

Alstom Transport UK Group Tax Strategy

How tax risks are managed

Within the Global Alstom Group, ultimate management and responsibility for tax falls within the finance function.

At a UK country level, the Country Finance Director (“FD”) is tasked with applying this group policy through local governance, policies and procedures.

Due to the size of the UK business and to ensure a high level of tax risk management, the FD and senior management have assessed that a dedicated tax team is necessary to provide support and assurance on accuracy of tax returns.

Key roles & responsibilities

FD/SAO (“Senior Accounting Officer”) - responsible for the ultimate governance of the UK Group’s tax affairs.

UK tax team - meets with the FD periodically for a business and SAO update to ensure good communication flow between the tax and senior management teams. Responsible for day to day management of taxes and oversees the design, review and testing of the business units’ and functions’ tax controls. Provides guidance, advice and training as required to business units and senior management/Board through the FD. A number of managers/functions with specific expertise and experience are identified as having responsibility for certain taxes.

Systems and controls to manage tax risk

Most financial information is provided through the UK Group’s financial management system. Functions/people involved in data input to the system are identified and provided with tax guidance and processes to ensure accuracy of reporting taxes. Functions/people preparing tax returns are provided with standard tax reporting tools, guidance and training and returns are reviewed by managers with relevant tax knowledge.

Within the UK tax team, no one individual can be involved in the preparation of the tax return and final submission without review and sign off by someone adequately qualified and more senior.

Levels of tax oversight of the Board

Through the FD, the Board satisfies itself that the UK tax team is capable of effectively managing UK tax affairs and monitoring and controlling tax risk. This is done through the SAO review and more regularly through active daily involvement of the Accounting & Compliance Director with members of the tax team.

The Board is kept up to date with significant or material tax risks and is made aware of tax impacts of business decisions through the FD, who ensures proactive communication of information between the Board/senior management and the UK tax team, meeting periodically for a general business/tax update, whilst more urgent matters are highlighted and discussed immediately.

Through the FD’s review of annual tax returns, areas of risk or judgement are identified and, where considered significant, are taken to the Board/senior management for discussion and agreement, before the tax return is approved to be submitted.

Use of external tax advisors

External tax advice is sought to the extent that the UK tax team does not have sufficient resource, knowledge or experience of the relevant tax matter or where it is desirable to get a third-party perspective. All advice sought is to maintain tax compliance in line with paying the correct amount of tax at the correct time and does not involve tax deferral or avoidance planning.

The UK senior management/Board acknowledges a significant percentage of the UK Group's revenue is from direct or indirect government and public sector bodies and aggressive tax behaviours could significantly impact the Group's future performance and ability to win new work.

As such, the UK senior management/Board are clear that the UK Group does not follow any form of tax planning which would be considered aggressive or could result in the UK Group being excluded from bidding for commercial projects. The Company has never entered any tax arrangement or scheme nor is it currently considering any scheme requiring disclosure under the Disclosure of Tax Avoidance Schemes regime (DOTAS) or that has been challenged under the General Anti Abuse Rule ("GAAR"). The UK tax team and third-party advisors are clear in their understanding that such schemes would not be considered by senior management and the Board.

The UK Group does however recognise government fiscal policies delivered through the tax system to encourage behaviours such as investment in UK R&D and energy efficient assets and will seek to claim such reliefs on correctly calculated amounts where available.

Tax risks

UK Group policy, aligned with the Global Group's policy towards tax and backed up by Internal Controls and testing, is to ensure full and accurate tax compliance. Ultimate responsibility for this in the UK, set by the Global Group policy, rests with the FD. The Group does not formally set a level of acceptable tax risk and instead, through the engagement of the UK tax team, seeks to ensure full tax compliance in the UK.

In addition to the Group's policies, the UK senior management/Board insists on full and accurate tax compliance and the FD has been tasked with ensuring this is implemented. The FD in turn tasks the UK tax team to ensure full and accurate compliance and supports this by providing regular and timely communication between the tax team and UK senior management/Board.

Working with HMRC

The UK Group maintains an open and collaborative relationship with HMRC and seeks to ensure that this continues through practices and behaviours that will not be contrary to what HMRC would expect. We seek to achieve this through:

operating in an open, honest and transparent manner;
regular dialogue on outstanding issues;
seeking pre-transaction clearances where appropriate; and
responding to communications in a clear and timely manner.

We also aim to manage our business to ensure that we file all returns on time, completely and in a manner to avoid penalties.

Our behaviours are aligned to those which HMRC would expect. We recognise the inherent risks of operating within a large multinational Group and ensure that these factors are considered and managed.

Should a situation arise where differing views could be taken on the tax treatment, following discussion with the FD (and where required, the senior management/Board), the CCM would be consulted through the UK tax team and where possible agreement reached on the interpretation of tax law.

This tax strategy has been prepared and published in accordance with paragraph 16(2), Schedule 19, Finance Act 2016 on behalf of Alstom (Investment) UK Ltd and all UK tax resident entities in the group headed by Alstom SA. It applies from the date of approval by the Board until it is superseded.

Published: Date