

# Unipart Group of Companies Limited

## 2018 Group Tax Statement

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The directors of Unipart Group of Companies Limited (“the Group”) present their tax strategy for the year ended 31 December 2018. It has been approved by the Board and satisfies Schedule 19 of the UK Finance Act 2016. This strategy encompasses the operations of the Group as a whole, including all UK subsidiaries and covers all UK taxes and duties.

The overriding aim of the Group in relation to tax is to comply with all local tax laws and regulations and pay the right amount of tax at the right time, establishing a good working relationship with tax authorities built on trust and open communication.

### **Approach to Tax Risk Management and Governance**

In order to identify tax risks the group operates a Group Tax Committee (“the Tax Committee”) which oversees the day to day management of tax policies. One of the Tax Committees main responsibilities is to ensure that the business establishes and maintains appropriate tax compliance arrangements to allow tax liabilities to be calculated accurately in all material respects. The Tax Committee comprises of senior finance representatives from across the Group, including finance members from the Group and a number of Divisional Boards, and a key objective being to share best practice and knowledge across the business, including non-finance functions. The Tax Committee is also responsible for monitoring tax risks to ensure that adequate levels of controls are in place relative to the specific tax risks, for mitigation to an acceptable level.

Regular training courses are provided for financial, tax and compliance matters through the Group’s Continuing Professional Development program. The program includes general tax updates, as well as training on specific tax risks. The highest standards of integrity and professional conduct in all business matters are expected from our employees and all other representatives of our Company. Where it is considered that the Group does not have the necessary knowledge to assess a tax risk, external advice from professional advisors is sought. The overall risk assessment process is summarised and presented to the Board annually.

### **Accepted Level of Tax Risk**

Given the size of the Group and its global footprint, managing the Group’s tax affairs is a complex process across many business functions and throughout all the territories in which we operate. As such, there will inevitably be risks of differences in interpretation of tax rules or calculation of tax returns. Whilst our ambition is to eliminate tax risks entirely, we accept that this impossible; therefore, as part of the Group’s overall risk assessment and management framework, the likelihood of occurrence and scale of impact of tax risks are considered. Given the complexities of modern global tax legislation and compliance a low level of risk is accepted, but our objective is to mitigate to reduce such risk to a minimal level through the overall group risk assessment process.

### **Tax planning**

Tax planning will only be undertaken where it is supported by commercial rationale. Artificial transactions that could be used to deliver tax savings which aren’t supported by genuine commercial rationale will not be undertaken.

In cases where the Group does not feel it has the necessary expert knowledge to assess the tax consequences of a commercial transaction adequately, we will engage with professional advisors. Advice is sought to assist with the decision-making process and ensure that we adopt a compliant tax position.

### **Relationship with Tax Authorities**

In conducting our business we believe in developing and maintaining strong and proactive working relationships with our trading partners. A key aspect of our tax strategy is to apply the same principle in building our relationships with tax authorities. We are committed to regular communication with HM Revenue & Customs (“HMRC”) through an ongoing dialogue with their Customer Compliance Manager based on openness and transparency.

We aim to ensure that fair, accurate and timely disclosure is made to HMRC both in our normal compliance reporting, and in general correspondence. Appropriate records are kept up to date, and when requested, are made available to HMRC in a timely manner.

Where legislation is recent and/or particularly complex we may engage with professional advisors to assist us in our understanding or consult with HMRC to provide guidance on intended tax consequences.

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