

UK Tax Strategy

Purpose and scope

The NewDay UK Tax Strategy sets out:

- the attitude of certain NewDay Group entities towards tax planning (so far as affecting UK taxation) and the level of risk in relation to UK taxation that certain NewDay Group entities are prepared to accept;
- the approach of certain NewDay Group entities to risk management and governance arrangements in relation to UK taxation; and
- the approach of certain NewDay Group entities to their dealings with HM Revenue & Customs (“HMRC”).

The NewDay UK Tax Strategy has been adopted by and applies to the following NewDay Group entities:

- NewDay Group UK Limited (together with its subsidiaries and subsidiary undertakings);
- NewDay Partnership Transferor plc;
- NewDay Funding Transferor Limited;
- NewDay Partnership Tertiary Funding Ltd; and
- NewDay UPL Transferor Limited.

The NewDay UK Tax Strategy is published to ensure compliance by each of the above named entities with their obligations to publish a tax strategy in accordance with Finance Act 2016. This NewDay UK Tax Strategy is published in respect of the financial year ending 31 December 2018 and each financial year thereafter until superseded.

Attitude towards tax planning and risk tolerance

Our appetite for risk across our business is set out in NewDay’s risk appetite statements. Decisions relating to tax risks are determined by reference to a number of factors (as described below). Consistency and transparency of application of the risk appetite statements across the NewDay Group is essential.

NewDay is committed to (i) ensuring it meets its obligations to pay the correct amount of UK tax and (ii) complying with all applicable laws, rules, regulations and disclosure requirements in relation to taxation in the UK (the “UK Tax Rules”).

NewDay will seek to interpret the UK Tax Rules consistently with both the spirit and intention of the law and will not seek to exploit ambiguity.

In structuring our commercial activities, NewDay seeks to maximise value to our customers and our shareholders. Accordingly, whilst ensuring compliance with the UK Tax Rules (as described above), we shall seek to minimise our tax liabilities by, amongst other things, recognising appropriate concessions and reliefs.

Where a number of routes are available to achieve the same commercial results, the most tax efficient approach in compliance with the UK Tax Rules should be adopted.

Commercial needs will not override compliance with the UK Tax Rules.

We will not put in place any arrangements that are contrived or artificial.

External tax advice shall be obtained where deemed appropriate. This may include circumstances where (i) our obligations are unclear or subject to interpretation, (ii) guidance in relation to tax is required and the requisite expertise is not available internally, (iii) we are proposing major structuring transactions or (iv) there have been changes to the UK Tax Rules.

Risk management and governance arrangements

NewDay is a leading consumer finance provider, specialising in the UK credit card market. We have experienced significant growth over the past 5 years and have implemented a robust financing structure. However, due to the complex nature of our operations across many functional areas, it is inevitable that tax risks arise.

We aim to manage our risks in relation to tax by preventing unnecessary disputes. Accordingly, we will aim to adopt strong technical positions which are explained clearly and documented appropriately.

In assessing tax risks, NewDay takes due account of (i) short and long-term considerations, (ii) the impact on our reputation and brands, (iii) the impact of our relationships with HMRC and other third parties, (iv) the benefit of certainty in relation to tax positions and (v) the importance of ensuring compliance with the UK Tax Rules. As noted above, external tax advice shall be obtained where deemed appropriate.

Our Head of Tax has day-to-day responsibility for UK tax matters (other than in relation to employment taxes which are the responsibility of the Chief People Officer). The NewDay tax function forms part of the NewDay finance function and is the ultimate responsibility of the NewDay Group Chief Finance Officer. The NewDay Group Chief Financial Officer is the appointed Senior Accounting Officer.

Matters are referred to the NewDay Group Board, NewDay Group Board Audit Committee and/or our investors, where deemed appropriate, taking into account the NewDay Group Board Terms of Reference.

The NewDay tax function must be involved in planning, implementing and documenting any significant transactions or arrangements. This includes (i) acquisitions and disposals, (ii) changes in the NewDay corporate structure, (iii) financing arrangements, (iv) cross-border trading arrangements and (v) any other significant transactions or processes affecting tax compliance.

The NewDay tax function shall monitor changes in the UK Tax Rules and assess any consequences for the NewDay Group.

Dealings with HMRC

Good relationships should be fostered with HMRC and related third parties. Accordingly, all dealings should be carried out in a professional, courteous and timely manner.

We are committed to being open, transparent and proactive. Accordingly, we will actively engage with HMRC, where appropriate, and disclose all relevant facts and circumstances. This includes in relation to current, future and past tax events and any queries we may have in relation to the interpretation of the UK Tax Rules (as deemed appropriate).

Whilst we will not take positions on tax matters that may create reputational risk or jeopardise our good standing with HMRC, we are prepared to litigate where we disagree with a ruling or decision, having always first sought to resolve any disputed matters through active and transparent discussion.