

## **Jacobs – UK Group**

### **Tax strategy – Year Ending 30 September 2017**

#### **About Jacobs**

Jacobs is a *Fortune* 500 company, whose shares are traded on the New York Stock Exchange. Providing solutions for a more connected, sustainable world is the company's vision and its mission is to be the premier design, engineering, construction and technical services firm delivering end-to-end, innovative solutions that provide superior value for clients. Safety and integrity are key values alongside people, clients, performance and profitable growth. Headquartered in Dallas, Jacobs group has c. 54,000 employees in c. 25 countries. Around 5,000 of these employees are in the UK.

The worldwide group is organised around four lines of business which transcend national boundaries.

(<http://www.jacobs.com/uploads/Jacobs-Company-Fact-Sheet.pdf>).

#### **Introduction**

This document, approved by the Board of Jacobs Europe Holdco Limited, sets out Jacobs' policy and approach to conducting its UK tax affairs and dealing with UK tax risk. The document will be periodically reviewed by the Jacobs tax team, who will seek approval for amendments from the Board of Jacobs Europe Holdco Limited. It is effective for the year ending 30 September 2017.

Jacobs' UK Tax team partners with Jacobs' legal entities and lines of business to ensure:

- strategy compliance across each line of business;
- alignment with Jacobs' corporate governance and management, its Global Business Conduct policy and its obligations to the Securities and Exchange Commission and other bodies in the United States of America, where the ultimate parent company is incorporated;
- the integrity of Jacobs reported tax liabilities is maintained and all of its tax obligations are compliant (<http://www.jacobs.com/about#ethics-and-integrity>).

This statement of tax strategy is published to comply with Schedule 19, Finance Act 2016.

#### **Group Tax Policy**

Jacobs is committed to conduct its tax affairs in accordance with the following principles:

- To comply with all primary and secondary legislation, reporting and disclosure requirements in the countries in which it operates
- Ensure the tax strategy is in accordance with the wider Jacobs group's overall strategy, its approach to risk, and its Vision, Mission and Values (<http://www.jacobs.com/about#vision-mission-and-values>).
- Apply professional diligence and care in the management of tax matters and ensure governance procedures are appropriate
- Participate in HMRC's collaborative approach followed by their Large Business Directorate to the group's tax affairs

- The group will use incentives and reliefs to minimise its tax liabilities, but will not take advantage of them for purposes which knowingly contradict the intention of Parliament in making the legislation.

### **UK Tax Governance and Risk Management**

As noted above, Jacobs is organised around four lines of business which transcend national boundaries.

Jacobs' UK directors and the related finance functions' primary focus includes the Buildings and Infrastructure, Aerospace and Defence and Petroleum and Chemicals lines of business. Therefore, direct oversight of tax and governance risk does not belong solely to the Board of Jacobs Europe Holdco Co Limited.

Responsibility for corporate income taxes is delegated by the Board of Jacobs Engineering Group Inc. (the ultimate parent company) to its Global Tax department. The Global Tax department is based in the USA. The UK team is responsible for tax reports to Global Tax. The VP of Global Tax reports directly to the group CFO and regularly to the Board of Jacobs Engineering Group Inc. itself, through its Audit Committee. The Audit Committee has close oversight of all material tax matters relating to the worldwide business of Jacobs.

Day-to-day management of taxes in the UK is delegated both to tax staff, who handle corporate income tax matters and general tax risk management, and to the local shared service finance department, which is responsible for indirect taxes and payroll taxes.

Jacobs reduces the level of tax risk associated with its operations through the design and application of auditable processes encompassing areas that could materially affect compliance associated with tax obligations.

Processes relating to different taxes are allocated to the various process owners responsible for executing tax compliance controls.

Tax staff are appropriately qualified, experienced and continually trained.

### **UK Taxation Acceptable Level of Risk**

The level of risk which Jacobs accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the group's tax affairs.

The following elements are considered during tax risk reviews:

- The legal and fiduciary duties of directors and employees
- The group Business Conduct policy
- Maintenance of corporate reputation
- The tax benefits and impact on the group's reported financial results
- The consequences of disagreements with tax authorities and the effect on the group's relationships with them

## **Tax Planning for UK Taxation**

Jacobs meets taxation obligations in the jurisdictions in which it operates.

In commercial transactions, Jacobs takes advantage of available tax incentives, relief programs and exemptions in line with the spirit of tax legislation. Jacobs does not undertake tax planning unrelated to such commercial transactions.

## **Approach Towards Dealings with HMRC**

Jacobs seeks to have a transparent and constructive relationship with HMRC through regular meetings and communication in respect of developments in its business, tax risks, and interpretation of the law in relation to all relevant taxes.

Jacobs ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss tax issues as they arise.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practical after they have been identified.

## **Tax Contribution**

The main taxes paid to or collected on behalf of the UK government were as follows:

- VAT (year to 30 September 2016) - £88.9m
- PAYE/NIC (year to 5 April 2017) - £112.2m including (£32.1 employer NIC)

Corporation tax was not payable during the year to 30 September 2016 due to continuing investments in the UK which has led to credits being available under the Research and Development tax credit scheme and the availability of interest relief on borrowings made by the UK sub-group to fund that investment.