MITSUI FUDOSAN UK

Mitsui Fudosan – UK sub-group Tax Strategy

Introduction

Mitsui Fudosan Co. Limited, a company registered in Japan and listed on the Tokyo stock exchange, operates in the UK through a wholly owned sub-group of entities which is headed by Mitsui Fudosan (UK) Limited. Through the business activities undertaken in the UK, the sub-group contributes value to the shareholders and stakeholders of our parent company.

The business strategy in the UK is to maintain long term holdings in core real estate assets, managing a number of central London properties consisting of office, retail, residential and mixed use developments.

This tax strategy has been approved by the Board and applies to the year ended 31 December 2018.

We discharge our responsibilities as a UK taxpayer, and set out our strategy as it relates to UK tax matters below, in accordance with paragraph 19(2) Schedule 16 Finance Act 2016.

Approach to governance and tax risk management

Our approach to governance and tax risk management in the UK is focussed on applying the group vision and philosophy established by our parent company and followed by the group as a whole. One of the core aspects of our group vision is to be profitable, by acting honestly and fairly to realise the capabilities within our organisation, and this is central to how we manage our tax affairs.

We seek to minimise any areas of tax risk, and this is done by ensuring that we have robust processes in place for managing tax compliance to ensure that we file all tax returns and make payments within the relevant deadlines. Additionally, we minimise tax risk by taking advice on the law where appropriate from professional advisers.

Day to day responsibility for the management of tax is delegated to the Finance team, with regular oversight from the Managing Director and UK Board of Directors. As a subsidiary company, ultimate responsibility and oversight lies with our parent company in Japan, with whom relevant tax matters are communicated by the Board of Directors.

We monitor and review our tax processes within the UK on an annual basis to maintain robust procedures for managing tax risks. Responsibility for this process lies with our Internal Audit functionaries who report the findings of their review to the Board of Directors.

Level of risk which we are willing to accept

The business has a low tolerance for tax risk, in accordance with our philosophy. Tax is considered as a part of our normal commercial activities. As a responsible taxpayer, whilst we utilise relevant reliefs and incentives which are available to us as set out in UK tax legislation, we do not enter into transactions which have a primary tax planning purpose.

Where we consider that there is uncertainty in the application of any tax legislation, we seek external advice from appropriately qualified professionals. Where appropriate, we also contact HMRC to seek clearance for our proposed tax treatment, and where possible, would do so in advance of the relevant return being submitted.

Approach to tax planning

When considering entering into a significant transaction, we ensure that we act according to the group’s values by obtaining professional external advice on the application of the relevant tax legislation.

The advice obtained regarding the tax implications of transactions is subsequently considered by the Board of Directors as part of the overall process of approving the transaction.

Approach to relationship with the Tax Authority

We are open and transparent in all of our dealings with HMRC. We work with the teams at HMRC who are responsible for Mitsui Fudosan (UK) Ltd.’s VAT, corporation tax and payroll tax submissions, and we raise relevant queries with these teams in real time where appropriate, including instances where we make clearance applications in advance of the relevant tax return being submitted.

We have implemented processes which we believe enable us to submit complete and correct tax returns to HMRC. However, and in accordance with our philosophy and values of acting with honesty and integrity, if we were to identify an error in a submitted tax return, we would seek to make a full voluntary disclosure to HMRC and pay any additional tax due at the earliest possible opportunity.