



macegroup.com

# TAX POLICY REPORT

August 2021

# CONTENTS

---

<b>Foreward</b>	<b>3</b>
<b>Detailed Tax Analysis for YE 31 December 2019</b>	<b>4</b>
<b>Deferred taxation</b>	<b>5</b>
<b>Effective tax rate</b>	<b>7</b>
<b>Current tax charge</b>	<b>8</b>
<b>Overseas subsidiaries</b>	<b>9</b>
<b>Country by country reporting</b>	<b>10</b>

---

# FOREWARD

**Mace Group is proud to be a responsible business with a strong purpose to 'redefine the boundaries of ambition'. Our commitment to always doing the right thing is reflected in our approach to corporate tax.**

**Mace is dedicated to paying our fair share of tax in all the countries in which we operate, only applying generally available tax reliefs permitted to all taxpayers. Mace will only utilise tax reliefs within the spirit of the law, but never with the intention of wilful tax avoidance or via the use of aggressive tax avoidance schemes.**

In line with our Tax Policy, the Mace Executive Board commits to:

- Paying the right amount of tax in accordance with relevant statute and case law.
- Not partaking in tax planning that is perceived to be aggressive or that delivers advantages that were clearly not the intention of the legislation. Any available tax exemptions/reliefs in the territories in which we operate will be applied where such reliefs align with our commercial activities and in the manner in which they were intended.
- Taking decisions regarding both UK and international structuring, driven by operational rationale and never with the aim of avoiding tax.
- Carrying out transactions between Mace Group companies on an arm's-length basis in accordance with the relevant OECD guidelines.
- Taking reasonable care to prevent the facilitation of tax evasion by our staff and associates pursuant to our responsibilities under the Criminal Finances Act 2017.

- Conducting business in an honest, lawful and ethical way, without the use of corrupt practices or acts of bribery, taking a zero tolerance approach to bribery and corruption of all kinds.
- Never using countries denoted as tax havens for tax avoidance purposes. Any presence in those countries will be for reasons of bona fide commercial rationale.

Miranda Chamberlain CTA, Group Head of Tax, is responsible for delivering these commitments.

The Mace Executive Board reviews this policy annually to ensure that it is complied with and concludes that all companies within the Mace Group are compliant with this Policy.

**Miranda Chamberlain**  
Group Head of Tax

# DETAILED TAX ANALYSIS FOR YE 31 DECEMBER 2019

## Note 10 to the Consolidated Financial Statements of Mace Finance Limited

<b>Tax on profit on ordinary activities</b>	<b>2019</b>	<b>2018</b>
<b>(a) Analysis of charge in year</b>	<b>£000s</b>	<b>£000s</b>
UK corporation tax at 19% (2018: 19.00%)	3,485	578
Adjustments in respect of previous years	480	(1,122)
Group relief payment	-	-
Overseas taxation	4,932	4,604
Deferred tax	(795)	138
<b>Total current tax</b>	<b>8,102</b>	<b>4,198</b>

<b>(b) Factors affecting tax charge for year</b>	<b>£000s</b>	<b>£000s</b>
The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2018: 19.00%). The differences are explained below:		
Profit on ordinary activities before tax	25,334	19,461
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19.00%)	4,813	3,698
<b>Effects of:</b>		
Expenses not deductible for tax purposes	6	658
Non-taxable dividend income	53	-
Goodwill impairment	431	-
Non-taxable profit on fair value adjustments	-	-
Non-taxable profit on disposal of investments	-	(364)
Temporary differences not recognised in deferred tax	(58)	197
Group relief surrendered/(claimed)	21	-
Utilisation of tax losses	224	650
Non-taxable foreign branch income	173	249
Different rates of tax on overseas earnings	1,396	17
RDEC	(421)	304
Impact of deferred tax rate movements	331	83
Adjustments to tax charge in respect of previous years	316	(1,146)
Adjustment to tax charge in respect of previous years – overseas taxation	817	(148)
<b>Current tax charge for the year</b>	<b>8,102</b>	<b>4,198</b>

<b>Deferred tax</b>	<b>2019</b>	<b>2018</b>
	<b>£000s</b>	<b>£000s</b>
Opening deferred tax asset	2,905	3,361
Adjustment to previous years	786	(318)
Deferred tax income/(expense) for year	795	(138)
<b>Closing deferred tax asset</b>	<b>4,486</b>	<b>2,905</b>

**Analysed as:**

Fixed asset temporary differences	1,181	1,073
Short-term temporary differences	2,263	298
Loss carried forward	1,042	1,534
	<b>4,486</b>	<b>2,905</b>

# DEFERRED TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax. The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates prevailing in the year.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business

combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. When current tax or deferred tax arises from the initial accounting for a business

combination, the tax effect is included in the accounting for the business combination.

In determining the recoverability of deferred tax assets, discounted cash flow forecasts are reviewed to assess the future profitability for the relevant entities. Deferred tax assets are therefore recognised on material timing differences expected to reverse in the next few years (usually 3-5 years).

As of 31 December 2019, deferred tax assets were recognised on the following:

## Deferred tax provision

Fixed asset temporary differences being the difference between the net book value of qualifying fixed assets in the financial statements and their equivalent tax written down values. As of 31 December 2019, future deductions totalling £7.0m (2018: £6.3m) were carried forward, with future corporation tax deductions recognised in full on the balance.	£1.3m
Losses carried forward being the future tax saving available on tax losses arising in the UK, Spain, Nigeria, Poland, and South Africa. As of 31 December 2019, future deductions for tax losses carried forward were recognised with deferred tax assets.	£1.0m
<b>Short-term temporary differences include the following:</b>	
Unpaid employment remuneration	£0.7m
Unpaid employer pension contributions	£0.3m
Provisions	£0.5m
IFRS transitional adjustments (Loan Notes and Leases)	£0.7m
<b>Total deferred tax asset 31 December 2019</b>	<b>£4.5m</b>

# EFFECTIVE TAX RATE

Mace Group's Effective Tax Rate (ETR) is sensitive to the group's geographic mix of profits and reflects a combination of higher rates in certain jurisdictions, such as the USA and Peru, low UK effective rates due to tax losses and effective rates ranging in between.

For 2019, Mace Group's ETR was 31.98% (2018: 21.57%). For 2019, six countries had material impacts on the group ETR by virtue of their contribution to the consolidated profits and their combined total income tax expense.

Country	Total tax expense GBP £'000	PBT GBP £'000	ETR
<b>Germany</b>	566	(361)	-156.76%
<b>Ireland</b>	615	4,126	14.90%
<b>Peru</b>	601	1,279	46.99%
<b>Switzerland</b>	417	1,645	25.35%
<b>UK</b>	3,123	17,018	18.35%
<b>USA</b>	1,136	3,349	33.93%
<b>Total</b>	<b>6,458</b>	<b>27,056</b>	<b>23.87%</b>
<b>Mace Group</b>	<b>8,102</b>	<b>25,336</b>	<b>31.98%</b>
<b>Percentage of Group</b>	<b>79.72%</b>	<b>106.79%</b>	<b>74.65%</b>

Of the total income tax expenses for 2019, 79.72% is represented by the six countries above. Except for Ireland, the other four countries have corporation tax rates more than the UK standard rate of corporation tax, which was further increased due to local tax adjustments.

In the reporting, a country may represent multiple legal entities. Due to tax regulations relating to offsetting trading losses, Mace is often prevented from offsetting trading losses from one entity to another in the same country. This can result in anomalous ETR positions, such as Germany for 2019, where one entity made a small profit and the other made a significant loss. Mace still paid tax on the entity that was profit making.

# CURRENT TAX CHARGE

Mace Group's domestic tax rate for 2019 was 19% (2018: 19%). Based on the consolidated profit before tax of £25.3m, the total income tax expense differs to the expected tax expense at the standard rate due to several factors:

	Tax impact @ 19%
<b>Profit before tax - £25.3m</b>	<b>£4.8m</b>
<b>Effects of:</b>	
<b>1)</b> Due to different tax rates in our foreign jurisdictions, an increase in the income tax expense arose for 2019. This adjustment includes withholding tax suffered on non-taxable dividend income as well as an increase in the tax expense arising from losses arising in foreign branches subject to exemptions.	£1.6m
<b>2)</b> Various adjustments made in relation to prior accounting periods were made in 2019, resulting in an increase in the total tax expense. These adjustments were made to both UK and foreign entities, and included both current and deferred tax adjustments, including the impact of losses utilised where no timing differences were previously recognised.	£1.7m
<b>3)</b> Adjustments made in the financial statement in respect to prior period Research and Development Tax Credits of £2.15m, resulted in a reduction in the income tax expense.	(£0.4m)
<b>4)</b> Non-deductible impairments of goodwill arising upon consolidation resulted in an increase in the tax expense.	£0.4m
<b>5)</b> Payments for UK group relief are only made if material. As a result, £21k of group relief was not paid for within the UK group, resulting in a £21k increase in the tax expense for 2019.	
<b>Total income tax expense</b>	<b>£8.1m</b>

# OVERSEAS SUBSIDIARIES

In line with the Tax Policy, decisions regarding both UK and international structuring are driven by operational rationale, and never with the aim of avoiding tax. Mace will not use tax havens for tax avoidance purposes and our presence

in any country will be for reasons of bona fide commercial purpose. As a truly global business Mace reported in the Financial Statement for year end 31 December 2019 subsidiaries in the following locations of interest:

## With a score a 60 or above in the Financial Secrecy Index:

<b>Cyprus</b>	Historic structure for UAE branch, no tax advantage obtained over UK/UAE Tax Treaty
<b>Egypt</b>	Mace Consult business activities
<b>Hong Kong</b>	Mace Consult and Mace Operate business activities
<b>Jersey</b>	Mace Consult and Mace Operate business activities
<b>Jordan</b>	Mace Operate business activities
<b>Kazakhstan</b>	Dormant
<b>Kenya</b>	Mace Consult business activities
<b>Macau</b>	Mace Consult no current business activities
<b>Morocco</b>	Dormant
<b>Netherlands</b>	Mace Consult, Mace Operate and Mace Construct business activities
<b>Nigeria</b>	Mace Consult business activities
<b>Qatar</b>	Mace Consult and Mace Operate business activities
<b>Rwanda</b>	Mace Consult business activities
<b>Saudi Arabia</b>	Mace Consult and Mace Operate business activities
<b>Singapore</b>	Mace Consult and Mace Operate business activities
<b>Switzerland</b>	Mace Consult and Mace Operate business activities
<b>UAE</b>	Mace Consult and Mace Operate business activities and regional Hub
<b>USA</b>	Mace Consult and Mace Operate business activities and regional Hub
<b>Vietnam</b>	Mace Consult business activities

## Corporate Haven List:

<b>Luxembourg</b>	Mace Operate business activities
-------------------	----------------------------------

## Countries that have not yet been rated for either the Financial Secrecy or the Corporate Haven List:

<b>Belarus</b>	Liquidation in progress
<b>Oman</b>	Mace Consult and Mace Operate business activities
<b>Serbia</b>	Liquidation in progress
<b>Syria (Dormant)</b>	Unable to liquidate given current political environment
<b>Uganda</b>	Mace Consult business activities

# COUNTRY BY COUNTRY REPORTING

Tax Jurisdiction	Number of employees	Tangible Assets other than cash and cash equivalents	Income Tax - Accrued Current year	Profit (Loss) before Income Tax
Australia	56	21,197	53,504	389,872
Austria	1	-	0	(41,881)
Azerbaijan	-	-	0	438,396
Bahrain	-	1,340,617	0	30,442
Barbados	-	-	0	(6)
Belarus	3	-	49,741	288,038
Belgium	4	-	0	(71,832)
Brazil	-	-	0	(54,831)
Canada	13	-	88,716	328,570
Chile	3	-	(1,980)	(9,002)
China	3	-	0	99,024
Costa Rica	2	-	0	23,082
Croatia	-	-	0	96,123
Cyprus	-	-	0	(689,110)
Czech Republic	1	-	0	37,225
Denmark	35	-	(28,947)	405,449
Egypt	13	37,039	14,845	(39,066)
Finland	-	-	0	(46,494)
France	13	-	24,036	229,613
Georgia	2	-	0	44,347
Germany	32	47,878	(1,131)	(361,306)
Ghana	-	-	938	(65,225)
Greece	1	-	0	(49,185)
Hong Kong	10	-	0	1,414
India	247	90	288,833	641,638
Ireland	91	-	(461,628)	4,297,005
Italy	10	-	0	52,228
Japan	7	-	488	(54,234)

Tax Jurisdiction	Number of employees	Tangible Assets other than cash and cash equivalents	Income Tax - Accrued Current year	Profit (Loss) before Income Tax
<b>Jersey</b>	-	-	68,686	1,354,901
<b>Jordan</b>	1	-	(1,696)	(8,591)
<b>Kazakhstan</b>	-	3	0	0
<b>Kenya</b>	48	-	0	188,058
<b>Libya</b>	-	-	0	0
<b>Luxembourg</b>	3	-	0	(79,442)
<b>Macao</b>	1	-	2,508	(6,263)
<b>Macedonia</b>	-	-	0	(978)
<b>Maldives</b>	-	-	48,222	427,985
<b>Mauritius</b>	-	-	0	(1,124)
<b>Montenegro</b>	3	-	0	(43,786)
<b>Morocco</b>	-	-	0	3,810
<b>Netherlands</b>	58	-	136,063	(200,930)
<b>New Zealand</b>	1	-	(6,259)	(22,945)
<b>Nigeria</b>	8	-	0	(152,335)
<b>Norway</b>	-	-	0	(23,650)
<b>Oman</b>	19	1,018	35,060	130,405
<b>Pakistan</b>	6	-	0	31,275
<b>Peru</b>	21	-	601,126	1,279,246
<b>Poland</b>	27	-	0	(333,397)
<b>Portugal</b>	2	-	0	(57,279)
<b>Qatar</b>	50	21,457	73,912	694,577
<b>Russian Federation</b>	1	-	0	944,937
<b>Rwanda</b>	-	-	0	(3,666)
<b>Saudi Arabia</b>	27	82,408	(31,950)	(279,232)
<b>Serbia</b>	58	11	1,150	(88,548)
<b>Singapore</b>	6	-	15,859	(31,229)
<b>Slovakia</b>	-	-	64,290	17,420
<b>Slovenia</b>	-	-	0	0
<b>South Africa</b>	62	87,754	49,385	41,453
<b>Spain</b>	63	152,320	0	(128,965)
<b>Sweden</b>	3	-	0	12,867

Tax Jurisdiction	Number of employees	Tangible Assets other than cash and cash equivalents	Income Tax - Accrued Current year	Profit (Loss) before Income Tax
<b>Switzerland</b>	16	28	391,432	1,644,769
<b>Syria</b>	-	-	0	0
<b>Taiwan</b>	-	-	0	(28,280)
<b>Trinidad</b>	-	-	24,492	23,977
<b>Turkey</b>	13	-	3,096	(78,617)
<b>UAE</b>	593	1,071,665	358,253	630,867
<b>Great Britain</b>	4,047	317,286,340	3,732,392	101,328,707
<b>United States of America</b>	207	28,515	97,112	3,257,244
<b>Vietnam</b>	26	-	0	39,554

This is the first year of publication of country-by-country reporting. This document was originally prepared outside of the Mace Annual Report therefore some numbers may differ slightly e.g. employee numbers. In future it will be aligned to the annual report.