



australia
group

2025

Tax Transparency Report



Virgin Australia Holdings Limited
ABN 54 100 686 226

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

Virgin Australia Holdings Limited (**Virgin Australia**) is pleased to continue its commitment to the Voluntary Tax Transparency Code (**VTTC**), and to be publishing its Tax Transparency Report (**TTR**) for the financial year ended 30 June 2025 (**FY25**).

The primary business of Virgin Australia and its controlled entities (**Group**), which are disclosed at Appendix A, is operating a passenger airline, Virgin Australia, which offers domestic and short-haul international regular passenger transport (**RPT**) and charter services. The Group also operates the Velocity Frequent Flyer loyalty program (**Velocity**). In FY25, Virgin Australia connected more than 20.7 million guests on its domestic and short-haul international network. Virgin Australia have world class international airline partners, which is strengthened by Qatar Airways Group's equity investment and integrated alliance with Virgin Australia. More than 8,000 team members were directly employed by the Group.

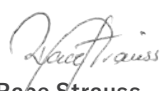
One of Virgin Australia's four key values, which represent the Virgin Australia way of working and being is 'we do the right thing.' This guides Virgin Australia's approach to conducting business in an ethical way and a commitment to acting with integrity in all interactions internally and externally.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

The Group paid and collected **\$1,378.7 million** of combined taxes during FY25 (FY24: \$1,203.3 million). This amount comprises Australian and foreign consumption taxes (such as GST and VAT), income tax, Fringe Benefits Tax, PAYGW, stamp duty and various ticket taxes. Refer to Table 3 for a detailed breakdown of these taxes.

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

The TTR is prepared in accordance with the VTTC, which was developed by the Board of Taxation. The TTR is unaudited. All amounts included in the TTR are in AUD.




Race Strauss
Chief Financial Officer




Christian Bennett
Chief Corporate Affairs and Sustainability Officer

Part A

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

The below table provides a reconciliation of accounting profit to income tax expense (**Table 1**) as published in Virgin Australia's [2025 Annual Report](#). The disclosures are prepared in accordance with Australian Accounting Standards, in particular AASB112 Income Taxes and UIG1052 Tax Consolidation Accounting.

Table 1: Reconciliation of accounting profit to tax benefit/(expense) and to income tax (payable)

Item (\$m)	FY25	FY24
Statutory profit before tax	252.8	545.4
Tax expense using the Australian corporate tax rate of 30%	(75.8)	(163.6)
<i>Tax effect of amounts which are not included in taxable income:</i>		
• Net movements in temporary differences not recognised	(42.7)	(26.9)
• Utilisation of previously unrecognised tax losses	21.2	190.5
• Recognition of previously unrecognised deferred tax asset	319.7	–
• Other non-deductible or non-assessable amounts	3.3	–
Income tax benefit	225.7	–
Represented by:		
• Current tax expense	(103.1)	–
• Deferred tax benefit	328.8	–
Income tax benefit	225.7	–
Adjusted for:		
• Temporary differences	(328.8)	–
• Tax offsets	0.3	–
Income tax (payable)¹	(102.8)	–

1. As the Group has utilised all of its available carry forward tax losses during FY25 (excluding those relating to pre-administration activities), the Group has recognised income tax payable at 30 June 2025 of \$102.8 million. The quantum of these pre-administration tax losses remains subject to completion of the administration process, including payment of final dividends to creditors, and an assessment of the tax impacts of the final amount of debts forgiven. Should it be determined that these pre-administration losses are available to the Group on completion of the voluntary administration process, they will be used to offset the Group's current tax liability generated in FY25.

Table 2: Effective tax rates for Australian and Global operations

Effective tax rate (\$m)	FY25	FY24
Statutory profit before tax	252.8	545.4
Income tax benefit	225.7	–
Prima-facie accounting effective tax rate	(89%)	0.00%
Normalised accounting effective tax rate		
Statutory income tax benefit	225.7	–
• Recognition of previously unrecognised deferred tax assets at 31 December 2024	(319.7)	–
• Remove impact of previously unrecognised deferred tax balances	42.7	26.9
• Impact of utilisation of carried forward tax losses	(21.2)	(190.5)
Normalised income tax (expense)/benefit	(72.5)	(163.6)
Normalised accounting effective tax rate	28.70%	30.00%



Part B

Approach to tax strategy and governance

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

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

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

Engagement with tax regulators

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

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

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

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

Australian income tax

Due to the operation of 'Airline Profit' articles in Australia's tax treaties with foreign countries, the majority of Virgin Australia's airline revenue is reported in Australia.

Virgin Australia generated **\$413.1 million** of taxable profits in Australia in FY25, which has been reduced to **\$342.5 million** through the application of carried forward income tax losses. Prima-facie income tax payable of **\$102.8 million** has been recognised on the balance sheet at 30 June 2025.

Virgin Australia generated **\$436.3 million** of pre-administration tax losses, which remain subject to the completion of the administration process, including payment of final dividends to creditors, and an assessment of the tax impacts of the final amount of debts forgiven. Should it be determined that these pre-administration losses are available to the Group on completion of the voluntary administration process, they will be used to offset the Group's current tax liability generated in FY25.

Virgin Australia commenced paying income tax instalments in August 2025, based on forecast taxable profits to be derived in FY26.

International related party dealings summary

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

Tax contribution summary

The following table (**Table 3**) outlines the various taxes paid by Virgin Australia in FY25 to Australian Federal and State/Territory Governments as well as tax authorities in foreign jurisdictions in which Virgin Australia operates:

Table 3: Tax contribution summary

Item (\$m)	FY25	FY24
Paid		
• Income tax	0.3	0.5
• Fringe benefits tax ¹	4.3	4.2
• Payroll tax	65.4	58.7
• Stamp duty	1.3	0.6
Total taxes paid	71.3	63.9
Collected		
• Net GST	181.7	172.0
• Ticket Taxes, Fees and Charges	807.4	683.2
• PAYGW – Employee salaries	294.5	206.9
• PAYGW – Other ²	23.8	77.3
Total taxes collected	1,307.4	1,139.3
Total taxes paid and collected	1,378.7	1,203.3



1. For the Fringe Benefits Tax year ended 31 March.

2. This includes payments of pay-as-you-go-withholdings (PAYGW) on other payments to non-residents of Australia, such as aircraft lease payments, dividends, royalties and interest. It also includes withholding tax on services obtained in Indonesia.

Appendix A

Virgin Australia controlled entities at 30 June 2025

Entity Name	Body corporate, partnership or trust	Place of incorporation and operation	% of share capital held directly or indirectly in the body corporate
VBNC5 Pty Ltd	Body corporate	Australia	100%
VB PDP 2010-11 Pty Ltd	Body corporate	Australia	100%
BC Hart Company Pty Ltd	Body corporate	Australia	100%
Virgin Australia Airlines Holdings Pty Ltd	Body corporate	Australia	100%
Virgin Australia Airlines Pty Ltd	Body corporate	Australia	100%
Virgin Tech Pty Ltd	Body corporate	Australia	100%
Short Haul 2017 No. 2 Pty Ltd	Body corporate	Australia	100%
Short Haul 2017 No. 3 Pty Ltd	Body corporate	Australia	100%
Short Haul 2018 No. 1 Pty Ltd	Body corporate	Australia	100%
VA Borrower 2019 No. 2 Pty Ltd	Body corporate	Australia	100%
VB Ventures Pty Ltd	Body corporate	Australia	100%
VB Leaseco Pty Ltd	Body corporate	Australia	100%
VB Leaseco No 2 Pty Ltd	Body corporate	Australia	100%
VB 800 2009 Pty Ltd	Body corporate	Australia	100%
Short Haul 2014 No. 1 Pty Ltd	Body corporate	Australia	100%
Short Haul 2014 No. 2 Pty Ltd	Body corporate	Australia	100%
ULCC Air Pty Ltd	Body corporate	Australia	100%
Virgin Australia Cargo Pty Ltd	Body corporate	Australia	100%
Virgin Australia Regional Airlines Pty Ltd	Body corporate	Australia	100%
Velocity Frequent Flyer Holdco Pty Ltd	Body corporate	Australia	100%
Velocity Frequent Flyer 1 Pty Ltd	Body corporate	Australia	100%
Velocity Frequent Flyer 2 Pty Ltd	Body corporate	Australia	100%
Velocity Frequent Flyer Pty Ltd	Body corporate	Australia	100%
Velocity Rewards Pty Ltd	Body corporate	Australia	100%
Torque Solutions (Australia) Pty Ltd	Body corporate	Australia	100%
Virgin Australia International Operations Pty Ltd	Body corporate	Australia	100%
Virgin Australia International Holdings Pty Ltd ¹	Body corporate	Australia	<0.01%
Virgin Australia International Airlines Pty Ltd ¹	Body corporate	Australia	<0.01%
ULCC Air International Pty Ltd ¹	Body corporate	Australia	<0.01%

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

Entity Name	Body corporate, partnership or trust	Place of incorporation and operation	% of share capital held directly or indirectly in the body corporate
Virgin Australia Airlines (SE Asia) Pty Ltd ¹	Body corporate	Australia	<0.01%
VA Borrower 2024 Pty Ltd	Body corporate	Australia	100%
VA Treasury Services Pty Ltd	Body corporate	Australia	100%
Virgin Australia Airlines (NZ) Limited	Body corporate	New Zealand	100%
The Loyalty Trust	Trust	n/a	n/a
Key Employee Performance Plan Trust	Trust	n/a	n/a
MEP Trusts ²	Trust	n/a	n/a



2. The Group has established and controls 56 bare trusts for the ordinary shares held by employees that remain subject to vesting conditions and escrow arrangements under the terms of the Legacy Incentive Schemes.