



## Tax Governance & Compliance

Tax plays a significant role in achieving Boeing's purpose to protect, connect and explore the world and beyond – safely and sustainably. Our approach to tax aligns with the enterprise's goal to build trust and drive long-term economic, social and environmental value as described in this disclosure.



Boeing's global tax policies are applied consistently in all jurisdictions where we do business. Boeing's tax function is responsible for maintaining the highest compliance standards, being transparent in our dealings with tax authorities and sustaining robust internal controls for risk management. Organizations have an obligation to comply with tax laws, and a responsibility to all stakeholders to meet expectations of ethical tax practices.

For a more in-depth analysis of Boeing's approach to global tax governance and compliance, please visit Boeing's Global Tax Governance and Compliance [disclosure](#).

### Boeing in Brief

Boeing is the world's largest aerospace company and leading manufacturer of commercial jetliners, defense, space and security systems, and service provider of aftermarket support. The company supports airlines and U.S. and allied government customers in more than 150 countries. Boeing products and tailored services include commercial and military aircraft, satellites, weapons, electronic and defense systems, launch systems, advanced information and communication systems, performance-based logistics and training.

Boeing employs more than 140,000 people across the United States and in more than 65 countries. This represents one of the most diverse, talented and innovative workforces anywhere. Our enterprise also leverages the talents of hundreds of thousands more skilled people working for Boeing suppliers worldwide.

Boeing is organized into three business units: Commercial Airplanes; Defense, Space & Security; and Boeing Global Services. Supporting these business units is Boeing Capital Corporation, a global provider of financing solutions. In addition, functional organisations working across the company focus on engineering and programme management; technology and development-programme execution; advanced design and manufacturing systems; safety, finance, quality and productivity improvement and information technology

### Boeing in Australia

Boeing Australia is one of the company's largest operational footprints outside the United States. With more than 4,800 employees in 38 locations, Boeing plays an integral role in Australia's aerospace and defence industry.

The Boeing team in Australia has the broadest portfolio of products and services in Australian aerospace, including advanced manufacturing of commercial aircraft composite components, defence systems design and development, modelling and simulation, research and development, support and training, and uncrewed systems.



Throughout 2021, Boeing invested over A\$41 million or 3.5% of total expenditure in eligible research and development (“R&D”), as defined by the requirements set out in the Australian *Income Tax Assessment Act 1997*. In the increasingly competitive global environment, the Australian R&D tax offset is critical to Boeing both continuing, and increasing, investment in research and development in the Australian market. Boeing continues to strongly advocate for measures aimed at encouraging innovation investment in Australia, which has significant talent and technical capability important to our industry.

Boeing is unique in the Australian aerospace industry based on its history, presence, mix of commercial, defence and services businesses, original research and development activities, and supplier network.

### **Background**

This document, while published in the context of Australia, describes the global tax policies of Boeing which are applied consistently in all territories in which we do business.

This tax strategy document is intended to satisfy a majority of the principles and standards of the Voluntary Tax Transparency Code, recommended in February 2016 by the Australian Government’s Board of Taxation in ‘*A Tax Transparency Code: A report to the Treasurer*’. Consideration has also been given to the recommendations provided in the Consultation Paper dated February 2019 from the Board of Taxation in ‘*Post-Implementation Review of the Tax Transparency Code*’. This document forms part of Boeing Australia’s broader corporate reporting set, and should be read in conjunction with our Financial Statements for a full picture of the company’s operations and activities.

The Boeing Australia Holdings Pty Ltd Board and Senior Leadership Team has overall responsibility for the tax strategy in Australia and is supported by the Vice President of Tax.

### **Basis of Preparation**

The below Tax Transparency Report disclosures were sourced from the Boeing Australia Holdings consolidated financial statements and lodged consolidated Income Tax Return for the years ended 31 December 2020 and 2021.

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*.

The financial report covers Boeing Australia Holdings Pty Limited and its controlled entities (“the Group”). Boeing Australia Holdings Pty Limited is a for-profit proprietary Company, incorporated and domiciled in Australia. Each of the entities within the Group prepare their financial statements based on the currency of the primary environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity’s functional and presentation currency.

As stated in the standards disclosed the Australian Government’s Board of Taxation in ‘*A Tax Transparency Code: A report to the Treasurer*’, it is recommended that groups produce disclosures in a manner which best matches the natural accounting and reporting systems of the organisation. This includes choosing the level of aggregation or group of entities for disclosure.



Boeing Distribution Services (BDS Pty Ltd) Pty Ltd is an Australian subsidiary of Boeing Distribution Services Inc. (BDSI) (a US company). BDSI and BDS Pty Ltd do not form part of the Boeing Australia Holdings consolidated group and have not been aggregated for the purposes of the Part A disclosure on the basis that these values are not material in the context of Boeing in Australia.

## Part A

### Reconciliation Between Statutory Profit/(Loss) Before Income Tax and Income Tax Expense / (Benefit) per Statutory Accounts

	31 Dec 2021	31 Dec 2020
Total income	1,287,509,000	1,429,145,000
Total expenses	(1,151,705,000)	(1,299,842,000)
Statutory profit/(loss) before income tax expense/(benefit)	135,804,000	129,303,000
Income tax (expense)/benefit using the domestic corporate tax rate of 30 per cent	(40,741,000)	(38,791,000)
<i>Adjusted for tax effect of:</i>		
Research and development	3,950,000	8,083,000
Divestment of subsidiary	-	(900,000)
Other net (non-deductible)/non-assessable items	2,856,000	(342,000)
Prior period differences	440,000	1,221,000
Income tax (expense)/benefit per statutory accounts	(33,495,000)	(30,729,000)

### Reconciliation Between Statutory Profit/(Loss) Before Income Tax and Income Tax Payable per Lodged Consolidated Income Tax Return

Statutory profit/(loss) before income tax expense/(benefit)	135,803,289	129,303,001
Income tax (expense)/benefit using the domestic corporate tax rate of 30 per cent	(40,740,987)	(38,790,900)
<i>Adjusted for tax effect of:</i>		
Research and development	3,492,620	8,500,000
Non-temporary differences	584,034	(201,603)
Temporary differences	(671,673)	(5,081,865)
Foreign tax credits applied	246,832	526,660
Tax (payable)/refundable per tax transparency statement	(37,089,174)	(35,047,708)

### Effective tax rate for Boeing Australia Group

Year ended 31 December 2021 and 2020	27.31%	27.11%
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The accounting effective tax rate is calculated as the income tax expense divided by profit (including profits from joint ventures) as per AASB112.



## Part B

# TAX POLICY, STRATEGY AND GOVERNANCE

### Boeing's Approach to Taxes

Boeing's approach to taxes is consistent in all countries in which we operate and is summarized below:

- Ethical, fair and transparent business practices
- Effective tax governance which includes collaboration with the Board of Directors
- Operate in compliance with all tax laws
- Tax should follow business substance
- Develop and maintain open relationships with tax stakeholders

### Tax Risk and Governance

#### *Ethical Behaviours*

Boeing engages in ethical, fair and transparent business activities. Doing our jobs with integrity is imperative for operating in alignment to our values and our [Boeing Code of Conduct](#). Boeing's Code of Conduct is a source of guiding principles to foster ethical decision-making, including a focus on compliance with laws, rules and regulations; confidentiality; avoiding conflicts of interest; and reporting of illegal or unethical behavior. Our enterprise pledge to receiving and responding to ethical issues or concerns includes financial whistleblowing.

#### *Strategy and Oversight*

Boeing pays tax where value is created and has a low tolerance for tax risk. The Boeing Vice President of Tax has overall responsibility for Boeing's corporate tax strategy and is supported by a team of global tax professionals. Material business activities and relevant tax considerations are reported to the Vice President of Tax to ensure appropriate levels of executive review and risk assessment. Boeing's experienced tax team collaborates with external professional advisors to deliver tax advice, file required returns, and navigate a complex regulatory environment.

Together, the Board of Directors and Vice President of Tax are committed to ensuring that our approach to taxes aligns with the Company's values, business strategies, and long-term shareholder interests. Material tax issues or risks are elevated through the organisational structure as appropriate. At a global level, tax issues are considered at the Board/Audit Committee level as appropriate and at a country level, local tax teams will provide updates to the local boards as needed on a regular basis.

### Compliance and Controls

Boeing operates in compliance with both the letter and the spirit of tax laws in all countries we do business. Tax compliance is a serious and core obligation of the company. Our global team of tax professionals maintains rigorous internal controls to ensure all compliance and accounting disclosure requirements are met in a timely and accurate manner, including paying the correct amount of tax where we operate. Boeing collects and pays a range of global taxes



on its products and services. Tax provisions are audited by Deloitte. Boeing invests in technology and training to improve quality and agility, make informed decisions and leverage best practices to promote tax efficiency and reliability.

The Boeing Australia Group has paid all taxes that it owes and all tax compliance obligations are up to date.

### **Tax Follows Business Substance**

The complexities of existing tax systems, which are relevant to Boeing's business require careful tax consideration and planning. The organizational structures resulting from any tax planning are fundamentally driven by economic and business substance. In order to achieve our commercial objectives, we form active links between tax personnel and the wider business. This ensures sufficient tax knowledge and support is available for Boeing to make good business decisions. There are controls and processes in place to ensure that the businesses keep the Corporate Tax department informed of any changes or new activity/transactions so that they are fully evaluated for any tax consequences. Where appropriate, we will seek advice from external professional advisors to ensure we remain compliant with our obligations. Boeing does not participate in transactions with a principal purpose of avoiding tax.

### **Relationship with Tax Stakeholders**

Boeing maintains an open, honest and pro-active relationship with tax authorities in the jurisdictions where we operate. We maintain full and timely disclosure of information as required by law, providing tax authorities with relevant information as part of regular filings or during the course of any review or audit. Boeing supports a corporate taxation system that encourages innovation, job growth and prevents international double tax. In key markets, we support initiatives aimed at tax law modernization, tax law reform or reducing barriers to trade and business. Boeing engages either through open and direct dialogue with law makers or via participation in industry organizations and working groups.

### **Tax Contribution**

Significant investment by the Boeing Australia Group has proven to deliver substantial economic benefits to Australia. The concentration on corporate income tax as a contribution measure to the Australian economy offers a limited view, and as such, this section will concentrate on total tax contribution by the Boeing Australia Group.

The Boeing Australia Group collects and pays a range of taxes in Australia on its products and services, including corporate income tax, of which the table below highlights the significant taxes paid/collected in the 2021 year:

<b><u>Australian Taxes</u></b>	<b><u>2021 (\$M)</u></b>	<b><u>2020 (\$M)</u></b>
<b>Paid</b>		
Corporate Income Tax – Australia	37.08	35.04
Payroll Tax 1	28.85	26.23
Fringe Benefits Tax 2	2.75	4.29
<i>Subtotal</i>	<i>68.68</i>	<i>65.56</i>



<b>Collected</b>		
GST (collected and remitted)	90.69	100.06
GST (paid but reclaimed)	(53.47)	(67.17)
Withholding taxes	-	-
Personal income tax – Employees 3	154.01	138.51
<i>Subtotal</i>	<i>191.23</i>	<i>171.40</i>
<b>TOTAL</b>	<b>259.91</b>	<b>236.96</b>

1 Payroll Tax – paid as per year ended 30 June 2021 and 30 June 2020

2 Fringe Benefits Tax - paid as per year ended 31 March 2021 and 31 March 2020

3 Personal income taxes paid - as per year ended 30 June 2021 and 30 June 2020

Similar to Part A, BDS Pty Ltd does not form part of the above Tax Contribution disclosure.

### **International Related Party Dealings**

Boeing has a global presence. Ultimately it is customer, business and operational requirements that are the primary determinants of where activities are undertaken and employees are located. Transactions are considered taking account of financial, commercial and reputational matters in order to maximise value for all stakeholders.

Boeing does not enter into aggressive tax planning arrangements with the sole purpose of achieving a tax advantage.

All transactions within the organization follow the arm's length principles in line with our Transfer Pricing policies. Furthermore, in line with our values, we remain compliant by following the principles of the Transfer Pricing regulations globally as well as Organisation for Economic Co-operation and Development (OECD) guidelines.

The vast majority of Boeing's production, development and other core activities continue to occur in the United States. As such, the majority of the Boeing's earnings are reported and taxed in the United States. Following the Transfer Pricing regulations mentioned above, Boeing ensures that appropriate market-based earnings results are reported in the other jurisdictions in which we operate.