Novacyt Group - Tax Strategy for UK entities

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Background

The Novacyt Group ("the Group" or "Novacyt") is an international diagnostics business generating an increasing portfolio of invitro and molecular diagnostic tests. Its core strengths lie in diagnostics product development, commercialisation, contract design and manufacturing. The Group’s lead business units comprise of Primerdesign and Lab21 Products, supplying an extensive range of high-quality assays and reagents worldwide. The Group directly serves microbiology, haematology and serology markets as do its global partners, which include major corporates. Novacyt S.A. is the parent company of the Group and its registered office is located at 13 Avenue Morane Saulnier, 78140 Vélizy Villacoublay.

The UK entities of Novacyt have historically invested in research and development. During 2020 and 2021, the Group has been one of the key contributors to managing the global pandemic and it has received unprecedented sales demand for its COVID-19 products.

This tax strategy sets out the strategic tax objectives of the UK entities of the Novacyt Group, including its tax risks and how it manages them, the Group’s attitude to tax planning, and how it co-operates with tax authorities to meet its taxation obligations. The UK entities include Novacyt UK Holdings Limited, Primer Design Limited, Lab 21 Healthcare Limited, Biotec Laboratories Limited (dormant), Microgen Bioproducts Limited and IT IS International Limited.

This tax strategy is publicly available on our website to allow external stakeholders to understand the Group’s approach to tax.

The publication of this tax strategy is regarded as satisfying the statutory obligation under Paragraph 16(2) of Schedule 19 of the Finance Act 2016 for the above-mentioned UK group entities of Novacyt.

This tax strategy will be reviewed annually.

Governance, risk management and compliance

The Group is committed to ensuring that it is compliant with all tax laws in the territories where it conducts business. Tax and business risks are monitored and managed within the finance team and overseen by the Group CFO.

Our UK finance team are qualified senior individuals who manage the day-to-day tax processes and engage in regular internal training courses. In addition, the Group engages with external tax advisors in respect of both tax compliance to ensure adherence to tax legislation. Third party tax advice is also sought for any material and complex transactions.

As and when required the Group prepares a report setting out the current tax status of the group, recent changes in the Group’s tax profile and short to medium term recommendations regarding the Group’s management of tax risk. The report is provided to the Board to ensure that they are regularly updated regarding key transactions and issues.
The finance team engages with the Group’s stakeholders to build understanding and clarity of business tax consequences across the Group. The finance team and the business proactively partner to ensure that clear, timely and relevant advice is provided across all aspects of tax, and that the business understands the Group’s objective of minimising tax risk.

The Group has achieved accelerated growth in a short period of time due to its response to the global pandemic. Accordingly, the Group has engaged third party advisors with respect to tax governance to ensure that the Group’s tax processes and controls are sufficient to manage the Group’s tax risk. Documented policies and procedures in relation to key taxation matters will be reviewed annually. The Board will monitor tax legislative changes and remain up to date on tax governance and controls.

**Tax planning**

Our approach to taxation is reviewed in line with changing tax legislation, changing business environment, and any emerging business and tax risks.

The Group does not engage in aggressive tax planning. The Group has sought to maximise government sponsored tax incentives, for example Research and Development, in line with key business activities. As part of our risk management processes, we seek professional advice where tax matters are material or are open to interpretation.

**Risk management**

Novacyt seeks to comply with all applicable tax governance and legislation and manage tax risks.

The Group has zero tolerance for tax evasion.

**Relationship with Tax Authorities**

Novacyt seeks to develop and maintain professional and transparent relationships with tax authorities.

Novacyt is committed to being compliant through timely and accurate tax submissions. Novacyt seeks to provide sufficient disclosures in its tax filings. If required, Novacyt would seek clearance from the relevant tax authorities for any material transactions. If HMRC were to disagree with the tax position Novacyt have taken, it would seek to work collaboratively with HMRC to agree the position and provide any requested information.