



# T-SYSTEMS LIMITED: UK TAX STRATEGY

T-Systems Limited is a business to business provider of computer services and a majority owned subsidiary of T-Systems International GmbH. Deutsche Telekom Aktiengesellschaft (AG) is the company's ultimate parent company.

This strategy applies to T-Systems Limited and other UK companies of Deutsche Telekom AG. References to "T-Systems Limited" or "the Group" should be taken to include all of these entities, all of whom are committed to compliance with UK obligations.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' 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 T-Systems Limited has legal responsibilities.

## AIM

T-Systems Limited's aim as a responsible business is to ensure we pay the right amount of tax, at the right time, and in the right place, as dictated by UK and local legislation and custom as appropriate. T-Systems Limited is committed to full compliance with all statutory obligations and full disclosure to tax authorities, in line with Deutsche Telekom AG's high standards of overall governance.

## TAX POLICY

**Our Tax Policy comprises four key components:**

### 1. Engagement with Her Majesty's Revenue & Customs (HMRC)

The company's tax function provides regular business updates to HMRC, including UK business changes which may influence the Group's tax profile.

T-Systems Limited will consult with HMRC in respect of current, future and retrospective tax risks and interpretation of new and existing tax-related legislation. The transparent and constructive relationship that exists with HMRC results in a strong awareness of tax legislation, such that any inadvertent error to HMRC is

rectified in an honest, respectful and fair manner and ultimately a proactive and diligent approach to tax. We ensure compliance with UK filing requirements, as well as responding in a timely manner to requests from HMRC for additional information and clarifications.

From time to time, if it is unclear how tax law should be applied, we may engage with HMRC in advance of undertaking transactions to confirm the correct application of tax law.

We display integrity and clearness in a courteous and professional manner, to maintain a trusting and efficient relationship with HMRC.



## 2. Risk Management & Resources

The level of risk T-Systems Limited is willing to accept has a consistent positive relationship to our overall objective of achieving certainty and transparency in the handling of the company's tax affairs. Furthermore, we expect all our customers and employees to adopt an identical approach in relation to their tax affairs and relationship with HMRC.

When interacting internally with our colleagues we provide clear, timely and honest advice across all aspects of taxation. Consequently, our recommendations are intended to be the most tax efficient and legally compliant option possible.

We take a prudent approach to tax risk; however, given the international nature of our business, risks will inevitably arise from time to time, particularly with regards interpretation of complex tax law both domestically and internationally.

In order to mitigate these risks, T-Systems Limited utilises its own in-house experts, takes advantage of Deutsche Telekom AG's internal global network of tax experts, as well as using external tax advisors. This rigorous approach to tax risk mitigation culminates in the correct amount of tax being paid and compliance with legal requirements.

T-Systems Limited applies all reasonable care to processes which could potentially affect compliance with tax obligations and provide appropriate training to staff who manage or process matters which have tax implications.

## 3. Management of Group Tax Affairs

The overall commercial assessment of any business opportunities includes an assessment of the tax treatment of transactions. Diligent consideration will be given to the Group's reputation and our corporate and social responsibilities when evaluating any tax planning. T-systems Limited supports efforts to ensure the taxation of businesses reflect commercial substance, therefore we do not intentionally enter into any forced or artificial arrangements designed to avoid tax or which have no commercial substance. Group entities will not be established in our corporate structure solely for the purpose of tax avoidance.

The Group will utilise tax incentives to obtain tax efficiencies where these:

- Align with business or operational objectives
- Do not risk significant reputational or relationship damage with the fiscal authorities

Any method of gaining tax efficiencies will be according to the will of parliament and not contrary to the intention of the legislation. External advice is sought where there is significant uncertainty or complexity.

Intra-Group transactions are conducted freely, independently and within the OECD guidelines, domestic legislation and documentation requirements.





where appropriate. For example, we take steps to reduce exposure to double taxation (being taxed twice in two different jurisdictions on the same income). T-Systems Limited believes in constant innovation to become more efficient, in particular the complete digitization of the industry that moves towards flexible value chains creating enormous opportunities for growth through reduced costs and improved efficiency. Therefore, we carry out research and development and utilise available tax reliefs aimed at large sized companies.

#### 4. Ethical Responsibility

T-Systems Limited is committed to being an ethical and responsible business. The tax strategy reflects this, ensuring transactions and tax implications arising thereon reflect commercial reality and are not designed to artificially avoid paying the right amount of tax. Furthermore, the Group's tax framework supports a culture of ethical behaviour and aligns with our code of conduct which is overseen by the Board.

T-Systems Limited carries out due diligence on suppliers and customers as a matter of course, in line with Group policy. We avoid intentionally working with businesses if we become aware that their tax dealings are not also ethically responsible.

Corporate social responsibility defines how we operate within an ethical framework and is paramount at T-Systems Limited. We take responsibility to ensure our activities benefit society and minimise the environmental impact of our operations, a by-product of which is a reduction in so-called green taxes. These benefits include reduced liabilities for the Climate Change Levy and Carbon Reduction Commitment (for electricity and gas use), eliminating Landfill Tax (from waste sent to landfill) and a reduction in Fuel Duty (for fuel used in vehicles).

Through our corporate social responsibility we are able to create long-term trusting relationships with customers and employees whilst continuously ensuring the company's reputational values of trustworthiness, quality and ethical behaviour.

T-Systems Limited utilises available tax incentives, reliefs and exemptions in line with, and in the spirit of tax legislation; this is achieved with guidance from HRMC



#### 5. Statutory Obligation

The publication of this strategy statement is regarded as satisfying the statutory obligation under Schedule 19, Finance Act 2016 for all relevant companies.

**FOR FURTHER INFORMATION ABOUT  
T-SYSTEMS VISIT OUR WEBSITE:**  
[WWW.T-SYSTEMS.CO.UK](http://WWW.T-SYSTEMS.CO.UK)

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