

# LeasePlan UK Limited Tax Strategy

## Financial Year 2017

### *Introduction*

This document sets out LeasePlan UK Limited's (LPUK) strategy to conducting its tax affairs and dealing with tax risk. The document is effective for the financial year 2017. It has been approved by the LPUK Managing Board and will be reviewed annually by LPUK's Tax Committee. Any amendments must be approved by the LPUK Managing Board.

### *Tax Strategy*

LPUK will manage its tax affairs in accordance with the following objectives:

1. To ensure tax strategy is aligned with commercial strategy.
2. To ensure the tax governance procedures established are appropriate to certify that LPUK complies with relevant legislation, guidance, and reporting and disclosure requirements.
3. To apply professional diligence and responsibility in the management of all tax risks.
4. To structure business arrangements in a tax efficient manner, and use Government incentives and reliefs to minimise the cost of conducting business activities.
5. To maintain constructive relationships with HM Revenue & Customs (HMRC) based on mutual trust and transparency.

### *Governance Arrangements*

LPUK is committed operating the appropriate framework of systems, processes and controls necessary to ensure the Company pays the right amount of tax required under UK laws and regulations.

The LPUK Tax team partners with our businesses to ensure that:

1. The strategy is adopted and followed consistently, with clear lines of responsibility and accountability, and
2. there is alignment of the tax strategy with LPUK's overall approach to corporate governance and risk management.

Ultimate responsibility for the operation of LPUK tax affairs rests with the Finance Director and Senior Accounting Officer (SAO). The Finance Director sits on the LPUK Managing Board, who have the final decision on managing tax issues and uncertainties.

Authority to manage day to day tax affairs is delegated to a dedicated Tax team, comprised of appropriately qualified and experienced personnel

### *Tax Risk Management*

Diligent professional care and judgement will be employed to assess tax risks in order to arrive at well-reasoned conclusions on how the risks should be managed. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from third party advisers to support the decision-making process.

Evaluation of tax risks and includes consideration of:

- the legal and fiduciary duties of directors and employees,
- the financial costs and benefits of various scenarios, including an assessment of the probability of the risk materialising and the process for dispute resolution, and
- the non financial costs and benefits, including relationships with HMRC, impact on reputation and brand image, and relationships with customers.

Various risk management processes are employed by LPUK to provide assurance that the requirements of the Company's Tax Policy are being met.

### *Attitude to Tax Planning*

Leaseplan Corporation's overall approach to tax planning is laid down in LeasePlan's Group Tax Policy, which states that:

- Entities are not allowed to set up tax structures if they are solely aimed at tax avoidance and are not justified by LeasePlan's business of fleet and vehicle management.
- Tax consequences of certain business set up are acceptable if they fit into LeasePlan's actual business and are in line with the basic principles and spirit of local and international tax law. Entities may only implement tax structures after consultation with a local tax advisor and approval of LeasePlan Corporation Tax Department.

In line with Group Tax Policy, LPUK will not engage in any artificial tax arrangements where there is little or no business rationale other than the achievement of a tax advantage, or knowingly act in a manner contradictory to the intent of UK legislation. LPUK does seek to conduct business efficiently from a tax perspective. This includes using available Government tax incentives and reliefs to minimise the costs of conducting business activities, and structuring commercial arrangements in a tax efficient manner.

### *Acceptable Risk*

An acceptable tax risk is once where the Tax Committee has reasonable belief, and where that belief is reasonable from an objective view point, that the resulting tax position is legally defensible and likely to be sustained on its merits if challenged by HMRC.

### *Relationship with HMRC*

LPUK will maintain a constructive and effective relationship with HMRC based on transparency and mutual trust. As part of this LPUK will:

- Operate within the guidelines of HMRC's Cooperative Compliance Framework,
- manage dealings with HMRC with openness and honesty and in a timely and courteous manner,
- proactively approach HMRC to manage any uncertainties over interpretation or application of international and UK tax law and regulations, and
- if disagreements arise, work cooperatively with HMRC to resolve issues by agreement where possible.