

Topps Tiles Group Tax Strategy

This document sets out Topps Tiles Group's policy and approach to conducting its tax affairs and managing tax risk for the 52-week period ending 30 September 2023. This document has been approved by the Topps Tiles Plc Board of Directors and any future amendments will require approval before they become effective.

Scope

This strategy applies to Topps Tiles Plc and to the group of companies headed by Topps Tiles Plc in accordance with paragraphs 16 of Schedule 19 to the Finance Act 2016. A list of the entities to which it applies is set out below. In this strategy, references to 'Topps Tiles Plc' and 'the Group' are to all these entities. The strategy has been published in accordance with paragraph 16(2) of the Schedule.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, Customs Duties, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the Group has legal responsibilities

General tax management principles

The Group complies with all UK tax law and practices and continue to remain transparent to our shareholders, HMRC, employees and the public with regard to our application of laws in relation to the Group's tax affairs.

It pursues a straight-forward and compliant tax position, whilst maintaining a focus on providing maximum value to its shareholders in its approach. The Group is committed to maintaining an honest and open relationship with the tax authorities. Where disputes arise, resolution is sought through pro-active, transparent and collaborative discussion.

In situations where different commercial approaches result in differing tax outcomes, the Group will exercise its best judgement in determining the best course of action, using available reliefs and incentives where possible.

Best practice and internal governance

Ultimate responsibility for the Group's tax strategy and compliance resides with the Board of Directors of Topps Tiles Plc. The Chief Financial Officer (CFO) is the Director with executive responsibility for tax matters.

Day to day management of the Group's tax affairs is delegated to the Financial Controller and his finance team.

The business understands the importance of ensuring tax processes and risk management principles are fully understood by all throughout the business. Relevant training is delivered to the Group's employees, tailored to job role and function to ensure that the Group's employees are equipped to ensure tax compliance remains a consideration in commercial decision making.

The finance team is encouraged to seek external specialist support around uncertain technical tax positions, and on all matters that could maximise shareholder value or improve tax management processes.

The finance team is committed to ensuring that robust review procedures are followed before any return, report or document is submitted to HMRC.

An annual internal review of Group tax processes is undertaken to ensure all tax processes are appropriately documented and up-to-date. Any and all identified risks are classified as being low, medium or high risk and appropriate actions are undertaken by the finance team to ensure these risks are mitigated and eliminated in a timely fashion.

Risk management

The Group seeks to minimise tax risk to its lowest levels, whilst recognising that there is no way to eliminate risk in its entirety.

Tax risks are managed on a case-by-case basis and the Group's approach to managing these risks is through taking a 'more likely than not' position with respect to compliance with tax law and intent of relevant legislation.

Where there is significant uncertainty or complexity in relation to a risk, external advice will be sought from either the Group's tax advisors, or another recognised and well-respected accountancy practice.

Compliance and reporting cycle

A proactive management approach is taken towards period tax reporting, for both direct and indirect taxes, to ensure that the required tax reporting and submission deadlines are met. The Group commits to making timely and accurate disclosures in returns and correspondence that it submits to HMRC.

Where compliance and reporting processes are outsourced to the Group's tax advisors or other professional firms, the Group's finance team remains involved in managing these processes and reviewing output from the outsourced arrangement.

The Group's finance function shall apply professional diligence and care in the management of tax risks and manage its compliance affairs to minimise the risk of any adverse public comment.

Tax planning and level of risk

Any and all tax planning has both commercial and economic substance and is undertaken in line with UK law and tax legislation. Substantial consideration is given towards the potential impact on the Group's reputation, brand and social responsibilities that types of tax planning may expose it to.

When considered appropriate, the Group will engage in early open dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions and fully disclose any significant uncertainties in relation to associated tax matters.

The level of risk which the group accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the Group's tax affairs. At all times the group seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen.

Relationship with HMRC

Topps Tiles Plc seeks to have a transparent and constructive relationship with HMRC through regular communication in respect of developments in the Group's business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes.

Topps Tiles Plc ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage. When submitting tax computations and returns to HMRC, the group discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

Appendix – List of entities

Topps Tiles Plc

Topps Tiles Holdings Limited

Tiles4Less Limited

Topalpha Limited

Topps Tile Kingdom Limited

Topps Tiles (UK) Limited

Topalpha (Warehouse) Limited

Topalpha (Stoke) Limited

Multi-Tile Distribution Limited

Topps Tiles IP Company Limited

Multi-Tile Limited

Topps Tiles Distribution Limited

Parkside Ceramics Ltd

Strata Tiles Limited

Pro Tiler Limited

Topps Group Limited

Last updated: 21 September 2023