

Tax Strategy – ‘Tata Chemicals UK’

Introduction

The Tata Chemicals Limited group of UK companies, (the “UK Group”), comprises four main operating companies, Tata Chemicals Europe Limited (“TCE”), British Salt Limited (“BS”), Winnington CHP Limited (“WCHP”) and TCNA (UK) Limited (“TCNA”), plus a number of intermediate holding companies and dormant companies. TCE is the only producer of soda ash and sodium bicarbonate in the UK. BS is the UKs largest producer of pure dried vacuum salt and WCHP owns a gas fired CHP plant which generates steam and electricity both for TCE’s own operations and for third parties, including electricity to the National Grid. TCNA imports soda ash into the UK for onward supply to customers based in the UK.

The tax profile of the UK Group includes corporation tax, energy taxes (e.g. climate change levy), environment taxes (e.g. landfill and EU Emissions trading), employment taxes (e.g. PAYE, national insurance and apprenticeship levy) and indirect taxes (e.g. import duty and VAT).

This statement sets out the UK Group’s tax strategy and the publication of this strategy statement satisfies the statutory obligation under Paragraph 19(2), Schedule 19, Finance Act 2016.

Attitude to Tax Planning

The UK Group engages in tax planning in accordance with the following principles and practices:

- To support genuine commercial and economic activity;
- Applying tax incentives and exemptions in the manner intended and not taking an aggressive interpretation of tax legislation;
- Seeking external technical advice where the level of in-house knowledge and experience is insufficient; and
- Full compliance with the Tata Code of Conduct and core principles, including the consistent application of arm’s length principles where transactions are between group companies.

Level of acceptable tax risk

The UK Group proactively seeks to identify, evaluation, manage and monitor risks to ensure they remain in line with the UK Group’s low risk appetite.

The UK Group is committed to compliance with fiscal obligations. Compliance represents paying the right amount of taxes on time, full disclosure and engagement with tax authorities as necessary, and claiming reliefs and incentives where available.

Where there is uncertainty or complexity in relation to a tax risk, external technical advice may be sought.

Tax risk management and governance

The tax and finance functions of the various UK Group companies have delegated responsibility for ensuring adequate policies and procedures are in place to manage the UK Group’s tax affairs, to assess and mitigate task risks, and to maintain and source the necessary skills and experience to implement the tax strategy. The Senior Accounting Officer of each UK Group company has a responsibility to ensure there is sufficient awareness of tax affairs at board level.

UK Group companies implement risk management measures which are appropriate, taking into account the size and complexity of the individual company. These measures include the

establishment of a register of tax risks and mitigating controls, together with associated compliance review processes.

Relationships with tax authorities

The UK Group proactively engages with tax authorities and government bodies, including HMRC, with integrity and in the spirit of co-operation and collaboration. The UK Group aims to have a professional and constructive relationship with tax authorities, maintaining frequent contact and transparent disclosure.