



## Our UK Tax Strategy

### Introduction

Daikin Group, headquartered in Osaka, Japan, is a leading force in the air conditioning manufacturing industry, providing solutions for residential, commercial and industrial applications. A UK subsidiary, AHT Cooling Systems Supermarket (UK) Ltd is part of the Daikin Group, focussed on providing refrigeration systems to supermarkets.

Our global business activities incur a substantial amount and variety of taxes, including corporate income taxes, stamp taxes, business rates and, in the UK, employer's national insurance. In addition, we collect and pay employment taxes and indirect taxes such as VAT.

This tax policy satisfies paragraph 19 of schedule 19 to the UK Finance Act 2016. The tax policy has been published in accordance with paragraph 16(2). This strategy applies from the date of publication until it is superseded.

### Managing tax risks

The company's UK tax policies are regularly reviewed and approved by management in accordance with the company's overall commercial risk appetite. The key role involved in managing the tax risks is the Financial Controller of AHT Cooling Systems Supermarket (UK) Ltd who oversees UK tax compliance. After the Financial Controller has reviewed the tax position, this is then reviewed and agreed by the Managing Director. This is augmented by using external advisors who assist in ensuring that the company stays updated on any new tax legislation which could impact the desired low-risk tax profile the company intends to maintain. Our tax processes are subject to the same level of internal controls, review and external audit as the rest of the business.

### Tax Planning

With the complexity of tax legislation increasing especially for businesses which operate in multiple jurisdictions with the introduction and implementation of the Actions of the OECD's "Base Erosion & Profit Shifting" project ("BEPS"), there is an increased risk for all businesses of non-compliance with new legislation.

In order to ensure we fully comply with new and existing UK tax legislation, we occasionally seek external tax advice to help us correctly interpret new technical and complex laws as well as confirming we are complying with all relevant statutes

We make operating decisions purely on a commercial basis and only after this do we consider how these transactions can be implemented in a way which maximises shareholder value whilst adhering to the company's overall low-risk tax policies. We sometimes seek external views, especially with complex transactions as to whether our interpretation of legislation is correct, or if there are other considerations which will help increase shareholder value whilst achieving our commercial aims in a low-risk manner. **Level of Acceptable Tax Risks**

We have management-led internal tax policies throughout the UK business which detail the low-risk approach to tax. This is rigid and does not change depending on the situation. Our internal tax policies are partially influenced by our stakeholders who demand that the business maintain a reasonable approach to tax and don't take undue risks in an attempt to increase profitability.

### **Working with HMRC**

We seek to ensure that our engagement with HMRC is professional, open and honest, and undertaken in a spirit of cooperation. We aim to respond to information requests in a timely manner and ensure that access is given to all relevant information. Where considered appropriate, we would be prepared to litigate on matters where agreement cannot be reached through discussion, although we would consider the potential impact on our reputation and on our working relationship with HMRC before doing so.

Published on 31 December 2020