

# Tax Strategy

for the accounting period ending 31 December 2023

Capita delivers innovative consulting, digital and software solutions to transform and simplify the connections between businesses and customers, governments and citizens. We partner with clients, providing insight and technology with the aim of making peoples' lives easier and simpler.

As a purpose-driven business, Capita's tax strategy aligns with our commitment to being a responsible business, and with our corporate code of conduct.

Capita's Chief Financial Officer and Senior Accounting Officer, Tim Weller, has ultimate responsibility for tax within Capita and for ensuring compliance with the tax strategy. The Group Director of Tax is responsible for setting the strategy and is accountable for its implementation. The strategy is reviewed annually by the Group Tax team and any recommended amendments to the strategy are considered and approved by the Capita Board of Directors.

**This tax strategy, approved by the Board of Directors on 6th December 2023, documents the principles governing the management of Capita's global tax affairs in respect of the financial year ended 31 December 2023. It applies to all Capita group entities, and is also made publicly available for the purposes of complying with paragraph 16(2) Schedule 19 of the Finance Act 2016.**

**Capita has been compliant with this tax strategy during the accounting period.**



## **Risk management and governance**

- Capita seeks to set clear policies for our businesses to follow and to embed the right processes, reporting and culture across the group.
- The application of appropriate controls across all Capita businesses is a core part of managing a growth strategy.
- The Capita risk management framework, and governance arrangements, apply in respect of the management of all taxes, both in the UK and overseas.
- Processes are in place for identifying tax risks and these are reported, where appropriate, to the audit and risk committee. Capita's tax risk register is reviewed and updated on a quarterly basis. It is also discussed at the Tax Risk Committee at least once a year.
- The Group Tax team reports to the Chief Financial Officer.
- The tax strategy is reviewed by Capita's Group Director of Tax and any material changes are discussed with finance leadership and the Board, as appropriate.
- In addition, Capita has a policy for the "prevention of criminal facilitation of tax avoidance" which is governed by the Group Financial Crime Prevention team.

## **Risk appetite in relation to tax**

- Capita does not engage in high risk or aggressive tax planning.
- The Capita Board has, in their opinion, a low risk appetite in respect of tax which is supported, in the UK, by HMRC's low risk rating.
- The complexity of tax laws in Capita's operating jurisdictions creates inherent risks. Capita manages this complexity through its approach to compliance, planning and risk management.
- Tax risks are assessed and decisions taken in line with Capita's overarching risk management framework, tax standards and tax procedures.

## **Tax compliance**

- Capita is committed to complying with all applicable tax laws, rules and regulations, and reporting and disclosure requirements.
- It is important to Capita that the correct amount of tax is paid at the right time. We aim to achieve this by submitting returns and paying tax liabilities in a timely manner, and taking independent advice where appropriate.
- Capita intends for profits to be declared in the place where their economic substance arises, and to comply with the letter, and spirit, of the law.
- The Group Tax team interact with the wider business, ensuring an extensive commitment to meeting our tax obligations, to enable tax filings that represent the business accurately.

## **Tax planning**

- Capita does not have a complex tax structure and takes an appropriate and balanced approach to tax planning.
- Tax is not the main aim, or decisive factor, when entering into any transaction or agreement.
- Tax outcomes are considered to be part of the overall evaluation and structuring of commercial transactions, but the group does not undertake aggressive tax planning, or planning which is inconsistent with the intentions of the UK or of other governments.
- In respect of material transactions, or where the Group Tax team does not have the required expertise, tax advice may be sought from appropriate external advisers, and clearance may be sought from HMRC.
- Where appropriate to do so the group will claim available tax reliefs and incentives, in line with, and in the spirit of, tax legislation.

## **Relationships with tax authorities**

- Capita has, and seeks to maintain, open, honest and positive working relationships with HMRC and tax authorities around the world.
- In the UK, Capita proactively engages with its designated HMRC Customer Compliance Manager and is committed to prompt disclosure and transparency in our dealings with HMRC and other tax authorities.