

Tax Strategy Statement – United Kingdom

The UK Finance Act 2016 introduced a requirement for all large businesses to publish their annual UK tax strategy. Syntel Europe Limited (Syntel Europe) is a subsidiary of Syntel, Inc., a US publicly traded company. The Syntel Group engages in the business of providing Information Technology ('IT') and Information Technology Enabled Services ('ITES'). The Syntel Group provides technology-based, industry-specific solutions through five main business segments: Banking and Financial Services; Healthcare and Life Sciences; Insurance; Manufacturing; and Retail, Logistics and Telecom.

The operational business is the driving force and tax efficiencies are built in only if the business purpose is met supported by substance of the transactions.

Approach to tax risk management and governance in relation to UK taxation

Syntel Europe's Board of Directors and corporate officers are responsible for its UK tax strategy. The directors and officers have a fiduciary duty to enhance shareholder value, expand the business operations, develop strong business partnerships with customers, mentor employee's development, and control/manage decision making and risk assessments of Syntel Europe. Syntel Europe takes reasonable care to reduce the level of tax risks through internal control processes as required under UK law to ensure accurate and complete compliance and reporting.

Attitude towards tax planning affecting UK taxation

Syntel Europe's directors and officers evaluates tax planning only to ensure that it pays the right amount of tax legally due in any tax jurisdiction in a timely manner and the business purpose/ substance requirements are kept in perspective. Syntel Europe complies with statutory and regulatory rules for recognizing and realizing income and deductions in determining UK taxable income. It also uses available tax credits and make elections as appropriate to pay the right amount of tax as prescribed by UK tax rules.

While tax planning is important to Syntel Europe, it focuses on the facts and full explanations of technical positions supporting the business purpose and the substance of the transactions before making tax planning decisions. Syntel Europe has qualified finance and tax staff, external auditors and tax advisors, with the appropriate level of skill and knowledge, to manage and control UK reporting and compliance, as well as apply reasonable interpretation and analysis of uncertain tax law in order to support decision making and tax positions. As part of the tax planning process, Syntel Europe considers:

- the business purpose and substance of the transactions,
- short and long term financial benefits and risks including rate of return, likelihood of cash payment and impact on net income,
- the impact on corporate brand/reputation,

- the consequences of disagreements with tax authorities including any potential assessment of penalties and interest, and
- the level of certainty/uncertainty of the tax position. Syntel Europe’s risk standard is based on whether the particular position meets the “more likely than not” standard.

Syntel Europe’s directors, corporate officers, and Finance and Tax teams are involved in all business acquisitions or disposals, corporate structure changes, cross-border trade, financing transactions, business operations, and any other commercial, business or corporate activity.

Level of risk & tax compliance in relation to UK taxation

Syntel Europe requires its tax staff and advisors to effectively manage risk by reviewing and assessing business transactions in light of all tax laws. The tax professionals must observe all applicable laws, rules, regulations, and reporting requirements. Syntel Europe incorporates cross-functional teams that work together to apply due diligence and professional judgment to support reasonable decision making. Any corporate decision, project or engagement is reviewed and approved by the appropriate officers and directors after consideration of the facts, reasoning, and risks.

In some instances, Syntel Europe engages third party advisors and consultants to provide written advice that the position is “more likely than not” to be settled in the Syntel’s favor. Where positions are not “more likely than not” to be favorable, Syntel Europe utilizes quantifiable and qualitative risk assessments. Syntel Europe incorporates full analysis, review and documentation in its compliance procedures to ensure complete and correct tax returns, filings and disclosures.

Syntel Europe works closely with its parent, Syntel, Inc., to make sure CbC reporting on behalf of Syntel Europe is filed in compliance with reporting deadlines.

Approach to dealing with HMRC

Syntel Europe will foster good working professional relationships with tax authorities and related governmental agencies to address any queries or provide any information/ clarification relating to tax matters in a professional and timely manner. Syntel Europe will respond to informational requests with honesty and transparency along with its well-reasoned and documented defense as necessary. Syntel Europe commits to providing full and accurate disclosures in tax returns, elections, filings and correspondence with the HMRC. Syntel Europe is committed to fully cooperate in any tax matters with the HMRC.