



# SDC Tax Strategy

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# Introduction

This document sets out the strategic UK tax objectives of SDC Group (collectively described as “SDC”) being comprised of the following companies:

- SDC Builders Limited
- SDC (Holdings) Limited
- SDC (Properties) Limited
- SDC (Anglia) Limited

This tax policy satisfies paragraph 19 of schedule 19 to the UK Finance Act 2016. The tax policy has been published in accordance with paragraph 16(2). This strategy applies from the date of publication until it is superseded.

## Company Overview

Established in 1972, SDC is a main contractor that undertakes projects across a variety of construction sectors, including Research and Development, Commercial, Manufacturing, Automotive, Healthcare, and Education. Headquartered in Bedford, Bedfordshire, collaboration, and teamwork has been at the heart of the SDC philosophy, and this overriding philosophy, coupled with a reputation for problem solving, risk management, delivering on promises and offering best value, is a hallmark of SDC’s culture.

SDC operate under the umbrella of an Employee Benefit Trust, with the future protected by a Board of Trustees who are responsible for safeguarding the long-term prosperity of SDC and sharing any profit amongst members of staff and the wider community.

SDC’s business activities incur a substantial amount and variety of taxes, including corporation taxes, stamp taxes, business rates and employer’s national insurance. In addition, SDC collect and pay employment taxes and indirect taxes such as VAT.

## Managing Tax Risks

The Group’s UK tax policies are regularly reviewed and approved by management in accordance with SDC’s overall commercial risk appetite.

The Board is accountable for the tax strategy along with the overall management of SDC’s risk management systems and internal control environment. Responsibility for the implementation of the tax strategy rests with the Managing Director who subsequently reports major tax strategies and issues in the Management meeting when necessary. They are supported on a day-to-day basis by the Finance Department and other members of the senior management team.

This is augmented by using external advisors who assist in ensuring that the SDC stays updated on any new tax legislation which could impact the desired low-risk tax profile SDC intends to maintain. SDC’s tax processes are subject to the same level of internal controls, review, and external audit as the rest of the business.

# Tax Planning

With the complexity of tax legislation increasing especially for businesses which operate in multiple jurisdictions with the introduction and implementation of the Actions of the OECD's "Base Erosion & Profit Shifting" project ("BEPS"), there is an increased risk for all businesses of non-compliance with new legislation.

To ensure we fully comply with new and existing UK tax legislation; we occasionally seek external tax advice to help us correctly interpret new technical and complex laws as well as confirming we are complying with all relevant statutes.

SDC make operating decisions purely on a commercial basis and only after considering how these transactions can be implemented in a way which maximises shareholder value, whilst adhering to SDC's overall low-risk tax policies. SDC sometimes seek external views, especially with complex transactions as to whether our interpretation of legislation is correct, or if there are other considerations which will help increase shareholder value whilst achieving our commercial aims in a low-risk manner.

## Level of Acceptable Tax Risks

We have management-led internal tax policies throughout the business which detail the low-risk approach to tax. This is rigid and does not change depending on the situation. Our internal tax policies are partially influenced by our stakeholders who demand that the business maintain a reasonable approach to tax and do not take undue risks to increase profitability.

SDC does not tolerate tax evasion or the facilitation of tax evasion and has implemented appropriate procedures and controls which seek to prevent any person acting on its behalf from facilitating tax evasion in compliance with the Corporate Criminal Offence of Failure to Prevent the Facilitation of Tax Evasion legislation.

## Working With HMRC

We seek to ensure that our engagement with HMRC is professional, open, and honest, and undertaken in a spirit of cooperation. We aim to respond to information requests in a timely manner and ensure that access is given to all relevant information. SDC operate with integrity in our tax compliance and reporting, and as an organisation we strive to ensure we adhere to our compliance obligations.

Where considered appropriate, we would be prepared to litigate on matters where agreement cannot be reached through discussion, although this would only be after every other avenue available has been tried, and we would consider the potential impact on our reputation and on our working relationship with HMRC before doing so.