

## Virgin Australia Holdings Pty Ltd

ACN 100 686 226

Tax Transparency Report

1 July 2023 to 30 June 2024



## A note from the Chief Financial Officer and Chief Corporate Affairs and Sustainability Officer

Virgin Australia is pleased to continue its commitment to the Voluntary Tax Transparency Code (VTTC), and to be publishing its Tax Transparency Report (TTR) for the income year ended 30 June 2024 (FY24).

The Group's primary business is operating a passenger airline, Virgin Australia, which offers domestic and short-haul international regular passenger transport (RPT) and charter services. The Group also operates the Velocity Frequent Flyer loyalty program (Velocity). In FY24, Virgin Australia connected more than 19 million guests to 45 domestic and short-haul international destinations on nearly 400 daily flights. More than 7,800 team members were directly employed by Virgin Australia.

One of Virgin Australia's four key values, which represent the Virgin Australia way of working and being is 'we do the right thing.' This guides Virgin Australia's approach to conducting business in an ethical way and a commitment to acting with integrity in all interactions internally and externally. Virgin Australia has a preference for conservative measures that deliver a **low level** of tax risk.

Virgin Australia and its subsidiaries, which are disclosed at Appendix A, paid and collected **\$1,203.3m** of combined taxes during FY24 (FY23: \$995.9m). This amount comprises Australian and foreign consumption taxes (such as GST and VAT), income tax (Samoa), Fringe Benefits Tax, PAYGW, stamp duty and various ticket taxes. Refer to Table 3 for a detailed breakdown of these taxes.

This report provides an overview of Virgin Australia's income tax expense, along with the total tax contributions made to Australian Federal and State/Territory Governments, as well as taxes borne in foreign countries.

The TTR is prepared in accordance with the VTTC, which was developed by the Board of Taxation. The TTR is unaudited.

All amounts included in the TTR are in AUD.



Race Strauss



Christian Bennett



**Race Strauss**  
Chief Financial Officer



**Christian Bennett**  
Chief Corporate Affairs  
and Sustainability  
Officer



## Part A

### Reconciliation of accounting profit to tax expense and to income tax paid

The below table provides a reconciliation of accounting profit to income tax expense (**Table 1**) as published in Virgin Australia's 2024 Annual Report. The disclosures are prepared in accordance with Australian Accounting Standards, in particular *AASB112 Income Taxes* and *UIG1052 Tax Consolidation Accounting*.

Item (\$m)	FY24	FY23
<b>Profit before income tax</b>	<b>545.4</b>	<b>135.4</b>
Income tax (expense)/benefit using the Australian corporate tax rate of 30%	(163.6)	(40.6)
<i>Tax effect of amounts which are not included in taxable income:</i>		
• Utilisation of previously unrecognised tax losses	190.5	116.6
• Net movements in temporary differences not recognised	(26.9)	(81.3)
• Other non-deductible or non-assessable amounts	-	(1.0)
<b>Income tax (expense)/benefit</b>	<b>-</b>	<b>(6.3)</b>
<b>Represented by:</b>		
• Current tax expense	-	-
• Deferred tax expense	-	(6.3)
<b>Income tax (expense)/benefit</b>	<b>-</b>	<b>(6.3)</b>
<b>Income tax paid<sup>1</sup></b>	<b>-</b>	<b>-</b>
<b>Table 1: Reconciliation of accounting profit to tax expense and to income tax paid</b>		

<sup>1</sup> Virgin Australia expects to utilise carried forward revenue tax losses to reduce FY24 taxable profits to nil. Accordingly, no income tax should be paid in Australia by Virgin Australia for FY24.



### Effective tax rates for Australian and global operations

Effective tax rate (\$m)	FY24	FY23
Profit before income tax	545.4	135.4
Income tax (expense)/benefit	-	(6.3)
Effective tax rate	<b>0.00%</b>	<b>4.66%</b>

**Table 2: Effective tax rates for Australian and Global operations**

The deviation from Australia's corporate tax rate of 30% is predominantly attributable to the following:

- Utilisation of carried forward revenue tax losses from previous years; and
- Non-recognition of deferred tax assets on carried forward revenue tax losses and other temporary differences.



## Part B

### Approach to tax strategy and governance

Virgin Australia's Board of Directors oversee our ambition to become Australia's most loved airline. They are responsible for ensuring there is an overall governance framework to guide the values that represent Virgin Australia.

Virgin Australia's tax strategy and governance is guided by Virgin Australia's Risk Management Framework and the Tax Governance Policy (TGP). The TGP, which was recommended by the Audit Risk and Compliance Committee (ARCC) and approved by the Virgin Australia Board of Directors, articulates Virgin Australia's tax risk appetite and philosophy.

Importantly, the TGP acknowledges that 'taxes will be managed with the overall objective that all tax liabilities properly due under the law are correctly recorded, accounted for and paid.'

### Engagement with tax regulators

Virgin Australia has established and maintains relationships with Federal and State revenue authorities that enable efficient and collaborative dealings to deliver compliance with applicable tax laws.

Specifically, Virgin Australia is engaged in regular dialogue with the Australian Taxation Office via Virgin Australia's participation in the 'Top 100' Justified Trust program. The Justified Trust program seeks to address tax implications of significant transactions in real time, with a focus on Australian income tax and GST matters.

Virgin Australia's commitment to transparency includes seeking tax certainty for significant transactions and where necessary obtaining Private Binding Rulings from the Australian Taxation Office.

Where appropriate, Virgin Australia consults with Treasury on Australian tax matters.

### Australian income tax

Virgin Australia generated \$576.0m of taxable income in Australia in FY24. Notwithstanding this, in accordance with Australian taxation law, these taxable profits were reduced to nil due to the application of carried forward income tax losses.

As at 30 June 2024, Virgin Australia has cumulative carried forward income tax losses of \$514.8m.

Virgin Australia expects to pay income tax in Australia in FY26, once all carried forward income tax losses have been extinguished.

### International related party dealings summary

During FY24, there were no material international related party dealings entered into by Virgin Australia.

Notwithstanding this, all international related party dealings entered into by Virgin Australia are in a manner that is consistent with Australian income tax law and international tax guidance. In particular, transactions are entered into in accordance with globally accepted 'arm's length principles.'



## Tax contribution summary

The following table (**Table 3**) outlines the various taxes paid by Virgin Australia in FY24 to Australian Federal and State/Territory Governments as well as tax authorities in foreign jurisdictions in which Virgin Australia operates:

Item (\$m)	FY24	FY23
<b>Paid</b>		
• Income tax	0.5 <sup>2</sup>	-
• Fringe benefits tax <sup>3</sup>	4.2	5.0
• Payroll tax	58.7	47.0
• Stamp duty	0.6	0.5
<b>Total taxes paid</b>	<b>63.9</b>	<b>52.5</b>
<b>Collected</b>		
• Net GST	172.0	188.0
• Ticket Taxes, Fees and Charges	683.2	509.3 <sup>4</sup>
• PAYGW – Employee salaries	206.9	243.4
• PAYGW – Other <sup>5</sup>	77.3	2.6
<b>Total taxes collected</b>	<b>1,139.3</b>	<b>943.3</b>
<b>Total taxes paid and collected</b>	<b>1,203.3</b>	<b>995.9</b>
<b>Table 3: Tax contribution summary</b>		

<sup>2</sup> Represents \$0.5m of income tax paid in Samoa.

<sup>3</sup> For the Fringe Benefits Tax year ended 31 March 2024.

<sup>4</sup> Restated from FY23 Tax Transparency Report.

<sup>5</sup> This includes payments of pay-as-you-go-withholdings on other payments to non-residents of Australia, such as lease payments, dividends, royalties and interest. It also includes withholding tax on services obtained in Indonesia.



## Appendix A: Virgin Australia controlled entities as at 30 June 2024

Entity Name	Body corporate, partnership or trust	Place of incorporation and operation	% of share capital held directly or indirectly in the body corporate
VBNC5 Pty Ltd	Body corporate	Australia	100%
VB PDP 2010-11 Pty Ltd	Body corporate	Australia	100%
BC Hart Company Pty Ltd	Body corporate	Australia	100%
Virgin Australia Airlines Holdings Pty Ltd	Body corporate	Australia	100%
Virgin Australia Airlines Pty Ltd	Body corporate	Australia	100%
Virgin Tech Pty Ltd	Body corporate	Australia	100%
Short Haul 2017 No. 2 Pty Ltd	Body corporate	Australia	100%
Short Haul 2017 No. 3 Pty Ltd	Body corporate	Australia	100%
Short Haul 2018 No. 1 Pty Ltd	Body corporate	Australia	100%
VA Borrower 2019 No. 2 Pty Ltd	Body corporate	Australia	100%
VB Ventures Pty Ltd	Body corporate	Australia	100%
VB Leaseco Pty Ltd	Body corporate	Australia	100%
VB Leaseco No 2 Pty Ltd	Body corporate	Australia	100%
VB 800 2009 Pty Ltd	Body corporate	Australia	100%
Short Haul 2014 No. 1 Pty Ltd	Body corporate	Australia	100%
Short Haul 2014 No. 2 Pty Ltd	Body corporate	Australia	100%
ULCC Air Pty Ltd	Body corporate	Australia	100%
Virgin Australia Cargo Pty Ltd	Body corporate	Australia	100%
Virgin Australia Regional Airlines Pty Ltd	Body corporate	Australia	100%
Velocity Frequent Flyer Holdco Pty Ltd	Body corporate	Australia	100%
Velocity Frequent Flyer 1 Pty Ltd	Body corporate	Australia	100%
Velocity Frequent Flyer 2 Pty Ltd	Body corporate	Australia	100%
Velocity Frequent Flyer Pty Ltd	Body corporate	Australia	100%
Velocity Rewards Pty Ltd	Body corporate	Australia	100%
Torque Solutions (Australia) Pty Ltd	Body corporate	Australia	100%
Virgin Australia International Operations Pty Ltd <sup>6</sup>	Body corporate	Australia	<0.01%
Virgin Australia International Holdings Pty Ltd <sup>6</sup>	Body corporate	Australia	<0.01%
Virgin Australia International Airlines Pty Ltd <sup>6</sup>	Body corporate	Australia	<0.01%
ULCC Air International Pty Ltd <sup>6</sup>	Body corporate	Australia	<0.01%
Virgin Australia Airlines (SE Asia) Pty Ltd <sup>6</sup>	Body corporate	Australia	<0.01%
Virgin Australia Holidays Pty Ltd	Body corporate	Australia	100%
VAH Newco No.2 Pty Ltd	Body corporate	Australia	100%
ACN 098 904 262 Pty Ltd	Body corporate	Australia	100%
VB Investco Pty Ltd	Body corporate	Australia	100%
VA Borrower 2024 Pty Ltd	Body corporate	Australia	100%
Virgin Australia Airlines (NZ) Limited	Body corporate	New Zealand	100%
Virgin Australia (NZ) Employment and Crewing Limited	Body corporate	New Zealand	100%
The Loyalty Trust	Trust	n/a	n/a
Key Employee Performance Plan Trust	Trust	n/a	n/a

<sup>6</sup> Virgin Australia consolidates these entities in accordance with the requirements of Australian Accounting Standards, despite holding minimal issued capital as the Company is exposed to or has rights to variable returns from its involvement with these entities and has the ability to affect those returns through its power over the entities and they are therefore controlled entities of Virgin Australia.

