

Tax Strategy

This strategy applies to David MacBrayne Limited and to the group of companies headed by David MacBrayne Limited in accordance with paragraph 16(2) of Schedule 19 to the Finance Act 2016. A list of the entities to which it applies is set out at Appendix 1. In this strategy, references to the 'David MacBrayne Group', or 'the group' are to all of these entities. The strategy is being published in accordance with paragraph 16(4) of the Schedule.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the David MacBrayne Group has legal responsibilities.

Aim

The David MacBrayne Group is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. The David MacBrayne Group's tax affairs are managed in a way which takes into account the group's wider corporate reputation in line with the David MacBrayne Group's overall high standards of governance.

Governance in relation to UK taxation

- Ultimate responsibility for the David MacBrayne Groups' tax strategy and compliance rests with the Board of David MacBrayne Limited;
- Executive management of the group is delegated by the Board to the Chief Executive Officer;
- The Audit & Risk Committee's requirement to monitor the integrity of the David MacBrayne Group's financial reporting system, internal controls and risk management framework, expressly includes those elements relating to taxation;
- The Finance Director is responsible for tax matters. The Finance Director attends Board meetings and reports any matters relevant to tax to the Board;
- Day-to-day management of the David MacBrayne Group's tax affairs is delegated to the Financial Accounting Manager, who reports to the Finance Director;
- The team responsible for looking after the taxation affairs of the David MacBrayne Group is staffed with appropriately qualified individuals;
- The Board ensures that the David MacBrayne Groups' tax strategy is one of the factors considered in all investments and significant business decisions taken;
- The Finance Director reports to the Audit and Risk Committee and the Board on the David MacBrayne Group's tax affairs and risks during the year.

Risk Management

- The David MacBrayne Group operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to the group's financial reporting system;

- The David MacBrayne Group seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations;
- Processes relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required;
- Appropriate training is carried out for staff who manage or process matters which have tax implications;
- Advice is sought from external advisers where appropriate and in particular in cases of uncertainty or complexity in relation to tax.

Attitude towards tax planning and level of risk

The David MacBrayne Group manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax.

When entering into commercial transactions, the David MacBrayne Group seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation. The David MacBrayne Group does not undertake any tax planning inconsistent with its commercial objectives.

The level of risk which the David MacBrayne Group accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the group's tax affairs. At all times the David MacBrayne Group seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

Relationship with HMRC

The David MacBrayne Group seeks to have a transparent and constructive relationship with HMRC through regular meetings and communication in respect of developments in the David MacBrayne Group's business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes.

The David MacBrayne Group ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage. When submitting tax computations and returns to HMRC, the David MacBrayne Group 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 reasonably practicable after they are identified.

This tax strategy was published on 20 February 2020 and the David MacBrayne Group regards this publication as complying with its duty under paragraph 16(2) Schedule 19 FA 2016 in its financial year ended 31 March 2020.

Appendix 1

List of entities covered by this Tax Strategy

Active companies

David MacBrayne Limited
CalMac Ferries Limited
Caledonian MacBrayne Crewing (Guernsey) Limited
Argyll Ferries Limited
David MacBrayne HR (UK) Limited

Dormant companies

Cowal Ferries Limited
NorthLink Crewing (Guernsey) Limited
NorthLink Ferries Limited
Rathlin Ferries Limited