**Showa UK Limited**

**Tax Strategy**
This document sets out Showa UK Limited’s (defined as “Showa UK” or “the Company”) approach to handling its UK tax affairs, for the period ended 31 March 2019. This document is intended to comply with the Company’s requirements under Schedule 19 of the Finance Act 2016 and has been approved by the Board of Showa UK.

**UK tax strategy**
Showa UK is ultimately owned by a Japanese-parented group that considers it a moral and civic duty to comply with tax legislation and pay the right amount of tax wherever it is located. The Company has detailed its tax strategy as it relates to UK taxation using the main headings within Schedule 19 Finance Act 2016 and in accordance with the wider group’s compliance objectives.

**Risk management and governance**
The Board of Showa UK is responsible for ensuring compliance with UK tax law, with support and oversight from the group head office based in Japan. In addition, Showa UK is responsible for ensuring that UK tax risk is managed appropriately and meets the group’s overall attitude towards acceptable levels of risk. The overall aim of the Company is to manage and reduce any tax risk across all taxes to an acceptable level. Therefore, material transactions are reviewed for tax risk prior to proceeding with the transaction. External advice may be sought to mitigate the tax risk and to ensure compliance with tax legislation and practice. Transactions are commercially driven and any tax risks are managed within the commercial and reputational objectives of the Company and group.

**Attitude towards tax planning**
Tax planning may be undertaken to utilise tax incentives or reliefs as set out in the legislation and where these meet the commercial and governance objectives of the group. Any planning is also aligned to the policy of paying the right amounts of tax legally due in the UK. The Company does not seek to reduce UK tax by entering into artificial transactions which lack economic substance and does not use nil or low corporate income tax jurisdictions entities to artificially reduce tax liabilities. Where legitimate and commercially driven tax planning is undertaken, external advice will be sought to ensure that the planning is carried out efficiently, but also that it is carried out in accordance with the intentions of parliament and the purpose of the applicable legislation. Head office will be involved for significant transactions to assess the potential tax impact and to manage the related tax risks. The assessment of risk and compliance is undertaken across all taxes.

**Managing levels of tax risk**
The Company will only accept a minimal level of tax risk that does not have a material tax impact. The Board of Showa UK, with support from head office, will review each material transaction on a real-time basis to assess any risk and to ensure that it meets internal risk and control objectives. Where there is uncertainty as to the application of the legislation, or where the internal finance teams do not have the necessary expert knowledge, appropriate external advice may be sought to help assess the risk and provide support on reaching the correct tax position. Decisions regarding acceptable levels of tax risk are made at the right level, and the individuals involved apply professional care to arrive at supportable and commercially motivated conclusions.

**Approach to dealing with HMRC**
The Company’s aim is to have a constructive and transparent relationship with HMRC. All tax filings are submitted to HMRC, and tax payments are made on a timely basis and by the statutory deadlines. This is consistent across all taxes and related tax filing obligations. Accurate and timely disclosures are made in the tax computations and returns to reflect transactions undertaken and any positions taken where the tax treatment is uncertain are appropriately identified. If inadvertent errors occur in the tax submissions, full disclosure is made to HMRC as soon as is reasonably practicable once the errors have been identified and any outstanding tax settled promptly. In the event of a disagreement with HMRC, the Company seeks to resolve all such disputes on a timely basis. The Company may also engage external advisors to help resolve the dispute where appropriate.