



To move medicine forward

Napp Pharmaceutical Holdings Limited

Cambridge Science Park, Milton Road, Cambridge, CB4 0GW

Tel: 01223 424444 | www.napp.co.uk

Napp Group

Tax strategy

Year ended 31 December 2020

Introduction

The Napp Pharmaceuticals Holdings Ltd group of companies are a privately owned UK pharmaceutical group with a strong track record in bringing high quality, innovative medicines to UK health professionals and their patients. Napp Group companies are involved in the manufacture of products for both the UK and other international markets, as well as the supply of pharmaceutical products into the UK market. Napp is part of the global Mundipharma network of Independent Associated Companies (the “IACs”) which have a presence in 48 countries across Europe and the rest of the world.

It is our stated aim to be regarded as having a positive impact on all areas that our business touches, whether that is, for example, those who provide services to us, those to whom we provide services, or the patients who receive the benefit of our products. Our tax strategy is an integral part of this stated aim, and our business in the UK contributes a substantial amount both to the government through the payment and collection of tax and to the wider UK economy.

The purpose of this document is to set-out Napp’s strategy towards UK taxation and has been prepared in accordance with the requirements of the Finance Act 2016 Schedule 19, paragraph 16(2).

The document covers:

1. Our approach to tax risk management and governance;
2. Our attitude towards tax planning;
3. The level of tax risk that we are prepared to accept; and
4. Our approach to dealings with HMRC.

In overview, we pursue a tax strategy that is principled, transparent and sustainable in the long term. Our values, set out in our Code of Business Ethics (which can be found on the Napp website), underlie our approach to taxation, and we address items 1 to 4 below.

1. Tax risk management and governance

Tax risk, and particularly the reputational component, extends beyond Napp’s relationship with tax authorities and impacts almost every area of Napp, including our relationship with shareholders, staff, management, the directors and all other stakeholders. Tax risk and its impact on stakeholders is managed by the directors in meeting their fiduciary duties to shareholders.

Tax risk is like any other risk that our business faces in that it should be identified, controlled and reported upon.



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It is acknowledged that tax positions and the risks associated with these can be uncertain and we manage this uncertainty by:

- Maintaining strong compliance procedures ensuring accurate and complete tax returns, including robust and well documented transfer pricing policies;
- Having strong technical support for tax positions, including, where appropriate, opinions from external advisors;
- Documenting a clear explanation of those positions, especially facts and business substance; and
- Maintaining well established relationships with HMRC.

Business tax processes are subject to the same high level of internal controls and external assurance processes as any other area of our business. Performance is monitored via regular reporting to the Group Finance Director and Executive Management Team as appropriate. Our internal review system supports the Senior Accounting Officer in certifying to HMRC that we have appropriate tax accounting arrangements in place.

We obtain support and advice from appropriately qualified external advisors on key UK tax matters. We see the input of external advisors as a key source of tax expertise to supplement the skills of our finance team.

2. Attitude to tax planning

Tax is an important factor in many business decisions and tax planning in support of commercial activity is normal and appropriate. Napp does not engage in aggressive tax planning, that is planning that has been defined by the OECD as:

- Planning involving a tax position that is tenable but has unintended and unexpected tax revenue consequences; or
- Taking a tax position that is favourable to the taxpayer without openly disclosing that there is uncertainty as to whether significant matters in the tax return accord with the law.

Napp engages external tax advisors as part of managing the desired risk profile of the group and to provide specialist tax expertise to supplement the skills of our own finance team as required.

We access government sponsored tax incentives where appropriate, for example R&D tax credits.

3. Tax risk tolerance

Napp tolerates a low level of risk in taxation matters. Taxes are managed with the objective that all tax liabilities properly due under the law are correctly recorded, accounted for and paid at the correct time.

4. Approach to dealings with HMRC

Napp views HMRC as a key stakeholder in our business. As such we work proactively and transparently with HMRC and our Customer Compliance Manager (CCM), including ensuring that they have access to relevant information evidencing taxation matters.