

## **Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA)**

### **2017 UK Taxation**

The publication of this paper is regarded by our UK entities as complying with their duty under paragraph 23(4) of Schedule 19 of the UK's Finance Act 2016.

#### **Background**

As a UK subsidiary limited liability partnership of the FEMSA group, CB Equity LLP (**CB**) falls within the definition of a "qualifying partnership" for the purposes of paragraph 12(2) of Schedule 19 of the Finance Act 2016. Additionally, as a UK subsidiary company of the FEMSA group, TH Equity Beer Limited (**TH**) falls within the definition of a "qualifying company" for the purposes of paragraph 5(3) of Schedule 19.

This paper relates to both CB and TH and, by making it available, CB and TH are complying with their obligations under section 161 and paragraphs 25 and 22 (respectively) of Schedule 19.

#### **Overview of FEMSA's approach to UK taxation**

FEMSA's Code of Ethics sets out what is expected of everyone at FEMSA in terms of compliance and ethical behaviour generally. CB's and TH's approach to UK taxation aligns with that.

The sections below set out CB's and TH's approach in relation to UK taxation to: risk management and governance arrangements; attitude towards tax planning; tax risk; and, dealings with the UK tax authorities ("HMRC").

#### **Risk management and governance arrangements in relation to UK taxation**

The Group's tax director oversees our approach to tax and is responsible for ensuring that policies and procedures that support this approach are implemented and maintained. We want our tax affairs to be compliant with tax legislation. Our internal structure is set up to ensure:

- The management of CB and TH understand the importance of tax compliance and how it is achieved;
- There is ongoing dialogue between the management of CB and TH and our Group finance function regarding the way CB and TH manage their tax risk in consultation with our Group tax department; and
- CB and TH portray a positive view towards tax compliance and the importance of meeting their obligations.

We review at regular meetings how CB and TH meet their UK tax obligations by liaising with our external professional tax advisers.

At regular members' and management meetings, and by liaising with our external professional tax advisers, CB and TH keep under review how they meet their UK tax obligations.

#### **Attitude towards tax planning so far as affecting UK taxation**

CB and TH have regard to tax planning as part of their overall business strategy. Professional tax advice is sought on a transactional and ongoing basis, with the depth of such advice being driven by our assessment of the risk presented by each transaction.

CB and TH adhere to relevant tax law and do not engage in artificial tax arrangements, the sole purpose for which would be to obtain a tax advantage. We have a responsibility to minimise our tax risk and exposure to negative publicity that may arise from non-compliance.

### **Attitude towards risk**

CB's and TH's management see compliance with tax legislation as key to managing their tax risk. We understand the importance of tax in the wider context of business decisions and management ensures that tax is considered as part of the decision-making process.

CB and TH have longstanding relationships with professional advisers that allow us to seek expert advice on specialist areas of tax. Our approach is to ensure we are compliant and understand our responsibilities with regards to tax, rather than looking for ways to aggressively avoid payment of tax.

CB's and TH's management are conscious of the negative publicity attracted by a poor attitude towards tax, and see strong internal processes and good relationships with our professional advisers as the best way to manage this reputational risk.

### **Dealings with HMRC**

CB's and TH's dealings with HMRC are focussed around timely tax compliance, including meeting relevant filing and payment deadlines.

We employ the services of professional tax advisers to act as our UK agents, and they liaise with HMRC on our behalf. This is seen by CB's and TH's management as a way to help build a cooperative relationship with HMRC.