TAX POLICY REPORT

for publishing on the
external Mace Website

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mace

Mace Group is proud to be a responsible business with a strong purpose to 'redefine the boundaries of ambition'. Our commitment to always doing the right thing is reflected in our approach to corporate tax.

Mace is dedicated to paying our fair share of tax in all the countries in which we operate, only applying generally available tax reliefs permitted to all taxpayers. Mace will only utilise tax reliefs within the spirit of the law, but never with the intention of wilful tax avoidance or via the use of aggressive tax avoidance schemes.

In line with our Tax Policy, the Mace Executive Board commits to:

- Paying the right amount of tax in accordance with relevant statue and case law.
- Not partaking in tax planning that is perceived to be aggressive or that delivers advantages that were clearly not the intention of the legislation. Any available tax exemptions/reliefs in the territories in which we operate will be applied where such reliefs align with our commercial activities and in the manner in which they were intended.
- Taking decisions regarding both UK and international structuring, driven by operational rationale and never with the aim of avoiding tax.
- Carrying out transactions between Mace Group companies on an arm's-length basis in accordance with the relevant OECD guidelines.
- Taking reasonable care to prevent the facilitation of tax evasion by our staff and associates pursuant to our responsibilities under the Criminal Finances Act 2017.
- Conducting business in an honest, lawful and ethical way, without the use of corrupt practices or acts of bribery, taking a zero tolerance approach to bribery and corruption of all kinds.
- Never using countries denoted as tax havens for tax avoidance purposes. Any presence in those countries will be for reasons of bona fide commercial rationale.

Miranda Chamberlain CTA, Group Head of Tax, is responsible for delivering these commitments.

The Mace Executive Board reviews this policy annually to ensure that it is complied with and concludes that all companies within the Mace Group are compliant with this Policy.

Miranda Chamberlain

Group Head of Tax

December 2022.

Detailed Tax Analysis for YE 31 December 2020

Note 12 to the Consolidated Financial Statements of Mace Finance Limited

Tax on profit on ordinary activities	2020	2019
(a) Analysis of charge in year	**£000s**	£000s
UK corporation tax at 19% (2019: 19.00%)	**729**	3,485
Adjustments in respect of previous years	**469**	480
Group relief payment	**(5)**	-
Overseas taxation	**7,187**	4,932
Deferred tax	**(3,469)**	(795)
Total current tax	**4,911**	8,102

(b) Factors affecting tax charge for year The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2019: 19.00%). The differences are explained below:	**£000s**	£000s
Profit on ordinary activities before tax	19,749	25,334
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19.00%)	**3,752**	4,813
Effects of:		
Expenses/(income) not deductible/(taxable) for tax purposes	**(135)**	6
Non-taxable dividend income	**(15)**	53
Goodwill impairment	**-**	431
Group income	**48**	-
Temporary differences not recognised in deferred tax	**(65)**	(58)
Group relief surrendered/(claimed)	**-**	21
Utilisation of tax losses	**130**	224
Non-taxable foreign branch income	**(9)**	173
Different rates of tax on overseas earnings	**2,360**	1,396
RDEC	**(615)**	(421)
Impact of deferred tax rate movements	**(435)**	331
Adjustments to tax charge in respect of previous years	**175**	316
Adjustment to tax charge in respect of previous years – overseas tax	**(281)**	817
Current tax charge for the year	**4,911**	8,102

Changes in tax rates

In the UK Budget on 3 March 2021, the Chancellor announced the intention to increase the UK corporate tax rate from the current rate of 19% to 25%, effective from 1 April 2023. As this change had not been substantively enacted by the balance sheet date, the impact is not included in these financial statements. Were the 25% tax rate to have been enacted, the effect would be to increase the net deferred tax asset as reported by an estimated £1.2m. This reflects the anticipated net benefit the Group will obtain due to deferred tax balances reversing in the future at the new rate.

Restatement of 2019

During the preparation of the financial statements for the period ended 31 December 2020, a prior period restatement was made that reduced the profit before tax (PBT) for 2019 from £25,334k to £23,419k. Details of this restatement and its impact are shown in note 29 of the financial statements (Adjustment B). Whilst the comparative PBT was reduced by the restatement to £23,419, the comparative data for 2019 shown in note 12 of the financial statements was not updated to reflect this restatement. Therefore, the reconciliation above starts with the original PBT of £25,334.

Deferred taxation – Group

Deferred tax assets	Fixed asset temporary differences £000s	Short-term temporary differences £000s	Losses carried forward £000s	Total £000s
At 1 January 2019	**1,145**	**(76)**	**1,520**	**2,589**
(Charged) credited to:				
- Profit and loss	108	1,041	(356)	793
- Profit and loss	-	1,240	(136)	1,104
At 31 December 2019	**1,253**	**2,205**	**1,028**	**4,486**
(Charged) credited to:				
- Profit and loss	177	2,939	512	3,628
- Profit and loss	(8)	-	(85)	(93)
At 31 December 2020	**1,422**	**5,144**	**1,455**	**8,021**

Deferred tax liabilities	Fixed asset temporary differences £000s	Short-term temporary differences £000s	Losses carried forward £000s	Total £000s
At 1 January 2019	**-**	**-**	**-**	**-**
(Charged) credited to:				
- Profit and loss	-	-	-	-
- Profit and loss	-	-	-	-
At 31 December 2019	**-**	**-**	**-**	**-**
(Charged) credited to:				
- Profit and loss	-	159	-	159
- Profit and loss	-	-	-	-
At 31 December 2020	**-**	**159**	**-**	**159**

Deferred taxation – Company

Deferred tax assets	Short-term temporary differences £000s	Total £000s
At 1 January 2019	**(318)**	**(318)**
(Charged) credited to:		
- Profit and loss	21	21
- Profit and loss	-	-
At 31 December 2019	**(297)**	**(297)**
(Charged) credited to:		
- Profit and loss	332	332
- Profit and loss	-	-
At 31 December 2020	**35**	**35**

Deferred taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The current tax payable is based on taxable profit for the year. Taxable profit differs from accounting net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates prevailing in the year.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In determining the recoverability of deferred tax assets, discounted cash flow forecasts are reviewed to assess the future profitability for the relevant entities. Deferred tax assets are therefore recognised on material timing differences expected to reverse in the next few years (usually 3-5 years).

As of 31 December 2020, deferred tax assets were recognised on the following:

	Deferred tax provision
Fixed asset temporary differences being the difference between the net book value of qualifying fixed assets in the financial statements and their equivalent tax written down values. As of 31 December 2020, future deductions totalling £7.5m (2019: £7.0m) were carried forward, with future corporation tax deductions recognised in full on the balance.	£1.4m
Losses carried forward being the future tax saving available on tax losses arising in the UK, Spain, Nigeria, Poland, and South Africa. As of 31 December 2020, future deductions for tax losses carried forward were recognised with deferred tax assets.	£1.4m
Corporate Interest Restrictions being a restriction to the allowable interest deductions in UK corporation tax computations. As of 31 December 2020, it was forecasted that the restriction made for the accounting period would be reactivated in the foreseeable future, following the repayment of external debt in early 2021 and the forecasted increase in profitability from 2021 onwards.	£3.4m
Short-term temporary differences include the following:	
• Unpaid employer pension contributions	£0.4m
• Provisions	£1.1m
• IFRS transitional adjustments (Loan Notes and Leases)	£0.6m
• Share based payments	(£0.4m)
Total deferred tax asset 31 December 2020	**£7.9m**

Effective tax rate

Mace Group's Effective Tax Rate (ETR) is sensitive to the group's geographic mix of profits and reflects a combination of higher rates in certain jurisdictions, such as the USA and Peru, low UK effective rates due to tax losses and effective rates ranging in between.

For 2020, Mace Group's ETR was 24.87% (2019: 31.98%). For 2020, seven countries had material impacts on the group ETR by virtue of their contribution to the consolidated profits and their combined total income tax expense.

Country	Total tax expense GBP £'000	PBT GBP £'000	ETR
Denmark	1,570	6,539	24.00%
Iceland	274	1,335	20.53%
Ireland	673	5,815	11.57%
Peru	584	1,653	35.33%
UAE	102	(4,909)	-2.08%
UK	(1,784)	(474)	376.37%
USA	2,560	7,767	32.95%
Other territories not analysed further	932	2,022	46.09%
Total	**4,911**	**19,748**	**24.87%**

Except for Ireland and the UAE, the countries specifically identified above have corporation tax rates more than the UK standard rate of corporation tax, which was further increased due to local tax adjustments.

In the reporting, a country may represent multiple legal entities. Due to tax regulations relating to offsetting trading losses, Mace is often prevented from offsetting trading losses from one entity to another in the same country. This can result in anomalous ETR positions, such as Denmark for 2020, where one entity made a small profit and the other made a significant loss. Mace still paid tax on the entity that was profit making.

Current tax charge

Mace Group's domestic tax rate for 2020 was 19% (2019: 19%). Based on the consolidated profit before tax of £19.7m, the total income tax expense differs to the expected tax expense at the standard rate due to several factors:

	Tax impact @19%
Profit before tax - £19.7m	**£3.7m**
1. Due to different tax rates in our foreign jurisdictions, an increase in the income tax expense arose for 2020. This adjustment includes withholding tax suffered on non-taxable dividend income as well as an increase in the tax expense arising from losses arising in foreign branches subject to exemptions.	£2.4m
2. Various adjustments made in relation to prior accounting periods were made in 2020, resulting in an decrease in the total tax expense. These adjustments were made to both UK and foreign entities, and included both current and deferred tax adjustments, including the impact of losses utilised where no timing differences were previously recognised.	(£0.6m)
3. Adjustments made in the financial statement in respect to prior period Research and Development Tax Credits of £3.24m, resulted in a reduction in the income tax expense.	(£0.6m)
Total income tax expense	**£4.9m**

Overseas subsidiaries

In line with the Tax Policy, decisions regarding both UK and international structuring are driven by operational rationale, and never with the aim of avoiding tax. Mace will not use tax havens for tax avoidance purposes and our presence in any country will be for reasons of bona fide commercial purpose. As a truly global business Mace reported in the Financial Statement for year end 31 December 2020 subsidiaries in the following locations of interest:

With a score a 60 or above in the Financial Secrecy Index:

Cyprus	Historic structure for UAE branch, no tax advantage obtained over UK/UAE Tax Treaty
Egypt	Mace Consult business activities
Hong Kong	Mace Consult and Mace Operate business activities
Jersey	Mace Consult and Mace Operate business activities
Jordan	Mace Operate business activities
Kazakhstan	Dormant
Kenya	Mace Consult business activities
Macau	Mace Consult no current business activities
Maldives	Mace Consult business activities
Mauritius	Mace Consult business activities
Morocco	Dormant
Netherlands	Mace Consult, Mace Operate and Mace Construct business activities
Nigeria	Mace Consult business activities
Oman	Mace Consult and Mace Operate business activities
Qatar	Mace Consult and Mace Operate business activities
Rwanda	Mace Consult business activities
Saudi Arabia	Mace Consult and Mace Operate business activities
Singapore	Mace Consult and Mace Operate business activities

Switzerland	Mace Consult and Mace Operate business activities
Trinidad and Tobago	Mace Operate business activities
UAE	Mace Consult and Mace Operate business activities and regional Hub
USA	Mace Consult and Mace Operate business activities and regional Hub
Vietnam	Mace Consult business activities

Corporate Haven List:

Belgium	Mace Construct and Mace Operate business activities
Ireland	Mace Consult, Mace Construct and Mace Operate business activities.
Luxembourg	Mace Operate business activities
Vietnam	Mace Consult business activities

Countries that have not yet been rated for either the Financial Secrecy or the Corporate Haven List:

Belarus	Liquidation in progress
Syria (Dormant)	Unable to liquidate given current political environment
Uganda	Mace Consult business activities

Country by country reporting

Tax Jurisdiction	Total Revenue	Profit (Loss) before Income Tax	Income Tax - Accured- Current year	Number of employees	Tangible Assests other than cash and cash equivalents
Australia	5,403,910	(64,162)	168,104	53	12,117
Austria	270,080	(1,495)	-	1	-
Azerbaijan	-	50,344	88,941	-	-
Bahrain	918,052	(286,390)	-	2	311,448
Belerus	258,427	209,788	23,210	2	-
Belgium	21,832,201	86,437	22,896	7	-
Brazil	-	(80,299)	-	-	-
Canada	1,871,418	136,175	50,408	20	-
Chile	1,925,186	100,689	26,773	14	-
China	418,162	101,989	5,700	7	-
Costa Rica	(22,905)	(60,253)	-	-	-
Croatia	0	(434)	-	-	-
Cyrpus	208	(1,615,384)	21,942	0	12,117
Czech Republic	105,020	(2,853)	(13)	-	-
Denmark	25,946,870	6,538,885	1,569,530	10	-
Egypt	697,269	110,522	(3,034)	19	38,455
Finland	-	52	10	-	-
France	2,844,549	207,105	42,678	13	430
Georgia	333	(11,496)	-	-	-
Germany	3,907,516	56,781	(72,785)	29	43,138

Tax Jurisdiction	Total Revenue	Profit (Loss) before Income Tax	Income Tax - Accured- Current year	Number of employees	Tangible Assests other than cash and cash equivalents
Ghana	28,450	(27,700)	-	1	-
Greece	4,656	(2,524)	(11)	0	-
Hong Kong	774,893	264,832	-	8	-
Iceland	3,290,156	1,334,772	274,075	-	-
India	6,639,650	142,238	128,230	255	70,714
Ireland	252,835,150	5,815,052	672,900	80	-
Italy	1,005,845	99,267	(20,066)	8	-
Japan	155,526	(47,018)	(0)	6	-
Jersey	5,628,009	(4,593,771)	-	3	-
Jordan	423,332	6,345	(3,850)	3	-
Kazakhstan	-	-	-	-	2,250
Kenya	3,180,390	(89,589)	-	52	91,629
Luxembourg	189,011	(30,354)	-	2	-
Macao	111,438	(41,141)	-	0	-
Macedonia	-	(3,141)	-	-	-
Maldives	1,038,597	891,896	72,403	0	-
Mauritius	299,862	295,034	-	-	-
Montenegro	8,184	(17,434)	-	0	-
Morroco	-	(5,443)	-	-	-
Netherlands	7,935,527	(876,636)	133,897	31	-
New Zealand	57,612	48,147	(5,713)	-	-
Nigeria	28,450	(27,700)	-	2	-

Tax Jurisdiction	Total Revenue	Profit (Loss) before Income Tax	Income Tax - Accured-Current year	Number of employees	Tangible Assests other than cash and cash equivalents
Norway	7,535	(10,704)	-	-	-
Oman	2,220,277	(145,356)	7,996	25	620
Pakistan	3,480,391	31,954	10,107	29	-
Peru	5,555,696	1,652,817	583,988	9	-
Poland	2,128,238	(292,011)	-	28	(0)
Portugal	253,972	19,329	(1,578)	2	117
Qatar	14,222,463	657,626	51,254	142	43,694
Rwanda	28,450	(27,700)	-	-	-
Saudi Arabia	8,444,365	713,983	278,651	32	225,387
Serbia	988,383	(293,431)	-	23	0
Singapore	876,124	(344,652)	(10,833)	10	-
Slovakia	-	3,849	28,225	-	-
South Africa	2,777,073	(106,116)	-	24	68,086
Spain	5,482,137	242,657	4,110	60	26,119
Sweden	429,003	(4,641)	979	1	-
Switzerland	6,637,214	603,322	151,161	25	65,358
Taiwan	30,283	(7,970)	-	-	-
Trinidad and Tobago	252,135	7,484	2,101	-	-
Turkey	4,429	67,955	12,518	-	-
United Arab Emirates	62,088,670	(3,219,159)	72,670	553	980,251
United Kingdom	1,351,731,102	3,375,457	1,389,103	3,909	40,939,041

Tax Jurisdiction	Total Revenue	Profit (Loss) before Income Tax	Income Tax - Accured- Current year	Number of employees	Tangible Assests other than cash and cash equivalents
United States	48,909,272	7,728,245	2,551,405	248	144,567
Vietnam	3,581,537	172,362	85,108	38	(0)
	1,870,139,781	**19,436,434**	**8,413,187**	**5,786**	**43,063,417**

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