accounting gain on disposal of assets and derivative financial instruments	(5.5)	(10.2)
Accounting gain on reversal of onerous commitment	(11.3)	-
Accounting impairment of assets	0.5	-
Accounting net impact of contract assets and liabilities arising on acquisition of Lattice and Toyota Tsusho interests, including related interest expense	(14.2)	(31.3)
Accounting unrealised foreign exchange losses/(gains)	(0.1)	2.1
Tax deductible exploration costs	(50.4)	(28.7)
Tax depreciation	(79.5)	(87.0)
Tax (loss)/gain on disposal of assets	(0.1)	11.1
Movement in provisions	5.5	(2.3)
Other adjustments	2.4	0.8
Tax losses utilised	(2.5)	(3.1)
Income tax payable for the year	173.5	242.5

Global reconciliation of income tax payable to income tax paid (\$m)	2020	2019
Income tax payable for the year	173.5	242.5
Income tax paid for the year	(90.0)	(33.6)
(Under)/over provision for prior years	2.9	(7.5)
Balance of income tax payable	86.4	201.4
Income tax paid for the year	90.0	33.6
Income tax paid for prior years in the year	174.7	97.5
Income taxes paid reported in Annual Report	264.7	131.1

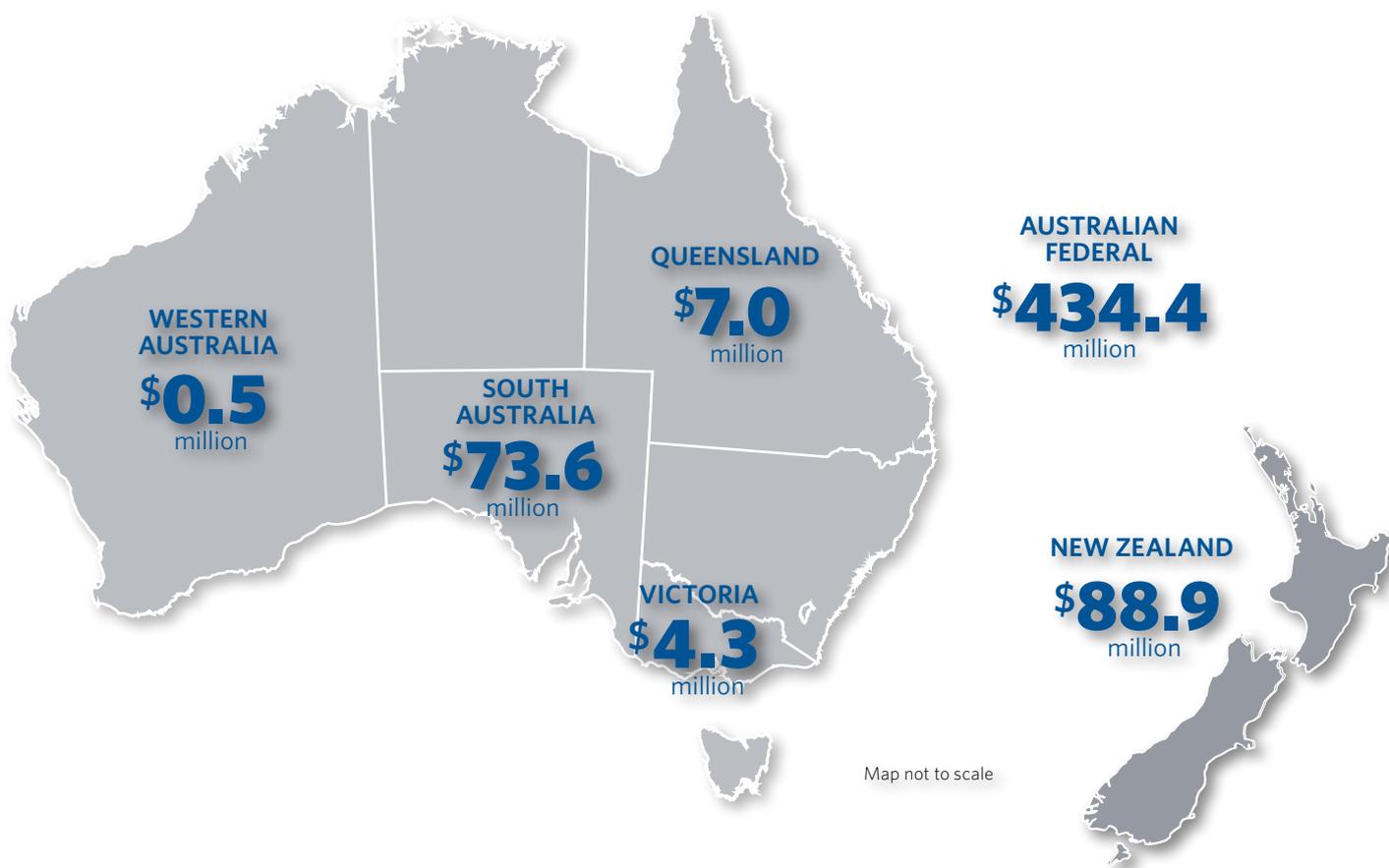


Tax contributions

The following is a summary of Beach's tax contributions paid to tax authorities for the 2020 financial year. The amounts include payments made to the Australian Taxation Office, New Zealand Inland Revenue and other tax and revenue authorities for taxes due on its own behalf and in respect of tax withheld on behalf of others.



- Corporate income tax
- Government royalties
- Gross GST
- Employee payroll taxes withheld
- Other taxes



Tax contributions (\$m)	Corporate income tax	Government royalties & excise	Gross GST*	Employee payroll taxes withheld	Other taxes - FBT, Stamp duty, payroll tax	Total
Australia	231.8	82.4	177.0	25.5	3.1	519.8
New Zealand	32.9	33.4	19.0	3.6	-	88.9
Total	264.7	115.8	196.0	29.1	3.1	608.7

*Gross GST represents the GST collected on sales. Input tax credits refunded for GST paid on supplies were \$128.5m.
 Beach also paid \$6.3m in 'production payment' royalties to native title holders on its operated oil production in Australia.

International related party dealings

Beach predominantly carries on business in Australia with funding sourced from unrelated independent financial institutions. Our international related party dealings are predominantly limited to dealings with our subsidiaries in New Zealand through the provision of technical services and inter-company loans to fund business activities. We strictly adhere to global transfer pricing legislation in the jurisdictions in which we operate.

We disclose our transactions through the lodgement of our tax returns and other disclosures to revenue authorities. We also comply with the Organisation for Economic Co-operation and Development (OECD) country-by-country reporting requirements, which have been recently implemented in each of the countries in which we operate. This information provides tax authorities with details of how we operate our business and conduct our tax affairs around the world.





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