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# FUGRO GROUP

UK Tax Strategy 2020

**Version December 2020**

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## 1. UK Tax Strategy 2020

The Global Tax Strategy and Tax Principles form the basis of the UK group's tax strategy which is published as a stand-alone document to further detail the UK Group's approach to tax and to act in conformity with the UK legislative requirement below.

This section is produced in accordance with the requirements in Schedule 19 Finance Act 2016 for Fugro to publish the group's tax strategy online.

The UK tax strategy is effective for the year ended 31 December 2020. It will be reviewed annually by the Financial Controller (UK & Norway) and Regional Tax Manager (Europe), and any amendments will be approved by the Chief Financial Officer and Head of Tax.

The strategy applies to all companies in the UK Group.

### 1.1 Tax Objectives

The UK Directors and Fugro's Board of Management are responsible for the Fugro Group (the Group)'s UK tax strategy with day to day responsibility for its implementation delegated to the Financial Controller (UK & Norway) and Regional Tax Manager (Europe). Accordingly, the Board of Management is responsible for Fugro's tax objectives and guiding principles. Specifically regarding the UK, the following local principles apply:

- to comply with all applicable tax laws and regulations;
- to utilise available tax reliefs in a manner which is consistent with commercial transactions undertaken and the legislative objective;
- to adopt an open, honest and professional approach in its dealings with HMRC;
- to work collaboratively with HMRC to resolve any points of disagreement while ensuring we defend our tax treatment when we consider it is correct in law.

### 1.2 Approach of the Group to Risk Management and Governance Arrangements

The Board of Management's responsibility to maintain the integrity of the company's financial reporting system, internal controls and risk management framework, includes those elements relating to tax. The Group's approach to tax governance is to ensure that the Group's tax objectives and principles are met by having an efficient and effective tax control environment, consistent with the organisation's size and complexity.

Senior management, including the Head of Tax and Regional tax as well as the Directors are responsible for determining the Group's approach to tax and the internal tax control environment. As part of this responsibility, senior management:

- has established reporting lines with appropriate delegated authorities and responsibilities to provide for clear accountability and information flows;
- has engaged competent and qualified individuals with relevant skills and expertise to carry out assigned responsibilities;
- has ensured internal resource is supplemented by external advisers where necessary;
- holds individuals accountable for their internal control responsibilities.

The components of the company's tax control environment comprise:

- risk identification and management;
- roles and communication;
- tax processes and controls; and
- monitoring.

### 1.3 Tax Risk Identification and Management

By partnering with the business, the tax function identifies tax risk based on the business activity and transactions undertaken. Having identified transactions which give rise to tax risk we ensure the correct treatment is applied through training, guidance, analysis, review by qualified and appropriately experienced staff and by taking appropriate external advice where necessary.

### 1.4 Processes and Controls

Tax processes and controls are established to ensure that the tax sensitive business transactions identified are correctly processed in the relevant returns. These controls include verifications, explanations, reconciliations, and review. These processes include input from external advisers who review the work undertaken by internal staff where additional expertise is required.

### 1.5 Information and Communication

Where necessary the finance and tax function communicate information requirements to senior management and business units to ensure that the necessary information to support accurate tax filings is available and effectively communicated both internally and externally (where advice is needed to ensure tax obligations are met).

### 1.6 Monitoring Activity

Ongoing checks are made of our financial and tax processes and procedures with assistance from our internal and external auditors to ensure that staff responsible for processing transactions perform their functions correctly and diligently. Our advisers also provide oversight and assurance when reviewing our tax returns, and as part of our periodic updates with them where we share details of what the business is doing and they provide input on tax law developments.

The Tax function reports periodically to the Group Head of Tax, Chief Financial Officer and the Board of Management on how tax risks are managed and controlled.

### **1.7 Attitude of the Group Towards Tax Planning (so as Affecting UK Taxation)**

Tax works with the business to provide clear, timely, relevant and business focused advice across all aspects of tax. The Group's approach to tax planning is to make use of tax reliefs which apply to the commercial transactions it undertakes. Where alternative routes exist to achieve the same commercial results, the most tax efficient approach in compliance with all relevant laws will be recommended.

The Group does not undertake artificial tax planning contrary to the legislative intention.

### **1.8 The Level of Risk in Relation to UK Taxation that the Group is Prepared to Accept**

Consistent with its global tax principles, the Group aims to apply the law correctly to all its transactions and in so doing strives to minimise tax risk. The Group recognises that tax legislation can be complex and subject to interpretation; where complex transactions or difficult interpretations of tax law arise, the tax team will engage third party professional advisers to provide written opinions of the interpretation of tax issues faced by the Group. These opinions will be used by the Group's Tax department in formulating its overall advice in respect of a specific tax issue.

Where possible the Group Tax department will seek to obtain a pre-transaction clearance from the tax authorities and will make full disclosure to the authorities of any tax uncertain tax position at the earliest opportunity.

### **1.9 The Group's approach towards its dealing with HMRC**

The Group adopts an open, cooperative and professional working relationship with HMRC. The Group engages with HMRC on any matters that could have a material impact on its tax position to ensure respective views are known, and ideally that agreement is reached, thereby minimising any tax uncertainty. In the event of a tax disagreement with HMRC, the Group's policy is to work collaboratively with HMRC to seek to resolve the matter by agreement where possible.

## **2.0 Tax and the Covid-19 Pandemic**

The covid-19 pandemic has had a significant impact on the Global Business and as a result, the Group has made use of all reliefs made available to them. In the UK, VAT and PAYE payments have been deferred in accordance with HMRC permitted deferrals and claims have been made under the Coronavirus Job Retention Scheme. The Group has engaged with HMRC throughout this deferral and claim process.