



Our Precision, Your Advantage

KYB Europe GmbH – Tax strategy

This strategy applies to the UK permanent establishment of KYB Europe GmbH in accordance with paragraph 22 of Schedule 19 to the Finance Act 2016 (“the Schedule”). In this strategy, references to ‘KYB UK’ or ‘the PE’ is to this permanent establishment. The strategy is published 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This strategy applies from the date of publication until it is superseded.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 KYB UK has legal responsibilities.

Aim

KYB UK is part of the KYB Corporation worldwide group; globally one of the largest suppliers of original equipment shock absorbers to vehicle manufacturers. The worldwide group supplies equipment to one in five vehicles worldwide. KYB UK prides itself on being a responsible and accountable business and places importance on its contributions to society. Among KYB UK’s guiding principles is a commitment to fair and sincere corporate conduct based on high ethical standards.

KYB UK’s tax affairs are managed in a way which takes these principles and the KYB Corporation worldwide group’s wider corporate reputation into account. The PE is committed to full compliance with all its statutory obligations and full disclosure to the relevant tax authorities.

Governance in relation to UK taxation

- Ultimate responsibility for KYB UK’s tax strategy and compliance rests with the Board of KYB Europe GmbH;
- The European Finance Director is the Board member with executive responsibility for UK tax matters;
- Day-to-day management of KYB UK’s tax affairs is delegated to the UK Finance Manager, who reports to the European Finance Director;
- Both the European Finance Director and UK Finance Manager are suitably experienced individuals.
- The European Finance Director provides an update to the Board at least one per year on KYB UK’s tax affairs and risks; and
- KYB Europe GmbH’s internal audit function monitors the integrity of KYB UK’s financial reporting system, internal controls and risk management framework, expressly including those elements relating to taxation.

Risk Management

- KYB 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;

- External providers are used to provide support regarding preparation of returns as required.
- Advice is sought from external advisors as appropriate, including receiving regular updates on legislative changes.

Attitude towards tax planning and level of risk

KYB UK manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax. The level of risk which the PE accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in its tax affairs.

When entering into commercial transactions, KYB UK seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation. KYB UK does not undertake tax planning unrelated to such commercial transactions. At all times KYB 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 Board of KYB Europe GmbH 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 regard to the materiality of the amounts and obligations in question.

Relationship with HMRC

KYB UK does not have a formal, dedicated point of contact at HMRC therefore the majority of its communication with HMRC relates to obligatory filing requirements. Above and beyond this KYB UK seeks to be cooperative and transparent in all of its dealings with HMRC.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

Date approved: 19th March 2018