

## **Hi-Lex Cable System Co., Ltd - UK Tax Strategy**

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### **Scope**

This strategy applies to Hi-Lex Cable System Co., Ltd (hereby referred to as HCS), a limited company registered in England and Wales. HCS is a subsidiary undertaking of Hi-Lex Corporation, a company incorporated in Japan. This strategy is being published in accordance with paragraph 22(2) of Schedule 19 to the Finance Act 2016 (Duty to publish a company tax strategy for a UK qualifying company).

This strategy relates to the financial year ending 29<sup>th</sup> September 2017 and applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which HCS has legal responsibilities.

### **Aim**

HCS is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. HCS's tax affairs are managed in a way which takes into account the group's wider corporate reputation in line with the overall high standards of governance at HCS.

### **Governance in relation to UK taxation**

- Ultimate responsibility for HCS tax strategy and compliance rests with the Board of HCS.
- The integrity of the HCS financial reporting system, internal controls and risk management framework, are audited by both Group & external bodies and include those elements relating to taxation.
- The Managing Director is the Board member with executive responsibility for tax matters.
- Day-to-day management of HCS tax affairs is delegated to the Financial Controller, who reports to the Managing Director.
- The HCS Finance team is staffed with appropriately qualified individuals. Where necessary HCS will engage with and obtain advice from reputable tax advisers.
- The Board ensures that the tax strategy of HCS is considered in all investments and significant business decisions taken.
- The finance team reports to the UK Directors on HCS tax affairs and risks during the year.

### **Risk Management**

- HCS has an established framework of internal controls documented in the HCS Finance Manual. These controls are audited by both Group and external auditors.
- HCS seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations.
- Processes relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required.
- Appropriate training is carried out for all staff who manage or process matters which have tax implications.
- Advice is sought from external advisers where appropriate.
- HCS out-sources the filing of the company's annual corporation tax returns to a reputable firm of chartered accountants.

### **Attitude towards tax planning and level of risk**

HCS manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax.

When entering into commercial transactions, HCS seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation. HCS does not undertake tax planning unrelated to such commercial transactions.

The level of risk which HCS accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the group's tax affairs. At all times HCS seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

### **Relationship with HMRC**

HCS seeks to have a transparent and constructive relationship with HMRC ensuring that relevant information in respect of developments in business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes are made available as and when required.

HCS ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage. Corporation Tax returns are submitted to HMRC by a reputable third party. HCS discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

### **Legal and ethical**

**We act lawfully and with integrity and expect the same from our people, tax authorities and other parties with whom we interact.**

- In every respect our work shall be fully compliant with legal and regulatory requirements and in our behaviour we aspire to the highest professional and ethical standards.
- We shall not act in such a way as to undermine the structure of the tax system.
- We shall not entertain arrangements that evade tax or that rely, to any extent, in the authorities inability to collect it.

### **Transparency**

**We support a relationship with tax authorities, based upon mutual trust and respect which will enable constructive dialogue and responsiveness by all parties in order to fulfil our responsibilities.**

- We shall comply with all our disclosure requirements and not dissemble or misrepresent all material facts.

Adam Glaznieks  
Managing Director  
27<sup>th</sup> September 2018