

GROUP TAX STRATEGY

INTRODUCTION

Westcoast Holdings Ltd along with its subsidiaries (the Group) is a leading distributor of IT equipment and related services to a broad range of resellers, cloud service providers, system integrators, contract printers and datacentres in the UK and beyond. The Group pays a variety of taxes including corporation tax, stamp duties, withholding taxes and employment taxes. The Group also collects and pays employee taxes and indirect taxes for example VAT.

SCOPE

The Group's tax strategy primarily deals with the UK companies within the Westcoast Holdings Ltd Group; however, the principles of fairness and legality will apply to all Group companies. By making this strategy available the Group is fulfilling its responsibilities under Schedule 19 of the Finance Act 2016.

Our tax strategy is to maintain the good standard of tax compliance. We support the execution of the Westcoast Holdings Ltd Group business vision of being open-minded to all opportunities by managing our tax affairs in compliance with all local law and international guidelines.

OVERVIEW OF INTERNAL GOVERNANCE

The Group tax strategy is designed to be consistent with and support the business strategy and corporate ethics, values and governance.

Tax is the ultimate responsibility of the Group Financial Director who sits on the Board and holds the position of the Senior Accounting Officer. Day to day tax matters are delegated to the Group Financial Controller and a team of in house professionals who hold a combination of qualifications and experience appropriate to their roles.

The Group Financial Director and Group Financial Controller hold regular meetings with external tax professionals to ensure the Group continues to comply with good practice. The Group Financial Director reports to the board on a quarterly basis any topics that may affect tax matters.

The Group continues to enhance the internal audit function and the VAT function, as the group expands. Both these functions review and audit the compliance against the appropriate tax legislation.

APPROACH TO RISK MANAGEMENT

The management of the Group's tax affairs is a complex process across all areas of the business and as such there will inevitably be risk of errors or omission within those processes. These complexities may result in the incorrect application of tax rules or the calculation of tax returns. Eliminating these risks is impossible, so controls and processes are in place to minimise the risks down to an acceptable level.

The risk register detailing all the identified risks including any strategic tax risks is reviewed quarterly by the board. In addition, a detailed tax controls and responsibilities risk matrix is maintained by the Group Financial Controller, this sets out the tax controls in place.

Tax risks are assessed and managed on a case by case basis. In any cases of uncertainty in the application of relevant tax law external advice may be obtained to aid the decision-making process.

ATTITUDE TO TAX PLANNING

The Group primarily trades in the UK, but also in a number of European countries and has the responsibility to pay taxes as required by legislation in the UK and each country in which it operates.

The Group has a responsibility to its owner to deliver value but will only engage in reasonable tax planning that is aligned with commercial and economic activity. Tax will be paid in the jurisdiction that commercial activities take place.

The Group Financial Director is involved in the group decision making process and ensures that there is a clear understanding of the tax consequences of any decisions made.

The Group will not be structured to generate profits in favourable tax jurisdictions unless there are genuine commercial reasons for being in those tax jurisdictions. The Group will not enter into transactions that have a main purpose of gaining a tax advantage or make interpretations of tax law that are opposed to its original spirit.

The Group is likely to take the most tax efficient route that delivers the commercial aims, subject to due consideration of the Group's reputation and the relationship with tax authorities. Tax will be a result of the business vision of being open-minded and will not drive business operations.

The Group will only acquire businesses for strategic purposes and not to take advantages of tax opportunities such as tax losses. Companies will only be located in the tax jurisdiction where there will be genuine commercial activity and not because of the tax regime in that jurisdiction.

The treasury function will be located and managed in the tax jurisdiction its business operates. The Group does not have a target effective tax rate.

RELATIONSHIP WITH TAX AUTHORITIES

An important part of the Westcoast Holdings Ltd Group's tax strategy is to maintain and develop its strong, proactive relationship with our Customer Relationship Manager at HMRC. The Group values its low risk status and maintains a full and open dialogue with HMRC and updates them on business activities, results and key developments as they arise.

The Group will always seek the views of HMRC on any uncertain tax positions and be open and transparent regarding the group's decision-making process, governance and tax planning.

Any issues and disagreements with HMRC are aimed to be resolved in advance of returns being filed or by working collaboratively with HMRC to obtain resolution by agreement in a timely manner.

TAX STRATEGY APPROVAL PROCESS

This document is the formalisation of our current practices, which is approved by the Board of Westcoast Holdings Ltd on 19th October 2020, sets out the Group's approach to conducting its tax affairs and dealing with tax risks for the year ending 31 December 2020. It will be reviewed, updated and brought to the Board annually.

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