

Hendy Automotive Tax Strategy

This document has been approved by the Board for publication in accordance with Schedule 19 of the Finance Act 2016.

Hendy Automotive is a UK-based business whose activities principally comprise the retailing, wholesaling, and repair of new and used vehicles, the marketing of industrial engines, and the supply of parts and accessories across all sectors of the business.

Honesty and fairness are enshrined in the business's values, and this applies to its approach to taxation as much as to any other area of the business.

Tax Risks

The business pays a range of taxes including corporation tax, stamp duty, VAT and employment taxes. It also collects employee taxes through the payroll and pays them over to HMRC. There is limited import and export activity, and the business has no overseas or offshore entities.

Consequently the business considers that its most important tax risk relates to VAT, because there is a greater level of complexity in VAT as applied to motor retail business, as compared with most other types of business.

Tax Risk Management & Governance Arrangements

The business manages its tax risks in a variety of ways.

Honesty and fairness are key values of the business, and the senior management team ensures that these values are built into the culture of the business. This includes the importance of compliance with law and regulation.

The business employs a highly professional finance team, including a number of qualified staff whose continuing professional education regularly includes taxation updates. The senior operational management team is also well-educated on tax issues which affect their activities, mainly on VAT.

The business engages its audit firm, BDO LLP, to provide compliance advice on both direct and indirect tax matters. This incorporates both proactive updates from BDO, and responses from BDO to queries and issues encountered by the team.

The business contacts HMRC directly periodically, for business updates, discussion of tax issues, and clarification where there is uncertainty.

The business has also set up its own Academy, ensuring that key compliance requirements and messages are delivered not only to new starters, but also to existing staff members, in a structured and professional way.

Where significant tax issues have been identified they have been raised and discussed at length at Operational Board Meetings, ensuring that key leaders of the business quickly understand and respond to such issues.

In terms of governance, the Board is responsible for the business's tax strategy and tax risks, with day-to-day responsibility delegated to the Finance Director. The Finance Director also serves as the Senior Accounting Officer (SAO) under HMRC rules.

Attitude to Tax Planning

The business has essential obligations both to its shareholders and employees to manage its tax affairs as efficiently as possible, and to HMRC and the wider community to pay taxes due according to the intention of tax regulations.

The recognition of these obligations informs its approach to tax planning. The business always seeks to structure its projects, operations and transactions in a way which minimises its tax liabilities under the spirit of tax law. It therefore engages its tax advisors in respect of any major project or structural change, for example an acquisition and subsequent integration. It is also keen to ensure that its cost base is managed by using any tax advantages permitted by tax law, for example a pension salary exchange.

However, equally important is that the business does not operate any scheme which could reasonably be deemed as tax avoidance, which might not be against the letter of tax law, but is against its apparent intention.

Working With HM Revenue and Customs

Honesty and fairness are integral to the business's values and culture. Its interaction with HMRC is characterised with the same high standards of integrity and transparency which is applied to all stakeholders. The business works collaboratively with HMRC to resolve disputes, and to seek clarification where there is uncertainty in the interpretation of tax laws. As a result, the business considers that its relationship with HMRC is very positive.

Approved by the Board on 11 December 2017