



UKTV Tax Strategy

Aim and Scope

This strategy applies to UKTV Media Holdings Limited and its subsidiary company UKTV Media Limited (together known as “UKTV”).

This strategy applies from the date of publication until it is superseded and relates to all UK taxes applicable to UKTV.

UKTV is committed to full compliance with all statutory obligations and full disclosure to tax authorities. It aims to comply with both the spirit and letter of the law in all tax matters.

Governance

Ultimate responsibility for UKTV’s tax strategy and compliance rests with the UKTV Board and the UKTV Audit Committee.

The Chief Financial Officer (CFO) is a member of the Audit Committee and has executive responsibility for all tax matters.

Day-to-day management of UKTV’s tax affairs is delegated to the Finance Director who reports into the CFO.

Management of tax risk

UKTV is exposed to a variety of tax risks:

- *Tax compliance and reporting risks*, which cover risks associated with compliance failures such as submission of late or inaccurate returns or where finance or operational systems and processes are not sufficiently robust to support tax compliance and reporting requirements.
- *Transactional risks*, which arise where transactions are carried out or actions taken without the appropriate consideration of the potential tax consequences or where advice taken is not correctly implemented.
- *Reputational risk* looks beyond financial risks to the wider impact tax risk may have on relationships with UKTV’s stakeholders, including shareholders, clients, tax authorities and the general public.



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UKTV manages these tax risks in a similar way to any area of operational risk across the company and operates a system of controls as a component of the overall internal control framework applicable to the company's financial reporting system.

UKTV seeks to achieve this through:

- Submission of all UK tax returns on a timely basis, including sufficient detail to enable HMRC to form an accurate view of the affairs of the company with an adequate supporting audit trail and sign-off process.
- Paying the appropriate amount of tax at the right time.
- Maintaining tax accounting arrangements which are robust and accurate and comply with the Senior Accounting Officer (SAO) provisions in the UK.
- Ensuring that departments involved in UKTV's tax processes are adequately resourced, supported and trained to manage tax compliance issues on a timely basis.
- Maintaining a risk register which includes tax risks and records the potential impact on the company should the tax risk crystallise and the relative likelihood of it crystallising. This risk register is reviewed by the Audit Committee every quarter.

UKTV engages the services of external tax professionals, currently KPMG, to prepare and submit the company's annual Corporation Tax returns. KPMG is also engaged on an ad-hoc basis to provide help and advice on the tax implications of any new or complex transactions or to help assess and plan for any upcoming changes to tax compliance legislation.

Attitude to tax planning

When entering into commercial transactions, UKTV seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation. UKTV does not undertake tax planning unrelated to such commercial transactions.

Relationship with HMRC

UKTV ensures that HMRC is kept aware of significant transactions or changes in the business, often via its tax advisers (KPMG) and seeks to discuss any issues arising at an early stage. When submitting tax computations and returns to HMRC, UKTV discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as possible after they are identified.