



**MAYR-MELNHOF GROUP**  
**2017 UK TAX STRATEGY**



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<p>Our tax strategy supports our group strategy and the way we do our business.</p> <p>The group has a responsibility to deliver value to our shareholders and we recognise that paying taxes is an important part of contributing to societies in which we operate.</p>	<p>The group manages its tax risks by appointing independent external advisers to ensure the group complies with laws in the various jurisdictions in which it operates.</p> <p>The group also sets out various review processes to ensure tax matters are dealt with appropriately.</p>	<p>The group recognise the importance of complying with tax legislation within each jurisdiction and take care in ensuring any tax due has been calculated as accurately as possible.</p> <p>Investment decisions are made with the best interests of the business in mind however available tax reliefs will be claimed as appropriate.</p>	<p>Local external advisers keep up to date with any changes to tax legislation and advise the group on any updates which would affect them.</p> <p>The group ensure tax filings include sufficient level of detail and disclosure as appropriate.</p>

## TAX STRATEGY

Our tax strategy supports our group strategy and the way we do our business. The document published by the Mayr-Melnhof group on 19 December 2017 complies with its duties under Schedule 19 of Finance Act 2016 to publish a group tax strategy for the year ended 31 December 2016.

## MANAGING OUR TAX RISKS

### Key management roles

Our tax teams at group and local level comprise individuals with a mix of industry and business knowledge. We engage tax advisers to provide specialist expertise and also to undertake tax compliance work.

### Tax compliance

The group appoints external tax advisers to prepare corporation tax returns which are then reviewed and authorised by the chief accountant of the respective entities who signs, with authorisation from the Managing Director, the return on behalf of the relevant company. This is classed as a lower risk item where the local team are able to make decisions regarding when to seek external assistance.

### Complex tax projects

These projects involve co-ordination by the tax team of the group since they are classed as higher risk. All projects require approval by the CFO and the tax advice required is then prepared by the tax advisers in coordination with the local accounting team and the group tax team.

### The UK group and its tax risks

The UK group manages its tax risks by ensuring submission of all UK tax returns occurs on a timely basis, including sufficient detail to enable HMRC to form an accurate view of the affairs of the company by filing the return with adequate supporting information. The UK group also ensures it pays the appropriate amount of tax at the right time.

Where views may differ to the position taken by HMRC, the UK group aims to be transparent about the filing position it has taken.

In addition to engaging with external tax advisers providing corporation tax compliance services the statutory accounts of each legal entity within the group are audited by external auditors each period. As part of this process, the tax calculations and procedures are reviewed.

## MANAGING OUR TAX RISKS (cont'd.)

The UK group maintains on-going application of tax governance with strong internal controls in order to reduce tax risk. As part of this, the group have a risk register in place one of which the main objectives is to be compliant with local tax law in each jurisdiction in which the group do business. This ensures timely declarations and payments.

### **The worldwide group and its tax risks**

The group aligns its transfer pricing policy with the OECD guidelines as well as the guidelines of the various jurisdictions in which it operates. The group applies the arm's length standard to ensure the parties to intercompany transactions are appropriately remunerated. Consistent with the group's tax policy, it regularly seeks professional opinions and advice from independent external advisers.

The standardised transfer pricing policy was established with the assistance of external advisers and approved by the risk management department which is situated at the group's headquarters. The documentation is reviewed annually by both the UK entities and, at a group level, by the group tax team. The risks associated with this are evaluated annually by the risk compliance manager and internal auditor.

Withholding tax issues are dealt with by local management and in cases of difficulty the local team will coordinate with external tax advisers.

### Indirect tax

The preparation and management of indirect tax matters lie with the financial accountant in the local area with the final review done by the chief accountant.

The group tax team provide a checking tool for indirect tax calculations. There is also an accounting system in place to identify any discrepancies and make adjustments as appropriate.

The group also have a master data team based at the headquarters which check the accuracy of the indirect tax numbers.

In relation to cross-border transactions and more complex indirect tax areas, external tax advisers are consulted.

### Employment taxes

The payroll teams of each respective entity calculate the relevant payments due to ensure tax due in respect of employees and expenses reimbursed is calculated as accurately as possible.

The group have a review process in place which includes reconciling monthly payments.

## ATTITUDE TO TAX PLANNING

The group recognises the importance of complying with tax legislation within each jurisdiction in which the group is situated and takes care in ensuring that tax due has been calculated as accurately as possible in each country in which it operates.

Each UK company within the group has external tax advisers who are called upon in relation to corporation tax compliance and can also be contacted for advice on any other arising tax matters.

The external advisers will discuss and validate our understanding of the relevant tax legislation and assist us in complying with local tax legislation and our tax strategy. The group take this policy to ensure that matters are dealt with appropriately and with the right level of expertise.

The group's investment decisions are made with the best interests of the business in mind and differing local tax regimes do not impact the decision made. That said, the group will not engage in tax efficiencies if the underlying commercial objectives do not support the position, or if the arrangements impact upon the reputation, brand or future relationships with the local tax authority.

The group plan to make beneficial claims and elections, or seek to benefit from exemptions available within relevant tax legislation but will not undertake transactions whose sole purpose is to create a tax benefit which is in excess of what is reasonably understood to be intended by relevant tax legislation.

In addition to this all transactions between countries are made at arm's length to ensure tax is paid in the appropriate country.

The group also publish a sustainability report which makes reference to complying with relevant tax laws. The group recognise the importance of paying tax and contributing to society and hence have methods in place to ensure compliance with laws, and payments are made to the relevant tax authorities as appropriate.

## ATTITUDE TO TAX RISK

### Changes in legislation

New tax legislation or changes to existing legislation or its interpretation may represent tax risks.

Local management are kept up to date with any changes in tax legislation to ensure ongoing compliance, both by reading the relevant tax authorities publications and attending annual training held by external tax advisers.

### Compliance and reporting

The group manage its tax risks associated with tax compliance by appointing external advisers to assist with the filing of the returns and supplementary claims and elections as appropriate.

## RELATIONSHIP WITH HMRC

### Dealings with HMRC

In dealings with HMRC the group will act in an open, honest and transparent manner.

There are no designated contacts for the group at HMRC. The group dedicates appropriate resources in order to comply with tax compliance obligations as they arise.

The group seeks to ensure submission of UK tax returns is on a timely basis including sufficient detail to enable HMRC to form an accurate view of the affairs of the company filing the return with an adequate supporting audit trail and sign-off process.

The group also ensure that the appropriate amount of tax is paid on time.

### How we work with HMRC on tax risks

Where appropriate, the group will seek pre transaction clearance from HMRC to ensure HMRC are in agreement to the group's plans from a tax perspective.

Where there are complex tax areas which are difficult to interpret we seek advice from our external advisers.