Sprintlink UK Limited

UK Company Tax Strategy

This document sets out the UK company Tax Strategy of Sprintlink UK Limited, in compliance with section 161 and section 22(2) of schedule 19 Finance Act 2016.

This Tax Strategy applies to all UK taxes as set out in s15 of Schedule 19 Finance Act 2016 and any reference to ‘tax’, ‘taxes’, or ‘taxation’ are to all taxes as defined within. This Tax Strategy will be owned by the SprintLink UK Limited Board of Directors (‘Board’) and will be reviewed annually with any proposed amendments ultimately discussed and approved by the Board.

The Board is responsible for ensuring there is an appropriate framework for the implementation of the Tax Strategy and oversight of the identification and management of tax risk. The Board maintains responsibility for implementing new controls where material tax risks are identified.

The Board is supported by finance and tax teams who have responsibility for implementing the Tax Strategy and reporting back to the Board. A number of tax sensitive processes are performed within the finance and tax teams and each relevant individual is responsible and accountable for meeting their tax obligations, controls and policies as issued by the Board. Performance of the finance and tax teams, is reportable to the Senior Accounting Officer, who in turn reports up to the Board.

This Tax Strategy was approved for publication by the Board effective March 31, 2018 and applies thereafter until it is superseded.

Background

The principal activity of Sprintlink UK Limited is the provision of telecommunication services in the United Kingdom. The business strategy focuses on providing global services to new and existing multinational customers. Sprintlink UK Limited has a transfer pricing agreement with Sprint International Network Company LLC, a limited liability company in the state of Delaware in the United States. The agreement is in support of the transfer pricing strategy implemented across all Sprint International entities, including Sprintlink UK Limited. The agreement provides a full cost recovery system that will reimburse Sprintlink UK Limited for all expenses incurred during the year, which should generally result in a net operating profit.

The ultimate parent of the company is Deutsche Telekom Aktiengesellschaft (AG). The strategy outlined in this document applies to Sprintlink UK Limited as part of the Deutsche Telekom AG Group (T-Systems Limited and other UK companies of Deutsche Telekom AG).

The link for the T-Systems Limited UK tax strategy is - https://www.t-systems.com/blob/767420/bec34c99fe2b90a2fdf3a1d86b4d220e/DL_WP_LTS

Any tax decisions are made in a manner which is consistent with the Deutsche Telekom AG UK tax strategy.

Tax Strategy and Tax Objectives

The Sprint tax strategy focuses on the following key areas:

- full compliance with tax law and legislation
- acting with full integrity and transparency in all areas of tax compliance and tax reporting
- maximization of shareholder value by paying the right amount of tax at the right time.
The Board’s objectives are to support the implementation of the Tax Strategy in order to meet the following core tax objectives:

- Implementing and maintaining controls and procedures relating to all taxes;
- Ensure compliance with all legal requirements and to make all appropriate tax returns and tax payments within deadlines;
- Forecasting and planning tax cash payments accurately;
- Seek to utilise available tax reliefs and incentives where available in a manner which is consistent with the government’s policy objectives;
- Ensuring that any transactions undertaken to grow Sprintlink UK Limited are tax effected efficiently in accordance with all relevant UK tax law and legislation;
- Provide support and training to those employees who have responsibilities with regards to tax;
- Consider and manage tax risks in order to maintain a strong reputation and brand.

**Risk management and governance arrangements**

Sprintlink UK Limited is committed to ensuring that its tax affairs are open, transparent and compliant with tax legislation.

Sprintlink UK Limited’s internal structure is set up to ensure:

- The Board understands the importance of tax compliance, and how it is achieved;
- There is a constant dialogue between the Board and the Senior Accounting Officer, who is tasked with the operation of the finance and tax function; and
- Sprintlink UK Limited and its parent group portrays a positive view towards tax compliance and the importance of meeting its obligations.

The Board has established that the following principles will form the basis of management’s philosophy and the Tax Strategy to achieve the vision of compliance and governance with respect to tax:

- Good governance: Sprintlink UK Limited seeks to comply with all relevant tax legislation;
- Internal control: Implement a system of internal controls in order to minimise tax risk;
- Documentation: Ensure that agreed tax processes are documented in order to mitigate the risk of error;
- Training: Investing in training for those staff tasked with tax compliance and governance;
- External advice: Seeking specialist external tax advice where required.

**Tax planning**

Sprintlink UK Limited does not undertake aggressive or artificial tax planning, the sole purpose for which would be obtaining a tax advantage. Sprintlink UK Limited undertakes tax decisions and planning as part of its overall business strategy and engages the services of professional advisers to assist with major or complex business decisions in order to fully understand any associated tax risks.

Sprintlink UK Limited seeks to ensure that transactions are structured such that any tax reliefs or incentives available are realised in line with the intended tax legislation and only where there is a credible technical standing.

**Attitude towards risk**

The Board’s on-going tax risk approach is based on principles of reasonable care and materiality. Each tax risk is measured based on a balance of impact (both financial and non-financial) of that risk
and the likelihood that it will materialise. Risks identified are then communicated down to the finance and tax teams in order that they may be appropriately managed. There is no one level of risk that Sprintlink UK Limited is prepared to accept but each is considered on a case by case basis having taken into consideration all available facts and information.

Sprintlink UK Limited has close relationships with professional advisers that allows it to seek expert advice where necessary which in turn aids compliance.

Sprintlink UK Limited is conscious of the potential adverse publicity that a negative tax attitude can bring and seeks to minimise any reputational damage through the actions set out in this Tax Strategy.

**Relationship with Her Majesty’s Revenue and Customs (“HMRC”)**

Sprintlink UK Limited is committed to the principles of openness and transparency in its approach to dealing with HMRC. In line with HMRC’s consultation on ‘Improving Large Business Tax Compliance’ Sprintlink UK Limited aims to:

- Promote a professional and collaborative relationship which is based on principles of transparency and justified trust;
- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests openly and honestly in a timely fashion;
- Resolve issues with HMRC in a timely manner, and where disagreements arise work with HMRC to resolve issues by agreement where possible;
- Ensure all interactions with HMRC are conducted in an open, collaborative and professional manner; and
- Disclose and correct any inadvertent errors as soon as is reasonably practical and implement controls to ensure future compliance.