

## **BenQ United Kingdom Limited**

### **Tax Strategy for the year ending December 2017**

*This document has been prepared to both satisfy our commercial objectives and to comply with UK legislations set out in Finance Act 2016.*

The following strategy will apply for the year ending 31 December 2017.

#### ***Summary***

- BenQ United Kingdom Limited (“the Company”) is a UK subsidiary of a global company in the marketing and sales of visual devices such as monitors, projectors and flat panels. The company is liable for corporation tax on the profits of its UK business operations.
- In addition, the Company also pays other taxes such as business rates, VAT, PAYE, NI and stamp duty as these taxes arise.
- We strive to maintain our open relationship with HMRC.

#### ***Introduction***

- BenQ United Kingdom Limited (“the Company”) is a UK incorporated subsidiary of a global group of companies, the headquarters of which is in Taiwan. The company was established in order to sell products into the UK market and have a direct interaction with the UK market through a locally incorporated and tax resident entity.

The company was established in 1997 in order to commence that sales and marketing operation in the UK.

In addition to tax on its business profits, the Company is subject to other taxes which include:

- Stamp duty
- Business rates
- Employers NI
- VAT

#### ***Our approach to governance and tax risk management***

The governance of our business is led by our Group Board in Taiwan and BenQ headquarters is responsible for the overall strategy. We believe that good governance is based on understanding the risks we face and creating appropriate strategies to manage each risk. This involves appropriate oversight both at the local and regional level, and good communication and transparency in how we operate.

Whilst the ultimate responsibility for risk management rests with the Board, the effectiveness of this depends on the way we do business and the culture of our team. We strive to achieve high levels of integrity in our teams with the objective of ensuring robust risk management practices.

The Board is responsible for the Group's tax strategy and tax risks but day to day responsibility is delegated to the Finance Director. The Finance Director oversees the work of the finance team on a daily basis and together, they are collectively responsible for all tax issues in respect of both transactions and compliance matters.

The members of the team include the financial controller and associates. The team has many years of relevant experience, which is supplemented by regular training.

The team identifies and manages UK tax risk by using its knowledge of the group's operations and UK tax legislation. They do this by:

- Regular communication across the business to identify any significant and unusual transactions such as lease surrenders, property acquisitions, property developments and property disposals;
- Monitoring proposed changes in UK tax legislation to identify potential impacts on the Group;
- Discussion with appropriately qualified third party advisers; and
- Engagement with HMRC which may include seeking pre-clearance on areas of uncertainty where necessary.

These activities ensure that the team is able to provide appropriate advice to the wider business. The finance team provides support for all transactions and maintains a high profile within the Group to ensure that tax matters are considered during decision making processes.

We, together with our third party advisors and agents, take significant care in the preparation of tax returns which are clear, comprehensive, accurate and timely. We have detailed internal review procedures and controls which assist the Finance Director to certify to HMRC on an annual basis that our tax accounting arrangements are appropriate.

### ***Our approach to tax planning***

Whilst we seek to maximise returns for shareholders, we also operate to ensure full compliance with the tax laws of the jurisdictions in which we operate and any tax planning reflects this.

We believe it is important to plan our business operations so that we can comply with UK and foreign tax obligations and we believe it is important to consider the tax consequences of significant transactions before carrying them out. Where we have alternative methods to achieve the same commercial result we will consider all relevant factors including taxation before deciding on the best method.

The Finance Director is consulted on the tax consequences of major potential transactions including acquisitions and disposals. They advise on the preferred routes to minimise the potential tax risk and tax cost. The Company and the Group decides when to consult external advisors on the tax implications of a

potential transaction. Typically they will do this where the transaction is of a new type to the Group, or is of significant scale, or where they are aware of recent or pending changes in relevant tax legislation.

The UK business focuses on ensuring compliance with indirect and payroll taxes to minimise any risk of penalties arising from failure. They provide information to the finance department who manage the corporate tax compliance.

### ***Level of tax risk***

In accordance with the strategy approved by the Board, the Group takes the same approach to tax risk as it does to other risks in the business. We recognise there is always some level of risk on taxation due to:

- The complexity of taxes including frequent changes in laws;
- The scope for disagreement over the interpretation of laws meaning that tax authorities may take a different view of the application of legislation; and
- The variety and volume of different taxes that affect the Company's activities.

### ***Relationships with tax authorities***

BENQ is committed to the principles of openness and transparency in its approach to dealing with tax authorities. All dealings with the tax authorities and other relevant bodies will be conducted in a collaborative, courteous and timely manner. Our aim is to seek early agreement on disputed matters and to achieve certainty wherever possible.

The Company does not have a Customer Relationship Manager and therefore any interaction with HM Revenue and Customs is as required from both parties' viewpoints.