

# Tax Strategy

## Section 1: Introduction

### 1.1 Context

This document sets out the strategic tax objectives for Mitie Group plc and its subsidiaries. Mitie Group plc is a listed facilities management company, based in the UK with over 95% of its operations in the UK.

The UK is Mitie's largest market by far, and the Group makes a substantial contribution to the UK Exchequer.

### 1.2 Ownership and approval

This strategy has been prepared and is managed by the Head of Tax in accordance with instructions from the Chief Financial Officer and has been approved by the Board of Directors.

### 1.3 Audience

The tax strategy is primarily of relevance to the Mitie Group plc Board, to all employees, and to the governments of the countries where the Group operates.

The statements on tax strategy and strategic tax principles contained in this document are intended to comply with the legislation in Paragraph 16(2), Schedule 19, Finance Act 2016. The statements are made in respect of our 2020 financial year. The rest of the document is intended to provide context and more detail on tax management in Mitie.

### 1.4 Scope

Generally the tax strategy and strategic objectives are intended to establish a clear and unequivocal approach to all aspects of tax reporting and compliance wherever the Group operates.

For companies where Mitie holds over 50% of the share capital and has management control, it is expected that each company will implement the detailed policies and procedures as directed by the Group Tax Team that enable these standards to be met. Mitie will share its tax strategy and principles with joint ventures that it does not control.

This strategy applies to:-

#### **A – Taxes payable and reportable including:-**

- Corporation tax (including withholding taxes and amounts assessable or chargeable as if it were corporation tax)
- Value added tax
- Amounts for which the company is accountable under PAYE and Construction Industry Scheme regulations
- Diverted profits tax
- Insurance premium tax
- Annual tax on enveloped dwellings
- Stamp duty land tax
- Stamp duty reserve tax
- Petroleum revenue tax
- Customs duties

- Excise duties
- National insurance contributions
- Business rates
- Apprenticeship levy

**B – Tax reporting activities including:-**

- Tax financial reporting
- Tax forecasting

## Section 2: Tax Strategy

### 2.1 Tax strategy statement

**Mitie's tax strategy is to pay the right amount of tax at the right time, managing all taxes responsibly in the interests of stakeholders. Mitie's strategic tax principles, as set out below, govern the Group's behaviour and decisions that affect its tax affairs.**

## 2.2 Mitie's strategic tax principles and their delivery

STRATEGIC TAX PRINCIPLES	DELIVERY OF THE STRATEGIC TAX PRINCIPLES
<b>Approach to risk management &amp; governance</b>	
<b>Identification &amp; mitigation of risk</b> – Tax risks are identified by the tax team and monitored within a Group wide risk register.	The risk register identifies the key tax risks and mitigating controls that the company is exposed to. The risk register is reviewed and updated every 6 months.
<b>Governance framework</b> - we will operate effective tax governance, understanding our tax control framework with a view to continuously adjust our approach to achieve compliance with our tax obligations.	We will put in place the resource, governance, process, and controls necessary to ensure that our risks are managed effectively in compliance with these principles.
<b>Responsibilities</b> - This strategy is owned by the Head of Tax and endorsed by the Chief Financial Officer and The Board	While the Chief Financial Officer has oversight of tax governance, it is the responsibility of the Head of Tax along with each Divisional Finance Director to ensure compliance with the Group's tax governance throughout each division. An internal Senior Accounting Officer process is used to monitor compliance.
<b>Effectiveness</b> - we will act to keep administrative costs to the minimum necessary both to comply with the law and to ensure our business has access to clear, timely, relevant and business focussed advice across all aspects of tax, real time, on commercial transactions.	We will ensure we recruit, develop and retain the best tax professionals to manage our taxes, and use carefully chosen third party advisers as necessary. We will ensure that appropriate tax processes are embedded in our business and that the business understands that tax risk must be minimised.
<b>Attitude towards tax planning</b>	
<b>Tax planning</b> - we will claim incentives and reliefs in accordance with our interpretation of the law and our business objectives.	Incentives such as tax holidays, accelerated capital allowances and special tax rates for operations in specified areas have generally been legislated for specific reasons. We will seek opportunities to use legitimate tax incentives within our business.
<b>Structuring / Tax Havens</b> - we will not use tax havens for tax avoidance.	Although we may operate in low tax or no tax jurisdictions in the normal course of business, we will not use them for artificial tax planning and we will ensure transfer prices are on arm's length terms.

<p><b>External advice</b> – external advice will be sought when required within the boundaries of the strategic principles set out in this document.</p>	<p>Where Mitie outsources to external tax advisors (including elements of compliance), the Head of Tax will ensure that the principles in this document are adhered to in concert with the wider Tax team and the divisional Finance Directors.</p>
<p><b>Level of risk accepted</b></p>	
<p><b>Risk levels</b> - our risk appetite in respect of taxation is low.</p>	<p>We will ensure our tax risks are identified and managed effectively.</p>
<p><b>Relationships with tax authorities</b></p>	
<p><b>Transparency</b> - we will be transparent in our approach to tax, seeking to develop strong relationships with tax authorities based on openness and trust.</p>	<p>Transparency goes beyond the observation of all applicable laws, rules, regulations and disclosure requirements. We will publish our tax strategy. We will work openly in real time with tax authorities and assist them in areas of uncertainty.</p>
<p><b>Working in partnership / Compliance</b> - we will operate responsibly in accordance with our interpretation of the law and international standards such as the OECD Guidelines.</p>	<p>We will pay our tax when due on a conservative basis. We will form strong technical positions and assist the tax authorities in areas of uncertainty. We will seek professional advice as necessary.</p>

## Section 3: Governance, structure and organisation

### 3.1 Governance

The Group believes it is important to follow the highest ethical standards, and this is reflected in the Code of Conduct issued by Mitie Group plc to all employees.

### 3.2 Structure and organisation

#### Tax Team

All tax team members will act in line with the agreed tax strategy and tax governance framework. The central tax team will be recognised as having tax expertise and be an example of Mitie’s commitment to employ expert, highly engaged people. The Group Tax Team includes experts for each material tax for Mitie, including corporation tax, VAT and employment taxes.

#### Finance

Divisional Finance Directors are responsible for ensuring their divisions comply with the strategic tax principles and strategy.

## External advisors

The engagement of external advisors is under the overall management of the Board of Directors, with delegated responsibility to the Chief Financial Officer. Where Mitie Group plc outsources to external tax advisors (including elements of compliance), the Head of Tax will provide a copy of this document to them and ensure that its principles are adhered to in concert with the wider Tax team.