



## Tax Strategy for the accounting period ended 31 December 2021

In accordance with the requirements of Schedule 19 Finance Act 2016 of the United Kingdom (“UK”), this document is Telekom Malaysia (UK) Limited (“TMUK” or “the Company”)’s tax strategy for the accounting period ending 31 December 2021. TMUK is a 100% owned subsidiary of Telekom Malaysia Berhad Group of Companies (“TM Group” or “the Group”) where the ultimate holding company is Telekom Malaysia Berhad (“TM”), a Company incorporated in Malaysia.

This document is publicly available on Telekom Malaysia Berhad’s website and was originally published on 13 December 2021. It provides commentary in respect of:

- 1) The Company’s approach to risk management and governance arrangements in relation to UK taxation;
- 2) The attitude of the Company towards tax planning (so far as affecting UK taxation);
- 3) The level of risk in relation to UK taxation that the Company is prepared to accept; and
- 4) The approach of the Company towards its dealings with HM Revenue & Customs (“HMRC”).

TMUK was established on 27<sup>th</sup> September 2000 in the United Kingdom as a service provider of international voice, data and multimedia products services to domestic and international carriers. Since 1<sup>st</sup> June 2009, TMUK has been operating as an independent UK sales office for services provided by the wider TM Group.

TM’s principal activities are the establishment, maintenance and provision of telecommunications and related services. As a subsidiary of TM which is a public listed company on Bursa Malaysia, it is important for TMUK to comply with the UK’s statutory and legal requirements in respect of taxation. TMUK is part of the extended marketing arm of TM WHOLESALE, the Line of Business at TM Group to which TMUK reports, that focuses on the domestic and international wholesale business, offering a comprehensive suite of cutting edge communication solutions in connectivity and beyond.

### Approach to tax risk management

#### Management of tax risk

The business of TMUK is neither large nor complex in relation to the business of the wider Group and is not considered to be a high risk entity for taxation purposes.

TMUK has a policy of managing tax risk to ensure that TMUK is not exposed to significant uncertainties in respect of tax policy. This is achieved by:-



- Ensuring a level of review and assigning responsibilities such that full consideration of the tax implications is taken into account before entering into transactions.
- Avoiding entering into transactions where there is significant uncertainty over the tax treatment or where the tax treatment may be seen as controversial; and
- Ensuring appropriate professional advice is sought over significant tax matters.

### Key roles/responsibilities

The overall financial operations of TMUK are overseen by a finance team headed by a finance manager who is responsible for tax compliance in the United Kingdom. All the team members have recognised accounting qualifications and the Company activity provides opportunities for training in respect of taxation to ensure that members of the finance team have the necessary experience and expertise to manage tax matters as they arise.

The responsibility for strategy and policies inclusive of tax matters rests with Mr. Bhavin Shah, a Director of TMUK.

Given the size of TMUK and its finance team, it is not practical to expect all matters of tax risk to be dealt with by the UK finance team. Support on significant tax matters in respect of UK taxation is provided by either the appointed UK-based tax consultant as well as TM Taxation Unit and Business Finance team at TM Wholesale, the Line of Business at TM Group to which TMUK reports. TM Taxation Unit is a dedicated function of TM Group which provides support where relevant on international tax compliance throughout the Group and the overall management of the tax risk of the Group.

### Systems and controls

The overriding tax principles of TMUK are to ensure:

- TMUK complies with all of its tax obligations in the United Kingdom.
- TMUK continues to develop well established relationships with the tax authorities through active co-operation and consultation;
- If there is significant uncertainty as to the tax risk of any transaction then relevant professional advice will be sought from external professional advisors and if applicable, the matter will be consulted with HM Revenue & Customs.

A tax manual is maintained by TM which outlines the roles and responsibilities of all subsidiaries of TM including the international operating units of TM, i.e. TMUK.



Regular risk reviews are undertaken to identify key tax risks and the tax manual is updated to allow for improvements in processes and controls to be made as risks are identified.

### Governance and board oversight

The Directors of TMUK believe a solid foundation on principles of corporate governance, a strong hold to the code that honours integrity, transparency, accountability and responsible business conduct would create resilience in both people and the organisation. TMUK's governance framework plays an integral role in supporting the business and helping TMUK to deliver the Group's commercial strategy. It provides the structure through which TMUK's strategy and business objectives are set, the performance of TMUK is monitored and the risks TMUK face are adequately managed.

TMUK's governance arrangements ensure that a structured and comprehensive review process is in place to manage tax risk. All matters which are deemed to have a significant UK tax risk are consulted with professional advisors, Directors and at TM Wholesale's Operational Committee Meetings.

The ultimate responsibility for strategic decisions, including those in respect of taxation rests with the Directors of TMUK. Oversight of the risk of TMUK is reviewed as part of TM Wholesale's risk profile review.

### 1) Attitude towards tax planning

#### Use of External Advice

TMUK uses the services of UK based external professional advisors in respect of taxation matters particularly on UK specific taxation requirements. The Directors will consult with external advisors where there are significant uncertainties over possible tax outcomes or when TMUK enters into transactions where the tax implications are material.

#### Tax planning motives

The commercial requirements of TMUK are of utmost importance to any planning, whether tax or otherwise undertaken by TMUK. Any and all tax planning undertaken by TMUK during the accounting period has been undertaken primarily with a view to furthering the commercial success of the business.

TMUK does not follow any aggressive tax planning and does not seek to enter into transactions where the primary motive is to obtain a tax advantage. TMUK will seek to minimise tax exposure through legal means where it is believed this can achieve value for its shareholders and other stakeholders.



In applying international transfer pricing principles, TMUK seeks to ensure that profits arising / sourced from activities within the UK are taxed in the UK.

## 2) Level of acceptable risk

TMUK reviews the level of acceptable risk every year and informs its Board of Directors of any material changes. The tax policies of TMUK are monitored by the finance team, headed by a finance manager to ensure that tax risks are minimised to an acceptable level and professional advice is sought where it is considered that there is risk beyond that level.

Due consideration is given to TMUK's reputation, brand and corporate identity along with its social responsibilities when considering taxation. It is TMUK's policy to avoid entering into any tax planning which could result in negative publicity or damage the corporate reputation of the Company.

## 3) Approach to dealings with HMRC

### How TMUK works with HMRC

One of TMUK's main tax principles is to develop well established relationships with HMRC through active co-operation and consultation. TMUK seeks to achieve this by entering into honest and transparent correspondence with HMRC on tax matters and by co-operating with HMRC at all times. TMUK aims to prepare accurate tax returns, submit to HMRC on time and ensure that all necessary tax payments are made.

TMUK's finance team and its professional advisors correspond with HMRC on a regular basis to ensure that matters of tax uncertainty are dealt with on a timely basis.

The Directors consider that the TMUK has a productive and sustainable relationship with HMRC.

### Dealing with risk

TMUK's attitude to tax risk is set out as above. Where TMUK enters into transactions with a potentially high level of tax risk it is TMUK's policy to ensure that this risk is reduced to an acceptable level before proceeding. In order to mitigate such risks TMUK will discuss such matters



with professional advisors/TM Group's Taxation Unit/HMRC before proceeding with such transactions.

Should it become apparent that a previous transaction has resulted in a high level of tax risk or potential tax uncertainty then it is TMUK's policy to look for internal solutions, seek professional advice and bring the matter to HMRC's attention.

#### Dealing with tax events

TMUK considers a transaction to constitute a tax event if the transaction has a potentially material impact on TMUK's tax liabilities. Where such an event occurs it is the Company's policy to internally monitor the tax position and seek assurance over the tax treatment from HMRC, to obtain professional advice and/or inform HMRC of the proposed transaction.

#### Interpreting the law

It is TMUK's policy to fully comply with the UK tax law. In order to do that, TMUK refers to both professional guidance and guidance from HMRC as appropriate. Where there is uncertainty over interpretation, TMUK will enter into direct correspondence with HMRC to mitigate any gaps that may exist in the interpretation of a specific law to ensure that it has robustly considered the risk of misinterpretation of the law before entering into a transaction.

#### 4) Compliance with the Criminal Finance Act 2017

TMUK and the wider TM Group value their reputation for ethical behaviour and acknowledge the impact that any involvement, however remote, in the facilitation of tax evasion will reflect adversely on the reputation of the Company.

Following royal assent of the Criminal Finance Act 2017 the Company has committed to ensuring it has sufficient controls in place to specifically guard against the risk of tax evasion being carried on by an associated person of the Company.

TMUK requires all personnel to demonstrate the highest standards of honesty at all times and appropriate disciplinary action will be taken wherever tax evasion or the facilitation thereof by any personnel has been proven.

TMUK undertakes due diligence on all associated persons/companies to mitigate the risk of facilitation of tax evasion offences and, as part of our due diligence procedures, all agreements with third parties contain suitable provisions to enable termination of such agreements where associated persons/companies are not complying with the provisions of the Criminal Finances Act 2017.