

Tax Strategy

About Mobico Group PLC (“the Group”)

The Group is a leading transport business with operations in the UK, Spain, Germany, the United States of America, Canada, Morocco and Bahrain. Currently, the Group employs over 46,000 people and operates with around 28,000 vehicles. More than 977 million passenger journeys were made on our services during 2022.

The Group’s vision is to earn the lifetime loyalty of our customers by consistently delivering frequent, high performing public transport services which offer excellent value. We deliver long-term shareholder value through focusing on four strategic priorities: delivering operational excellence; deployment of technology; growing our business through acquisitions; and growing through diversification into complementary markets.

Our approach to tax seeks to support this vision and to balance the interests of our various stakeholders including customers, suppliers, shareholders, governments and employees.

As a large business and employer, the Group pays and collects a number of taxes including corporation taxes, social security taxes, VAT, withholding taxes and other taxes such as property taxes on leases and US local taxes on bus purchases.

Introduction

In the Finance Act 2016, the UK Government introduced legislation requiring large businesses, such as Mobico Group PLC, to publish their tax strategy. The following information is published in compliance with paragraph 16(2) of the Finance Act 2016. Whilst this legislation specifically relates to a Group’s UK tax strategy and UK taxes, this tax strategy applies to the Group’s operations in all jurisdictions in which it operates for all financial years up to and including 2022.

Risk management and governance arrangements in connection to taxation

The Board of Directors is committed to ensuring that Mobico Group continues to meet all of its objectives and has overall responsibility for governance, risk management and any decisions made in relation to taxation.

The Group Finance Director has delegated responsibility for the Group’s tax strategy. Day to day responsibility is delegated to the Group Tax Director, who directly reports to the Group Finance Director.

Appropriate and regular oversight is provided by the Audit Committee, through which forum the Group Finance Director and Group Tax Director regularly update and engage Board members on key tax matters. The Group Tax Director prepares tax update papers for the Audit Committee which include updates of corporate income tax compliance, the status of any tax audits and other tax issues of significance. Details of the tax matters addressed in the year are included within the Audit Committee Report within the Annual Report and Accounts.

In the UK, as part of the SAO requirements, the Group has processes in place to ensure that its tax obligations are fulfilled. Tax risk is continually assessed as part of these requirements. Where possible, tax clearances are sought from HMRC for material transactions where there is significant tax uncertainty.

The Group Tax Department is staffed with experienced individuals with both chartered accountant and chartered tax professional qualifications. Due to the complexity of both UK and international tax legislation, the Group uses tax advisers from time to time to assist and validate tax work carried out by the Group Tax Department. That work is generally undertaken by one of the large accounting firms or a specialist firm (e.g. for capital allowances work). We do not use our auditors, Deloitte LLP, for any tax advice.

The attitude of the group towards tax planning

As set out in the Group Tax Policy within the Group Finance Director's review in the Annual Report and Accounts, the Group's approach to tax affairs is aligned to business transactions and economic activity. Thus any tax planning undertaken will have commercial and economic substance and will have regard to the Group's wider vision and strategy. Artificial tax arrangements are not pursued by the Group, and any incentives, such as research and development credits, are utilised as intended in the relevant tax legislation.

The level of risk in relation to UK taxation that the Group is prepared to accept

As set out above, the Group's approach to its tax affairs is driven by the commercial transactions undertaken. We therefore adopt a low risk (i.e. non-aggressive) approach to the tax affairs of the Group.

The approach of the group towards its dealings with HMRC

As a large business in the UK within the UK tax authority's Large Business directorate, the Group is assigned a customer compliance manager (CCM) within HMRC. We have an open relationship with our CCM and seek to anticipate any tax issues at an early stage, including clarifying areas of uncertainty with HMRC as they become evident and dealing with them in "real time".