

## **Tax strategy for Car Parts Industries UK Ltd**

Car Parts Industries UK Ltd. is part of the BORG Automotive Group in Denmark and ultimately owned by the conglomerate Schouw & Co listed on the Danish stock exchange. Based on this ownership Car Parts Industries is according to paragraph 22, schedule 19 in the Finance Act 2016 required to publish its tax strategy and update this on an annual basis.

The tax strategy published is complying with the requirements under paragraph 22 (2), schedule 19 of the Finance Act 2016.

### **Governance**

The responsibility for the overall tax and risk strategy applicable to all companies within the BORG Automotive Group and hence applicable to Car Parts Industries UK Ltd. lies with the Management team of BORG Automotive Group in Denmark, while the responsibility related to day-to-day management and compliance with UK tax laws and legislation lies with the appointed Managing Director.

### **Risk Management**

Car parts Industries UK Ltd. aim to apply best practise at all times and conduct all transactions in accordance with applicable national and international rules. It is considered that a responsible approach to tax is essential for the sustainability of the business and its continued existence.

To reduce the inherent tax risk of the company and ensure compliance with both national and international tax standards and legislation, assessment and adjustments of internal processes and controls are continuously carried out. Additionally, the company will pay the right amount of tax, at the right rate, in the right place and at the right time, which is ensured by reporting tax affairs in ways that reflect the economic reality of the transactions it undertakes in the course of its trade.

### **Attitude towards tax Planning**

From the perspective of Car Parts Industries UK Ltd. business considerations are always the most important decision making parameter when considering and undertaking a transaction. Thus, the company will seek to take advantage of available tax incentives, reliefs and exemptions in line with applicable UK tax legislation. The company will not engage in any artificial transactions with the sole purpose of reducing UK tax, and neither will the company engage in tax efficiencies if the underlying commercial objectives do not support the position, or if the arrangements have a negative impact on the companies' reputation, corporate or social responsibilities.

### **Attitude towards tax risk**

The company considers tax as an expense on par with all other expenses, which are thought minimised, thus always ensuring compliance with both national and international tax legislation.

Car Parts Industries UK Ltd. always endeavour to observe the letter of the law and the legislators intention of the law. Where uncertainty over interpretation of tax law arises, Car Parts Industries UK Ltd. will consult with external advisors and HMRC as necessary, in order to minimize uncertainty and therefore risk.

### **Relationship with HMRC**

Car Parts Industries UK Ltd. operates a transparent, honest and proactive approach to its interaction with HMRC. In particular the company commits to the following:

- Paying the appropriate taxes which are owed, at the right rate, at the right place and at the right time
- Meeting its compliance obligations in a timely manner, making accurate returns and providing adequate disclosure on returns and in relation to specific transactions
- Considering the impact of new legislation and interpretation of tax law related to both national and international
- In case of uncertainties, commit to contacting and discussing tax matters with HMRC to minimize uncertainty and risk
- Ensuring that transactions with related parties are conducted on arm's length terms as set forth in the OECD guidelines and according to UK legislation
- Never undertake transactions that would require notification to HMRC under the Disclosure of Tax Avoidance Schemes Regulations or participate in any arrangement to which it might be reasonable anticipated that the UK's General Anti-Abuse Rule might apply.

### **Approval and validity**

This UK tax strategy covering Car Parts Industries UK Ltd. only was approved by the Managing Director Lee John Waterson on 17 December 2018, and is relating to the financial year ending on 31 December 2018.



L. Waterson.  
17/12/18.