

# JAGUAR LAND ROVER'S APPROACH TO TAX

## Introduction

JLR's business has grown significantly in recent years and continues to do so. Our operations are large and complex and, as a result, we operate through multiple companies, with activities, employees and assets located in numerous countries around the world. This, in turn, naturally drives an inherent level of complexity in our tax affairs.

In relation to tax matters, just as for any other area of our business, JLR always strives to be a good, responsible corporate citizen and we are committed to complying with all applicable tax laws, both in letter and in spirit. We aim to be fair, honest, transparent and ethical in our conduct and for everything we do to stand the test of public scrutiny.

## Jaguar Land Rover's key tax principles

In 2013, the JLR Automotive plc Board formally adopted six key principles in relation to JLR's approach to taxation matters and the conduct of our tax affairs. These principles continue to apply today; they apply equally to all companies within the JLR Group, across all areas of our business activity and in all our territories of operation.

JLR will conduct its tax affairs in a way that:

1. Is compliant with all legal and regulatory obligations and which adheres to the principles set out in the JLR Code of Conduct and Tata Code of Conduct;
2. Is aligned with the Group's overall business strategy and growth objectives;
3. Proactively seeks to enhance shareholder value and optimise tax cost on a sustainable basis;
4. Is governed, managed and controlled within an appropriate risk management framework;
5. Is appropriately resourced and seeks to maximise operating efficiencies through the suitable use of automation and technology-based solutions; and
6. Maintains good, open, honest and professional working relationships with tax authorities globally and seeks to take a leading role in relation to matters of governmental tax policy relevant to JLR.

Each principle is commented on further below:

### 1. Tax compliance

This is considered the most fundamental and important of our six principles. JLR will always seek to comply with all applicable tax laws, both in terms of the letter and the spirit of the law, and to satisfy its global tax compliance obligations in a timely and accurate manner.

In addition, we adhere to the JLR Code of Conduct and the Tata Code of Conduct, which set out the high, ethical standards of business behaviour expected from all companies and employees within our Group.

### 2. Business alignment

JLR always aligns its tax affairs with the genuine business activities being undertaken by the organisation. We do not engage in any form of tax avoidance or artificial tax structuring and we do not operate or use any offshore tax havens. All JLR Group subsidiaries are located in countries where the business has significant physical and economic operations (i.e. employees, offices and revenue generating activity).

### **3. Enhancing shareholder value**

As a commercial organisation, JLR will always seek to effectively manage its tax liabilities, just as for any other business cost. In so doing, we always adhere to relevant tax laws and, in relation to transactions within the Group, we always seek to ensure that these are conducted on an arm's length basis in accordance with Organisation for Economic Co-operation and Development (OECD) principles.

Where governments or fiscal authorities have introduced particular tax reliefs, credits, incentives or exemptions to encourage specific types of economic activity (for example, investment in research and development), we will always seek to ensure that JLR claims the appropriate level of benefit for which it qualifies.

### **4. Governance and risk management**

Tax risks arising within the Group are identified, assessed and managed by the central Tax function on an ongoing basis. A detailed tax update is taken to the JLR Automotive plc Board on an annual basis and tax risks are reported quarterly to the Financial Risk and Assurance Committee, chaired by the Chief Financial Officer. The JLR Tax Director also meets with the Chief Financial Officer on a biweekly basis to provide updates on all tax matters affecting the Group.

JLR actively seeks to minimise risk in relation to tax matters. We do this through a variety of processes and controls including, for example, tax risk assessments and health-check exercises for subsidiaries, online monitoring of compliance processes and an active Advance Pricing Agreement programme.

### **5. Tax resource**

Responsibility for the day-to-day management of JLR's tax affairs rests with our central Tax function, led by the JLR Tax Director. The function comprises an appropriate blend of tax professionals with the necessary qualifications, training, skills and experience required to effectively undertake their roles. The Tax function also advises the JLR Automotive plc Board in relation to setting Group tax strategy and policy.

In addition to the central Tax function, the business also has dedicated tax professionals embedded within the finance teams of key non-UK subsidiaries.

Where appropriate, we look to implement technology-based solutions to streamline processes, drive efficiency and manage risk.

### **6. Relationships with governments and authorities**

In our dealings with tax authorities globally, including HMRC in the UK, we always look to maintain good, open, honest and professional working relationships, to engage proactively in relation to tax matters and to resolve any areas of dispute or differences of opinion as quickly as possible in order to reduce uncertainty and manage risk.

We also actively engage in dialogue with governments, either directly or through appropriate representative bodies, in relation to matters of tax policy which affect our business.

**Jaguar Land Rover Automotive plc regards this document and its publication as complying with its duty under Para 19(2), Sch 19, FA16.**