

Overview

This document is produced in accordance with the requirement under section 161 and Schedule 19 Finance Act 2016 and the company regards its publication as compliant with the duty to publish its tax strategy for the financial year ended 31 December 2017.

The company is ultimately owned by the Hoshizaki Corporation a company listed on the Tokyo stock exchange. The Hoshizaki group is a multi-national enterprise group with an annual consolidated turnover of more than €750m and Hoshizaki Europe Limited is therefore required to publish its UK tax strategy on the internet.

Although our tax strategy must comply with the groups broad objectives relating to tax it is ultimately owned by the company's Board with responsibility for operation delegated to the Finance Director.

We are committed to a tax strategy that is both open and compliant and we recognise the importance to be transparent regarding the taxes we pay.

Our tax contribution goes significantly beyond the corporate tax paid by the company on its profits. As a large employer, we pay a significant amount of payroll taxes, in addition to operating as a collector of taxes through the PAYE and VAT systems. Our total UK tax contribution for the year ended 31 December 2016 is disclosed below.

Our business has a strong focus on corporate responsibility, and we see responsible administration and payment of taxation as a responsibility of our business.

Our overall tax strategy is to:

- Meet all legal requirements and to make all appropriate tax returns and tax payments.
- Consider the tax impact in major or complex business decisions
- Seek to utilise available tax reliefs and incentives where available and only in a manner which is consistent with the government's policy objectives
- Operate in an environment where we consider tax in the context of our reputation and brand.
- Comply with appropriate tax risk processes, and ensure there is Board oversight into this compliance.

Risk management and governance arrangements in relation to UK taxation

We want our tax affairs to be transparent and compliant with tax legislation, and recognise that managing tax compliance is increasingly complex.

The Board of directors understand the importance of tax compliance, and how it is achieved and ensures there is a constant dialogue between the Board and those individuals tasked with the operation of our finance function, regarding the way our business manages its tax risk.

As part of a group of companies this is also of interest and importance to our parent company and internal group requirements help ensure the company has risk and governance policies in place appropriate to the size and complexity of the company.

The Hoshizaki group requires the company to undertake their tax matters in an accurate and timely manner and to ensure there is sufficient professional expertise, either internally, or by using external resources to support this.

The Board reviews all aspects of the company performance, including taxation, at quarterly Board meetings and any unexpected outcomes which may be subject to the group tax risk policy are discussed at these meetings. The company will take external advice as appropriate in order to reduce its overall tax risk and ensure there is no risk to either the brand or reputation of the company.

Tax planning

Our approach to tax planning is to only undertake tax planning that is aligned with the company's economic activity and is in accordance with the intention of the legislation. We do not undertake aggressive tax planning, the sole purpose for which would be obtaining a tax advantage. We have a responsibility to minimise our tax risk and our exposure to negative publicity through non-compliance.

The Board will therefore allow the use of intended government tax incentives and exemptions. Relief for Profits Arising from the Exploitation of Patents is the only such incentive currently being claimed which is designed to provide an incentive for companies to retain and commercialise existing patents and to develop new innovative patented products.

Attitude towards risk

Generally the Board is required to meet the expectations of the Hoshizaki Corporation which aims for low tax risk with all matters to be dealt with professionally and timely. The company will always seek to undertake tax matters in a legal and ethical manner at all times.

The Board will therefore support legitimate reductions in the company tax liability through the use of economically aligned and appropriate tax reliefs. Before any legitimate tax reliefs are claimed in respect of economically appropriate tax incentives we will, where possible, approach HMRC to obtain certainty that the company qualifies for the tax incentive, e.g. patent box, being claimed thereby minimising the risk of unfounded or inappropriate claims being made in our tax returns.

Relationship with HM Revenue & Customs (HMRC) Our communication with HMRC is focussed around timely tax compliance, for example meeting relevant filing and payment deadlines for taxes the company pays.

We employ the services of professional tax advisers to act as our agents, and in a number of cases they liaise with HMRC on our behalf. This is seen by the Board as a way to ensure we get the most out of our relationship with HMRC, thus reducing our tax risk.

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