Bytes Technology Group UK Tax Strategy

Date: 1 July 2020

Bytes Technology Group Limited, a limited company registered in England and Wales. The following tax strategy applies to Bytes Technology Group Limited and the entities listed at Schedule 1 collectively referred to as ‘Bytes’ hereunder in accordance with paragraph 19 of Schedule 19 to the Finance Act 2016.

The strategy has been published in accordance with paragraph 19(4) of Schedule 19 to the Finance Act 2016.

This strategy applies from the date of publication until it is superseded. References to ‘UK Taxation’ are to the taxes and duties set out in paragraph 15(1) of Schedule 19 to the Finance Act 2016 which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to ‘tax’, ‘taxes’ or ‘taxation’ are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the Group has legal responsibilities.

Bytes’ tax strategy is underpinned by key principles outlined below, ensuring Bytes acts as a responsibly and in a compliant manner at all times.

Aim of this strategy

Bytes strives for full compliance with its statutory obligations and transparency with relevant tax authorities. Bytes’ tax affairs are managed with the group’s wider corporate reputation and overall high standards of governance, ethical behaviours, and values as the central component.

Overall tax governance

Bytes’ overall tax governance follows the formal procedures and accounting controls detailed in the SAO legislation. This process ensures that all significant tax-related decisions are subject to internal review processes and subsequently approved or rejected by the appropriate staff. This method also safeguards Bytes against any risk of UK tax obligations not being met.

At Bytes, both the Financial Controller and the Chief Financial Officer manage the day-to-day responsibilities associated with tax responsibilities. However, ultimate responsibility for tax sits with the Board of Directors, who have designated the Chief Financial Officer as the Senior Accounting Officer (SAO) at Bytes.

The Board of Directors work to ensure that the Bytes Tax Strategy is an important element taken into consideration where there is the opportunity for significant investments or business decisions to be made.

The Chief Financial Officer reports back to the Board of Directors at each quarterly board meeting on tax affairs and risks Bytes is currently facing.
Together the Chief Financial Officer and Financial Controller have worked, and continue to work, to ensure that the finance team is comprised of appropriately qualified individuals to uphold the high standards at which Bytes strives to work.

**Risk Management**

Bytes utilises a tax risk assessment system which functions as a component of the overall internal control framework for risk management. All internal controls and processes are subject to regular reviews and internal audits, to ensure ongoing compliance.

The Chief Financial Officer and Financial Controller regularly review processes relating to taxes in order to identify key risks and implement mitigating controls. Bytes’ customers are subject to credit checks and limits, which are both under regular review. Overseas customers are identified as such, and all foreign customers are subject to VAT checks.

A full tax assessment is completed annually, along with an external audit and additional education where appropriate through Bytes’ retained tax advisors. Further advice is sought by Bytes’ tax advisors to ensure any legislative or regulatory changes are sufficiently addressed to ensure compliance is met by Bytes.

**Attitude towards level of risk, tax planning and management**

Bytes has established a tax strategy, which recognises the key elements of the approach taken to all aspects of compliance across the business; transparency and openness. Under the leadership of the Financial Controller and Chief Financial Officer, Bytes’ finance team follows a simple yet robust tax strategy; to pay on time, do it right and be compliant with the relevant tax legislation. Above all, Bytes seeks to fully comply with its regulatory and legal obligations and to uphold its reputation as a responsible corporate entity.

As Bytes’ business grows and develops, so too does the tax strategy. The Bytes finance team are required to adapt and develop processes to enable Bytes to continue its growth at both a national and international level. This requires flexibility in the approaches and requirements for taxes domestically and abroad.

Bytes does not apply an aggressive tax strategy, rather focussing on compliance to ensure payment is made on time with the correct amount of tax. Further, Bytes does not engage in artificial tax arrangements.

Where available, Bytes seeks to utilise available tax incentives, reliefs, and exemptions in line with and in the spirit of the relevant tax legislation.

Bytes is a growing business which deals with a high volume of transactions, which opens it to a multitude of tax risks. To manage such risks, Bytes takes a two-pronged approach; staff development, and strategy and policy.

All members of the Bytes finance team are adequately and appropriately trained on an ongoing basis and possess requisite qualifications to enable them to carry out their day-to-day tax responsibilities. It is an expectation across the business that all employees comply with legal requirements at all times.

The Financial Controller and Chief Financial Officer, together with senior finance team members, ensure day-to-day compliance with the tax strategy and policies regarding tax processes. Controls are in place for potential material transactions to be reviewed by a senior finance team member or the Chief Financial Officer prior to entering into a committed transaction.
**Relationship with HMRC**

Bytes maintains an honest, transparent, and constructive relationship in its dealing with HMRC. Bytes shall always work closely with HMRC in relation to its tax dealings.

Where necessary, corrections of material errors or misstatements in tax filings will be made by Bytes without undue delay. In the event any inadvertent errors are made in submissions to HMRC or the relevant tax authority, such errors are fully disclosed as soon as practicable after identified by Bytes.

When submitting tax computations and returns, Bytes ensures there is full disclosure of all relevant facts, and identifies any and all transactions and/or issues where there potential for the tax treatment to be uncertain exists.

**Periodic review**

As both Bytes’ business and the international tax environment evolves, the tax strategy will be subject to regular reviews to ensure alignment to best practice and compliance. Amendments to the tax strategy may be proposed when necessary and will be subject to approval by the Board of Directors.

An annual review of the policy is undertaken by the Chief Financial Officer.

**Schedule 1**

*List of entities*

- Bytes Software Services Limited
- Bytes Security Partnerships Limited
- Phoenix Software Limited