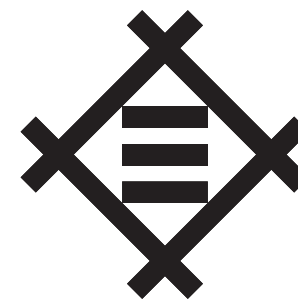


MITSUI & CO. (AUSTRALIA) LTD.

# Tax Transparency Report

FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2022



MITSUI & CO.

## Message from the Chief Financial Officer



I am pleased to present the Tax Transparency Report for Mitsui & Co. (Australia) Ltd. ('MCA') Multiple Entry Consolidated ('MEC') group for the year ended 31 March 2022. The information in this report is provided in response to the Board of Taxation's Voluntary Tax Transparency Code.

At Mitsui, our corporate mission is to build brighter futures, everywhere. This means continuing to create new value in ways that truly reflect who we are as a company. We believe that through the work we do, we can have a meaningful impact and make a positive difference to all our stakeholders.

As one of the Top 100 corporate taxpayers in Australia, we recognise the significance of our tax contributions within the communities we serve. Despite the growing administrative burden for compliance, we continue to uphold openness and transparency in our interactions with all relevant tax authorities. Our business dealings align with tax laws to ensure equitable contributions.

I am proud to announce that this marks the 5th consecutive year of publishing the Tax Transparency Report by Mitsui. In the year ended 31 March 2022, our collective tax contributions across the group amounted to \$1.4 billion, reflecting an Australian effective tax rate of 21.6%.

For a more comprehensive review, the report is accessible on the MCA website: <https://www.mitsui.com/au/en/company/financial/index.html>

**MR MASAFUMI KIKUMOTO**

Chief Financial Officer  
Mitsui & Co. (Australia) Ltd

## Our Australian Business

Mitsui & Co. has stood by Australia as a committed partner, investing in its growth and strengthening its future. We are proud to have played a pioneering role in the nation's resource sector, where we helped form international consortiums to drive coal and iron ore projects. Many of these projects continue today, with us as founding partners.

Today, we are a significant exporter and major investor in Australia, collaborating closely with local and global companies. Our diverse business portfolio covers iron ore, coal, liquified and natural gas, power generation, transportation, construction and mining machinery, chemicals, steel products, woodchips, salt, food, and financial services.

With the heightened environmental awareness, Mitsui is dedicated to achieving net zero emissions by 2050. This will be achieved with our roadmap which outlines a pathway to halve the impact of our greenhouse gas emissions by 2030. We believe that there is an intrinsic link between economic growth and environmental sustainability, and we have a responsibility to foster both across our portfolio of investments in Australia and around the world.

# Federal and State Taxes Paid by Mitsui

Tax Period: 1 April 2021 – 31 March 2022

## CORPORATE INCOME TAX – AUSTRALIA

 \$1,101.4m

## FRINGE BENEFITS TAX

 \$2.0m

## GST (PAID BUT RECLAIMED)

 \$128.5m

## PAYROLL TAX

 \$4.1m

## STAMP DUTIES

 \$0.7m

## GST COLLECTED AND REMITTED

 \$49.5m

## MINING ROYALTIES

 \$362.6m

## OTHER

 \$7.6m

## TOTAL TAX CONTRIBUTIONS

**\$1,478.4m**

## TOTAL TAXES COLLECTED ON BEHALF OF GOVERNMENTS

**\$178.0m**

*Refer to page 5 for details.*

# Tax Transparency Report

## 1. MCA Multiple Entry Consolidated ('MEC') Tax Group

The Mitsui Group maintains several investments and engages in joint ventures in Australia. This tax report specifically pertains to the MCA Multiple Entry Consolidated ('MEC') tax group. This group consists of entities that are entirely owned by Mitsui & Co., Ltd., the Japanese parent company of MCA. MCA, serving as the provisional head company of the MEC tax group, consolidates the income tax return on behalf of its wholly owned subsidiaries and other members within the MEC tax group.

All financial figures within this report are presented in Australian Dollars, unless otherwise indicated. The content of this report adheres to the guidelines outlined in the Board of Taxation's Voluntary Tax Transparency Code.

- |  |  |
|--|--|
| 1. Athena Gas Processing Pty Ltd       | 14. Bunbury Fibre Exports Pty Ltd                        |
| 2. AWE (Bass Gas) Pty Ltd              | 15. Bunbury Fibre Plantations Pty Ltd                    |
| 3. AWE (Beharra Springs) Pty Ltd       | 16. MEPAU A Pty Ltd                                      |
| 4. AWE (WA) Investment Company Pty Ltd | 17. Mitsui & Co. Iron Ore Exploration & Mining Pty. Ltd. |
| 5. AWE Administration Pty Ltd          | 18. Mitsui E&P Australia Pty Limited                     |
| 6. AWE Australia Pty Limited           | 19. Mitsui Iron Ore Corporation Pty. Ltd.                |
| 7. AWE Energy Holdings Pty Ltd         | 20. Mitsui Iron Ore Development Pty Ltd                  |
| 8. AWE Finance Pty Limited             | 21. Mittwell Energy Resources Pty Ltd                    |
| 9. AWE Offshore Pty Limited            | 22. Onslow Salt Pty Ltd                                  |
| 10. AWE Overseas Pty Limited           | 23. Outback Carbon Pty Ltd                               |
| 11. AWE Perth Pty Ltd                  | 24. Peedamullah Petroleum Pty Ltd                        |
| 12. AWE Petroleum Pty Ltd              | 25. Shark Bay Resources Pty Ltd                          |
| 13. AWE Pty Ltd                        | 26. Shark Bay Salt Pty Ltd                               |



1. Mitsui Bengalla Investment Pty Ltd
2. Mitsui Resources Pty. Ltd.
3. Mitsui German Creek Investment Pty Limited
4. Mitsui Kestrel Coal Investment Pty Limited
5. Mitsui Moranbah North Investment Pty Ltd
6. Mitsui Moura Investment Pty Ltd

1. Hazelwood Churchill Pty Ltd
2. Hazelwood Pacific Pty Ltd
3. Karugamo Energy Management Pty. Limited
4. Mit Power Australia Pty Ltd
5. Mitsui & Co Financial Services (Australia) Ltd
6. Mitsui & Co Mineral Resources Development Pty Ltd
7. Mitsui & Co. (Australia) Ltd.
8. Mitsui Bussan Woodchip Oceania Pty. Ltd

Other Mitsui & Co., Ltd. majority-owned investments in Australia outside the MEC group who have adopted the Tax Transparency Code:

Mitsui-Itochu Iron Pty Ltd has released its own report for the year ended 31 March 2022, available via the following link: [https://www.mitsui.com/au/en/group/1226100\\_9223.html](https://www.mitsui.com/au/en/group/1226100_9223.html)

# Tax Transparency Report

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### 2. Tax Policy, Risk Management and Governance

MCA's approach to taxation aligns with our business values. MCA has a well-developed and structured risk management framework to allow tax risks to be identified, evaluated, monitored and managed. Tax is managed within that corporate governance framework and aligns with the Mitsui & Co., Ltd global tax management policy which is available via the Mitsui website: [https://www.mitsui.com/jp/en/company/outline/governance/system/pdf/global\\_tax\\_policy\\_e.pdf](https://www.mitsui.com/jp/en/company/outline/governance/system/pdf/global_tax_policy_e.pdf)

MCA's Tax Corporate Governance Policy is outlined below:

*"...In continuous striving for effective cost management we ensure all applicable tax regulations at the local level are considered. For example, to eliminate double taxation. We do not engage in artificial tax arrangements or structures as stated below:*

- 1) Arrangements or structures without reasonable business purpose or commercial rationale other than the intention of tax avoidance.*
- 2) Arrangements or structures which inappropriately erode the tax basis, or shift the attribution of profits from a state based on economic activities and value creation to a state in which to achieve tax avoidance..."*

The MCA tax corporate governance framework was prepared in accordance with the ATO's Tax Risk Management and Governance Review Guide. The policy sets out MCA's approach to conducting its tax affairs and dealings with tax risks and is periodically reviewed by the MCA tax team. MCA has paid all its tax liabilities and all tax compliance obligations are up to date.

### 3. Australian Taxation Office ('ATO') Engagement

MCA values and is committed to maintaining an open and transparent relationship with tax authorities. We proactively engage with the ATO through the ATO's Pre-lodgment Compliance Review Program ('PCR') which is targeted at Australia's top taxpayers. This involves ongoing real-time discussions with the ATO regarding significant transactions and/or our tax positions adopted on specific matters. MCA has and will continue to work closely with the ATO in respect of the ATO's justified trust program, with the goal to attain the highest level of assurance on all identified issues.

ATO partners with MCA to maintain good compliance and acknowledges our commitment to cooperative and transparent engagement in mitigating tax risks. This commitment includes seeking tax certainty for key transactions, and when appropriate, utilising Private Binding Rulings and Bilateral Advanced Pricing Arrangements.

MCA interprets the tax law using relevant guidance and discusses such interpretations with tax authorities where appropriate, to review possible risks and minimise the extent of disputes. We maintain thorough and timely disclosures of necessary information required by law, providing tax authorities with required information as part of regular filing or during any reviews or audits. In the event of any disputes, we will maintain an open and constructive relationship with tax authorities to achieve a mutually acceptable resolution.

# Tax Transparency Report continued

## 4. Reconciliation of PBT to ITE and ITP

	Note	FY2022 AUD ('Mil)	FY2021 AUD ('Mil)
MCA MEC Group Income		11,763.7	7,723.9
MCA MEC Group Expense		4,810.6	4,758.0
<b>Profit before tax (per MCA MEC group tax return)</b>		<b>6,953.1</b>	<b>2,965.9</b>
Tax @ 30%		2,085.9	889.8
<b>Non-Temporary Differences</b>			
Share of profits - equity accounting		(463.4)	(348.6)
Non-deductible expenses (and other items)	1	(117.5)	91.2
Under /(Over) income tax provision		0.2	(9.1)
<b>Income tax expense</b>		<b>1,505.2</b>	<b>623.3</b>
Franking credits		759.2	391.7
Other temporary (provisions, accruals)		(391.4)	132.5
Under /(Over) income tax provision		(12.3)	-
<b>Income tax payable</b>		<b>1,860.7</b>	<b>1,147.5</b>
Less: franking credits		(759.2)	(391.7)
Less: foreign tax credit / R&D credits		(0.1)	-
<b>Income tax paid</b>		<b>1,101.4</b>	<b>755.8</b>
<b>MCA Effective Tax Rate ("ETR")</b>	2	<b>21.6%</b>	<b>21.0%</b>
<b>Mitsui ETR</b>	3	<b>19.5%</b>	<b>22.2%</b>

- (1) Comprising mainly of non-assessable non exempt income from the closure of a foreign branch
- (2) The key factor for the difference between MCA's ETR of 21.6% and the Australian corporate tax rate of 30% is the receipt of the franked dividend from MCA's other Australian investments, which entitles MCA to a tax offset when calculating its Australian Income tax liability
- (3) Mitsui's ETR is determined based on its global operations in multiple jurisdictions, at differing corporate tax rates and by dividing Income Tax Expense (JPY226.8B) by Profit Before Tax (JPY1,164.5B) for the financial year ended 31 March 2022. Refer to page 53 of the 'Notice of the 103rd Ordinary General Meeting of Shareholders' report, located here:  
[https://www.mitsui.com/jp/en/ir/library/business/\\_icsFiles/afiledfile/2022/06/06/en\\_103rd\\_shoshu\\_R.pdf](https://www.mitsui.com/jp/en/ir/library/business/_icsFiles/afiledfile/2022/06/06/en_103rd_shoshu_R.pdf)

## 5. Total Tax Contributions (Other Taxes)

	Note	FY2022 AUD ('Mil)	FY2021 AUD ('Mil)
Corporate Income Tax – Australia		1,101.4	755.8
Fringe Benefits Tax		2.0	1.8
Payroll Tax		4.1	3.8
Stamp Duties		0.7	5.4
Mining Royalties	4	362.6	313.0
Other	5	7.6	13.2
<b>Total Tax Contributions</b>		<b>1,478.4</b>	<b>1,093.0</b>
<b>Taxes Collected on behalf of Governments</b>			
GST (paid but reclaimed)	6	<b>128.5</b>	71.2
GST Collected and remitted		<b>49.5</b>	44.8

## 6. Australia Tax Return Information Published by ATO

ABN 64 004 349 795

	Note	FY2021 AUD ('Mil)
Total Income		7,723.9
Taxable/Net Income	7	3,824.9
Tax Payable		755.8

- (4) Mining royalties remitted to the state government of Western Australia and Queensland
- (5) Includes a variety of other taxes such as Petroleum Rent Tax and Land Tax
- (6) The increase in expenditure includes exploration expansion, production projects, commodity price changes, and GST collected on behalf of joint venturers in GST joint ventures
- (7) Taxable income for MCA MEC Group is derived from the deduction of expenses from its Total Income and making other adjustments required by the tax law. The variance in Profit before tax from the Financial Statements and Taxable Income is a result of the adjustments for the Temporary and Non-Temporary differences

# Tax Transparency Report

## continued

### 7. International Related Party Dealings

The parent company of MCA, Mitsui & Co., Ltd is located in Japan, with 129 offices in 63 countries/regions globally, including Australia. The Australian operations are part of Mitsui's global business and inherently involve substantial number of related party dealings.

For the year ended 31 March 2022, MCA's significant related party dealings were with Mitsui entities located in Japan, Singapore and China.

Each year, MCA discloses its related party transactions in the International Dealings Schedule, which forms part of its income tax return, as well as submission of the Australian Local File as part of the Country-by-Country reporting requirements.

MCA seeks to conduct its international related party dealings at arm's length and prepares contemporaneous transfer pricing documentation to support these positions, which is shared with the ATO.

The significant business dealings between MCA and overseas related-parties are highlighted as follows:

- Service fees paid by MCA to Mitsui entities in Japan and Singapore
- Trading business transactions between MCA and Mitsui entities in Japan and China
- MCA operates as an in-house bank as part of the "Mitsui Global Cash Management system" for efficient use of Mitsui global funds which transacts with Mitsui entities in Japan, United States, United Kingdom and Singapore
- MCA enters into Bilateral Advance Pricing Agreements (BAPA) to agree on prices charged between significant related party transactions between Japan and Australia to reduce the risk of disputes

### 8. Basis of Preparation

This report has been prepared in accordance with the Board of Taxation Tax Transparency Code guidelines.

#### **i. Entities**

This report includes all amounts paid and received by MCA MEC group corporate entities which are 100% owned.

Other entities which are not wholly owned by Mitsui & Co., Ltd. have not been included in this report as disclosed in MCA Multiple Entry Consolidated ('MEC') Tax Group.

#### **ii. Reporting Currency**

All payments are reported in Australian dollars unless otherwise stated.

#### **iii. Source of Information**

Information has been sourced from submitted tax returns and audited financial statements.

#### **iv. Approach to Materiality**

Materiality for disclosures has been set at the nearest million dollars.

#### **v. AASB Guidance**

The group prepares special purpose financial statements and follows Australian Accounting Standards Board (AASB).

Deloitte are the auditors of the Mitsui & Co., Ltd. Group.

#### **vi. Reporting Period**

The report has been prepared for MCA MEC group's financial year from 1 April 2021 to 31 March 2022.

mitsui & co. (australia) ltd.

360°  
business  
innovation.