

Kubota Membrane Europe Limited

TAX Strategy

June 2020

Introduction

The Company now publishes its tax strategy in accordance with the provisions of Section 161 and Schedule 19 of the Finance Act 2016.

This document has been approved by the Board of Directors of Kubota Membrane Europe Limited, and sets out the Company's Strategy for conducting its tax affairs and managing tax risk.

It is effective for the year ended 31st December 2019 and will remain effective until any amendments are approved.

The Company's objectives are to ensure that its tax strategy is followed by all officers and employees of the Company in its business dealings and with a view to ensuring that the Company pays the correct amount of tax due under the laws and regulations of the UK.

Responsibilities and Governance

In order to ensure compliance with its objectives Kubota Membrane Europe Limited will:-

- 1) Adhere to all relevant laws, rules, regulations and reporting and disclosure requirements.
- 2) Proactively manage all tax matters, with due regard to their risk.
- 3) Develop good relationships with tax authorities.
- 4) Take advantage where appropriate of available incentives and reliefs to minimise tax costs, but will not use them for purposes which are knowingly contradictory to the intention of Parliament.
- 5) To keep under constant review internal systems, processes and controls.

Management of Tax Risk

- 1) To manage tax risk by effective governance and understanding of our tax responsibilities.

The level of any tax risk will be continually evaluated and reviewed.

The Company will also consider the tax implications of a given course of action and the impact on the Company's reported results compared to the financial costs incurred, and whether there is the risk of penalties and interest.

- 2) The wider consequences of potential disagreement with tax authorities and any possible impact on relationships with them will also be recognised.

- 3) To engage with tax authorities in an open and transparent way in order to minimise uncertainty by way of adopting prudent and recognised filing positions.

As a company we aim to be honest and fair in all of our dealings, including those with the appropriate tax authorities. When issues arise we seek to be proactive with tax authorities to ensure the efficient resolution of issues.

Tax advice is sought from external advisors as the Company does not have its own internal team of tax professionals, and their appointment is the responsibility of the Board of Directors.

- 4) To ensure that the Company's employees understand the Company's objectives to minimise exposure to tax risk and the means of achieving this.

To help achieve this objective we provide information and organise briefings relating to tax matters so that these are considered and understood when undertaking transactions or making business decisions.

Attitude to Tax Planning

- 1) The Company may consider different tax outcomes when considering how to structure commercially motivated transactions, but does not undertake aggressive tax planning for the purposes of tax avoidance.
- 2) Where alternatives exist to achieve the same commercial result the most tax efficient approach in compliance with all other relevant laws is considered. However our primary policy will always be to pay the right amount of tax at the right time as legally required to maintain our strong reputation and we will not use alternative approaches in a way which is knowingly contrary to the intentions of Parliament.
- 3) The Company considers the appropriate amount of tax due according to where value is created within the normal course of commercial activity. Transfer pricing is always calculated using the “arms length” principle.

Relationship with HMRC

The Company, also having regard to the Draft Framework for Co-operative Compliance published by HMRC in December 2015, is committed to the principles contained in that document, including:-

- To promote an open, transparent and trusted relationship with HMRC;
- To respond to queries, information and clearance requests in a timely manner and to ensure that HMRC are informed about how issues are progressing;
- To make fair, accurate and timely disclosure in tax returns and correspondence;

- To work proactively with HMRC to resolve any disagreements that may arise by agreement where possible;
- To be open and transparent with regards to decision making, governance and tax planning.

We engage the services of professional tax advisers to act as our agents, and who will liaise with HMRC on our behalf if required, should any enquiries be raised on any issues. This is seen by the Board as a way to enhance our relationship with HMRC.