

# BDR THERMEA UK & IRELAND

## **Baxi Tax Strategy**

Baxi Heating UK Limited and all related entities in the UK are part of the BDR Thermea Group. The Baxi Tax Strategy covers all UK entities in the group, herein referred to as Baxi.

This document sets out Baxi's policy and approach in conducting its tax affairs and dealing with tax risks in accordance with Paragraph 19 Schedule 19 of Finance Act 2016 and relates to the year ended 31 December 2023.

Baxi recognises the importance of tax in the UK economy and its responsibility to conduct its tax affairs in an open and honest manner that is consistent with the Company's values. In doing so, Baxi is committed to conducting its tax affairs in line with the following objectives:

- Comply with all applicable tax laws, rules, regulations and reporting requirements relating to its activities.
- Maintain an honest, transparent relationship with HMRC based on trust and collaboration.
- Ensure tax governance by applying professional diligence and care in the management of the processes and procedures by which all tax related activities are undertaken.

### **1. Our approach to risk management and governance arrangements**

Baxi is part of the BDR Thermea Group with a mission to bring a sustainable future closer through smart indoor climate solutions through the delivery of its strategic priorities. To deliver our strategy we apply a Code of Conduct that establishes rules and standards regarding behaviour and performance for what is expected of everyone conducting business on behalf of Baxi. This demonstrates our belief that commitment to honesty, ethical conduct and integrity is paramount and builds trust with our stakeholders. Our tax strategy is aligned to these principles.

Responsibility for tax governance and strategy lies with the UK Executive Board. Day to day application of the UK tax strategy is managed by the UK Tax function which is led by the UK Finance Director who is also our Senior Accounting Officer ('SAO').

Our approach to compliance is to apply a standard of care and procedures that is underpinned by a Governance framework. This includes the requirement for tax accounting procedures and controls as well as information flows to be of an appropriate standard. Our controls framework enables significant tax risks to be identified, reviewed and mitigated. We work to continuously improve our controls and adapt these as the business develops, therefore ensuring our tax control framework is robust and relevant.

### **2. Attitude towards Tax planning**

Our attitude towards tax planning is aligned to our Code of Conduct and business values. As such Baxi believes in maintaining its ethical standards and relationships with its stakeholders and safeguarding its reputation.

We use incentives and reliefs offered by HMRC to minimise the tax cost of conducting business, however we ensure these incentives are used for the purpose for which they are intended. We do not engage in aggressive tax planning arrangements, nor do we manufacture artificial business

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arrangements in order to avoid tax. We only conduct business in jurisdictions where there is a genuine purpose.

Commercial decisions are made with the involvement of the tax function at an early stage to ensure that any tax implications are fully understood. Where the tax implications are uncertain, complex or where the business does not have adequate expertise then external advice is always sought and applied.

### **3. The level of risk we are prepared to accept in relation to UK taxation**

Our appetite for tax risk is very low and we seek to capture and resolve tax risks in a timely, proactive and transparent manner. This is driven by a desire for tax certainty and compliance with tax laws and regulatory requirements.

### **4. Approach towards dealings with HMRC**

Baxi is committed to having an open and honest approach in all of its dealings with HMRC

- Filing timely and accurate tax returns and making tax payments on time. This applies whether we are acting as tax collector for the Government (including PAYE and Employees' NIC) or whether taxes are borne as a cost to the business (including corporation tax and Employers' NIC).
- Baxi is part of the large business regime and as such has a dedicated Customer Compliance Manager (CCM). Baxi seeks to build a stable, long term relationship with its CCM in order to be transparent with HMRC and to resolve queries with HMRC in a timely and efficient manner.
- To be proactive and prompt in disclosing any errors and omissions found to HMRC. Where errors are noted we will seek to evaluate our controls and processes and introduce new controls and processes where appropriate.
- To discuss with HMRC all issues on a real time basis and ensure all interactions with HMRC are conducted in an open, collaborative and professional manner.
- To interpret tax laws in a reasonable way and in the spirit in which they were intended.

Approved by the Board of Directors



5 December 2023