

Tax Transparency Report 2023 – 2024

Overview

We are pleased to present our seventh Tax Transparency Report for the income year ended 30 June 2024.

We are established by the *Air Services Act 1995 (Cth)*, and are an Australian government-owned organisation. We are designated as a corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013 (Cth)*. Our functions under the *Air Services Act 1995* include:

- providing facilities for the safe navigation of aircraft within Australian-administered airspace;
- promoting and fostering civil aviation in Australia and overseas; and
- providing air traffic services, aviation rescue firefighting services, aeronautical information, radio navigation and telecommunication services.

In our establishing legislation, the *Air Services Act 1995*, we are subject to all Commonwealth taxes, but are exempt from all State and Territory Taxes other than Payroll Tax. We must also comply with withholding tax obligations and any applicable taxes in foreign jurisdictions.

In the 2024 financial year, we continued to see an uneven post-pandemic recovery in the aviation sector creating a need for flexibility and resilience to ensure the effective delivery of air traffic management services. The continued volatility in traffic volumes and an increase in our operational costs has led us to take decisive steps to manage our costs, while we continue to invest in future services that will see enhanced value for our customers and stakeholders. We continued our return to profitability in the 2024 financial year, recording a lower accounting loss before income tax of \$232 (FY23: \$293 million). We made a tax loss of \$203 million in the 2024 financial year (FY23: \$127 million).

For further information about us and our plans for Australia's aviation future you can read [Airservices 2024-25 Corporate Plan](#) and [Airservices Annual Report 2023-24](#).

Tax Governance

Consistent with the *Commonwealth Government Business Enterprises - Governance and Oversight* guidelines issued by the Department of Finance, we engage in normal tax planning activities that are within the intent and spirit of the law. We do not engage in aggressive tax planning strategies and we proactively manage our tax obligations to ensure that we pay the correct amount of tax.

We connect key functions across the organisation to deliver cost efficient best practice tax management. This supports our capacity to make sound financial and commercial decisions and to develop and enhance processes and procedures to ensure compliance with policy and internal controls. To facilitate this, we maintain a robust tax governance framework built on our tax governance principles. We periodically review our tax governance framework to ensure it continues to reflect the expectations of the Australian Taxation Office (ATO) and the broader community.

Responsible and accountable managerial oversight

The responsibilities and accountabilities for tax administration and decision-making are in place and are clearly defined and understood.

Tax compliance

We are fully compliant with all statutory tax obligations including paying the correct amount of tax and meeting our reporting and payment obligations.

Risk management and decision making

Strong controls and clearly articulated processes are in place to support tax compliance and to identify, assess and mitigate tax risk. The Board, Chief Executive Officer, Chief Financial Officer and other key internal and external stakeholders have assurance that our tax is being managed in accordance with our tax policies.

Integrity in systems and reporting

The financial records, including tax reporting, reflect a true and fair view of our business.

Professional and collaborative relationships

A professional and collaborative relationship is maintained with the ATO, State and Territory Revenue Authorities and other stakeholders to enable an efficient and collaborative hearing of tax issues as well as maintaining transparency through open and honest dialogue.

Ethical behaviour

All decision-making as it relates to tax is done in an ethical and responsible manner and in line with the organisation's wider corporate values and frameworks.

Tax Contribution

Table 1: Taxes paid to the ATO and State and Territory Revenue Authorities on our own behalf

Tax Obligation	2024 (\$'000)	2023 (\$'000)
Corporate Income Tax	-	-
Fringe Benefits Tax ¹	\$3,561	\$3,412
Payroll Tax ²	\$40,060	\$34,508
Total Taxes Borne by Airservices	\$43,621	\$37,920

Table 2: Taxes collected and paid to the ATO on behalf of employees and other entities

Tax Obligation	2024 (\$'000)	2023 (\$'000)
GST ³	\$32,352	\$32,999
Fuel tax credits	(\$512)	-
PAYG Withholding	\$189,599	\$171,531
Total Other Taxes Remitted / Credited	\$221,439	\$204,530

We do not have a taxable presence in any jurisdictions outside of Australia and did not pay any foreign taxes in the income years ended 30 June 2024 or 30 June 2023. We registered for New Zealand Goods and Services Tax (GST) as a non-resident business claimant in July 2024. This allows us to claim back New Zealand GST charged on New Zealand business expenses.

International related party dealings

We had no international related party dealings during the income years ended 30 June 2024 or 30 June 2023.

Tax risks and at risk positions

We have not identified any material tax risks or at risk tax positions for the income years ended 30 June 2024 or 30 June 2023.

Tax Losses

We have \$824M (2023: \$621M⁴) of carry forward tax losses, \$3.37M (2023: \$3.37M) of non-refundable carry forward tax offsets and \$4.8M (2023: \$4.8M) of capital losses.

ATO Public Disclosures

The ATO releases the "Report of Entity Tax Information" annually, disclosing the Total income, Taxable income and Tax payable of certain taxpayers based on their lodged company tax return. As a result of our tax loss position our Taxable income and Tax payable were both nil.

Table 3: Reconciliation to ATO public data disclosures⁵

Disclosure	2024 (\$'000)	2023 (\$'000)
Total income⁶	\$1,061,017	\$923,660
Total expenses	(\$1,293,176)	(\$1,216,744)
Profit/(loss) before income tax ⁷	(\$232,159)	(\$293,084)
Taxable income	-	-
Tax Payable	-	-

¹ For the Fringe Benefits Tax (FBT) year ended 31 March 2024 and 31 March 2023. This includes any amendments.

² We underwent a New South Wales (NSW) Payroll Tax Audit during the 30 June 2024 income year. This audit related to the 2020, 2021, 2022 and 2023 financial years. This was finalised in September 2024 and resulted in a net refund of \$4,656.56. This included a reduction of \$5,051.93 to the 2023 financial year which has been reflected in the figures above.

³ This is the net of GST paid to us by our customers, GST paid by us to our suppliers and GST deferred on imported goods.

⁴ The 30 June 2023 carry forward tax losses figure includes an amendment request that we lodged with the ATO in December 2024. This amendment request related to the 30 June 2020, 2021, 2022 and 2023 income years.

⁵ At the time of publishing the Report, the ATO had not yet released the 2023-24 Report of Entity Tax Information. The table has been prepared on what we anticipate the ATO should disclose in its 2023-24 Report of Entity Tax Information.

⁶ The total income figure in the ATO's Report of Entity Tax Information is sourced from our income tax return for the relevant period. The total income figure in our income tax return is prepared in accordance with the ATO's instructions and may differ from the total income figure disclosed in our financial statements for the same financial period.

⁷ The profit/(loss) before income tax may differ between our income tax return and our financial statements due to rounding.

Tax Reconciliations

Table 4: Reconciliation of accounting profit/(loss) to income tax (benefit) / expense and income tax payable

	2024 (\$'000)	2023 (\$'000)
Profit/(loss) before income tax (benefit) / expense	(\$232,154)	(\$293,089)
Prima facie income tax (benefit) / expense at 30%	(\$69,646)	(\$87,927)
Amounts which are not deductible/assessable in calculating taxable income		
Non-deductible legal costs	\$6	\$7
Prior year under / over provision of tax	(\$489)	\$464
Other non-deductible / (assessable) expenditure	\$14	\$132
Income tax (benefit) / expense (current and deferred income tax)	(\$70,115)	(\$87,324)
Deferred income tax (benefit) / expense	(\$70,115)	(\$87,324)
Current income tax (benefit) / expense	-	-
Accounting effective tax rate⁸	30.20%	29.80%

Table 5: Deferred tax movement recognised in the statement of comprehensive income

	2023 (\$'000)	Movement (\$'000)	2024 (\$'000)
Depreciation	\$18,720	(\$13,926)	\$4,794
Provision for doubtful debts	\$2,721	\$425	\$3,146
Employee benefits	\$89,844	\$9,617	\$99,461
Other provisions	\$51,490	(\$8,314)	\$43,176
Accruals	(\$315)	\$3,433	\$3,118
Tax losses	\$184,284	\$78,880	\$263,164
Deferred income tax (benefit) / expense recognised in the statement of comprehensive income	\$346,744	\$70,115	\$416,859

Table 6: Income taxes payable

	2024 (\$'000)	2023 (\$'000)
Income taxes payable at the beginning of the financial year	-	-
Less: Income tax paid during the financial year		
Income taxes payable for the current financial year	-	-
Income taxes payable at the end of the financial year		

Basis of preparation

This Report has been prepared in accordance with the requirements set out in the Australian Board of Taxation's Voluntary Tax Transparency Code and the Draft Appendix to the Code issued by the Australian Accounting Standards Board. The Report is for the income year ended 30 June 2024 and the comparative period 30 June 2023. All figures are presented in Australian dollars. Additional information on specific figures in the Report can be found in the footnotes. The terms used have been defined throughout the Report, where applicable.

The Report is prepared within our Corporate Finance function. The information is sourced from our audited financial statements and the information lodged with the relevant revenue authority. From a tax perspective, we do not apply materiality to our lodgements. The Report has undergone an internal review process through the Chief Financial Officer before it is tabled to the Board Audit and Risk Committee and the Board.

⁸ This is calculated using the Profit/(loss) before income tax (benefit) / expense divided by the Income tax (benefit) / expense (current and deferred income tax).