



## UK Tax Strategy Statement

Avara Foods is one of the UK's leading food companies supplying poultry to retailers, food service and food manufacturers. Our business activities are subject to various taxes, including corporation, employment and property taxes. We ensure we pay all direct and indirect taxes on time and in full.

### **Our approach to tax risk management and governance arrangements**

The governance of the business is led by the Executive Board of Avara Foods. Accountability for tax risk management is held by the Finance Director, acting as Senior Accounting Officer for the Avara Foods group of companies, who chairs a Tax Risk & Compliance team of senior management responsible for the day to day management of taxes. This team is also represented on the Risk Management governance team responsible for defining the business wide policy & standards for risk management and reports to the Executive Board.

We apply professional diligence and care in our management of the processes and procedures by which all tax related activities are undertaken and ensure that our tax governance is appropriate. We continue to advance our processes with technology systems with embedded best practice controls and this year have introduced a new expenses system and a business wide ERP system.

Tax risks can arise in a variety of ways such as compliance failures, inappropriate consideration of potential tax consequences or incorrect implementation. We aim to manage tax risk by planning and keeping up to date with legislative changes including through attendance at seminars or training and by holding regular update meetings with our external tax advisers. This year seminars and topics discussed covered, VAT, changes to corporation tax, capital allowances and Research and Development (RDEC).

Whilst the Brexit transition has been concluded, it remains essential to understand, react and implement the necessary changes to import and export VAT and duties within EU countries on an ongoing basis and to manage well in advance any changes in business operations. An IR35 assessment using HMRC CEST tools is an established embedded part of our supplier onboarding process. Any identified risk or required clarification of a judgement is discussed with Procurement and People Services teams and escalated to the SAO if required.

### **Our attitude towards tax planning**

We focus on acting responsibly and complying with all relevant national laws, regulations and reporting requirements. We recognise our responsibility to pay an appropriate amount of tax and work to manage our tax affairs in a straightforward manner.



We do not engage in artificial transactions where the sole or primary purpose is to reduce UK tax. We seek tax efficiencies in accordance with the spirit of the law only where those arrangements would not impact upon our reputation, brand values, corporate and social responsibilities. We seek external tax advice where we may have insufficient internal expertise, to understand recent taxation developments or to support a new or unusual situation such as a large or one-off transaction.

### **The level of tax risk we are prepared to accept**

We recognise our responsibility to stakeholders to structure our tax affairs on sound commercial principles. We seek to use incentives and reliefs efficiently where appropriate to support the business sustainably and where necessary we work with our external tax advisors to secure the available reliefs and benefits from capital allowances, including the Super Deductions announced in the 3 March 2021 Budget, and Research and Development credits. These reliefs provide the incentives intended by the government for future investment and business growth, as well as being supportive of our recovery from the structural inflationary shifts in the UK economy post COVID and BREXIT.

We are committed to paying the right amount of tax at the right time in full compliance with the UK tax laws.

### **Our approach to dealings with HMRC**

For UK tax purposes, we are a large business and have a Customer Compliance Manager (CCM) within HMRC. We have regular contact with our CCM and have been actively seeking advice through this channel on various topical matters. With their guidance we ensure that we plan in advance and are prepared for any changes in tax legislation that may impact the business.

We have a Low Risk tax rating re-confirmed following a business risk review with our CCM in May 2020. We aim to be open and transparent in our relationship with HMRC, always giving advance notice of any planned changes to the business. We provide all necessary and required information accurately and on time and engage with visits, audits or requests for further information. We take proactive action if we discover an error or omission by disclosing the situation and working to resolve it promptly and put in place measures to prevent recurrence.

This policy sets out the approach to our tax affairs and applies to Avara Foods Holdings, Avara Foods, Faccenda Foods, Freemans of Newent, Faccenda Foods (Lincs) and Cranberry Foods for the period ending 28<sup>th</sup> May 2022.

This was approved by the Avara Board of Directors on 25<sup>th</sup> May 2022.

The board consider the publication of this information meets the duties as set out in the Finance Act 2016.

