

Hitachi Capital (UK) PLC Tax Strategy

Scope

This strategy applies to Hitachi Capital (UK) PLC and subsidiaries ('Hitachi Capital' or 'the group') and is published in accordance with the requirements of the Finance Act 2016.

This strategy applies from the date of publication until it is superseded.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, 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.

Aim

Hitachi Capital's vision is to be the trusted brand of financial services in Europe. Hitachi Capital seeks to achieve its vision by upholding the group's values in all its relationships with customers, colleagues and stakeholders.

In line with its values, Hitachi Capital is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. The group's tax affairs are managed in a way which takes into account the group's wider corporate reputation in line with Hitachi Capital's overall high standards of governance.

Governance in relation to UK taxation

- Ultimate responsibility for Hitachi Capital's tax strategy and compliance rests with the Board of Hitachi Capital (UK) PLC;
- Executive management of the group is delegated by the Board to the Executive Committee ('ExCo');
- There is an Audit & Risk Committee in place which monitors the integrity of Hitachi Capital's financial reporting system, internal controls and risk management framework;
- The Chief Executive Officer ('CEO') is the Board member with executive responsibility for tax matters, supported by the Group Finance Director ('FD');
- The FD reports to the Audit and Risk Committee on Hitachi Capital's tax affairs and risks during the year;
- Day-to-day management of Hitachi Capital's tax affairs is delegated to the Group Financial Controller ('FC'), supported by the divisional Heads of Finance;
- The Finance teams are staffed with appropriately qualified individuals;
- The Board ensure that Hitachi Capital's tax strategy is one of the factors considered in all significant investments and business decisions.

Risk Management

- Hitachi Capital operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to the group's financial reporting system;
- Hitachi Capital seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations;
- Processes relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required;

- Appropriate training is carried out for staff who manage or process matters which have tax implications;
- Advice is sought from external advisers where appropriate.

Attitude towards tax planning and level of risk

Hitachi Capital manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax at the right time.

When entering into commercial transactions, Hitachi Capital seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation. Hitachi Capital does not undertake transactions purely for tax planning purposes.

The level of risk which Hitachi Capital accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the group's tax affairs. At all times Hitachi Capital 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. In relation to any specific issue or transaction, the Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

Relationship with HMRC

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

Hitachi Capital 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, Hitachi Capital discloses the 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.

Publication date: 22 March 2018