

Post Office Group Tax Strategy

This publication sets out the tax strategy of Post Office Limited and its UK subsidiary undertakings (referred to hereafter as the “Group” or “Post Office”), and in making this strategy available the UK Group is fulfilling its responsibilities under Schedule 19 of the Finance Act 2016.

This tax strategy applies to UK taxes applicable to the Post Office and its affiliated entities both in the UK and overseas. The document is ultimately owned by the Board of Directors of Post Office Limited (“the Board”).

Annually, the tax strategy will be reviewed, updated as appropriate and approved by the Board. The Board, along with assistance from the Group Finance teams, take ultimate responsibility for setting, monitoring and amending the strategy as required.

In summary, the Post Office is committed to:

- following all applicable laws and regulations relating to its tax activities;
- continuing to have an open and honest relationship with HM Revenue & Customs driven by collaboration and integrity; and
- applying diligence and care in our tax management, and ensuring that our tax governance is appropriate.

How the Post Office manages its tax risks

The Group’s on-going approach to UK tax risk management and governance is based on the principles of reasonable care and materiality. The Post Office maintains on-going application of tax governance, including frequent risk metric assessments and the review of applications of strong internal control procedures, in order to substantially reduce tax risk to materially acceptable levels.

As part of this governance, the Post Office has identified tax risks, which are maintained internally on risk registers, with their materiality being assessed based on a corporate risk matrix. The matrix then records the potential impact, subject to two contributory factors, the exposure if the tax risk crystallises and the relative likelihood of the risk crystallising.

A detailed log of these risk reviews is maintained monthly. A summary report is then presented with significant / material issues to the Chief Financial and Operating Officer for his consideration, further discussion at Board level and with HM Revenue & Customs should the issue merit engagement of the tax authorities. Where decisions are deemed to be complex, or have an element of uncertainty assistance from third parties may be sought to aid the Post Office’s decision-making process.

Tax planning

Given that the Post Office is owned by the British Government's Department for Business, Energy & Industrial Strategy, it understands the importance of its transparent business operations.

The Post Office will not engage in artificial transactions the sole purpose of which is to reduce UK tax. As well as the above the Post Office will not engage in tax efficiencies if the underlying commercial objectives do not support the Group's position, or if the arrangements impact upon the Post Office's reputation, brand, corporate and social responsibilities, or future working relationships with HM Revenue & Customs.

Approach towards dealings with HMRC

The Post Office have always been and remain committed to maintaining integrity and transparency when dealing with HMRC. The Post Office underlines these principles by agreeing to:

- Accurately disclose all information required in correspondence and returns, and efficiently respond to communications as and when required. Where additional work is required, such as in the event of a disagreement, we will look to resolve this in the most professional and efficient way possible.
- Be open and transparent about decision-making, governance and tax planning, firstly by ensuring that it is liaising directly with our dedicated HMRC team and secondly by publishing our tax strategy easily accessible within the public domain.
- Ensure all interactions with HMRC are conducted in an open, collaborative and professional manner.

Signed

Alisdair Cameron
Chief Financial and Operating Officer and Senior Accounting Officer