Tax Strategy – FY21

Introduction

In accordance with the requirements of paragraph 16(2) of Schedule 19 of the Finance Act 2016, Smiths News plc presents the UK Tax Strategy for Smiths News plc and its UK subsidiaries (“UK Group”) for the 52 week period ending 28 August 2021. This tax strategy applies to all UK taxes applicable to the UK Group and has been approved by the Board of Directors of Smiths News plc (“the Board”).

The policy will be reviewed annually.

Approach to risk management and governance arrangements

The UK Group is risk averse in managing tax and as such all significant tax decisions are agreed by the Chief Financial Officer and reviewed, monitored and endorsed by the Board. The Chief Financial Officer reports regularly to the audit committee on tax-related matters.

The UK Group has clear tax policies, procedures and controls in place to meet the obligations of the Senior Accounting Officer legislation and are managed through a central risk register. These are overseen by the Chief Financial Officer and are monitored and reviewed by the Executive Leadership team and tax specialists; the relevant teams have the skills and knowledge required and are kept up to date on changes to tax legislation, where applicable, by the in-house tax team. The UK Group recognises the importance of monitoring system controls during periods of business change.

The in-house tax team are supported by external tax advisers where required including assisting with the preparation of UK tax returns and advising on compliance with tax related obligations generally and in relation to significant transactions.

Attitude towards tax planning

When entering into commercial transactions, the UK Group seeks to take advantage of available tax incentives, reliefs and exemptions which are consistent with the spirit as well as the letter of the tax law and takes external advice to confirm this if necessary.

The UK Group’s policy is to not enter into any artificial tax planning arrangements that are not underpinned by a commercial transaction.

Tax Strategy – FY21

The level of risk in relation to UK taxation

The UK Group seeks to comply fully with its regulatory obligations and ensures the tax arrangements are consistent with a low tax risk approach to conducting its business.

The UK Group does not seek to structure transactions in ways that give tax results inconsistent with their underlying economic consequences.

Where the tax treatment of any particular material transaction is uncertain, external tax advice will be sought before proceeding with the transaction.

The approach towards dealings with HMRC

We have a transparent and constructive relationship with HMRC and communicate regularly about our tax affairs and any tax risks. We disclose any changes in the business at an early stage and discuss any material tax issues.

Senior Accounting Officer provisions

Schedule 46 of the Finance Act 2009 contains the Senior Accounting Officer (SAO) provisions which apply to the UK Group.

These provisions are aimed at improving compliance across a number of tax regimes. They apply to the financial year of a company rather than any specific tax returns period.

The Business Risk Review (BRR) is a core feature of how HMRC manages the tax compliance of the largest businesses. Customer Compliance Managers currently conduct a periodic BRR of each large business, assessing their risk profile. This assessment is a key determinant of the level of scrutiny and resource the business receives from HMRC. Due to the restrictions imposed because of the COVID-19 pandemic, HMRC have not undertaken a BRR during FY21. Our risk level rating has been maintained at moderate-high and will not be reassessed until after the next BRR planned for the first quarter of the 2022 calendar year. With the continued focus on governance and strengthening of policies and procedures the business is in an excellent position to further improve and attain a moderate grade in 2022.

Approved by the Board on 23 June 2021