

Tax Strategy

Scope

The Group is headquartered in the UK with most of its operations also based in the UK. The Group has nine active overseas subsidiaries, of which seven are situated in the EU. The Group does not use so called 'tax havens' to avoid taxes on activities which take place elsewhere. Active entities which are based in low tax jurisdictions exist for substantive and commercial reasons.

This strategy applies to Travis Perkins plc and to the group of companies headed by Travis Perkins plc in accordance with paragraph 16 of Schedule 19 to the Finance Act 2016. A list of the entities to which it applies is set out below. In this strategy, references to 'Travis Perkins plc' and "the group" are to all these entities.

This strategy applies from the date of publication until it is superseded. 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. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the Group has legal responsibilities.

Aim

The Group pays and collects from third parties on behalf of the Government, substantial amounts of UK tax and these are remitted to the UK exchequer as they fall due.

The Group's objectives in managing and controlling its tax affairs and related tax risks are to:

- Ensure compliance with all applicable rules, regulations and disclosure requirements under which the Group operates;
- Continue to develop and maintain an open and co-operative relationship with the tax authorities it deals with;
- Be transparent about its dealings with these tax authorities;
- Pay the correct amount of tax as it falls due;
- Maintain appropriate systems, processes and controls to ensure the correct calculation and recording of tax liabilities and receivables;
- Have a zero-tolerance approach to tax evasion and the facilitation of tax evasion;
- Protect its reputation as a responsible UK taxpayer; and
- Protect its ability to service government contracts when such opportunities arise.

Governance

The Board is responsible for the Group's tax strategy and policies and has delegated responsibility for their implementation within the Group to the Group's Chief Financial Officer (CFO). As part of the annual financial reporting process the CFO, who is also the Group's Senior Accounting Officer, reports to the Board of Directors on the Group's compliance with its tax strategy, policies and on its tax position.

Every six months the Audit Committee receives an update on the status of the Group's tax position, its effective tax rate, tax provisions and key tax issues to ensure it is fully informed of tax developments and issues affecting the Group.

Tax risk management

Tax risks are assessed as part of the Group's formal governance process and are reviewed by the CFO and reported to the Audit Committee and Board on a regular basis.

Significant tax risks, implications arising from these risks and potential mitigating actions are considered by the Group Board in line with the Group's governance process.

The Group's governance structure requires that specialist third party technical advice is obtained on any significant tax treatments before the Board of Directors authorises the tax position to be adopted by the Group.

The systems used to determine tax liabilities are subject to regular review by the Internal Audit Department whilst the external auditors undertake a review of the Group's corporation tax provisions and the calculation of its VAT liabilities as part of the annual statutory audit. HMRC periodically reviews aspects of the Group's systems which the Group welcomes as it provides further assurance that tax is being paid as it falls due.

Approach to Tax Planning and Level of Risk

The Group seeks to protect its reputation as a responsible corporate citizen by ensuring that it acts in accordance with the letter and the spirit of current tax legislation so that it pays the right amount of tax when it falls due.

The level of risk which the Group accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the group's tax affairs. In relation to any specific issue or transaction, the Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question. The Group considers that it has a low-risk appetite in relation to tax matters.

Relationships with the Tax Authorities

The Group's policy is to deal with all tax authorities in an open, professional, and mutually respectful manner. The Group employs professional advisors to assist it with complex areas of its tax affairs and to deal with the tax authorities in the overseas jurisdictions in which it operates.

Tax legislation is complicated and can be difficult to interpret. As a result, it can take time to reach an agreed position with the tax authorities. The Group aims to work collaboratively with the tax authorities to achieve certainty of its tax position and to resolve open tax enquiries and disputes as rapidly as possible, whilst recognising its responsibility to protect the interests of its stakeholders.

The Group meets with HMRC annually to discuss the Group's risk rating and ensure it is being maintained at a suitable level.

In large businesses governed by complex tax legislation, adjustments are occasionally discovered by the Group to the amount of tax previously paid. In these circumstances the Group's policy is to inform HMRC and promptly pay any tax due or reclaim any tax refund.

Further information

The Group's approach to tax applies to all entities in the Group and to all transactions it enters with third parties outside the Group. The Group's tax strategy is reviewed and updated annually as appropriate.

Approved by Alan Williams, CFO

On behalf of the Board of Directors of Travis Perkins plc

Date: 01 December 2021

List of entities

Travis Perkins plc

BSS (Ireland) Limited
BSS Group Limited
Benchmark Kitchens and Joinery Limited
CCF Limited
Hunter Estates Limited
Keyline Civils Specialists Limited
Toolstation Limited
Toolstation Holdings Limited
Toolstation Europe Limited
Toolexpert Benelux BV
Toolstation BV
Toolstation Europe BV
Toolstation SaS
Toolstation NV/SA
Toolstation Netherlands BV
Tool & Fastener Solutions Limited
Travis Perkins Acquisitions Limited
T P Property Company Limited
Travis Perkins Finance Company Limited
Travis Perkins Financing Company No2 Ltd
Travis Perkins Financing Company No3 Ltd
Travis Perkins Hong Kong Limited
Travis Perkins Leasing Limited
Travis Perkins (PSL2015) Limited
Travis Perkins (Properties) Limited
Travis Perkins Sourcing (Shanghai) Limited
Travis Perkins Trading Company Limited
Travis Perkins P&H Group Holdings Limited
Travis Perkins P&H Partner Limited
Travis Perkins Capital Partner Limited
Travis Perkins General Partner (Scotland) Limited
Travis Perkins Merchant Holdings Limited
Travis Perkins Group Holdings Limited
Wickes Developments Limited
Wickes Properties Limited