

Dixons Carphone plc – Tax Strategy

Introduction

Dixons Carphone plc is a leading omnichannel retailer of technology products and services, operating through 864 stores and 16 websites in eight countries. We Help Everyone Enjoy Amazing Technology, however they choose to shop with us.

We are the market leader in the UK & Ireland, throughout the Nordics and in Greece, employing over 22,000 capable and committed colleagues in the UK & Ireland and approximately 32,500 globally across the Group. Our full range of services and support makes it easy for our customers to discover, choose, afford and enjoy the right technology for them, throughout their lives. The Group's core operations are supported by an extensive distribution network, enabling delivery to stores and homes, a sourcing office in Hong Kong and a state-of-the-art repair facility in Newark, UK.

Our brands include Currys PC World in the UK & Ireland as well as Carphone Warehouse and iD Mobile in the UK, where our services are provided through Team Knowhow; Elkjøp, Elgiganten and Gigantti in the Nordics; and Kotsovolos in Greece.

This document has been approved by the Board of Dixons Carphone plc.

Governance and Approach to Tax Risk Management

Our tax strategy is owned by the Board and managed on its behalf by the Group tax team. The Group CFO has overall executive responsibility for all tax matters with day to day management delegated to the Group Tax Function.

We recognise the importance of our tax obligations and aim to pay all applicable taxes and comply with relevant tax laws. During the year ended 2 May 2020, the UK Group paid £603 million of taxes of which £138 million was borne by the UK Group and the remaining £465 million was collected on behalf of our colleagues, customers, and suppliers. Going forward, the UK Group has substantial carried forward losses and expects these losses to reduce corporation tax payable for several years.

Internationally, the Group paid £747 million of taxes of which £122 million was borne by the Group and the remaining £625 million was collected during the year ended 2 May 2020.

We operate a governance framework to manage our tax risks. There are regular governance meetings involving the business and the tax team to identify, assess and monitor tax risks arising from operations. We have a specialist in-house tax team with the appropriate qualifications and experience. We seek to establish the tax consequences of transactions before they are carried out, taking advice where necessary from reputable external advisors, and where appropriate, seeking confirmation from a relevant tax authority.

In the UK, our governance framework is supported by a robust Senior Accounting Officer process, which requires our Group CFO to confirm on an annual basis whether our tax accounting arrangements are appropriate. The effectiveness of risk management systems including tax risk is regularly monitored and reviewed by the Audit Committee and these systems are refined as necessary to meet changes in the Group's business.

Tax Planning

As part of structuring our commercial business activities, we seek to ensure that tax is properly considered so that we remain compliant with relevant tax laws. We will not seek to undertake contrived or artificial transactions or those with no genuine commercial or economic substance. We do not facilitate any tax planning for executives.

We recognise that there may be instances where the complex nature of the underlying legislation means that it is not possible to gain assurance in relation to a transaction. In such cases, a prudent approach is adopted and in the event of uncertainty, external advisors are used to gain clarity over the application of tax law.

Tax Risk Appetite

Dixons Carphone's tax risk appetite is in line with the Group's general risk appetite; a balanced one that allows taking measured risk as the company pursues its strategic objectives, whilst aiming to minimise and manage risks in its operations. The Group recognises that it is not possible or necessarily desirable to eliminate all of the risks inherent in its activities. Acceptance of some risk is often necessary to foster innovation and growth within its business practices.

Working with HMRC

We engage with HMRC on an open and regular basis in the spirit of cooperative compliance. We aim to work with HMRC in real time where possible and in the event of uncertainty regarding the application of tax law, our objective is to engage in a timely dialogue with HMRC and external advisors. When disputes arise, we would seek to resolve differences by working collaboratively with HMRC through open discussion and debate.

Our Tax Strategy has been published in accordance with paragraph 16(2), Schedule 19 of the Finance Act 2016 and relates to our accounting period ending 1 May 2021, although amounts of tax paid are for the previous accounting period.