

Media Release: Tax changes to affect Port of Tauranga profit

Port of Tauranga Limited (NXZ: POT) today announced that changes to tax legislation will result in an \$12.9 million impact to the Group Net Profit After Tax for the year ending 30 June 2024.

Port of Tauranga Chief Executive, Leonard Sampson, said the law change for depreciation on commercial buildings would result in the company recognising a one-off deferred tax expense for the 2024 financial year. This will reduce reported profit for the period.

“This one-off accounting adjustment will reduce our final reported profit but has no impact on cash flows. We still expect to deliver a normalised 2024 operating profit¹ in line with our previous guidance of \$95 million to \$107 million,” he said.

The deferred tax position on commercial buildings has become complex due to multiple changes in tax legislation. In 2010, the ability to claim depreciation deductions was removed. In 2020 it was reinstated as part of the Covid-19 response, and then removed again in March 2024 by the new coalition Government. This legislation change affects all commercial buildings with an estimated useful life of 50 years or more, and the implications for Port of Tauranga vary depending on when building expenditure occurred.

Since the latest legislation was passed at the end of March, Port of Tauranga has undertaken the required recalculations and had them reviewed for compliance by an external advisor.

Port of Tauranga’s annual results for the year ended 30 June 2024 will be announced on Friday, 23 August 2024.

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¹ Normalised operating profit is equal to reported net profit after tax, less the impact of the one-off deferred tax expense.

