

# JCB International (Europe) Limited Tax Strategy

## **1. Introduction to our European tax strategy**

Our European tax strategy has been approved by our Board of Directors and satisfies the requirements of Schedule 19 of the UK Finance act 2016 for JCB International (Europe) Limited for our financial year ending 31 December 2022.

As the leading payment brand in the World, and with our commitment to increasing the value of the JCB brand, our overall vision for tax is to act as a trusted and responsible corporate citizen, complying with all regulatory and legal obligations. Our strategic tax objectives below ensure that we achieve our vision for tax and our wider corporate vision while upholding our standards of business conduct. JCB International (Europe) Limited's corporate vision encompasses our global corporate responsibility to ensure our products and services contribute to the betterment of all the people and places we serve.

## **2. Strategic tax objectives**

### **Continually monitor and strengthen our governance processes to fulfil our compliance obligations**

Through operating an effective tax control framework, we are ensuring compliance with our tax filing obligations and proactively mitigating tax risks to acceptable levels. To support the foundation of our brand and ethical values we undertake business transactions in compliance with relevant legislation. Our approach to tax governance is monitored by the responsible Director and reported to the Board of Directors where appropriate, should any tax issues arise.

JCB International (Europe) Limited have a risk management framework, which tax is an important part of. This framework details how the JCB Group must identify, assess and report risks. We have defined a clear reporting line and escalation process at a global level and have a quantifiable criteria of information on tax that is reported in a timely manner. Acceptable risk levels based on the likelihood and impact of risk issues have been approved by our Board of Directors. JCB International (Europe) Limited's tax risk appetite is low, which is consistent with our wider business objectives and is in line with our values and mission. To mitigate tax risks to appropriate levels, our key tax controls are reviewed locally to ensure design and operating effectiveness. We continually look to improve and refine our approach to the management of tax and optimise our tax processes and systems where possible.

Furthermore, in order to achieve our commercial objectives, we form active working links between tax personnel and the wider business. This ensures sufficient tax knowledge and support is available for the Group to make good business decisions. Our tax teams are integrated within the finance teams of the key business service lines allowing us to implement lines of internal communication to connect tax advice to real time business activity. Where appropriate, we will seek advice from external professional advisors to ensure we remain compliant with our obligations, including paying the correct amount of tax in the jurisdictions where we operate.

### **Fulfil our role in economic development, balancing the creation of shareholder value with wider stakeholder interests**

The payment industry is fulfilling an increasingly important role in economic development, and making payment solutions accessible to as many people as possible to advance financial inclusion. Further to this, we make contributions to society by paying the correct amount of tax according to the letter and the spirit of the law. We focus on long term sustainability rather than narrowly focusing on short term outcomes, in other words we do not engage in aggressive tax avoidance. In order to continue accelerating the development of innovative payment solutions and new technologies for our customers we will seek to take advantage of government sponsored tax incentives and reliefs. We will also consider tax efficiencies in the way we undertake our business, but will not enter into transactions with the purpose of achieving a tax advantage.

All intercompany transactions are made in line with OECD Guidelines, and in particular the arm's length principle.

We use external tax advisors to ensure that we meet our legislative tax obligations or if we identify a skills gap in the internal team, especially in cases of uncertainty over the interpretation of tax law. Any external advice that we receive is reviewed and approved by the responsible Director in order to ensure consistency with our risk appetite and at a higher level our brand values.

### **Upholding integrity and transparency when engaging in communications with stakeholders, including tax authorities**

We conduct our business in a fair and honest manner, in particular we seek an open and transparent working relationship with tax authorities. We use relevant guidance to interpret and understand tax legislation and where appropriate will proactively seek clarity from tax authorities if there is any uncertainty over the interpretation of tax law. We maintain full and timely disclosure of relevant information as required by law and by engaging in timely dialogue with tax authorities, we avoid any unnecessary disputes or lengthy exchanges. If disputes arise we will continue our constructive relationship with tax authorities to reach an early agreement and resolution. We may engage external advisors to assist where legislation is unclear ensuring we are minimising the possibility of disputes in relation to our tax position and affairs.