



## Donaldson Companies in the UK – **2020 Tax Strategy**

In compliance with sections 161 and 19(2) of schedule 19 Finance Act 2016, the UK companies are publishing their strategy for the year ending 31 May 2020 (in respect of BOFA International Limited & Shoo788AA Limited, or 31 July 2020 (in respect of Donaldson Filter Components Limited & Donaldson Filtration (GB) Limited).

This document is approved by the Board of Directors and sets out the strategic tax objectives of the UK companies. This document will be periodically reviewed, and any amendments will be approved by the board of directors.

It is not intended to be an operational manual with detailed instructions related to the underlying processes and controls.

We confirm that this strategy applies to all the UK group companies.

### **The 4 Group Companies operating in the UK group are:**

Donaldson Filter Components Limited;  
Donaldson Filtration (GB) Limited;  
BOFA International Limited;  
Shoo788AA Limited

Our business has a strong focus on corporate responsibility, and we recognise that effective administration and taxation payment are key aspects of that responsibility.

### **Our overall tax strategy is to:**

- Comply with all relevant laws, rules, regulations, and reporting and disclosure requirement.
- Make all appropriate tax returns and tax payments.
- Utilise available tax reliefs and incentives where available in a manner which is consistent with the government's policy objectives.
- Apply professional care and diligence in the management of all risks associated with tax matters, and ensure that governance and assurance procedures are appropriate.
- Conduct constructive, professional and transparent relationships with tax authorities based on integrity, collaboration and mutual trust.
- Comply with appropriate tax risk processes and ensure there is Board of Directors oversight of this compliance.

## **Approach of the UK Companies to Risk Management and Governance Arrangements in Relation to UK Taxation**

We operate effective tax governance, understanding the tax risks in place, and ensure that senior personnel with the appropriate experience and skills are involved in major tax decisions.

The UK Companies use third party tax advisors to provide advice and guidance necessary to assess tax risks and ensure compliance to applicable laws, rules, regulations, and the relevant reporting and disclosure requirements.

It is the UK Companies intention to ensure that they pay an appropriate amount of tax in relation to their commercial activities and pay this at the appropriate time.

## **Attitude of the UK Companies Towards Tax Planning as It Affects UK Taxation**

The UK companies do not engage in aggressive tax planning arrangements and believe that they are conservative in their approach to tax planning, applying tax rules and regulations in a manner consistent with parliament's intentions, and HMRC expectations.

Since the UK Companies do not partake in any tax planning arrangements where there could be a significant risk of challenge by HMRC, the UK Companies do not maintain any form of tax register.

Any issues or matters arising where there is considered to be an unexpected, previously unidentified, or un-provided tax impact are discussed between the Finance Director, external professional advisors, and the Board of directors as may be appropriate.

In cases of uncertainty, The UK Companies consult with their external professional advisors and HMRC directly.

## **Level of Risk in Relation to UK Taxation That the UK Companies Are Prepared to Accept**

The UK Companies structure their affairs based on sound commercial principals and in full compliance with applicable tax laws. The UK Companies do not partake in any tax planning arrangements where there could be a significant risk of challenge by HMRC.

## **Approach of the UK Companies Towards Their Dealings With HMRC**

The company's communications with HMRC are focussed around timely tax compliance fulfilling the relevant filing and payment deadlines for the taxes due from the Companies.

The UK Companies employ the services of professional tax advisors to act as their agents, and in a number of cases they liaise with HMRC on the company's behalf. This is recognised by the Board as means to have an effective relationship with HMRC, and thereby minimising tax risk.