

Connecting**Chemistry**



# **BRENNTAG UK TAX STRATEGY**

**DECEMBER 2018**



## Brenntag UK Tax Strategy

### SCOPE

Brenntag is the global market leader in full-line chemical distribution, headed by Brenntag AG based in Germany. The group operates a global network with more than 550 locations in 74 countries worldwide. Locally, the UK & Ireland Group's parent is Brenntag UK Holding Limited; which is a limited company registered in England & Wales and wholly owned by Brenntag France Holding SAS.

This strategy applies to the UK registered companies within the Brenntag UK & Ireland Group in accordance with paragraphs 19 and 25 of Schedule 19 to the Finance Act 2016. A list of the entities to which it applies is set out in Appendix 1 below. In this strategy, references to 'Brenntag UK', 'the Company' or 'the Group' are to all these entities. The strategy is being published in accordance with paragraph 16(4) of the Schedule.

This strategy applies from the date of publication until it is superseded.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 includes Corporation Tax, PAYE, NIC, and VAT. References to 'tax', 'taxes' or 'taxation' are to UK taxation and similar duties in respect of which the Group has legal responsibilities.

### AIM

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

### GOVERNANCE IN RELATION TO UK TAXATION

- Ultimate responsibility for Brenntag UK's tax strategy and compliance rests with the Executive Board of Brenntag UK & Ireland, who delegate the executive management of this to the Finance Director (being the Senior Accounting Officer);
- The Executive Board ensures that Brenntag UK's tax strategy is one of the factors considered in all investments and significant business decisions taken;
- Internal Audit's requirement to monitor the integrity of Brenntag UK's financial reporting system, internal controls and risk management framework, includes those elements relating to taxation;
- Day-to-day management of Brenntag UK's tax affairs is delegated to the Head of Finance, who reports directly to the Finance Director.
- The Finance & Tax team is staffed with appropriately qualified individuals who are supported by professional advisors where appropriate;
- The Finance Director reports to the Executive Board on Brenntag UK's tax affairs and risks during the year.

### RISK MANAGEMENT

- Brenntag UK operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to the group's financial reporting system;
- Brenntag UK 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 staff who manage or process matters which have tax implications; and
- Professional advisors are widely engaged and consulted on all tax related matters.



#### ATTITUDE TOWARDS TAX PLANNING AND LEVEL OF RISK

Brenntag UK manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax. The Group's attitude towards tax planning is consistent with the 'Tax Principles' adopted and which are set out below.

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

The level of risk which Brenntag UK accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the Group's tax affairs. At all times Brenntag UK 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 Executive 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 given regard to the materiality of the amounts and obligations in question.

#### RELATIONSHIP WITH HMRC

Brenntag UK seeks to have a transparent and constructive relationship with HMRC through regular meetings and communication in respect of developments in Brenntag UK's business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes.

The Group 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. When submitting tax computations and returns to HMRC, Brenntag UK 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.

In all of the Group's dealings with HMRC, our approach is to be open and proactive in raising any significant issues or uncertainties. Brenntag UK has a designated Customer Relationship Manager with whom regular dialogue takes place.

#### TAX PRINCIPLES

The Company's UK approach to taxation and dealing with taxation authorities is based on the following principles:

##### Legal and Ethical

- We act lawfully and with integrity and expect the same from our people, our customers, our suppliers, tax authorities and other parties with whom we interact;
- We will take into account our view of prevailing public interest considerations and of any potential reputational risk to the Group;
- We shall not act in any way to undermine the structure of the tax system; and
- 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; and
- We shall comply with all our disclosure requirements. We shall disclose to the authorities all material facts.

#### SIGNED ON BEHALF OF THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE:

**MARTIN GRATTON**  
FINANCE DIRECTOR, BRENNTAG UK & IRELAND

## APPENDIX 1

### FULL LIST OF COMPANIES COVERED BY THIS TAX STRATEGY

Shown below is a list of the UK companies covered by this tax strategy.

Name	Company Registration Number
Brenntag UK Holding Limited	05777067
Brenntag Inorganic Chemicals Limited	00915516
Murgatroyd's Salt & Chemical Company Limited	00435592
Brenntag UK Limited	05262170
Brenntag Inorganic Chemicals (Thetford) Limited	04237290
Brenntag Colours Limited	04227005
Multisol Group Limited	04640665
Multisol Europe Limited	05256361
Multisol Limited	00931537
Kluman & Balter Limited	02995518
A1 Cake Mixes Limited	SC 366755

## BRENTAG UK & IRELAND

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