



Tax Strategy

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Introduction

Ocado is the world's largest dedicated online grocery retailer that aims to provide customers with the best shopping experience in terms of service, range and price. Ocado Retail Limited ("ORL") use an end-to-end operating solution for online grocery retail based on proprietary technology and IP called the Ocado Smart Platform. ORL is a 50:50 joint venture between Ocado Group PLC and Marks and Spencer Group PLC. The joint venture, trading as Ocado.com, aims to transform online grocery shopping offering over 50,000 items to consumers.

ORL operates within the UK and is expected to remain profitable, resulting in corporation tax liabilities. In addition to this ORL pays a range of taxes in the UK, including but not limited to, fuel duty, employer's National Insurance, VAT, Insurance Premium Tax and business rates. ORL is committed to ensuring it pays the right amount of tax on its operations.

Tax strategy

The tax strategy supports ORL's commercial objectives and comprises four 'tax strategy pillars':



ORL is committed to paying the following taxes:

- **Employment taxes** – ORL pays employment taxes in respect of its employees including, but not limited to, PAYE and National Insurance Contributions.
- **Corporation tax** – ORL will calculate its taxable profits in line with H M Revenue & Customs ("HMRC") guidance.
- **Indirect taxes** – ORL collects and pays indirect taxes consistent with HMRC guidance.
- **Property taxes** – ORL has a number of properties and pays local council taxes, such as business rates, as well as stamp taxes on all future acquisitions.

In FY20, we paid £19m of taxes and collected £77m of taxes. This included employment taxes, corporate taxes and VAT.

ORL aims to implement its tax strategy in four key areas, which we have detailed below:

<h2>Governance</h2>	<p>The Board of Directors ("Board") is responsible for the tax strategy and policies and has delegated responsibility for implementing them within the company to the Chief Financial Officer ("CFO"). As part of the annual financial reporting process, the CFO reports to the Board on the company compliance with its tax strategy, policies and on its tax position.</p> <p>Each year the Audit Committee receives an update of the status of ORL's tax position, tax risks, and key tax issues to ensure that it is fully informed of tax developments and issues affecting the company. The level of direct involvement of the Board is determined in line with the Schedule of Reserved Matters.</p> <p>Our robust internal review system supports the Senior Accounting Officer in certifying to HMRC that we have appropriate tax accounting arrangements. We periodically conduct audits of specific areas, conducted internally or by engaging a third party advisor.</p>
<h2>Relationship with tax authorities</h2>	<p>We value having a good and transparent relationship with HMRC and will comply with all applicable legal disclosure, and approval requirements. We ensure that all information is clearly presented to the tax authorities as appropriate.</p> <p>As a large business in the UK within HMRC's Large Business Directorate, the company is assigned a Customer Compliance Manager ("CCM") by HMRC. We have an open relationship with our CCM, communicating on a regular basis through a combination of email, telephone and face to face meetings. We aim to be open, helpful and transparent in our dealings with HMRC.</p> <p>We seek to anticipate any tax risks at an early stage, including clarifying areas of uncertainty with the relevant tax authority as they become evident. We consider this collaborative approach to our relationship with the different tax authorities to be fundamental to delivering our Board led strategy.</p>
<h2>Tax risk</h2>	<p>The company considers tax risks as any uncertainty arising either from the interpretation of tax law or from the implementation of tax law in an operational or tax compliance sense, which has the potential to have an adverse financial or reputational outcome.</p> <p>ORL is committed to paying the right amount of tax at the right time. We seek to minimise tax risk, ensuring that all tax positions taken have sufficient tax technical merit and can be implemented without undue complexity.</p> <p>We maintain a register of the company's tax risks and ensure we have a robust framework of effective controls to continuously identify, assess and manage those tax risks. We follow the company's approach to monitoring, reporting and escalating risks and incidents at appropriate governance meetings and to the Senior Accounting Officer.</p> <p>Our tax compliance is outsourced to a team who is appropriately qualified with sufficient understanding of the company's businesses to provide support, and to draw conclusions based on the facts and risks involved. This tax team have access to relevant up to date tax material to base their decision making on and often consult HMRC guidance to ensure best practice.</p> <p>We obtain advice from reputable external advisers with the appropriate experience in areas where tax law is complex or new, is outside the experience of our tax team, or where the treatment may be uncertain and the amount of tax involved is material. We also use these services where business demands exceed the capacity of the team.</p>
<h2>Tax planning</h2>	<p>The management of our tax affairs reflects the regulatory, legal and commercial environment in which our business operates.</p> <p>The company's tax planning aims to support the commercial needs of the business by ensuring that the company's affairs are carried out in the most tax efficient manner whilst remaining compliant with all relevant laws and compliance obligations in every jurisdiction. The company will work with external advisors to ensure a clear understanding of the tax consequences of any material decisions made.</p> <p>The company has never, and will not, engage in artificial transactions, the sole purpose of which is to reduce tax nor if the arrangements have a meaningful impact upon the company's reputation, brand, corporate and social responsibilities, or on future working relationships with HMRC. However, the company will consider undertaking a business driven transaction in a way that gives rise to tax efficiencies providing this is aligned to the company's commercial objectives and complies with the associated tax legislation.</p>

This document sets out the strategic tax objectives of Ocado Retail Limited in respect of its financial year 29 November 2021 for the purposes of paragraph 16(2) Schedule 19 Finance Act 2016. It was published on ocado.com in November 2021, and remains accessible and free of charge.



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