



## **BMW UK Group Tax & Customs Strategy**

### **A. Preamble**

The Group Tax & Customs Strategy set out in this document outlines the following matters as they relate to the BMW (UK) Holdings Limited group of companies (the "BMW UK Group"). The strategy is published in accordance with the requirements of Schedule 19 of the Finance Act 2016 and will be reviewed for necessary adjustments periodically.

### **B. Basic Principles**

The BMW Group, of which the BMW UK Group is a part, has a long-standing commitment to corporate social responsibility. An essential feature of this is the professional management of tax and customs compliance, and the fulfilment of all its tax and customs responsibilities throughout the value chain at all its locations.

One of the basic principles of any action in the BMW UK Group is the formal and substantive compliance with all current UK tax and customs laws, rules and regulations. This is consistent with the overall BMW principles and complies with the OECD recommendations for responsible business conduct.

These basic principles extend to all legal representatives and employees of BMW UK Group companies. Employees of BMW UK Group are required to comply with the BMW Group Code of Conduct and any related compliance declarations.

### **C. BMW Group UK Tax & Customs Strategy**

In particular, the BMW Group UK Tax & Customs Strategy highlights the following topics:

#### **I. Approach of the BMW UK Group to risk management and governance arrangements**

Ensuring worldwide compliance is one of the primary responsibilities of the management board as the legal representative of Bayerische Motoren Werke AG. The management board has delegated responsibility for tax and customs compliance, planning and risk management to the BMW Group Tax and Customs function ("FR-3").

FR-3 performs a governance function within the BMW Group. For tax and customs compliance, planning and risk management, the functions and specialist departments of all BMW Group board divisions are required to involve FR-3 early and in a proactive manner. In this context FR-3 has the authority to issue group instructions valid and binding for BMW Group. The business departments and subsidiaries involved are required to apply these instructions such as the tax and customs guidelines or the transfer pricing guidelines.

Responsibility for all UK tax and customs matters is delegated to the UK Group Tax and Customs department ("FR-3-UK") which is staffed by suitably qualified and experienced professionals.



Tax risk in the UK is managed with the diligent care and judgement of the professionals involved. Decisions are supported by written evidence documenting the facts, quantification and mitigation of risk, and conclusions drawn.

These actions are complementary to the UK statutory requirements (such as the Senior Accounting Officer requirements) and to the requirements of the relevant professional bodies to which the members of FR-3-UK belong. This includes abiding by the Code of Conduct "Professional Conduct in Relation to Taxation".

## **II. The attitude of the BMW UK Group towards tax planning**

The BMW UK Group ensures that the taxes due in respect of its UK activities are duly paid.

The BMW UK Group will not engage in tax planning that would adversely affect the BMW Group's brand or reputation.

The commercial needs of the BMW UK Group take precedence over tax planning possibilities, and any and all tax planning will be undertaken in this context. Notwithstanding this, in no circumstances will the commercial needs override tax legislation. Full consideration will be given to the BMW Group's reputation, brand, corporate and social responsibilities.

The BMW UK Group aims for certainty on arrangements it adopts. However, where tax law is unclear or subject to interpretation, written advice is sought externally including discussing the matter with His Majesty's Revenue and Customs (HMRC) for advance clearance where appropriate – in order to ensure that the position taken is more likely than not to be settled in BMW UK Group's favour should it be challenged by HMRC.

## **III. The level of risk in relation to UK taxation that the BMW UK Group is prepared to accept**

The BMW UK Group seeks to minimise risk in relation to UK taxation and aims for certainty on the tax positions it adopts.

The BMW UK Group seeks to minimise the level of acceptable tax risk through:

- Submitting all UK tax returns on timely basis with appropriate disclosures;
- Paying the appropriate amount of tax at right time;
- Maintaining tax accounting arrangements that are certified under the Senior Accounting Officer regime.

Where the tax treatment of an item is not certain, a detailed risk assessment including quantification wherever possible will be undertaken in order to agree the appropriate course of action and/or clarification.

## **IV. The approach of the BMW UK Group towards its dealings with HMRC**

Acting through FR-3-UK, the BMW UK Group targets a transparent, honest and open relationship with HMRC by responding promptly to queries and providing such information HMRC might reasonably require in order to discharge its duties under the law.

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GROUP**

United Kingdom



FR-3-UK meets with HMRC on a regular basis and seeks to keep HMRC informed of business and other developments within the BMW UK Group. The BMW UK Group makes use of real time working with HMRC when issues arise which warrant making use of this approach.

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