

NEUMANN KAFFEE GRUPPE STATISTICAL UNIT LIMITED (“NKGSU”)

Annual Tax Strategy – Schedule 19 Finance Act 2016

Overview

NKGSU is a member of the Neumann Kaffee Gruppe (“NKG”), the world’s leading green coffee service group operating in 27 countries worldwide.

NKGSU is a wholly owned subsidiary of the NKG Parent, Neumann Gruppe GmbH, an entity headquartered in Germany.

NKGSU, which forms a very small part of NKG’s overall operating activity, collates and disseminates statistical information to fellow group undertakings.

NKG Tax Strategy

The NKG tax strategy focuses on pre-transaction planning and post-transaction compliance.

The key objectives are:

1. To comply with tax laws in each country of operation; and
2. Adopting ethical and transparent business practices; and
3. Balancing the need to control tax costs with the responsibility to pay tax where NKG does business. The management of taxes is, therefore, carried out within the following parameters:
 - a) Aligning the commercial and economic activity of the business;
 - b) Taking a conservative approach to risk; and
 - c) Being mindful of reputational risk.

The tax strategy insofar as it affects UK taxation

The scale of NKGSU’s operations and financial contribution are immaterial in the context of the wider NKG, and as a result NKG does not have separate tax strategy for its UK operations.

Whilst the NKG board of management oversees the group strategy as a whole, tax compliance in each country of operation is delegated to local management who engage the services of local specialists as necessary.

UK Tax Planning

The nature of NKGSU’s activities do not create the need for detailed or complex tax planning. Consequently, NKGSU instead focuses on compliance with direct and indirect taxes, including payroll taxes, to minimise any risks arising from non-compliance.

NKGSU engages the services of external advisers to assist it in discharging its tax compliance obligations.

Tax risk management and governance arrangement

The key tax risks identified are:

- Compliance risk: The risk that tax submissions or payments due in a particular jurisdiction are not made when required.
- Reputational risk: The risk to NKGSU and NKG arising from the wider impact of the tax strategy enacted, with respect to our suppliers, customers and other stakeholders.

Elimination of tax risk entirely is not feasible but NKG's aim is to keep UK tax risk as low as possible. This is achieved by:

- Submitting all UK tax returns on time and having appropriate supporting workings and evidence to support submissions made;
- Paying the correct amount of tax on time; and
- Being transparent in its dealings with HM Revenue & Customs ("HMRC"), in particular if there were to be occasions when NKG takes a different view to HMRC on a tax matter.

The approach to dealing with HMRC

Self-assessment for most taxes means that NKGSU calculates and pays all UK taxes itself, based on its interpretation of UK legislation.

The scale of NKG's UK operations mean that there is little need for direct engagement with HMRC, but if and when this becomes necessary dialogue will be conducted in an open and transparent manner.

NKGSU regard the publication of this tax strategy as complying with the duty under paragraph 16(2) of Schedule 19 of the Finance Act 2016 to publish the NKG tax strategy insofar as it relates to its UK operations.

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