

## **Tax Charter**

### **Background**

This Tax Charter represents a formalisation of our approach on tax matters and reflects our outlook and values.

It is intended to comply with the requirements of the Finance Act 2016, paragraph 16 (2) Schedule 19, which requires a Tax Strategy to be published annually and be accessible to the public.

We were pleased to be pioneers of the Fair Tax Mark which looks to encourage transparency by organisations when reporting on their tax affairs.

Within the overall framework set by the Charter, we believe it is fair that we look for ways to mitigate the Society's tax bill to ensure we do not pay more tax than we need to. However, our approach will always be based on a recognition that as a values led and ethical organisation we should pay the taxes we are due to pay and we should not engage in aggressive tax avoidance schemes, even if legal.

The Charter applies to the Society and its subsidiaries for the year ended January 2025. References to taxation are to the taxes and duties set out in paragraph 15(1) of Schedule 19 of the Finance Act 2016 which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax and Stamp Duty Land Tax. The Society operates solely within the United Kingdom.

The Charter was first agreed by the Board on 20 February 2014 and is reviewed annually. The last update and review by the Board was on 30 September 2024.

### **Guiding Values**

The Midcounties Co-operative Limited ("the Society") is a Co-operative Society which operates a broad range of businesses in the Food, Travel, Childcare, Post Office, and Utilities. The Society has selected four key values to guide its business practice - these reflect the co-operative values that guide all co-operatives around the world:

- Democracy – We listen to each other and work together to build a fairer future
- Openness – We are welcoming, honest and transparent
- Equality – We treat each other fairly and with equal respect
- Social Responsibility – We take responsibility for our actions to make a positive impact

The Society's Tax Charter has been based on these DOES values.

## **Tax Charter**

The Board acknowledges that it has overall responsibility for the Society's tax affairs. This includes the development of this Tax Charter. Day to day responsibility for tax matters lies with the Chief Executive and, within his team, the Chief Financial Officer.

The principles constituting the Society's Tax Charter are set out below:

- Any tax planning will be consistent with the Society's values and the law.
- As far as is reasonable, the Society's preference is to make its tax affairs as simple as possible.
- The Society aims to have a good working relationship with HMRC and to work in partnership with HMRC
- The Society will pay the right amount of tax in accordance with relevant statute and case law.
- The Society will deliver accurate and timely returns, declarations, claims and payments across all relevant taxes.
- The Society will respect all tax laws and will not structure transactions in a way which does not reflect genuine commercial reasons. This includes not establishing operations in other jurisdictions or tax havens for the purpose of financial secrecy and evading or avoiding the tax laws of the United Kingdom.
- Should key strategic partners be found to be utilising overly aggressive tax avoidance the Society will consider whether to continue business relations.
- The Society will discuss with HMRC in advance how any significant transactions whose tax treatment is open to interpretation should be appropriately recorded on its tax returns.

- Professional accountancy and legal firms will be engaged to provide tax advice where appropriate.
- The Society will only engage in tax schemes which it is confident it could justify to members in public by reference to co-operative values and principles.
- The Society will never undertake transactions that would require notification to HMRC under the Disclosure of Tax Avoidance Schemes Regulations or participate in any arrangement to which it might be reasonably anticipated that the UK's General Anti-Abuse Rule might apply.
- If there is a disagreement with HMRC over tax treatment the Society will defend and or establish its position, deploying such resources as are appropriate to the circumstances.
- Subject to the principles above, the Society will seek to order its affairs to legitimately minimise the tax it pays.