



## IKEA UK Tax Principles

At IKEA we are guided by our vision of creating a better everyday life for the many people. Our business idea, to offer a wide range of well-designed, functional, home furnishing products at prices so low, that as many people as possible will be able to afford them, is the foundation for our contribution to a better home. The home is the most important place in the world and a better home makes everyday life a little bit better. We also recognise that we have a responsibility beyond the home through the impact of our business and the role we have in society.

Therefore, we contribute to ensuring environmental, economic and social well-being for today and tomorrow. It means meeting the needs of people and society, without compromising the ability of future generations to meet their needs – acting in the long-term interests of the many people and not just the few. We believe in creating long-term value to society. It is our firm opinion that doing business in a responsible way is a prerequisite for a successful business. Our tax principles are no exception to this.

## The INGKA Group and tax

INGKA Holding B.V. is the ultimate parent of the companies that form the INGKA Group (“INGKA” or “INGKA Group”). The IKEA UK Group (“IKEA UK”) is a group of UK companies that are part of the INGKA Group and indirectly controlled by INGKA Holding B.V.

INGKA pays taxes in accordance with laws and regulations, wherever we are present as a retailer or in any other role. We have a strong commitment to manage our tax operations in a responsible way and to contribute to the societies where we operate. We want to create long-term value through our growth, customer experience and effort for people and the environment. Over the years, we have had fantastic development and created tens of thousands of jobs directly in our stores and warehouses and indirectly with our external suppliers which in turn leads to increased tax contributions. We continuously invest throughout our business in stores, distribution units and capabilities, renewable energy and lower prices to our customers. We act in accordance with the IKEA Vision, the IKEA Business Idea and the IKEA Values.

## How IKEA UK manages tax risk

Amongst others, changes in either tax legislation, our business or our staffing may from time to time give rise to tax risk. However, these risks are continuously mitigated by committing to full compliance and operating a system of risk assessment and controls, as part of INGKA’s control framework.

IKEA UK’s Chief Financial Officer is the board member with executive responsibility for tax matters. This means that any tax matters that require Board attention are brought to the Board by the CFO. He is also the Senior Accounting Officer and is supported by a dedicated team of tax professionals. To support our commitment to full compliance and risk mitigation, we also seek advice from external tax advisors and our global tax department, where necessary.

## **IKEA UK's attitude to tax planning**

Acting in a good and responsible way has brought us to where we are today. We put high expectations on ourselves to perform our business in an honest, open, and ethical way.

To support all of us at IKEA in living up to these expectations and standards we have our Code of Conduct which states the most important principles we all need to follow to make sure we all do the right thing. IKEA strives to preserve its foundation of honesty, respect, fairness and integrity.

IKEA UK's tax principles are no exception to this and are in line with INGKA Group's overall attitude to tax planning. Furthermore, we are governed by the Ingka Group Tax Principles ([www.ingka.com/this-is-ingka-group/how-we-are-organised](http://www.ingka.com/this-is-ingka-group/how-we-are-organised)) which sets out, at a groupwide level, the overall approach to tax governance. IKEA UK pays taxes in accordance with laws and regulations. IKEA UK ensures timely and accurate tax payments are made to HMRC by tracking deadlines and maintaining organised records. We will ensure that we monitor our key risks across all taxes, these are logged and monitored within our tax risk register to mitigate any potential issues; by ensuring we take a proactive approach. It is our firm opinion that doing business in a responsible way is a prerequisite for a successful business. IKEA UK acts in accordance with the IKEA Vision, the IKEA Business Idea and the IKEA Values.

We are a responsible business and will not carry out transactions without a commercial and economic purpose. Whilst tax may be considered in significant business decisions, we do not carry out transactions for the sole purpose of saving tax. Instead, we make use of available reliefs and incentives, in a responsible way and as intended by tax legislation.

In order to support our commitment to full compliance and risk mitigation, we also seek advice from external tax advisors, where necessary. On any complex or subjective areas of tax law, we would also seek formal clearance from HMRC, if applicable to IKEA UK.

## **IKEA UK's tax risks**

We value our reputation as a responsible contributor to society and therefore assess our level of tax risk accordingly and take action where we deem appropriate.

IKEA UK has controls and processes in place to manage tax risks. We follow the tax policies set out by the Group tax function to ensure we are aware of the level of risk and remain compliant with our obligations.

We also ensure that we raise levels of awareness by educating co-workers on key policies and regulations ensuring they understand their roles and responsibilities in maintaining compliance. All co-workers have an annual training obligation in respect of our Code of Conduct and, where appropriate, the Corporate Criminal Offence of the Failure to Prevent the Facilitation of Tax Evasion.

## **Working with HMRC**

Our approach to working with HMRC is to enter into and maintain a long-term relationship, based on trust and transparency. Working closely together, we attend meetings periodically with our Customer Compliance Manager and the team of specialists from HMRC, where we discuss general business and tax updates.

We do our utmost to ensure that our tax declarations are true, timely and transparent. Where errors are identified whether current or historic, we will follow a process to disclose these as soon as practically possible.

On complex or subjective areas of tax law, we would also seek formal clearance from HMRC, if applicable to IKEA UK.

### **Our Total Tax Contribution**

Over the past five years\*, the corporate income tax paid by IKEA UK amounted to £117 million, payroll taxes of £105 million and business rates of £160 million. IKEA UK has collected net VAT of £529 million on behalf of HMRC during the same period.

Ever since we opened our first UK store in 1987, we have contributed to societies in which we operate by creating jobs in our stores and indirectly among our suppliers. Today we operate 21 stores in the UK and there are approximately 11,347 people working in our stores, order and collection points, distribution centres and other units, but also a significant number of people working in the service sector around the stores.

In the past year, we have recruited c.2,485 new co-workers and we also continuously invest throughout our value chain in new stores, warehouses and renewable energy. These are efforts that we believe also contribute to creating long-term value in society.

\* 1 September 2019 to 31 August 2024

*The IKEA UK Tax Principles is published in accordance with paragraph 22(2), Schedule 19 of Finance Act 2016.*

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