UNITED KINGDOM

1. INTRODUCTION

a. Forms of Legal Entity

The main types of entities that exist in the UK and their key features are:

- A private company limited by shares : The members' liability is limited to the amount, if any, of the unpaid par value on the shares held by them.
- A private company limited by guarantee : The company does not have a share capital. Instead, the members' liability is limited to the amount that they have agreed to contribute to the company's assets if the company is wound up.
- A private unlimited company : The company may issue shares, but there is no limit to the members' liability. This form of company is rare.
- A public limited company : The company must have share capital of at least GBP50,000 and the members' liability is limited to the amount, if any, of the unpaid par value on the shares held by them. Only a public limited company can offer its shares to the general public.
- Partnership : A relationship whereby two or more partners carry on business together. The partnership does not have a separate legal personality, is fiscally transparent, and the partners are responsible for its debts.
- Limited Partnership : Similar to a partnership, but partnership liabilities can be allocated to specific partners such that limited partners have limited liability and residual liabilities fall on the general partner. The limited partners are generally precluded from taking an active role in the business, which is managed by the general partner.
- Limited Liability Partnership : A partnership where partners are not personally liable for debts and liabilities of the partnership. It has a separate legal personality but is still fiscally transparent.

b. Taxes, Tax Rates

i Corporations

- Corporation Tax

The Corporation Tax rate for company profits, for the 2020/21, 2021/22 and 2022/23 fiscal years, is 19%. From the 2023/24 fiscal year, the rate of Corporation Tax will increase to 25%.

Businesses with profits of GBP50,000 or less, will continue to be taxed at 19%. A tapered rate will also be introduced for profits above GBP50,000, so that only businesses with profits of GBP250,000 or greater will be taxed at the full 25% rate.

- Capital Gains

Capital gains realised by companies are subject to tax at the standard corporation tax rate.

ii Individuals

- Income tax

The UK follows a progressive based tax system for UK taxpayers. In the 2022/23 UK tax year, the standard personal allowance given, is GBP12,570, which is the amount of income that you do not have to pay any tax on. With income over GBP100,000, the personal allowance is tapered down by GBP1, for every GBP2 over and above GBP100,000.

Income between GBP12,570 and GBP50,270, is taxed at the basic rate band of 20%. Income between GBP50,270 and GBP150,000, is taxed at the higher rate of 40%. Any taxable income that falls over this amount is taxed at 45%.*Scottish rates also apply.

As announced in the 2021 Budget, the government will maintain the Personal Allowance at GBP12,570 and higher rate threshold at GBP50,270 for 2022/23, 2023/24, 2024/25 and 2025/26. The additional rate threshold is fixed at GBP150,000. The National Insurance Contributions ("NICs") Upper Earnings Limit and Upper Profits Limit will remain aligned to the higher rate threshold at GBP50,270 for these years.

- Capital Gains Tax

Capital gains realised by individuals are generally taxed at a rate of 20% unless the gains are related to residential property, where they are taxed at 28%, or carried interest, which is taxed at a minimum of 28% subject to specific rules, which should be considered on a case by case basis.

c. Common divergences between income shown on tax returns and local financial statements

The main source of profits is often from trading. A UK incorporated company's trading profits are based on its worldwide profit before tax in its accounts. Adjustments are made for non-trading receipts (such as dividends from other companies and income from property) and non-deductible expenditure (such as capital expenditure). Depreciation for tax purposes (known as capital allowances) is calculated and substituted for the depreciation charged in the accounts. A number of other statutory adjustments are made; three important differences are:

(i) that pension contributions are broadly tax deductible only when paid (but super contributions may be subject to spreading);

(ii) pay and benefits in kind deferred and paid more than nine months after the accounting period are broadly tax deductible only when paid; and

(iii) a tax deduction is available for the notional cost of certain share awards to employees.

From 1 April 2019, where goodwill has been acquired from a third party as part of a business purchase in which qualifying intellectual property is also purchased, corporation tax relief will be available at a fixed rate of 6.5% per annum on the value of the goodwill acquired, subject to a cap of six times the value of the qualifying intellectual property purchased.

Similar principles apply in relation to the calculation of profits of a property business.

Financial profits from a company's trading and non-trading loan relationships (money debts arising from the lending or borrowing of money) and related matters are usually based on the accounts and the distinction between "capital" and "revenue" receipts and deductions is not relevant. Instead, all credits and debits in the accounts are aggregated to find the net trading and/or non-trading income or expense. Certain statutory adjustments must be made, which include an interest capping limitation.

For trading companies, any profit or loss on loan relationships, and/or on intangibles, is generally included within the trading profits. If the company does not have a trade, then loan relationships and intangibles are treated as a separate source of income or expense.

2. RECENT DEVELOPMENTS

The main developments in the UK relevant to M&A transactions relate to the continued implementation of the BEPS actions into domestic legislation. The UK is generally supportive of the BEPS actions.

In addition the UK tax authority ("HMRC") has introduced or proposed new legislation in relation to the following areas:

a. Corporation tax

- The rate of corporation tax is 19% from 1 April 2020 and will increase to 25% from 1 April 2023.
- In respect of very large companies (broadly with profits exceeding GBP20 million in an accounting period) which will have to pay corporation tax by instalments four months earlier than other companies, for accounting periods commencing on or after 1 April 2019. Corporation tax for such very large companies will be due in months three, six, nine, and twelve of the accounting period.
- A temporary extension to the loss carry back rules for trading losses arising in accounting periods ending between 1 April 2020 and 31 March 2022. Trading losses arising in this period may be carried back up to three years (increased from one year). Losses carried back one year remain unrestricted, however, any losses carried back to the second or third year are restricted to GBP2 million for each financial year ended 31 March 2021 and 31 March 2022.
- The amount of SME payable R&D tax credit that a business can receive in any one year is capped at GBP20,000 (plus three times the company's total PAYE and NICs liability).

b. Capital allowances

- The amount of qualifying investment in plant and machinery that benefited from a 100% annual investment allowance ("AIA") was GBP1 million where the relevant expenditure was incurred from 1 January 2019 to 31 December 2020, but reduced to GBP200,000 from 1 January 2021 to 31 December 2021. This has since been temporarily increased to GBP1 million for expenditure incurred from 1 January 2022 to 31 March 2023 (all dates are inclusive).
- For qualifying expenditure incurred from 1 April 2021 to 31 March 2023, companies can claim enhanced first year capital allowances:
  - (i) Of 50% on most new plant and machinery investments that ordinarily qualify for 6% special rate writing down allowances.
  - (ii) A super deduction of 130% on most new plant and machinery investments that ordinarily qualify for 18% main rate writing down allowances. The super deduction will allow companies to cut their tax bill by up to 25p for every GBP1 they invest.
- The rate of capital allowance on special rate expenditure (for instance, integral features) is 6% in 2021/22.
- A Structures and Buildings Allowance of 3% (2% prior to April 2020) may be available for qualifying investments to construct new, or renovate old, non-residential structures and buildings.
- A 100% first year allowance may be available on certain energy efficient plant and cars.
- In the Chancellor's Spring Statement on 23 March 2022, it was indicated that the Government will consider reforms to the capital allowances regime when the enhanced reliefs noted above come to an end in April 2023. This could include a permanent increase to the Annual Investment Allowance, or increasing writing down allowances, both of which have been significantly reduced in recent years. It was also confirmed that certain R&D costs (e.g. cloud computing, pure mathematics, and limited R&D undertaken outsider the UK) will be eligible for relief.

c. National Insurance

- A 1.25% Health and Social Care levy payable by employers, employees, and the self-employed. This will be added to National Insurance rates for the 2022/23 tax year, but levied as a separate charge (including on those who do not pay NIC due to being over the State Pension age) from 2023/24 onwards. It will also apply to individual's dividend income. In the Chancellor's Spring Statement on 23 March 2022, it was announced that this would be partially offset by an increase in the threshold at which National Insurance becomes payable with effect from July 2022 and a proposed reduction in basic rate income tax from 20% to 19% with effect from April 2024 (to be implemented in legislation nearer the time and subject to prevailing economic conditions). This implies a UK General Election in 2024, notwithstanding Government proposals to repeal the Fixed Term Parliaments Act.

d. VAT

- As announced in HMRC's Revenue and Customs Brief 2 ("RCB 2 (2022)"), from 1 April 2022, HMRC's revised VAT policy on early termination/compensation and similar payments needs to be applied (i.e. such payments will represent further consideration for the main contracted supply), therefore, VAT must be accounted for on such payments if the underlying supplies are taxable.
- In the Chancellor's Spring Statement on 23 March 2022, it was announced that the scope of VAT relief for energy saving materials ("ESMs") will be expanded to include items such as solar panels, insulation, and heat pumps. Additional technologies such as wind and water turbines will be added, and eligibility criteria simplified. A time limited zero rating of installation costs will apply until 31 March 2027. These measures are intended to be effective from 1 April 2022 (subject to tabling and passing of the relevant legislation).

e. DAC6

- HMRC announced on 31 December 2020 that reporting under DAC6 would only be required for arrangements that meet hallmarks under Category D. Category D is a specific hallmark concerning automatic exchange of information and beneficial ownership. Regulations were made with effect from 31 December 2020 to implement this change, and to ensure that the rules work correctly after the end of the transition period. The reporting requirements under Hallmarks A, B, C and E have been repealed.

f. Other new proposals

In addition, further significant new proposals and proposed new taxes include:

- An open consultation exploring the proposal for an online sales tax ("OST"). An OST is being considered to redress a perceived imbalance between online retailers, and traditional businesses, arising from the latter's higher fixed costs (most particularly rent and business rates). No decision has been made regarding the introduction of the tax, and the consultation is intended to consider the potential scope and implementation issues of such a proposal. It should be noted that the OST is wholly separate from the UK Digital Services Tax ("DST").
- A plastic packaging tax for manufacturers and importers charged at a rate of GBP200 per tonne, with effect from 1 April 2022. Certain processing activities may be classified as manufacturing, and the liability for the tax lies with the business performing the last substantial modification to the packaging. Companies should review their supply chains accordingly, in order to assess exposure, and ensure that the necessary data can be collected. Businesses have 30 days to register from the date they become liable to tax.
- A Economic Crime levy charged on UK entities regulated for anti-money laundering ("AML") purposes under the Money Laundering, Terrorist Financing and Transfer of Funds Regulation 2017 at a rate of GBP0, GBP10,000, GBP36,000, or GBP250,000 per entity dependent on UK revenue. The first payments will be due in 2023/24 based on revenues arising in 2022/23.
- A new Residential Property Developer Tax from 1 April 2022, applying at 4% to the profits of companies, or groups of companies, undertaking UK residential property development, and having annual profits in excess of GBP25 million. In addition, the Building Safety Act gave powers to the government to introduce a building safety levy, intended to apply to the development of residential buildings, or care homes, over 18 metres or seven stories in height (but subject to exclusions). Details are expected to be published in 2023/23

- For Corporation Tax, Income tax, and VAT returns due for submission on or after 1 April 2022, a qualifying company or partnership (i.e. those with UK turnover above GBP200 million and/or a UK balance sheet total over GBP2 billion) will need to notify HMRC of any uncertain tax treatment ("UTT") where the tax treatment meets one or both of two notification criteria and, in that case, when the threshold test is also met. An UTT will arise where one, or both, of the following two notification triggers are met – either a provision is made in the company or partnership accounts to reflect a tax treatment which is uncertain (i.e. different to that set out by HMRC), or if a tax treatment that has been applied is contrary to HMRC's known position. The threshold test is met where a "tax advantage" of GBP5 million or more arises (determined by comparing the uncertain amount with the expected amount), usually in a 12 month period. Where a company (rather than a partnership or LLP) is a member of a group, its UK turnover and UK balance sheet totals should be aggregated with other 51% subsidiaries to determine if the business is within scope. Some entities are excluded altogether (e.g. Authorised and Unauthorised Unit Trusts, OIECs, Public Bodies).

g. New Qualifying Asset Holding Company ("QAHC") regime

From 1 April 2022, a new regime came into existence, which has been designed to make the UK a favourable asset holding location, comparable to jurisdictions such as Luxembourg. The intention of the tax rules is to give investors in the Qualifying Asset Holding Company ("QAHC") a similar tax outcome to that which would arise, if they invested directly in the underlying assets of the QAHC. The QAHC regime applies by election, which must be made online using the company's Government Gateway account and specify a date of entry after the date of the election, where the eligibility criteria are met. These include:

(i) The ownership condition : Essentially, the QAHC must (broadly speaking) be held at least 70% by institutional funds (e.g. pension schemes and insurance funds), collective investment schemes, regulated alternative investment funds, etc. Holding interests are calculated by reference to voting rights, entitlement to distributions, and entitlement to assets on a winding up. These rights include those attaching to certain equity-like debt instruments. These rules work similarly to the group relief rules and the test delivering the "worst" outcome applies. Individuals and "normal" companies can never be qualifying investors.

(ii) The activity and investment strategy conditions : The main activity of the QAHC must be the carrying on of an investment business. This must not include acquisition of listed securities, except with the purpose of procuring control and delisting. HMRC guidance suggests that acquiring new shares (e.g. on a capital restructuring) ahead of the exit of an investment by way of IPO, or retaining a stake in the newly listed company where driven by commercial factors (e.g. to express confidence to the market in the value of the shares being sold or issued as part of the IPO) would not itself result in this test being failed. Similarly, a minority investment that subsequently became listed would not do so. The prohibition is only against the QAHC seeking to directly or indirectly take positions in listed shares as a strategic matter.

(iii) Other conditions : The QAHC must be UK tax resident, not a Real Estate Investment Trust ("REIT"). and it must not issue listed securities.

Where the QAHC regime applies, the company is subject to all of the usual corporation tax rules, but with the following modifications:

(i) Gains on disposals of certain shares and overseas property are exempt.

(ii) Profits of an overseas property business, where those profits are subject to tax in an overseas jurisdiction are exempt and the associated profits that arise from loan relationships and derivative contracts are exempt.

(iii) Deductions are allowed for certain interest payments that would usually be disallowed as distributions (along with necessary consequential changes to the hybrids rules).

(iv) The transfer pricing exemption for small and medium-sized enterprises ("SMEs") is switched off and the participation condition adjusted, such that the QAHC must maintain transfer pricing documentation, and apply the arm's length principal in dealings with its shareholders.

(v) The obligation to deduct income tax from interest payments is disapplied.

(vi) The transfer pricing exemption for small and medium-sized enterprises ("SMEs") is switched off and the participation condition adjusted, such that the QAHC must maintain transfer pricing documentation and apply the arm's length principal in dealings with its shareholders.

(vii) Premiums paid on the repurchase of share capital from an individual are allowed to be treated as capital rather than income distributions (other than where the shares are employment-related securities).

(viii) Certain amounts paid to qualifying remittance basis users (i.e certain non-domiciled individuals) are allowed to be treated as non-UK source, reflecting the underlying mix of UK and overseas income and gains.

(ix) Repurchases of its own share and loan capital are exempt from Stamp Duty and Stamp Duty Reserve Tax ("SDRT").

(x) Entry and exit provisions, including the deemed sale and reacquisition of the company's assets and the creation of a new accounting period, when a company enters or exits the regime. In relation to the deemed sale and acquisitions of shares held, the substantial shareholding exemption can apply to such shares and the 12 month holding requirement is deemed to be met in all cases.

h. International matters

In June 2016, the European Union adopted an anti-tax avoidance Directive ("ATAD"), which sets out minimum standards for rules to address key international tax and BEPS related issues: (i) deductibility of interest, (ii) exit taxation, (iii) a general anti-abuse rule ("GAAR"), (iv) controlled foreign company ("CFC") rules; and (v) a framework to tackle hybrid mismatches. The UK already had rules covering each of these areas, but introduced limited amendments to the CFC and exit charge rules to ensure they are compliant with this minimum standard.

Gains on non-resident direct disposals and certain indirect disposals of UK property are brought within the scope of UK tax. This applies to gains accrued on or after 6 April 2019. Targeted exemptions may apply to institutional investors, such as pension funds. From 6 April 2020 income received by non-resident companies in relation to UK property is chargeable to corporation tax, rather than income tax.

From April 2019 anti-avoidance provisions have applied to prevent companies and individuals from moving profits offshore (tax avoidance involving profit fragmentation). This builds on measures such as the diverted profits tax ("DPT") and CFC rules already in place to capture UK profits moved offshore.

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From 1 April 2020, a new digital services tax ("DST") of 2% applies to the revenues of certain digital businesses to reflect the value they derive from the participation of UK users, pending an appropriate international solution. The tax will apply where annual revenues of more than GBP25 million are attributable to UK users (and worldwide revenue exceeds GBP500 million) from activities relating to search engines, social media platforms and online marketplaces. There will be a review of DST by HM Treasury before the end of 2025.

COVID-19

As a result of the COVID-19 pandemic and its impact on the UK economy, the UK Government has continually announced a series of measures to support the economy on a macroeconomic and microeconomic level. The tax and support measures announced are outlined at a high level below as these may continue to be relevant in a tax due diligence process:

i VAT

VAT payments due between 20 March 2020 and 30 June 2020 were able to be deferred on an optional basis and applied to all UK VAT registrations. Where applications for deferment were made by 21 June 2021, payments of any outstanding deferred VAT would not have been required until February 2022.

- Import VAT and Duty deferrals : HMRC permitted a full or partial payment extension on import VAT and duty normally due for those with a duty deferment account on 15th of the month following import without having their guarantee called upon or their deferment account suspended.
- Additional direct tax, payroll tax and VAT deferrals : If the VAT deferral above was not sufficient and/or if the business needed additional time to pay all taxes, HMRC extended its "Time to Pay" helpline. Businesses could request deferrals for VAT (outside the above period), payroll taxes and direct tax.

From 15 July 2020, the government introduced a temporary 5% reduced rate of VAT for certain supplies of hospitality, hotel and holiday accommodation, and admissions to certain attractions. On 24 September 2020, this reduced rate was extended until 31 March 2021. The government announced at the 2021 budget an extension to the 5% reduced rate of VAT until 30 September 2021, followed by a 12.5% VAT rate for a further six months until 31 March 2022.

ii IR35

The reform to the off-payroll working rules in the private sector (commonly known as IR35), which affects large or medium-sized organisations that engage with contractors through an intermediary, came into force from 6 April 2021 (having previously been deferred from 6 April 2020). The regime applies to companies (and groups) that are not "small," which is defined (in accordance with the Companies House definition) as meeting two of the following conditions:

- Turnover of less than GBP10.2 million;
- A balance sheet of less than GBP 5.1 million;
- Less than 50 employees.

If the company (or group), which is not small, engages with contractors through an intermediary (e.g. a personal service company or other intermediary arrangement) and that intermediary provides the personal service of an individual, the IR35 rules should be applied. These are complex, especially in an international capacity or where long supply chain arrangements are in place. Briefly, if the nature of the services provided by the individual is akin to that of an employee, the IR35 rules may deem that amounts paid to the intermediary should subject to income tax, employee and employer NIC through the payroll ("PAYE") as if paid to an employee. Prior to April 2021, the tax risk associated with any reclassification on enquiry by HMRC typically sat with the worker and the intermediary. From April 2021 onwards, the requirement to formally assess (and issue a determination) of the relationship and the risk of any increased cost of employer NIC, Apprenticeship Levy and the recently announced Health and Social Care Levy moves to the end user, or client. The client is also responsible for issuing a formal outcome, administering an appeals process and ensuring the organisation that actually pays the worker fulfils all employer PAYE obligations.

iii Postponement of phase 2 of Making Tax Digital

Second phase ("digital links") of Making Tax Digital for VAT ("MTD"), initially scheduled for April 2020, had been delayed one year and came into effect on 1 April 2021. Data transfer or exchange within and between, software programs, applications, or products (that make up functional compatible software) must be digital where the information continues to form part of the electronic VAT account. Manually transferring data (e.g. copying and pasting between applications, or viewing on one system and manually entering on another) is not permitted.

iv Coronavirus Job Retention Scheme ("CJRS")

The CJRS was available to all UK employers to 31 December 2021. It enabled them to access support to cover a proportion of employees' salaries, where the employee has been furloughed as a result of the COVID-19 pandemic. The scheme first became available in March 2020 and allowed employers to claim up to 80% of eligible furloughed employees' current salary for hours not worked, up to a maximum of GBP2,500 per month.

v Self-employed individuals

Eligible self-employed individuals, whose trading profits were significantly reduced as a result of Covid, were able to claim up to 80% or GBP2,500 a month cash grant, provided all of the relevant criteria were satisfied, including the requirement to have trading profits less than GBP50,000 per year. This scheme ended on 31 December 2021.

vi Business Rates

For the fiscal year 2020/21, businesses in the retail, hospitality and leisure sectors in England did not have to pay business rates. This relief was initially extended to 30 June 2020. From July 2021, business rates relief was reduced from 100% to 66% until March 2022. To be eligible, businesses must have been affected by the third national lockdown. Qualifying companies are those which were required to close on 5 January 2021.

3. SHARE ACQUISITION

a. General Comments

The purchase of shares means that the purchaser acquires an interest in the company. This includes all assets and all liabilities of the company, including any historical tax liabilities.

b. Tax Attributes

Trading losses incurred prior to 1 April 2017 and carried forward should generally be available to be used against future taxable profits of the same trade in the entity which incurred the tax losses.

Trading losses incurred after 1 April 2017 may be carried forward and set-off against future taxable profits of different activities within a company and its UK group companies. Following a change in ownership any pre-acquisition carried forward losses (incurred after 1 April 2017) in the acquired company cannot be group relieved against the profits of companies in the acquiring group (i.e entities which were not part of its pre-acquisition group) for a period of five years.

Where taxable profits exceed GBP5 million, the amount of annual profit that can be relieved by brought forward trade losses will be limited to 50% of the company's profits.

Carried forward trade losses may be forfeited following a change of ownership under UK anti-avoidance rules where there is a change in ownership and either:

- There is a major change in the nature or conduct of the company's trade within a period of five years, beginning no later than the change in ownership and no earlier than three years before change in ownership; or
- The change of ownership occurs at any time after the scale of the company's activities has become small or negligible and before any significant revival of its trade.

Where the above applies, losses arising before the change in ownership will not be offset against profits arising after the change of ownership. Change of ownership restrictions also apply to non-trading tax losses in a similar manner, but also including the circumstance of a post-acquisition recapitalisation of the business.

Broadly, there is a change in ownership of a company for these purposes where more than half of its ordinary share capital changes hands, but can include circumstances where two or more persons (including unconnected parties) make such an acquisition. Other powers and other share capital, may be taken into account where more appropriate.

c. Tax Grouping

The UK does not have a fiscal unity, or consolidated group tax regime. The basic UK corporation tax rules operate on a company by company basis, however, a system of group relief applies to companies in a group whereby one member of the group can surrender its losses to another member of the group, which can deduct the loss from its total profits, thus reducing the amount of corporation tax payable. From 1 April 2017, brought forward losses can be transferred in the same manner (but subject to the 50% restriction mentioned above), whereas only profits in the same accounting period can be sheltered by pre-1 April 2017 losses.

Broadly, UK companies can surrender profits and losses within a group providing that a common parent holds at least 75% of the ordinary share capital (and rights to at least 75% of profits available for distribution and assets distributable on a winding up).

d. Tax Free Reorganisations

UK tax legislation contains provisions that enable a tax neutral reorganisation, including:

- The ability to transfer assets of a trade, together with accumulated losses, between UK companies within a group without a charge to tax.
- The tax neutral transfer of assets between UK companies within a group under the chargeable gains regime.
- Tax free share for share (and share for loan note) exchanges provided certain conditions are met.
- Group relief provisions for stamp duty and stamp duty land tax.
- Provisions for reorganisations that take place within a VAT group.

When considering a group reorganisation post-acquisition, care needs to be taken with regards to future degrouping charges that may apply if the company is sold outside the group (or otherwise ceases to be a member) within a period of six years. There are also stamp duty and stamp duty land tax relief claw back provisions that apply for a period of three years.

e. Purchase Agreement

The purchase agreement will typically contain tax warranties and a tax indemnity. It is usual practice for a purchaser to perform a due diligence exercise on the target company, the result of which would be reflected in the tax warranties and indemnities.

f. Transfer taxes on share transfers (including mechanisms for disclosure and collection)

Transfer taxes take the form of stamp duty at 0.5% (rounded up to the nearest GBP5), payable by the purchaser. Transfers will need to be documented through a stock transfer form, which must be sent to the Stamp Office, with the appropriate payment, no later than 30 days after the transaction has taken place.

g. "Purchase Accounting" applicable to share acquisitions

Purchase price accounting applies in the UK following IFRS or UK GAAP, however, it is not possible to obtain an uplift in the tax basis of assets acquired within corporate entities.

h. Share Purchase Advantages

- Beneficial tax reliefs on share sales : There are various beneficial capital gains tax reliefs on a sale of shares. For corporate sellers, the main exemption is the Substantial Shareholding Exemption ("SSE"). SSE generally applies to exempt a gain where there is a holding of more than 10% of shares in a trading company or group. For individual shareholders the main benefit is Business Asset Disposal Relief (known as Entrepreneurs Relief prior to 6 April 2020), which may apply to reduce the tax rate to 10% for the sale of shares in trading companies where the individual holds a 5% interest, and is an officer or employee of that company. Qualifying capital gains are subject to a lifetime limit, which has been set at £1 million since 11 March 2020.
- No double tax charge : There is a potential double tax charge on an asset sale, which can result in the seller being taxed twice, on the gain made from the sale of the assets and again when the sale proceeds are distributed. The selling company may suffer corporation tax on chargeable gains that arise on the sale of the assets. The shareholders in the selling company may then pay income tax on dividends paid out of any profit that is made from the sale of assets.

- Rollover relief : A share sale should enable the seller to defer tax on chargeable gains to the extent that the consideration takes the form of shares or loan notes in the buyer. This is not possible on an asset sale, although similar relief is available on the sale of certain qualifying assets if the proceeds are reinvested by the seller in qualifying replacement assets. In each case, the effect of the relief is to defer tax on any gain until the subsequent sale of the consideration shares, loan notes, or replacement assets.
- No capital allowances balancing charges : A single chargeable gain will arise on a share sale, which may be exempt under SSE (as noted above). On an asset sale, the sale of each category of asset will have different tax consequences. For example, the disposal of certain assets in respect of which capital allowances have been claimed could trigger a balancing charge for the seller. This could be the case if the particular asset or, in the case of pooled assets, the asset pool, is sold for more than its tax written down value as the excess is treated as taxable trading income.
- Losses : Brought forward losses in a company would transfer with a share sale (subject to anti-avoidance legislation).

i. Share Purchase Disadvantages

With a share purchase, the purchaser inherits all the historical liabilities of the company, including tax liabilities. There is no opportunity to increase the tax basis in the assets acquired within the company.

4. ASSET ACQUISITION

a. General Comments

Generally, asset sales are less common primarily due to the capital gains exemptions referred to above and the inability to transfer losses.

b. Purchase Price Allocation

Generally, the purchase price allocation for tax purposes follows the allocation made between the parties in the asset purchase agreement.

c. Tax Attributes

Tax attributes do not generally transfer with an asset purchase.

d. Tax Free Reorganisations

It is possible to hive down trade and assets to a new company in order to affect a share sale and potentially benefit from the Substantial Shareholding Exemption ("SSE") from capital gains.

e. Purchase Agreement

As historical liabilities are not transferred with an asset acquisition, there is usually significantly less tax content in the purchase agreement. A Purchase Price Allocation agreed between the parties may form part of the agreement, and would be relevant for expenditure/proceeds for capital allowances purpose or establishing the base cost of certain assets. For fixtures and fittings within a building, the amounts must be agreed between the parties and subject to a joint election filed with HMRC.

f. Depreciation and Amortisation

Amortisation arising on the acquisition of all goodwill or customer related intangibles (including those arising from an asset acquisition) is not deductible for corporation tax purposes, however, there may be a limited opportunity to amortise goodwill on an asset acquisition where the goodwill is acquired together with other items of qualifying intellectual property.

g. Transfer Taxes, VAT

Where a trade is transferred as a going concern the transfer should be VAT free (outside the scope of VAT) where the conditions for Transfer of a Going Concern ("TOGC") treatment are met. Broadly, this requires a business unit capable of independent operation to be sold, and acquired by a VAT registered purchaser who then carries on the same activities (whether as standalone business, or part of a larger business in either case). Otherwise VAT may be chargeable depending on the nature of the specific assets being transferred.

h. Asset Purchase Advantages

- In asset deals, purchasers can choose the assets they want to acquire and leave any known or unknown liabilities behind.
- There is also greater scope for immediate and future tax deductions. For example, the acquisition of assets that qualify for capital allowances and certain IP would typically qualify for tax deductions. Further, certain assets purchased may qualify for rollover relief so a purchaser can defer other gains into these acquisitions.
- There are potentially higher base costs in assets acquired for capital gains tax purposes. Broadly the tax basis of each relevant asset will be the amount paid for it.
- The purchase of assets may qualify as a transfer of a going concern (see 4.g. above), in which case, no VAT would need to be accounted for on the sale.

i. Asset Purchase Disadvantages

- An asset deal is often less attractive for vendors than a share deal because of the potential double tax charge for shareholders outlined above and the inability to access capital gains tax exemptions available on share transactions.
- Any brought forward tax losses would remain with the vendor.

5. ACQUISITION VEHICLES

a. General Comments

The choice of acquisition vehicle generally depends upon how the acquisition is being financed and the future plans for exit and repatriation of cash.

b. Domestic Acquisition Vehicle

A domestic acquisition vehicle is commonly used as it can be leveraged and the interest expense offset against the profits of the acquired entity under the group relief regime described earlier.

c. Foreign Acquisition Vehicle

Foreign acquisition vehicles cannot form a group with a UK target company, so there would be no opportunity to get tax relief on any acquisition debt. A foreign vehicle may be used in order to facilitate a capital gains tax free exit where it is expected the UK exemptions would not apply. Also, the sale of shares on a foreign company, holding UK shares, would not be subject to UK stamp duty.

d. Partnerships and joint ventures

Partnerships are rarely used as acquisition vehicles due to their transparent nature.

e. Strategic vs Private Equity Buyers

There are generally no specific differences in tax regime applicable to strategic vs private equity buyers in the UK.

6. ACQUISITION FINANCING

a. General Comments

The UK is a liberal jurisdiction with a well-developed legal and banking system and so a favourable jurisdiction in which to raise finance.

b. Equity

The UK does not levy withholding tax on dividends and does not levy capital gains tax on foreign shareholders. As such, UK tax does not usually dictate jurisdictions for holding equity in UK companies.

c. Debt

i Limitations on use of debt

Related party debt is subject to transfer pricing rules and interest is only deductible on related party debt if the quantum of debt and rate of interest is on arm's length terms. There are no safe harbour provisions in the UK. In respect of debt, the definition of related parties is extended to include parties who "act together" in the provision of finance.

ii Limitations on interest deductions

In addition to the transfer pricing rules mentioned above, the UK introduced a new regime with effect from 1 April 2017 that restricts the tax deductions that are available for interest expense based on the higher of: (i) 30% of the UK group's tax EBITDA, or (ii) by election, the group ratio based on the actual net third party interest to EBITDA ratio for the worldwide group. There is GBP2 million de-minimus limit of allowable interest (if higher). This rule implements BEPS Action 4 recommendations.

UK tax legislation also contains anti-avoidance provisions that can deny interest deductions where the loan is deemed to have been borrowed for unallowable purposes (which broadly mean that the loan was obtained as part of arrangements to secure a tax advantage).

iii Debt Pushdown

Typically, from a UK standpoint in order to push down debt on an acquisition, a new UK holding company is established and leveraged to carry out the acquisition so that interest on the debt can be relieved against the target company's profits under the UK's group relief provisions. Broadly, UK companies can surrender profits and losses within a group providing that a common parent holds at least 75% of the ordinary share capital (and rights to at least 75% of profits available for distribution, and assets distributable on a winding up).

It may also be possible to borrow to finance distributions from the Target company, although this would need more careful consideration in respect of anti-avoidance provisions.

d. Hybrid Instruments

As the UK has extensive anti-hybrid legislation, hybrid financing instruments are rarely used.

e. Other Instruments

This section is left intentionally blank.

f. Earn-outs

Generally, earn-out payments are taxed effective from the date of disposal of the shares. Where the earn-out consideration is contingent and unascertainable at the date of the disposal it is taxed at a later date, when received.

Earn-outs usually require careful attention in respect of individual recipients to determine whether the earn-out can be reclassified as employment income.

7. DIVESTITURES

a. Tax Free

There is a so called Substantial Shareholdings Exemption ("SSE") from capital gains tax ("CGT") where shares are disposed of by a company in certain circumstances. Generally, for the SSE to apply:

- The parent of the disposing entity would need to hold (together with certain other group members, if applicable) at least 10% of the ordinary share capital of the disposed entity for a continuous 12 month period beginning not more than six years before the date of disposal; and
- The disposed entity would need to be a trading company or the holding company of a trading sub-group.

A trading company is generally a company where no more than 20% of its activity or assets relate to non-trading items, such as holding investments.

b. Taxable

The current rate of UK CGT is 20%. The charge to CGT applies to individuals, trusts, unincorporated bodies and companies in the case of development land gains. Companies resident in UK are taxed on chargeable gains, with the gains forming part of their income subject to corporation tax at the applicable rate.

8. FOREIGN OPERATIONS OF A DOMESTIC TARGET

a. Worldwide or territorial tax system

The UK operates a worldwide system of taxation.

b. CFC Regime

The controlled foreign company regime ("CFC") applies to companies resident outside the UK that are controlled by UK residents.

The purpose of the CFC regime is to prevent the artificial diversion of profits from the UK through the use of a non-UK resident company controlled by a UK-resident person or persons. A CFC charge is made by apportioning the profits of a CFC to UK resident companies which have an interest in the CFC.

The current CFC regime applies for accounting periods beginning on or after 1 January 2013. The old CFC regime, which applied before this date, is not dealt with in this guide.

i What is a CFC?

A CFC is a non-resident company controlled by a UK-resident person, or persons. For these purposes, a person ("P") controls a non-UK resident company ("C") if at least one of the following conditions are met:

- P has the power to secure that the affairs of C are conducted in accordance with P's wishes;
- P has rights over 50% of the proceeds which would be received on the disposal of C, or over C's income or assets; and
- P is C's parent and if (assuming that the CFC charge is made), at least 50% of C's chargeable profits would be apportioned to P.

In addition, a company which would not otherwise be a CFC is taken to be a CFC where a UK-resident person and a non-UK resident person, taken together, control the company and a 40% test is met. The 40% test will be met where the UK resident controller has at least 40% and the non-UK resident controller has between 40% and 55% of the interest, rights, and powers in respect of which the controllers are taken to control the CFC.

ii The CFC charge

The charge is applied by apportioning the CFC's chargeable profits and creditable tax to the UK resident companies which have a significant interest (at least 25%) in the CFC. In most cases, the apportionment is made in proportion to the shareholdings in the CFC. The charge is restricted to those profits of the CFC which pass through the CFC charge "gateway". No charge is made under the CFC rules if an exemption applies with regard to the CFC.

iii The CFC charge gateway

The CFC charge gateway is effectively a series of definitions of profits that may fall within the CFC regime. Profits that pass through the CFC charge gateway are profits that have been artificially diverted from the UK. A CFC charge can only arise to the extent that profits pass through the gateway.

iv Exemptions

Even if some or all of the CFC's profits pass through the gateway, no charge will be made if one of the following exemptions applies:

- The exempt period exemption : This is a temporary exemption for CFCs coming within the rules for the first time as a result of an acquisition or reorganisation.
- The low profits exemption : A CFC with profits of GBP50,000 or less (or GBP500,000 or less where non-trading income is no more than GBP50,000) will avoid an apportionment.
- The low profit margin exemption : This exemption will apply where the CFC's profits are no more than 10% of its operating expenditure.
- The tax exemption : The tax exemption applies where the tax paid by the CFC in its territory of residence is at least 75% of the corresponding UK tax. This exemption is not available where the foreign tax is paid under designer rate provisions.
- The excluded territories exemption : No CFC charge will be made if the CFC is resident in an excluded territory, and if certain conditions relating to its income and intellectual property are met.

c. Foreign branches and partnerships

Companies carrying on a trade in another territory though a foreign branch include the branch results in their corporation tax return. Relief is given for any foreign tax as a credit against UK tax (capped at the UK tax on those same profits).

Alternatively, on making an election, a UK large or medium sized company will be exempt from UK tax in respect of future profits and losses of all its non-UK branches, except for some branches located in tax havens. The exemption for companies that are small will be restricted to branches located in territories with which the UK has a comprehensive double tax agreement.

d. Cash Repatriation

Distributions paid by a UK or overseas company to a UK resident company are chargeable to corporation tax on the recipient unless the distribution is exempt. A distribution is exempt if it falls within any of the following classes: Distributions from controlled companies, distributions from portfolio holdings, transactions not designed to reduce tax and distributions in respect of shares accounted for as liabilities. Each class is subject to specific anti-avoidance clauses. These classes usually cover most distributions.

9. OTHER GENERAL INTERNATIONAL TAX CONSIDERATIONS

a. Special Rules for Real Property, including Shares of "Real Property-Rich" Corporations

Historically, non-UK resident investors could structure their arrangements so that they would be outside the scope of UK tax on UK property. Legislation was introduced from 6 April 2019. The key changes are that from 6 April 2019:

- Disposals of interests in both residential and commercial property will be within the UK's tax base;
- Persons previously able to elect out of charge (such as diversely held companies and widely marketed funds) will now be liable on all disposals of UK land; and
- There will be a new charge for non-residents' gains on disposals of indirect interests in UK property (such as selling the shares in a company that derives 75% or more of its gross asset value from UK land).

The rate of CGT will be 20%. Non-resident CGT returns must be filed and the tax paid, within 30 days of completion of the disposal. All non-resident companies will now pay corporation tax on their gains and should file a company tax return in the usual way.

b. CbC and Other Reporting Regimes

The UK has implemented the Country by Country reporting regime, for groups with a turnover of more than EUR750 million. Entities falling within CbC reporting should inform HMRC:

- The name of the entity making the filing;
- That entity's unique tax reference number; and
- The territory where filing will be made.

Only one notification is required for group entities within the UK, so one company may file the notification and include details (the names and tax reference numbers) of the other relevant UK entities.

10. TRANSFER PRICING

The UK has transfer pricing documentation legislation. The minimum requirement to satisfy this is by maintaining evidence that transactions meet the arm's length standard.

There is an exemption from the application of transfer pricing rules for SMEs. The exemption applies only to transactions with territories for which there is a full non-discrimination article in the relevant treaty.

There is no statutory deadline for preparation of transfer pricing documentation, other than the general requirement to maintain appropriate documentation to support the relevant tax return. Evidence to demonstrate an arm's length result would need to be made available to HMRC in response to a legitimate and reasonable request related to a tax return. If such a request is made, it is reasonable to assume 30 days to respond to it, or such other time as mutually agreed upon.

11. POST-ACQUISITION INTEGRATION CONSIDERATIONS

a. Use of Hybrid Entities and instruments

As part of the United Kingdom's ongoing commitment to the OECD's Base Erosion and Profit Shifting ("BEPS") initiatives, new legislation was enacted in the Finance Act 2016 containing provisions to remove tax mismatches arising from the use of hybrid financial instrument and hybrid entities. Broadly, a tax mismatch arises where a double deduction is being claimed for the same expense ("the double-deduction outcome") or a deduction is being claimed for an expense without the corresponding receipt being fully taxed ("the deduction/ non-inclusion outcome").

The rules impact a wide range of structures, most typically those involving entities which are treated as opaque in the country of incorporation but transparent for the investor or parent entity, for example US parented groups where UK subsidiaries are disregarded by election for US tax purposes. Certain arrangements involving PEs and dual resident entities are also affected.

Other structures affected will include those where financial instruments have been entered into which may be treated as debt for the paying entity, but equity for the payee, thereby generating an interest deduction with no corresponding taxable income for the investor or parent entity.

b. Principal/Limited Risk Distribution or Similar Structures

It is possible to structure UK business operations within the limited risk distribution model, however, it is essential that the transfer pricing rules are adhered to.

c. Intellectual Property

i Patent Box

The Patent Box enables companies to apply a 10% rate of Corporation Tax to profits earned from its patented inventions.

To benefit from the Patent Box a company's profits must be from exploiting patented inventions that are owned and on which qualifying development has taken place. If the company is a member of a group, it may qualify if another company in the group has undertaken the qualifying development.

ii R&D Tax Credit

R&D reliefs support companies that work on innovative projects in science and technology. R&D tax credits can be claimed on projects which are designed to make an advance in science or technology.

For small and medium sized companies, SME R&D relief allows companies to:

- deduct an extra 130% of their qualifying costs from their yearly profit, as well as the normal 100% deduction, to make a total 230% deduction; and
- claim a tax credit if the company is loss making, worth up to 14.5% of the surrenderable loss.

The Research and Development Expenditure Credit ("RDEC") is available to large companies. The company's qualifying expenditure generates a 13% credit, which is taxable. The credit is also creditable against the company's tax liability. If the company is loss making the credit can be claimed as a cash payment.

d. Special tax regimes

Whilst the UK does not generally have special tax regimes related to M&A, the new Qualifying Asset Holding Company ("QAHC") regime is relevant and described at Section 2, above.

12. OECD BEPS CONSIDERATIONS

The UK government successfully helped initiate the G20 OECD BEPS project and worked with G20 and OECD partners to bring this to a successful conclusion in October 2015 and deliver the 2015 Final Reports. The UK's objective has been to ensure that profits are taxed where the economic activity generating them takes place.

In 2014, the UK was one of the first countries to implement the OECD country-by-country reporting template, which will improve transparency of business to tax authorities. The UK continues to be one of the leading countries pushing the BEPS agenda and, in some cases, has adopted stricter measures than anticipated.

Action 6 lays down requirements for the availability of treaties to be limited to situations where a principle purpose test ("PPT"), based on the transactions or arrangements, is met. The PPT can be separately supplemented by a limitation on benefits ("LOB") rule, which limits treaty benefits to persons who meet certain conditions. The UK will adopt the PPT through the multilateral instrument ("MLI"), but will not seek to include the supplementary LOB provisions.

Action 15 of the OECD's BEPS project recommended the development of a MLI to allow countries to swiftly modify their bilateral treaties to implement tax treaty related measures developed as part of the BEPS work. The UK signed the MLI in June 2017.

13. ACCOUNTING CONSIDERATIONS

a. Combinations

IFRS 3 *Business Combinations* outlines the accounting when an acquiror obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the "acquisition method," which generally requires assets acquired and liabilities assumed to be measured at their fair value at the acquisition date.

b. Divestitures

Divestitures are generally accounted for based on the actual value of the transaction.

14. OTHER TAX CONSIDERATIONS

a. Distributable Reserves

Distributions may only be made from a company's distributable reserves. Distributable reserves is a legal concept and is defined as the company's accumulated realised profits less accumulated realised losses.

Where a company does not have sufficient distributable profits, it may be undertake a capital reduction in order to reduce shares capital and create distributable reserves. Strict legal steps need to be followed.

b. Substance Requirements for Recipients

As the UK does not levy withholding tax on distributions and does not levy non-resident capital gains tax (except in relation to property, noted above), substance considerations have been less relevant than for other jurisdictions. In respect of the substance required for treaty claim for reduced withholding tax on interest payments, historically the main issue was whether the recipient had beneficial ownership of the income. As the UK has implemented the MLI, those principals will apply.

c. Application of Regional Rules

Following Brexit, from 1 January 2021 the UK has moved out of the transition period into a new relationship with the EU, governed by the Trade and Cooperation Agreement. The UK has now lost the benefit of the EU Parent Subsidiary Directive and the Interest and Royalties Directive. Group companies will now have to rely on treaty claims to minimise withholding taxes on dividends, interest and royalties paid from the EU to the UK.

d. Tax Rulings and Clearances

There are only a limited number of clearances that are often relevant in respect of UK transactions. The most common relate to tax free treatment of share-for-share exchanges, and de-mergers. The clearances solely relate to the requirement that the transactions have been undertaken for bona-fide commercial purposes and not as part of a tax avoidance scheme. They do not cover the technical aspects of the transactions.

Individual shareholders often seek clearance that their share transactions are capital in nature and not revenue and will not be reclassified as such.

15. MAJOR NON-TAX CONSIDERATIONS

Due regard should be given to the legal aspects that arise in the context of an M&A deal. Where mergers are concerned, it is recommended that a legal due diligence is performed in order to identify any potential risks that may materialise at the level of the target company (e.g. where the target has significant real estate property, or operates in a highly regulated sector). In the context of reorganisations, the legal aspects related to the transfer of employees should be carefully analysed and observed. General Data Protection Regulation (“GDPR”) obligations may also arise.

16. APPENDIX I - TAX TREATY RATES

Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Albania	0	6	0	
Algeria	0	7	10	
Antigua and Barbuda	0	20	0	
Argentina	0	12	3/5/10/15	[1]
Armenia	0	5	5	
Australia	0	0/10	5	[2]
Austria	0	0	0	
Azerbaijan	0	10	5/10	[4]
Bahrain	0	0/20	0	[7]
Bangladesh	0	7.5/10	10	[2]
Barbados	0	0	0	
Belarus	0	5	5	
Belgium	0	0/10	0	[5]
Belize	0	20	0	
Bolivia	0	15	15	
Bosnia-Herzegovina	0	10	10	
Botswana	0	10	10	
British Virgin Islands	0	20	20	
Brunei	0	20	0	
Bulgaria	0	0/5	5	[7]
Canada	0	0/10	0/10	[4]; [6]; [7]
Cayman Islands	0	20	20	
Channel Islands:	0			
Guernsey	0	0/20	0/20	[7]
Jersey	0	0/20	0/20	[7]
Chile	0	4/5/10	2/10	[2]; [6]
China (excludes Hong Kong)	0	10	6/10/20	[4]; [8]
Colombia	0	10	10	

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Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Croatia	0	0/5	5	[7]
Cyprus	0	0	0	
Czech Republic	0	0	0/10	[11]
Denmark	0	0	0	
Egypt	0	15	15	
Estonia	0	0/10	0	[2]
Ethiopia	0	5	7.5	
Falkland Islands	0	0	0	
Faroes	0	0	0	
Fiji	0	10	0/15	[4]
Finland	0	0	0	
France	0	0	0	
Gambia	0	15	12.5	
Georgia	0	0	0	
Germany	0	0	0	
Ghana	0	12.5	12.5	
Greece	0	0	0	
Grenada	0	20	0	
Guyana	0	15	10	
Hong Kong	0	0	3	
Hungary	0	0	0	
Iceland	0	0	0/5	[11]
India	0	10/15	10/15	[2]; [6]
Indonesia	0	10	10/15/20	[7]; [8]
Ireland, Republic of	0	0	0	
Isle of Man	0	0/20	0/20	[7]
Israel	0	5/10	0	[2]
Italy	0	0/10	8	[6]
Ivory Coast (Côte d'Ivoire)	0	15	10	

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Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Jamaica	0	12.5	10	
Japan	0	0/10	0	[10]
Jordan	0	10	10	
Kazakhstan	0	10	10	
Kenya	0	15	15	
Kiribati	0	20	0	
South Korea (Republic of Korea)	0	10	2/10	[8]
Kosovo	0	0	0	
Kuwait	0	0	10	
Kyrgyzstan	0	5	5	
Latvia	0	10	5/10	[8]
Lesotho	0	10	7.5	
Libya	0	0	0	
Liechtenstein	0	0	0	
Lithuania	0	0/10	5/10	[7]; [8]
Luxembourg	0	0	5	
Macedonia	0	0/10	0	[5]
Malawi	0	0/20	0/20	[3]
Malaysia	0	10	8	
Malta	0	10	10	
Mauritius	0	20	15	
Mexico	0	5/10/15	10	[7]
Moldova	0	5	5	
Mongolia	0	7/10	5	[2]
Montenegro	0	10	10	
Montserrat	0	20	0	
Morocco	0	10	10	
Myanmar	0	20	0	
Namibia	0	20	0/5	[4]

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Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Netherlands	0	0	0	
New Zealand	0	10	10	
Nigeria	0	12.5	12.5	
Norway	0	0	0	
Oman	0	0	8	
Pakistan	0	15	12.5	
Panama	0	0/5/20	5	[7]
Papua New Guinea	0	10	10	
Philippines	0	10/15	15/20	[7]; [9]
Poland	0	0/5	5	[2]
Portugal	0	10	5	
Qatar	0	0/20	5	[7]
Romania	0	10	10/15	[4]
Russian Federation	0	0	0	
St. Kitts and Nevis (St. Christopher and Nevis)	0	20	0	
Saudi Arabia	0	0	5/8	[8]
Senegal	0	10	6/10	[8]
Serbia	0	10	10	
Sierra Leone	0	20	0	
Singapore	0	0/5	8	[2]
Slovak Republic	0	0	0/10	[4]
Slovenia	0	0/5	5	[7]
Solomon Islands	0	20	0	
South Africa	0	0	0	
Spain	0	0	0	
Sri Lanka	0	10	0/10	[9]
Sudan	0	15	10	
Swaziland	0	20	0	
Sweden	0	0	0	

Jurisdiction	Dividends %	Interest %	Royalties %	Footnote Reference
Switzerland	0	0	0	
Taiwan	0	10	10	
Tajikistan	0	10	7	
Thailand	0	20	5/15	[9]
Trinidad and Tobago	0	10	0/10	[9]
Tunisia	0	10/12	15	[2]
Turkey (excludes North Cyprus)	0	15	10	
Turkmenistan	0	10	10	
Tuvalu	0	20	0	
Uganda	0	15	15	
Ukraine	0	5	5	
United Arab Emirates	0	0/20	0	[7]
United States	0	0/15	0	[11]
Uruguay	0	10	10	
Uzbekistan	0	5	5	
Venezuela	0	5	5/7	[7]
Vietnam	0	10	10	
Zambia	0	10	5	
Zimbabwe	0	10	10	

Footnotes	
1	Royalties: 3% for news; 5% for copyright; 10% industrial; 15% other royalties.
2	Interest: Lower rate for loans from banks and financial institutions.
3	Interest and Royalties: Higher rate applies if recipient controls more than 50% of payer.
4	Royalties: Lower rate applies to copyright royalties.
5	Interest: 0% on loans between businesses.
6	Interest and Royalties: Lower rate applies to industrial, commercial royalties
7	Interest and Royalties: Specific additional conditions apply for lower rate.
8	Royalties: Lower rate applies for equipment royalties.
9	Royalties: Lower rate applies to films, TV, and radio.
10	Interest: Higher rate applies to certain profit related interest.
11	Interest: Specific conditions apply for higher rate.

17. APPENDIX II - GENERAL CORPORATE ENTITY TAX DUE DILIGENCE REQUESTS

The following example of a tax due diligence information request list is generic and comprehensive. In general, the preferred approach would be to refine such a list based on initially available information, publicly available information, and our own experience of the sector, in order to ensure the relevance of the questions to the specific transaction under consideration. It would be typical to review the last three completed accounting periods for corporation tax and four years for VAT and employment taxes. Certain other matters (e.g. group reorganisations) may be subject to a review period of six years.

Nº.	Category	Sub-Category	Description of Request
1	Tax Due Diligence	General	Contact details for persons available to discuss UK tax matters (tax advisers / management, as relevant).
2	Tax Due Diligence	General	A current group structure chart, including all entities by full legal name, jurisdiction of incorporation and tax residence, entity type, class of shares, and ownership percentages.
3	Tax Due Diligence	General	A brief overview of each entities' activities (trading, holding, dormant).
4	Tax Due Diligence	General	An overview of how the Group's tax affairs are managed (corporation tax, VAT, payroll tax and any non-UK taxes).
5	Tax Due Diligence	General	Details of any risk rating that the UK group has received from HMRC including a copy of any HMRC risk review correspondence.
6	Tax Due Diligence	General	Confirmation whether a Senior Accounting Officer ("SAO") certification has been provided to HMRC for each financial year on a timely basis. If so, please provide a copies of these.
7	Tax Due Diligence	General	In relation to the corporate offence of failure to prevent the criminal facilitation of tax evasion (CCO), details of how this is managed and whether reasonable prevention measures have been implemented, e.g. risk assessment, communication and training, implementation of risk-based prevention procedures and monitoring. Please also provide details of how any findings have been addressed.
8	Tax Due Diligence	General	Confirmation whether a CbC notification has been made to HMRC and when this was made. Please provide a copy of the CbC report.
9	Tax Due Diligence	General	Details of changes affecting the Group over the last six years, highlighting any: (a) Acquisitions, disposals, mergers or other significant corporate transactions (b) Any material changes in the Group's shareholders in the past six years Where applicable in respect of these transactions: (i) Copies of any tax advice or clearances obtained (ii) Copies of any due diligence prepared in respect of any acquisitions or disposals (iii) Copies of any relevant sale and purchase agreements.

Nº.	Category	Sub-Category	Description of Request
10	Tax Due Diligence	General	Details of any loans to shareholders / directors, when the loans were advanced, the amounts, interest rate applied and details of any s455 tax charge paid.
11	Tax Due Diligence	General	Details of any balances with shareholders which will be settled prior to the proposed transaction.
12	Tax Due Diligence	General	Details of any tax planning schemes undertaken and any known areas of tax exposure.
13	Tax Due Diligence	General	Copies of any significant agreements reached with tax authorities concerning the ongoing tax treatment of particular items or transactions.
14	Tax Due Diligence	General	Details of the principal historical mechanisms of cash repatriation / moving cash from subsidiaries to group companies, and / or shareholders, and any tax leakage which has arisen (e.g. withholding taxes).
15	Tax Due Diligence	General	Please provide details of any tax payment deferrals in place (e.g. VAT, payroll taxes, corporation tax) as a result of recent responses to COVID 19 by HMRC and other tax authorities), i.e. any material amounts deferred and when they are expected to be paid. Details of any Coronavirus Job Retention Scheme funds received from HMRC. Please advise dates for which claims have been made, number of staff furloughed and total value of CJRS funding obtained? Has the company received an HMRC prompter letter? Did the company respond to the letter? Has the company taken professional advice on CJRS?
16	Tax Due Diligence	Related party transactions	Details of any transactions with related parties (e.g. directors, shareholders, group companies) including: (a) Detailed description of the calculation of the pricing (i.e. mark-up and basis of apportionment/charge) of intercompany transactions, e.g. loans, management charges, rental agreements, head office costs, IP, etc. (b) Copies of any transfer pricing studies or APAs (c) Description of known exposures with respect to transfer pricing, including a description of any transfer pricing issues that have been the subject of correspondence with taxing jurisdictions and the status of these issues or a description of how they were resolved (d) Nature and location of the key value drivers in the business (e) Nature and location of any IP (f) The entity which bears the entrepreneurial risks and rewards (g) Location of the management of customer relationships.

Nº.	Category	Sub-Category	Description of Request
17	Tax Due Diligence	Related party transactions	Details of any group cash pool arrangement in place, including: (a) How it operates (notional or zero balancing) (b) The role of the UK entities (depositor, borrower, cash pool header) (c) The group benefit of the cash pool arrangement (i.e. how are the internal interest rates set) and how this is allocated to the cash pool participants (d) Any transfer pricing work undertaken to support the allocation as being arm's length.
18	Tax Due Diligence	Financing	Details of the financing structure of the Group, e.g. external debt and significant related party loans. Copies of any tax advice received from the company's tax adviser or other analysis prepared in relation to the deductibility of interest expense, in particular the consideration of: (a) The corporate interest restriction ("CIR") (including a copy of the CIR return and supporting calculations) (b) Transfer pricing (c) Anti-hybrid rules (d) Other anti-avoidance provisions.
19	Tax Due Diligence	Financing	Details of any review carried out to assess whether the anti-hybrid legislation applies to the Group's financing, trading, or any other transactions, for example in relation to include any specific instruments/ transactions.
20	Tax Due Diligence	Financing	Matrix of intercompany and shareholder loans including the key terms of the loans and when the loans were advanced.
21	Tax Due Diligence	Withholding taxes	Details of any withholding tax incurred on the payment of interest on the senior loans, shareholder loans and management loans, and any intercompany loans. If withholding tax has not been paid, please provide details of the withholding exemption(s) applied.
22	Tax Due Diligence	Withholding taxes	A description of any withholding tax obligations on the payment of any royalties and details of any exemptions applied or any treaty clearances obtained.
23	Tax Due Diligence	Tax in the financial statements	Draft financial statements for the year ended FYXX, if available.

Nº.	Category	Sub-Category	Description of Request
24	Tax Due Diligence	Tax in the financial statements	The calculation of the corporation tax creditor/debtor balance in the latest financial statements. This should include (by entity, if consolidated): (a) The balance brought forward (b) Calculation of the corporation tax charge for the period (c) Any payments made to / repayments received from HMRC in the period.
25	Tax Due Diligence	Tax in the financial statements	The calculation of the deferred tax asset / liability at in the latest financial statements.
26	Tax Due Diligence	Tax in the financial statements	Details of any provisions for potential UK tax liabilities recorded by the Group on its latest balance sheet.
27	Tax Due Diligence	UK corporation tax	Confirmation whether all corporation tax filings have been filed, and all payments made, within the statutory time limits. Details of any returns filed late, amended returns filed, or payments made late.
28	Tax Due Diligence	UK corporation tax	Copies of corporation tax returns and computations for all open accounting periods (or the last three accounting periods, if longer) together with a copy of your adviser's transmittal letter/email (if any) setting out their assumptions and representations relied on in preparing the computations, and their recommended areas of focus for the future.
29	Tax Due Diligence	UK corporation tax	Draft corporation tax computations for the year ended FYXX, if available.
30	Tax Due Diligence	UK corporation tax	Details of any recent, ongoing or pending HMRC enquiries including copies of any correspondence with HMRC.
31	Tax Due Diligence	UK corporation tax	Details of any group payment arrangement in place and / or any payments made by UK companies for group relief claims.
32	Tax Due Diligence	UK corporation tax	Have the entities with carried forward tax losses been subject to: (a) Any major change in the nature or conduct of their trade? (b) Has the scale of the company's activities become small or negligible? If so, when did this occur?
33	Tax Due Diligence	UK corporation tax	Details of any transactions where a tax charge was deferred or tax relief given which is subject to a claw back or recapture. For example where gains have been held or rolled over.
34	Tax Due Diligence	UK corporation tax	Details of any intragroup transfers of assets to / from any UK group companies in the previous six years, including details of the assets transferred, the basis on which they were transferred and the relevant tax treatment.

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Nº.	Category	Sub-Category	Description of Request
35	Tax Due Diligence	UK corporation tax	Where claims have been made for Research & Development tax relief, details of: (a) The work and procedures undertaken to identify qualifying expenditure for these claims, including copies of any tax advice and supporting documentation for the claims for R&D tax relief (b) Details of any cash refunds for R&D tax credit relief (i.e. amounts, applicable accounting periods and when the cash was received) (c) How the group qualifies for the scheme for SMEs. (d) Any advance assurance sought, and received, from HMRC in relation to the claims.
36	Tax Due Diligence	UK corporation tax	Where the Group has applied the Patent Box regime, details of the work undertaken to determine (i) whether the qualifying conditions have been met, and (ii) the relevant IP income, and a copy of any internal supporting documentation or advice received in respect of this.
37	Tax Due Diligence	UK corporation tax	Details of any permanent establishments (for tax purposes) of the Group outside of the country of incorporation including details of the Group's controls and procedures in managing permanent establishment risks.
38	Tax Due Diligence	UK corporation tax	Details of any exemptions under the UK CFC rules applied to the group's non-UK subsidiaries and a copy of any advice received in respect of this.
39	Tax Due Diligence	VAT	Details of the VAT registration status of the UK entities and details of any VAT grouping arrangements. If applicable, a copy of the VAT group certificate which shows the list of members.
40	Tax Due Diligence	VAT	Details of any registrations for VAT, GST, sales tax, or similar tax anywhere other than the country of incorporation of each entity.
41	Tax Due Diligence	VAT	Confirmation whether all required VAT returns and other VAT filings (e.g. EC Sales Lists and Intrastat Supplementary Declarations) have been submitted, and all payments have been made, within the statutory time limits during the past four years. Details of any VAT returns and/or VAT payments not submitted to HMRC by the relevant deadline over the past four years.
42	Tax Due Diligence	VAT	Copies of the four most recent VAT returns submitted to HMRC and supporting calculations for each UK VAT registered entity. Please provide details of any VAT payment deferrals as a result of COVID 19, i.e. any VAT amounts deferred and when they were/are expected to be fully repaid to HMRC.
43	Tax Due Diligence	VAT	Details of any VAT audits, assessments, penalties, interest, or surcharge liability notices received in the past four years or known to be pending.

Nº.	Category	Sub-Category	Description of Request
44	Tax Due Diligence	VAT	Details of the type and nature of all supplies made and how these are treated for VAT purposes (e.g. standard rated, zero-rated, exempt, outside the scope). On what basis/ at what point is VAT accounted for to HMRC (i.e. in accordance with the date of invoices raised or payments received)?
45	Tax Due Diligence	VAT	Details of any partial exemption methodology used (including any special method agreed with HMRC).
46	Tax Due Diligence	VAT	Confirmation whether each VAT registered company has blocked VAT on third-party entertaining and/or car hire where appropriate within the past four years.
47	Tax Due Diligence	VAT	Confirmation whether the Group has incurred and/or recovered VAT in relation to buying shares or goodwill within the past four years.
48	Tax Due Diligence	VAT	Details of any services provided over the internet, or via other electronic means, to non-business consumers in any EU member state and the applicable VAT treatment.
49	Tax Due Diligence	VAT	Confirmation whether all supplies between VAT group members (if applicable) are disregarded for VAT purposes, including transactions between establishments located in different countries which belong to the same legal entity. If not, please provide details.
50	Tax Due Diligence	VAT	Details of how services are treated if supplied to a customer belonging in another EU member state who has not provided a VAT registration number. Details of imports and associated import VAT accounting during the last four years.
51	Tax Due Diligence	VAT	Details of the process for obtaining and retaining evidence to support zero rating of exports (and dispatches up to 31 December 2021) during the last four years.
52	Tax Due Diligence	VAT	Details of how dispatches (to 31 December 2021) have been treated if supplied to a customer who has not provided a VAT registration number.
53	Tax Due Diligence	VAT	Details of any structures which have been implemented which are intended to improve VAT cashflows.
54	Tax Due Diligence	VAT	Details of any special VAT accounting schemes used, e.g. cash accounting, retail schemes, second margin scheme, etc. Has the business applied, over the last four years, the reverse charge in respect of services received from non-UK suppliers?

Nº.	Category	Sub-Category	Description of Request
55	Tax Due Diligence	VAT	Details of any land or buildings sold or let during the past four years, including any transactions between related parties, and the VAT treatment applied. Details of any land options to tax in place currently or revoked during the past four years. Details of any Capital Goods Scheme ("CGS") records and adjustments (including records from previous owner (if applicable)) and any items falling within the CGS. Details of any property acquired as a TOGC, as a VAT exempt acquisition or subject to VAT. In the former case, please provide any documentation kept by each Company regarding the TOGC treatment of the purchase (e.g. confirmation from both parties that the transfer met all of the TOGC conditions and that the recipient intended to continue the business which was transferred). Are there any supplies made or received which fall within the scope of the domestic reverse charge for construction services? If so, has the appropriate VAT treatment been applied to all such supplies and please provide more detail, including values involved and dates. If rentals are received, how and when is VAT on any rental deposits accounted for? Also, if any security deposits are received, please confirm whether these are simply held in escrow and so not actual rental deposits which would create a tax point for VAT purposes.
56	Tax Due Diligence	VAT	Has the business taken any VAT advice with regard to Brexit planning and its impact on the business? Please provide details of any steps taken in this regard. Details of any changes to the business's VAT accounting processes as a result of Brexit. Details of any early termination/compensation and similar payments received (e.g. liquidated damages) and the VAT treatment applied during the last four years, and whether the business has changed/will be changing its VAT accounting on such payments from 1 April 2022 as a result of HMRC's revised policy set out in RCB 2 (2022). Has the business considered whether it will be impacted by HMRC's requirements for notification of Uncertain Tax Treatments in relation to VAT accounting for VAT returns due to be filed on or after 1 April 2022? If so, please provide details and whether a notification requirement is expected to arise for the business.
57	Tax Due Diligence	VAT	Does the business have a Making Tax Digital ("MTD") enabled software for the submission of its VAT returns? If not, please state what steps are being taken in order to be compliant with HMRC's Phase 2 MTD requirements.
58	Tax Due Diligence	Employer taxes	Details of which UK companies operate a payroll.
59	Tax Due Diligence	Employer taxes	Confirmation whether all (or at least for the previous six tax years) relevant payroll tax/ NIC and RTI filings have been submitted, and payments of both tax and NIC, have been made in a full and timely manner.

Nº.	Category	Sub-Category	Description of Request
60	Tax Due Diligence	Employer taxes	Confirmation of what, if any, benefits are included on employees P11Ds.
61	Tax Due Diligence	Employer taxes	Details of the expense policy - what expenses are reimbursed by the Group to employees/ directors, how is it treated for tax purposes and what is the approval policy?
62	Tax Due Diligence	Employer taxes	Confirmation whether all expenses / benefits not reported on forms P11D (or covered by a valid dispensation prior to April 2016) have been subject to payroll taxes.
63	Tax Due Diligence	Employer taxes	Details of any PAYE settlement agreement ("PSA") including whether all filings and payments have been submitted in a full and timely manner.
64	Tax Due Diligence	Employer taxes	Details of any control visits, audits or compliance checks by HMRC and copies of any relevant correspondence, including a summary of the issues and liabilities arising (noting amounts where material).
65	Tax Due Diligence	Employer taxes	Is the Group subject to the apprenticeship levy?
66	Tax Due Diligence	Employer taxes	Details of any termination payments made in the last six previous tax years including: (a) Gross amounts (b) How they have been taxed (c) The nature and the reasons why the termination arose, and whether they included PILONs (d) Where any amounts have been untaxed as "ex-gratia payments" under the GBP30,000 threshold, how was this calculated and do all employees terminated receive this amount? (e) Copies of the settlement agreements (f) Has the Group received any legal or tax advice in this area and if so, please provide details.
67	Tax Due Diligence	Employer taxes	Does the Group operate an employee benefit trust or any other pooling vehicle/third party vehicle? If so, please confirm the purpose of such vehicle, what assets are currently held within it, and what benefits have been provided to employees and directors to date (e.g. any loans made historically).
68	Tax Due Diligence	Employer taxes	Details of any long term (>12 month) secondments of UK employees abroad.
69	Tax Due Diligence	Employer taxes	Details of any employees seconded to the UK from group companies and how they have been treated from an employment tax perspective, including details of any special arrangements entered into with HMRC, including any non-UK employees that work in the UK on business trips.
70	Tax Due Diligence	Employer taxes	Confirmation that the Group has no employees nor any directors or officers who are not UK resident or who might be considered to have dual residency.

Nº.	Category	Sub-Category	Description of Request
71	Tax Due Diligence	Employer taxes	Confirmation that all employees' and directors' full salaries and bonuses are remunerated through the payroll. Where this is not the case, please provide details of any other individuals who provide services for the Group and are paid outside of the payroll.
72	Tax Due Diligence	Employer taxes	Where the Group does engage/has engaged with self-employed contractors directly in the previous six tax years, please provide: (a) The total amount paid gross to self-employed individuals in the last four years. (b) Details of the procedures undertaken to confirm the individuals' self-employed status. Where the Group engages contractors via limited companies, please confirm whether: (a) The relevant engagement letters are addressed to individuals or companies (also whether these are personal service companies or umbrella companies), and invoices are issued by individuals or companies? (b) All of the contractors' limited companies are UK companies or provide details of any payments made to offshore companies? (c) Any contractors provide their services via managed service companies and in these instances whether the company directly or indirectly encouraged any individuals to provide their services via managed service companies? Details of any payments made gross to office holders, noting where this relates to (i) office holder duties, and (ii) consultancy services. In relation to the above: (i) What services have they performed for the Group? (ii) How are they paid for their services (e.g. hourly rates, retainers, etc)? (iii) How long have they performed these services? (iv) Are any employees providing similar services as the self-employed contractors and the rationale why they are self-employed contractors? (v) How often do they perform services (and do they have jobs elsewhere)? (vi) Has the Group received any legal or tax advice in this area? If so, please provide details. (vii) What consideration has been made to date in relation to the legislative changes to off-payroll workers that will come into place from April 2020?

Nº.	Category	Sub-Category	Description of Request
73	Tax Due Diligence	Employer taxes	Construction Industry Scheme, confirmation whether: (a) The / any company has never been required to operate under any of the provisions of the Construction Industry Scheme ("CIS") at any time and has at no time been a contractor or sub-contractor (b) The / any company has never spent more than GBP1 million on average annually in any three year period on construction or building work (c) The / any company has at all times properly operated under the provisions within the CIS; carrying out timely verifications of sub-contractors and making proper and appropriate deductions from payments made to them (d) The / any company has applied and obtained gross payment status and has this ever been challenged because of a poor compliance record
74	Tax Due Diligence	Employer taxes	Details of any special arrangements or agreements with HMRC.
75	Tax Due Diligence	Employer taxes	Details of any transaction bonuses that will be paid on this transaction. Does the Group intend to deduct these payments (and employer NIC) for corporation tax purposes?
76	Tax Due Diligence	Employment related securities	Do any of the companies in the group operate any share or share option incentive plans for employees and have any employees acquired shares in the Group under any previous plans or arrangements operated by the Group? Including any HMRC tax-advantaged share schemes (CSOP/SAYE/SIP).

Nº.	Category	Sub-Category	Description of Request
77	Tax Due Diligence	Employment related securities	Details of all transactions involving the acquisition and disposal of securities (including shares, loan notes and partnership interests)(in any Group entity, not just Topco) by employees/directors (including NEDs) (current, former and prospective) in the last six tax years, including: (a) A schedule of the shareholdings by individual, date when the shares were acquired, and the acquisition price (b) A schedule of any share disposals by individual, date when the shares were disposal of, and the sale price (c) Details of how the acquisition/sale price was determined and confirmation whether this was considered to be market value (d) A copy of any internal or external valuation prepared to support the market value of the securities at the time of acquisition/disposal. Please provide copies of correspondence with HMRC in regard to the valuation of securities on acquisition/disposal (e) Confirmation whether the shares fall within the restricted securities regime, and whether any of the restrictions have subsequently been lifted (f) Confirmation whether the shares are treated as readily convertible assets (are there (or have there been in the past) any trading arrangements in place where employees can sell their shares?) (g) Confirmation whether elections were made under s431 ITEPA 2003 within 14 days of the share acquisitions (h) Confirmation whether any shareholders have provided a tax indemnity to the employing company in respect of any PAYE / employee NIC liabilities on the share acquisition (i) Confirmation whether the employing company has reported all employment related securities to HMRC on Form 42 (for periods up to April 2014) and the online employment related securities returns (for subsequent periods) on a timely basis (i.e. by 6 July each year) for all relevant years (j) If any employees/directors who hold/has held securities are non-UK tax resident please specify.

Nº.	Category	Sub-Category	Description of Request
78	Tax Due Diligence	Employment related securities	Details of any unapproved share options issued to employees/directors (including NEDs), including: (a) Copies of share option plan rules or ancillary documentation (b) A schedule of the share options granted, the date when the options were granted, the exercise price, and any share options which have been exercised (c) Where any share options have been exercised, confirmation that any option gains were subject to PAYE income tax and employer NIC withholding, and an employer NIC tax liability for the employing entity. Please provide copies of valuation work undertaken to support the position. (d) Confirmation whether the employing company has reported all employment related securities to HMRC on Form 42 (for periods up to April 2014) and the online employment related securities returns (for subsequent periods) on a timely basis (i.e. by 6 July each year) for all relevant years (e) Confirmation if the employees have entered into NIC agreements or elections to pass the employers NIC to the employee, and if so, please provide us with a copy.

Nº.	Category	Sub-Category	Description of Request
79	Tax Due Diligence	Employment related securities	Details of any EMI share option schemes, including: (a) Copies of share option plan rules or ancillary documentation (b) A schedule of the EMI share options granted, date when the options were granted, the exercise price (c) Confirmation whether the qualifying conditions (set by HMRC) of the EMI share option scheme have been satisfied to date, there have been no disqualifying events, and there are not expected to be any disqualifying events before the proposed transaction (d) Confirmation that the exercise price of the EMI share options is not less than the actual market value of the shares at the time that the options were granted, and a copy of any valuation prepared to support this (e) Confirmation whether the group has requested and received assurance from HMRC that it met the qualifying conditions of the EMI scheme when the options were granted (f) Confirmation whether the employing company notified HMRC of the grant of the options within 92 days from the date of the grant (Form EMI1) (g) Confirmation whether the option holder agreements include a tax indemnity from the option holder to the employing company in respect of any PAYE / employee NIC liabilities which may arise on the share acquisition (h) Confirmation whether the employing company has reported all employment related securities to HMRC on Form 42 (for periods up to April 2014) and the online employment related securities returns (for subsequent periods) on a timely basis (i.e. by 6 July each year) for all relevant years (i) If any options have been exercised, confirmation whether elections were made under s431 ITEPA 2003 within 14 days of the share acquisitions.
80	Tax Due Diligence	Employment related securities	Confirmation whether the conditions of the safe harbour under the Memorandum of Understanding ("MoU") negotiated between HMRC and the British Venture Capital Association ("BVCA") were satisfied for the shares acquired by management.

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81	Tax Due Diligence	Employment related securities	Details of any ESS scheme, including: (a) A schedule of the ESS shares acquired and a copy of the ESS agreement (b) Details of the employment rights given up and confirmation that no consideration was paid for the shares (c) A copy of any valuation prepared for the ESS shares and any correspondence with HMRC to agree the valuation (d) Confirmation whether all requirements for the shares to qualify for ESS tax treatment have been satisfied (e) Confirmation whether elections were made under s431 ITEPA 2003 within 14 days of the share acquisitions (f) Confirmation whether the employing company has reported the issuance of the ESS shares to HMRC by way of the employment related securities online filing on a timely basis.
82	Tax Due Diligence	Employment related securities	Please provide copies of any non-statutory clearances/correspondence with HMRC relating to the operation of any employee share incentive arrangements.
83	Tax Due Diligence	Employment related securities	Have any awards been granted or settled by any other third parties such as shareholders?
84	Tax Due Diligence	Employment related securities	Details of any other incentive arrangements operated by the Group that are not straight forward cash bonus plans or benefits reported on form P11D.

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FOR MORE INFORMATION CONTACT:

Jason Clatworthy
+44 (0) 778 095 8874
jclatworthy@alvarezandmarsal.com

Martyn Brown
+44 (0)7917 980 372
martyn.brown@alvarezandmarsal.com