

Tax strategy publication for the financial year 2017-2018

This tax strategy reflects our current status as a public limited company in Liquidation holding a number of subsidiaries which are either in Liquidation or going concern entities (together the “Group”). We adopt a responsible approach to the management of our affairs and ensure that we pay taxes in the countries in which profits are generated, in accordance with the requirements of local tax legislation.

Carillion Plc (in Liquidation) regards the publication of this tax strategy as complying with its duty under Schedule 19, Finance (No.2) Act 2016, and to support the transparency of our approach to taxation, this document sets out:

- Our approach to tax governance and risk management, in relation to UK taxation;
- Our approach towards tax planning,
- The level of tax risk we are prepared to accept; and
- Our approach towards our dealings with HMRC.

Approach of the UK Group to risk management and governance arrangements in relation to UK taxation

The Group acknowledge our obligation is to pay the correct amount of UK tax due, both ethically and legally.

Responsibility for the tax strategy, the supporting governance framework and management of tax risk sits with the Official Receiver for those entities which are in an insolvency process and, with the Board of Directors for going concern entities. Day to day responsibility for each of these areas sits with the PwC tax partner working on behalf of the Official Receiver for the liquidation companies and, with the Group tax manager for the going concern entities.

A tax control framework is operated and focusses on maintaining an effective and appropriate control environment by adhering to the following practices:

- a) Observation of all applicable laws, rules, regulations and disclosure requirements;
- b) Application of diligent professional care and judgement to arrive at well-reasoned conclusions; and
- c) Ensuring that all decisions are taken at an appropriate level and supported with documentation that evidences the facts.

The tax strategy aligns to the Group’s wider risk and control framework. Key risks and issues related to tax will be escalated to and considered by the Official Receiver / Board of Directors when applicable.

Attitude of the Group to tax planning in relation to UK taxation

The Group has a responsibility to pay the appropriate amount of tax in each of the jurisdictions in which it operates, the payment of the appropriate amount of tax is governed by the adherence to the tax laws that exist in those jurisdictions.

The Group does not aim to enter into tax planning. It will however see to use tax losses, so that it fulfils the Official Receiver’s objective of realising value for the creditors.

Level of risk in relation to UK taxation that the Group is prepared to accept

The level of risk that is acceptable is governed by the premise that all tax filings and any tax planning are well researched and are well-understood within the framework of the tax governance operated by the Group. A conservative approach is adopted with regards to tax strategy resulting in a low risk policy and the maintenance of low levels of risk.

Approach towards dealings with HMRC

In its dealings with HMRC, the Group will act in an open, honest and transparent manner. The UK Group's strategic aim is to avoid unnecessary disputes with HMRC and thus minimise tax risk. We will aim to achieve this through (a) continuing to host and attend regular face-to-face meetings with HMRC to discuss current proceedings and tax filings; (b) where appropriate, seeking pre-transaction clearances from HMRC; and (c) making the tax compliance procedures and controls available for review by HMRC as appropriate.

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