Rio Tinto

Taxes paid in 2016

Reporting the economic contribution we make

Contents

Cover image:
We are committed to the development of strong and enduring relationships with local communities.

Foreword

At Rio Tinto, we are proud of the products we deliver to our customers – metals and minerals that are essential to human progress. We are also proud of the broader economic contribution we make to society – part of which takes the form of taxes paid to governments.

Chris Lynch
Chief financial officer

Rio Tinto makes a significant contribution to public finances in the countries in which it operates around the globe. At a time when tax and transparency continue to be seen by the public as important topics of discussion, we are proud to produce this, our seventh annual report, disclosing how much tax we pay in each country. We publish this report on a voluntary basis, as part of our commitment to tax transparency. Rio Tinto believes that transparency makes good business sense.

The Rio Tinto Group paid US$4.0 billion of taxes during 2016. US$2.9 billion of this total was paid in Australia. Overall this represents a 12 per cent decrease from 2015. Our total underlying tax charge for the year, including final payments due after 2016, was US$3.9 billion. Our Group effective corporate income tax rate of 22 per cent is reflective of the statutory corporate income tax rates in the countries in which we operate. We pay the vast majority of our Group taxes in the countries in which we have mining and processing operations.

US$4.0 billion
taxes paid in 2016

Our effective tax rate on underlying earnings in Australia remains at 30 per cent.

For an industry that makes multi-decade investments, with significant up-front capital expenditure, the risk of fiscal instability will influence the global flow of capital and a country's ability to attract and retain investment. Above all, tax law should never be retrospective.

Care must be taken not to inadvertently damage the investment environment by introducing tax reforms without proper consultation with industry and other stakeholders.

In the specific area of natural resource taxation policy, we believe that it is essential for tax policy and design to take into account the cyclical nature of the industry and to respect agreements under which investment capital has already been committed.

We support the Australian government's policy to reduce the corporate tax rate. If Australia remains with a 30 per cent corporate tax rate, this will come at a cost to investment and jobs, as other nations leave Australia behind.

We are aware of discussions regarding fundamental tax reform in the United States. The US is the largest market for many of our businesses and host to some of our long-standing assets.

While it is too early in the process to comment about potential impacts for Rio Tinto, a significant lowering of the corporate tax rate and simplification of the tax code would make the US a more attractive investment location.

One significant factor that influences the type and amount of taxes paid by an operation is the stage in which it exists within the mining life cycle. This report includes an explanation of this relationship.

The disclosures contained in this report are consistent with Rio Tinto's support for the principles of the Extractive Industries Transparency Initiative (EITI). Rio Tinto is an EITI supporting company and one of our employees sits on the EITI board. We engage actively with EITI processes in the countries in which we operate.

This report also includes information required to be disclosed under the Australian Voluntary Tax Transparency Code and the UK Large Business Tax Compliance requirements.

Rio Tinto's tax planning conforms to our corporate values and our global code of business conduct, *The way we work*. Integrity is a core business value, and we aim to act fairly, honestly and consistently in what we say and do.

> "We are proud of the products we deliver to our customers – metals and minerals that are essential to human progress."

Rio Tinto is committed to maintaining and enhancing its reporting and transparency procedures.

We welcome feedback on this report.

Chris Lynch
Chief financial officer

April 2017

1 Introduction

Providing transparency about tax payments

Rio Tinto believes our investors, communities and other stakeholders deserve to understand in clear terms the amount of tax we pay in each country. We are committed to providing transparency about tax payments made to governments, to promote good corporate governance.

We produced our first *Taxes paid report* in respect of the year ended 31 December 2010. This is our seventh report, which covers the year ended 31 December 2016, and presents key data on tax payments and other economic contributions to public finances. We continue to produce this voluntary report as it provides tax information in context with the aim of making the information more accessible and understandable.

The report presents an overview of our tax strategy and governance and sets out our policy, with specific reference to matters of current interest and debate. We have provided an analysis of our tax payments in 2016 by tax type, country and named level of government to show our contribution to public finances.

We have shown how our tax payments reconcile with the tax information presented in our financial statements, explaining how the difference between payments and charges arises since some tax payments are accrued, but not paid, in the calendar year.

The report includes information recommended to be disclosed by the Australian Voluntary Tax Transparency Code. It also complies with the requirement to publish a tax strategy contained in the UK's 2016 Finance Act.

The report goes into further detail than the statutory disclosures required for financial statement reporting. Tax, for the purpose of this report, is defined as any amount of money required to be paid to a government, including local, regional and national governments. This includes corporate income tax, government royalties, licence fees, permitting fees, property taxes, employment taxes, sales taxes, stamp duties, dividends and any other required payments.

We also include commentary on the wider economic contribution made by Rio Tinto to other third parties.

As our employees spend their wages locally on diverse goods and services, there is a further, indirect economic contribution. We do not measure this indirect or induced economic benefit globally, but it is an important component of Rio Tinto's contribution to host economies.

The data within the report includes all our main countries of operation.

Where we participate in a joint operation, joint venture or associate, we have included Rio Tinto's share of the tax payments of those operations consistent with our share of equity in the operations. A glossary of key terms and the basis of preparation for the data within the report are presented in Appendices 1 and 2 respectively. This explains the scope of reporting and the definitions applied for each type of tax payment.

The total tax payments borne of US$3,984 million and employee payroll taxes of US$1,416 million included in the report have been subject to audit by PricewaterhouseCoopers LLP. Their independent auditors' report can be found in section 9. The audit process comprised more detailed testing of tax payments than that performed for the audit of the financial statements of the Rio Tinto Group, to support the more detailed level of tax reporting we have presented.

We will continue to keep our tax payment reporting under review, taking into account best practice and regulatory developments. We are committed to continuing to have a leading role in developing best practice in tax transparency.

We continue to produce this voluntary report ... with the aim of making the information more accessible and understandable.

The logging area of Resolution Copper's Core Processing Facility in Arizona, US

2 Our direct economic contributions

Sharing the benefits of the world's natural resources

Natural resources are an important source of value for us and for the countries that have them. As a mining and metals company, accessing these resources brings responsibility and it's important we share the benefits with our host communities in a fair and equitable manner.

Children at kindergarten school in Khanbogd Town, Oyu Tolgoi, Mongolia

Our economic contributions are part of the lasting benefit we make to the countries and communities where we work.

We create value in many ways. Our metals and minerals are transformed into end-products that contribute to higher living standards and human progress. We support economic growth as a major employer, taxpayer and buyer of goods and services where we operate. And we help build communities by investing in education and training initiatives, local services and infrastructure such as roads.

US$35.1 billion
direct economic
contribution globally

Our contribution to sustainable development is often made in partnership with stakeholders. These partnerships take different forms – from governments investing in our operations, such as at Oyu Tolgoi, to community agreements that clearly outline expectations in areas such as employment and local procurement. This approach helps us align our interests to the goals of our host communities.

Where possible, we buy goods and services locally. However, our operations are often in remote regions and the skills, goods and standards we require may not be readily available. This means we must set up new supply chains. We offer training and development programmes to help local communities take advantage of employment and procurement opportunities.

2016 performance
In 2016, the Group's direct economic contribution was US$35.1 billion globally. This included:

- US$19.5 billion in value add made up of payments to employees (wages), payments to governments (taxes and royalties) and returns on capital investment (interest payments, shareholder dividends and retained earnings).
- US$15.6 billion of payments to suppliers.

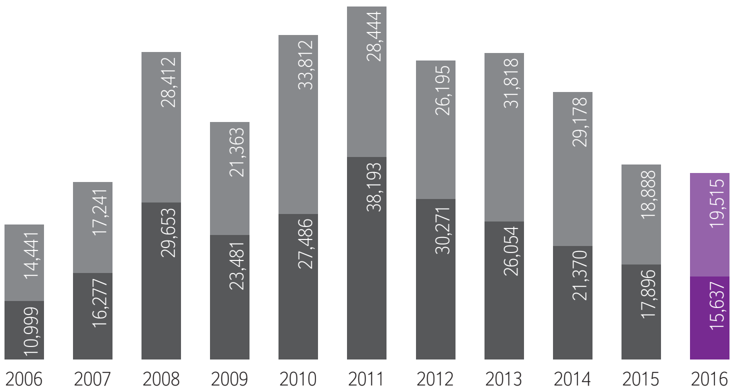
During 2016 our capital investment was US$3.0 billion, including growth projects in Australia and Mongolia.

Our economic contributions are part of the lasting benefit we make to the countries and communities where we work. We support economic growth as a major employer, taxpayer and buyer of goods and services where we operate.

Direct economic contribution

(US$ million)

35,152



Payments to suppliers   Value add

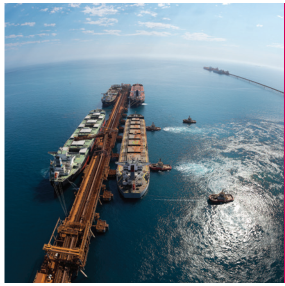
Note: The sum of the categories may be different due to rounding.
Value add can be thought of as the value that a company has added to its inputs through its processes of production. It can be thought of as the sum of payments to labour (wages), the State (taxes and royalties), and to capital (interest payments to debt providers, dividends to shareholders, and retained earnings).

Distribution of economic contribution

(percentage)

44% Payments to suppliers

13% Wages and employee benefits*



22% Reinvested

9% Dividends and finance items

11% Payables to governments†

1% Non-government royalties

* Excluding payroll tax
† Payables to governments includes charges for corporate income tax, government royalties, employer payroll taxes and other tax charges

3 Our tax strategy and governance

Pursuing a sustainable tax strategy

In support of our overall business strategy and objectives, Rio Tinto pursues a tax strategy that is principled, transparent and sustainable in the long term. The Group has established a Group tax policy ("the Policy") governing its tax strategy, which was reviewed and approved by the board in 2016. This remains largely unchanged from previous years, and includes the following key points:

Tax risk management and governance

- The board reviews and approves the Policy, and management's adherence to it, on an annual basis.
- Subject to this oversight by the board, the conduct of the Group's tax affairs and the management of tax risk are delegated to a global team of tax professionals.
- The global tax team operates in partnership with the Group's businesses to identify and mitigate tax risks.
- A manual of procedures is maintained in relation to tax risk management, and thorough risk assessments are completed before entering into any tax planning on significant transactions.
- This includes a commitment to ensure full compliance with all statutory obligations. The Group actively considers the implications of tax planning on its wider corporate reputation.

Local women weaving Mahampi baskets as part of a community based business venture that has been established with the help of Rio Tinto QIT Madagascar Minerals

Dealings with tax authorities

- The Group values having good relations with tax authorities and is committed to full disclosure to tax authorities.
- The Group has entered into co-operative compliance agreements in relation to income tax and goods and services tax (GST) in Australia.

In other countries, it adopts more informal programmes of real-time communication with tax authorities.

Principles of tax planning and tax risk management

- Tax planning is aligned with our business strategy and conforms to our global code of business conduct, *The way we work.*
- The Group does not undertake aggressive tax planning.
- The Group manages its tax affairs in a proactive manner that seeks to maximise shareholder value, while operating in accordance with the Policy.
- Where the Group takes an uncertain position in relation to a major business transaction or initiative, it will seek an opinion from an independent external adviser to support its position.

Entities resident in "tax haven" countries

There has been increased public and media interest in the use of entities resident in "tax haven" countries in recent years.

Following a review, the board determined how the Group's tax strategy applies to entities resident in a "tax haven" jurisdiction.

The Group values having good relations with tax authorities.

The principles Rio Tinto applies are as follows:

- Profits should be taxed in the country in which the business and profit-generating activity is carried out.
- The Group should avail itself of tax concessions and incentives (including a lower company tax rate) offered by countries in which business activity is undertaken.
- The Group should pay no more tax than is due under a reasonable interpretation of the tax law.

Rio Tinto will not:

- Establish arrangements that are artificial and not linked to business requirements and that rely on non-disclosure.
- Artificially transfer profits from one business location to another to avoid taxation.

There is no commonly accepted definition of the term "tax haven" and defining a country as a "tax haven" involves judgement. For example, countries with relatively high headline tax rates commonly make policy decisions to exempt certain categories of income or gains from tax or to apply lower tax rates to certain activities by way of incentive. Other countries may choose to create a relatively low overall tax environment as a means of stimulating economic activity.

Rio Tinto defines a "tax haven" entity as a controlled entity which is resident for tax purposes in a country with a general corporate income tax rate of ten per cent or less. This means that an entity incorporated in a country with a low tax rate, but tax resident in, say, the UK, is not a "tax haven" entity. This is because the entity is subject to UK taxation rules and files an annual UK tax return.

The Singapore commercial centre centralises best practice across product groups and other corporate functions.

Other cases, where entities are resident in non "tax haven" countries with a higher general corporate income tax rate, but which receive the benefit of lower incentive rates or other tax advantages, have also been reviewed.

For example, in Singapore, where the general corporate income tax rate is 17 per cent, Rio Tinto qualifies, through significant business activity, for a lower tax rate for a set period of time.

"Tax haven" entities
The Group has approximately 500 controlled entities of which 12 are resident in "tax havens". This has decreased as a result of five such entities having been liquidated. Out of the 12 remaining entities, four are dormant and either in liquidation or scheduled for liquidation. Details of the eight retained entities are summarised as follows:

- Four entities were established as investment holding companies to hold shares in operating companies prior to becoming part of the Rio Tinto Group via acquisition. No tax benefits are obtained from these entities but liquidating them would incur unnecessary costs.
- Three entities provide interest-free loan funding to Group operating companies. The funding is in substance equity, but is required to have the legal form of debt to avoid diluting the equity rights of host governments pursuant to mine development and investment agreements. These entities eliminate a tax imbalance that would otherwise result in a tax charge in a situation where the Group generates no income.
- One entity was established to provide in-country services prior to becoming part of the Rio Tinto group via acquisition. Its business has been reduced such that it has only US$1 million turnover and approximately US$50,000 profit.

Tax incentives and benefits
Rio Tinto has a small number of Singapore-resident companies which receive tax benefits under an incentive regime such that qualifying income is subject to an effective corporate income tax rate of ten per cent or less. Such incentives result from a policy decision by the Singapore Government to incentivise the qualifying activity. They are contingent on the location of significant economic substance in Singapore and are available to all qualifying taxpayers.

The Group provides historical mine development funding through companies in intermediate countries where the application of a Double Tax Agreement (DTA) reduces or eliminates withholding taxes.

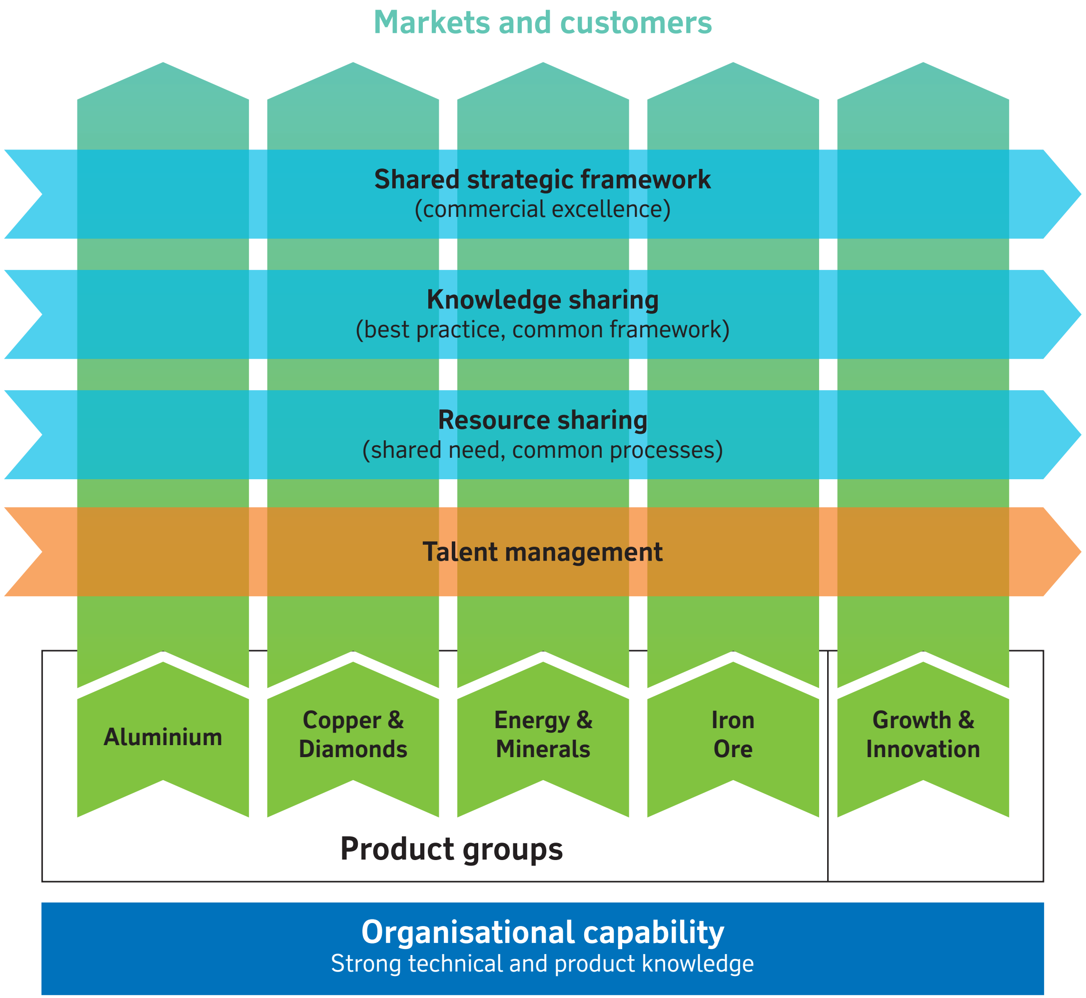
This funding arrangement is transparent to the Revenue Authorities, underpinned by Revenue Authority rulings, and subject to international tax rules (specifically controlled foreign corporation rules) in the UK and Canada.

International related-party dealings

Singapore commercial centre
Rio Tinto has established a commercial centre in Singapore which undertakes marketing, shipping, procurement and other services. The centre employs approximately 350 people. The commercial centre centralises best practice across product groups and other corporate functions, and includes centres of excellence for pricing and contracting strategies with a focus on managing risk and capturing value through all market conditions.

Rio Tinto entities based in Singapore generate income from activities carried out by the centralised marketing, shipping and procurement functions. This includes global and/or regional marketing activities of the product groups in respect of iron ore, bauxite, alumina, aluminium, copper, salt, uranium and borates.

These activities result in purchases, sales and services to global and regional Rio Tinto producer entities. Our Singapore commercial centre also provides financial services and global category management services in relation to the supply of certain strategic categories of goods, materials and services.



Centralising best practice across our product groups in marketing, shipping, procurement and other services adds value for the Group

Rio Tinto Marine in Singapore provides ocean freight services to the Group. As a critical supply chain partner to our mining businesses, Marine adds value by providing global shipping services and acting as the central repository of maritime expertise for the Group.

All transactions with our Singaporean entities are undertaken on an arm's length basis and priced in accordance with OECD guidelines and local legal requirements. While we are satisfied these transactions align with tax requirements, differences of interpretation between companies and tax authorities can occur. In order to reduce the risk of dispute, we enter into Advance Pricing Agreements (APAs) which operate to agree the price charged with tax authorities. We have entered into APAs with the Australian Tax Office (ATO), Canada Revenue Agency and Inland Revenue Authority of Singapore in relation to some of the transactions involving the Singapore commercial centre. We are engaged in discussions with the ATO, and the ATO is reviewing its position in relation to the transfer pricing of marketing and procurement services. The Group has recognised a charge of US$380 million in the financial statements for the year ended 31 December 2016.

In April 2017 the ATO issued amended tax assessments for the calendar years 2010 to 2013 in relation to the pricing of certain activities in Singapore, requiring Rio Tinto to pay additional tax of A$379 million (US$290 million) plus interest of A$68 million (US$52 million), a total of A$447 (US$342 million). Rio Tinto intends to challenge the amended assessments. In the meantime, Rio Tinto will pay 50 per cent of the total amount assessed.

Other international related-party dealings

The Group also has a commercial centre based in London for global diamond marketing and logistical management. The pricing for the sale of diamonds from Australia and Canada to the UK has been agreed with the ATO, HM Revenue and Customs (HMRC) and Canada Revenue Agency.

In addition, borates and other minerals and products are sold from Rio Tinto producer entities to marketing and distribution entities operating principally in Europe and North America. All such transactions are undertaken on an arm's length basis.

The Group's Treasury function is based in London, and UK Group entities provide intra-group financing at market interest rates to the Group's businesses. Various other central support functions are also based in London, and management services relating to these functions are provided by UK Group entities to the Group's businesses. Management service costs are recharged to all businesses under a global service agreement.

4 Tax transparency and reporting

Engaging with our stakeholders

Rio Tinto is committed to tax transparency, and has engaged constructively with governments and other stakeholders on a number of initiatives. We have supported the Extractive Industries Transparency Initiative (EITI) since it was established in 2003. The EITI is a multi-stakeholder initiative governed through a global board and secretariat. Rio Tinto employees take active roles in the EITI. One employee sits on the global board and several others represent Rio Tinto in countries' multi-stakeholder groups.

West Angelas iron ore operation, the Pilbara, Australia

The EITI sets a global standard for transparency on tax and royalty payments to governments and currently includes 51 implementing countries, together with 16 supporting governments. In addition to wide civil society support there are over 80 supporting oil, gas and mining companies.

Our business units support and promote the EITI and its implementation in the countries in which they operate. We fully support the EITI's principles of transparency and accountability. A number of countries in which Rio Tinto operates are implementing EITI, including Mongolia, Peru, the UK and the US. Last year, Australia announced it will also join this initiative, establishing a multi stakeholder group in which Rio Tinto participates.

Rio Tinto supports countries publicly disclosing contracts and licences for the exploitation of oil, gas and minerals, as outlined in the EITI standard. Many of Rio Tinto's major contracts for resource development are publicly available.

This support for transparency is also evidenced through the voluntary development of this report in which we disclose the tax payments that we make in all the main countries in which we operate. This report also meets the requirements of the Australian Voluntary Tax Transparency Code.

We also file additional reports to satisfy mandatory requirements for entities in the extractive sector to disclose payments to governments connected to their extractive activity which have been introduced in the UK and Canada (Chapter 10 of EU Accounting Directive 2014/34 and the Extractive Sector Transparency Measures Act respectively).

While we support transparency in reporting of tax payments, and we have engaged constructively with governments to implement mandatory reporting, we are concerned about the proliferation of such new initiatives. Potentially we will face multiple and inconsistent reporting requirements, and will incur significant additional costs in complying with these obligations, often with little or no added public benefit.

We therefore believe governments should work together to adopt a consistent global approach, which establishes disclosure requirements and thresholds that are proportionate.

We believe any mandatory rules need to remain focused on the ultimate objectives, both for governments and for companies namely:

- good tax governance;
- accountability; and
- transparency.

This report shows how business unit and country disclosures can be made by groups on a voluntary basis. In a number of areas, including sustainable development reporting, voluntary transparency has been shown to encourage innovation in reporting, as well as proactive engagement with stakeholder audiences to develop reporting models.

5 Our tax payments in 2016

5.1 Analysis by country and level of government

This table shows the total of all tax payments for each of the main countries where the Rio Tinto Group has revenue-generating operations or projects. The Group does not earn any significant amount of profit in countries not listed in this table. Within each country, total tax payments are reported by the national, regional or local government to which they are paid.

The distribution of taxes paid by the Group reflects the geographical spread of the Group's businesses. Accordingly, the majority of the tax was paid in Australia and North America. However, the tax amounts paid in South America, Southern Africa, Mongolia and the rest of Asia are significant in the context of the tax receipts of some of the countries in these regions.

Country and level of government (US$ millions)	Corporate income tax	Government royalties	Fees, dividends and other extractive-related payments	Employer payroll taxes	Other taxes and payments	Total tax payments borne	Employee payroll taxes
Australia Federal	1,311	9	–	59	20	1,399	772
Western Australia Government	–	986	2	87	13	1,088	–
Queensland Government	–	142	4	36	2	184	–
New South Wales Government	–	133	3	15	4	155	–
Northern Territory Government	–	34	5	5	(1)	43	–
Tasmania Government	–	–	–	2	5	7	–
Shire of Ashburton (WA)	–	–	–	–	5	5	–
Shire of Karratha (WA)	–	–	–	–	5	5	–
Victoria Government	–	–	–	2	–	2	–
Isaac Regional Council (QLD)	–	–	–	–	2	2	–
Central Highlands Regional Council (QLD)	–	–	–	–	2	2	–
Singleton Shire Council (NSW)	–	–	–	–	2	2	–
Gladstone Regional Council (QLD)	–	–	–	–	2	2	–
Weipa Town Authority (QLD)	–	–	–	–	1	1	–
Other Australian Governments	–	–	–	–	2	2	–
Australia Total	1,311	1,304	14	206	64	2,899	772
Canada Federal	(31)	–	–	17	5	(9)	229
Quebec Government	16	49	–	55	3	123	163
Newfoundland Government	–	–	–	4	21	25	–
Ville de Saguenay (QC)	–	–	–	–	25	25	–
Northwest Territories Government	19	–	–	–	5	24	4
British Columbia Government	–	17	–	1	3	21	–
District of Kitimat (BC)	–	–	–	–	11	11	–
Ville de Alma (QC)	–	–	–	–	9	9	–
Labrador City (NL)	–	–	–	–	7	7	–
Ville de Sept-Îles (QC)	–	–	–	–	6	6	–
Ville de St-Joseph (QC)	–	–	–	–	2	2	–
Commission Scolaire des Rives-du-Saguenay (QC)	–	–	–	–	1	1	–
Ville de Montréal (QC)	–	–	–	–	1	1	–

Although the Group has its head office in the UK, only a small proportion of its operations are located in the UK and the amount of taxes paid in the UK reflects this.

The US$4.0 billion paid by Rio Tinto in 2016 compares with US$4.5 billion paid in 2015. The US$1.4 billion paid on behalf of employees in 2016 compares with US$1.6 billion paid in 2015.

Country and level of government (US$ millions)	Corporate income tax	Government royalties	Fees, dividends and other extractive-related payments	Employer payroll taxes	Other taxes and payments	Total tax payments borne	Employee payroll taxes
Commission Scolaire de la Jonquière (QC)	–	–	–	–	1	1	–
Commission Scolaire du Lac-Saint-Jean (QC)	–	–	–	–	1	1	–
MRC du Fjord-du-Saguenay (QC)	–	–	–	–	1	1	–
Municipalité de Sainte-Monique (QC)	–	–	–	–	1	1	–
Ville de Bécancour (QC)	–	–	–	–	1	1	–
Ville de Sorel-Tracy (QC)	–	–	–	–	1	1	–
Ontario Government	(3)	–	–	–	–	(3)	–
Canada Total	1	66	–	77	105	249	396
Mongolia National (v)	67	39	–	–	43	149	–
Ulaanbaatar City	–	–	1	14	39	54	7
Khanbogd Sum	–	–	8	–	4	12	–
Umnugobi Aimag	–	–	–	–	–	–	6
Mongolia Total	67	39	9	14	86	215	13
Chile National	194	–	1	–	10	205	13
Chile Total	194	–	1	–	10	205	13
US Federal	(13)	–	–	23	–	10	81
Salt Lake County (UT)	–	–	–	–	43	43	–
Utah Government	–	6	–	–	18	24	12
California Government	5	–	–	1	4	10	3
Kern County (CA)	–	–	–	–	8	8	–
Ohio Government	1	–	–	–	–	1	–
Colorado Government	–	–	–	–	1	1	1
Arizona Government	–	–	–	–	–	–	1
Other US Governments	2	–	1	–	2	5	1
US Total	(5)	6	1	24	76	102	99

US$4.0 billion
of tax paid
in the year

Country and level of government (US$ millions)	Corporate income tax	Government royalties	Fees, dividends and other extractive-related payments	Employer payroll taxes	Other taxes and payments	Total tax payments borne	Employee payroll taxes
South Africa National	81	18	–	1	–	100	17
South Africa Total	**81**	**18**	**–**	**1**	**–**	**100**	**17**
Guinea National	61	1	–	2	–	64	4
Guinea Total	**61**	**1**	**–**	**2**	**–**	**64**	**4**
France National	–	–	–	44	(8)	36	14
Nord	–	–	–	–	10	10	–
Île-de-France	–	–	–	–	1	1	–
France Total	**–**	**–**	**–**	**44**	**3**	**47**	**14**
UK National	6	–	–	16	–	22	38
Westminster City Council	–	–	–	–	3	3	–
Highland Council of Scotland	–	–	–	–	3	3	–
UK Total	**6**	**–**	**–**	**16**	**6**	**28**	**38**
Singapore National (vi)	23	–	–	2	–	25	–
Singapore Total	**23**	**–**	**–**	**2**	**–**	**25**	**–**
Brazil National	5	2	–	3	2	12	1
Brazil Total	**5**	**2**	**–**	**3**	**2**	**12**	**1**
Iceland National	(1)	–	–	6	1	6	9
Town of Hafnarfjördur		–	–	–	2	2	–
Iceland Total	**(1)**	**–**	**–**	**6**	**3**	**8**	**9**
Netherlands National	–	–	–	2	–	2	7
City of Rotterdam	–	–	–	–	1	1	–
Netherlands Total	**–**	**–**	**–**	**2**	**1**	**3**	**7**

US$1.4 billion on behalf of our employees

Country and level of government (US$ millions)	Corporate income tax	Government royalties	Fees, dividends and other extractive-related payments	Employer payroll taxes	Other taxes and payments	Total tax payments borne	Employee payroll taxes
China Federal	2	–	–	–	–	2	–
Shanghai Municipality	–	–	–	–	–	–	3
China Total	2	–	–	–	–	2	3
Peru	–	–	8	1	–	9	1
Namibia	3	5	–	–	–	8	7
India	1	–	–	–	2	3	1
New Zealand	–	–	–	1	1	2	13
Madagascar	–	1	–	–	1	2	1
Japan	1	–	–	–	–	1	3
Belgium	–	–	–	1	–	1	3
Germany	1	–	–	–	–	1	1
Switzerland	1	–	–	–	–	1	–
Indonesia	(3)	–	–	–	–	(3)	–
Total payments to governments	1,749	1,442	33	400	360	3,984	1,416

Notes

(i) Total 2016 net refunds from governments on sales taxes, VAT, GST, excise duties, fuel credits and withholding taxes on supplier invoices not borne by Rio Tinto were US$1,419 million. These refunds are not included in the table above.

(ii) Total government grant receipts in 2016, included in other taxes and payments above, were US$2 million.

(iii) Amounts include Rio Tinto's share of payments by joint operations, joint ventures and associates.

(iv) All amounts are stated in accordance with the basis of preparation set out in Appendix 2 of this report.

(v) Corporate income tax paid to the national government of Mongolia is withholding tax on loan interest.

(vi) The Group employs approximately 350 people in Singapore. Taxes on salaries are paid by the individuals, and therefore there is no employee tax deducted by the company.

5.2 Analysis by type of tax

Corporate income tax is still the largest component of our payments to governments, though other taxes and payments, in particular, royalties, comprise a significant proportion.

The chart below analyses the total US$5.4 billion of payments in 2016 by type of tax.

Consistent with 2015, corporate income taxes are the largest component at 33 per cent followed by government royalties at 27 per cent.

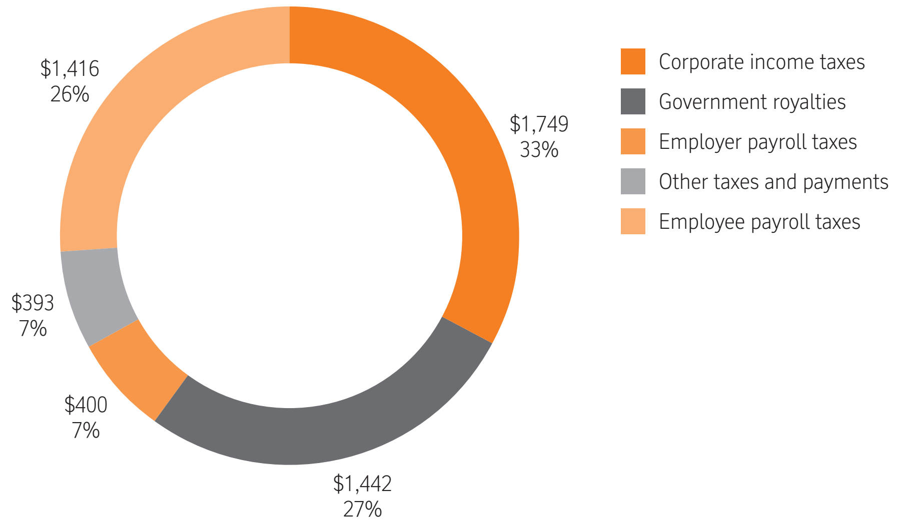
Payroll taxes collected on behalf of employees and paid to governments account for 26 per cent of total taxes paid, while employer payroll taxes borne represent seven per cent. The other seven per cent includes customs duties, property taxes and a range of other tax payments.

Other taxes paid in 2016 are stated before refunds of sales taxes and other indirect tax payments.

An explanation of the different taxes is presented in the Glossary and Basis of preparation in Appendices 1 and 2 respectively.

US$5.4 billion
of payments including
US$1.4 billion
on behalf of our employees

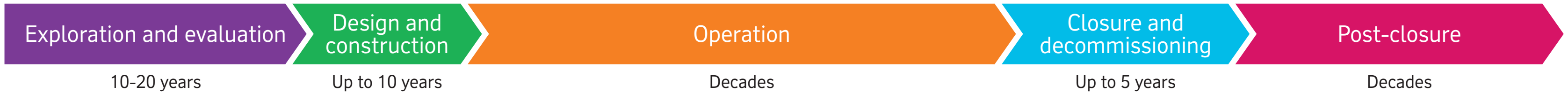
Total tax payment by tax type
(US$ million)



6 Payments to governments and the mining life cycle

Payments to governments vary over time depending on a project's or operation's stage in the mining life cycle

The types and total value of payments to governments made in respect of a mining project vary over time depending on the phase of the mining life cycle the project is in:



In the first phase, **exploration and evaluation,** payments to governments will typically include employment-related taxes for small project teams. Payments may also be made for permits, fees and licences.

In the second phase, **design and construction,** payments to governments significantly increase. Customs duties and other indirect taxes are imposed on the construction of the mine and acquisition of plant. Higher employment-related taxes reflect a larger workforce on the construction project.

In the **operating** phase, government royalty payments start shortly after commencement of operations. Corporate income tax payments are profit-based and may be subject to significant fluctuations resulting from commodity price volatility. In the early years of the operating phase, as annual tax allowances for capital construction expenditures are higher, there may be no corporate income taxes paid. As annual tax allowances for capital construction costs are amortised, corporate income tax payments increase. Import related payments decrease compared with the construction phase.

Payments to governments in the final **closure** and **post-closure** phases will be significantly less than in the operating phase.

Case study

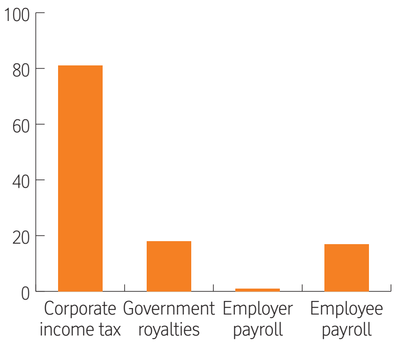
RBM and Rössing
Richards Bay Minerals (RBM) and Rössing Uranium are Energy & Minerals product group operations in South Africa and Namibia respectively, and are two of our largest business units in Africa.

These operations' payments to governments during 2016 are summarised in the charts below.

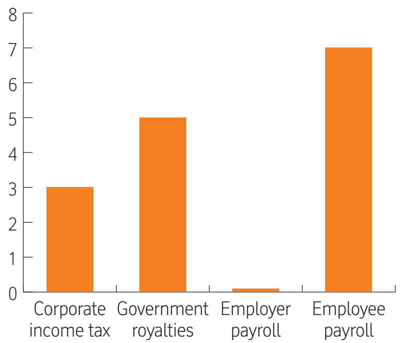
Both are long-established mining operations, and therefore primarily pay corporate income taxes and government royalties as well as employment taxes. Total tax payments in both cases are significant relative to the businesses' contribution to the Group.

The table below illustrates that the ratio of taxes paid in Africa to the applicable share of gross sales revenue is similar to that of the Group as a whole.

RBM (US$m)



Rössing (US$m)



	Africa total US$m	Group total US$m
Tax payments borne	174	3,984
Direct economic contribution	1,313	35,152
Percentage of economic contribution to governments	13%	11%

7 Tax charged as shown in the 2016 financial statements

US$3.9 billion
tax charged on underlying earnings to the income statement in the year

The table below shows the total tax charge on underlying earnings and on exclusions from underlying earnings. The tax charges reflect the amount of tax accrued rather than the amount paid. Our total underlying tax charge for the year, including final payments due after 2016, was US$3,865 million, which represents 42 per cent of our underlying profit before all taxes.

All amounts are in US$ millions	Corporate income tax charge a	Other tax charges(ii) b	Total tax charge = a+b	Profit/(loss) before tax c	Non-controlling interests d	Net earnings = c-a-d
Underlying earnings	1,563(i)	2,302	3,865	6,844	181	5,100
Items excluded from underlying earnings	160(i)	–	160	(345)	(22)	(483)
Total included in Group income statement (iii)	**1,723**	**2,302**	**4,025**	**6,499**	**159**	**4,617**

A reconciliation between the tax payments shown in section 5 and the taxes charged is shown below.

All amounts are US$ millions	Corporate income tax	Other taxes	Total tax borne
Total included in Group income statement	1,723	2,302	4,025
Deferred tax credit included above	551	–	551
Tax charges greater than tax payments	(525)	(67)	(592)
Total tax paid in the year	**1,749**	**2,235**	**3,984**

The amounts paid by parent companies, subsidiaries and joint operations, and by non-controlled entities were as follows.

All amounts are in US$ millions	Corporate income tax	Other taxes	Total tax borne
Parent companies, subsidiaries and joint operations	1,521	2,215	3,736
Non-controlled entities (joint ventures and associates)	228	20	248
Total tax paid in the year	**1,749**	**2,235**	**3,984**

Notes:

(i) Includes equity accounted units (EAU) tax charge of US$151m on underlying earnings and US$5m on exclusions, giving a net US$156m tax charge for EAUs.

(ii) Other tax charges are the other taxes borne by Rio Tinto and include government royalties, fees, dividends and other extractive-related payments, employer payroll taxes and other taxes charged through the income statement.

Notes (continued):

(iii) The analysis between controlled and non-controlled entities is as follows:

All amounts are in US$ millions	Corporate income tax charge	Other tax charges	Total tax charge	Profit before income tax	Non-controlling interests	Net earnings
Parent companies, subsidiaries and joint operations	1,567	2,302	3,869	6,022	159	4,296
Non-controlled entities (joint ventures and associates)	156	–	156	477	–	321
Total included in Group income statement	1,723	2,302	4,025	6,499	159	4,617

(iv) For further information on the calculation of the corporate income tax charge, see the tax reconciliation in the "Corporate income tax charge" in section 8.1 of this report.

(v) Corporate income tax fluctuates in relation to the profits for the year. Government royalties fluctuate based on various factors including commodity prices and volume of production.

(vi) All amounts are stated in accordance with the Basis of preparation set out in Appendix 2 of this report.

8 Financial statement disclosures

8.1 Corporate income tax charge

Our effective corporate income tax rate on underlying earnings was 22.1 per cent. This rate was reduced due to the recognition of a deferred tax asset in Mongolia. Excluding this item, the effective tax rate was 25.7 per cent. Our effective corporate income tax rate on Australian underlying earnings was 29.6 per cent.

The corporate income tax charge for parent companies, subsidiaries and joint operations for 2016 was US$1,567 million, of which US$2,115 million was current tax charge and US$(548) million was deferred tax credit.

The corporate income tax charge for non-controlled entities was US$156 million and, including this amount, the total charge was US$1,723 million. Of this, US$2,274 million was current tax charge and US$(551) million was deferred tax credit.

The total corporate income tax paid in the year was US$1,749 million including the Group's share of tax payments of non-controlled entities of US$228 million. These amounts differ from the tax charges in the income statement mainly because of the timing of tax instalment payments.

As shown in the following table, our effective corporate income tax rate on underlying earnings has averaged 28.3 per cent (Australia 30.6 per cent) in the period 2012-2016.

Effective corporate income tax rates

	Group	Australia
2016	22.1%	29.6%
Average 2012-2016	28.3%	30.6%

Employees and their families at Dampier. Rio Tinto Iron Ore, Western Australia

The tables below reconcile the corporate income tax charge to the UK statutory tax rate of 20 per cent. The effective corporate income tax rate on underlying earnings was 22.1 per cent.

After taking into account items excluded from underlying earnings, the effective corporate income tax rate was 26.0 per cent.

2016 corporate income tax charge

US$ millions

	Parent companies, subsidiaries and joint operations	Non-controlled entities	Total
Current	2,115	159	2,274
Deferred	(548)	(3)	(551)
Total	**1,567**	**156**	**1,723**

2016 reconciliation of effective corporate income tax rates on net earnings and underlying earnings of parent companies, subsidiaries and joint operations

US$ millions

	Profit before tax	Tax charge	Effective tax rate
Underlying earnings	6,381	1,412	22.1%
Exclusions from underlying earnings	(359)	155	(43.2%)
Total	**6,022**	**1,567**	**26.0%**

Corporate income tax charge reconciliation

US$ millions

Parent companies, subsidiaries and joint operations	
Profit before tax	6,022
Expected tax charge at UK rate of 20%	1,204
Higher rate of taxation on Australian underlying earnings at 30%	604
Impact of items excluded in arriving at underlying earnings (a)	227
Impact of changes in tax rates and laws	(9)
Other tax rates applicable outside the UK and Australia	(283)
Resource depletion and other depreciation allowances	(15)
Research, development and other investment allowances	(15)
Recognition of previously unrecognised deferred tax assets	(154)
Unrecognised current year operating losses	25
Other items	(17)
Total corporate income tax charge	**1,567**
Temporary differences	
Unrealised exchange losses	(156)
Tax losses	122
Provisions	279
Capital allowances	441
Tax on unremitted earnings	6
Post-retirement benefits	6
Other temporary differences	(150)
Current income tax charge	**2,115**

(a) Items excluded in arriving at underlying earnings:	
Impairment charges net of reversals	(16)
Gains and losses on disposal of businesses	30
Foreign exchange on excluded finance items	(33)
Onerous port and rail contracts	(46)
Closure provision for legacy operations	(40)
Tax provision	380
Other exclusions	(48)
	227

8.2 Deferred tax

Deferred tax accounting seeks to address the temporary differences that can occur when items of income or expense are included in the financial statements in different periods to those in which they are taxable or tax-deductible.

Deferred tax assets and liabilities represent the tax effects of such temporary differences that will occur in future periods. Deferred tax assets and liabilities are measured at tax rates that are substantively enacted at the reporting date.

The Group had deferred tax liabilities of US$6,340 million and deferred tax assets of US$6,947 million at 31 December 2016. After offsetting balances within the same jurisdiction that are settled on a net basis, the amounts presented on the balance sheet are liabilities of US$3,121 million and assets of US$3,728 million. The deferred tax liabilities and assets prior to this offsetting of balances are shown within the table to the right.

The Group has tax losses and other deferred tax assets, mainly in the US, France, Canada, Mongolia and Australia, which have the potential to reduce tax payments in future years. The probability of recovery of these assets has been assessed under the relevant International Financial Reporting Standard, IAS12, based on the projected future taxable profits of the relevant entities. The potential tax assets totalled US$7,170 million at 31 December 2016. Of these, US$3,728 million have been recognised as deferred tax assets, leaving US$3,442 million unrecognised. Deferred tax assets are recognised to the extent that their recovery is probable, having regard to projected future taxable income.

The above amounts relate to parent companies, subsidiaries and joint operations. The above does not include any amounts attributable to non-controlled entities (joint ventures and associates).

At 31 December 2016
US$ millions

Capital allowances for property, plant and equipment	(4,937)
Unremitted earnings	(659)
Capitalised interest	(403)
Unrealised exchange gains	(40)
Other temporary differences	(301)
Total liabilities	(6,340)
Tax losses	2,246
Provisions	2,040
Capital allowances	883
Post-retirement benefits	888
Unrealised exchange losses	342
Other temporary differences	548
Total assets	6,947
Net deferred tax asset	607

Net deferred tax asset	2016 US$ millions
At 1 January	23
Adjustment on currency translation	(58)
Credited to the income statement	548
Credited to statement of comprehensive income	33
Disposals	8
Other movements	53
At 31 December	607

9 Independent auditors' report

Independent auditors' report to the directors of Rio Tinto plc and Rio Tinto Limited

Opinion
We have audited selected information contained in the report 'Taxes paid in 2016 – Reporting the economic contribution we make' (the 'Report'). The 'Selected Information' comprises the following data for the year ended 31 December 2016:

Schedule 5: Our tax payments in 2016 – totals for, but not the breakdown of:

- Total tax payments borne of US$3,984 million
- Employee payroll taxes of US$1,416 million

In our opinion the Selected Information in the Report for the year ended 31 December 2016 is prepared, in all material respects, in accordance with the Basis of preparation set out in Appendix 2 to the Report.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities are further described in the *Auditors' responsibilities* section of our report. We are independent of Rio Tinto (comprising Rio Tinto plc and Rio Tinto Limited and their respective subsidiaries) in accordance with the ethical requirements that are relevant to our audit of the Report in the United Kingdom, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter – Basis of preparation
We draw attention to Appendix 2 of the Report – Basis of preparation, which describes the basis of preparation. Our opinion is not modified in respect of this matter.

Other information
Management is responsible for the other information. The other information comprises the information included in the Report, but does not include the Selected Information and our auditors' report thereon.

Our opinion on the Selected Information does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Selected Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Selected Information or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the directors for the Report
Management is responsible for the preparation of the Report in accordance with the Basis of preparation set out in Appendix 2 to the Report, and for such internal control as management determine is necessary to enable the preparation of the Report that is free from material misstatement whether due to fraud or error.

The directors are responsible for overseeing Rio Tinto's financial reporting process.

Auditors' responsibilities
Our objectives are to obtain reasonable assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually, or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Selected Information. This report, including the opinion, has been prepared for and only for Rio Tinto in accordance with our engagement letter, to assist management and the directors in reporting Rio Tinto's taxes paid. We do not accept or assume responsibility for our work or this report to anyone other than the directors as a body and Rio Tinto save where terms are expressly agreed with us and with our prior written consent.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Selected Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of Rio Tinto's internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates, if any, and the related disclosures made by management.
- We communicate with the directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding our independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Simon Morley
for and on behalf of
PricewaterhouseCoopers LLP,
Chartered Accountants
London, United Kingdom

7 April 2017

Notes:
(a) The maintenance and integrity of Rio Tinto's website is the responsibility of management and the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial information since it was initially presented on the website.
(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.


Shanghai, China

Appendix 1 Glossary of key terms

In this report the following terms have the meanings shown below:

Corporate income tax	All taxes that are based on the taxable profits of a company.
Current tax	The corporate income tax due in respect of taxable profits of an accounting period, as defined in the International Financial Reporting Standard IAS12.
Deferred tax	The corporate income tax due in respect of temporary differences between accounting values and tax bases, as defined in the International Financial Reporting Standard IAS12.
Effective tax rate	The tax charge in respect of an accounting period divided by the accounting profit before tax.
Government	Any governing body of a nation, state, region or district, but not including any commercial enterprises or financial institutions that may be controlled by a government.
Rio Tinto/ The Group/ Rio Tinto Group	Rio Tinto plc, Rio Tinto Limited and their subsidiaries, associates and joint arrangements.
Indirect tax	Tax that is required to be paid to a government by one person at the expense of another person.
Gross sales revenue	The total of subsidiaries' sales revenue and the Group's share of the sales revenue of joint arrangements and associates (after adjusting for sales to subsidiaries).
Profit before tax	Accounting profit for a period before deducting a charge for corporate income taxes.
Tax	Any amount of money required to be paid to a government, whether by law or by agreement, including without limitation corporate income tax, government royalties, licence fees, permitting fees, property taxes, dividends (where the payment is related to extractive activities) employment taxes, sales taxes, stamp duties, and any other required payments.
Tax borne	Tax that a person or company is obliged to pay to a government, directly or indirectly, on that person's own behalf.
Tax charge	The amount of tax included in the income statement of a company for an accounting period.
Tax collected	Tax that a person is obliged to pay to a government on behalf of another person.
The report	The report on taxes paid in 2016 by Rio Tinto.
Underlying earnings	An alternative measure of earnings which is reported by Rio Tinto to provide greater understanding of the underlying business performance of its operations. Further information is included in note 2 of the Rio Tinto *2016 Annual report*.
Underlying profit before tax	The amount of profit before tax after excluding items that have been excluded from underlying earnings.
Underlying tax charge	The tax charge on items included in underlying profit before tax.

Appendix 2 Basis of preparation

This Basis of preparation document supports the preparation and reporting of the data on tax payments presented in Rio Tinto's report entitled "Taxes paid in 2016" (hereafter "the report"). The report seeks to provide its users with an overview of the total payments made by Rio Tinto to governments worldwide to reflect the direct contribution made to public finances by Rio Tinto.

Rio Tinto includes Rio Tinto plc, Rio Tinto Limited and subsidiaries, associates and joint arrangements (hereafter and above – "Rio Tinto" or "the Group"). The scope of reporting is described further below.

The Basis of preparation supports the following data for Rio Tinto included in the report:

- Taxes borne
- Employee payroll taxes
- Taxes refunded

It is the responsibility of the management of Rio Tinto to ensure that appropriate procedures are in place to prepare reporting in line with, in all material respects, this Basis of preparation.

All data, unless otherwise stated, are prepared for the year from 1 January to 31 December 2016. Data as they relate to taxes paid, collected or refunded, are included when cash is released from, or received by, Rio Tinto.

Data are prepared based on a 100 per cent basis for all operations in which Rio Tinto has a controlling interest, and on Rio Tinto's share where Rio Tinto does not have a controlling interest.

Where an acquisition is completed in the year, or a company is newly consolidated in the year, the numbers relating to that business are included from the date of acquisition; where a disposal has been completed in the year, the numbers relating to that disposal have been included up to the point of disposal.

In addition to the above, where full information for non-controlled and divested entities' tax payments, consistent with the Basis of preparation, has not been available, no information on the tax payments, collections or refunds for that business is reported.

Restatements
The measuring and reporting of the data may in some circumstances involve a degree of estimation. In exceptional circumstances, restatements of prior year reported data may be required; this will be determined on a case-by-case basis.

Scope and methodology of reporting

Organisational reporting boundaries
Section 5 of the report "Our tax payments in 2016" sets out taxes paid by Rio Tinto business units to governments in the countries in which they operate, by country and named level of government. Countries where the taxes paid in the year are less than US$1 million are excluded from reporting. Taxes are reported at a named local, regional and national level for each government to which a Rio Tinto business unit has paid taxes greater than US$1 million in 2016.

Scope of data reporting
The scope of the data reporting is presented in each definition below. "Tax" in this report means any amount of money required to be paid to, or repaid by, a government. In overview, the key information shown is as follows:

Payments to governments (Section 5)

(1) Taxes borne
These are the taxes that the Group is obliged to pay to a government on its own behalf, or taxes that the Group is obliged to pay to a third party and that cannot be recovered from a government. A list of the main taxes we have included in this category are:

Corporate income tax – This comprises any tax on the business calculated on the basis of its profits including resource rent taxes, income or capital gains. Typically, these taxes would be reflected in corporate income tax returns made to governments, and tend to become payable, and are paid, either in the year the profits were made or up to one year later, depending on the local tax rules as to the timing of payments.

Government royalties – This comprises payments made to governments in the form of royalties, and resource rents, for example, for the extraction of minerals or metals. Typically, these taxes tend to become payable, and are paid, in the year to which they relate. These form part of operating costs.

Fees, dividends and other extractive-related payments – This comprises other payments required as a result of extractive industry projects which typically arise as a result of contractual obligations in relation to the extraction of minerals or metals. Typically, these taxes tend to become payable, and are paid, in the year to which they relate, though in the case of infrastructure improvements, the payments (none in 2016) will be reported when the infrastructure improvements are handed over to the government. These form part of operating costs.

Employer payroll taxes – This comprises payroll and employer taxes payable as a result of a company's capacity as an employer. Typically, these taxes would be reflected in payroll tax returns made to governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year, shortly after the submission of the return. These usually form part of operating costs.

Other taxes and payments
The "Other taxes and payments" column of the table in Section 5 of the report includes:

Property taxes – This comprises any property-related taxes, including real property/land/estate tax (other than stamp duty which is described below). Typically, these taxes tend to become payable, and are paid, to governments throughout the year. These form part of operating costs.

Withholding taxes – This comprises tax charged on payments of dividends or other distributions of profits. Typically, this tax would be reflected in income tax returns made to governments and tends to become payable, and is paid, at the point of a distribution of profits from one territory to another rather than in the year the profits actually arise. These form part of the corporate income tax charge.

Customs duties – This comprises all customs/excise/import and export duties. Typically, these taxes tend to become payable and are paid to governments at the point where goods are imported and exported from territories. These form part of operating costs.

Stamp duty – This comprises taxes that arise on transfers of assets or capital. Typically, these taxes would be reflected in stamp duty returns made to governments and tend to become payable, and are paid, to governments shortly after capital or assets are transferred. These form part of operating costs.

Irrecoverable indirect taxes – This comprises sales tax, VAT and other taxes that arise on production or sale which cannot be recovered from governments. Typically these taxes would form part of a sales tax return made to governments and tend to become payable, and are paid, regularly (often quarterly) throughout the year. These form part of operating costs.

Environmental taxes – This comprises any carbon taxes or other payments to governments relating to government environmental policy. Typically these taxes tend to be payable and are paid on production.

Government grant receipts –
These are grants received by Rio Tinto business units from governments, other than those given effect through corporate income tax legislation. Government grant receipts are often conditional on specific activity by the recipient business. Government grants may be either capital in nature (for example linked to specific assets) or income in nature.

Any other categories of payments to governments borne by Rio Tinto not described above are reported in the "Other taxes and payments" column of the table in Section 5 of the report.

(2) Employee payroll taxes collected
This comprises payroll and employee taxes withheld from employee remuneration, and paid to governments, ie tax collected by Rio Tinto and remitted to governments on behalf of employees. Typically, these taxes would be reflected in payroll tax returns made to governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year, shortly after the submission of the return.

(3) Net taxes refunded
Taxes refunded reported in the footnotes to the table of Section 5 of the report are as follows:

Sales taxes/VAT/GST/excise duties – This comprises net amounts refunded from governments that a company has paid on its supplies, for example all raw materials, and is entitled to recover. Such a refund does not result in a net cost to governments. Typically these taxes would tend to become repayable and are repaid by governments regularly (often quarterly) throughout the year, shortly after the submission of the sales tax returns.

Withholding taxes collected from suppliers – This comprises taxes that are required to be withheld in advance on payments made to suppliers. Typically, these taxes would be reflected in income tax returns made to governments and tend to be payable, and are paid, on a regular basis (often monthly) throughout the year, shortly after the submission of the return.

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- Find out more about our business and performance.
- View our full 2016 Annual report.
- View our full 2016 Sustainable development report.