Miller's Approach to Tax

Year ended 31 December 2017

Prepared in accordance with the requirements of the Finance Act 2016

<u>Summary of Miller's approach to tax</u>

- 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/transactions.

<u>About us</u>

Miller Homes Group Holdings PLC ('Miller') is a public limited company registered in England & Wales. It carries out housebuilding in the United Kingdom through its principal trading subsidiary, Miller Homes Limited ('Miller Homes') and a limited number of Special Purpose Vehicles, the majority of which are joint ventures. The ultimate holding company of Miller is Marilyn Topco Limited, a private company registered in England and Wales.

Miller Homes is a respected national homebuilder with an established reputation for building quality family homes and providing excellent customer service. We believe that by building homes safely, in a way that is considerate to the environment and by providing our customers with a product and experience that recognises buying a home is a significant lifetime purchase, we will deliver superior long term results for all our stakeholders.

The main taxes that Miller Homes pay are employment taxes (£14m in the 2016/17 tax year) and stamp duty land tax (around £8m in the last 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 (£3.5m in the 2016/17 tax 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 the majority of input tax on our purchases). We are also subject to other taxes such as business rates and Landfill tax (which is largely paid indirectly through our ground work subcontractors).

Miller Homes incurred substantial losses during the global financial crisis. As a result of this we have a carried forward tax loss that has meant we have not had to pay corporation tax in recent years. However, as a result of amendments to the rules regarding accessing tax losses we expect to pay corporation tax of around £7m in respect of the year ended 31 December 2017.

<u>Governance and risk management</u>

Ultimate responsibility for our tax strategy and compliance lies with the Miller Board. 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 robust 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. 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 after two follow up reviews in 2013 and 2016.

Tax planning and level of risk

We have a low tolerance towards tax risk and do not engage in artificial tax arrangements/transactions. 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 SMART pensions and approved employee share schemes. 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 Relationship 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.