Voluntary Tax Transparency Code (TTC)

The Boston Consulting Group Pty Ltd

The Boston Consulting Group Pty Ltd (BCG) supports the Australian Government's objective for corporations to provide additional information to assist the public to understand their tax contribution and compliance with Australia's tax laws. BCG has signed up to the Voluntary Tax Transparency Code (TTC).

Tax governance and tax risk management are part of BCG's risk and compliance processes. The processes are set up to ensure compliance with all tax legislations, as appropriate.

Income taxes disclosed in the BCG 2025 Financial Statements

The income tax expense (ITE) disclosed in BCG's Financial Statements is calculated based on International Financial Reporting Standards (IFRS). In any one income year, there may be a difference between the ITE in the Financial Statements to the total cash taxes paid to the Australian Tax Office during that same income year. This is because of a number of factors such as the timing of corporate tax instalment payments made to the Australian Tax Office and other taxes being excluded from ITE including FBT, payroll and employee taxes.

BCG calculates its Effective Tax Rate (ETR) as ITE divided by accounting profit before income tax. For the rolling ten years to 2025, the ETR for BCG was equal to or exceeded 30%. Provided below is the calculation of the ITE for BCG showing the impact of adjustments to the ITE on the calculation of the ETR and a reconciliation of income tax expense to cash.

Note that for disclosure purposes, table 1.1 below includes BCG Australia's consolidated result, including its NZ branch, as reported in its Financial Statements lodged with ASIC. BCG Australia's effective tax rate referred to above is calculated excluding the NZ Branch.

1.1 Reconciliation of accounting profit to tax expense and to income tax paid/payable

Table 1.1A: Reconciliation of profit to tax expense (as derived from the audited financial statements prepared by BCG for 2025).

BCG Australia Pty Ltd consolidated result (incl NZ branch)	2024 $000	2025 $000
Net profit	11,081	7,004
Income tax expense	4,946	2,989
Profit before income tax	16,027	9,993
Tax at the Australian tax rate of 30% (2024: 30%)	**4,808**	**2,998**
Increase/(decrease) in income tax expense due to:		
Non-deductible expenses	330	358
Effect of tax rate in foreign jurisdictions	(89)	(48)
Adjustment for prior years / Deferred tax timing variances	(104)	(319)
Income tax expense (ITE)	**4,946**	**2,989**

Table 1.1B: Reconciliation of income tax expense to income tax paid

BCG Australia Pty Ltd consolidated result	2024 $000	2025 $000
Income tax expense on profit before income tax	**4,946**	**2,989**
Timing differences recognised in deferred tax:		
Employee Benefits	4,922	410
Related Entity Provisions	(4,884)	2,928
Provision for Miscellaneous Expenses/Income	294	2,400
Work in Progress	(4,685)	4,224
Unrealised Foreign Exchange Gain	68	97
Income tax paid	**660**	**13,048**

1.2 Accounting effective company tax rates for Australian operations

Table 1.2 Effective tax rates (ETR)

	2024 $000	2025 $000
BCG Australia accounting Profit/(loss) before tax	15,398	9,212
Tax expense/(credit)	4,940	3,051
Australian ETR	32.08%	33.12%

The above effective tax rates (ETRs) have been calculated as income tax expense divided by accounting profit for the Australian accounting group (excluding NZ branch).

Tax Contributions to Australia & Income Tax Payable

Income tax payable is based on taxable income at the prevailing tax rate. The accounting effective tax rate is calculated as the income tax expense divided by profit (including profits from joint ventures) as per AASB112.

Variations between BCG's tax expense as recorded in its statutory accounts and tax payable as recorded in its tax return has mainly arisen due to the following:

- BCG's accounting effective tax rate varies from 30% primarily due to non-deductible expenditure that increases the income tax expense.
- A tax loss occurs where the total deductions claimed for an income year exceed the total income. These tax losses can generally be offset against taxable income of later income years.