

T. C. Harrison Group Limited

Our tax strategy – a responsible approach

Introduction

The Group is run in line with the original Harrison family ethos, believing implicitly in total customer and stakeholder satisfaction. We see consistent, friendly and efficient service to our customers as our central belief. In support of this, the Group strategy is to be open and transparent and this extends to our accounting function and the management of our tax affairs.

We act responsibly in all tax matters, recognising the importance of paying the right amount of tax at the right time, and providing transparent disclosure to the tax authorities. We seek to build constructive relationships with the various departments of HMRC.

We have reviewed our tax strategy and tax risk policy because we have a duty under Paragraph 16(2), Schedule 19 of Finance Act 2016 to publish our tax strategy before 31 December 2019. This is set out below, and will be reviewed and updated as relevant on an annual basis.

UK Taxation paid by the Group

We set out below the UK taxes that our businesses pay, together with the taxes that are collected and remitted to HMRC:

- Corporation tax – the Group pays corporation tax on taxable profits as computed under the relevant tax law. The taxable profit is based on the accounting profit before tax in the financial statements as adjusted based on tax law for example in respect of capital items (e.g. fixed assets) and pension contributions. Specific tax legislation in relation to the tax treatment of different types of car leases provided to customers is applied.
- Value Added Tax (VAT) – VAT is charged to customers as appropriate based on the nature of the supply for VAT purposes and VAT is recovered on costs accordingly.
- Pay As You Earn – We are required to deduct PAYE from employee remuneration and this is paid over to the tax authorities by 22nd of the following month.
- National insurance contributions – employee contributions are deducted from employee remuneration and paid over to HMRC along with employer contributions.
- Stamp duty land tax – payable on the consideration paid for property and land transactions.

The Group operates predominantly in the UK with around 1% of the turnover being derived from international markets.

Risk management and governance arrangements

Approach - Our tax affairs are managed to reflect the regulatory, legal and commercial environment in which we operate.

When making decisions that have a tax effect, we firstly consider the overall business objective, the transactions that will be undertaken in accordance with the agreed approach and then we go on to consider how tax legislation will apply to the transactions.

Whilst the size of the Group and complexity of the businesses might suggest at least a moderate tax risk profile, when last reviewed, HMRC concluded that they viewed the Group as being low risk.

We define tax risk as either:

- Uncertainty from the interpretation of tax law to a particular transaction or result; or
- The practical implementation of tax law in an operational or compliance sense across our operations, which has the potential to have an adverse financial or reputational outcome.

Tax risk is managed in a manner consistent with all other accounting risks.

Governance arrangements - The accounting function operates based on a robust system of internal controls. Our finance team at Group level consists of individuals with a mix of industry and business knowledge. Most of the team are qualified Chartered Accountants and are led by an experienced Group Finance Director with over 30 years post qualified experience. In addition, each operation has an accountant in post. Employment tax and Value Added Tax requirements are managed on a day to day basis by our in-house team at operational level with oversight provided at Group level by the Group Financial Controller and Group Finance Director.

The Group outlines procedures and policies that must be followed so that all operations operate and report in a consistent manner. The internal audit function is staffed by qualified accountants who visit the operations regularly to review accounting records and to ensure that a consistent tax compliant approach is applied throughout the Group.

The Group believes that it has sufficient controls in place to manage the risks which it identifies and seeks assistance from its advisers where necessary.

The Group Finance Director is a member of the Board and the Board provides oversight in relation to the management of the Group's tax affairs. The Board makes decisions in relation to significant transactions, after taking any necessary and appropriate advice from experts.

Attitude towards tax planning and the level of tax risk that the Group is prepared to accept

We seek to structure our affairs in a tax efficient manner while operating within tax legislation. All decisions are taken after careful consideration of the relevant facts and aggressive interpretations of tax law for tax planning purposes are consciously avoided.

Use of advisers – We engage tax advisers to undertake corporation tax and VAT compliance work on our behalf. In addition, we work closely with our advisers who are engaged from time to time to provide second opinions on other compliance related matters and also to provide specialist advice in relation to one-off transactions and new legislative requirements.

Working with HMRC

The Group communicates with HMRC in an open and transparent way, which has been described by HMRC as collaborative, to ensure that the right amount of tax is paid at the right time and that reports and returns are submitted before the relevant deadline.

Where the tax analysis of any significant transactions is open to interpretation, it is Group policy to have a real-time dialogue with HMRC to agree the appropriate treatment.

December 2019