

The Carlyle Trust Limited Group Tax Strategy



1. Introduction

1.1 Purpose

The tax strategy is published to meet our responsibility under Schedule 19 paragraph 19 of the Finance Act 2016. The purpose of the tax strategy is to document the policy for the management of tax within The Carlyle Trust Group (the 'Group'). The scope of this policy includes:

- Corporation Tax
- VAT
- PAYE
- Stamp Duty Land and Land Transaction Tax
- Stamp Duty Reserve Tax
- Any other taxes for which the Group may be liable to from time to time.

1.2 Group tax strategy statement

The Board acknowledge that the Group's trading and property investment activities will be liable to tax and confirms that the Group will undertake its activities within the relevant regulations. In order to avoid the risk of error or dispute with tax authorities, the Group confirms that it will:

- only enter into transactions for sound commercial reasons and consistent with its approach to risk in general, will take a cautious approach to tax planning
- satisfy its obligations to account for and pay any tax arising on its business activities in accordance with the laws of the relevant territory
- maintain records and evidence to support its tax returns and positions; and
- maintain a transparent and open relationship with HMRC.

1.3 Policy review and communication

The tax strategy and compliance with it, is reviewed annually by both the Chief Financial Officer ('CFO') and the Audit Committee. The CFO as the Senior Accounting Officer assumes day-to-day responsibility for the management and reporting of tax.

2. Tax governance and controls

2.1 Executive management responsibility

The Board is ultimately responsible for the Group's tax affairs but has delegated oversight to the CFO who will report to the Board as required. The CFO may delegate responsibility with regard to the accounting for, or payment of, tax to other individuals within Group's Finance and People Services functions. The CFO has responsibility for the following:

- adherence to this document
- communication on an annual basis to the Board of the tax strategy and taxes incurred
- review of tax compliance for significant transactions
- ensuring that the Group has suitable processes and controls in place to enable the timely submission of tax returns that are both complete and accurate
- approval and submission of tax returns
- review of the tax disclosures within the Group's financial statements.

Notwithstanding the above, the CFO must also bring to the Board's attention matters they consider appropriate, including (but not limited to):

- material disputes with tax authorities
- fines imposed on companies within the Group
- tax issues which have a potential material reputational impact
- significant transactions with a material tax impact.

2.2 Internal tax controls

On a day-to-day basis, the Group's Finance and People Services functions will have responsibility for ensuring compliance with all relevant tax laws and filing obligations are met.

To ensure accurate and timely calculation and payment of tax, appropriate internal processes and controls are maintained that will be subject to an internal audit review on a periodic basis.

The Tax Risk Register documents tax risks and the controls in place to ensure that the Group is compliant with tax legislation, this register will be subject to an annual review.

The Group will also ensure that it corresponds with the Group's external tax advisors on a regular basis and HMRC if required as well as ensuring employees keep their tax knowledge up to date through the attendance of tax seminars.

2.3 External consultants

Where deemed necessary and appropriate, external consultants will be used to provide the Group with the requisite tax expertise. External consultants may be used to undertake day-to-day compliance matters, provide advice related to corporate structures together with advice on accounting treatments for corporation tax, deferred tax and indirect taxes.

3. Tax compliance and record keeping

The Group will comply with all tax regulations and disclosure requirements. This includes undertaking the following:

- submitting all tax returns by their due date
- ensuring tax returns are prepared by internal or external professionals with due skill
- ensuring transactions and tax positions adopted in tax returns are supported by appropriate documentation and an expert opinion where appropriate
- making all tax payments in accordance with HMRC requirements
- ensuring arrangements are in place to enable employees to keep their tax knowledge up to date with tax law and regulations
- maintaining comprehensive and robust accounting records
- reviewing and updating the Tax Risk Register on an annual basis; and
- ensuring compliance with the Senior Accounting Officer regime.

4. Relationship with tax authorities

Our strategy is aligned to HMRC's Code of Practice on Taxation for Banks. The Code describes the approach expected of banks with regard to governance, tax planning and engagement with HMRC. Banks operating in the UK that sign up to the Code commit to adopt good practices in relation to their own tax affairs, and not to promote tax avoidance by others.

The Group wishes to maintain an open and honest relationship in its dealing with HMRC and will seek to work in partnership with HMRC in relation to its tax dealings:

- in the event of any inadvertent error(s) arising, full disclosure will be made to HMRC
- the Group will disclose any relevant tax planning it undertakes to HMRC in line with the legal disclosure requirements and criteria set out by HMRC; and
- the Group will continue to meet and cooperate with HMRC to facilitate a mutually beneficial relationship.

5. Tax planning

The Group's business will be conducted at all times for sound commercial reasons and tax planning will only be undertaken in this context.

As noted above, the Group acknowledges its obligation is to pay the amount of tax legally due, and will undertake tax planning accordingly.

The Group may take advantage of legitimate tax incentives, where available.

Due consideration will be given to reputational risk and corporate responsibility when undertaking tax planning. Where a material transaction or arrangement is likely to lead to challenge or uncertainty, the CFO will bring the matter to the Board's attention.

Remuneration packages for the Group's employees, including senior executives are structured so that the Group reasonably believes that the proper amounts of tax and national insurance contributions are paid on the rewards of employment.