



# Biffa Group Tax Strategy

Effective for the year ended March 2022

## **Contents**

- 1. Introduction**
  - 1.1 Purpose**
  - 1.2 Scope**
- 2. Tax risk management and governance**
  - 2.1 Tax risk - identification and mitigation**
  - 2.2 Governance**
  - 2.3 Roles, responsibilities, systems and controls**
- 3 Tax compliance and Planning**
  - 3.1 Code of conduct**
  - 3.2 Tax planning considerations**
  - 3.3 Relationship with external advisers**
- 4 Attitude to tax planning risk**
- 5 Relationship with tax authorities**

## **1. Introduction**

### ***1.1 Purpose***

The purpose of this document is to outline the approach adopted by the Biffa Group of companies' ("the Group") to planning, risk management, governance, and relationship with both its external tax advisers and tax authorities (HMRC & Welsh Revenue Authority) is outlined in the following pages and is in line with Finance Act 2016 requirements. This published strategy applies for the year to 31 March 2022. The Group does not expect its tax strategy to change significantly year on year, but it reviews and updates it annually.

The objectives of this Tax Strategy are to:

- Drive a consistent approach to the way in which tax is managed in the Group
- Engage with internal and external stakeholders in enabling a consistent understanding of how tax is managed in the Group
- Provide an overview of the Group's tax risk management framework

### ***1.2 Scope***

The Tax Strategy applies to all subsidiaries within the Group, including any entity controlled by the plc. It governs and is applied by all the Group employees and contractors. It applies to all the personnel who have tax responsibilities. The Tax Strategy applies to all taxes, including corporate income tax, VAT, sales, property and employment related taxes.

The Group is UK based and committed to fully discharging its responsibilities in respect of all relevant tax legislation in a clear and transparent manner based on a collaborative relationship with all tax agencies. One of the Group's core values is "Grow Sustainably" and the Group will therefore continue to seek to optimise its post-tax returns. It will not however engage in practices or adopt instruments that are contradictory to the intent of the legislation.

## **2. Tax risk management and governance**

The Board of Biffa plc ("the Board") has ultimate responsibility for the Group's approach to tax and receives regular updates on tax matters and risks. The Board is responsible for the Group's strategy, risk management and policies, including those in relation to tax. The day-to-day discharge of these responsibilities is undertaken by the Chief Financial Officer on behalf of the Board.

### ***2.1 Tax risk - identification and mitigation***

The Board have a limited appetite for tax risk and require a strong connection between tax planning and our business. Tax risk is ideally managed by the prevention of unnecessary disputes. The avoidance of all tax disputes would suggest an overly prudent position that is not in line with our objective to grow sustainably.

The key tax risks for the Group are:

- *Complexity and changes in legislation*

The Group is subject to a range of different taxes in the UK, each of which is governed by complex tax legislation. Such legislation is typically updated on an annual basis. To keep up to date with these changes the Group ensures that its tax team is appropriately qualified and has access to daily tax updates and specialist tax resources as well as the opportunity to attend technical briefings. The Group also uses the services of external tax advisers as and when required

- *Compliance and reporting risk*

The Group is required to meet many different statutory filing and payment obligations. If these are not complied with, the Group could incur interest and penalties as well as an increased risk rating being applied by HMRC. The Group uses a combination of tools to ensure that all compliance and reporting obligations are met in accordance with statutory deadlines.

The Group tax team works across the business to obtain the necessary commercial understanding of the Group's operations and to obtain the financial information to ensure that the tax computations and returns are complete and accurate.

- *Uncertainty arising where liabilities remain to be agreed*

Non-compliance with HMRC requirements could lead to financial penalties, significant legal costs, damage to reputation and loss of shareholder value. The Group has a professionally qualified and experienced in-house tax team which is supported when necessary by external specialists. The Group strives to pro-actively work with tax authorities to conclude on tax positions, thereby reducing risk going forward.

## **2.2 Governance**

Biffa adheres to the Senior Accounting Officer ("SAO") guidelines as set out by HMRC.

The SAO's main duty is to take reasonable steps to ensure establishment and maintenance of appropriate tax accounting arrangements. The SAO must also take reasonable steps to monitor these arrangements and to identify (and rectify) any respects in which arrangements are not appropriate.

The SAO process covers the entire end to end process and all people involved from initial data input through to data extraction and completion of tax returns.

Annual meetings with the relevant stakeholders are held to review the tax accounting processes and consider any failings and how these have been dealt with in the year.

## **2.3 Roles, responsibilities, systems and controls**

The Chief Financial Officer has appointed in-house tax professionals to assist with the administration of the Group's tax matters and maintenance and monitoring of the Group's system of taxation controls. The Group structures its tax management in such a manner as to ensure an appropriate control and data capture environment is supported by effective communication and compliance monitoring for all areas of taxation that affect the Group. This control framework is the key support to the Group's compliance with its Senior Accounting Officer responsibilities.



We are committed to providing training to our tax professionals with appropriate professional qualifications and experience commensurate with the responsibilities required for their roles. All finance personnel employed by Biffa are responsible for complying with the principles and strategy set out in this document and with wider tax governance requirements. We are committed to providing training to non-tax personnel in key areas such as HR, finance, and business operations to ensure that they can inform the tax team of relevant developments, and to make decisions with tax consequences in the best interests of Biffa and in line with this strategy.

### **3. Tax compliance and Planning**

The commercial needs of the Group are paramount, and all tax planning will be undertaken in this context. The Group will therefore utilise tax incentives and opportunities for obtaining tax efficiencies where they are aligned with the Group's operational objectives, do not carry significant reputational risk and are most likely to promote the success of the Group.

#### **3.1 Code of conduct**

The Group adopts the same principles in the management of its tax affairs that it expects throughout all its business dealings: -

##### *Honesty, integrity and transparency*

Compliance with all relevant legal disclosure and approval requirements will be adopted and all information will be clearly presented to the tax authorities or other relevant bodies, as appropriate. Openness, honesty, and transparency will be paramount in all dealings with the tax authorities and other relevant bodies.

##### *Respect the rules*

The Group is strongly committed to working in a manner which ensures compliance with laws and regulations and seeks to effectively safeguard our stakeholder's interests in the Group. The tax professionals within the Group apply diligent professional care and judgment to arrive at well-reasoned conclusions. In line with Part 3 of the Criminal Finance Act 2017 we have in place reasonable procedures in order to prevent the facilitation of tax evasion by those associated with us. Our policy on tax evasion and the facilitation of tax evasion is set out in the Anti-Fraud, Bribery and Corruption Policy and Procedure and is clearly communicated to our employees and to third parties acting on our behalf.

##### *Rights, dignity, fairness and respect*

The Group strives to ensure that all dealings with tax authorities, government officials, ministers and other bodies are undertaken in a professional, courteous and timely manner.

The Group is therefore committed to ensuring that all tax returns and payments are completed and executed by their due date in accordance with statutory provisions. The Group also seeks to ensure that it manages its tax affairs with due consideration to its corporate and social responsibilities.

#### **3.2 Tax planning considerations**

The Group is relatively tax risk adverse and gives the greatest prominence to operational objectives when considering its tax planning. The Group therefore does not enter into artificial transactions in order to obtain a tax benefit.

### **3.3 Relationship with external advisers**

The Group does not engage in aggressive tax planning activities and aims for certainty on tax positions it adopts. Where tax law is unclear or subject to interpretation, written advice or confirmation will be sought as appropriate. Responsibility for the appointment of external tax advisers rests with Group Tax. Central coordination of advice by tax advisers is essential to ensure a consistently high standard of tax advice across the group as a whole.

## **4 Attitude to tax planning risk**

The Group seeks to engage in commercial activities that do not carry a high degree of tax risk and ensures that all significant business acquisitions and disposals, changes in corporate structure and significant new processes or business transactions are reviewed for tax risk. Detailed assessments of risk are undertaken, form part of the board recommendation.

The directors will consider the risk assessment in the context of the overall strategy of Growing Sustainably and the Tax Strategy.

## **5 Relationship with tax authorities**

The Group seeks to have an open and constructive working relationship with the tax authorities. Given our major tax contribution in the UK, we have extensive dealings with HMRC. We are routinely subject to tax audit. We conduct tax audits, disputes, and litigation ethically and with integrity. To this extent the Group Tax department will: -

- pro-actively manage the relationship with the tax authorities by disclosing significant matters to HMRC and where appropriate seek clearance to ensure that tax implications are agreed upfront.
- participate in tax consultation process where it is expected that the matter under consultation will have a material impact on the Group, or where a significant change in practice will impact the Group's tax compliance management
- participate in discussions/lobbying and the development of proposals with national organisations where possible and appropriate to shape the future
- be open, transparent, and proactive in all interactions with tax authorities.