

## **Annual Review of Tax Strategy Publication**

**March 2023**

### **The 2016 Finance Act**

The 2016 Finance Act became law in September 2016. It included a requirement for certain businesses to publish online their tax strategy as it relates to UK taxation.

The tax strategy is expected to be a set of tax principles or short statements which needs to cover at least four main elements and it must be published 'on the internet'.

The four main elements are;

- The approach of the group to risk management and governance arrangements in relation to UK taxation.
- The attitude of the group towards tax planning (so far as affecting UK taxation)
- The level of risk in relation to UK taxation that the group is prepared to accept.
- The approach of the group towards its dealings with HMRC

All UK companies with UK turnover of more than £200m and/or balance sheet total of more than £2bn in the last financial year must publish their tax strategy.

UK partnerships and LLPs that meet this same test.

All UK companies that are members of a group (including groups with a non-UK topco) with aggregate UK turnover and/or balance sheet total that meet the same qualifying test above.

All multinational groups that meet the OECD definition of a MNE, namely annual global consolidated turnover of more than €750m and are subject to country-by-country reporting requirements in the UK (or would be if their head of group were tax resident in the UK).

### **Process**

Under the legislation Punch is required to publish a tax strategy, which is displayed on the following pages, and publish the statement on the corporate website. The statement is reviewed and approved by the Board on an annual basis.

## **Punch Pubs & Co UK Tax Strategy**

**This tax strategy is published to ensure that the group fulfils its responsibilities as set out in paragraph 16 (2) of Schedule 19 FA 2016. This document has been approved by the group's CFO.**

The Punch group's tax strategy is to manage its tax affairs as efficiently as possible and to support the commercial objectives of the Group. We manage our tax affairs in accordance with all applicable tax laws and seek to maintain robust compliance controls and corporate governance procedures. The Punch tax team's primary objective to fulfil this strategy is to minimise the tax risk for the group by striving for "tax certainty" wherever possible, to ensure that the group pays the right amount of tax at the right time. To help achieve these objectives Punch engage in regular, "real time" and open discussions with the relevant tax authorities and seek external tax advice where appropriate.

### **Tax risk profile**

The group is not prepared to accept the high levels of tax risk associated with excessively complex transactions or structuring and aims to minimise tax risk by striving for "tax certainty" wherever possible.

The group achieves this by ensuring it is at all times fully compliant with all UK laws and regulations, that there is periodic dialogue between the tax department and key personnel in the wider Punch business and that the tax implications of all transactions are fully understood. The group also strives to maintain a strong relationship with HMRC (see below).

The group ensures that the in-house tax team have appropriate resources, qualifications and experience to meet compliance and regulatory requirements and that up to date tax technical knowledge is maintained. Relevant changes in tax legislation are understood and communicated on a timely basis, with external advice sought where required. The Head of Tax and Chief Financial Officer meet periodically to discuss key tax matters, which are also raised with the wider Board where any issues are deemed to be of significant importance or magnitude. Any known tax risks are highlighted, understood, managed and applicable controls put in place to ensure these risks are mitigated as far as possible.

The group ensures that its internal governance and all key tax processes and controls are in place and reviewed to comply with the Senior Accounting Officer and other regulatory reporting and compliance requirements. A summary of key tax matters is presented annually to the group's Board of directors and the effectiveness of the tax team is subject to regular review by the Punch Internal audit team.

### **Attitude to tax planning**

The Group takes a conservative approach to tax planning. The group ensures that any tax planning is undertaken to comply with the applicable laws and regulations and that any tax planning is consistent with values and an acceptable level of tax risk.

Punch will consider tax planning opportunities that minimise our tax costs, but only where they are commercially driven and are aligned to the group's tax strategy and are deemed acceptable in terms of tax risk profile. In practice, this means that where a number of options exist to achieve the same commercial outcome, we will consider the most tax efficient and cost-effective option.

The group engages with third party external advisors where necessary to ensure that the tax consequences of all significant transactions are fully understood, have been implemented tax efficiently by taking advantage of available tax incentives, reliefs and exemptions and are in accordance with and in the spirit of applicable laws and regulations.

The group does not enter into any contrived, artificial or aggressive transactions and has historically not undertaken any tax planning, transaction or structure that has been notifiable to the tax authorities under mandatory disclosure regimes.

### **Relationship with Tax authorities**

Punch maintain a regular, "real time" and open dialogue with HMRC through our Customer Compliance Manager and other key HMRC individuals. The Punch group continues to engage with HMRC in respect of open enquiries and ongoing matters, in an open and transparent manner and via regular updates and an annual risk review meeting. We will often seek the advance view of HMRC regarding uncertain tax positions and for assistance understanding the practical implications of new tax law/regimes.