



## **MSC's UK Tax Strategy**

### **Introduction**

Our group, headed by MSC Mediterranean Shipping Company Holding SA ("MSCSA"), is wholly owned by the Aponte family and is one of the world's largest shipping groups. Within the UK, MSCSA has operations in the cargo and cruise sectors, through a number of wholly owned subsidiaries, listed below.

- Mediterranean Shipping Company (UK) Limited ("MSCUKL")
- Anglia Container Services Limited ("ACSL")
- ACS Reefer Services Limited ("ACSRSL")
- Medlog Limited
- Medway Rain Limited
- MSC Cruise Management (UK) Limited ("MSCCMUKL")
- MSC Cruises Limited ("MSCCL")
- Preziosa Cruise Limited ("PCL")
- Musica Cruise Limited ('MCL')

Collectively all these UK subsidiaries are referred to as "MSCUK" or "the group". This UK Tax Strategy applies to all these UK subsidiaries and is applicable for the year ending 31 December 2020.

MSCUK regards the publication of this tax strategy as complying with the duty under paragraph 19(2) Schedule 19 FA2016 in the financial year ending 31 December 2020, and thereafter unless and until subsequently amended.

### **Aim**

MSCUK is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. The group's tax affairs are managed in a way which takes into account the group's wider corporate reputation in line with MSCUK's overall high standards of governance.

### **Governance in relation to UK taxation**

- Ultimate responsibility for MSCUK's tax strategy and compliance rests with the Boards of the entities in the group;
- Executive management of the group's tax affairs is delegated by the Boards to the Finance Director / Chief Financial Officer as appropriate;



- Day-to-day management of MSCUK's tax affairs is delegated to appropriately qualified individuals within the relevant entities;
- The Boards ensure that MSCUK's tax strategy is one of the factors considered in all investments and significant business decisions taken.

### **Risk Management**

- The group operate systems of tax risk assessment and controls as a component of the overall internal control framework applicable to the group's financial reporting system;
- The group 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 relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required;
- Appropriate training is carried out for staff who manage or process matters which have tax implications;
- Advice is sought from external advisers where appropriate.

### **Attitude towards tax planning and level of risk**

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

When entering into commercial transactions, MSCUK seeks to take advantage of available tax incentives, reliefs and exemptions in line with tax legislation. MSCUK does not undertake tax planning unrelated to such commercial transactions.

The level of risk which MSCUK accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the group's tax affairs. At all times MSCUK seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the Boards are 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.

### **Tonnage tax**

MSCCMUKL, PCL and MCL operate their vessels under the UK tonnage tax regime. The UK tonnage tax regime was introduced by the UK Government in order to encourage shipping groups to locate their activities in the UK. Under the UK tonnage tax regime vessel operating activities are taxed based on the net tonnage of vessels operated and not on their results. Our tonnage tax companies are therefore able to benefit from greater stability and certainty over their tax



liabilities, albeit in the event that they made losses, would still incur corporation tax.

In order to benefit from this stability in their tax liabilities, MSCCMUKL, PCL and MCL have invested in the UK and conduct management of the ships in the UK and contribute further to the UK economy through the sponsoring of UK cadets through maritime training.

### **Relationship with HMRC**

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

MSCUK ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage. When submitting tax computations and returns to HMRC, MSCUK discloses all relevant facts and identifies any transactions or 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.