Tax Strategy

BUSINESS STRATEGY AND TAX STRATEGY VISION

Our Business strategy is focused on continuous and sustainable growth with reasonable profitability. This is achieved through our investments in three main areas – digitalization, supply chain services and energy/ infrastructure, where existing TUV Rheinland ("TUV R") core expertise meets significantly above-average growth prospects. The TUV R Business Strategy, Strategy 2020, takes into account essential and sustainable changes that stem from digital revolution on ongoing globalization. We aim to continue to achieve profitable growth in all Business Streams into the future.

Our overall vision for tax is to deliver value to key stakeholders in a sustainable and compliant way and to grow our business, in line with our ethical principles, protecting our TUV R brand. We manage tax by focussing on the below objectives.

TAX STRATEGY OBJECTIVES

APPROACH TO TAX RISK MANAGEMENT AND GOVERNANCE

We operate a robust global tax risk management framework which facilitates the capturing of key tax risks, such that they can be mitigated through the operation of effective controls. Our tax governance framework is in line with our overall approach to corporate governance.

From a group corporate governance perspective, the TUV R brand is one of the most valuable corporate assets in the group and its protection is a top priority within the group's business strategy, "Strategy 2020". Our professional compliance management framework including our Code of Conduct and comprehensive internal control systems ensures compliance.

The ultimate responsibility for the group's Tax Strategy and compliance rests with the Board of the Group. The group tax department is part of the Finance and Accounting Department of TUV R and is headed by the Global Officer Finance & Accounting. The group´s Matrix Organization clearly defines responsibilities. The Global Officer Finance & Accounting holds executive responsibility for all tax matters globally. On regional level he has to be consulted and on local level he has to be informed. The Regional Finance Director is responsible and accountable on Regional level and has a monitoring and reporting function for all tax matters. Local tax compliance is the responsibility of the Local Finance Director of each local company who is accountable, that all tax filings and tax payments are made in a timely manner and are compliant with local tax law. The responsibility by law rests on the Managing Director of the company who signs the tax returns.
All individuals with a tax responsibility are suitably equipped to understand tax issues and consult a tax advisor regularly, particularly when faces with any tax uncertainty or significant tax risk items.

There is a formalised decision making process to ensure decisions are made at the appropriate level within the group. The group tax department reviews material corporate transactions and external advisors are consulted as necessary to assist in assessing tax related risks.

LEVEL OF TAX RISK THAT WE ARE PREPARED TO ACCEPT

TUV is committed to a worldwide identification and monitoring of relevant tax risks. This is achieved through our tax risk management system. We have a documented process covering tax risk identification, assessment and mitigation to acceptable levels and escalation to the Board. Controls to reduce or avoid tax risks are monitored as part of this process. The level of tax risk accepted shall not compromise our business ethical principles as detailed in our Code of Conduct or our brand.

ATTITUDE TOWARDS TAX PLANNING

The TUV R attitude to tax risk and tax planning is carefully aligned to the strategic and commercial objectives of the group. We aim to comply with all applicable tax laws and regulations. The advantages of available tax reliefs, incentives and exemptions are only taken if aligned with commercial and economic activity and are not opposed to the original spirit of the law and are offered to all taxpayers by local governments.

Though we strive to be tax efficient in order to grow our business, we do not enter into any aggressive tax planning arrangements.

APPROACH TOWARDS DEALING WITH TAX AUTHORITIES

We are committed to openness and transparency in all our dealings with local tax authorities and we seek a proactive relationships in all territories, encouraging open dialogue on a timely basis. Where any tax law is unclear or subject to interpretation, we will engage with external tax advisers to ensure we remain compliant in all our operations. Where applicable we will work with tax authorities to attempt to resolve any differences in a timely and professional manner.

Our published tax strategy applies to all UK subsidiaries of the TUV Rheinland group and covers all UK taxes.
It satisfies Schedule 19 of the UK Finance Act 2016 in respect of the period ending 31 December 2017.

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