



**Pizza Hut UK Group (including Pizza Hut (UK) Limited, PHH 1 Limited, PHH 2 Limited, PHR (Northern Europe) Limited, HWS 4 Limited, HWS 3 Limited and HWS 2 Limited)**  
**Tax Strategy – Year Ended 29 November 2020.**

## **Background**

Pizza Hut UK is the restaurant business operating under the Pizza Hut brand in the UK since 1973. It now has 214 restaurants nationwide, employing over 4,500 team members and serving nearly 2 million guests each month from its menu which consists of pizza and pasta and salad, and more recently a diversified menu which includes fries, onion rings and chicken.

Our restaurant model offers a warm, accessible and great value experience to a broad demographic of guests across all UK mainland geographies. Value is delivered through great-tasting, proprietary-recipe pizzas, affordable prices and a generous spirit of hospitality, exemplified by our unlimited free salad bar. Unit level economics are delivered by strong operational disciplines that minimise wastage of resources and a mobile-device ordering platform that helps to deliver an efficient labour model. The economics are further supported by scale purchasing. The model benefits from two strong dayparts, lunch and dinner across all seven days of the week. In addition to a strong core dine-in offer, the mode benefits from fast-growing takeaway and delivery channels, the latter operated in partnership with Deliveroo, Uber Eats and Just Eat. The brand also benefits from a high level of unprompted awareness. This combination of features enables the model to operate profitably across a wide range of real estate locations.

## **Governance**

The governance framework of the group ensures that all financial and tax risks are appropriately dealt with by Senior Management. Primary responsibility for taxation matters sits with the CFO who is supported by the in-house Taxation Manager. Guidance is also provided by external advisors, particularly in relation to matters that are material or which are technical in nature. The Board is updated on any material tax matters as they arise with further updates on any matters that are continuing. The overall governance framework enables taxation matters to be identified and managed on a day to day basis, ensuring that any risks can be reduced.

Pizza Hut's direct contribution to taxation in the UK economy includes corporate, employment, property, apprenticeship levy, and insurance premium taxes. Additionally Pizza Hut makes significant indirect contributions to UK taxation through taxes on sales of pizza products which are subject to VAT.

This document, approved by the board of the Pizza Hut UK Group (encompassing Pizza Hut (UK) Limited, PHH1 Limited, PHH2 Limited and PHR (Northern Europe) Limited, HWS 4 Limited, HWS 3 Limited and HWS 2 Limited), sets out the Group's approach to conducting its tax affairs and dealing with tax risks for the year ending 29 November 2020. This document will be periodically reviewed by the company, and any amendments will be approved by the board of directors. This document will remain effective until any amendments are approved by the board of directors. We consider that it meets the requirements of Finance Act 2016, Schedule 19, Paragraph 16(2) for the current year.

We take our responsibilities to tax extremely seriously, and are committed to meeting all our statutory tax obligations.

The Pizza Hut UK Group is committed to:

- Following all applicable laws and regulations relating to its tax activities.



- Maintaining an open and honest relationship with the tax authorities based on collaboration and integrity.
- Applying diligence and care in our management of the processes and procedures by which all tax related activities are undertaken, and ensuring that our tax governance is appropriate.

Our Code of Conduct sets the standard for what is expected of everyone conducting business on behalf of the Pizza Hut UK Group. It is essential that Pizza Hut maintains its reputation for integrity and that everyone in the Group acts honestly, fairly and with transparency.

### **Risk management**

Day to day responsibility for the conduct of the Group's tax affairs is delegated to a number of qualified tax professionals, whose purpose is to meet our tax compliance obligations in the UK.

We fully provide for all our taxes in accordance with legal and accounting standards. Where material uncertainty exists, we support the stance taken in our accounts and in our tax returns through the use of qualified internal and external advisors.

Where errors arise, we disclose these to the relevant tax authority at the earliest opportunity and seek to put in place additional procedures to ensure that such errors do not arise in the future.

We regularly review all material tax risks faced by the Group and undertake steps both to monitor and where appropriate, mitigate these.

Due to the nature of the business, the group is only prepared to accept a low level of tax risk. Any new commercial activities, are reviewed on a case by case basis, and where appropriate, specialist tax advice is sought.

### **Tax planning**

We recognise that tax is by its very nature, complex and often uncertain.

We do not undertake aggressive tax planning and are committed to ensuring that tax reflects the underlying economic substance of the transactions the business enters into.

All transactions are driven by their commercial rationale rather than being shaped only to deliver a tax advantaged result.

In cases where the tax guidance is unclear or the Group does not feel it has the necessary expert knowledge to assess the tax consequences adequately, external advice is sought to support the Group's decision making process.

### **Approach towards dealings with HMRC**

The Group is committed to the principles of openness and transparency in its approach to dealing with HMRC, and in particular the Group commits to:

- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion.



- Seek to resolve issues with HMRC in a timely manner, and where disagreements arise work with HMRC to resolve issues by agreement where possible.
- Be open and transparent about decision-making, governance and tax planning.
- Reasonably believe that transactions are structured to give a tax result which is not inconsistent with the economic consequences (unless specific legislation anticipates that result), nor contrary to the intentions of Parliament.
- Interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently.
- Ensure all interactions with HMRC are conducted in an open, collaborative and professional manner.

Signed on behalf of the Pizza Hut UK Group