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DX (Group) plc UK Tax Strategy

Background

DX is a leading independent parcel, freight, mail and logistics services company operating throughout the UK and Ireland. DX provides next-day or scheduled delivery services to business and residential addresses nationwide, delivering around 200 million items per annum.

DX is committed to being a socially responsible business and its tax affairs are managed in a way which takes into account the company's wider corporate reputation and overall high standards of governance.

Scope

This strategy applies to DX (Group) plc and all of its UK subsidiaries in accordance with paragraph 22 of Schedule 19 to the Finance Act 2016 ('the Schedule'). In this strategy, references to 'DX', or 'the Group' are to all these UK entities. The strategy has been published by DX (Group) plc on behalf of the Group in accordance with paragraph 22(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This strategy applies from the date of publication until it is superseded.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 include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the Group has legal responsibilities.

Aim

The Group prides itself in having a trusted reputation and brand, and adopts this approach in respect of its taxes. The Group is committed to full compliance with all statutory obligations and full disclosure to the relevant tax authorities.

Governance in relation to UK taxation

- The Board is ultimately responsible for the Group's tax strategy and compliance. The Board has delegated executive management of this to the Chief Financial Officer ('CFO').
- The Audit and Risk Committee's requirement to monitor the integrity of the Group's financial reporting system, internal controls and risk management framework, includes those elements relating to taxation.
- The CFO's responsibilities include:
 - Regular communication with the Board regarding management of tax;
 - Reviewing any significant transactions which may have an impact on the Group's tax position;
 - Approving external tax advisor appointments;
 - Monitoring adherence to the Group's Tax Strategy;
 - Approval of tax disclosures for the Group's financial statements;
 - Approval of tax returns; and
 - Ensuring accounting systems and controls report accurate and timely information for tax reporting purposes.
- The CFO is supported by the Finance team to manage the Group's tax operationally on a day to day basis and is supported by the Personnel function in relation to employment taxes as appropriate.
- The team is staffed with appropriately qualified individuals and all staff involved in tax processes are trained in the tax related aspects of their role. Staff report tax sensitive queries as necessary to the Financial Controller who in turn reports to the CFO. Any tax queries that cannot be resolved by the CFO are escalated to the Board or to specialist advisors.



- The Board ensures that DX's Tax Strategy is one of the factors considered in all investments and significant business decisions taken.
- The CFO reports to the Audit and Risk Committee and the Board on the Group's tax affairs and risks during the year.

Risk management

Effective risk management is paramount for the Group and underpins its wider business strategy. The Board is responsible for ensuring there is an appropriate framework for the implementation of this strategy and oversight of the identification and management of tax risk.

- The Group has implemented and maintains controls and procedures relating to all taxes to ensure that the correct amount of tax is paid. These are documented in a tax risk register which is regularly reviewed.
- The CFO is responsible for independent review and monitoring of the effectiveness of the Group's tax related controls.
- The Board maintains responsibility for implementing new controls where material tax risks are identified.
- The Group's financial statements are independently audited annually and tax accounting procedures are audited in accordance with this process.
- Any tax sensitive systems changes are agreed, monitored, tested and approved by the finance team. In respect of legislative changes and emerging best practice, DX receives regular updates from specialist advisors via email alerts and are regularly invited to attend update meetings and web casts. If further advice is required staff can access this from specialist advisors.
- Advice is sought from external advisors where appropriate, particularly to assist with operational change, exceptional items, and large and complex transactions and areas of the business.
- Corporation Tax returns and their associated workings are externally prepared by tax specialists for submission to HMRC based on information provided by the Group.
- All papers put forward to the Board that contain comments on tax must be supported by an appropriate level of tax analysis. The CFO will be responsible for ensuring sufficient tax analysis has been undertaken in advance of the papers being submitted to the Board.

Attitude to tax planning and level of risk

- DX manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax.
- When entering into commercial transactions, the Group seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation. DX does not undertake tax planning unrelated to such commercial transactions.
- The level of risk which DX accepts in relation to UK taxation is consistent with its overall objectives of achieving certainty in the group's tax affairs and maintaining the Group's reputation as a fair contributor to the UK economy which applies tax rules in good faith and in the spirit they are intended.

HMRC relationship

- The Group maintains an open and honest relationship in its dealings with HMRC and seeks to work in 'partnership' with HMRC in relation to its tax dealings to facilitate a mutually beneficial relationship. The CFO and tax staff are regularly in touch with the Group's HMRC compliance manager to seek advice or discuss issues.
- In the event of any inadvertent error(s) arising, full disclosure is made to HMRC.
- The Group discloses any relevant planning it undertakes to HMRC in line with the legal disclosure requirements and HMRC guidance. Wherever it is uncertain of the prevailing tax rules to apply, the Group liaises with HMRC to determine and agree the correct treatment of key items, and confirm its compliance requirements.

Approved by board 29 June 2023