

# Publication of Tax Strategy

January 2020

## Scope

This tax strategy is published to satisfy the UK legislative requirements of paragraph 16(2) of Schedule 19 of the Finance Act 2016. It has been approved by the Board and applies to the financial year ended 30<sup>th</sup> June 2019 and thereafter, but will be reviewed annually.

This strategy applies to the Galliford Try Holdings Plc (the “Company”) and its subsidiaries (together the “Group”).

References to “Tax” are to the taxes set out in paragraph 15(1) of Schedule 19 to the Finance Act 2016, and includes income tax, corporation tax, PAYE, national insurance, VAT, insurance premium tax and stamp duty land tax.

## Aim

The Group’s aim is to meet all legal requirements, by filing all appropriate Tax returns and making Tax payments accurately and on time. We will also look to maximise shareholder value and protect our reputation and brand.

This aligns with the Group’s broader corporate strategy.

## Governance and risk management arrangements

Responsibility for the Group’s Tax strategy and compliance rests with the PLC Board who delegates executive responsibility for Tax to the Group Finance Director who is also the Group’s Senior Accounting Officer.

This strategy is agreed by the Executive Board with management of Tax led by the Director of Group Finance.

The Group Finance Director and Executive Board receive updates in respect of all material Tax matters and ensure that Tax is considered when making significant business decisions. The Audit Committee is required to monitor the integrity of the Group’s financial reporting system, internal controls and risk management framework, including those elements in relation to Tax.

Tax risks can arise from uncertainties in the interpretation of laws and regulations that are relevant to commercial transactions carried out by the Group, or through changes in the structure or operations of the Group. The Group proactively looks to identify these and mitigate these risks appropriately by engaging with external tax advisers for assistance where necessary.

## Tax planning

We undertake transactions that are commercially driven and do not put in place artificial or contrived arrangements that could give rise to reputational damage to the Group.

We recognise our responsibilities to our stakeholders including customers, employees, subcontractors, suppliers, joint venture partners, the communities in which we work, our shareholders and HM Revenue & Customs. Our tax strategy seeks to balance these interests whilst remaining compliant with all laws and regulations.

We will look to maximise available Tax reliefs such as Research and Development Tax Credits to the extent possible and provided they are aligned to the commercial activities of the Group.

## Tax risk appetite

Tax outcomes are considered together with other factors as part of any commercial business decisions. Once a business decision has been made, the most Tax efficient treatment will be applied that is consistent with both the letter and what we consider to be the spirit of the law. The Director of Group Finance is involved in relevant business decisions to ensure that any Tax risk is properly considered.

Our appetite to Tax risk is considered to be low and therefore where a business transaction presents any Tax uncertainty, we will raise the uncertainty with HMRC with a view to obtaining clarity on the Tax position and obtain certainty wherever possible.

Where agreement on areas of uncertainty cannot be reached with HMRC we will always look to work collaboratively with HMRC to try to reach a conclusion. On rare occasions, where this is not possible, the Director of Group Finance in collaboration with the Group Finance Director, will make a recommendation to the Executive Board as to the appropriate means of resolving a particular technical point.

## **Cooperative Approach with HMRC**

The Group maintains a transparent relationship with HMRC based upon open and timely communication. The Director of Group Finance proactively engages with HMRC where appropriate to ensure that HMRC is advised of significant transactions or issues in order that a resolution can be achieved collaboratively. Any errors in Tax filings made to HMRC will be fully disclosed as soon as reasonably possible, once identified.

Wherever possible and appropriate the Company will respond to and input into consultation documents issued by HMRC regarding proposed legislative changes to ensure that we provide our perspective and that we fully understand the potential impact on our business.

**January 2020**