

UK TAX STRATEGY

2019

Introduction

This document sets out the UK Group's (defined as RATP Dev UK Ltd, all subsidiary entities and RDGS (RATP Dev Global Sightseeing) Limited – the "RATP UK Group") approach to handling its UK tax affairs, for the period ended 31 December 2019.

This document is intended to comply with the Group's requirements under paragraph 16(2) Schedule 19 of the Finance Act 2016 and has been approved by the Board of the RATP UK Group and the RATP Group Tax Department.

Background

The RATP Group is a development, operation and maintenance group for networks of urban transport. The group is headquartered in France and is ultimately owned by RATP EPIC, a French national public entity dedicated to activities of an industrial and commercial nature. RATP EPIC, as an entity, is wholly owned by the French State and is a State Funded Public Organisation governed by public law under the responsibility of the French Ministry of Ecology, Development and Energy.

RATP EPIC (Régie Autonome des Transports Parisiens) is an integrated group that operates and develops networks abroad through its wholly owned subsidiary RATP Développement SA (RDSA). RDSA owns 100% of RATP Dev UK Ltd and its subsidiary companies. RDSA also wholly owns RDGS (RATP Dev Global Sightseeing) Limited.

As a French state owned entity, RATP EPIC receives its decrees and objectives from the French Government, who are also involved in the appointment of key members of the Board. The Board of Administration will vote on, and oversee, the strategic, economic, financial and technological aspects of the Group under the direction of the French Government administration.

It is within this state led environment that the Group operates and the same objectives permeate its financial control environment and, ultimately, in its attitude towards taxation, both in France and in the territories in which it operates, including the UK.

Within the Group Finance Department in Paris sits a Group Tax Director, together with a Group Tax Department, that oversee and support the UK Group Finance team with all aspects of taxation. The Group Tax Director will also be responsible for the control over taxation, including compliance, risk and planning, and how this is governed within the overseas territories.

In this regard, a Group Tax Procedure was communicated to all consolidated entities of the RATP Dev Group in October 2019. The purpose of this Tax Procedure is to define the roles and responsibilities within the Tax Community facing the Tax Authorities in each subsidiary of the Group.

The overall control environment for taxation is one of full compliance within the overseas territories, including meeting all filing and payment deadlines, together with planning that is within the laws, regulations and practice of the overseas territory.

UK tax strategy

Given that the Group is state-owned and therefore has a compliance focused objective, the Group has detailed its tax strategy as it relates to UK taxation using the main headings within Schedule 19 Finance Act 2016 and in accordance with the Group's objectives.

Risk management and governance

RATP Dev UK is responsible for ensuring compliance with UK tax law for the RATP Dev UK Group, with support and oversight from the Group Tax Department based in Paris. In addition, RATP Dev UK is responsible for ensuring that UK tax risk is managed in accordance with the Group's overall policy towards acceptable levels of risk.

The Board of RATP Dev UK, together with the Group Tax Department, are responsible for setting out the overall policy and governance for tax in the UK Group. Where changes are required, the Board will approve the updates to ensure that the policies remain current with internal practice and procedures.

The overall aim of the Group is to manage and reduce any tax risk across all taxes to an acceptable level. Therefore, material transactions are reviewed for tax risk by the Board of RATP Dev UK and the Group Tax Department prior to proceeding with the transaction.

Where appropriate, external advice will be sought to assist in mitigating the tax risk and to ensure compliance with tax legislation and practice. The overall objective is to reduce the tax risks associated with the transactions to an acceptable level. Transactions are commercially driven and any tax risks are managed within the commercial and reputational objectives of the Group.

Tax planning

Tax planning may be undertaken to utilise tax incentives or reliefs, where these align to the commercial and governance objectives of the Group, and meet the intended purpose of the legislation.

However, any planning is aligned to the Group's policy of paying the right amounts of tax legally due in the UK, whilst ensuring tax efficiency in accordance with the commercial and reputational objectives of the business.

The Group does not seek to reduce UK tax by entering into artificial transactions which lack economic substance and does not use 'tax haven' (nil or low corporate income tax jurisdictions) entities to artificially reduce Group tax liabilities.

Where tax planning is undertaken, the Group will seek external advice to ensure that the planning is carried out efficiently, but also that it is carried out in accordance with the intentions of parliament and the purpose of the applicable legislation.

The Group Tax Department will be involved for significant transactions to assess the potential tax impact of the commercial objects and to manage the related tax risks. The assessment of risk and compliance is undertaken across all taxes.

Managing levels of tax risk

Given the ownership structure and ultimate stakeholders, the Group has processes to assess and reduce unacceptable levels of tax risk and only a minimal level of tax risk that does not have a material tax impact will be accepted.

The Group's process includes the RATP Dev UK Board, together with the Group Tax Department, reviewing each material transaction to assess any risk and to ensure that it meets internal risk and control objectives.

Where there is uncertainty as to the application of the legislation, or where the internal finance teams do not have the necessary expert knowledge, appropriate external advice will be sought to help assess the risk and provide support on reaching the correct tax position.

The Group's governance structure is such that decisions regarding acceptable levels of tax risk are made at the right level, and that the individuals involved apply professional care to arrive at supportable and commercially motivated conclusions as to how to manage any risk. In particular individual operating subsidiaries have strict limitations on authority levels for approving transactions.

Approach to dealing with HMRC

The overall Group aim is to have a constructive and transparent relationship with HMRC.