

Taxes Paid Report

Year Ended
31 December 2016



Introduction

Viva Energy is one of Australia's leading energy companies. We proudly own and operate Geelong Refinery which supplies more than half of Victoria's fuel requirements, and operate a national network of more than 20 fuel import terminals that together provide around a quarter of the country's total fuel demand.

Through a network of more than 950 Shell branded service stations around Australia our quality fuel and convenience is never far away. We are also the exclusive distributor of Shell quality lubricants and greases in Australia, and manufacture bitumen for Australian roads, aviation gasoline for piston engine aircraft serving regional Australia, and solvents for other local manufacturing businesses.

We aspire to be a company that is Driven by People and are proud of the 2000 employees and contractors that chose to work for our company. We also aim to be one of Australia's most respected energy companies, and we demonstrate this through our commitment to safety and the environment, our customers, and our support for the communities in which we operate. We support programs such as headspace National Youth Mental Health Foundation and supply low aromatic fuel to regional communities across northern Australia to help combat petrol sniffing.

Of course, we also build respect by being transparent about our contributions to the community through the tax which we pay, and are pleased to voluntarily adopt Australia's tax transparency code. Our report not only details taxes paid on profit, but also sets out other taxes paid and collected on behalf of others including total fuel excise, customs duties, payroll tax, fringe benefits tax, land taxes, GST and PAYG.

Viva Energy aims to ensure our business is successful and profitable so that we can meet the energy needs of our customers for many years to come, continue to invest, and provide employment for many Australians. We intend to adopt the disclosure standards as set out in the Government's transparency code on an annual basis.

If you have any questions or feedback on our report, please don't hesitate to contact us via www.vivaenergy.com.au



Scott Wyatt
Chief Executive Officer



Adoption of Voluntary Tax Transparency Code

Viva Energy recognises the importance of the wider community having trust in the tax system. Consistent with that, Viva Energy has adopted the Tax Transparency Code (TTC) for the year ended 31 December 2016. This report has been published on a voluntary basis, and details both the minimum and optional elements of the TTC's disclosure requirements.

Approach to Tax Strategy and Governance

Viva Energy's Tax Management Policy is approved by its Board of Directors and sets out its approach to tax strategy and governance.

The Tax Management Policy supports Viva Energy's strategy to operate responsibly and mitigate risks wherever possible. Key components of the taxation policy are:

- The submission of accurate tax returns, and payment of tax liabilities, in accordance with the tax rules, regulations and accepted practices, within the timeframes set;
- A clear articulation of how personnel with tax responsibilities, or whose business activities have a tax impact, are to work together to identify, assess, report and manage tax risks;
- The escalation of key tax risks to the Board of Directors where appropriate; and,
- A requirement that all tax planning is aligned to economic activity. This means that all tax decisions are made in response to commercial reality, and tax is only one of many factors that are taken into account when making business decisions.

A key pillar of all of the above is the maintenance of an open and transparent relationship with the Australia Tax Office (ATO). Viva Energy seeks to work positively, proactively and transparently with the ATO to minimise disputes and achieve certainty, wherever possible. This includes providing all relevant information that is reasonably necessary for the ATO to review possible tax risks.

Reconciliation of Accounting Profit to Tax Expense and Income Tax Payable

The following tables reflect income tax expense and income tax payable disclosed in the financial report for the year ended 31 December 2016 for Viva Energy Holding Pty Limited and controlled entities. All of Viva Energy's Australian corporate income tax relating to the 31 December 2016 year is payable in 2017.

Reconciliation of accounting profit to income tax expense	\$M
Accounting profit before income tax expense	1,699.5
Tax at the Australian tax rate of 30%	509.8
Recognition of previously unrecognised tax base on REIT assets	(57.6)
Election to form tax consolidated group	29.4
Defined pension fund restatement	0.5
Sundry items	1.4
Adjustments for current tax of prior periods	(0.5)
Research and development tax offsets	(2.6)
Income tax expense reported in the statement of profit or loss	480.4

Reconciliation of income tax expense to current income tax payable	\$M
Income tax expense reported in the statement of profit or loss	480.4
<i>Tax effect of temporary and non-temporary differences:</i>	
Difference between tax depreciation and accounting depreciation	(32.5)
Unrealised gain on retained Viva REIT securities	(160.6)
Unrealised gain on accounting revaluation of intangible assets	(38.8)
Tax losses utilised	(73.6)
Sundry items	(2.4)
Current income tax payable for the year	172.5

Material temporary differences

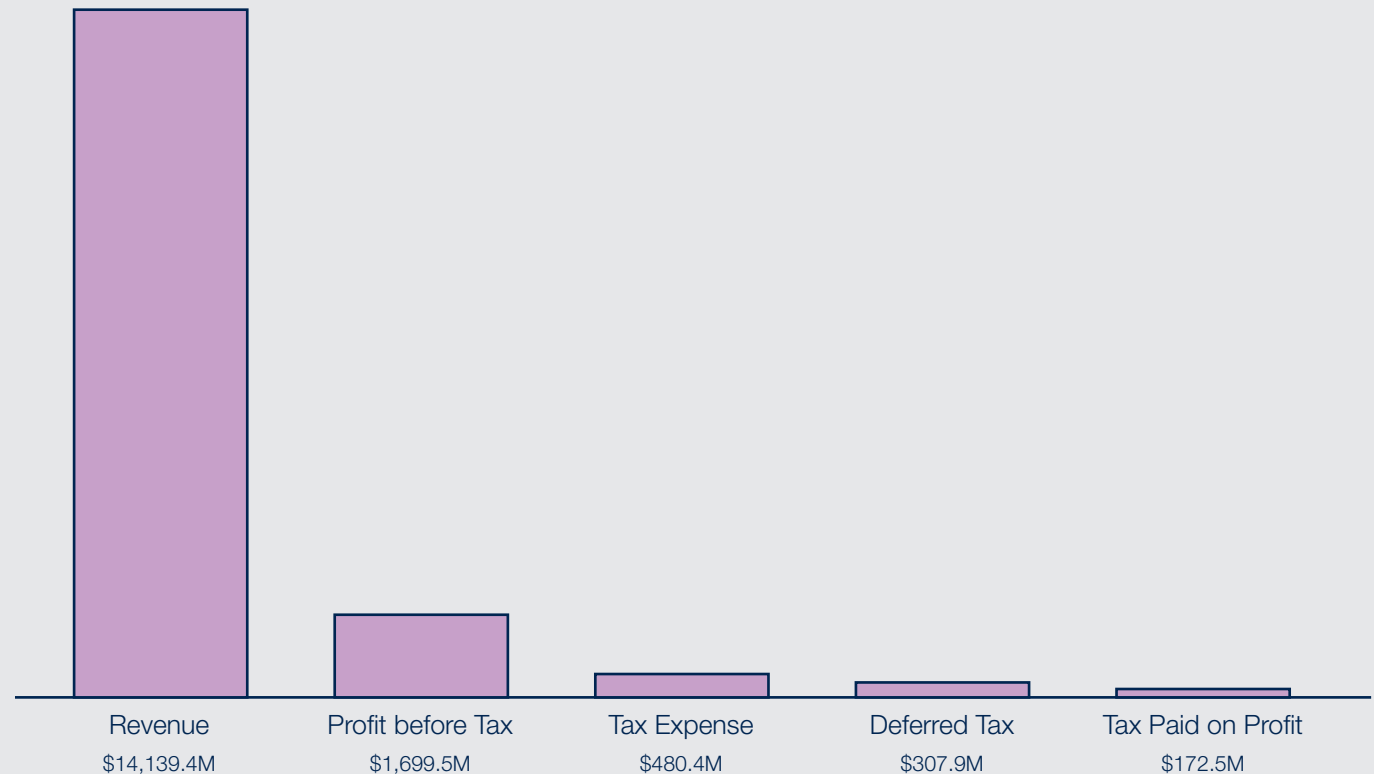
The most significant tax timing differences in the reconciliation (previous page) results from the use of tax losses and the unrealised gain relating to the retained Viva REIT securities.

Viva Energy incurred significant operating losses during previous years. Under tax law, companies can carry forward an unutilised tax loss and offset that loss against income in a future income year.

Viva Energy also recognised an unrealised gain on the securities retained by it in Viva Energy REIT as a result of the listing of that vehicle. The tax consequences on those retained securities arise only upon realisation.

These outcomes are in line with tax law and the tax policy of the Australian Government.

Tax Summary Graph



Viva Energy's businesses – in particular, refining – can operate with high costs and high volumes, but yield low margins. Revenue arising from the sale of fuel is high, but this has no bearing on profit.

In 2016, the vast bulk of Viva Energy's profit was due to the sale of 425 service stations to Viva Energy REIT (a separate entity listed on the ASX). Tax was paid on the cash component of the sale but not on retained securities, the value of which is reflected in accounting profit. Tax on this component will be paid if Viva Energy receives distributions or sells its securities.

Viva Energy's effective tax rate is 28%.

Tax Contribution Summary

Viva Energy is a significant contributor to Federal and State taxes in Australia.

The table below details the total tax contribution by way of cash paid during the 31 December 2016 year. As set out on page 4 of this report, all of Viva Energy's Australian corporate income tax relating to the 31 December 2016 year (\$172.5m) is payable in 2017.

Total Tax Contribution	\$M
Fuel excise	4,114.7
Customs duties	14.6
Payroll tax	12.6
Fringe Benefits Tax	2.0
Land Tax	19.8
Government imposts collected by the business on behalf of others:	
GST	983.0
PAYG Withholding	63.0
Total tax contribution	5,209.7

Accounting effective company tax rates

The effective company tax rate is calculated as income tax expense divided by accounting profit before income tax expense.

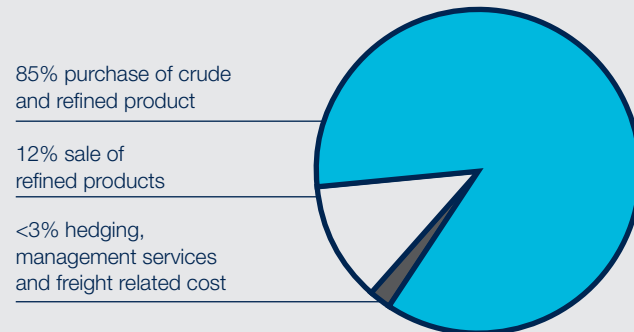
	\$M
Income tax expense reported in the statement of profit or loss	480.4
Accounting Profit before income tax expense	1,699.5
Effective tax rate	28.3%

As all operations of Viva Energy are in Australia, the global effective tax rate and Australian effective tax rate of Viva Energy are the same.

International related party dealings

Viva Energy is an independent and locally managed business. Viva Energy does not have any overseas subsidiaries.

In addition to equity from its investors, Viva Energy was funded with external debt from a consortium of unrelated third party banks. There are no debt funding arrangements in place between Viva Energy and related parties.



During the year, Viva Energy engaged in certain transactions with international parties that are related to it. By jurisdiction these were:

Singapore:

- The purchase of crude and oil products and the sale of oil products;
- Management services; and,
- Hedging transactions.

Bermuda:

- Freight-related costs associated with the transportation of crude and oil products to Australia. Bermuda is one of 11 countries where about 55% of the world's shipping fleet is registered.

The vast majority of the above transactions (approximately 97%) involved purchases of crude for our Geelong refinery and purchases and sales of refined oil products.

Due to insufficient local supply of both crude and refined products, local Australian demand is met by a combination of Australian crude and refined products together with imported crude and refined products. Supply of imported products is often via Singapore, which is the region's main trading and refining hub. The involvement of the Singaporean entities is not for the marketing of Australian sourced product.

Trading in oil commodities is one of the most actively traded markets internationally with the effect that there is a deep and standard pricing methodology for commodity transactions in the open market. Price is usually based on a marker as adjusted by a premium or discount, both of which are independently assessed by agencies such as Platts or Argus.

These transactions are undertaken with entities that hold a non-majority shareholding in Viva Energy and who themselves are purchasing products from non-related third parties. Therefore, such transactions take place on commercial terms.