

Tax strategy

Objectives

Ashtead Group plc and its subsidiaries (together the 'Group') believes it has a corporate responsibility to act with integrity in all tax matters and recognises the importance of tax transparency to its stakeholders. Through this tax strategy and the total tax contribution and other tax disclosures included in the Group's annual report and accounts, we aim to help our investors, employees, customers, suppliers, communities, tax authorities and other stakeholders understand our approach to tax.

It is the Group's policy to comply with all relevant tax laws, regulations and obligations and the Group's relatively simple structure helps to minimise complexity in the Group's tax affairs. This policy supports the timely and accurate payment of tax in each country in which we operate. The Group's tax strategy is aligned with the Group's business activities and governance framework. For example, one of the principal risks identified by the board for the Group to manage is compliance with laws and regulations. The Group considers the tax incentives and reliefs available in the jurisdictions in which we operate, for example in relation to research and development activities, and applies these in accordance with the appropriate tax legislation.

Risk management and governance

Tax risk management is an intrinsic part of the responsibilities and activities of the Group's tax function and is evaluated and developed on a regular basis. In determining the allocation of resources to managing different areas of tax risk, consideration is given to the size and complexity of the Group and the transactions it undertakes and any changes in the tax landscape. Due to the Group's relatively simple business model and structure, there is minimal complexity in the Group's underlying tax position. However, as a capital-intensive business, optimising the amount and timing of tax depreciation on fixed assets is a key area of focus. Detailed tax consideration is also given to non-routine transactions, transfer pricing policies and changes to business activities, locations, systems and processes, with external advisers consulted to provide specialist advice where appropriate. Technology solutions are employed to enhance processes and allow members of the tax department to utilise their skills and experience efficiently and effectively.

As detailed in the Group's responsible business report within the annual report and accounts, being a responsible business has always been crucial to the Group and our goal is for our responsible business plan to be transparent, challenging and beneficial to everyone with which we interact. We care deeply about making the best impact possible on all our stakeholders and the importance of being a responsible corporate citizen is reflected in the Group's tax strategy, which focuses on acting with integrity in all tax matters.

Ownership and governance of the tax strategy, as with the wider business strategy, rests with the Group's board. The Group Audit Committee and the Group board receive regular updates on material tax matters and proposed changes to tax legislation from the Group Chief Financial Officer. The Group Chief Financial Officer and Head of Tax take overall and day to day responsibility, respectively, for ensuring that appropriate policies, processes and systems are in place and that members of the tax department have the required skills, experience and support to operate in accordance with the Group tax strategy. Open lines of communication between the Group's tax professionals, senior management and the business, allow for timely consideration, communication and management of tax risks.

Attitude to tax planning and exposure to tax risk

The Group's appetite for tax planning and tax risk is considered to be low and is aligned with the legal and commercial environments in which the Group conducts its activities. The Group's operations are based in the locations and jurisdictions necessary to best serve our customers. The Group pays tax based on the profits arising in those jurisdictions in accordance with relevant tax laws and regulations. It does not actively seek out low tax jurisdictions. In evaluating any transaction or activity, the Group takes into account all relevant factors including taxation. In determining the tax treatment of a particular transaction or activity, the Group follows generally understood and accepted interpretations of tax law, consulting with tax advisers and tax authorities where necessary. For example, the Group's transfer pricing policies are determined based on OECD Transfer Pricing Guidelines, with input from specialist tax advisers who have access to data on comparable transactions and experience in using it for benchmarking purposes. This approach to taxation is approved by the Board.

The Group monitors new and changing tax legislation, to assess whether there is the potential for a material impact to the Group and to ensure that the Group has adequate processes in place to comply with any changes enacted.

Approach to dealings with tax authorities

The Group is committed to having a transparent and constructive working relationship with all tax authorities and has been assigned a low-risk rating by HMRC. Where possible, the Group discusses and resolves matters with tax authorities as they arise and applies for tax clearances to obtain agreement from tax authorities prior to undertaking material transactions, where there is a degree of uncertainty surrounding the appropriate tax treatment. The aim of this approach is to minimise the occurrence and extent of disputes with tax authorities. Where tax audits or enquiries arise in relation to past events, the Group provides the information required to help tax authorities understand the transactions under review and the tax treatment which has been adopted, with the aim of resolving matters on a timely basis. If the Group becomes aware of errors or omissions in tax returns, these are communicated to the relevant tax authorities and corrected in an appropriate manner.

This tax strategy for the year ended 30 April 2023 has been approved by the Group board and was published in March 2023 by Ashtead Group plc in accordance with its duties under paragraph 16(2) of Schedule 19 to the Finance Act 2016.
