

# Oxford Instruments plc – Tax Strategy

## Introduction

Oxford Instruments' (the "Group") tax strategy supports the strategic objectives of the Group and applies equally to both UK and non-UK taxes and to all forms of tax. The Group pays a significant amount of tax to national and local governments, including taxes on employment, corporate taxes on profits, customs and excise duty on purchases, withholding taxes and environmental taxes. We also administer VAT and similar sales taxes charged to our customers and withholdings on payments made to our employees.

## Objectives

Oxford Instruments plc manages its tax affairs in accordance with the following objectives:

- Ensuring compliance with all relevant tax law in all jurisdictions in which the Group operates whilst managing the associated tax costs in a manner that is consistent with the Group's Code of Conduct and Ethics policy (as published on our website) and its attitude to commercial risk.
- Seeking to maintain stable effective and cash tax rates which reflect the geographic markets in which we operate and the Group's tax attributes such as brought forward losses and special deductions such as for research and development.
- Ensuring that all communication with tax authorities is conducted in a transparent and professional manner.

## Risk management and governance

Oxford Instruments' tax strategy is reviewed on an annual basis by the Audit and Risk Committee, who receive updates on tax matters from the Group Finance department at least once per year and more often if required. In addition the Audit and Risk Committee review the Group's risk register quarterly and where appropriate this would include tax risks.

The Group identifies tax risks on a jurisdictional basis. In some jurisdictions the Group employs suitably qualified tax specialists who work closely with operating businesses to ensure tax risks are identified and suitably managed. In other jurisdictions the Group works closely with external advisers to ensure tax risks are identified and suitably managed. The Group has a clear delegation of authority which requires transactions outside the ordinary course of business or with unusual tax consequences to be referred to the Group Finance department who will decide the best course of action and escalate to the Board if felt appropriate. The Group has a clear policy on the UK's Corporate Criminal Offence of failure to prevent the facilitation of tax evasion.

It is acknowledged that the global taxation landscape is complex and constantly evolving. To reflect this we actively monitor, with the assistance of professional advisors, local and international developments, and aim to manage the tax costs and tax risks associated with all commercial transactions in the same way as for other commercial costs. This includes considering how changes in tax legislation in the UK and overseas will impact on our effective and cash tax rates.

### **Attitude to tax planning**

We actively manage our liabilities across all taxes in the UK and overseas, in a manner that is consistent with our brand, our corporate and social responsibilities, and which reflects the commercial operations of our business. We seek to ensure that we pay the right amount of tax at the right time based on the laws, rules and regulations of the territories where we operate.

Innovation is central to our business and we seek to claim tax incentives for research and development and the utilisation of patent box regimes for intellectual property. We involve our technical specialists in the preparation of such claims to ensure that the amounts claimed are just and reasonable. External advisers would also be consulted to ensure our approach to preparing claims is in line with legislation.

We will not enter into tax planning, transactions or structures that are notifiable to tax authorities under mandatory tax avoidance disclosure regimes.

Our business comprises a number of business units which are autonomously managed. We operate a transfer pricing policy which reflects this and all transfers of goods and services between related companies are conducted on an arm's length basis.

### **Acceptable levels of tax risk**

Oxford Instruments recognises that tax laws are complex and may be subject to different interpretation. As a consequence, tax positions may be reviewed and challenged by revenue authorities from time to time. We seek to mitigate this risk by taking appropriate professional advice and by fostering good working relationships with tax authorities.

The Group has no rigid level of acceptable tax risk. When assessing a particular tax risk the Group considers various factors including reputational, financial and operational risks, as well as any potential impact on our relationship with any tax authorities. When appropriate this assessment will be informed by discussions with tax advisers.

## Dealings with tax authorities

In our approach to dealing with tax authorities (including HMRC):

- We act in a professional and courteous manner at all times;
- We seek an open and transparent relationship based on trust;
- We aim to respond to all enquiries in a timely fashion; and
- We seek to resolve any disagreements amicably by discussion wherever possible

Where a particular transaction requires an advance clearance from a tax authority we would not normally proceed with such a transaction unless that clearance is obtained.

Where the Group considers that risk or uncertainty could exist, for example due to a change in the law, and the relevant tax authority offers the possibility of early engagement we will actively engage in dialogue on a real-time or pre-filing basis where it is practical to do so.

Subject to available resources we will participate in consultation on future tax law change where we believe that it is in the Group's best interests to do so.

Oxford Instruments plc regards publication of this document as satisfying its duty to comply with Paragraph 16(2), Schedule 19 of the UK Finance Act 2016 in respect of the year ending 31 March 2024.