



# Group Taxation Policy

Version No: 2

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## **Auction Technology Group Group Taxation Policy**

### **Governance and Policy**

This document sets out Auction Technology Group Plc's ("ATG") policy for conducting its tax affairs and managing tax risk.

The tax policy has been approved by the Board of Directors ("the Board") of ATG and will be reviewed annually. The Audit Committee will formally consider tax matters annually.

The Chief Financial Officer ("CFO") of the Group takes overall responsibility for the management of the tax policy and governance. On a day-to-day basis, in each local territory where ATG has a taxable presence this is managed by the Head of Tax and local financial controllers. In territories where there is no local financial controller, it is managed by the Group Financial Controller. The local financial controllers are supported by external advisors, where additional support and tax knowledge is desirable to assist with areas of complexity and specialist tax areas.

The Group CFO will appoint professional advisors as required to consult on tax planning and compliance at a Group level. Where compliance and advice is completed in house this will be supervised by the Group CFO who will be updated and consulted as required.

The performance of the tax advisors will be monitored by the Head of Tax and CFO. Should it be necessary to consider changing the tax advisors then a tender process will be implemented. The Board will have final approval of a change in tax advisors.

Among other matters as requested by the Group, the Head of Tax with oversight from the Group Financial Controller will be responsible for:

- Ensuring transfer pricing policy documentation is adequate
- Reviewing or producing position papers on all judgmental tax positions at full and half year
- Reviewing or calculating IFRS deferred tax
- Monitoring compliance with the UK legislation on Criminal Corporate Offence and all global equivalent offences/legislation which are being enforced, to prevent the facilitation of tax evasion within the Group.
- Monitoring compliance with local tax filing requirements, tax payments and relationships with local tax authorities.

The Board considers reputation, expertise and compliance with EU PIE regulations when appointing external advisors.

The Board exercises oversight of tax governance primarily through discussions at Board meetings, where appropriate and relevant, which incorporate key tax information and key tax issues arising within the business, or externally that could impact the business, for example upcoming legislative changes. To the extent material tax issues arise, the Board is informed of these in a timely manner by the CFO, to ensure the Board has knowledge of these issues and drives the decision-making process where appropriate.

If a one-off event occurs outside of the monthly tax reporting timetable that is anticipated to have a material impact on performance, then the local financial controllers should inform the Head of Tax and who will consider whether to escalate the matter to the Board in accordance with the Ad-hoc Reporting Policy.

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All communication discussing tax issues that may arise is formally documented via emails, file notes and board minutes.

### **Commitment to tax compliance**

ATG is committed to complying with tax law and practice in all Group entity territories. ATG has a long history of being prudent in handling our tax compliance. ATG ensures our tax compliance obligations are always undertaken in an accurate and timely manner. The CFO has oversight over the process of the ATG's tax compliance obligations. The CFO will liaise with and be presented information by the Head of Tax and local financial controllers in the local territories who will manage the process in their respective territories. An overview of the key tax processes is included in Appendix I.

Corporation tax compliance requirements are completed by our Head of Tax or outsourced to our local advisers, who prepare our tax returns for submission. These tax returns will be reviewed by the local financial controllers and approved by the CFO before they are filed to the local tax authorities. All corporation tax payments are made by the local financial controllers to the respective local tax authorities.

In each of the Group's territories, the local financial controllers are responsible for providing the accurate data to the local advisers, in order to prepare the tax returns. The appropriate data is extracted from internal accounting systems.

All indirect tax compliance requirements are managed by our in-house finance teams and controllers. These are reviewed by the Head of Tax. In areas of uncertainty discussions are held with the CFO and advice is sought from external advisers. All indirect tax payments are made by the local financial controllers to the respective local tax authorities.

Employment tax compliance requirements are managed by our HR team with oversight from the Head of Tax. An external payroll provider prepares and files all relevant forms, computations, and reports with the local tax authorities. These are reviewed by our HR team prior to submission. Non payroll employment tax returns are managed and prepared by the Head of Tax with oversight from the GFC. Employment tax advice is sought from an external advisor when required.

The CFO is responsible for identifying whether there is a need to engage with external advisors to provide additional training to the Group.

### **Tax risks and tax risk management**

ATG is exposed to a variety of tax risks, as set out below:

1. **Tax compliance and reporting risks**, including late filing or incorrect tax returns, failure to submit claims and elections on time, and late payment of taxes.
2. **Transactional risks**, including where actions are taken in respect of transactions without consideration of potential tax implications, or where tax advice is not appropriately implemented.
3. **Reputational risks**, including the impact on relationships with shareholders, customers, tax authorities, and the public.

ATG manages these risks through a qualified, experienced Head of Tax, local tax compliance managers, external tax advisors who when appropriate both prepare and file tax returns but also advise on areas of

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uncertainty including assessment of the tax impacts of strategic projects, with oversight from the local finance controllers. The Group actively engage with tax authorities to disclose and resolve issues as they arise.

The CFO is responsible for the management of ATG's tax affairs supported by the Head of Tax and local territory financial controllers.

To the extent there are material tax issues, these are communicated with Board in a timely manner, to come to a view on how the Group's risk can be managed.

### **Attitude to tax planning**

ATG believes that sound corporate activities are guided by an awareness of its wider commitment to corporate responsibilities and social responsibilities as well as compliance with applicable laws and regulations.

In structuring our commercial activities ATG will consider, among other factors, the tax laws of the countries in which ATG operates, with a view to maximising shareholder value on a sustainable basis.

Whilst ATG takes advantage of any tax incentives or reliefs that are available to us through our commercial activities, we do not use them in a way which is knowingly contrary to the intentions of any country's government. ATG does not seek to create any structures that lack commercial and economic substance for which the main purpose is the avoidance of tax.

### **Working with tax authorities**

ATG is committed to acting with integrity at all times and to maintaining a transparent, open and honest relationship with tax authorities. This includes being punctual with our submission of tax returns and the payment of any tax that is due. Details of the appropriate processes and procedures in place in order to ensure and track that the local territory financial controllers are aware of the filing and payment dates and that these deadlines are met are included in Appendix I.

With respect to the UK, ATG has considered the Framework for Cooperative Compliance published by the UK tax authorities ("HMRC"), which addresses the relationship between a large business and HMRC and promotes best practice in tax governance. ATG applies the equivalent global best practice across all Group entity territories.

ATG is committed to the following principles and has aligned its tax policy accordingly:

- Paying the right amount of tax at the right time and in the right place based on the tax laws, rules, and regulations of the territories in which we operate.
- Interpret tax law using relevant guidance and discussing such interpretation with the tax authorities and external advisors where appropriate.
- The Group does not undertake tax planning unrelated to commercial transactions. When undertaking commercial transactions take advantage of available tax incentives, reliefs, and exemptions in line with, and in the spirit of, the tax legislation.
- Transparency and openness in our communications with the tax authorities.
- Operate appropriate tax risk governance processes, including board oversight.

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### **Criminal Corporate Offence**

ATG is aware of the UK legislation on Criminal Corporate Offence and is committed to complying with these rules and all global equivalent offences/legislation which are being enforced, to prevent the facilitation of tax evasion within the Group.

In order to gain comfort over compliance with CCO, ATG has:

- performed a detailed risk assessment of its systems, processes and controls;
- drafted a risk matrix to identify higher risk areas;
- identified and acted upon any areas for improvement and put policies in place to ensure compliance.

The procedures in place and adherence to these procedures will be reviewed annually to ensure they remain appropriate and sufficient.

ATG does not tolerate tax evasion or the facilitation of tax evasion by any persons acting for or on behalf of ATG.

### **Transparency**

ATG supports the UK Government's and global adoption of the OECD's Base Erosion and Profit Shifting recommendations, including those that require multinationals to submit country-by-country tax reports to tax authorities. Auction Technology Group shall comply with this obligation.

### **Cross-border transactions**

All intra-group transactions are undertaken in accordance with the "arms-length" principle and ATG seeks advice from external advisers, to ensure ATG's transfer pricing policies comply with this. An internal policy is in place, which sets out the transfer pricing policy. Local financial controllers are responsible for complying with the policy locally and this is overseen by the CFO who monitors compliance with the policy subject to master file requirements.

### **Compliance with Delegation of Authority matrix**

In accordance with the Delegation of Authority matrix authority limits are in place for the tax process and the Group Taxation Policy is approved by the Board.

### **Tax exposures**

Should any tax exposures be identified through internal procedures, or work undertaken by external advisors then these are to be reported to the finance controllers in each of the business units who has responsibility for reporting these to the Head of tax, GFC and CFO. Significant exposures are included in the monthly Board pack.

Any exposures identified by the internal and external auditors will be reported to the Audit Committee as part of their reporting cycles, for reporting to the Board of Directors. However, where such matters are communicated to staff then the policy noted above should be followed.

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**Revisions**

This Group Taxation policy will be reviewed by the CFO and presented to the Board for approval on an annual basis.

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### **Appendix I**

#### **Key Tax Processes**

##### Corporation Tax

- Corporation tax compliance requirements are fulfilled by the Head of tax or outsourced to professional advisors, who prepare our tax returns for submission.
- In each of the Group's territories, the local financial controllers are responsible for providing the accurate data to the local advisers, in order to prepare the tax returns. The appropriate data is extracted from Auction Technology Group's internal accounting systems.
- These tax returns will be reviewed by the local financial controllers and approved by the GFC before being filed by our local advisers to the local tax authorities.
- All corporation tax payments are made by the local financial controllers to the respective local tax authorities.
- On a quarterly basis the local financial controller:
  - Review the tax balances in the ledger and must ensure these can be reconciled.
  - Confirm what the compliance/filing requirements are for that quarter and that they have been met.
  - Confirm any tax liabilities have been paid
  - Document any queries or enquiries from the tax authorities.
  - Document any external advice taken.
- At half year and year end information required by external advisers is collated and provided in accordance with the reporting timetable.

##### Indirect Taxes (e.g. VAT, Sales Taxes)

- Indirect tax compliance requirements, such as quarterly returns, are managed by the in-house finance teams and controllers.
- In each of the Group's territories, the local financial controllers are responsible for completing any returns required. The appropriate data is extracted from Auction Technology Group's internal accounting systems.
- In the US the professional advisors prepare these returns which are then reviewed by the Financial Controller and Head of Finance prior to submission.
- The UK returns are reviewed by the Head of tax or GFC before being filed with the relevant tax authorities.
- In areas of uncertainty Auction Technology Group seeks advice from our external advisers, but this has oversight from our Head of Tax, local finance teams and controllers. All indirect tax payments are made by the local financial controllers to the respective local tax authorities.
- On a quarterly basis the local financial controller:
  - reviews the tax balances in the ledger and must ensure these can be reconciled.
  - Confirm what the compliance/filing requirements are for that quarter and that those requirements have been met.
  - Confirm any tax liabilities have been paid.
  - Confirm accounting treatment has been correctly processed.
  - Document whether any external advice has been sought or any queries/enquiries have been received from the Revenue authorities.

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- At half year and year end the information required by external advisers is collated and provided in accordance with the reporting timetable.

### **Employment Taxes**

- Employment tax compliance requirements are managed by our in-house local payroll teams or professional payroll companies and HR teams, who prepare and file all relevant forms, computations, and reports with the local tax authorities.
- These are reviewed by the GFC.
- Employment tax advice is sought from an external advisor when required.
- On a quarterly basis the local financial controller;
  - reviews the tax balances in the ledger and must ensure these can be reconciled.
  - Confirm what the compliance/filing requirements are and that these requirements have been met.
  - Confirm any tax liabilities have been paid.
  - Confirm accounting treatment has been correctly processed.
  - Document whether any external advice has been sought and whether any questions or enquiries have been received from the local tax authorities.

### **Transfer Pricing**

- External advice has been sought on transfer pricing and a policy is in place which is followed by the Group.
- The policy is reviewed annually by the Head of Tax and CFO to ensure it remains fit for purpose.
- The Group's global tax advisors, discuss transfer pricing matters with the Group on an annual basis or more frequently as required.

### **Deferred Tax**

- In each of the Group's territories, the local financial controllers are responsible for calculating the deferred tax position.
- The Head of Tax and GFC reviews the provision and the assumptions on which it is based as part of the full year and half year accounts review process.
- The Group finance team and Head of Tax are responsible for calculating the Group IFRS deferred tax position.
- The CFO reviews the deferred tax position as part of their review of full year and half year accounts review process.