

**ASX RELEASE**

26 April 2016

**Contingent liability update – UK VAT decision**

Global education services provider Navitas Limited (ASX: NVT) has today been informed that the Commissioner for Her Majesty's Revenue and Customs (HMRC) has successfully appealed against one of Navitas' UK subsidiaries in a case regarding VAT exemption in the United Kingdom's Upper Tribunal (Tax and Chancery Chamber).

As disclosed in Navitas' 2015 annual report Navitas' subsidiary, SAE Education Limited (SAE UK), has been in dispute with HMRC as to whether the supply of educational courses by SAE UK are exempt from VAT in the UK.

The initial case was heard by the First-Tier Tribunal (Tax Chamber) in 2013 and the First-Tier Tribunal ruled in Navitas' favour on 28 February 2014. Permission to appeal against that decision was initially not granted. However, HMRC was subsequently granted leave to appeal to the Upper Tribunal on 19 December 2014. The Upper Tribunal's decision was handed to Navitas yesterday.

The decision means that SAE UK is now obliged to charge VAT on its educational courses and is liable to remit VAT to HMRC in respect of this, including for all courses delivered in the UK since Navitas acquired SAE in February 2011.

As disclosed in our 2015 financial year statements the best estimate of the maximum liability to 30 June 2015 is \$5.2m.

Navitas does not expect any material impact to SAE's future earnings or that of the Navitas Group because SAE UK will now be able to claim a credit in respect of any VAT paid on expenses incurred.

"We confirm our previously announced guidance that FY16 EBITDA will remain broadly in line with FY15," said Navitas Group Chief Executive Officer, Rod Jones.

"Following the initial favourable Tribunal ruling we are quite disappointed with this outcome and are discussing further options, including potential appeal, with our Queen's Counsel."

"Navitas is committed to contributing to public finances through the payments of taxes and maintains an effective tax rate of 30%. In this instance we are attempting to seek the same operating conditions as other UK education providers which are VAT exempt."

"Despite the UK Government's plans to encourage a diverse and innovative higher education sector it is disheartening that high quality private education providers continue to be penalised. We will continue to work with the sector and the Government to create more competitive operating conditions over time," Mr Jones concluded.

-----ENDS-----

Navitas Limited

**Head Office**  
Level 8, Brookfield Place  
125 St Georges Terrace  
Perth WA 6000 Australia

**Main Details**  
T +61 8 9314 9600  
F +61 8 9314 9699  
E [info@navitas.com](mailto:info@navitas.com)  
W [navitas.com](http://navitas.com)

ABN 69 109 613 309

**For further information contact:**

James Fuller  
Head of Investor Relations  
Navitas Limited  
Tel: +61 (8) 9314 9617  
Mob: +61 488 093 763

**About Navitas**

Navitas is a leading global education provider that offers an extensive range of educational services through three major Divisions to students and professionals including university programs, creative media education, professional education, English language training and settlement services. Navitas is a S&P/ASX100 company. Further details about Navitas are available at [navitas.com](http://navitas.com)