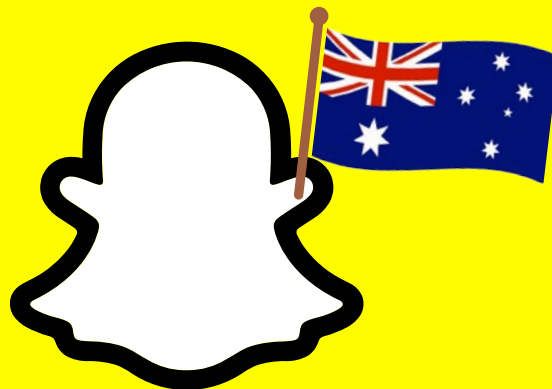


2022 Australia Tax Transparency Code Report

Snap Inc.





The founders of Snap grew up with social media and wanted to create something different. They wanted to capture the spontaneity and free-flowing conversations they had with their friends in real life, so they could share their full range of emotions and authentically express themselves.

That's why they created Snapchat, an app that is centered around and opens up to a camera, rather than a feed of content with public likes and comments. Early on, we focused on connecting people who were already friends in real life and making digital conversations easy and spontaneous, just like in real life.

Over the years, Snapchat has evolved into a platform to help our community learn, explore, live in the moment, and have fun together. We've aimed to do that responsibly by building technology that serves humanity. When we launched our entertainment and news platform, we decided to only feature content from trusted global and local publishers and partners, such as News Corp Australia. Spotlight, our platform for user-generated content, is actively moderated to limit the spread of misinformation and harmful content. Now, the Snap Camera has evolved from a tool for self-expression and communication into a leading augmented reality ("AR") platform.

In the quarter ended June 30, 2023, we had 397 million daily active users on average,¹ who use Snapchat to help express themselves, live in the moment, learn about the world, and have fun together. In Australia alone, over 8 million people² use Snapchat every month. We have launched local initiatives such as AR lenses to help educate young Australians about how to support LGBTQIA+ communities and why allyship matters, created in partnership with youth mental health service ReachOut, and another lens aimed at helping teens address online bullying, created with Project Rokit. This year we've also worked with the Australian Electoral Commission to launch a campaign encouraging young voters to engage with the Indigenous Voice to Parliament referendum,

and created in-app resources to educate teens about staying safe online, with information for Australians about how to connect with the eSafety Commissioner and the Australian Centre to Counter Child Exploitation (ACCCE).

The glue that holds together our values and vision is the trust we have built with our community and the diverse range of stakeholders we work with. Nowhere is that trust more important than how we support the communities we serve across the world. At Snap, we know that the taxes we pay are a critical part of the economic and social development of the countries we operate in. It's why we apply our values to our global tax strategy and seek to be leaders in our industry by designing our operating structure to follow the commercial substance of our business. We don't and won't operate in tax havens, and our profits are fully subject to tax in jurisdictions where we have substantive business operations, like Australia.

We also know that it's not just about building trust, but about maintaining it too. That's done by being transparent about the decisions we make, even when it's not required. We promote open, honest, and transparent working relationships with tax authorities. We have committed to publicly disclosing, on a country-by-country basis, our total tax contribution when we become profitable on a full year basis and income tax expense and income taxes paid become material.

In advance of that day, we are pleased to present our third Tax Transparency Code Report to provide information about Snap Aus Pty Ltd and its wholly-owned subsidiary, Prettygreat Pty Ltd ("Snap Australia") and support Australia's Voluntary Tax Transparency Code.



Tony Keusgen,
Managing Director,
Snap Australia

¹ Snap Inc. internal data Q2 2023. See Snap Inc. public filings with the US Securities & Exchange Commission (SEC).

² Snap Inc. internal data Q2 2023.



About Snap

Snap Inc. (“Snap”) is a technology company. We believe the camera presents the greatest opportunity to improve the way people live and communicate. We contribute to human progress by empowering people to express themselves, live in the moment, learn about the world, and have fun together.

While headquartered in Santa Monica, California, Snap is a global company with offices in the United Kingdom, France, India, Australia, and many more countries.³ Snap has approximately 5,286 employees located in more than 20 countries worldwide as of June 30, 2023.⁴ We are proud to serve an incredibly diverse community of 397 million daily active users,⁵ on average, around the world, and we believe that building inclusive products and workplaces are central to our mission. Snapchat is available in over 40 languages,⁶ and over 250 million people engage with AR on Snapchat every day on average.⁷

Our flagship product, Snapchat, is a visual messaging application that enhances your relationships with friends, family, and the world. Visual messaging is a fast, fun way to communicate with friends and family using AR, video, voice, messaging, and creative tools. Snaps are deleted by default to mimic real-life conversations, so there is less pressure to look popular or perfect when creating and sending images on Snapchat. By reducing the friction typically associated with creating and sharing content, Snapchat has become one of the most used cameras in the world.

The camera is a powerful tool for communication and the entry point for AR experiences. By opening directly to the camera, Snapchat empowers our community to express themselves

instantly and offers millions of AR Lenses for self expression, learning, and play. Snapchat is our core mobile device application and contains five distinct tabs, complemented by additional tools that function outside of the application. With a breadth of visual messaging and content experiences available within the application, Snapchatters can interact with all five, or a subset of those five tabs:

CAMERA

Snapchat opens directly to the Camera, making it easy to create a Snap and send it to friends. Our AR capabilities within our Camera allow for creativity and self-expression. We offer millions of Lenses, created by both us and our community, along with creative tools and licensed music and audio clips, which make it easy for people to personalize and contextualize their Snaps. We also offer voice and scanning technology within our Camera. While Snaps are deleted by default to mimic real-life conversations, users can save their creativity through a searchable collection of Memories stored on both their Snapchat account and their mobile device. A user can also create Snaps on our wearable devices, Spectacles. Spectacles connect seamlessly with Snapchat and capture photos and video from a human perspective. Our latest version of Spectacles, designed for creators, overlays AR Lenses directly onto the world.

VISUAL MESSAGING

Visual Messaging is a fast, fun way to communicate with friends and family using AR, video, voice, messaging and creative tools. They can also communicate with our proprietary personalized avatar tool, Bitmoji, and its associated contextual stickers and images, which integrate seamlessly into both mobile devices and desktop browsers.

³ CitizenSnap 2023, p. 8.

⁴ Snap Inc. internal data Q2 2023. See Snap Inc. public filings with the SEC.

⁵ Snap Inc. internal data Q2 2023. See Snap Inc. public filings with the SEC.

⁶ Snap Inc. internal data Q2 2023. See Snap Inc. public filings with the SEC and <https://investor.snap.com/overview/default.aspx>.

⁷ Snap Inc. internal data Q2 2023. See Snap Inc. public filings with the SEC and <https://investor.snap.com/overview/default.aspx>.



SNAP MAP

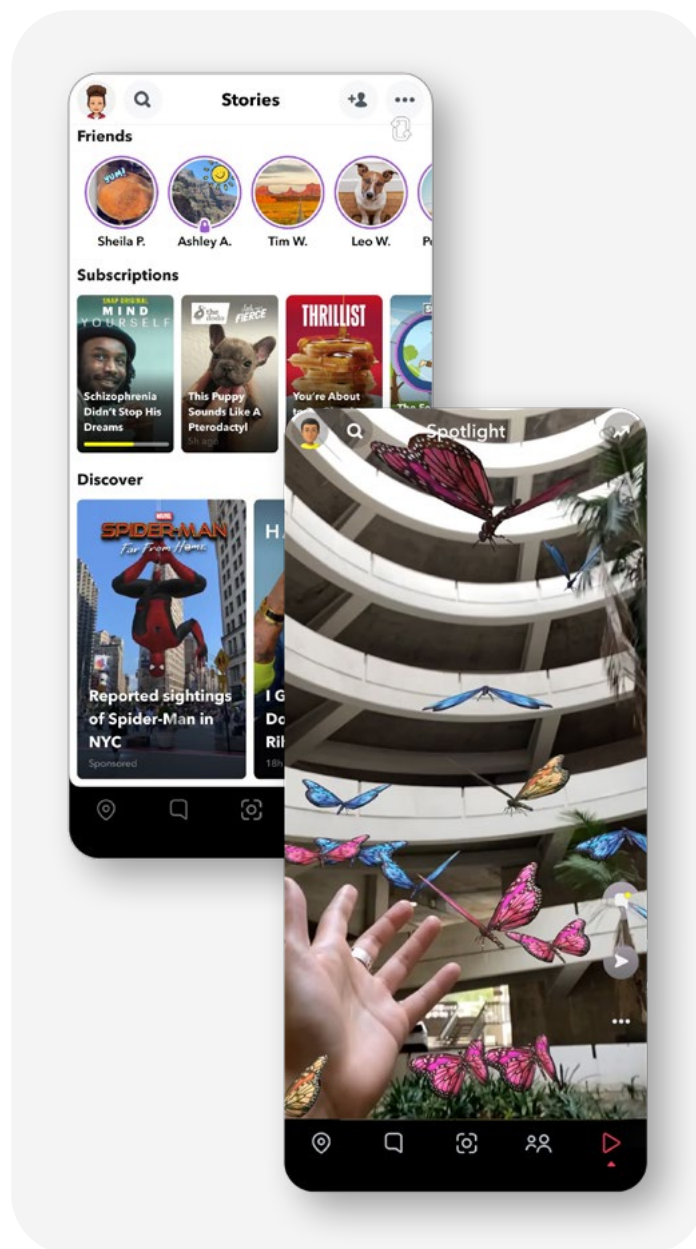
Snap Map is a live and highly personalized map that allows Snapchatters to connect with friends and explore what is going on in their local area. Snap Map makes it easy to locate nearby friends who choose to share their location, view a heatmap of recent Snaps posted to Our Story by location, and locate local businesses. Places, rich profiles of local businesses that include information such as store hours and reviews, overlay specialized experiences from select partners on top of Snap Map, and allow Snapchatters to take direct actions from Snap Map, such as sharing a favorite store, ordering takeout, or making a reservation.

STORIES

Stories are a fun way to stay connected with people you care most about. Stories feature content from a Snapchatter's friends, our community, and our content partners. Friends Stories allow our community to express themselves in narrative form through photos and videos, shown in chronological order, to their friends. The Discover section of this tab displays curated content based on a Snapchatter's subscriptions and interests, and features news and entertainment from both our creator community and publisher partners. We also offer Public Profiles, as a way for our creator community and our advertising partners to memorialize and scale their content and AR Lenses on our platform.

SPOTLIGHT

Spotlight showcases the best of Snapchat, helping people discover new creators and content in a personalized way. Here we surface the most entertaining Snaps from our community all in one place, which becomes tailored to each Snapchatter over time based on their preferences and favorites. The Trending page allows Snapchatters to discover and engage with popular topics and genres.



Additionally, we offer Snapchat+, our subscription product that provides subscribers access to exclusive, experimental, and pre-release features. Snapchat+ offers a variety of features from allowing Snapchatters to customize the look and feel of their app, to giving special insights into their friendships. We have also launched MY AI, an AI-powered chatbot within Snapchat that can help users discover real world recommendations and learn about the world around them.



Snap's Global Tax Strategy

Our global tax strategy is publicly posted on our website via our annual CitizenSnap report and can be accessed [here](#). It applies to all of the jurisdictions that we operate in, including Australia.

At Snap, we view tax not just as a legal obligation but as a way to appropriately support the communities where we operate — in other words, we view it as part of our overall corporate mission. We want to earn the trust of our customers, business partners, governments, and the public, and our tax strategy is an important element to earning that trust. This includes doing the right thing even when no one is looking. We want our tax structure to follow the commercial substance of our business — we don't want tax considerations pushing our business to do things it wouldn't normally do. This is different from the historical norm in our industry, where many companies have kept their profits in artificial low- or no-tax structures that have little relationship to the substance of their business. We don't and won't operate in tax havens, and do not have any stateless income that is not subject to tax. Our profits are fully subject to tax in jurisdictions where we have substantive business operations.

Our global business activities require us to pay a variety of taxes, including corporate income taxes, employment taxes, value added taxes, property taxes, and other gross-receipts based taxes. For the year ended December 31, 2022, our total tax contribution was approximately \$1.2 billion.⁸ As a growing company that is not yet profitable on a full-year consolidated basis, this comprised \$200 million in taxes borne by Snap and \$1 billion in taxes collected by Snap from our employees on their compensation and customers on their purchases.⁹ Taxes directly borne and collected by Snap are a meaningful economic contribution that supports the communities where we operate. Our global tax strategy covers all of these taxes, not just corporate income tax.

GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE

"Risk management" is a term that describes the actions we take to lower the risk of us accidentally getting something wrong. In simple terms, this involves working out what could go wrong and then determining what steps we should take to mitigate the risk of that happening. This is achieved through a mix of policies and internal controls. Snap operates a global tax control framework that includes specific process risk and control management for financial reporting purposes and based on relevant local regulations. Our aim is to proactively identify and mitigate tax risks while ensuring an ongoing monitoring plan to remain compliant.

We align with industry best practices around tax governance and annually benchmark our tax strategy and tax control framework against leading practices. Our tax strategy is overseen and explicitly reviewed and approved by the audit committee of Snap Inc.'s Board of Directors. While the audit committee has primary oversight of tax matters, including reviewing our tax risk assessment and system of internal controls, these matters are escalated to the full attention of the Board if appropriate.

Our tax control framework helps ensure that our tax strategy is being followed in our everyday approach to tax. This includes meeting all our tax obligations such as tax return filing, payment of taxes, and tax accounting and reporting. We proactively test and monitor these controls to ensure they are operating effectively, and our internal audit team periodically reviews our assessments to provide an outside viewpoint. We have a tax risk management policy and carry out risk assessments before entering into tax planning for significant transactions.

Our tax strategy is reflective of, and reactive to, our wider business here at Snap. The tax team is involved in the planning and implementation of significant transactions such as changes to

⁸ CitizenSnap 2023, p. 50.

⁹ CitizenSnap 2023, p. 50.



business activities, acquisitions and divestitures, changes in corporate structure, and financing arrangements. Members of the tax team support our global business strategy development to ensure the tax implications of business decisions are considered.

Our people are the critical component in delivering on our tax strategy and governance commitments. Our tax team members are highly qualified and knowledgeable specialists who undergo ongoing training and development, and possess relevant professional licenses. Snap tax team members receive training on and agree to follow Snap's tax strategy, governance policies, and internal controls.

Additionally, Snap's Code of Conduct requires that we respect the laws (including tax laws) of the places where we operate. Our Code of Conduct and Whistleblower Policy encourage all employees to speak up and provide clear avenues of communication to raise any concerns they may have about compliance, expressly including all tax matters.

Snap's Code of Conduct can be found [here](https://investor.snap.com/governance/governance-documents/default.aspx).¹⁰

OUR ATTITUDE TOWARDS TAX PLANNING AND RISK

Our tax risk approach is underpinned by our commitment to paying the right amount of tax at the right time and in the right place. Our values and commitment to doing business responsibly and ethically guide the way we manage these risks.

Where we are unclear on a particular matter, we seek advice from professional advisors who are chosen for their knowledge of the subject matter, as well as their alignment with our approach to tax risk. We proactively gather and document the relevant facts and technical basis of positions taken. We don't undertake transactions for the sole purpose of creating a tax benefit inconsistent with a reasonable interpretation of tax law. We aim for substance — we don't seek abusive tax results.



SUPPORTING OUR BUSINESS

Our tax team works to support the commercial activity of our business and make sure that tax is firmly embedded in the overall planning process in the same way as other costs, and in Snap's product and business roadmaps.

Intellectual property (IP) plays a critical role in our industry, and you can tell a lot about a company by its IP structure. Our IP structure is straightforward and follows the commercial substance of our business. In 2016, our UK subsidiary licensed a portion of our IP from our US parent in a taxable transaction. The UK serves this role because it's an important market for us, it has a strong talent pool and business environment, and we have significant operations there. We recognize most of our revenue "locally," which results in more profit being recognized where our customers are located and more transaction taxes being collected and remitted to local governments, as compared to a more centralized sales structure that is the historical norm in our industry. Revenue that is not booked "locally" (e.g., where we have no local business presence, or our local business presence is still developing) is recognized by our UK subsidiary and is subject to tax in the UK at standard corporate income tax rates.

¹⁰ <https://investor.snap.com/governance/governance-documents/default.aspx>



GROUP TRANSACTIONS AND PRICING

As part of the normal commercial activity of our global business, there are many transactions between Snap group companies in different countries. These transactions reflect an “arm’s-length” or market price in alignment with OECD principles. This is based on the functions, assets, and risks of the parties involved and supported by the appropriate economic analysis of similar transactions between unrelated parties, such that we pay tax according to the value created by each part of our business.

INCENTIVES

Some jurisdictions allow taxpayers to claim tax incentives, for example, to support investment and employment. We may claim such incentives where they are aligned with the commercial activities of our business (for example, a credit for the research and development we undertake in Australia) and are made available to all taxpayers in that jurisdiction, and we seek to implement them consistent with the intent and spirit of the law.

RELATIONSHIPS WITH TAX AUTHORITIES

We want to get our taxes right. We strive for the highest level of compliance with tax rules and disclosure requirements, including accurate and timely reporting. But it is not always clear what the tax legislation intends. Because of the complex tax laws in countries where we operate, and the interaction between these rules, there is a risk that tax authorities might disagree with us or with each other.

We seek to develop cooperative relationships with tax authorities and aim to engage in a transparent manner, including proactive disclosure of all relevant facts.

Snap Australia had no tax disputes with the Australian Tax Office (“ATO”) in the year ended

December 31, 2022, and has not been subject to a review as part of the ATO’s “justified trust” program. Under the “justified trust” program, the ATO seeks to obtain objective evidence that organizations are paying the “right” amount of tax.

SUPPORTING GLOBAL TAX ADMINISTRATION

We proactively and constructively engage in dialogue with governments, intergovernmental organizations, and industry groups to support the development of tax systems that are fair, efficient, effective, administrable, and sustainable. This includes support for the OECD’s ongoing work on international tax reform. We urge tax policy makers to implement international tax reform to (1) tax only net profits (not revenue), and only once, (2) recognize, and allow taxation of, some element of value creation that is not currently being taxed in market jurisdictions where companies have no or limited physical presence but do have local customers/users, (3) maximize certainty and administrability and minimize controversy, and (4) ensure a level playing field.





TRANSPARENCY

We are an advocate for greater transparency and reporting around tax, and are transparent about our own approach to tax. The income tax disclosures in our publicly available audited financial statements are straightforward and easy for stakeholders to understand. We obtain an assurance opinion annually, which encompasses our income tax accounting, disclosures, and the design and operating effectiveness of our controls for income taxes. We commit to publicly disclosing, on a country-by-country basis, our total tax contribution when we become profitable on a full-year consolidated basis and income tax expense and income taxes paid become material. We are also aware that, in Australia, the Federal Government is proposing mandatory public country-by-country reporting measures potentially effective from as early as July 1 2024. We will be keenly following this initiative and will look to comply with these measures as they come into law.

We welcome stakeholder feedback on our tax strategy and our transparency on tax matters. Please address any comments or suggestions you may have to tax@snap.com.





Basis of Report Preparation

This report has been prepared in accordance with the Australia Voluntary Tax Transparency Code and consistent with the intention of the Global Reporting Initiative Standards. Unless otherwise noted in the report, it adopts the disclosures recommended in February 2016 by the Australian Board of Taxation in its *A Tax Transparency Code*, the draft guidance on the calculation of the effective tax rate issued by the Australian Accounting Standards Board (AASB) in its 2017 *Draft Appendix to the Tax Transparency Code*, and the proposed minimum standards and best practice recommendations issued by the Board of Taxation in February 2019 in its Consultation Paper *Post-Implementation Review of the Tax Transparency Code*.¹¹ In addition, the report has adopted all the minimum standards and best practice recommendations in the Consultation Paper for large businesses, despite not being a Large or Medium business per the definitions in the Board of Taxation's *A Tax Transparency Code*.

In preparing the report, the data has been extracted from Snap Australia's consolidated financial statements for the year ended December 31, 2022, which have been externally audited and comply with the AASB – Simplified Disclosures. We've noted below where disclosures have been expanded to help reconcile between the estimates of taxes payable as reported on our financial statements and the actual taxes payable as reported on our tax returns.

CURRENCY

The data below has been disclosed in Australian Dollars, denoted by A\$.

EFFECTIVE TAX RATE

Our effective tax rate is calculated as income tax expense divided by accounting profit before income tax. This is consistent with our statutory financial statements, prepared in accordance with the Australian Accounting Standards.

INCOME TAX EXPENSE

Income tax expense is tax payable on a current period's taxable income, based on the applicable income tax rate and adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and credits.

INCOME TAX PAID

Income tax paid is calculated as the calendar year cash tax paid by Snap Australia to the ATO. This amount does not reflect Snap Australia's expected current income tax expense for the current financial year as the payments include both current year estimates and payments for the prior financial year due upon filing the annual tax return.

PERMANENT DIFFERENCES

Permanent differences arise when transactions have a different treatment under Australian Accounting Standards and Australian tax rules, which, unlike temporary differences explained below, do not reverse over time.

TEMPORARY DIFFERENCES

Temporary differences arise when the basis of an asset or liability is different under Australian Accounting Standards and Australian tax rules, which may result in taxable or deductible amounts in the future when the asset or liability is recovered and settled.

PRIOR PERIOD ADJUSTMENTS

Prior period adjustments arise when there are differences between an estimated income tax amount per our financial statements and the amount reported on our tax return.

¹¹ As at the time of issue of this report, the revised minimum standards and best practice recommendations set out in the February 2019 Post-Implementation Consultation Paper have not been formally codified into the Voluntary Tax Transparency Code. As an advocate for greater transparency and reporting around tax, Snap Australia aspires to adhere to current best practice regardless of whether these are codified or not.



Snap Australia

Snap Australia is a for-profit company organized and domiciled in Australia. These disclosures are based on the consolidated financial statements of Snap Australia, which include the financial statements of Snap Australia and its wholly-owned subsidiary, Prettygreat Pty Ltd. Snap Australia is a direct wholly-owned subsidiary of Snap International II Limited, a private limited UK company. Snap Australia's ultimate parent is Snap Inc., a US corporation.

As of December 31, 2022, Snap Australia had 52 full-time employees located in Australia, working primarily across two different teams: research and development (R&D) and sales.

The R&D team is composed of engineers and designers working to innovate Snap's product offerings and enhance back-end infrastructure to support a growing suite of products. The operating expenses of our Australia R&D team was A\$14.5M in 2022, as compared to A\$29.3M in 2021.¹²

As a reseller of advertising services to Snap advertisers in Australia and New Zealand, Snap Australia also employs a sales team focused on helping local businesses leverage our digital advertising platform and tap into local and global markets. During 2022 we generated A\$76.5M in sales to third parties, compared to A\$74.3M in 2021.

Information relating to Snap and its consolidated subsidiaries can be found in Snap's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filings, which are filed with the US Securities and Exchange Commission and available [here](#). Additional details about Snap Australia, including our consolidated financial statements, can be found [here](#).¹³




¹² R&D operating expense includes stock based compensation paid to employees priced based on the vesting date fair value of Snap Inc. shares. The decrease in R&D operating expenses observed here is primarily attributable to a reduction in the average Snap Inc. stock price in 2022 as compared to 2021.

¹³ Snap Aus Pty Ltd Financial Report 2022, Document No. 7ECD33276; Snap Aus Pty Ltd Financial Report 2021, Document No.7EBS63901.



Related Party Dealings

Snap Australia operates as a reseller of advertising services directly to Australian and New Zealand customers. Snap Australia also participates in the global group's equity incentive program and cash pool. All international related-party transactions are on an arm's length basis with Snap Group Limited, a private limited UK company, and are conducted in accordance with transfer pricing policies in line with OECD guidelines.

Related-Party Dealings 	
Transaction Type	Description
Reseller of Snap Advertising Services	Snap Australia is a reseller of the global group's advertising services and is contracted to distribute advertising services with third party customers in Australia and New Zealand.
R&D Services	Snap Australia provides services to the global group by supporting the research and development of features within the Snapchat application.
Stock Based Compensation ("SBC") Recharge	Snap Australia employees participate in an equity incentive program pursuant to programs adopted by Snap. As Snap Australia recognizes the employee recruitment and retention benefits of this program, it has a stock recharge agreement in place to reimburse the cost that Snap incurs in providing these incentives.
Cash Pool	Snap Australia participates in the global group's cash pool to help efficiently manage financing costs and enable management of global liquidity. Snap Australia operates under terms that would be consistent with similarly situated unrelated parties and pays/receives interest.




Total Tax Contributions

Income Tax Expense

For the year ended December 31, 2022, income tax expense was A\$1.9M with an effective tax rate of 65%, compared to income tax expense of A\$6.1M and an effective tax rate of 24.6% in the year ended December 31, 2021.¹⁴

The following tables summarize the income tax expense for Snap Australia and reconcile accounting profit to income tax expense, including material permanent differences.

Income Tax Expense 		
	2022 (A\$ '000)	2021 (A\$ '000)
Current Tax	837	6,073
Prior Period Adjustment	380	(551)
Total Current Income Tax Expense	1,217	5,522
Deferred Tax	706	507
Prior Period Adjustment		36
Total Deferred Income Tax Expense	706	543
Total Income Tax Expense	1,923	6,065

¹⁴ On a global consolidated basis, Snap had an effective tax rate of 2.1% and 2.9% for 2022 and 2021, respectively. Refer to Snap's Annual Report on Form 10-K for an effective tax rate reconciliation.

**Effective Tax Rate Reconciliation¹⁵**

	2022 (A\$ '000)	2021 (A\$ '000)
Profit Before Income Tax	2,958	24,694
Tax at Australia Rate (30%)	887	7,408
<i>Permanent Differences (Tax Effectuated)</i>		
Stock Based Compensation	1,102	96
Research and Development Tax Credit Offset	(507)	(1,269)
Other	441	(170)
Total Income Tax Expense	1,923	6,065
Effective Tax Rate	65.0%	24.6%

¹⁵ Year over year fluctuations in tax expense and book income are primarily driven by fluctuations in Snap's underlying stock price. The year over year increase in the effective tax rate is caused by a difference in accounting between shortfalls (when vest date fair value of employee stock based compensation is less than the book expense recorded), which are recorded as an increase to income tax expense, and windfalls (when vest date fair value of employee stock based compensation is greater than the book expense recorded), which are recorded as a benefit to equity.


For its sales function, Snap Australia earns a margin on advertisement sales (as a fixed percentage of sales). For its R&D services function, it is compensated with a mark-up on the operating costs it incurs. Operating costs include stock based compensation paid to employees priced based on the vesting date fair value of Snap Inc. shares, which can fluctuate depending on stock price.



Total Tax Contributions

Material Temporary Differences

A reconciliation between total income tax expense and current income tax expense is provided in the following table. The table also highlights material temporary differences.


Material Temporary Differences 		
	2022 (A\$ '000)	2021 (A\$ '000)
Total Income Tax Expense	1,923	6,065
<i>Temporary Differences (Tax Effect)</i>		
Stock Based Compensation	(486)	(889)
Employee Benefits	(77)	159
Fixed Assets	(17)	109
Other	(126)	78
Total Temporary Differences	(706)	(543)
Total Current Income Tax Expense	1,217	5,522



Total Tax Contributions

Tax Contribution Summary

A summary of cash taxes paid by Snap Australia is provided below. This includes income, payroll, and fringe benefit taxes. Corporate income tax payments are made in installments; therefore, the total estimated taxes paid in any given year will not always align with the tax liability estimates reported on our financial statements. The same is true for the final income tax liability due on our income tax return. We have also provided a summary of total taxes collected and remitted to the ATO by Snap Australia on behalf of others.

Total Taxes Paid by Snap Australia			
Tax Type	2022 (A\$ '000)	2021 (A\$ '000)	
Corporate Income Taxes ¹⁶	(670)	2,224	
Payroll Taxes ¹⁷	1,351	1,859	
Fringe Benefit Taxes ¹⁸	532	311	
Total	1,213	4,394	

¹⁶ Income taxes paid as per Statement of Cash Flows in Financial Statements.

¹⁷ Payroll Taxes are employer related taxes paid for the calendar year (January - December period).


¹⁸ Fringe Benefit Taxes are employer related taxes paid for the calendar year (January - December period).



Total Tax Contributions

Corporate Income Tax Paid – Reconciliation to Current Income Tax Expense

The following table provides a reconciliation of the estimated current income tax expense as shown on our financial statements to cash taxes paid.

Corporate Income Tax Paid – Reconciliation to Current Income Tax Expense 		
	2022 (A\$ '000)	2021 (A\$ '000)
Current Tax Expense (excluding prior year adjustments)	837	6,073
Inclusion of SBC Excess Benefit (Equity) ¹⁹	(481)	(5,517)
Total Cash Tax Liability for Current Year	356	556
<i>Cash Tax Payment Activity²⁰</i>		
Payments / (Refunds) for 2018 Taxes	(666)	
Payments / (Refunds) for 2019 Taxes		(40)
Payments / (Refunds) for 2020 Taxes	(805)	1,244
Payments / (Refunds) for 2021 Taxes	(82)	1,020
Payments / (Refunds) for 2022 Taxes	883	
Total Cash Tax Paid Current Year	(670)	2,224

The ATO publishes tax information annually for large organizations on the Australian Government Data website (data.gov.au) in accordance with its tax transparency measures. This tax information includes total income, taxable income, and tax payable. As Snap Australia does not have a total income of more than A\$100M (or meet other criteria), the ATO has not published this tax information for our business.

¹⁹ Non-cash stock-based compensation expense is based on the grant date fair value of the underlying stock-based payment awards and is recognized using the accelerated attribution method over the vesting period, while the costs reimbursed to the ultimate parent for stock-based compensation under the recharge agreement represents the actual cash obligations upon exercise or settlement of such awards and is recognized as a component of equity.

Excess benefits from settlement amounts under the recharge agreement in excess of grant date fair value are also recognized as a component of equity. However, when settlement amounts under the recharge agreement are less than grant date fair value, this difference is recorded as an increase to income tax expense.


²⁰ Timing of cash tax payments are influenced by statutory requirements around filing extensions and estimated payments. In 2022, income tax refunds were received related to amended returns for previous tax filings. 2018 was amended to recover tax basis on the sale of acquired Prettygreat intangibles due to a deferred purchase consideration payment. 2020 was amended to reflect the inclusion of a R&D credit that was not included in the originally filed return.



Total Tax Contributions

Total Taxes of Others Resulting from Our Economic Activity

The following table provides a summary of taxes collected and remitted to the ATO by Snap Australia on behalf of others. Goods and services tax ("GST") collected on sales is presented net of input credits that Snap Australia claims from its purchases.

Total Taxes of Others Resulting from Our Economic Activity			
Tax Type	2022 (A\$ '000)	2021 (A\$ '000)	
Employee Taxes ²¹	6,522	4,327	
GST	6,873	6,252	
Total	13,395	10,579	

Snap Australia does not have a withholding tax obligation for the equity incentive plans offered to its employees. Equity awards are taxable as employment compensation upon vesting and are estimated to generate additional individual income taxes paid by employees of A\$2.3M in 2022 and A\$11.5M in 2021.

²¹ Employee taxes represent amounts withheld on salary for the calendar year (January - December period) via PAYG (pay as you go).

Snap Inc.