

## **10.D Exchange controls**

The information set forth under the heading “Shareholder Information-Exchange controls and foreign investment” on page 380 of the Annual report 2020 is incorporated herein by reference.

## **10.E Taxation**

### **US residents**

The following is a summary of the principal UK tax, Australian tax and US federal income tax consequences of the ownership of Rio Tinto plc ADSs, Rio Tinto plc shares and Rio Tinto Limited shares, “the Group’s ADSs and shares”, by a US holder (as defined below). It is not intended to be a comprehensive description of all the tax considerations that are relevant to all classes of taxpayer. This summary does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership, or disposal of the Group’s ADSs and shares by particular investors (including the alternative minimum tax or net investment income tax). Future changes in legislation may affect the tax consequences of the acquisition, ownership or disposal of the Group’s ADSs and shares.

This summary is based in part on representations by the Group’s depositary bank as depositary for the ADRs evidencing the ADSs and assumes that each obligation in the deposit agreements will be performed in accordance with its terms.

You are a US holder if you are a beneficial owner of the Group’s ADSs and shares and you are for US federal income tax purposes: a citizen or resident of the US; a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia; an estate whose income is subject to US federal income tax regardless of its source; or a trust if a US court can exercise primary supervision over the trust’s administration and one or more US persons are authorised to control all substantial decisions of the trust.

This section applies to US holders only if the Group’s ADSs or shares are held as capital assets for US federal income tax purposes. This section does not address tax considerations applicable to investors that own (directly, indirectly, or by attribution) 5% or more of the stock of the company (by vote or value) and does not apply to shareholders who are members of a special class of holders subject to special rules, including a dealer in securities, a trader in securities who elects to use a mark-to-market method of accounting for securities holdings, a tax exempt organisation, a life insurance company, a person that holds the Group ADSs or shares as part of a straddle or a hedging or conversion transaction, persons that have ceased to be US citizens or lawful permanent residents of the United States, investors holding the Group ADSs or shares in connection with a trade or business conducted outside of the United States, US expatriates or a person whose functional currency is not the US dollar.

This section is based on the US Internal Revenue Code of 1986, as amended (the Code), its legislative history, existing and proposed regulations, published rulings and court decisions, Australian tax law and practice, UK tax law as applied in England and Wales and HM Revenue & Customs published practice (which may not be binding on HM Revenue & Customs) and on the convention between the US and UK, and the convention between the US and Australia (together, the Conventions) which may affect the tax consequences of the ownership of the Group’s ADSs and shares, all as of the date hereof. These laws and conventions are subject to change, possibly on a retroactive basis.

The summary describes the treatment applicable under the conventions in force at the date of this report.

### **UK taxation of shareholdings in Rio Tinto plc**

This section is based on the assumption that for UK tax purposes a US holder who holds ADRs evidencing ADSs will be treated as the owner of the underlying shares represented by the ADSs. Case law in the UK has cast doubt on this view; however HM Revenue & Customs have stated that they will continue to apply their practice of regarding the holder of an ADR as having a beneficial interest in the underlying shares.

### **Taxation of dividends**

Under current UK tax legislation, no withholding tax is required to be withheld from dividends paid by Rio Tinto plc. Where dividends are paid by Rio Tinto plc to a US holder who is not resident in the UK and who does not hold the shares or ADSs in connection with a branch, agency or permanent establishment in the UK, no liability to UK tax will generally arise to the US holder in respect of such dividends.

### **Capital gains**

A US holder, who has at no time been resident in the UK, will not normally be liable to UK tax on capital gains realised on the disposition of a Rio Tinto plc ADS or share unless the holder carries on a trade, profession or vocation in the UK through a branch, agency or permanent establishment in the UK and the ADS or share has been used for the purposes of the trade, profession or vocation or is acquired, held or used for the purposes of such a branch, agency or permanent establishment.

### **Inheritance tax**

Under the UK/US Estate Tax Treaty, a US holder, who is domiciled in the US and is not a national of the UK, will not (provided any US federal or estate gift tax chargeable has been paid) be subject to UK inheritance tax upon the holder's death or on a transfer during the holder's lifetime, unless the ADS or share (i) forms part of the business property of a permanent establishment in the UK, (ii) pertains to a fixed base situated in the UK used in the performance of independent personal services, or (iii) is comprised in a settlement (unless, at the time the settlement was made, the settlor was domiciled in the US and was not a national of the UK). Where an ADS or share is subject to both UK inheritance tax and US Federal gift or estate tax, tax payments are relieved in accordance with the priority rules set out in the Treaty.

### **Stamp duty and stamp duty reserve tax**

UK stamp duty should not be required to be paid in respect of a transfer of Rio Tinto plc ADSs provided that the transfer instrument is not executed in, and at all times remains outside, the UK and does not relate to any property situate or to any matter or thing to be done in the UK. Electronic "paperless" purchases of Rio Tinto plc shares are subject to stamp duty reserve tax (SDRT) at a rate of 0.5% of the amount or value of the consideration payable for the transfer. Purchases of Rio Tinto plc shares using a stock transfer form are subject to stamp duty at a rate of 0.5% of the consideration on transactions over £1,000 (rounded up to the nearest £5). Conversions of Rio Tinto plc shares into Rio Tinto plc ADSs will be subject to additional stamp duty or SDRT at a rate of 1.5% of the amount or value of the consideration given or, in certain circumstances, the value of the shares, on all transfers to the depository or its nominee.

## **Australian taxation of shareholdings in Rio Tinto Limited**

### **Taxation of dividends**

US holders are not normally liable to Australian withholding tax on dividends paid by Rio Tinto Limited because such dividends are normally fully franked under the Australian dividend imputation system, meaning that they are paid out of income that has borne Australian income tax. Any unfranked dividends would suffer Australian withholding tax which under the Australian income tax convention is limited to 15 per cent of the gross dividend.

### **Capital gains**

US holders are not normally subject to any Australian tax on the disposal of Rio Tinto Limited ADSs or shares unless they have been used in carrying on a trade or business wholly or partly through a permanent establishment in Australia, or the gain is in the nature of income sourced in Australia.

### **Gift, estate and inheritance tax**

Australia does not impose any gift, estate or inheritance taxes in relation to gifts of shares or upon the death of a shareholder.

### **Stamp duty**

An issue or transfer of Rio Tinto Limited shares does not require the payment of Australian stamp duty.

### **US federal income tax**

In general, taking into account the earlier assumptions that each obligation of the Deposit Agreement and any related agreement will be performed according to its terms, for US federal income tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the owner of the shares represented by those ADRs. Exchanges of shares for ADRs, and ADRs for shares, generally will not be subject to US federal income tax.

### ***Taxation of dividends***

Under the US federal income tax laws, and subject to the Passive Foreign Investment Company (PFIC) rules discussed below, if you are a US holder, the gross amount of any distribution a company pays out of its current or accumulated earnings and profits (as determined for US federal income tax purposes) is subject to US federal income taxation as dividend income. The dividend will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from certain other corporations. Distributions in excess of current and accumulated earnings and profits, as determined for US federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your tax basis in the Group's ADSs or shares and thereafter as capital gain. The Group does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US holders should therefore assume that any distributions that a Group member pays with respect to the Group's ADSs or Shares will be reported as ordinary dividend income.

Dividends paid to a non-corporate US holder generally may be taxable at the reduced rate normally applicable to long-term capital gains provided the shares are readily tradable on an established securities market in the United States or the company paying the dividend qualifies for the benefits of an income tax treaty between the United States and the relevant jurisdiction and certain other requirements are met (including certain holding period requirements). Rio Tinto plc ADSs are traded on the NYSE. Rio Tinto Limited believes it qualifies for the benefits of the convention between the US and Australia.

The dividend is taxable to you when you, in the case of shares, or the depository, in the case of ADSs, receive the dividend, actually or constructively. The amount of the dividend distribution that you must include in your income as a US holder will be the US dollar value of the non-US dollar payments made, determined at the spot UK pound/US dollar rate (in the case of Rio Tinto plc) or the spot Australian dollar/US dollar rate (in the case of Rio Tinto Limited) on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into US dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into US dollars will be treated as ordinary income or loss and will not be eligible for the reduced tax rate normally applicable to capital gains. The gain or loss generally will be income or loss from sources within the US for foreign tax credit limitation purposes.

You must include any Australian tax withheld from the dividend payment in this gross amount even though you do not in fact receive it. Subject to certain limitations, any Australian tax withheld in accordance with the convention between the US and Australia and paid over to Australia will be creditable or deductible against your US federal income tax liability. For foreign tax credit purposes, dividends will generally be income from sources outside the US and will, depending on your circumstances, generally be either "passive" or "general" income which, in either case, is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you. The rules regarding foreign tax credits are complex and US holders should consult their own tax advisors regarding the outstanding and calculation of foreign tax credits and the application of the foreign tax credit rules to their particular situation.

### ***Taxation of capital gains***

Subject to the PFIC rules discussed below, if you are a US holder and you sell or otherwise dispose of the Group's ADSs or shares, you will recognise a capital gain or loss for US federal income tax purposes equal to the difference between the US dollar value of the amount that you realise and your tax basis, determined in US dollars, in your shares or ADSs. The capital gain of a non-corporate US holder is generally taxed at preferential rates where the holder has a holding period greater than one year. The gain or loss will generally be income or loss from sources within the US for foreign tax credit limitation purposes. US holders should consult their own tax advisors about how to account for proceeds received on the sale or other disposition of the Group's ADSs or shares that are not paid in US dollars.

### ***Passive Foreign Investment Company Rules***

We believe that the Group's ADSs or shares should not be treated as stock of a PFIC for US federal income tax purposes for the 2019 taxable year, but this conclusion is a factual determination that is made annually and thus may be subject to change. If we were to be treated as a PFIC, US holders generally would be required (i) to pay a special addition to US tax on certain distributions and gains on sale of the Group's ADSs or shares, and (ii) to pay tax on any gain from the sale of the Group's ADSs or shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Additionally, dividends that you receive from us will not be eligible for the reduced rate of tax described above under "Taxation of dividends." US holders should consult their own tax advisors regarding the potential application of the PFIC rules.