

## **UK TAX STRATEGY AND APPROACH**

### **- ZARA UK LIMITED –**

In compliance with Schedule 19 Finance Act 2016 and following Inditex Group tax strategy, Zara UK Limited are publishing their UK tax strategy in respect of the financial year ending 31 January 2018.

The Inditex Group has eight Brands one of which is ZARA. ZARA's business model is focused on innovation and flexibility, its way of understanding the latest local fashion trends and being timely and responsive in delivering attractive and responsible fashion products to local markets, such as the UK. ZARA UK Limited is the retail distributor responsible for the UK market.

Our overall aim through our UK tax strategy is to:

- Achievement of Group's business objectives, procuring the creation of value for the shareholders in a sustainable way;
- The sustainability of the processes require an unwavering commitment to contributing to social and economic development of local markets which for tax purposes is materialized in the compliance of all tax rules that arise as a consequence of its business activity, according to the applicable local and international legislation;
- Meet all legal requirements ensuring timely compliance with all relevant tax rules and adoption of good tax practices consistent with the guiding principles of Group corporate social responsibility;
- Comply with and maintain appropriate internal control systems related to tax function ensuring there is appropriate oversight.

### **Risk management and governance arrangements**

Our business maintains robust internal policies and procedures to support its operations, ensuring that risks faced by the business are appropriately identified, assessed and managed.

The business has a low tolerance of tax risk. The management of tax risk and governance of the business is led by the Board of Directors, which is committed to the business's sustainable growth in the UK in line with our Group and UK tax strategy. This includes:

- Hiring and retaining appropriately qualified and experienced personnel;
- UK Finance team being responsible for the day to day management of UK business and UK compliance including but not limited to filing, payment obligations and fulfilling obligations to ensure that our tax accounting arrangements are appropriate;

- Regular interaction between the Group Tax Department and those individuals tasked with the operation the UK finance function, regarding the way the business operates and manages its tax risk;
- External professional tax advice is regularly obtained to make sure Zara UK Limited is compliant with UK tax legislation.

### **Approach to business transactions**

The business only undertakes transactions that are consistent with and support our business objectives and activities. The business complies with all relevant tax rules, regulations and their intended spirit.

The business adheres to the UK's Double Tax Treaties and the relevant guidance issued by the Organization for Economic Co-operation and Development (OECD) for international tax matters.

### **Approach to dealing with Her Majesty's Revenue & Customs (HMRC)**

Relationships with HMRC is based on the principles of transparency, good faith and mutual respect. This includes full and open engagement with HMRC in relation to the affairs of the business across all applicable taxes. Our interaction with HMRC is mainly focused around timely compliance and, in particular, meeting relevant tax filing and tax payment deadlines.

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