

ASX Announcement

Smart Parking Limited (ASX:SPZ)

19 November 2020

Smart Parking Limited | ASX Release



Smart Parking Limited (ASX:SPZ) UK VAT

Smart Parking Limited (ASX: SPZ) advises that the company has progressed its discussions with Her Majesty's Revenue and Customs (HMRC) on UK VAT matters related to the administration of Parking Breach Notices. HMRC has provided a framework for resolving outstanding VAT matters and has advised the Company it is withdrawing a critical previous decision. In addition, HMRC has advised it will not defend its previous position on a key issue against Smart Parking in the Tribunal.

The framework proposed by HMRC is under discussion with the company's independent advisors who are confident a settlement will be reached. A settlement is expected to result in:

- HMRC withdrawing assessments raised in August 2019 for \$3.0m which were provided for in the FY19 accounts.
- HMRC refunding an overpayment of input VAT of up to \$3.1m.
- SPZ expects to write back to profit in FY21 up to \$7.1m of prior year input VAT. This comprises the reversal of at least a significant portion of a \$4m provision in the FY20 accounts for unpaid input VAT, in addition to the cash refund of up to \$3.1m for overpaid input VAT. This benefit of up to \$7.1m is a one-off benefit which is expected to be recognised in the FY21 results. While matters are still under negotiation, the exact amount of the write back to profit is not known, but it is expected to be material.
- SPZ withdrawing Notices of Appeal that had been lodged in relation to the matter.
- SPZ restricting input VAT on a small number of leased sites where SPZ acts as principal.
- SPZ collecting and remitting output VAT on managed sites where the company acts as agent.

In addition to the above adjustments related to prior periods, the company estimates future pre-tax profit will be positively impacted on an ongoing basis taking into account the agreed method of calculating VAT. The pre-tax profit would have been approximately \$1.7m higher in FY20. While matters such as the expanding customer base, customer mix and government lockdowns may increase or decrease this amount in future years, there will be ongoing significant annual benefits to pre-tax profits.

Smart Parking notes that this matter is subject to formal agreement and documentation with HMRC and it is working towards a resolution as soon as practicable.

Ends

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Smart Parking Limited (ASX:SPZ) | A Global Parking Business

Smart Parking Limited is a pioneering technology innovator and services company in the parking industry.

With offices in Australia, New Zealand and the UK, along with a rapidly growing global network of expert partners, our aim is to bring our intelligent parking sensors and integrated smart parking services to the world.

Each year, we install thousands of sensors in a range of environments including shopping centres, supermarkets, airports, commercial parking sites, universities and large scale municipal street environments.

To date, our advanced real-time vehicle parking sensor solution, known as SmartPark, has been adopted globally.

Alongside the technology products division, our managed services division operates and manages thousands of car park spaces across the UK using complementary Automatic Number Plate Recognition/License Plate Recognition (ANPR/LPR) technology. This can be used as a single solution or with the option to be combined with Pay & Display or integrated with sensing technology.

Smart Parking Limited has been an Australian Securities Exchange (ASX:SPZ) publicly listed company since early 2011.

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