



SCANIA FINANCIAL SERVICES

# **UK** **CORPORATE** **TAX STRATEGY** **2018**

**SCANIA**

This document sets out the position of Scania Finance Great Britain Limited in relation to tax in the UK and describes the more general approach to taxation within the business.

The Company manages its tax affairs based on 5 core principles:

## 1 Compliance

The fundamental principle underlying all tax decisions within Scania Finance Great Britain Limited in the UK is that of paying the right amount of tax in the right place at the right time.

This is mandated at a global level by the Board of Management of our ultimate parent company, Volkswagen AG. It involves disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs and incentives where these are made available by tax legislation.

## 2 Open and Transparent Approach to Engaging with HMRC

Scania Finance Great Britain Limited in the UK seeks to build transparent and collaborative relationships with the UK Tax Authorities to create and maintain “Good Corporate Citizenship”. We aim to achieve this by engaging with HMRC with honesty, integrity, respect and fairness.

HMRC is kept informed about business developments to the extent they have a tax impact through regular correspondence. We will always seek to disclose all relevant facts to HMRC to enable them to understand fully the issue in question, and to enable the correct tax treatment to be applied.

In the event that a disclosure is required, these are made voluntarily or with full co-operation from the business.

## 3 Management of Tax

Ultimate responsibility for the tax affairs of the company sits with the Board of Directors. The Board has assigned an officer with overall responsibility for its ongoing tax affairs. This officer is the nominated Senior Accounting Officer for Tax Purposes.

The Company works closely with external advisors to ensure tax risk is adequately managed and that the Company remains up to date with the latest tax changes that may affect the business.

## 4 Risk Management

Given the size and nature of our business, tax risks will arise. The individuals responsible for tax are appropriately skilled to handle these matters and receive regular tax updates to ensure knowledge is always up to date. This enables those individuals to identify, monitor and manage tax risks within the business.

External advisors are used to help manage the risk and ensure that the Company meets its tax obligations. Advisors are also used to assist the business in achieving its core tax principles as outlined in this document.

## 5 Attitude to Arranging our Tax Affairs

The primary tax objective of the Company is to pay the correct amount of tax at the point at which it is properly due. The Company utilises exemptions and reliefs that are legitimately available and in accordance with the wording and spirit of the law.

The Company is mindful of its reputation in the marketplace and seeks to operate in the manner of a responsible taxpayer.

Transactions between companies within the wider Scania and Volkswagen Groups are conducted on an arm's-length basis and in accordance with OECD principles. The group does not undertake profit allocation on the basis of tax rates, and profit follows the business activities of the group.

Where tax incentives are implemented by the Government to support investment, employment and economic development, Scania Finance Great Britain Limited will only ever seek to implement these in the manner intended.

Engagement in artificial tax arrangements (those without commercial substance) is not undertaken. Where a point is unclear or uncertain, the Company may seek clarification from HMRC, external advisors or the judiciary as appropriate. This is done in order to ensure that the Company complies with its primary tax objective. Tax is not the commercial driver for decision making within the Company, nor is it a key performance indicator.

Scania Finance Great Britain Limited acknowledges its responsibilities under the Finance Act 2016 to publish a corporate tax strategy for each financial year and regards the publication of this tax strategy as satisfying its prescribed duty under Schedule 19, paragraph 22(2) of the Act.

This statement has been approved by the Executive Management Team of Scania Finance Great Britain Limited and will be reviewed and updated on an annual basis.

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