



ARQIVA GROUP  
TAX STRATEGY  
JUNE 2018

## AIM

Arqiva seeks to fully comply with all statutory tax obligations and disclosure requirements to Tax Authorities. The Arqiva group's tax affairs are managed in a way which takes into account its corporate reputation which is in line with Arqiva's overall high standards of governance.

## GOVERNANCE IN RELATION TO TAXATION

- Ultimate responsibility for Arqiva's tax strategy and compliance with tax legislation rests with the Board and the Audit Committee (being duly authorised by the Board) of the Group.
- Executive management of the Group is delegated by the Board to the senior management of the Group ("the Management Board").
- The Chief Financial Officer ('CFO') is the Management Board member with executive responsibility for tax matters.
- Day-to-day management of Arqiva's tax affairs is delegated to the Head of Tax, who is a senior member of the finance team.
- The Tax Function is staffed with appropriately qualified individuals and is part of the central finance team that reports ultimately to the CFO.
- The Board and Management Board ensure that Arqiva's Tax Strategy is one of the factors considered in all significant business decisions taken.
- The Head of Tax regularly reports to the Management Board, the Audit Committee and the Group Board on Arqiva's tax affairs and risks on all pertinent matters as well as in respect of material transactions.
- The Audit Committee's requirement to monitor the integrity of Arqiva's financial reporting system, internal controls and risk management framework, includes those elements relating to taxation.
- Arqiva's tax function comprises of appropriately qualified professionals and where required, additional training is undertaken to ensure the Group remains up to date with any development of tax rules and practices. This is extended to cover the wider finance team as appropriate to ensure that all transactions and operations remain in full compliance with the Group's Tax strategy.
- The tax function will interact closely with other functions (such as payroll and legal) who have a tax filing responsibility to ensure that all such filings are submitted accurately and in a timely manner and that in all cases, transactions and operations are in line with the Group's Tax strategy.

## RISK MANAGEMENT

- Arqiva seeks to reduce the risk of errors in tax filings arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations.



- Processes relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required.
- In order to minimise tax risks the Tax Function maintains a close relationship with finance, HR, legal and operational teams to ensure that where necessary they consider tax and involve the Tax Function where appropriate when considering or undertaking transactions and business decisions.
- Advice is sought from external advisors where transactions are material, when the Tax Function does not have the required expertise in that particular area or where the tax law is unclear or open to interpretation.

#### LEVEL OF ACCEPTABLE RISK IN TAX FILINGS

- The Arqiva group takes a conservative approach to tax risk but does not have a prescriptive level or pre-defined limit to the amount of acceptable tax risk. The level of acceptable tax risk is assessed on a case by case basis within our governance framework and risk appetite, as set by the Board.
- The Board or Audit Committee being duly authorised by the Board consider (at a minimum annually) the level of acceptable tax risk and determine the tax decision making responsibility which are to be delegated to the management team.
- Accepting that it is not possible to identify, anticipate or eliminate every risk that may arise and that risk is an inherent part of doing business, our risk management process aims to provide reasonable assurance that we understand, monitor and manage the main uncertainties that we face in delivering our objectives, including in our tax affairs. Our risk management process provides a framework through which we can consistently identify, assess and prioritise, manage, monitor and report risks.

#### ENGAGEMENT WITH TAX AUTHORITIES

- Arqiva has and continues to maintain an open and constructive relationship with relevant Tax Authorities through regular meetings and communication in respect of developments in Arqiva's business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes.
- Arqiva aims to ensure that Tax Authorities are kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage.
- When submitting tax computations and returns to Tax Authorities, Arqiva aims to ensure that all relevant facts are disclosed and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.



- Any inadvertent errors in submissions made to Tax Authorities are fully disclosed as soon as reasonably practicable after they are identified.
- Arqiva adopts a proactive approach to provision of information to the relevant tax authorities in order to assist with the resolution of any matters under review when a Tax Authority opens a tax enquiry or audit.

## TAX ARRANGEMENTS FOR COMMERCIAL TRANSACTIONS

- The overriding intention is that Arqiva will always strive to pay the right amount of tax at the right time and to maintain our reputation with stakeholders including HMRC and other Tax Authorities.
- All Arqiva employees are required by the code of conduct to comply with all laws, rules and regulations. The code of conduct also requires that all business is conducted lawfully and ethically. The tax affairs of the Group fall within the requirements of the code of conduct which is signed by all employees.
- Arqiva manages tax with the aim of complying with all applicable tax laws in compliance with the direction of the Board and the code of conduct.
- When entering into commercial transactions Arqiva seeks to take advantage of available incentives, reliefs and exemptions in line with the letter and the spirit of the law.
- Arqiva does not enter into artificial arrangements that lack commercial purpose or where the sole purpose is to achieve tax advantages.
- Arqiva principally operates in the UK, where almost all of our staff and assets are located and we ensure that our profits are taxed and taxes paid in the jurisdiction in which the economic activity generating the profit takes place.
- Arqiva does not have operations in tax havens or low tax jurisdictions without commercial purpose.

## REVIEW OF TAX STRATEGY

- This document has been prepared and published in accordance with para 16(2), Schedule 19, Finance Act 2016.
- The Tax Strategy will be subject to regular review and development as necessary. The Tax Strategy will be reviewed on an annual basis by the Audit Committee. Any material amendments will require the approval of the Arqiva Board.