



## **UK Tax Strategy**

**For the Financial Year ended 31 December 2023**

Zoe McGowan: Chugai Pharma Europe Limited

Rob Smith: Chugai Pharma UK Limited

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## 1 Introduction

This paper has been prepared and published to comply with Paragraph 19 (2) Schedule 19 Finance Act 2016 (“UK sub-groups: Duty to publish a group tax strategy”) and paragraph 22 (2) (“Qualifying companies: Duty to publish a company tax strategy”) for the year ended 31 December 2023.

The tax strategy described hereon has been prepared for all UK entities within the worldwide group of Roche Holding AG (“Roche Group”) and Chugai Pharmaceutical Co. Limited (“Chugai Group”). Entities covered by this strategy paper are Chugai Pharma Europe Limited and Chugai Pharma UK Limited. They are collectively referred to as “Chugai UK” within this paper.

The Chugai Group’s mission is to create innovative drugs for the benefit of patients.

Chugai UK’s business activities in the UK incur a substantial amount and variety of business taxes including corporate income taxes, employment and other taxes. In addition, Chugai UK collects and pays employee taxes and indirect taxes such as VAT. Chugai UK operates policies and governance to ensure compliance with UK tax law.

## 2 Chugai’s Approach to Tax

In accordance with the Chugai Group Code of Conduct, item3 “Acting with Integrity”, the Chugai Group complies with tax regulations in each country and follows, as a member of the Roche Group, the Roche Group Tax policy. Full details of the Chugai Group’s Approach to Tax can be found at

[https://www.chugai-pharm.co.jp/english/ir/esg/pdf/eESG\\_Supplement.pdf#page=31](https://www.chugai-pharm.co.jp/english/ir/esg/pdf/eESG_Supplement.pdf#page=31)

Chugai UK operates policies and governance to ensure compliance with UK tax law and it follows the Chugai Group and Roche Group approach to tax. In complying with UK tax law, Chugai UK considers the spirit in which the UK tax law is intended.

## 3 Transfer Pricing

One of the basic principles for sustainable tax management is that taxes should be paid where economic value is generated. The Chugai Group applies the “OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations”, first issued in 1995. In order to prevent or at least reduce the probability of double taxation, the Chugai Group, as a member of the Roche Group applies the OECD transfer pricing guidelines as an overarching principle.

Transfer prices take into account functions performed, assets used, and risks assumed as well as documentation of the arm’s length nature of the prices. Transfer pricing decisions are taken in a balanced manner considering the basic principle for sustainable tax management that taxes should be paid where economic value is generated.

## 4 Transparency

As a minimum standard the OECD/G20 requires countries to request multinational enterprises to prepare and file a Country-by-Country report containing aggregate tax information per country. For the Chugai Group, this report is filed with the Swiss Tax Administration by its ultimate parent company.

## 5 Chugai in the UK

Chugai Pharma Europe Limited (“CPE”) and Chugai Pharma UK Limited (“CPU”) are limited liability companies registered in England and Wales. CPU is a wholly owned subsidiary of CPE which is a wholly owned subsidiary of Chugai Pharmaceutical Co Limited (“Chugai Group”) resident in Japan. The ultimate parent company is the Roche Group resident in Switzerland.

The Chugai Group's strategy is to create value by focusing on innovation and realizing advanced and sustainable patient-centric healthcare.

CPE is the European headquarters of Chugai's commercial and medical operations in the European Union ("EU") as well as participating in the Chugai Group's development programmes.

CPU is involved in the sales and marketing of branded prescription medicines in the United Kingdom ("UK") and Ireland.

In this document CPE and CPU will be referred to as the businesses or Chugai in the UK.

The CPE and CPU business activities incur a substantial amount and variety of business taxes including corporate income taxes and employment taxes. In addition, the businesses collect and pay employee taxes and indirect taxes such as Value Added Tax ("VAT") and operate policies and governance to ensure compliance with UK tax law. In complying with these laws, the businesses also consider the spirit these laws are intended for.

Chugai in the UK is committed to transparency and our strategy is in accordance with paragraph 17(4) of Schedule 19 of the Finance Act 2016. Publication of this document is in accordance with Paragraph 16(2) of the Schedule and references to "UK taxes" are to the taxes and duties set out in paragraph 15(1) of the schedule which includes Income Tax, Corporation Tax, Pay As You Earn, National Insurance Contributions, VAT, Insurance Premium Tax and Stamp Duty Land Tax.

This document sets out:

- The approach to governance, risk management and compliance with UK tax laws
- The approach to tax planning as affecting UK taxation
- The level of UK tax risk we are prepared to accept
- The approach towards dealings with Her Majesty's Revenue and Customs ("HMRC")

## **6 Approach to Governance, Risk Management and Compliance with UK Tax Laws**

All members of the Chugai Group Finance Teams are committed to complying with local tax laws and full disclosure to HMRC. Tax compliance means paying the right amount of tax at the right time. It involves disclosing all the relevant facts and circumstances to HMRC and claiming reliefs and incentives where available and in accordance with applicable legislation.

Governance for the correct application of, and compliance with, UK tax law is the responsibility of the Board of Directors of CPE and CPU and the specific responsibility of the respective senior finance employees.

Chugai in the UK has established and maintains robust processes to ensure that UK taxes are calculated correctly, paid in a timely manner and risk of error is minimised.

Tax procedures in the UK are continually monitored and updated and employees involved are provided with appropriate training and professional support. An annual review of tax processes and procedures is undertaken to comply with the requirements of preparing the legal requirement to file a Senior Accounting Officer certificate.

## **7 Approach to Tax Planning**

The UK businesses plan their taxes with reference to current relevant UK tax law. When entering into commercial transactions, CPE and CPU seek to take advantage of available tax incentives, reliefs and exemptions where appropriate, in line with UK tax legislations, for example Research and Development Expenditure Credits. If there is an element of uncertainty over the application or interpretation and application of the tax law, Chugai UK will seek external advice from a reputable advisor for clarity of the position.

Chugai UK does not undertake tax planning unrelated to commercial transactions. No artificial or aggressive tax planning arrangements are entered into.

Reliance is placed on specialist external tax advisors where there is a need for specific guidance and support, for example in conducting benchmark analysis to support transfer pricing arrangements.

## **8 Level of UK Tax Risk We are Prepared to Accept**

The level of tax risk Chugai UK accepts is consistent with the companies and the Chugai Group's broader business risk management, compliance and transparency framework. The UK businesses adopt risk management training for employees covering all relevant aspects of good and compliant business practice.

In relation to any specific issue or transaction, the Board of Directors of each company is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regards to the amounts and obligations in question.

Additionally, CPE and CPU have established and maintain a tax risk register which is the responsibility of the Senior Accounting Officer and is reviewed annually.

In some cases Chugai UK and HM & Revenue & Customs may disagree on the correct application of the law and in these circumstances tax risk is judged on a case by case basis but consideration is given to the financial and reputational impact, complexity and how likely the risk is to arise. Chugai UK generally takes a very conservative approach towards tax risk.

## **9 Approach Towards Dealings with HMRC**

Chugai UK is committed to maintaining a transparent and open relationship with HMRC. As such CPE and CPU ensure that HMRC, through their appointed Customer Compliance Manager ("CCM"), is kept aware of significant transactions and changes in the business and will seek to discuss any related tax issues as soon as possible.

Any inadvertent errors in submissions made to HMRC are fully disclosed and corrected as soon as is reasonably practicable.

Where HMRC takes a different interpretation of the tax impact of a particular business transaction to Chugai UK and its external advisers, Chugai UK will seek to resolve this issue through open dialogue in a prompt and responsible manner.