

Chiesi Ltd Tax Strategy

Introduction

“Chiesi Group” is an Italian based international group operating in the sectors of research, development and marketing of pharmaceutical products.

Chiesi Farmaceutici SpA is the Italian based parent company of the Chiesi Group of companies with subsidiaries located across several international locations, including the UK.

Chiesi Healthcare Ltd and Cheshire Healthcare Ltd are limited companies registered in England and Wales, and are wholly owned by Chiesi Farmaceutici SpA.

Chiesi Ltd is a limited company registered in England and Wales, and is wholly owned by Chiesi Healthcare Ltd.

This strategy applies to Chiesi Healthcare Ltd, Cheshire Healthcare Ltd and Chiesi Ltd (collectively referred to as “Chiesi UK”) in accordance with paragraphs 19 of Schedule 19 to the Finance Act 2016. The strategy has been published in accordance with paragraph 19(4) of the Schedule by being uploaded to the internet within the website of Chiesi UK.

This strategy applies from the date of publication until it is superseded. References to ‘UK Taxation’ are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax.

Aim

Chiesi UK is committed to full compliance with all statutory obligations and full disclosure to tax authorities. Chiesi UK’s tax affairs are managed in a way which takes into account the respective companies’ wider corporate reputation in line with Chiesi UK’s overall high standards of governance.

To fulfil the requirements under Schedule 19 of the Finance Act 2016 and support our aim of transparency in our approach to UK Taxation, this strategy considers:

- Our approach towards Governance and Compliance;
- How we manage our tax risk;
- Our attitude towards tax planning;
- Our acceptable levels of tax risk;
- How we work with HMRC

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Governance and Compliance

- Responsibility for Chiesi UK Taxation strategy and compliance rests with the UK Board of Directors of Chiesi Ltd ('the Board'), which is the main trading entity in the UK;
- Executive management of Chiesi UK is delegated by the Board to the UK Senior Management Team ('SMT');
- The Finance Director ('FD') is the SMT member with executive responsibility for tax matters;
- Day-to-day management of Chiesi UK's tax affairs is delegated to the Finance and Accounts Manager, who reports to the FD;
- The Finance and Accounts team who deal with matters of taxation is staffed with appropriately qualified individuals;
- The Board and SMT ensure that Chiesi UK's tax strategy is one of the factors considered in significant investments and business decisions taken;
- During the year the FD reports on Chiesi UK's regular tax compliance affairs and risks to the SMT on a monthly basis and to the Board on a quarterly basis, and seeks authorization from the Chiesi Board and parent company in advance of any change in Tax Strategy
- The overall governance and compliance environment is geared towards a strategy to ensure integrity of UK Tax returns and that UK Taxes are calculated accurately and paid in a timely manner.

Management of tax risk

Chiesi UK approaches tax risks and tax expenses in manner consistent with any relevant legal or regulatory requirements considering also operational, reputational and economic perspectives;

Chiesi UK seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations;

Processes and activities relating to different UK taxes are reviewed by appropriate personnel to identify key risks and mitigating controls in place. These key risks are monitored for factors such as; general business environment, Chiesi UK operations and commercial strategy, and legislative or regulatory changes which may impact them and changes to processes or controls are made when required;

Documented tax policies in relation to key tax processes are maintained and reviewed annually or earlier when required due to a change in situation(s) such as above;

Appropriate training is carried out for employees who directly manage or process matters which have tax implications;

Advice is sought from external consultants with expertise in specific taxes in circumstances, for example (but not limited to), where Chiesi UK considers that certain tax situations are unusual, more complex than usual or subject to multiple interpretations.

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Attitude towards tax planning

Chiesi UK manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax at the right time.

When entering into commercial transactions, Chiesi UK seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation.

Chiesi UK does not undertake tax planning unrelated to such commercial transactions.

Level of risk

The level of risk which Chiesi UK accepts in relation to UK taxation is aligned to the overall company objective of complying with local tax laws, and calculating and paying the correct amount of taxes at the right time.

At all times Chiesi UK seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate body.

In relation to any specific issue or transaction, the Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

Relationship with HMRC

Chiesi UK seeks to have a transparent and constructive relationship with HMRC through communication when required in respect of developments in Chiesi UK's business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes.

When submitting tax computations and returns to HMRC, Chiesi UK discloses all relevant facts and identifies any transactions or significant issues where it considers that there is potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

Approval of Tax Strategy

Chiesi UK reviews and approves its Tax Strategy at regular intervals during the year. These intervals will include but are not limited to dates of Board approval of Annual Financial Statements and Submission of Corporation Tax Return. Following any review of Tax Strategy the Board of Directors will either approve the current Strategy or any agreed revision(s) as appropriate.