

Group Tax Strategy

Travelex Group



Group Tax Strategy

SECTION 1: INTRODUCTION

1.1. Context

This document sets out the strategic tax objectives for the Travelex Group.

The Group's tax strategy sets out our approach to the taxation affairs of the business and how we manage the associated tax risks. It reflects the changing tax landscape and the greater transparency of multinational groups towards taxation.

1.2. Scope

Generally the tax strategy and strategic objectives are intended to establish a clear approach to all aspects of tax reporting and compliance wherever Travelex operates.

This strategy applies to all the compliance, payment and reporting of all taxes borne and collected by Travelex, the principal ones being corporate income taxes, indirect taxes including VAT and GST and employment taxes such as PAYE and other payroll taxes.

This statement is for the financial year ended 31 December 2020 and is made in compliance with the requirements outlined in Schedule 19 of the Finance Act 2016.

2.1 High level overview

Headquartered in the UK, Travelex has a rich heritage in foreign currency, pioneering the travellers' cheques of the past and the digital payments of the future. With a widely recognized brand, and stores at both on-airport and off-airport locations around the world, Travelex has distilled its expertise and experience into a platform that reinvents physical and digital cross-border money movement globally to ensure its clients remain one step ahead of the competition. The platform provides financial institutions with a trusted, efficient and accurate international payments service, plus secure and reliable banknote delivery of both major and exotic currencies.

A market leading foreign exchange specialist, Travelex operates across the entire value chain of the retail foreign exchange industry and its retail operations span the globe. It operates stores in international airports and in major transport hubs, premium shopping malls, high street locations, supermarkets and city centres. The Group has developed a network of ATMs at both on-airport and off-airport locations around the world. The Group is active in the remittances and payments space enabling physical and digital cross-border money movement for consumers and financial institutions.

In addition, the Group is engaged in the preparation, processing and delivery of foreign currency banknotes for major commercial and central banks.

2.2 Business strategy statement

Travelex's commercial strategy is to grow its business by capitalising on the strength of its brand and further developing its distribution network.

Travelex aims to continue building deep customer relationships and provide exceptional customer service, deliver innovative products, services and channels, increase the footprint in the markets in which it is present, and maintain the efficiency of its operating cost base.

Travelex also seeks to maintain the highest standards of compliance as a strategic priority, thereby reinforcing the trust its customers, counterparties and regulators place in its global brand.

The tax strategy is aligned to this wider business strategy in order to help the business achieve these goals.

2.3 Our Tax strategy and how it is embedded

Travelex is subject to many tax regimes and regulations reflecting its global operations. Our tax strategy is to:

- a. ensure that all tax filing and tax payment obligations are met as they arise
- b. manage our tax affairs in a manner consistent with the Group's commercial objectives and in full compliance with the law
- c. maintain an open and collaborative relationship with the relevant tax authorities in each jurisdiction
- d. take a conservative approach to tax risk
- e. maintain our reputation in every country of operation to the highest standard
- f. follow the arm's length principle for all material inter-company transactions in accordance with transfer pricing principles

2.4 Our strategic tax objectives and their delivery

STRATEGIC TAX OBJECTIVES	DELIVERY OF THE STRATEGIC TAX OBJECTIVE
<p>1. Ensuring that all tax filing and tax payment obligations are met as they arise.</p>	<p>We have in place the resource, governance, process, and controls necessary to ensure that tax filings and payments are made by the relevant due dates.</p> <p>The tax function continuously monitors proposed changes to tax legislation to accurately assess the tax implications for the Group on a real time basis.</p>
<p>2. Manage our tax affairs in a manner consistent with the Group's commercial objectives and in full compliance with the law.</p>	<p>Gaining an understanding of the global and local operational and regulatory requirements of the Group, adapting to significant business changes and implementing and monitoring tax risk management processes that meet these requirements.</p>
<p>3. Maintain an open and collaborative relationship with the relevant tax authorities in each jurisdiction.</p>	<p>We aim to ensure effective communication channels are maintained between the tax and wider finance teams, advisers and external authorities.</p> <p>We seek to maintain an open, transparent and constructive relationship with tax authorities. We seek to respond to all tax authority questions in a transparent, complete and timely manner. If we identify errors in our tax filings, we will proactively work with tax authorities to resolve these.</p> <p>HMRC has granted Travelex a low-risk status regarding its UK tax affairs. The tax team liaise with our assigned customer compliance manager within HMRC to gain assurance that our views on technical matters are correct.</p>
<p>4. Take a conservative approach to tax risk.</p>	<p>We will carry out periodic tax risk assessments and reviews to identify and manage potential tax exposures.</p> <p>It is not our strategy to use contrived or artificial tax structures that are intended to avoid tax or that lack commercial substance. We will only engage in tax planning which supports genuine commercial activity and will not engage in tax planning transactions, structures or arrangements that lack commercial substance.</p>
<p>5. Maintain our reputation in every country of operation to the highest standard</p>	<p>To support this we will work with external advisers in a way that ensures the quality of deliverables and continuously seek to improve our tax management processes.</p> <p>Tax team members seek to keep up to date with new tax developments through internal and external training courses and workshops.</p>

3.1 Governance

Travellex is committed to promoting best practice in business governance over its taxation affairs as well as maintaining an open and collaborative relationship with tax authorities across the globe.

The Executive Committee runs the daily operations of the business and reports to the Group Board on governance matters, including tax governance where relevant.

Travellex has an internal governance framework that documents the following:

- identifies where controls over tax risks are to be set out as a formal policy and communicated
- addresses the requirements of the Senior Accounting Officer legislation in the UK
- identifies roles and responsibilities over management of tax risks
- represents the Executive Committee's agreed views on the approach to tax risk management across the Group

The Senior Accounting Officer in the UK is a member of the Group Audit and Risk Committee and is responsible for reporting tax risks and issues of a Group level significance to that committee.

Country and Regional Boards are required to consider tax risks and report these to the Group Audit and Risk Committee.

Material tax matters arising outside of formal reporting timetables are required to be reported to a member of the Executive Committee and Head of Tax as they are identified.

3.2 Structure and organisation

Tax and Finance Teams

The Tax team is part of the Finance function of our Group and is the ultimate responsibility of the Executive Committee which manages the Group's tax strategy and policies.

Tax strategy and policies are reviewed on an on-going basis and are assessed on a case by case basis in accordance with the decision making framework that is part of our tax policies and reported through the Group's Risk Register.

Day-to-day tax matters are delegated to the Head of Tax and a team of in house professionals who hold a combination of accounting and tax qualifications. All tax team members are required to act proactively to ensure that the tax strategy objectives are achieved in the most effective and efficient way and are in line with the Group's commercial business objectives.

All finance personnel employed are equally responsible for complying with the principles and strategy of the Group from a tax and commercial perspective.

External advisors

The engagement of external advisors is under the overall management of the Board of Directors, with delegated responsibility to the Head of Tax. Where Travellex outsources to external tax advisors, the Head of Tax should approve and ensure that the principles in this document are adhered to in concert with the

wider Tax team. Where appropriate, Travelex engages tax advisors to assist with tax compliance and advisory matters, to support Travelex in complying with its tax strategy and tax reporting requirements.

Travelex regards the publication of this tax strategy as complying with the duty under UK legislation in Schedule 19 of the Finance Act 2016 to publish the UK tax strategy in the current financial year.

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Thank you

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