

J.S.T. (UK) Limited

UK Tax Strategy

Scope

This strategy applies to J.S.T. (UK) Limited (“the Company”). There are no other UK companies to which this strategy covers.

It is published in accordance with Schedule 19 of the Finance Act 2016 (“the Schedule”), as part of the duty imposed on the Company to prepare and publish a Tax Strategy under paragraph 22(2) of the Schedule in the current financial year ending 31 March 2018 and has been made available to be freely accessed by the public online.

This content of this document is relevant as at the date of publication and will be updated as and when necessary.

References to ‘UK Taxation’ are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax, Stamp Duty and Customs & Excise Duties. References to ‘tax’, ‘taxes’ or ‘taxation’ are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the worldwide Group has legal responsibilities.

The Company’s taxation policy is fully aligned to the wider strategy of the worldwide Group as outlined in its corporate principles and policies. The Company is a wholly owned subsidiary of J.S.T Mfg. Co. Limited, a company registered in Japan.

Principles

The company is committed to and guided by the principles of:

- Transparency in our approach to tax and our dealings with HM Revenue & Customs (“HMRC”)
- Timely and accurate filing of tax returns and other tax obligations
- Promptly paying our taxes in line with applicable laws and regulations
- Having responsibilities at the most appropriate level

The UK Accounts Manager owns and implements the UK tax strategy which is aligned with the worldwide Group’s strategy, although it is the Executive Board as a whole who are accountable, as part of the general corporate governance process.

Day-to-day management of the Company’s tax affairs is the responsibility of the UK Accounts Manager who consults with the Japanese HQ Finance Department, the Executive Board and the appointed external tax advisers.

Approach of the Company to risk management and governance arrangements in relation to UK taxation

The main tax risk is the related party transactions with the other companies in the worldwide Group, namely the value of the stock acquired from the Japanese parent company. This risk is managed by detailed assessments, overseen by senior members of the immediate parent company and supported by the relevant transfer pricing documentation, to ensure that the value of these transactions represents an arm's length basis.

Given the scale and broad range of our business, unforeseen tax consequences may be inevitable at times. Where there is significant uncertainty or complexity, the UK Accounts manager will seek external advice, particularly in relation to fulfil our tax obligations.

The annual financial results are externally audited by an independent, reputable firm of auditors. The Company's Corporation Tax affairs are also outsourced to this firm, who have the necessary experience and skills set to ensure our compliance obligations have been met and also any Corporation Tax assessments are accurate, although the Company is ultimately responsible.

The Company's payroll and VAT compliance is administered internally by the UK Finance Department, overseen by the UK Accounts Manager. To reduce risk, full and regular reconciliations are carried out to ensure these processes are accurately executed and external advice is sought for any ad hoc issues.

The UK Accounts Manager ensures the Board maintains a close involvement in overseeing the Company's tax affairs, to ensure these are conducted in accordance with the principles of internal governance.

Attitude towards tax planning and level of risk

The worldwide Group and the Company are prepared to only accept a low-risk approach to tax and do not engage in artificial tax arrangements conceived for the sole purpose of avoiding, deferring or reducing tax. This is driven from internal governance.

Tax planning mainly comprises legitimate planning in accordance with the intention of the relevant tax law, by claiming all tax reliefs and allowances the Company qualifies for.

The Company's tax obligations, and therefore our tax contribution, are aligned with the commercial and economic activity of our operations. Tax is considered in all significant business decisions but we do not undertake any transactions for the sole purpose of realising tax savings.

The Company focuses on delivering accurate tax returns and determining the correct tax treatment across all of our business transactions, to ensure we pay the right amount of tax at the right time.

External tax advice is sought solely to ensure the Company meets its tax obligations accurately and punctually.

Approach to dealings with HMRC

The Company maintains an open and transparent relationship with HMRC.

All dealings with the tax authorities and other relevant bodies are conducted in a collaborative and timely manner, as was demonstrated in a recently concluded enquiry into the Company's Corporation Tax affairs carried out by HMRC in respect of the year ended 31 March 2013.

All tax returns and reports are filed with HMRC electronically.

The Company is committed to reducing tax risks (past, present and future) and regularly engages with an outsourced tax adviser to ensure any areas of contention are resolved and disclosed appropriately.

Under the UK's self-assessment regime, it is the Company's responsibility to ensure tax laws are interpreted as intended by Parliament. The Company's approach is to seek the advice of an outsourced tax adviser and obtain an opinion (informal or on a statutory basis) from or make appropriate disclosures to HMRC, if in any doubt.

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