Tax Strategy for the accounting period ended 31 December 2019

In accordance with the requirements of Schedule 19 Finance Act 2016, we have published the below tax strategy in respect of Gedeon Richter (UK) Limited (“the Company”) for the accounting period 31 December 2019.

This document provides commentary in respect of:

1) the Company’s approach to risk management and governance arrangements in relation to UK taxation;

2) the attitude of the Company towards tax planning (so far as affecting UK taxation);

3) the level of risk in relation to UK taxation that the Company is prepared to accept; and

4) the approach of the Company towards its dealings with HMRC.

In overview, the Company is committed to ensuring that it fulfils its social and moral obligations by operating both within the letter and spirit of relevant tax legislation to ensure a fair amount of taxation is paid in the UK.

1) Approach to tax risk management

Management of tax risk

The Company has a policy of managing tax risk to ensure that the Company does not expose itself to significant uncertainties in respect of tax policy. This is achieved by

- Ensuring a level of review and assigning responsibilities such that full consideration of the tax implications is considered before entering into transactions

- Ensuring appropriate professional advice is sought over significant tax matters, and

- Complying with all relevant laws, regulations and reporting and disclosure requirements
Key roles/responsibilities

The overall financial operations of the Company are overseen by the Finance Director with – when appropriate – advice from external tax advisors. The tax affairs of the Company are also overseen and monitored by the Supervisory Board of Gedeon Richter PLC, the ultimate parent Company of the group of which the Company is a member.

Systems and controls

The overriding tax principles of the Company are to ensure:

- That the Company develops well established relationships with the tax authorities through active co-operation and consultation

- That where alternative routes exist to achieve the same commercial results the tax efficiency and viability of each route is considered to ensure that operations are conducted in an efficient manner

If there is significant uncertainty as to the tax risk of any transaction, then relevant professional advice will be sought by the Company and (if applicable) the matter will be discussed with HM Revenue & Customs.

Governance and board oversight

The Company’s governance arrangements ensure that a structured and comprehensive review process is in place to manage tax risk. All matters which are deemed to have a significant UK tax risk are reviewed by the Finance Director assisted by the external tax advisor who will conclude whether it is appropriate for the decision to be ratified by the Board of Directors.

2) Attitude towards tax planning

Use of External Advice

The Company makes use of the services of external professional advisors in respect of taxation matters. It is the Company’s policy to consult with external advisors where there is any uncertainty over the tax treatment of a transaction.

Tax planning motives

The commercial requirements of the Company are of utmost importance to any planning, whether tax or otherwise undertaken by the Company. All tax planning undertaken by the Company during the accounting period has been undertaken primarily with a view to furthering the commercial success of the business.

The Company’s tax planning strategy is always to act within the letter and spirit of the law, where possible the Company will seek to maximise efficiency through available reliefs, such as capital allowances on acquisitions of plant and machinery.
The Company does not consider itself to be involved in any aggressive tax planning and does not seek to enter into transactions where the primary motive is to obtain a tax advantage. The Company will seek to minimise tax exposure through legal means where it is believed this can achieve value for its shareholders.

3) Risk Review

The Company considers that it is prepared to accept a low level of risk in respect of UK taxation matters.

The tax policies of the group in the UK are monitored by the Supervisory Board of the parent company to ensure that tax risk is at an acceptable level and professional advice is sought where it is considered that there is an unacceptable level of risk.

Due consideration is given to the Company’s reputation, brand and corporate identity along with its social responsibilities when considering taxation. It is the Company’s policy to avoid entering into any tax planning which could result in negative publicity or damage the corporate reputation of the Company.

4) Approach to dealings with HMRC

How we work with HMRC

One of the Company’s main tax principles is to develop well established relationships with HMRC through active co-operation and consultation. The Company seeks to achieve this by entering into honest and transparent correspondence with HMRC on tax matters and by co-operating with HMRC at all times.

The directors consider that the Company has a productive and sustainable relationship with HMRC.

Dealing with risk

The Company’s attitude to tax risk is set out above, where the company enters into transactions where there is potentially a high level of tax risk it is the Company’s policy to ensure that this risk is reduced to an acceptable level before proceeding. To mitigate such risk, the Company will discuss such matters with HMRC before proceeding with a transaction.

Should it become apparent that a previous transaction has resulted in a high level of tax risk or potential tax uncertainty then it is the Company’s policy to seek professional advice.

Dealing with tax events

The Company considers a transaction to constitute a tax event if, as a result of the transaction there is a potentially material impact on the company’s tax liabilities. Where such an event
occurs or is likely to occur, it is the company’s policy to internally monitor the tax position and seek assurance over the tax treatment from HMRC and/or obtain professional advice.

Interpreting the law

United Kingdom tax can be complex, and it is possible that differences of opinion and uncertainty over the interpretation of tax law may arise in certain scenarios. It is the Company’s policy to refer to both professional guidance and guidance from HMRC where there is uncertainty over interpretation to ensure that it has robustly considered the risk of misinterpretation of the law before entering into a transaction.