

Services Machinery & Trucks Ltd – Tax Strategy for 2024

Introduction

This document outlines the tax strategy of Services Machinery & Trucks Ltd in accordance with Schedule 19 of the Finance Act 2016. It details our approach to tax compliance, planning, risk management, and governance for the financial year ended 31 December 2024. The strategy applies to all UK taxes and reflects our commitment to responsible and transparent tax practices.

1. Policy on Taxation and Planning

At Services Machinery & Trucks Ltd, we recognize the importance of contributing to the economic and social development of the communities in which we operate through the taxes we pay, including corporation tax, employment taxes, stamp duties, and VAT.

We are committed to:

- **Compliance with tax laws:** We comply with both the letter and spirit of tax laws and avoid artificial arrangements designed to secure tax advantages.
- **Tax efficiency:** We structure our business operations in a tax-efficient manner by utilising available reliefs and incentives intended by the UK government, ensuring that our tax planning supports legitimate business purposes.
- **Third-party advice:** When necessary, we consult external tax experts to ensure compliance and optimize our tax efficiency within legal and regulatory frameworks.

2. Governance and Risk Management

We have robust governance arrangements in place to manage tax risks and ensure compliance with our tax strategy.

- **Board oversight:** The Board of Directors oversees the tax strategy and receives updates on key tax matters. The CFO, as Senior Accounting Officer, and the GB finance team report directly to the CEO on tax-related issues.
- **External support:** We work closely with BDO UK for advice on complex tax matters.
- **Internal processes:** We have comprehensive internal policies, systems, and processes to ensure our employees are aware of their responsibilities in helping the company meet its legal obligations.
- **Low risk tolerance:** We adopt a low tolerance for tax risk and regularly review our tax policies to align with our commitment to compliance and ethical business practices.

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3. Approach to Tax Risk

We take a proactive approach to identifying and managing tax risks:

- **Risk identification:** Tax risks are identified through internal reviews and consultation with external experts, particularly during new business ventures or in response to legislative changes.
- **Mitigation strategies:** We employ robust internal controls, regular compliance checks, and external consultations to mitigate any risks.
- **Regular review:** Our tax strategy is reviewed annually by the Board to ensure that it remains up-to-date and aligned with both business operations and changing tax regulations.

4. Engagement with HMRC

We are committed to maintaining a collaborative, transparent, and constructive relationship with HMRC:

- **Proactive communication:** Where appropriate, we engage with HMRC in advance of certain transactions to discuss potential tax implications, particularly when there are complex or ambiguous tax issues.
- **Transparency:** We aim to avoid disputes by maintaining open lines of communication and sharing information as required, ensuring that our tax affairs are conducted in a clear and straightforward manner.

5. Commitment to Transparency

We support global initiatives that promote greater transparency in tax matters:

- **OECD's BEPS initiative:** We fully endorse the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) project and adhere to its principles.
- **Responsible taxpayer:** Our commitment to transparency is reflected in our efforts to ensure that we pay the right amount of tax in the right jurisdiction at the right time.

6. Use of Tax Reliefs and Incentives

In line with our commitment to tax compliance, we make use of available tax reliefs and incentives as intended by the UK government, including:

- **Capital allowances:** To encourage business growth, we utilise capital allowances on qualifying expenditures such as plant, machinery, and energy-efficient equipment.
- **Research and development (R&D) incentives:** Where applicable, we take advantage of R&D tax credits to support innovation and technological advancement.

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7. Approach to International Tax

For our international operations, we ensure compliance with all applicable tax regulations in the jurisdictions where we operate:

- **Transfer pricing:** We adhere to the OECD’s transfer pricing guidelines, ensuring that intercompany transactions are priced at arm’s length.
- **Double tax treaties:** We utilise double tax treaties to mitigate the risk of double taxation and ensure efficient tax management across borders.

8. Tax Technology and Digitalisation

We are committed to staying up-to-date with digital advancements in tax management:

- **Making Tax Digital (MTD):** We comply with the UK’s Making Tax Digital (MTD) initiative to streamline our VAT and other tax reporting processes.
- **Tax technology:** We leverage technology to ensure accuracy and efficiency in tax reporting, reducing the risk of errors and improving compliance.

9. Corporate Social Responsibility (CSR) and Tax

Our tax strategy aligns with our broader commitment to Corporate Social Responsibility (CSR):

- **Responsible corporate citizen:** We view our tax contributions as part of our commitment to the communities we operate in, supporting public services and infrastructure.
- **Alignment with sustainability goals:** Where applicable, we take advantage of tax incentives aimed at promoting environmental sustainability, such as those for energy-efficient machinery.

Conclusion

Services Machinery & Trucks Ltd is committed to operating responsibly, ethically, and transparently in all matters related to tax. Our tax strategy reflects this commitment and is reviewed annually to ensure alignment with both our business objectives and evolving tax laws.