

Tax Strategy

Manchester Airports Group

(Comprised of Manchester Airports Holdings Ltd and its UK subsidiaries)

Period ended 31 March 2019





Tax Strategy

The Finance Bill 2016 requires that certain large businesses in the UK publish their Tax Strategy. The new legislation applies to Manchester Airports Holdings Ltd and all UK entities in its group (collectively known as “MAG”) - a list of the companies is contained in Appendix 1. The legislation requires that the group’s Tax Strategy must initially be published annually, before the end of the financial year.

Ensuring that we pay the right amount of tax, in the right place, at the right time is integral to our commitment to being a responsible business. MAG makes a significant contribution to the UK Exchequer each year, through payment of a range of taxes in the UK including corporation tax, employment taxes, VAT and stamp duty land tax. MAG also makes significant payments in respect of business rates across all of its UK business locations.

Tax Strategy: Financial year ending 31 March 2019

Our Tax Strategy comprises four key components:

1. Commitment to compliance

We are committed to compliance with tax law and practice in the UK. Compliance for MAG means paying the right amount of tax in the right place at the right time. It involves disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs and incentives where available.

2. Responsible attitude to arranging our tax affairs

In structuring our commercial activities we will consider – among other factors – the tax laws of the countries in which we operate, with a view to maximising value on a sustainable basis for our shareholders and employees. Any structuring that is undertaken by MAG will have commercial and economic substance and will have full regard to the potential impact on our reputation and broader goals. We will not put in place any arrangements that are contrived or artificial.

3. Effective risk management and governance arrangements in relation to UK taxation

Given the scale of our business and volume of tax obligations, risks will inevitably arise from time to time in relation to the interpretation of complex tax law and nature of our compliance arrangements. We actively seek to identify, evaluate, monitor and manage these risks to ensure they remain in line with our objectives. Where there is significant uncertainty or complexity in relation to a risk, external advice may be sought, particularly in relation to our international tax obligations. This Tax Strategy is aligned with our tax policy and tax code of conduct, it is owned by the Executive Committee and approved by the Audit Committee of the Board of Manchester Airports Holdings Limited.

The MAG Group Board have responsibility for tax risk. The day to day management of all taxes and tax risks across the group is delegated to the Tax Function, which consists of two experienced full-time tax professionals; The Head of Tax and the Group Tax manager. The Chief Financial Officer meets with the Group Tax function on a monthly basis to discuss all tax risks that impact the group, ensuring that the level of tax risk does not exceed acceptable levels and that the business is complying with the approved Tax Policy and published Tax Strategy.

4. Constructive approach to engaging with HMRC

MAG will engage with HMRC in the following manner:-

- with honesty, integrity, respect and fairness and in a spirit of co-operative compliance;
- in full, open and early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions;
- we will make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion;
- we will seek to resolve issues with HMRC in real time and before returns are filed if possible, and where disagreements arise, work with HMRC to resolve issues by agreement (where possible);
- we will be open and transparent about decision-making, governance and tax planning;
- we will interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently with a co-operative relationship;

Appendix 1: List of entities covered by this Tax Strategy*

Agency of the North Ltd
Airport Advertising Ltd
Airport City (Manchester) Ltd
Airport City (Manchester) Investments Ltd
Airport City Management Company (South) Limited
Airport Petroleum Ltd
Airport Services International Ltd
Bainsdown Ltd
East Midlands Airport Nottingham Derby Leicester Ltd
East Midlands Airport Core Property Investments Ltd
East Midlands Airport Property Investments (Hotels) Ltd
East Midlands Airport Property Investments (Industrial) Ltd
East Midlands Airport Property Investments (Offices) Ltd
East Midlands International Airport Ltd
Looking4Parking Ltd
M.A.G Pension Trustee Ltd
EMIA Pension Trustee Ltd
M.A.G DC Pension Trustee Ltd
MAG Airport Ltd
MAG Overseas Investments Ltd
MAG Investments US Ltd
Manchester Airport Aviation Services Ltd
Manchester Airport Finance Holdings Ltd
Manchester Airport Group Investments Ltd
Manchester Airport Group Finance Ltd
Manchester Airport Group Funding Plc
The Manchester Airport Group plc
Manchester Airport Group Property Developments Ltd
Manchester Airport Group Property Services Ltd
Manchester Airports Holdings Ltd
Manchester Airport plc
Manchester Airport Property Investments (Hotels) Ltd
Manchester Airport Property Investments (Industrial) Ltd
Manchester Airport Property Investments (Offices) Ltd
Manchester Airport Ventures Ltd
Ringway Developments plc
Ringway Handling Ltd
Ringway Handling Services Ltd
Simmerdown Ltd
Skyparksecure Ltd
Stansted Airport Ltd
Travel Parking Group Ltd
Worknorth Ltd
Worknorth II Ltd

*list of companies updated on 29 January 2019