

## Softcat plc Tax Strategy

### Who we are

Softcat is one of the UK's leading IT Infrastructure providers. We're passionate about outstanding employee satisfaction and world-class customer service – both of which inspire our flexible, friendly approach to business.

We provide organisations with workplace, datacenter, networking and security solutions combined with all the services required to design, deliver and support these on premises or in the cloud.

### Primary tax objective

Softcat's primary tax objective is to ensure that it pays the right amount of tax, in the right jurisdiction, at the right time, as dictated by both UK and local legislation.

This tax strategy is compliant with the UK tax strategy publication requirement set out in 16(2) Schedule 19 Finance Act 2016 and relates to the accounting period ended 31 July 2020.

### Tax governance

The Company's tax strategy is reviewed and approved annually by the Audit Committee and the Board. The Board has delegated the responsibility for the execution of the strategy to the Chief Financial Officer ('CFO') who communicates with and advises the board on the tax affairs of the Group.

The CFO delegates responsibility for the management of the Company's day to day tax operations to the Finance Director.

The combined tax responsibilities of the Chief Financial Officer and Finance Director include:

- ✓ Regular communication with the Board regarding management of material tax risks and issues
- ✓ Reviewing significant transactions
- ✓ Approving external advisor appointments
- ✓ Monitoring adherence to the tax strategy
- ✓ Approval of tax disclosures in the financial statements
- ✓ Approval of tax returns
- ✓ Approval of transfer pricing methodologies and supporting documentation
- ✓ Ensuring appropriate accounting systems and controls are in place to calculate and report accurate and timely information for tax reporting purposes, which includes, but is not limited to, enabling the UK Senior Accounting Officer to provide the certification required by Schedule 46 Finance Act 2009
- ✓ Ensuring that employees involved with the Company's tax affairs have appropriate levels of experience and relevant qualifications to perform their duties
- ✓ Ensuring that the tax team are aware of any forthcoming changes in tax law and or tax rates.

### Implementation & periodic review

Guidance and training on how to implement the tax strategy will be provided to those with responsibility for taking decisions that could impact the successful achievement of the Company's strategic tax objectives.

The global tax environment is rapidly evolving and Softcat is a growing business so the tax strategy will be subject to regular reviews, and developed if necessary. Amendments to the tax strategy may be proposed following these reviews and the strategy will be reviewed on an annual basis by the Audit Committee. Any material amendments to the strategy will require approval by the Board.

### Management of and attitude towards tax risk

Softcat is a responsible taxpayer. This is recognized by the tax strategy, which establishes a clear Company-wide approach based on openness and transparency in all aspects of tax reporting and compliance. The Company finance department,



guided by the tax strategy under which it operates, is both fit for purpose and dynamic enough to enable it to support the continuing development of the operational and geographic make-up of the business.

The strategy applies to the compliance, payment and reporting of all taxes borne and collected by Softcat plc, the principal areas being corporate income taxes, indirect taxes, employment taxes and taxes paid via PAYE Settlement agreement ('PSA').

As a large and expanding organisation with a high volume of transactions Softcat is exposed to a variety of tax risks and Softcat ensures that these are appropriately managed through the application of the following controls:

- Softcat ensure that the finance team, whose responsibilities include tax matters, are adequately trained, have a reasonable level of experience and have suitable qualifications in order to carry out their tax responsibilities. Softcat encourages development and training to further develop the knowledge of its employees in this area.
- Softcat operates an employee handbook which makes it clear that employees are expected to comply with legal requirements at all times.
- Controls are in place for all material potential transactions to be reviewed by a member of the finance team prior to that order crystallising into a committed transaction. It is important that all areas of our business feel supported from a tax point of view to enable Softcat to achieve its commercial objectives. This includes managing tax risk but is also about making good investment decisions with the knowledge of all future associated tax costs.
- Where appropriate, we engage with retained tax advisors to disclose and resolve issues, risks and uncertain tax positions. Softcat also engage with advisors to ensure that there is sufficient awareness of future legislative changes.

The governance of tax risk follows the tax accounting controls and formal procedures required by the SAO legislation which ensures that significant tax related decisions are subject to review and approval by appropriately qualified and experienced staff and that all UK tax obligations are met. Specifically, the Finance Director takes responsibility for day to day tax affairs whilst the Chief Financial Officer takes the ultimate responsibility for tax and is also the designated SAO.

### **Attitude of the Company towards tax planning**

The Company may consider different tax outcomes when considering how to structure commercially motivated transactions, but does not undertake aggressive tax planning for the purpose of tax avoidance. We understand the importance of corporations not willfully engaging in tax schemes that go against the intention of legislative authority. Softcat will not enter into tax schemes designed to avoid tax or otherwise willfully seek to avoid paying the right amount of tax.

On occasion, for material tax matters, the advice of external advisors may be sought. This usually occurs when it is concluded that there is insufficient in-house expertise in the relevant area. Where Softcat outsources tax work to external tax advisors (including elements of compliance), the Finance Director will review the outputs, approve and ensure that the principles in this tax strategy document are adhered to.

### **Approach of the Company towards its dealings with HMRC**

The Company maintains an open and honest relationship in its dealing with HMRC and will seek to work in partnership with them in relation to its tax dealings:

- In the event of any inadvertent error(s) arising, full disclosure will be made;
- The Company will make appropriate disclosures in line with the legal disclosure requirements and criteria set out by HMRC;
- Where appropriate, the communication routes have been agreed with HMRC; and
- The Company will continue to meet and cooperate with HMRC via its dedicated Customer Compliance Manager (CCM) and through this relationship has a direct avenue to discuss and disclose tax matters, in order to reach a mutually beneficial outcome.

### **Approval of the Company tax strategy**

The Softcat plc Tax Strategy document was approved by the Board of Softcat plc on the 20<sup>th</sup> May 2020.

