

# Tax Strategy

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## Introduction

### Purpose of Tax Strategy document

The purpose of this document is to outline the approach adopted by the John Lewis Partnership Plc (JLP) and its subsidiaries in managing its tax obligations and activities across the business.

The strategy is published pursuant to Schedule 19 of the UK Finance Act 2016 and was approved by the Partnership Board of Directors on 14 December 2017.

JLP exists today because of the vision and ideals of its Founder, John Spedan Lewis. He believed an 'industrial democracy' – where Partners shared knowledge, power and profit – was a better form of business.

This ethos defines who we are and how we do business differently. Because the Partnership is owned in trust for its members they share the responsibilities of ownership as well as its rewards.

The Partnership operates on democratic principles and is governed by a written constitution:

<https://www.johnlewispartnership.co.uk/content/dam/cws/pdfs/Juniper/john-lewis-partnership-constitution-october-2019.pdf>

JLP's tax strategy aligns to the principles of the constitution and as a responsible leading retailer we recognise that paying taxes arising from our activities is an important part of how our business contributes to the societies in which we operate. Our approach to tax is aimed at building trust and we aim to pay the correct amount of tax at the right time, under all relevant laws and regulations.

### Revisions

The strategy applies from the date of approval by the Board until it is superseded and will be updated annually in accordance with UK legislation, and any significant changes will be approved by the Board.

This version was published in January 2020 and this version of our Tax Strategy relates to the financial year ended 25 January 2020.

## Tax Arrangements

The Partnership aims to be a responsible tax payer and adopts a conservative approach to tax matters.

### Outline

The objectives of this Tax Strategy are to:

- Drive a consistent approach to the way in which tax is managed in the Partnership
- Engage with internal and external stakeholders in enabling a consistent understanding of how tax is managed in the Partnership
- Provides an overview of the Partnership's tax risk management framework.

## Governance and Tax Risk Management

### Governance

The Partnership Board has overall accountability for the risk management framework which includes responsibility for JLP's tax strategy.

The Audit and Risk Committee provides assurance to the Board on the effectiveness of the Partnership's internal controls and the risk management process which includes tax – as part of this process tax risks are reported quarterly to the Board.

The Group Finance Director has overall executive responsibility for all tax matters and day-to-day management of JLP tax affairs is delegated to the Group Tax function. The Finance Director's monthly updates to the Partnership Board include tax matters where appropriate.

Responsibility and accountability for the Partnership's tax affairs are clearly defined and documented. A key element of how the Partnership manages tax risk is by employment of appropriately qualified and experienced people in key tax roles.

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JLP makes tax planning decisions based on the risk profile of transactions. In making decisions on tax planning a number of factors are considered including financial, legislative and reputational risk factors. Depending on the risk factors, the transaction will be escalated to the Group Finance Director and or Board for approval as appropriate.

## Tax Risk Management

Group Tax has a number of mechanisms in place which are intended to deliver a robust tax risk framework to identify, assess, prioritise and manage tax risk on a global basis. These mechanisms are aligned to the group strategy for risk management and include:

### Risk identification and assessment:

Group Tax proactively partners with the business to provide advice across all aspects of tax to ensure as far as possible that the Group Tax team are involved where appropriate when undertaking transactions and making business decisions.

The business has a responsibility to identify and report issues such as business transactions, product launches etc which may have a tax impact.

JLP has a formal Internal Controls Framework in place that includes controls over specific tax risks, and operational effectiveness of these controls is monitored on a regular basis.

In addition to reviews conducted by the Internal Audit function, Group Tax conducts compliance checks and reviews on data, systems, processes and controls used in tax calculations to ensure that they are robust and reliance can be placed upon them.

### Controlling the risk:

Where risks are identified, Group Tax considers the actions that need to be taken and will work with the business leaders responsible for managing the risk to

provide advice, input, and monitoring as appropriate.

The Criminal Finances Act 2017 introduced a new corporate offence of failing to prevent the facilitation of UK (and foreign) tax evasion. The Partnership has a zero tolerance to tax evasion and the facilitation of tax evasion and continues to establish 'reasonable prevention procedures' designed to avert any such tax evasion offences from being committed by the Partnership. Those procedures will be kept under review as part of our wider regulatory compliance programme.

## Use of external advisers

JLP uses external advisers to provide tax technical expertise and additional resource based on an assessment of risk and requirements.

## Tax Planning

### Tax Planning Principles

Group Tax is required by the Board to work with the wider Partnership to structure transactions in a compliant and tax efficient manner.

Tax planning opportunities are evaluated to ensure that JLP only engages in tax planning that is aligned with both our principles and commercial objectives. Where relevant, JLP utilises legitimate tax incentives, and statutory alternatives offered by governments.

## Managing Relationships with Tax Authorities

Group Tax is ultimately accountable for how the relationships with tax authorities are managed in all territories where the business has a tax presence. All Partners involved in communicating with the tax authorities are expected to adhere to the

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principles relating to managing relationships with tax authorities.

JLP is committed to:

- Being open, honest and transparent in our dealings with tax authorities.
- Disclosing relevant information to enable tax authorities to carry out their review, and to respond to queries and information requests in a timely fashion.
- Ensuring compliance with all relevant tax laws and legal disclosure requirements.
- Seeking to resolve issues with tax authorities in an open, collaborative and professional manner and where disagreements arise, work with them to resolve issues by agreement where possible.

- Audits and tax authority enquiries should be dealt with by Group Tax. All tax audits and enquiries are dealt with in an open, transparent, courteous and professional manner.

### **Tax compliance responsibilities**

In delivering tax compliance requirements, JLP is committed to applying diligent professional care and judgement.

- We aim to pay all tax the Partnership is legally obliged to pay, as and when it becomes payable
- We aim to comply with all relevant tax laws in all jurisdictions in which the Partnership has a presence for tax purposes
- Disclosing to the tax authorities any inadvertent errors or omissions in tax returns or underpayments of tax in a timely manner.