

Introduction

Mitsui E&S Machinery Co., Ltd. (“MES Machinery”) is a Japan-based company with offices in Tokyo, Japan. MES Machinery operates through four main business segments –Diesel Engine Division; Cranes & Systems Division; Industrial Machinery Division and Infrastructure Business Division. Mitsui E&S Machinery Europe Limited (“MES-MEL” or the Company), set up in 1989 as a wholly-owned subsidiary of Mitsui E&S Group with offices in London, the United Kingdom (“UK”), is engaged in the provision of sales support, collecting market information and other services, including technical assistance in connection with the procurement of equipment and materials for industrial facilities, to MES Machinery.

The specific activities MES-MEL undertakes in providing services to MES Machinery can be split into the following categories:

- Business support activities;
- Technical investigations;
- New business potential;
- Coordination with licensors and licensees;
- Procurement coordination;
- Project coordination; and
- Other services.

MES-MEL provides services only to its parent company, MES Machinery –the services relate predominantly to sales & marketing support, as well as technical support (including technical investigations) with actual costs plus a mark-up of the definite rate.

In addition, the definite rate has been reviewed by the third-party’s benchmark test from the view of transfer price in every several years.

Purpose of this document

This document is to satisfy the requirements under Section 161 and Schedule 19 (2) of the UK Finance Act 2016 that qualifying UK companies must publish details of their Tax Strategy.

The approach to risk management and governance arrangements

External tax advisors are engaged to support the management of Corporate Tax and Personal Income Tax including the submission of returns.

The attitude towards tax planning

MES-MEL does not actively seek tax planning structures. Where an assessment of tax impacts is undertaken the preferred option is to adopt an approach with a low tax risk.

The level of risk in relation to UK taxation

Local finance and accounting staff(s) in the UK take(s) the responsibility of the UK tax compliance process and engage with an external UK tax adviser for assistance in the review and submission of tax returns, and for any necessary additional advice on the UK taxations of any relevant transactions.

The approach towards dealings with HMRC

As a responsible tax payer, we have an open relationship with the HMRC and within the normal tax compliance process, we seek to comply with its tax filing, reporting and payments obligations in the UK.