



UK Tax Strategy for the accounting period ended 31 December 2024

In accordance with the requirements of s.161 & para.22(2) 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 2024. 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 31 December 2024. 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”).

Background

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

Following the internal reorganisation of TM Group, TM carried through the transfer of its telecommunication business and the identified assets and liabilities to one of its subsidiaries, TM Technology Services Sdn Bhd (TM Tech). Effective 1 March 2023, TM serves as an investment holding company for TM Tech, along with other wholly owned and non-wholly owned subsidiaries. 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 GLOBAL, 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.

1) 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 thorough review and assigning responsibilities to fully consider the tax implications before entering into transactions;
- Avoiding transactions with significant uncertainty regarding the tax treatment or those that may be considered 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, led by a finance manager who is responsible for tax compliance in the United Kingdom. All the team members hold recognised chartered certified accounting qualifications and the Company's activities offers training opportunities in 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.

The UK finance team deals with, or manages via UK advisors, a range of taxes from employment taxes, VAT and corporation tax. Given the size of TMUK, the UK finance team also receives support on significant tax matters in respect of UK taxation from TM Taxation Unit and Business Finance team at TM GLOBAL, which is 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. TMUK consult them on a regular basis, but day-to-day management is in the UK, including the use of UK tax consultants.

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 may be discussed with HM Revenue & Customs ("HMRC").

A tax manual is maintained centrally by TM Group 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 centrally 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. TM UK benefits from this approach.

Governance and board oversight

The Directors of TMUK believe a solid foundation on principles of corporate governance, a strong hold to the code that honors 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 GLOBAL'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 GLOBAL's risk profile review.

2) 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 external advisors when there are significant uncertainties regarding possible tax outcomes or when TMUK enters into transactions with material tax implications.

Tax planning motives

The commercial requirements of TMUK are of utmost importance to any planning, whether tax or otherwise undertaken by TMUK. 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.



3) 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.

4) 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 TMUK has a positive and sustainable relationship with HMRC.

Dealing with risk

TMUK's attitude to tax risk is set out as above. When entering into transactions with potentially high tax risk, it is TMUK's policy to ensure that this risk is reduced to an acceptable level before proceeding. To mitigate such risks, TMUK will consult with professional advisors, TM Group's Taxation Unit or HMRC before proceeding with such transactions.

Should it become apparent that a current or previous transaction 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, where appropriate.

Dealing with tax events

TMUK considers a transaction constitutes a tax event if it has the potential to materially impact the Company's tax liabilities. When such an event occurs, it is the Company's policy to monitor the tax position internally, seek professional advice and, as appropriate, inform or engage with HMRC regarding the proposed tax event.

Interpreting the law

It is TMUK's policy to fully comply with the UK tax law. To achieve this, TMUK considers both professional advice and guidance from HMRC, as appropriate. This includes keeping up to date with UK tax budgets, case law or changes in HMRC interpretation through external advisors and



training. Where significant uncertainty remains 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.

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.