
Tax Strategy for UK Entities

BORG Automotive Group is a leading independent remanufacturer, who produces, sells and distributes remanufactured automotive parts to the European market.

Borg Automotive A/S in Denmark legally owns BORG Automotive UK Ltd. and its subsidiary Electro Steer Ltd. (UK Group), both based in Birmingham, UK. Borg Automotive UK Ltd. remanufactures steering products, while Electro Steer Ltd. is dormant.

The ultimate owner of the UK Group is the conglomerate, Schouw & Co., listed on the Danish stock exchange. Based on this ownership, the UK Group is required to publish its tax strategy under paragraph 19 (2), schedule 19 of the Finance Act 2016. This document is considered to fulfil these requirement.

The tax strategy document sets out the principles governing the management of the UK Groups tax matters and the strategy for delivering those principles.

“Tax” in this context refers to all taxes and duties comprised by UK taxation as well as all corresponding worldwide taxes and duties for which the UK Group has legal responsibilities.

Governance concerning UK taxation

The framework and principles related to the overall tax and risk strategy applicable to the UK Group is the responsibility of ultimate owner Schouw &Co. 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 of the UK Group companies.

Tax compliance and risk management

UK Group is committed to full compliance with local and international tax law. This comprises:

- Filing timely and accurate tax returns;
- Full disclosure of the relevant facts in order to enable the tax authorities to form an accurate view of the tax matters of the business;
- Report tax affairs in ways that reflect the economic reality of the transactions that it undertakes in the course of business;
- Retention of appropriate documentation in relation to tax compliance filings and support for transactions for the required statutory time limit.

To reduce the inherent tax risk of the UK Group, reasonable care is applied in relation to all processes which could materially affect its compliance with tax obligations. Local advice from external tax advisers is also taken where necessary to ensure all local compliance requirements are met.

UK Group continuously aims to apply best practice and believes that a responsible approach to tax is essential for the sustainability of the business and its continued existence.

Approach to tax planning and tax risk

For the UK Group business considerations are the most important decision-making parameter when considering and undertaking a transaction. The UK Group considers tax as an expense on par with all other expenses, which are thought minimized, while the letter of the law and the legislators’ intention of the law is observed and compliance with both national and international tax legislation is ensured. Hence, in line with applicable UK tax legislation, UK Group may seek to apply and use available tax reliefs, incentives and exemptions.

UK Group applies the OECD Guidelines and UK tax legislation on intercompany transactions with other entities within the BORG Automotive Group as well as with all other entities owned by Schouw & Co.

The UK Group will not engage in any transactions with the purpose of avoiding or minimizing UK tax, if the underlying commercial objectives do not support the position, or if the arrangements have a negative impact on Borg Automotive Group’s or the UK Group companies’ reputation, corporate or social responsibilities.

When making decisions concerning tax matters, the UK Group considers the materiality of any item, as well as the costs of mitigating the risks. The amount of acceptable tax risks is evaluated on a case by case basis. Where uncertainty over interpretation of tax law arises, the UK Group will consult external advisers and/or HMRC to resolve or minimize the uncertainty and tax risk.

Relationship with HMRC

The UK Group companies will act in a professional and constructive manner in its interactions with HMRC and commits to an open dialogue with HMRC particularly on material tax matters with the purpose to minimize uncertainty and risks.

If disputes arise, the UK Group companies will seek to work in a collaborative manner to agree on the facts and set out the technical position with HMRC as quickly and efficient as possible.

Approval and validity

This UK tax strategy covering the UK Group relates to the financial year ending on 31 December 2020 and was approved by Lee John Waterson, Managing Director.



Lee John Waterson
Managing Director