

SOFTLINE SOLUTIONS LTD – UK TAX STRATEGY

For the financial year ended 31 December 2022

Introduction

Softline Solutions Ltd (“The Company”) is a limited company registered in England and Wales. It is a fully owned subsidiary company of Softline AG whose shares are majority owned by Softline Holding plc, a public limited company registered in Cyprus.

The publication of this document is regarded by the directors of the Company as satisfying the statutory obligation imposed on the Company by paragraph 22(2), Schedule 19 of the Finance Act 2016. The Company is required to meet these obligations in the UK as a member of a foreign MNE Group subject to Country-by-Country reporting. Softline Holding plc, the Company’s parent, heads the Softline Group, a leading global solutions and services provider in digital transformation and cybersecurity. The Company provides software asset management services for large and international companies.

Our activities are potentially subject to a variety of taxes and duties in the UK as set out in paragraph 15(1) of Schedule 19. These include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. Currently, in the opinion of the Board, the most significant of these taxes for the Company are Corporation Tax, VAT and employers’ NIC. In addition, we collect PAYE and VAT and pay these amounts to HMRC. The Company is also potential subject to foreign taxes in a number of jurisdictions, mainly withholding taxes. This document sets out details of our tax strategy including:

- The objective of our strategy
- Our approach to governance and managing tax risk
- The level of UK tax risk we are prepared to accept
- Our approach to tax planning
- Our approach to dealings with HMRC

The objective of our strategy

The objective of our strategy is to ensure that the Company acts as a responsible member of the global business community. This entails generating profit for shareholders without compromising the corporate reputation or high ethical standards of the Softline Group. As part of this objective, we are committed to achieving tax compliance in the UK and other relevant jurisdictions and strive to ensure our relationship with HMRC is fully transparent. We believe that tax compliance entails paying the right amount of tax at the right time. To achieve this our strategy, policies and processes are designed to ensure that accounting errors are minimised, that taxes are calculated correctly and that they are paid in a timely manner.

Our approach to governance and managing tax risk

The Board of Directors has ultimate responsibility for ensuring that the Company is compliant with tax laws in the UK and other jurisdictions and for ensuring that it has appropriate governance in place to achieve this objective. As part of the Board’s governance strategy, a director is directly involved on a day-to-day basis in all major tax compliance and tax management decisions.

The Board is supported in its endeavours by the Softline Group’s Deputy Global CFO for Tax and Reporting, the Head of International Tax Planning and Control and by the other members of the Softline Group’s Tax and Reporting Team. Our policies and procedures are under ongoing review and are adjusted and updated when necessary. Control procedures are subject to internal audit by the Softline Group’s internal audit team.

The Board of Directors is responsible for identifying the 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. Where necessary procedures are amended in response to identified risks.

The level of UK tax risk we are prepared to accept

The level of UK tax risk we accept is consistent with the Softline Group’s broader business risk management, compliance and transparency framework.

We have no pre-defined limits for acceptable tax risk. Each issue is judged individually. If we ever encounter a situation where the applicable laws and regulations are subject to interpretation, we will seek appropriate assurance that the position we have taken is reasonable by obtaining the opinion of professional advisors and, where appropriate, HMRC.

Our approach to tax planning

Our tax planning activity is designed to ensure we pay the right amount of tax and are full compliant with UK legislation and relevant legislation in other jurisdictions. Our tax planning activities are based on current legislation. We apply the OECD transfer pricing guidelines to intercompany transactions.

When we enter commercial transactions, we seek to ensure we pay the right amount of tax by taking advantage of relevant tax incentives, reliefs and exemptions. We do not routinely carry out tax planning in relation to other transactions.

Where there is need for specialist guidance and support, for example benchmarking analysis to support transfer pricing arrangements, we place reliance on external tax advisors.

Our approach towards dealings with HMRC

We are committed to maintaining a transparent and open relationship with HMRC.

We seek to ensure that HMRC is kept aware of any significant tax issues at an early stage.

It is our policy to fully disclose and correct as soon as is reasonably practicable any inadvertent errors in submissions made to HMRC.

If we were ever to have a difference of opinion with HMRC on the tax impact of a particular business transaction, we would seek to resolve this issue through open dialogue in a prompt and responsible manner.

Approved by the Board and published September 2022