



Brass necks and boilerplate:

How US multinationals treat UK requirements for tax strategy disclosure

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Introduction

Research suggests that the United Kingdom may lose £25 billion a year in corporate income tax revenues, due to the profit shifting of multinational companies¹; and that US multinationals in particular impose global revenue losses in excess of US\$100 billion a year.² UK policymakers, meanwhile, have taken a range of steps to counter this loss in corporate tax revenue with as yet uncertain impact. This study assesses the impact of one of those steps.

The Finance Act 2016 required large firms to publicly disclose their tax strategies. This was an uncontroversial measure for business, closely reflecting the 'responsible tax' approach that the big four accounting firms - Deloitte, PricewaterhouseCoopers (PwC), Ernst & Young (EY) and KPMG - have promoted.

Tax justice activists, in contrast, were much more enthusiastic about a related element of the Act, which gave HM Treasury the power to require multinationals to publish their OECD country by country reporting data – a much more meaningful step towards tax transparency, and one long resisted by the accounting firms. But, despite new evidence showing that this transparency alone could raise revenues of £2.5 billion a year,³ HM Treasury continues not to use this power.

Now Andrew Belnap of the University of North Carolina has analysed for Tax Justice Network the compliance of more than 600 US multinationals with the requirement to disclose tax strategies – and the results are dismal.

- First, a whole slew of companies have simply not bothered to comply with the law. After applying a thorough search methodology with a range of elements, it has proved impossible to locate any disclosure for 71 multinationals – or 12 per cent of the whole sample group.
- Second, many of the multinationals that have complied, have done so in the most cursory fashion possible. Short 'strategies' using boilerplate language proliferate, often just a few hundred words disclosing minimal information.
- Perhaps the most blatant disregard for the intention of the law comes from two of the very biggest US multinationals, both of which have come under sustained criticism for their tax (avoidance) strategies: Nike and Google. Quite extraordinarily, the two companies' disclosures are so similar, the only significant difference between the two are the names of the companies and their subsidiaries.

¹ Katarazyna Bilicka, 2018, 'Comparing UK tax returns of foreign multinationals to matched domestic firms', *under consideration at American Economic Review*:

https://katarzynabilicka.weebly.com/uploads/1/0/3/5/103570280/datalab_profit_shifting_21052018.pdf.

² Alex Cobham & Petr Janský, 2019, 'Measuring misalignment: The location of US multinationals' economic activity versus the location of their profits', *Development Policy Review* 37(1), pp.91-110;

<https://doi.org/10.1111/dpr.12315>.

³ TJN/TJ UK, 2018, *The Value of Country by Country Reporting for the UK*, London: Tax Justice Network/Tax Justice UK: <https://www.taxjustice.net/2018/10/21/how-the-uk-can-raise-2-5bn-from-tax-avoiding-multinationals-today/>.

Recommendations

For policymakers, this analysis makes clear that the 'responsible tax' agenda of the big four accounting firms offers no prospect for improved corporate behaviour – quite the opposite. But the policy tools for real change are available. Three priorities should be addressed urgently:

- **Tax strategy disclosure.** A robust and detailed standard is needed. The leading international sustainability standard setter, the Global Reporting Initiative, has now published a draft standard on tax and payments to government, and this includes three key elements for disclosures of management approach to tax.⁴ This should be introduced into law, to replace the vague requirements of the Finance Act 2016.
- **Country by country reporting.** In addition to disclosure of tax strategy and management approach, multinationals must be required to publish quantitative data on the extent of their economic activity, including profits declared and tax paid, in each country of operation. Without this, there can be no accountability for any claims to eschew profit shifting for tax avoidance. In the UK, the legislation is already on the books. There is no reason not to put this into force immediately – and billions of pounds of reasons to do so.
- **Enforcement capacity.** This study has shown the flagrant disregard of multinationals and their tax advisers for UK tax law. The same attitude extends to the whole set of interactions with the UK's sorely underfunded tax authority, HMRC, which recently revealed that multinationals are commonly providing them with false information, even when facing a 'profit diversion' inquiry.⁵ Outright non-compliance, whether for transparency or tax itself, reflects culture of impunity brought about by the systematic underfunding of the tax authority and of Companies House, where corporate reports are filed for public view. This 'regulatory austerity' must be reversed, if taxpayers of all types and sizes are to recover confidence in the system, and for compliance to be enhanced.

⁴ GRI, 2018, *New Draft Standard on Tax and Payments to Government*, Berlin: Global Reporting Initiative: <https://www.globalreporting.org/standards/work-program-and-standards-review/disclosures-on-tax-and-payments-to-government/>.

⁵ HMRC, 2019, *Guidance: Profit Diversion Compliance Facility*, London: Her Majesty's Revenue & Customs: <https://www.gov.uk/government/publications/hmrc-profit-diversion-compliance-facility/profit-diversion-compliance-facility#chapter-4---content-of-the-disclosure-report>. "Our investigations into Profit Diversion to date have established that in a large number of cases the factual pattern outlined to HMRC at the start of an enquiry does not stand up to scrutiny once tested. That may be a result of a careless error (for example individuals within a group being unaware of what the actual facts are) but it may also be a result of a deliberate behaviour, that is a group knowingly submitting a TP methodology in a Corporation Tax Return based on a false set of facts. A common issue is an overstatement of functions performed, assets used and risks assumed in entities taxed at lower rates, and an understatement of the functions performed, assets used and risks assumed in the UK" (section 4.4.1).

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1. Executive summary

In 2016, the United Kingdom passed legislation as part of the Finance Act 2016 that began requiring large firms to publicly disclose their tax strategies. In this study, I examine US multinational corporations' disclosures in response to this new requirement. For US multinational corporations subject to this new disclosure requirement, I employ a thorough search methodology to acquire and analyse the tax strategies of more than 600 US multinational corporations.

My analysis is twofold. First, I collect and analyse tax strategy disclosures for the population of US multinational corporations subject to the disclosure requirement. I find that some firms provide a high level of information, while a large number of firms make very short disclosures with much of the language copied from other firms. For example, NIKE and Alphabet (parent of Google) provide disclosures that are approximately 400 words and 86 per cent similar, with the primary differences being the names of the companies and their subsidiaries. I provide a list of US multinational corporations with tax strategy disclosures that are either (1) highly similar to another company's disclosure, or (2) particularly short (with little information).

Second, I identify a substantial number of firms for which, I could not locate a tax strategy, suggesting that such companies have either made their tax strategies nearly inaccessible or have not disclosed at all. For example, I could not find tax strategies for UPS, Clorox and Wayfair. I also report a list of non-disclosing firms.

2. Background on UK tax strategy disclosure

In 2016, the United Kingdom passed legislation as part of the Finance Act 2016 that began requiring large firms to publicly disclose their tax strategies. This is generally known as the "large business tax strategy". Businesses are required to publish their tax strategies on the internet and make them free of charge. Furthermore, a member of the public should be able to easily find the tax strategy by browsing the business's website or searching online.⁶

This new disclosure generally applies to UK groups that have either £2 billion in total assets or £200 million in revenue. However, the requirement also

⁶ <https://www.gov.uk/guidance/large-businesses-publish-your-tax-strategy#where-to-publish-your-strategy>

applies to UK companies that are part of a multinational group that meets the Organisation for Economic Cooperation and Development's (OECD's) country by country reporting framework threshold of global revenue over €750 million. For firms meeting this second threshold there is no de minimis exception. That is, multinational firms that meet the country by country reporting requirement and have any UK subsidiary or permanent establishment, even if it has very little activity, are required to publish a tax strategy.

Firms should discuss four key areas (a) how the firm manages UK tax risks, (b) the firm's attitude to tax planning, (c) the level of risk the firm is prepared to accept for UK taxation, and (d) how the firm works with the British tax authority, Her Majesty's Revenue and Customs (HMRC). The requirements specifically state that firms do not need to include amounts of taxes paid or other commercially sensitive information.

The aim of the new requirement was not primarily to raise tax revenue, but rather to "get tax into the boardroom" and improve public transparency of companies' tax strategies.⁷

3. Results

In this section I report two sets of results; first, on the content of UK tax strategies, and second, on companies for which I could not locate a tax strategy.

3.1. Analysing the content of UK tax strategies

I collect the entire population of tax strategy disclosures for US multinational corporations and perform a number of natural language processing analyses. Several observations fall out of this initial examination. First, a large number of US multinational corporations provide disclosures that are highly similar to the disclosures of other corporations. For example, the tax strategy disclosures of NIKE, Inc. and Alphabet Inc. are 86 per cent similar, based on a measure of common phrases. The primary differences are related to the names of the companies and their subsidiaries.

Figure 1 on the following page presents a side by side comparison.

⁷ <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/public-accounts-committee/hmrcs-performance-in-201617/oral/73093.html>

Figure 1: Similarity of tax strategy disclosures provided by NIKE, Inc. (left) and Alphabet, Inc. (right). Red text indicates perfect matches, green-italicised text indicates non-matching words within matched phrases.

NIKE UK TAX POLICY

This tax policy applies to the UK affiliates* of Nike, Inc. The UK affiliates regard this policy as complying with their duty under paragraphs 19(2) and 22(2) of Schedule 19 Finance Act 2016 to publish a tax strategy in the current financial year. Whilst not previously published, we have operated within the principles detailed below for many years. We seek to identify, evaluate, monitor, and manage tax risks to ensure that we comply in full with our legal obligations. Additional assistance from external advisors is sought when required.

We are committed to compliance with tax laws and practices. We continuously monitor changes to tax legislation, ensuring that we take advice where appropriate from professional advisers.

Given the nature of our business and geographic footprint, it is inevitable that risks may arise with respect to the application of tax laws that are complex and uncertain at times. Whilst we do not have prescriptive levels of tax risk, we routinely seek professional advice where the application of tax law to a material transaction or a given situation is reasonably unclear or uncertain, or where specialist knowledge is required.

1. OUR APPROACH TO RISK MANAGEMENT

The UK tax strategy conforms with Nike, Inc.'s Code of Business Conduct and Ethics (Inside the Lines) and is owned and approved by Nike Management and overseen by the Nike, Inc. Board of Directors and Audit Committee. The day-to-day implementation of the tax strategy is delegated to the EMEA tax team and supported by the global tax and controlling teams.

2. TAX PLANNING

In supporting the commercial and investment needs of the business, we take into account a multitude of factors including tax laws in all countries in which we operate. This includes potential incentives and reliefs. Where legally possible, we will seek to take positive steps to eliminate the risk of double taxation. Any such action is done in a way that is aligned with the group's commercial objectives and our legal obligations as well as the potential impact on our reputation. We seek to comply with all relevant laws, including the OECD arm's length standard in relation to transfer pricing.

3. OUR RELATIONSHIP WITH HMRC

We engage fully with HMRC in a cooperative and compliant manner. As part of the engagement we regularly meet with HMRC to discuss and explain our business and any relevant tax issues that arise. We seek to resolve any differences through transparent discussion.

*UK affiliates includes the following entities: Nike UK Ltd, Converse Europe Ltd, Nike Retail BV UK branch, Nike 360 UK branch, Nike Vapor Ltd, North West Merchandising Ltd, Nike Chelsea Merchandising Ltd, Nike Mercurial I Ltd.

UK TAX STRATEGY

This tax policy applies to the UK affiliates of Alphabet, Inc. The UK affiliates regard this policy as complying with their duty under paragraphs 19(2) and 22(2) of Schedule 19 Finance Act 2016 to publish a tax strategy in the current financial year. Whilst not previously published, we have operated within the principles detailed below for many years.

1. Our approach to risk management

The UK tax strategy conforms with the Group's Code of Conduct and is owned and approved by the Alphabet and Google Management and overseen by the Alphabet Board of Directors and Audit Committee. The day-to-day implementation of the tax strategy is delegated to the EMEA Tax Director, who is supported by the group tax and finance teams. We seek to identify, evaluate, monitor and manage tax risks to ensure that we comply in full with our legal obligations. Additional assistance from external advisors is sought when required.

We are committed to compliance with tax laws and practices. We continuously monitor changes to tax legislation, ensuring that we take advice where appropriate from professional advisers.

Given the nature of our business and geographic footprint, it is inevitable that risks may arise with respect to the application of tax laws that are complex and uncertain at times. Whilst we do not have prescriptive levels of tax risk, we routinely seek professional advice where the application of tax law to a material transaction or a given situation is reasonably unclear or uncertain, or where specialist knowledge is required.

2. Tax planning

In supporting the commercial and investment needs of the business, we take into account tax laws (as well as all other relevant matters) in all countries in which we operate. Factors that are considered include potential incentives and reliefs. Where legally possible, we will seek to take positive steps to eliminate the risk of double taxation. Any such action is done in a way that is aligned with the group's commercial objectives, meets our legal obligations, and takes into account the potential impact on our reputation.

We seek to comply with all relevant laws, including the OECD arm's length standard in relation to transfer pricing.

3. Our relationship with HMRC

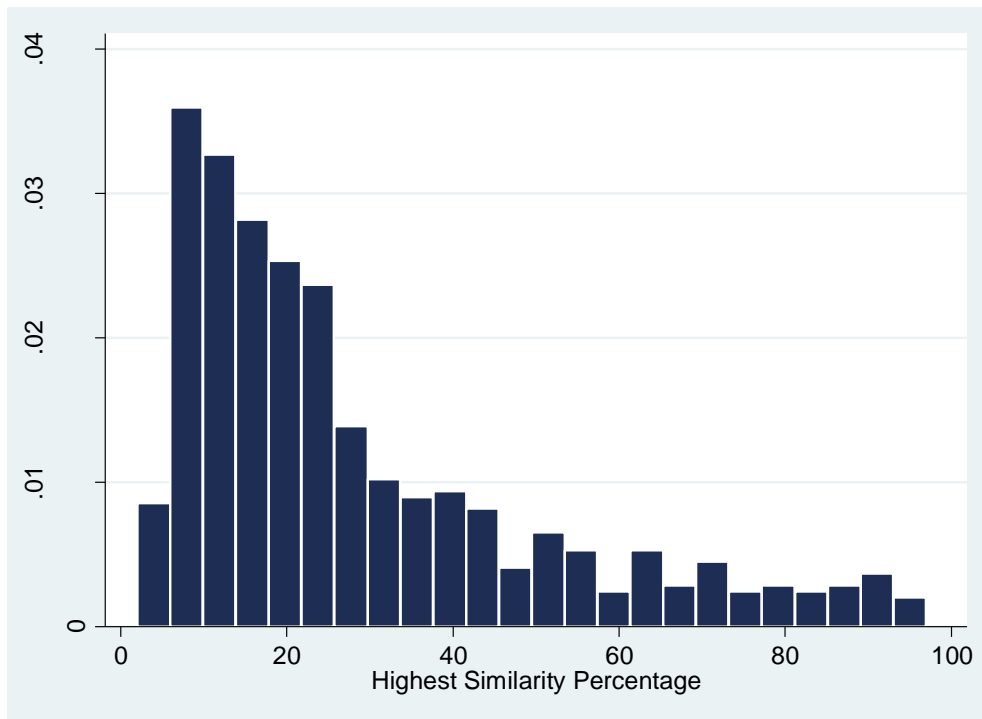
We engage fully with HMRC in a cooperative and compliant manner. As part of the engagement we regularly meet with HMRC to discuss and explain our business and any relevant tax issues that arise. We seek to resolve any differences through transparent discussion.

UK affiliates includes the following entities: GV UK Management Company Limited, Google Payment Limited, Google UK Limited, Google Infrastructure UK Limited, DeepMind Technologies Limited, Jibe Mobile Limited, Apigee Europe Limited, BeatThatQuote.com Limited and Google Engineering UK Holdings Limited.

Notes: Figure 1 was created using WCopyFind, an open-source tool that can identify common phrases across documents. See <http://plagiarism.bloomfieldmedia.com/wordpress/software/wcopyfind/>. I discuss the complete methodology in the appendix.

This disclosure behaviour is not uncommon, though few companies have tax strategy disclosures that are as similar as the example above. In Figure 2, I present a histogram with each company's highest similarity, as a percentage of the total document, to another company's tax strategy disclosure. On average, companies' highest similarity is 30 per cent; the median company's highest similarity is 22 per cent. Surprisingly, I find that the distribution is highly right-skewed. An abnormally high number of the disclosures are greater than 35 per cent similar to another company's tax strategy, suggesting that much of the text from these disclosures may be copied from other companies' disclosures or jointly provided by a third party.

Figure 2: Histogram of each tax strategy's highest similarity with another

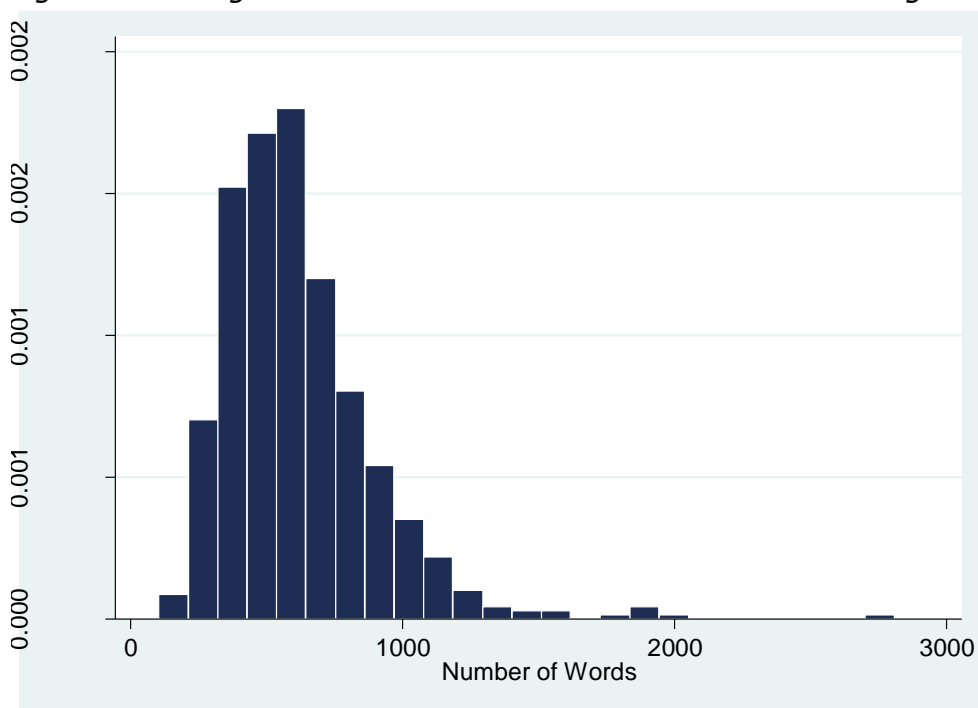


To some extent, we should expect similarity in tax strategy disclosures if the nature of companies' business operations and actual underlying tax strategies are similar. However, two observations suggest that the similarity in these tax strategies is unrelated to similarity in business operations. First, I find that companies tend to have highly similar disclosures to other companies that operate in very different industries. As in the example above, Alphabet and NIKE operate very different businesses, and only 8 per cent of full sample company pairs with the highest similarity are in a similar industry. Second, even if companies have similar underlying tax strategies, the distributional properties of natural language make it highly unlikely that

companies would use common phrases by chance.⁸ That is, we should expect companies with similar business models and tax strategies to use the same types of words when discussing their tax strategies, but it is very unlikely that they would use the same words in the same order by chance.⁹

My second observation relates to the total quantity of content provided in tax strategy disclosures. Figure 3 presents a histogram of the number of words in the disclosures I analysed. I find significant variation in the number of words that US multinational corporations provided in their tax strategies, although in general they are fairly brief. On average, companies' tax strategies contain 621 words; the median company's tax strategy contains 567 words. A large portion of the tax strategies contain less than 400 words. For comparison, the introduction at the start of this report contains 435 words.

Figure 3: Histogram of the number of words in UK tax strategies



To illustrate, the disclosure of Tailored Brands, the parent of Men's Warehouse, Jos. A. Bank and others, is presented in Figure 4 below. The document contains less than 200 words, more than 40 per cent of which are in phrases similar to other disclosures.

⁸ Lyon, C., Barrett, R. & Malcolm, J., 2006. Plagiarism is Easy, but also Easy to Detect. *Plagiarism: Cross-Disciplinary Studies in Plagiarism, Fabrication, and Falsification*, 1(5), pp.57-65.

⁹ For this reason, I examine the tax strategies' similarity based on common phrases, or, in technical parlance, an "n-gram" approach, as opposed to other measures of textual similarity (eg cosine similarity) that do not take into account consecutive words.

Figure 4: Tailored Brands UK tax strategy

MWUK Tax Principles

Our approach to tax

We understand the importance of the taxes we pay in supporting the development and growth of the communities in which we operate and take a responsible approach in respect of our tax obligations.

We operate under the following principles:

- We shall only engage in tax planning that is aligned with commercial and economic activity and does not lead to an abusive result
- We shall interpret the relevant tax laws in a way consistent with a relationship of "co-operative compliance" with relevant tax authorities
- In international matters, we shall follow the terms of the relevant Double Taxation Treaties and relevant OECD guidelines in dealing with such issues as transfer pricing and establishing taxable presence, and shall engage constructively in international dialogue on the review of global tax rules and the need for any changes
- We may respond to tax incentives and exemptions
- We shall be open and transparent with tax authorities about our tax affairs and provide all relevant information that is necessary for those authorities to review possible tax risks
- We shall work collaboratively with tax authorities to achieve early agreement on disputed issues and certainty on a real-time basis, wherever possible
- Our companies and strategies will meet the requirements under the UK's "Schedule 19, Finance Act of 2016"

As of 12/2018

Here I provide a list of 145 US multinational corporations that provided high similarity or low word count disclosures, based on the analysis above. Specifically, I list those with either (a) at least 35 per cent similarity, or (b) fewer than 425 words.

Table 2: High similarity and/or low length tax strategy disclosures¹⁰

Company name	Ticker	Highest similarity	Word count
HERMAN MILLER INC	MLHR	95%	746
CACI INTERNATIONAL INC	CACI	94%	433
UGI CORP	UGI	93%	742
BROADCOM INC	AVGO	92%	416
QUANEX BUILDING PRODUCTS	NX	92%	564
PROVIDENCE SERVICE CORP	PRSC	91%	808
OWENS & MINOR INC	OMI	90%	588
GREIF INC	GEF	87%	1,020
KAMAN CORP	KAMN	86%	540
NIKE INC	NKE	86%	392
ALPHABET INC	GOOGL	85%	411
GAP INC	GPS	85%	350
AMWAY	Private	84%	417
INSIGHT ENTERPRISES INC	NSIT	82%	905
HARLEY-DAVIDSON INC	HOG	80%	424
NEENAH PAPER INC	NP	78%	385
VERINT SYSTEMS INC	VRNT	78%	597

¹⁰ A previous version of this report understated the word counts of Hertz Global Holdings and Tibco Software. The correct word counts are 547 and 754, respectively.

ALTRA INDUSTRIAL MOTION CORP	AIMC	78%	402
NEWELL BRANDS INC	NWL	76%	1,817
PROLOGIS INC	PLD	76%	383
COVANTA HOLDING CORP	CVA	74%	365
HILLENBRAND INC	HI	74%	576
IDT CORP	IDT	74%	439
ARCHER-DANIELS-MIDLAND CO	ADM	73%	1,030
VWR CORP	Private	73%	763
DUN & BRADSTREET CORP	DNB	72%	919
WORLDPAY INC	WP	72%	318
SI GROUP	Private	71%	1,935
GOODYEAR TIRE & RUBBER CO	GT	71%	906
MONDELEZ INTERNATIONAL INC	MDLZ	69%	310
SKYWORKS SOLUTIONS INC	SWKS	69%	745
LEIDOS HOLDINGS INC	LDOS	68%	605
GROUPON INC	GRPN	68%	774
MILLIKEN & COMPANY	Private	67%	688
NETAPP INC	NTAP	66%	547
PRA GROUP INC	PRAA	66%	730
CORNING INC	GLW	65%	333
UNISYS CORP	UIS	65%	755
SANMINA CORP	SANM	64%	335
PATTERSON COMPANIES INC	PDCO	64%	387
CENGAGE LEARNING HOLDINGS	CNGO	64%	576
SCIENTIFIC GAMES CORP	SGMS	63%	413
GENUINE PARTS CO	GPC	62%	832
CARPENTER CO	Private	62%	619
ICF INTERNATIONAL INC	ICFI	61%	498
ENERSYS	ENS	61%	884
POST HOLDINGS INC	POST	61%	383
WESTROCK CO	WRK	61%	683
RYDER SYSTEM INC	R	58%	425
MAXIMUS INC	MMS	57%	621
BRINKS CO	BCO	55%	812
GP STRATEGIES CORP	GPX	54%	575
GENTHERM INC	THRM	54%	522
MULTI-COLOR CORP	LABL	54%	435
AVNET INC	AVT	54%	382
EASTMAN CHEMICAL CO	EMN	54%	871
APPLIED MATERIALS INC	AMAT	53%	601
RIVERBED TECHNOLOGY INC	Private	53%	522
BARNES GROUP INC	B	52%	901
APTARGROUP INC	ATR	52%	423
REGAL BELOIT CORP	RBC	51%	585
BRUNSWICK CORP	BC	51%	286
TOTAL SYSTEM SERVICES INC	TSS	50%	395

BIOMARIN PHARMACEUTICAL INC	BMRN	50%	293
XYLEM INC	XYL	50%	272
ARCH COAL INC	ARCH	50%	304
FTD COMPANIES INC	FTD	49%	859
FIRST DATA CORP	FDC	49%	234
DANAHER CORP	DHR	49%	1,010
WESCO AIRCRAFT HOLDINGS	WAIR	47%	465
ARISTA NETWORKS INC	ANET	46%	288
IQVIA HOLDINGS INC	IQV	46%	669
KOHLER CO	Private	46%	445
JELD-WEN HOLDING INC	JELD	46%	643
PACCAR INC	PCAR	45%	654
TWENTY-FIRST CENTURY FOX	FOXA	45%	406
UNITEDHEALTH GROUP INC	UNH	44%	758
TAILORED BRANDS INC	TLRD	44%	210
ITT INC	ITT	44%	295
CALLAWAY GOLF CO	ELY	44%	491
WABASH NATIONAL CORP	WNC	44%	561
BERKSHIRE HATHAWAY	BRK.B	43%	467
TRANSDIGM GROUP INC	TDG	43%	655
FOOT LOCKER INC	FL	42%	604
KRAFT HEINZ CO	KHC	41%	614
SNAP-ON INC	SNA	41%	597
ALLSCRIPTS HEALTHCARE SOLUTIONS	MDRX	41%	710
THERMO FISHER SCIENTIFIC INC	TMO	41%	639
PANDORA MEDIA INC	P	41%	522
NEWMARKET CORP	NEU	41%	443
TRANSUNION	TRU	40%	606
VERTEX PHARMACEUTICALS INC	VRTX	40%	982
COMPASS DIVERSIFIED HOLDINGS	CODI	40%	799
SENSIENT TECHNOLOGIES CORP	SXT	40%	466
TELEFLEX INC	TFX	40%	405
MARRIOTT INTERNATIONAL INC	MAR	39%	508
ALLEGIS GROUP	Private	38%	383
VOLT INFO SCIENCES INC	VISI	38%	628
MASCO CORP	MAS	38%	715
TESLA INC	TSLA	36%	494
LABORATORY CORP OF AMERICA	LH	36%	523
TWITTER INC	TWTR	35%	328
VF CORP	VFC	35%	362
SS&C TECHNOLOGIES HOLDINGS INC	SSNC	35%	480
ZEBRA TECHNOLOGIES CORP	ZBRA	35%	593
EASTMAN KODAK CO	KODK	32%	196
WELLS FARGO & CO	WFC	28%	254
CHENIERE ENERGY INC	LNG	28%	365
REYES HOLDINGS	Private	28%	224

PLANTRONICS INC	PLT	28%	299
GRACO INC	GGG	28%	342
VISTEON CORP	VC	28%	311
AVAYA HOLDINGS CORP	AVYA	27%	386
GLOBAL PAYMENTS INC	GPN	27%	397
FORTUNE BRANDS HOME & SECURITY	FBHS	25%	292
MSA SAFETY INC	MSA	23%	403
FMC CORP	FMC	22%	404
ABBOTT LABORATORIES	ABT	22%	342
UNDER ARMOUR INC	UAA	22%	399
COLGATE-PALMOLIVE CO	CL	22%	234
FLIR SYSTEMS INC	FLIR	21%	389
BROADRIDGE FINANCIAL SOLUTIONS	BR	21%	393
INGRAM INDUSTRIES	Private	21%	136
ELECTRONIC ARTS INC	EA	20%	398
REALOGY HOLDINGS CORP	RLGY	20%	371
TJX COMPANIES INC	TJX	20%	312
VIASAT INC	VSAT	18%	386
UNUM GROUP	UNM	17%	268
PROASSURANCE CORP	PRA	16%	407
XEROX CORP	XRX	15%	398
TIFFANY & CO	TIF	15%	381
EXPEDIA GROUP INC	EXPE	14%	332
KIMBERLY-CLARK CORP	KMB	14%	319
NATIONAL BASKETBALL ASSOCIATION	Private	14%	397
STANDARD MOTOR PRODUCTS	SMP	14%	388
MARS INC	Private	13%	341
TEXTRON INC	TXT	13%	341
FORMULA ONE GROUP	FWONK	12%	394
DIODES INC	DIOD	11%	301
ORACLE CORP	ORCL	11%	351
SUPERIOR ENERGY SERVICES INC	SPN	11%	397
RAYONIER ADVANCED MATERIALS	RYAM	11%	264
WESTERN DIGITAL CORP	WDC	11%	384
DAY AND ZIMMERMAN	Private	9%	365
STEWART INFORMATION SERVICES	STC	7%	280

In contrast, a number of companies stand out for having lengthy and distinctive disclosures with substantial insights into the company’s underlying tax strategy. Table 1 below presents four examples of such companies.

Table 1: Examples of low similarity and high length tax strategy disclosures

Company name	Ticker	Highest similarity	Word count
ON Semiconductor Corp	ON	21%	2,041
The Coca-Cola Company	KO	11%	1,451
The Procter & Gamble Company	PG	3%	1,337
Sonoco Products Company	SON	17%	840

These disclosures provide detailed information in a number of key areas, particularly the four required items. Moreover, they cover most of the criteria for responsible tax policy listed in ActionAid’s Tax Responsibility Guide¹¹, which presents a model for companies to provide responsible and informative tax policy (ie strategy) disclosures. In some cases, specific figures are presented that do not appear to be publicly available elsewhere. For example, in all four disclosures, governance processes around tax planning and tax risk are described at length. ON Semiconductor discusses all levels of personnel who impact the company’s tax function –from the CFO, audit committee and VP of Tax at the top, to the tax department, to local finance professionals in countries in which the company operates.

Coca-Cola presents a similarly detailed description of its governance of tax planning and risk, while also disclosing its receipt of local tax incentives as a result of “employment actions and capital investments” made, and the company’s commitment to apply the grants in the manner intended.

Procter & Gamble provides specific details related to intellectual property ownership and advanced pricing agreements. It indicates that most of its intellectual property is located in the US, resulting in more profit being taxed in the US than would otherwise be expected given the US portion of global sales. It also states that bilateral advanced pricing agreements result in “certainty regarding the taxation of over 70 per cent of global earnings.”

Sunoco Products, although not as detailed as the other three, provides a portion of a country by country report in its disclosure. The company states that it seeks to “increase public understanding through transparency” and

¹¹ ActionAid, 2013. Tax responsibility: an investor guide, https://www.actionaid.org.uk/sites/default/files/publications/tax_guide_for_investors_final.pdf

chooses to provide details about pre-tax income and income taxes paid by region. This information does not appear to be available elsewhere.

Overall, these examples help illustrate the variation in US multinational corporations' responses to the UK tax strategy disclosure requirement. While some firms provided distinct and informative disclosures with lengthy descriptions in each required section, many chose to publish short, boilerplate disclosures.

3.2. Locating UK Tax Strategies

In gathering the documents used for the analysis above, I encountered a substantial number of US multinational corporations for which I could not locate a tax strategy disclosure, despite a thorough search methodology. The list below contains the names of firms that are subject to the UK tax strategy disclosure requirement because they had (1) revenue greater than €750m in the previous fiscal year and (2) a company or permanent establishment in the UK, but for which I could not find a tax strategy disclosure. I confirm that each US multinational corporation had operations in the UK by finding a subsidiary's filings on the Companies House website, and I include a link to such filings in the list below.

Company Name	Ticker	Link to Companies House Filings
HOME DEPOT INC	HD	https://beta.companieshouse.gov.uk/company/02961334/filing-history
UNITED PARCEL SERVICE INC	UPS	https://beta.companieshouse.gov.uk/company/01933173/filing-history
DELTA AIR LINES INC	DAL	https://beta.companieshouse.gov.uk/company/FC005586/filing-history
ALLSTATE CORP	ALL	https://beta.companieshouse.gov.uk/company/07165194/filing-history
INTL FCSTONE INC	INTL	https://beta.companieshouse.gov.uk/company/05616586/filing-history
AUTOMATIC DATA PROCESSING	ADP	https://beta.companieshouse.gov.uk/company/00949665/filing-history
FIDELITY NATIONAL INFORMATION SERVICES	FIS	https://beta.companieshouse.gov.uk/company/03517639/filing-history
BORGWARNER INC	BWA	https://beta.companieshouse.gov.uk/company/02346109/filing-history
MOHAWK INDUSTRIES INC	MHK	https://beta.companieshouse.gov.uk/company/04404208/filing-history
CROWN HOLDINGS INC	CCK	https://beta.companieshouse.gov.uk/company/03182537/filing-history
UNIVAR INC	UNVR	https://beta.companieshouse.gov.uk/company/00139876/filing-history
ZIMMER BIOMET HOLDINGS INC	ZBH	https://beta.companieshouse.gov.uk/company/00740767/filing-history
CONSTELLATION BRANDS	STZ	https://beta.companieshouse.gov.uk/company/03649497/filing-history
NATIONAL OILWELL VARCO INC	NOV	https://beta.companieshouse.gov.uk/company/00873028/filing-history
JONES LANG LASALLE INC	JLL	https://beta.companieshouse.gov.uk/company/01188567/filing-history

BERRY GLOBAL GROUP INC	BERY	https://beta.companieshouse.gov.uk/company/01589762/filing-history
EXPEDITORS INTERNATIONAL OF WASHINGTON INC	EXPD	https://beta.companieshouse.gov.uk/company/01872622/filing-history
CLOROX CO	CLX	https://beta.companieshouse.gov.uk/company/06062933/filing-history
AK STEEL HOLDING CORP	AKS	https://beta.companieshouse.gov.uk/company/00932617/filing-history
RAYMOND JAMES FINANCIAL CORP	RJF	https://beta.companieshouse.gov.uk/company/03127076/filing-history
CINTAS CORP	CTAS	https://beta.companieshouse.gov.uk/company/08069858/filing-history
FASTENAL CO	FAST	https://beta.companieshouse.gov.uk/company/SC370971/filing-history
DENTSPLY SIRONA INC	XRAY	https://beta.companieshouse.gov.uk/company/01480123/filing-history
LSC COMMUNICATIONS INC	LKSD	https://beta.companieshouse.gov.uk/company/00166396/filing-history
PLATFORM SPECIALTY PRODUCTS	PAH	https://beta.companieshouse.gov.uk/company/01290882/filing-history
CHURCH & DWIGHT INC	CHD	https://beta.companieshouse.gov.uk/company/00375793/filing-history
KLA-TENCOR CORP	KLAC	https://beta.companieshouse.gov.uk/company/01560324/filing-history
COOPER-STANDARD HOLDINGS INC	CPS	https://beta.companieshouse.gov.uk/company/02329378/filing-history
VENTAS INC	VTR	https://beta.companieshouse.gov.uk/company/09355855/filing-history
WAYFAIR INC	W	https://beta.companieshouse.gov.uk/company/06776852/filing-history
MERITOR INC	MTOR	https://beta.companieshouse.gov.uk/company/10208076/filing-history
MONSTER BEVERAGE CORP	MNST	https://beta.companieshouse.gov.uk/company/06394100/filing-history
A.O. SMITH CORP	AOS	https://beta.companieshouse.gov.uk/company/03453820/filing-history
LINCOLN ELECTRIC HOLDINGS INC	LECO	https://beta.companieshouse.gov.uk/company/01994660/filing-history
MPM HOLDINGS INC	MPMQ	https://beta.companieshouse.gov.uk/company/06376744/filing-history
BIO-RAD LABORATORIES INC	BIO	https://beta.companieshouse.gov.uk/company/03044694/filing-history
KENNAMETAL INC	KMT	https://beta.companieshouse.gov.uk/company/03425094/filing-history
WOODWARD INC	WWD	https://beta.companieshouse.gov.uk/company/SF000753/filing-history
GRIFFON CORP	GFF	https://beta.companieshouse.gov.uk/company/04290723/filing-history
ATLAS AIR WORLDWIDE HOLDING INC	AAWW	https://beta.companieshouse.gov.uk/company/09406739/filing-history
BRIGGS & STRATTON	BGG	https://beta.companieshouse.gov.uk/company/02030483/filing-history
IDEXX LABS INC	IDXX	https://beta.companieshouse.gov.uk/company/02454226/filing-history
GENTEX CORP	GNTX	https://beta.companieshouse.gov.uk/company/09069589/filing-history
UNIFIRST CORP	UNF	https://beta.companieshouse.gov.uk/company/05103812/filing-history
NEW YORK TIMES CO	NYT	https://beta.companieshouse.gov.uk/company/01106659/filing-history
HERC HOLDINGS INC	HRI	https://beta.companieshouse.gov.uk/company/08696121/filing-history

INTERACTIVE BROKERS GROUP	IBKR	https://beta.companieshouse.gov.uk/company/03958476/filing-history
GENERAC HOLDINGS INC	GNRC	https://beta.companieshouse.gov.uk/company/07165283/filing-history
SEI INVESTMENTS CO	SEIC	https://beta.companieshouse.gov.uk/company/03765319/filing-history
INTEGER HOLDINGS CORP	ITGR	https://beta.companieshouse.gov.uk/company/05179062/filing-history
HEICO CORP	HEI	https://beta.companieshouse.gov.uk/company/03897611/filing-history
NETGEAR INC	NTGR	https://beta.companieshouse.gov.uk/company/06344745/filing-history
FORTINET INC	FTNT	https://beta.companieshouse.gov.uk/company/04570027/filing-history
TTEC HOLDINGS INC	TTEC	https://beta.companieshouse.gov.uk/company/03424866/filing-history
CINCINNATI BELL INC	CBB	https://beta.companieshouse.gov.uk/company/06493410/filing-history
NETSCOUT SYSTEMS INC	NTCT	https://beta.companieshouse.gov.uk/company/05150579/filing-history
PTC INC	PTC	https://beta.companieshouse.gov.uk/company/02513030/filing-history
CROCS INC	CROX	https://beta.companieshouse.gov.uk/company/06032591/filing-history
EXTERRAN CORP	EXTN	https://beta.companieshouse.gov.uk/company/05128575/filing-history
WEX INC	WEX	https://beta.companieshouse.gov.uk/company/08903805/filing-history
W.P. CAREY INC	WPC	https://beta.companieshouse.gov.uk/company/04244798/filing-history
IPG PHOTONICS CORP	IPGP	https://beta.companieshouse.gov.uk/company/04132272/filing-history
INTERFACE INC	TILE	https://beta.companieshouse.gov.uk/company/00309779/filing-history
COLONY CAPITAL INC	CLNY	https://beta.companieshouse.gov.uk/company/09120522/filing-history
CHOICE HOTELS INTERNATIONAL INC	CHH	https://beta.companieshouse.gov.uk/company/01796064/filing-history
K12 INC	LRN	https://beta.companieshouse.gov.uk/company/07754025/filing-history
HAEMONETICS CORP	HAE	https://beta.companieshouse.gov.uk/company/01231087/filing-history
PRESTIGE CONSUMER HEALTHCARE	PBH	https://beta.companieshouse.gov.uk/company/03944055/filing-history
J2 GLOBAL INC	JCOM	https://beta.companieshouse.gov.uk/company/03721601/filing-history
HOULIHAN LOKEY INC	HLI	https://beta.companieshouse.gov.uk/company/06330902/filing-history

I describe the precise steps taken to locate the disclosures in the technical appendix (A.3) at the end of this document.

4. Conclusion

In this paper I analyse US multinational corporations' disclosures in responses to new legislation in the UK that requires large firms to publicly disclose their tax strategies. I first gather and analyse the content of more than 600 tax strategies disclosures. I find that a large portion of the documents are highly similar to at least one other tax strategy disclosed by a separate US multinational corporation. This finding suggests that much of the text from these disclosures may be copied from other companies' disclosures or jointly provided by a third party. I also observe high variation in the total content disclosed, as measured by the total number of words, and find that most tax strategies are quite brief.

Second, I first attempt to locate a tax strategy for each firm in my sample. For a substantial number of firms who have a presence in the UK and file financial statements, I am unable to locate a tax strategy online. This finding suggests that these firms either made the disclosure highly inaccessible or did not provide the disclosure.

Appendices

A.1. Additional examples of high-similarity disclosures

Figure A.1.1: Tax strategy disclosures of Prologis Inc. and Gap Inc.

Prologis Inc.

[Tax Strategy and approach in the United Kingdom](#)

[The overall aim of Prologis Inc.'s \(as Prologis\) tax policy is to support its business by maintaining a sustainable tax rate, while mitigating tax risks and complying with rules and regulations in the jurisdictions in which Prologis operates.](#)

[The following document lays out Prologis's strategy and approach for the United Kingdom.](#)

[Governance and compliance](#)

[Prologis maintains internal policies and procedures to support its tax control framework and provides training to its personnel to manage tax risk. Regarding roles and responsibilities: the Chief Financial Officer is ultimately responsible for Prologis's overall tax risks, while the management of tax risks in global markets is performed by the company's Head of Global tax, and the VP Tax Europe is responsible for the day-to-day management of the UK tax risks.](#)

[Compliance to us means paying the right amount of tax in the right place at the right time, including disclosing relevant facts and claiming reliefs and incentives where available and appropriate.](#)

[Tax Planning](#)

[Prologis complies with tax rules and regulations on a worldwide basis and only engages in tax planning that is aligned with its commercial business activities, including regard to the potential impact on Prologis's reputation. Prologis adheres to the UK Double Tax Treaties and the relevant guidance issued by the Organisation for Economic Co-operation and Development \(OECD\) for international tax matters.](#)

[Tax Risk](#)

[Prologis's tax arrangements are based on its commercial business and economic activities. Prologis monitors and reviews its operations in the UK and elsewhere to realign its tax arrangements when necessary to be compliant with the tax rules and regulations, including transfer pricing guidelines.](#)

[Prologis aligns its transfer pricing policy with the OECD guidelines as well as the guidelines of the various jurisdictions in which Prologis operates. Prologis applies the arm's length standard to ensure the parties to intercompany transactions are appropriately remunerated. Consistent with Prologis's tax policy, it regularly seeks professional opinions and advice from independent external advisors on tax matters.](#)

[Relationship with Her Majesty's Revenue & Customs \(HMRC\)](#)

[Prologis is committed to the principles of openness and transparency with tax authorities. In the UK, Prologis is in regular contact with HMRC and Prologis cooperates intensively with local tax authorities to create and endure an open and constructive approach to discussing tax matters based on transparency and trust. This requires a responsible and practical interpretation of the applicable laws.](#)

[Prologis regards the publication of this statement as complying with its duty under Part 2 of Schedule 19 of the UK Finance Act 2016.](#)

Last updated: 12 July 2017

[TAX STRATEGY AND APPROACH](#)

[- UNITED KINGDOM -](#)

[This published UK tax strategy satisfies Schedule 19 of the UK Finance Act 2016 in respect of our financial year ending 3 February 2018.](#)

[The overall aim of Gap Inc.'s \(as Gap\) tax policy is to support its business by maintaining a sustainable tax rate, while mitigating tax risks and complying with rules and regulations in the jurisdictions in which Gap operates.](#)

[The following document lays out the company's strategy and approach for the United Kingdom.](#)

[Governance](#)

[Gap maintains internal policies and procedures to support its tax control framework and provides training to its personnel to manage tax risk. Regarding roles and responsibilities: the Chief Financial Officer is ultimately responsible for Gap's overall tax risks, while the management of tax risks in global markets is performed by the company's VP of Global tax, and the Senior Accounting Officer \(SAO\) is responsible for the day-to-day management of the UK tax risks.](#)

[Tax Planning](#)

[Gap complies with all tax rules and regulations on a worldwide basis and only engages in tax planning that is aligned with its commercial business activities. Gap adheres to the UK Double Tax Treaties and the relevant guidance issued by the Organisation for Economic Co-operation and Development \(OECD\) for international tax matters.](#)

[Tax Risk](#)

[Gap's tax arrangements are based on its commercial business and economic activities. Gap monitors and reviews its operations in the UK and elsewhere to realign its tax arrangements when necessary to be compliant with the tax rules and regulations, including transfer pricing guidelines.](#)

[Gap aligns its transfer pricing policy with the OECD guidelines as well as the guidelines of the various jurisdictions in which Gap operates. Gap applies the arm's length standard to ensure the parties to intercompany transactions are appropriately remunerated. Consistent with Gap's tax policy, it regularly seeks professional opinions and advice from independent external advisors on tax matters.](#)

[Relationship with Her Majesty's Revenue & Customs \(HMRC\)](#)

[Gap is committed to the principles of openness and transparency with tax authorities. In the UK, Gap is in regular contact with HMRC and Gap has historically entered into advanced pricing agreements \(APAs\) with HMRC, who has reviewed and agreed with the economic theory behind our UK transfer pricing policies.](#)

Figure A.1.2: Tax strategy disclosures of Harley Davidson and Altra Industrial Motion Corp.

UK Tax Strategy Statement

Harley-Davidson, Inc. [and Subsidiaries](#)

[Financial Year ended 12/31/18](#)

[Published on 12/6/2018](#)

[Overview](#)

Harley-Davidson, Inc. (NYSE: HOG) [is headquartered in Milwaukee, WI and is the ultimate parent company of two UK subsidiaries, Harley-Davidson Europe, Ltd. and Harley-Davidson Financial Services Europe Ltd. This UK tax policy statement is published to comply with a duty under Schedule 19 \(para 22\(2\)\) of the UK Finance Act 2016 for the entities and period stated above.](#)

[The Harley-Davidson Code of Business Conduct and Valued Behaviors provide a framework to guide the actions of all Harley-Davidson employees and members of our Board of Directors. The Code of Business Conduct is intended to promote honest and ethical conduct, responsibility and accountability and is complemented by other policies and procedures such as our Financial Code of Ethics, Internal Control Policy and our Global Compliance and Ethics Program. These policies are not limited in scope and therefore apply to UK tax matters, specifically our governance, risk management, tax planning and customer relationships which include those with Her Majesty's Revenue and Customs \(HMRC\).](#)

[Governance and Risk Management](#)

[We are committed to complying with all applicable UK tax laws, filings and reporting disclosures. We have an established network of internal and external tax and finance professionals who are knowledgeable on the various direct and indirect UK taxes and who monitor ongoing tax law changes as well as changes in our business so that we may adapt our processes and deliverables accordingly. This network, along with our framework of internal policies and controls seeks to ensure the complete and accurate communication of UK tax positions and risks to Company leadership, our board of directors and shareholders as needed through our established governance and reporting processes.](#)

[Tax Planning and Risk](#)

[Our approach to tax planning is to develop holistic tax-efficient solutions in response to business initiatives. We align tax planning to the Company's operational objectives and goals in a manner that provides value by minimizing our consolidated tax risks and liabilities. Our Code of Business Conduct dictates that "Our intent is to conduct business in a way that conforms to the letter of the law while promoting the spirit of the law including core concepts like fairness, integrity and honesty." We have a low tolerance for tax risk and strive to obtain certainty for our financial reporting obligations and prevent any potential negative impacts to our shareholders, Company's reputation and brand.](#)

[Relationship with HMRC](#)

[Harley-Davidson is committed to fostering positive, transparent and respectful relationships with HMRC. We have a positive record of working collaboratively with HMRC to address inquiries and resolve any differences of opinion on the interpretation or application of tax law to our facts in an honest, ethical and cooperative manner and in line with established avenues of dispute resolution.](#)

UK Tax Policy Statement

Altra Industrial Motion Corp. [and Subsidiaries](#)

[Financial Year ended 12/31/17](#)

[Published on 4/10/2018](#)

[Overview](#)

Altra Industrial Motion Corp. (Nasdaq: AIMC) [is headquartered in Braintree, MA USA and is the ultimate parent company of 18 UK subsidiaries, Bauer Gear Motor Limited, Bibby Group Ltd., Bibby Transmissions Ltd., Dynatork Air Motors Ltd., Dynatork Ltd., Hay Hall Holdings Ltd., Huco Engineering Industries Limited, Huco Power Transmission Ltd., Matrix International Ltd., Saftek Ltd., Stromag UK Ltd., The Hay Hall Group Ltd., Torsiflex Ltd., Turboflex Ltd., Twiflex Ltd., Warner Electric UK Group Ltd., Warner Electric UK Holding Ltd., and Wichita Company Ltd. This UK Tax Policy Statement is published to comply with guidance under Schedule 19 of the UK Finance Act 2016 for the entities and period stated above.](#)

[The Altra Industrial Motion Corp. Code of Business Conduct and Ethics \(the "Code"\) provides a framework to guide the actions of all employees, officers and directors of Altra and each of its subsidiaries and affiliates \(collectively "Altra"\). The Code is intended to promote honest, ethical and lawful conduct. The Code is not limited in scope and therefore applies to UK tax matters, specifically Altra's governance, risk management, tax planning and customer relationships which include those with Her Majesty's Revenue and Customs \(HMRC\).](#)

[Governance and Risk Management](#)

[We are committed to complying with all applicable UK tax laws, filings and reporting disclosures. We have an established network of internal and external tax and finance professionals who are knowledgeable on the various direct and indirect UK taxes and who monitor ongoing tax law changes as well as changes in our business so that we may adapt our processes and deliverables accordingly. This network, along with our framework of internal policies and controls, seeks to ensure the complete and accurate communication of UK tax positions and risks to Altra's leadership, board of directors and shareholders as needed through our established governance and reporting processes.](#)

[Tax Planning and Risk](#)

[Our approach to tax planning is to develop holistic tax-efficient solutions in response to business initiatives. We align tax planning to Altra's operational objectives and goals in a manner that provides value by minimizing our consolidated tax risks and liabilities. The Code requires "honest, ethical, and lawful conduct" from all employees, officers and directors of Altra. We have a low tolerance for tax risk and strive to obtain certainty for our financial reporting obligations and prevent any potential negative impacts to our shareholders, Altra's reputation and brands.](#)

[Relationship with HMRC](#)

[Altra is committed to fostering positive, transparent and respectful relationships with HMRC. We have a positive record of working collaboratively with HMRC to address inquiries and resolve any differences of opinion on the interpretation or application of tax law to our facts in an honest, ethical and cooperative manner and in line with established avenues of dispute resolution.](#)

Figure A.1.3: Tax strategy disclosures of Groupon and OSI Group.

GROUPON's Approach to Tax

Introduction

GROUPON is a global leader in local commerce, offering a vast mobile and online marketplace where people discover and save on amazing things to do, see, eat and buy.

GROUPON's goals are to create long-term value for shareholders by connecting small businesses with consumers and helping build vibrant communities and neighborhoods in the process, to be a great company with the highest ethical and legal standards and to be a great place to work. At GROUPON, we are guided by the following principles: "Do the right thing; Follow the law; Act ethically; Treat people properly; and Speak up. Our approach to tax follows the same principles.

GROUPON Tax Management Principles and Strategy

GROUPON is committed to complying with tax laws in a responsible manner. We pay many different types of direct and indirect taxes, including corporate income taxes, sales taxes, VAT, customs duties, employment taxes and other taxes. GROUPON's UK operation has historically been one of the largest and most important of our international businesses and has paid a significant amount of tax over the years.

The taxes we pay and collect are a part of our economic contribution to the countries in which we operate. We recognize that the taxes we collect and pay are part of our social responsibility; therefore, we pay all taxes due in each country while also availing ourselves of available deductions, credits and incentives. We enter into structures that support our business and reflect commercial and economic activity and do not engage in artificial tax transactions. We comply with relevant tax laws, and we try to minimize the risk of uncertainty or disputes. We strive to establish open and constructive relationships with tax authorities. We work collaboratively wherever possible with tax authorities to resolve disputes and to achieve early agreement and certainty. We support the principle of greater transparency that increase understanding of tax systems and the building of public trust. We enter into transactions between GROUPON group companies on an arm's-length basis and in accordance with current OECD principles. Tax incentives and exemptions are sometimes implemented by governments and fiscal authorities in order to support investment, employment and economic development. We support initiatives to simplify and improve tax regimes to encourage investment and economic growth, and where we adopt such initiatives, we apply them in the manner intended.

GROUPON tax staff have responsibility for managing the taxation affairs of our legal entities. GROUPON recognizes that in some cases, there can be complex laws and interactions of rules that may require support in determining the appropriate tax treatment of specific items; therefore, the tax team is supported by advisers, as needed. In this way, GROUPON manages its tax risks by ensuring the necessary resources are available to assist our teams.

We follow GROUPON's risk management system as part of our internal control processes. GROUPON, Inc. is a public company that files financial statements with the United States Securities and Exchange Commission; thus, it is required under the Sarbanes Oxley Act (SOX) to establish internal controls and procedures applicable to financial reporting, to demonstrate its ongoing effectiveness and to appropriately document adherence to those controls. Groupon has a significant team of Internal Audit personnel centrally located in the Groupon Chicago office that assesses the efficiency, effectiveness, sustainability, monitoring and alignment of internal controls. The Tax SOX controls cover all key responsibilities of the Tax function, including such items as transfer pricing, domestic and international compliance, tax provision, indirect taxes, uncertain tax positions, documentation of tax positions and financial reporting.

We identify, assess and manage tax risks and account for them appropriately. We implement risk management measures including controls over compliance processes and monitor their effectiveness. The head of tax owns and implements our approach to tax. The head of tax is also responsible for ensuring that policies and procedures that support the approach are in place, maintained and applied consistently around the world, and that the global tax team has the skills and experience to implement the approach appropriately. We utilize the local offices of the Big 4 public accounting firms and/or global law firms as necessary to ensure understanding of local laws and to facilitate compliance. These firms assist in preparing direct and indirect local tax returns, provision computations, transaction consulting and any other assistance as needed. We analyze each situation carefully to determine how best to comply with all applicable laws and regulations while optimizing GROUPON's tax position. Our approach to tax is applicable across the GROUPON group.

GROUPON has established an open and constructive relationship with HMRC to discuss significant transactions impacting the UK in current, future and prior periods and wants to employ a collaborative approach with HMRC.

This statement is published in accordance with GROUPON's duty under paragraph 19 of Schedule 19 to the UK Finance Act 2016. We review and update this annually. It was last published on 31 December 2017.

OSI's Approach to Tax Introduction OSI is the premier global supplier of custom value-added food products to the world's leading foodservice and retail food brands. At OSI, we strive to maintain a positive and sustainable relationship with the people, the communities and the environments we contact. We work to responsibly manage our business within the social, economic, environmental and legal frameworks in which we operate. We comply with all applicable legislative and regulatory requirements which is consistent with OSI's Compliance and Ethics Policy - to operate with the highest ethical standards and comply with all relevant laws and regulations. One of our core values is Act with Integrity. Our approach to Tax follows these same principles. OSI Tax Management Principles and Strategy OSI is committed to complying with tax laws in a responsible manner. We pay many different types of direct and indirect taxes, including corporate income taxes, sales taxes, VAT, customs duties, employment taxes and other taxes. OSI's UK operation has historically been one of the largest and most important of our international businesses and has paid a significant amount of tax over the years. The taxes we pay and collect are a part of our economic contribution to the countries in which we operate. We recognize that the taxes we collect and pay are part of our social responsibility; therefore, we pay all taxes due in each country while also availing ourselves of available deductions, credits and incentives. We enter into structures that support our business and reflect commercial and economic activity; we do not engage in artificial tax transactions. We comply with relevant tax laws, and we try to minimize the risk of uncertainty or disputes. We strive to establish open and constructive relationships with tax authorities. We work collaboratively wherever possible with tax authorities to resolve disputes and to achieve early agreement and certainty. We support the principle of greater transparency that increase understanding of tax systems and the building of public trust. We enter into transactions between OSI group companies on an arm's-length basis and in accordance with current Organisation for Economic Cooperation and Development (OECD) principles. Tax incentives and exemptions are sometimes implemented by governments and fiscal authorities in order to support investment, employment and economic development. We support initiatives to encourage investment and economic growth, and where we adopt such initiatives, we apply them in the manner intended. OSI's global tax and finance staff have responsibility for managing the taxation affairs of our legal entities. OSI recognizes that in some cases, there can be complex laws and interactions of rules that may require support in determining the appropriate tax treatment of specific items; therefore, the tax team is supported by advisers, as needed. In this way, OSI manages its tax risks by ensuring the necessary resources are available to assist our teams. OSI has a Compliance and Ethics Program designed to ensure that all employees are fully compliant with all laws and relevant government and industry standards. OSI identifies, assesses and manages tax risks and accounts for them appropriately. The VP of Global Tax owns and implements our approach to tax. The VP of Global Tax is also responsible for ensuring that policies and procedures that support the approach are in place, maintained and applied consistently around the world, and that the global tax and finance teams have the skills and experience to implement the approach appropriately. OSI utilizes the local offices of public accounting firms and/or global law firms as necessary to ensure understanding of local laws and to facilitate compliance. These firms assist in preparing direct and indirect local tax returns, provision computations, transaction consulting and any other assistance as needed. We analyze each situation carefully to determine how best to comply with all applicable laws and regulations while optimizing OSI's tax position. Our approach to tax is applicable across the OSI group. OSI has established an open and constructive relationship with HMRC to discuss significant transactions impacting the UK in current, future and prior periods and wants to employ a collaborative approach with HMRC. This UK Tax Strategy, approved by the board of Gands (UK) and its Senior Finance Officer, is published in accordance with Gands (UK)'s duty under paragraph 19 of Schedule 19 to the UK Finance Act 2016. We review and update this annually. It was last published on 31 December 2018. The entities in the Gands (UK) sub-group within the scope of this strategy for the 2018 Financial Year are:

- Gands (UK)
- Foodworks UK Ltd.
- Kitchen Range Holdings Limited
- OSI International Holdings Ltd.
- OSI Investment UK, Ltd.
- Moy Park Holdings, Ltd. (dissolved 17 July 2018)
- OSI Food Solutions UK Holdings Limited
- OSI Food Solutions UK Limited
- Flagship Europe Ltd.
- Proper Pies Limited
- Oliver James Food Limited
- Calder Foods Property Limited

Figure A.1.4: Tax strategy disclosures of Providence Service Corp (Ingeus) and Dun & Bradstreet.

Ingeus UK Group Tax Strategy

Scope

This strategy applies to Ingeus UK Holdings Limited and to the group of companies headed by Ingeus UK Holdings Limited in accordance with paragraph 16 of Schedule 19 to the Finance Act 2016. A list of the entities to which it applies is set out below. In this strategy, references to 'Ingeus UK Limited', 'the firm' or 'the group' are to all of these entities. The strategy is being published in accordance with paragraph 16(4) of the Schedule.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the Group has legal responsibilities.

Aim

Ingeus UK Holdings Limited is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. The group's tax affairs are managed in a way which takes into account the group's wider corporate reputation in line with Ingeus UK Holdings Limited's overall high standards of governance.

Governance in relation to UK taxation

Ultimate responsibility for Ingeus UK Holdings Limited's tax strategy and compliance rests with the Board of Ingeus UK Holdings Limited (the Board).

Executive management of the group is delegated by the Board to the Chief Executive Officer (a CEO).

The Audit & Risk Committee's requirement to monitor the integrity of Ingeus UK Holdings Limited's financial reporting system, internal controls and risk management framework, expressly includes those elements relating to taxation;

The Chief Financial Officer (a CFO), who reports to the CEO, is the Board member with executive responsibility for tax matters;

Day-to-day management of Ingeus UK Holdings Limited's tax affairs is delegated to the Corporate Finance Director who reports to the CFO;

The Ingeus UK Holdings Limited finance team members who deal with tax matters are appropriately qualified individuals;

The Board ensures that Ingeus UK Holdings Limited's tax strategy is one of the factors considered in all investments and significant business decisions taken;

The Corporate Finance Director reports to the VP of Taxation for Providence Service Corporation (Ingeus UK Holdings Limited's ultimate parent entity) and the Board on Ingeus UK Holdings Limited's tax affairs and risks during the year.

Risk Management

Ingeus UK Holdings Limited operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to the group's financial reporting system;

Ingeus UK Holdings Limited seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations;

Processes relating to different taxes are allocated to appropriate process owners who carry out a review of activities and processes to identify key risks and ensure that mitigating controls are in place. These key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required;

Appropriate training is carried out for staff within the finance team who manage or process matters which have tax implications;

Advice is sought from external advisers where appropriate.

Attitude towards tax planning and level of risk

Ingeus UK Holdings Limited manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax.

When entering into commercial transactions, Ingeus UK Holdings Limited seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation. Ingeus UK Holdings Limited does not undertake tax planning unrelated to such commercial transactions.

The level of risk which Ingeus UK Holdings Limited accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the group's tax affairs. At all times, Ingeus UK Holdings Limited seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

Relationship with HMRC

Ingeus UK Holdings Limited ensures that HMRC is kept aware of significant transactions and changes in the business and would seek to discuss any tax issues arising at an early stage. When submitting tax computations and returns to HMRC, Ingeus UK Holdings Limited discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

List of entities covered by this Tax Strategy

Ingeus UK Holdings Limited

The Dun & Bradstreet Group UK Tax Strategy

The Group

Dun & Bradstreet grows the most valuable relationships in business. By uncovering truth and meaning from data, we connect customers with the prospects, suppliers, clients and partners that matter most, and have since 1841. Nearly ninety percent of the Fortune 500, and companies of every size around the world, rely on our data, insights and analytics.

Dun & Bradstreet has operated in the UK for almost 100 years and it is the world's leading source of commercial data, analytics and insight on businesses. Our global commercial database as of September 30, 2018 contained approximately 310 million business records. We transform commercial data into valuable insight which is the foundation of our global solutions that customers rely on to make critical business decisions.

Scope

In accordance with paragraphs 19 of Schedule 19 to the Finance Act 2016, this strategy applies to all the UK domiciled subsidiaries of The Dun & Bradstreet Corporation. A list of the entities to which it applies is set out below and references to 'the UK Group' refer collectively to all these entities.

The strategy is being published in accordance with paragraph 16(4) of the Schedule.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the UK Group has legal responsibilities.

Aim

The UK Group is committed to full compliance with all statutory obligations and full disclosure to relevant tax authorities. The UK Group's tax affairs are managed in a way which takes into account The Dun & Bradstreet Corporation's wider corporate reputation and is in line with The Dun & Bradstreet Corporation's overall high standards of governance.

Governance in relation to UK taxation

Ultimate responsibility for the UK Group's tax strategy and compliance rests with the UK Board. The UK Board refers collectively to the Board of Directors of each of the entities listed below.

The Group Audit & Risk Committee's requirement to monitor the integrity of The Dun & Bradstreet Corporation's financial reporting system, internal controls and risk management framework, expressly includes those elements relating to taxation;

The UK Board has appointed an Executive Director to take responsibility for tax matters;

Day-to-day management of the UK Group's tax affairs is delegated to the Finance Controller and to the UK & Ireland Tax Manager who reports to the Executive Director responsible for tax matters.

The UK Group tax team is staffed with appropriately qualified individuals;

The UK Board ensures that the UK Group's tax strategy is one of the factors considered in all major investments and significant business decisions taken;

The Executive Director responsible for tax matters reports to the UK Board on the UK Group's tax affairs and risks during the year.

Risk Management

The UK Group operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to the UK Group's financial reporting system;

The UK Group seeks to maintain a low level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations;

Processes relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required;

Appropriate training is carried out for staff outside the tax team who manage or process matters which have tax implications;

Advice is sought from external advisers where appropriate.

Attitude towards tax planning and level of risk

The UK Group manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax.

When entering into commercial transactions, the UK Group utilises available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation.

The level of risk which the UK Group accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the UK Group's tax affairs. At all times the UK Group seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the UK Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

Relationship with HMRC

The UK Group seeks to have a transparent and constructive relationship with HMRC through regular meetings and communication in respect of developments in the UK Group's business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes.

A.2. Multivariate analysis and correlation table

In this section, I perform baseline multivariate tests on the determinants of my main text measures of the tax strategy disclosures. In Table A.2.1, I regress similarity on a number of variables which I expect to be associated with firms' tax strategy disclosures, many of which are known in the literature to be correlated with disclosure and tax avoidance. In Table A.2.2, I perform the same analysis with word count as the dependent variable. Lastly, I provide correlations in Table A.2.3. All variables are defined in detail in Appendix A.4.

Overall, I find strong results that larger firms and firms with higher researcher and development provide less similar disclosures, while firms with low cash effective tax rates provide more similar disclosures. I also find moderate evidence that firms with higher advertising expense have less similar disclosures.

In contrast, I find few significant associations with word count. Table A.2.2 shows that haven intensity is marginally significant and positively associated with word count in one specification, but that no coefficients on any of my other independent variables of interest are statistically significant. However, I do find a negative and statistically significant relation in one of my control variables, *LOSS*, which suggests that firms with negative income provide shorter disclosures.

Table A.2.1: Determinants of similarity

	(1)	(2)	(3)	(4)
	<i>SIMILARITY</i>	<i>SIMILARITY</i>	<i>SIMILARITY</i>	<i>SIMILARITY</i>
<i>SIZE</i>	-2.67*** (-3.55)	-2.42** (-2.35)	-2.68*** (-3.41)	-2.42** (-2.23)
<i>RD</i>	-39.84** (-2.38)	-39.54** (-2.44)	-34.38* (-1.86)	-33.39* (-1.85)
<i>AD</i>	-50.40* (-1.71)	-54.30* (-1.84)	-48.47 (-1.61)	-51.42* (-1.70)
<i>NEWS</i>	-0.01 (-0.48)	-0.03 (-0.76)	-0.02 (-0.59)	-0.03 (-0.87)
<i>CETR5</i>			-11.30** (-2.10)	-12.17** (-2.09)
<i>UTB</i>	0.34 (0.59)	0.28 (0.48)	0.36 (0.59)	0.34 (0.55)
<i>INTAN INTENS</i>	3.46 (0.82)	3.22 (0.67)	4.66 (1.07)	3.90 (0.78)
<i>HAVEN INTENS</i>	-4.38 (-0.97)	-1.36 (-0.24)	-6.25 (-1.31)	-3.61 (-0.58)
<i>LEV</i>	-3.27 (-0.93)	-4.91 (-1.44)	-5.44* (-1.66)	-7.22** (-2.26)
<i>ROA</i>	-1.90 (-0.16)	-3.78 (-0.31)	7.30 (0.63)	7.42 (0.64)
<i>BHAR</i>	0.13 (0.05)	1.55 (0.53)	-2.37 (-0.83)	-2.26 (-0.76)
<i>RET STDEV</i>	-10.33 (-0.44)	-23.50 (-1.00)	-21.08 (-0.80)	-41.17 (-1.56)
<i>BTM</i>	-3.64 (-1.17)	-3.94 (-1.21)	-4.82 (-1.57)	-5.35* (-1.72)
<i>MISSING RD</i>	-2.77 (-1.23)	-0.49 (-0.19)	-1.91 (-0.84)	0.89 (0.35)
<i>LOSS</i>	0.68 (0.22)	0.66 (0.21)	1.95 (0.55)	1.44 (0.38)
<i>SPECIAL ITEMS</i>	-28.73 (-1.31)	-30.04 (-1.37)	-33.51 (-1.50)	-36.33 (-1.61)
<i>INTERCEPT</i>	58.75*** (7.64)	57.82*** (6.03)	62.09*** (7.60)	61.93*** (6.11)
<i>SAMPLE</i>	ALL	EXCLUDING FINANCIALS AND UTILITIES	EXCLUDING FIRMS WITH NEGATIVE PRETAX INCOME	EXCLUDING FINANCIALS, UTILITIES, AND FIRMS WITH NEGATIVE PRETAX INCOME
<i>OBSERVATIONS</i>	605	506	567	470
<i>R-SQUARED</i>	0.060	0.042	0.069	0.054

Table A.2.2: Determinants of word count

	(1) WORD COUNT	(2) WORD COUNT	(3) WORD COUNT	(4) WORD COUNT
<i>SIZE</i>	8.67 (0.88)	3.33 (0.27)	10.75 (1.04)	6.09 (0.46)
<i>RD</i>	-300.63 (-1.07)	-331.86 (-1.17)	-201.01 (-0.65)	-273.90 (-0.87)
<i>AD</i>	-104.94 (-0.28)	-83.31 (-0.21)	31.53 (0.08)	27.50 (0.07)
<i>NEWS</i>	-0.17 (-0.51)	0.07 (0.22)	-0.20 (-0.53)	0.06 (0.14)
<i>CETR5</i>			2.60 (0.03)	14.97 (0.17)
<i>UTB</i>	3.15 (0.32)	3.69 (0.37)	3.33 (0.32)	3.16 (0.29)
<i>INTAN INTENS</i>	19.83 (0.40)	18.25 (0.34)	12.04 (0.23)	18.57 (0.32)
<i>HAVEN INTENS</i>	120.78* (1.67)	121.76 (1.33)	106.84 (1.38)	112.81 (1.11)
<i>LEV</i>	-4.36 (-0.10)	3.02 (0.07)	-5.05 (-0.12)	3.17 (0.07)
<i>ROA</i>	-125.22 (-0.54)	-185.40 (-0.82)	-164.84 (-0.72)	-259.31 (-1.19)
<i>BHAR</i>	-42.12 (-1.16)	-58.63 (-1.61)	-71.67* (-1.69)	-67.84 (-1.50)
<i>RET STDEV</i>	464.93 (1.18)	666.29 (1.56)	492.03 (1.05)	820.24 (1.54)
<i>BTM</i>	28.36 (0.67)	12.25 (0.28)	16.03 (0.36)	-3.98 (-0.09)
<i>MISSING RD</i>	-14.05 (-0.54)	-28.10 (-0.96)	-8.61 (-0.32)	-26.93 (-0.89)
<i>LOSS</i>	-77.82** (-2.21)	-106.24*** (-2.90)	-80.57** (-2.20)	-105.52*** (-2.73)
<i>SPECIAL ITEMS</i>	-44.78 (-0.14)	32.90 (0.10)	68.23 (0.20)	149.17 (0.44)
<i>INTERCEPT</i>	496.92*** (5.10)	534.04*** (4.60)	485.77*** (4.53)	507.40*** (3.91)
<i>SAMPLE</i>	ALL	EXCLUDING FINANCIALS AND UTILITIES	EXCLUDING FIRMS WITH NEGATIVE PRETAX INCOME	EXCLUDING FINANCIALS, UTILITIES, AND FIRMS WITH NEGATIVE PRETAX INCOME
<i>OBSERVATIONS</i>	605	506	567	470
<i>R-SQUARED</i>	0.027	0.034	0.025	0.032

Table A.2.3: Correlation table

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	
<i>SIMILARITY</i>	(1)	1.00	-0.20	-0.22	0.09	-0.03	-0.15	0.02	0.05	0.11	-0.12	0.03	0.02	0.03	0.04	-0.03	0.04	-0.07
<i>WORD COUNT</i>	(2)	-0.10	1.00	0.06	-0.09	-0.04	0.01	0.07	-0.11	0.01	0.08	0.00	-0.01	-0.09	0.00	0.06	-0.01	-0.01
<i>SIZE</i>	(3)	-0.21	0.06	1.00	-0.09	0.00	0.59	-0.15	0.09	-0.06	0.28	0.06	-0.10	0.06	-0.41	0.03	-0.06	0.13
<i>RD</i>	(4)	-0.01	-0.03	-0.07	1.00	0.07	0.11	-0.09	0.47	0.12	0.09	-0.06	0.12	0.15	0.01	-0.31	0.01	-0.12
<i>AD</i>	(5)	-0.04	0.00	-0.10	-0.02	1.00	0.20	0.04	0.17	0.05	0.00	0.06	0.15	-0.08	0.13	-0.22	0.02	-0.14
<i>NEWS</i>	(6)	-0.14	0.01	0.54	0.15	0.04	1.00	-0.11	0.26	-0.01	0.24	0.10	0.09	0.09	-0.18	-0.23	-0.03	0.05
<i>CETR5</i>	(7)	-0.01	0.06	-0.15	-0.09	0.07	-0.05	1.00	-0.03	0.11	-0.08	-0.02	0.04	-0.15	0.02	-0.03	0.08	0.02
<i>UTB</i>	(8)	0.01	0.01	0.07	0.29	0.03	0.15	-0.04	1.00	0.16	0.18	0.04	0.07	0.08	0.03	-0.32	0.12	-0.15
<i>INTAN INTENS</i>	(9)	0.08	-0.01	-0.11	-0.01	0.03	-0.10	0.10	0.02	1.00	-0.09	0.26	0.09	-0.04	-0.11	-0.11	-0.07	-0.25
<i>HAVEN INTENS</i>	(10)	-0.12	0.07	0.31	0.10	-0.02	0.27	-0.11	0.09	-0.14	1.00	-0.03	-0.04	0.08	-0.10	-0.06	0.03	-0.02
<i>LEV</i>	(11)	-0.02	-0.02	-0.04	-0.12	0.08	0.04	0.02	-0.02	0.14	-0.06	1.00	0.01	-0.10	-0.03	-0.30	0.04	-0.13
<i>ROA</i>	(12)	0.02	-0.04	-0.05	-0.12	-0.04	0.02	-0.07	-0.01	0.00	0.01	0.16	1.00	0.26	-0.15	-0.42	-0.49	0.27
<i>BHAR</i>	(13)	-0.03	-0.09	0.03	0.13	-0.02	0.05	-0.23	0.09	-0.02	0.08	0.00	0.31	1.00	-0.20	-0.35	-0.21	0.18
<i>RET STDEV</i>	(14)	0.03	0.03	-0.35	0.05	0.18	-0.11	0.21	0.00	-0.11	-0.12	0.06	-0.18	-0.20	1.00	0.11	0.21	-0.19
<i>BTM</i>	(15)	-0.06	0.06	0.12	-0.20	-0.06	-0.08	0.03	-0.18	-0.06	-0.02	-0.27	-0.26	-0.27	0.04	1.00	0.13	0.03
<i>LOSS</i>	(16)	0.01	-0.03	-0.04	0.04	0.10	0.06	0.16	0.03	-0.06	0.00	0.01	-0.45	-0.24	0.28	0.09	1.00	-0.26
<i>SPECIAL ITEMS</i>	(17)	-0.04	-0.01	0.10	-0.04	-0.36	0.02	-0.13	-0.01	-0.10	0.01	0.00	0.40	0.24	-0.24	-0.10	-0.37	1.00

I derive my independent variables of interest primarily from the literature on tax avoidance. *SIZE*, which is the natural logarithm of total assets. *CETR5* is the five-year cash effective tax rate¹². *RD* is research and development expense, and *INTAN INTENS* is intangible intensity, which is intangible assets divided by total assets. Research and development expense and intangible assets have both been shown to be associated with tax avoidance in part due to greater crossborder income shifting opportunities¹³. *AD* is advertising expense, and *NEWS* is the number of news articles about the firm in the last 91 days. To the extent that firms are sensitive to public scrutiny of tax disclosures, I would expect a significant relation between these variables and my dependent variables. *HAVEN INTENS* is the firm's number of tax haven subsidiaries divided by the total number of subsidiaries listed in Form 10-K, Exhibit 21. *UTB* is the amount of unrecognised tax benefit, often used as a measure of tax risk or uncertainty¹⁴.

I also include a number of control variables that are commonly used in the literature¹⁵(Guay et al. 2016). *LEV* is total long term debt divided by total assets. I include measures of performance, which have been shown to affect voluntary disclosure¹⁶. *ROA* and *BHAR* are the return on assets and annual buy-and-hold returns, respectively. *RET STDEV* is the standard deviation of monthly returns; *BTM* is the book value of equity divided by the market value of equity; *MISSING RD* is an indicator variable equal to one if research and development expense is missing, and zero otherwise; *LOSS* is an indicator variable equal to one if net income is negative, and zero otherwise; *SPECIAL ITEMS* is the amount of special items.

In Tables A.2.1 and A.2.2, model 1 includes the fall sample, and model 2 excludes financial and utilities firms, as is standard in the literature. Models 3 and 4 are similar to models 1 and 2 except that they include the independent *CETR5* as a measure of tax avoidance, and firms with negative pre-tax income are removed for ease of interpreting an effective tax rate measure. T-statistics based on robust standard errors are presented below the coefficients in parentheses. ***, **, * denotes statistical significance at the 10, 5, or 1 per cent level, respectively.

¹² Dyreng, S.D., Hanlon, M. & Maydew, E.L., 2008. Long-Run Corporate Tax Avoidance. *The Accounting Review*, 83(1), pp.61–82.

¹³ Grubert, H. & Slemrod, J., 1998. The effect of taxes on investment and income shifting to Puerto Rico. *Review of Economics and Statistics*, 80(3), pp.365–373; Markle, K.S and Shackelford, A., 2012. Cross-Country Comparisons of the Effects of Leverage, Intangible assets, and Tax Havens on Corporate Income Taxes. *Tax Law Review*, 65, p.415.

¹⁴ Dyreng, S., Hanlon, M. & Maydew, E.L., 2018. When Does Tax Avoidance Result in Tax Uncertainty? *The Accounting Review*.

¹⁵ Guay, W., Samuels, D. & Taylor, D., 2016. Guiding through the Fog: Financial statement complexity and voluntary disclosure. *Journal of Accounting and Economics*, 62(2–3), pp.234–269.

¹⁶ Lang, M. & Lundholm, R., 1993. Cross-Sectional Determinants of Analyst Ratings of Corporate Disclosures. *Journal of Accounting Research*, 31(2), p.246.

A.3. Technical appendix

In this section I explain my methodology for finding and analysing each firm's tax strategy disclosure.

A.3.1. Locating UK tax strategies

Before beginning a search for individual disclosures, I first create a sample of all US firms that should have complied with the new requirement. I do this by finding all of US headquartered multinational corporations from Compustat North America and merging in data on UK subsidiaries from Bureau van Dijk's Amadeus database. Using Amadeus I also add firms that have UK subsidiaries and private US parents.¹⁷ I define a firm as multinational if it has at least one of the following from the most recent fiscal year:

- a. Non-zero foreign pre-tax income
- b. Non-zero foreign tax expense
- c. At least one Exhibit 21 subsidiary in the UK from Form 10-K
- d. Non-zero subsidiary information from Amadeus

For each multinational corporation in this list, I first perform the following searches ten searches on Google.

1. [Company Name] UK "tax" strategy
2. [Company Name] UK "tax" statement
3. [Company Name] UK "tax" approach
4. [Company Name] UK "tax" policy
5. [Company Name] UK "tax" paragraph schedule 19 finance at 2016
6. [Company Name] global "tax" strategy
7. [Company Name] global "tax" statement
8. [Company Name] global "tax" approach
9. [Company Name] global "tax" policy
10. [Company Name] global "tax" paragraph schedule 19 finance at 2016

¹⁷ I do not, however, include private US firms in the list of firms for which I could not find a tax strategy disclosure due to less certainty as to the firm's structure and whether it is subject to the disclosure requirement.

These ten Google searches capture approximately 92 per cent of all the disclosures I was able to locate. For each of the remaining multinational corporations, I manually visit their website and examine all of the following pages, if they exist:

1. Governance documents
2. Corporate social responsibility
3. Legal
4. Media
5. About us

If I was still unable to locate a tax strategy disclosure, I visit the multinational corporation's general investor relations webpage and in the search bar perform the same Google searches (omitting the company name). In visiting individual firms' websites, I visit both US and UK versions of the website.

For any remaining multinational corporations, I find the name of any UK subsidiary disclosed in the most recent Exhibit 21 or in Amadeus. If the name is significantly different than the US parent's name, I repeat the entire search strategy above, substituting the subsidiary name for the parent name.

Finally, I take the remaining companies and confirm a presence in the UK by searching for the firm or its subsidiary at the Companies House website.¹⁸ If the firm files financial statements as a dormant company, I remove it. Otherwise the firm appears in my list of firms subject to the large business tax strategy disclosure but for which I could not find a tax strategy.¹⁹

A.3.2. Analysing the Content UK Tax Strategies

In this study I use an n-gram approach to compute the similarity of companies' tax strategies. An n-gram is a set of contiguous words of length "n". In computational linguistics, documents are often broken down into n-grams of length two and three (bigrams and trigrams). For example, consider the phrase "our approach to risk management." This phrase has three trigrams: (our approach to), (approach to risk), and (to risk management). Documents can then be compared by finding common n-grams, thereby capturing words that are used in the same order across documents. For the analysis above, I use WCopyFind, an open-source tool

¹⁸ <https://beta.companieshouse.gov.uk/>

¹⁹ Although I employ a rigorous search methodology, the process is not perfect. If a company believes I have incorrectly characterised it, please contact me.

that can identify common phrases across documents using a number of different user inputs.

I compare documents using the following parameters:

- (a) Shortest phrase to match = 6
- (b) Minimum percentage of matching words = 60 per cent
- (c) Most imperfections to allow = 6.

I also ignore all numbers, letter casing, and words longer than 20 characters. This approach is similar to that taken in prior work.²⁰ The primary motivation for this approach is to identify common phrases across documents that were unlikely to have been written independently, while still allowing for some degree of difference. Consider again the disclosures from NIKE and Alphabet. In many cases, full sentences are identical except that the name "Alphabet" is replaced with "NIKE", or certain positions responsible for tax functions are slightly different. Thus, allowing for minor differences within larger common phrases effectively captures the total similarity of companies' tax strategy disclosures.

Overall, this approach sheds light on whether the information contained in companies' tax strategies is actually related to the company itself or whether it was borrowed from another company or provided by an outside source (eg auditor, tax preparer).

²⁰ McMullin, J.L., 2016. Can I borrow your footnotes? Footnote boilerplate's learning externality. Working paper

A.4. Variable Definitions

Variable	Definition	Source
<i>SIMILARITY</i>	The highest percentage point similarity to another document in the corpus. This variable is created with WCopyFind using the following settings: (a) shortest phrase to match = 6; (b) minimum percentage of matching words = 60 per cent; and (c) most imperfections to allow = 6; (d) ignore all numbers, letter case, and words longer than 20 characters.	WCOPYFIND
<i>WORD COUNT</i>	Number of words contained in each tax strategy disclosure.	Raw documents
<i>SIZE</i>	The natural logarithm of total assets (<i>AT</i>) in the most recent fiscal year.	Compustat
<i>LEV</i>	Long-term debt (<i>DLC+DLTT</i>) divided by total assets (<i>AT</i>).	Compustat
<i>RD</i>	Research and development expense (<i>XRD</i>), scaled by total assets (<i>AT</i>).	Compustat
<i>MISSING RD</i>	An indicator variable equal to one if <i>RD</i> is missing and zero otherwise.	Compustat
<i>AD</i>	Advertising expense (<i>XAD</i>), scaled by total assets (<i>AT</i>).	Compustat
<i>BHAR</i>	Buy and hold abnormal return over the most recent fiscal year.	CRSP
<i>RET STDEV</i>	Standard deviation of monthly returns.	CRSP
<i>ROA</i>	Income before extraordinary items (<i>IB</i>) divided by total assets (<i>AT</i>).	Compustat
<i>BTM</i>	Book value of equity (<i>CEQ</i>) divided by market value of equity (<i>CSHO*PRCC_F</i>).	Compustat
<i>INTAN INTENS</i>	Intangible assets (<i>INTAN</i>), scaled by total assets (<i>AT</i>).	Compustat
<i>HAVEN INTENS</i>	Number of Exhibit 21 haven subsidiaries, scaled by the total number of Exhibit 21 subsidiaries. Data obtained from Scott Dyreng's website.	10-K, Exhibit 21
<i>UTB</i>	Unrecognised tax benefits (<i>TXTUBEND</i>).	Compustat
<i>CETR5</i>	Five-year cash effective tax rate, computed as the five-year sum of cash taxes paid (<i>TXPD</i>) divided by the five-year sum of pre-tax income before special items (<i>PI-SPI</i>).	Compustat

<i>NEWS</i>	The counts of distinct news events about a firm in the last 91 days (Ravenpack variable = <i>AEV</i>).	Ravenpack
<i>LOSS</i>	An indicator variable equal to one if net income (<i>NI</i>) is below zero, and zero otherwise.	Compustat
<i>SPECIAL ITEMS</i>	Special items (<i>SPI</i>), scaled by total assets (<i>AT</i>).	Compustat