

Our Approach to Tax

Year ending 31 December 2023

Prepared in accordance with the requirements of the Finance Act 2016

Summary of our approach to tax

- Our approach to tax risk is led by our Board of Directors which is committed to maintaining our status with HMRC as a low-risk business;
- We are committed to an open, transparent and collaborative approach with HMRC;
- We have a low tolerance towards tax risk and do not engage in artificial tax arrangements or transactions.

About us

The top United Kingdom (UK) based company in our group is Castle UK Midco 1 Limited which is a private company registered in England & Wales and is a wholly owned subsidiary of Castle Builder Topco Limited which is registered in Jersey. The published tax strategy applies to both Castle Builder Topco Limited and Castle UK Midco 1 Limited. The group carries out housebuilding in the UK through its principal trading subsidiary, Miller Homes Limited and a number of joint ventures and wholly owned subsidiaries (collectively 'Miller Homes').

Miller Homes is a respected national homebuilder with an established reputation for high quality family homes. We strive to create quality new homes and connected communities that our customers can enjoy. Our aim is to create superior value, long term results and a more sustainable future.

The main taxes that Miller Homes pays are employment taxes (£34.4m in the last full financial year, including taxes collected from employees), stamp duty land and land and buildings transaction tax (£6.8m in the last financial year) and corporation tax (£27.6m for the last full financial year). In addition Miller Homes is registered as a contractor under the Construction Industry Scheme (CIS) and deducts tax on payments to subcontractors under CIS rules where appropriate (£7.4m in the last full financial year). New build housing is a zero-rated supply for VAT purposes therefore we do not charge VAT on house sales but are able to recover most input tax on our purchases. We are also subject to other taxes such as the apprentice levy, business rates and landfill tax (which is paid indirectly through our groundwork subcontractors).

Governance and risk management

Ultimate responsibility for our tax strategy and compliance lies with the Board of Directors. The Board is supported by recommendations from the Audit Committee which considers the effectiveness of internal controls and risk management, including those related to taxation.

We have a robust process in place for identifying and addressing tax risks which involves the Chief Financial Officer, operational directors where appropriate, and the wider finance function. The Audit Committee provides regular oversight. Our internal review system supports the Senior Accounting Officer (the Chief Financial Officer) in certifying to HM Revenue & Customs ('HMRC') that we have appropriate tax accounting arrangements.

Processes relating to different taxes are allocated to specific individuals who are responsible for ensuring they are followed and updated as appropriate. Appropriate training is provided to staff who manage or process transactions which have tax implications.

We obtain advice from appropriately qualified external advisors on specialist tax matters which forms part of our tax return process, and we see the input of external advisers as a key source of specific tax expertise to supplement the skills of our own finance team in appropriate cases. Miller Homes has been categorised by HMRC as a low-risk business since their first risk review in 2010 which has been re-confirmed at subsequent reviews.

Tax planning and level of risk

We have a low tolerance towards tax risk, and do not undertake transactions led by a tax planning motive. We seek to minimise the risk of a dispute with HMRC by being open and transparent about our tax affairs. At all times we seek to comply fully with our regulatory and other obligations and to act as responsible corporate citizen.

Where appropriate, we seek to utilise HMRC approved structures to facilitate our business, such as salary sacrifice pensions, low emission cars and the ride to work scheme. We are not party to any schemes which require to be disclosed to HMRC under the Disclosure Regime.

The tax consequences of significant commercial transactions are considered by the Board of Directors as part of its deliberations on the transactions in question. We manage our on-going and future tax risk by sharing details of any proposed significant transactions with HMRC prior to implementation and seek advance clearance where appropriate.

Relationship with HMRC

We are committed to maintaining an open, transparent and collaborative approach to our dealings with HMRC. We engage with HMRC through our Customer Compliance Manager to discuss our tax affairs as required.

We take care to ensure that our tax affairs are reported accurately. When submitting tax computations we disclose all relevant facts in the returns. Should an error be identified in a submitted tax return, we would seek to correct and disclose it as soon as reasonably practicable.

We are committed to ensuring we pay the right amount of tax and to work collaboratively with HMRC to ensure we are properly regarded as a low-risk business.