



TAX GOVERNANCE POLICY

DATE	CHANGED	APPROVED
18 May 2020	Original adoption	Board

CONTENTS

1. PURPOSE	3
2. BOARD RESPONSIBILITIES.....	3
3. MANAGEMENT RESPONSIBILITIES	3

1. PURPOSE

To have in place a Board-approved tax risk governance framework which also links with the group risk register. Tax in this policy includes corporate income tax and GST as administered by the ATO. Hillgrove is committed to managing its global tax affairs in a responsible, efficient, transparent and sustainable manner, in full compliance with relevant laws.

2. BOARD RESPONSIBILITIES

The Board will aim to ensure:

1. That tax knowledge is identified within the collective skills matrix
2. That management fulfil their responsibilities with respect to key tax processes;
 - a. Board meeting agenda includes tabling of annual income tax return lodgment and relevant compliance issues for the year.
 - b. Board are informed of situations where external advisors have been engaged to give advice on matters relating to tax.
3. The Board makes its own enquiries into the group's taxation position to ensure the key risks are identified and risk mitigation strategies implemented to minimize these risks.
4. It has an understanding of the effective tax rate of the business, including whether the tax paid aligns with the business results. This also applies to understanding the quantum and availability of carry forward income tax and capital losses and Research & Development tax offsets.

3. MANAGEMENT RESPONSIBILITIES

Management will aim to ensure:

1. The monthly BAS is lodged on timely basis and information is reconciled to underlying records and reviewed.
2. The tax implications of significant transactions are taken into consideration and appropriately documented including the decision, if applicable to obtain third party advice with the aim of obtaining more certainty around the tax position.
3. That an appropriately qualified tax professional is engaged to review the annual income tax return before it is lodged with the ATO. This would ordinarily consist of a tax partner from a suitable professional accounting firm acting as the signing Tax Agent and using the firm's staff to prepare the tax return forms based on the detailed information provided by management. The tax professional should provide management with a written statement of tax compliance in relation to the tax review which addresses both ongoing tax compliance matters as well as new issues arising for the year.
4. That data provided in support of the income tax return reconciles to underlying accounting systems records which are subject to appropriate levels of internal controls.
5. Documentation is retained in sufficient detail in order to provide support for audit purposes.

6. The group's taxation position is regularly reviewed to identify key taxation risks and appropriate mitigation strategies implemented. In particular the risks associated with preservation and the potential utilisation of carry forward tax losses and the availability of franking credits. The most significant mitigating control will be the continued engagement and use of suitably qualified tax professionals to provide assurance.