

INTRODUCTION

The following publication outlines how the Next group of companies (NEXT) adheres to the Finance Act 2016 requirements of preparing and publishing their tax strategy.

OUR APPROACH TO TAX

Our approach to tax comprises four key components:

1. NEXT's approach to risk management and governance arrangements in relation to UK taxation

NEXT maintains internal tax operating procedures, including a set of robust controls which are designed to deliver a strong control framework. This is supported by a dedicated in-house team of tax professionals who report through to the Chief Financial Officer.

Three key areas of Board led tax governance are:

i. Senior Accounting Officer (SAO)

The Chief Financial Officer, Jonathan Blanchard, has been appointed Senior Accounting Officer for NEXT plc and all of its wholly owned UK entities and those subsidiaries operating under NEXT's Total Enterprise Platform. In this role the Chief Financial Officer is fully aware of his duty as signatory. The Head of Tax regularly apprises him of any tax risks, the effectiveness of the controls that could impact on the SAO role and any new areas of tax legislation. The Head of Tax assists in determining any areas that need reporting in the current certificates and takes a proactive approach to making HMRC aware of these areas in advance of the SAO certificate being signed. The majority owned sub-groups of Reiss and FatFace have appointed their own SAOs who are aware of their responsibilities in this area and work closely with the teams responsible for tax management to comply with SAO requirements. These teams meet with the NEXT Head of Tax on a regular basis to discuss tax matters.

ii. Risk Management

The NEXT Risk Management and Internal Controls framework is embedded throughout the business. Each business area is responsible for preparing and maintaining operational risk registers, which include risks relating to tax.

The Head of Tax, together with the business area director, reviews and approves the tax operational risk register at least annually and ensures that appropriate controls are in place to mitigate key tax risks. This forms part of our overall NEXT risk framework which is discussed and agreed by the Audit Committee on a regular basis. Any significant matters are communicated to the Board.

iii. Audit Committee

The Head of Tax presents a tax update to the Audit Committee periodically, covering any identified tax risks and key areas of new legislation.

2. NEXT's attitude towards tax planning

NEXT aims to comply with all applicable tax rules and regulations.

All transactions undertaken by NEXT have a commercial purpose and are not led by artificial tax planning considerations.

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3. NEXT's view on the level of risk in relation to UK taxation that the Group is prepared to accept

NEXT is committed to paying the right amount of tax, in the right place and at the right time.

NEXT will seek to actively resolve any uncertainty in the interpretation of tax legislation with the relevant tax authority on a timely basis.

NEXT endeavours to ensure both the integrity of all reported tax numbers and compliance with all of our tax obligations across all Group companies.

NEXT monitors new tax legislative changes and realigns internal tax processes to be compliant where necessary.

It is a key goal of NEXT to ensure timely filing of all relevant tax returns and timely payment of all tax liabilities.

Our approach to tax risk governance, as highlighted above, assists in ensuring that any risks are captured and resolved in a timely, proactive and transparent manner.

4. NEXT's approach towards its dealings with HMRC

NEXT engages with HMRC constructively, honestly and in a timely and professional manner. NEXT seeks to resolve disputed matters through active and transparent engagement.

Regular contact is made with NEXT's Customer Compliance Manager at HMRC by our Head of Tax.

NEXT has an in-house tax team of qualified tax professionals. This team has specialist knowledge across all applicable tax areas and liaises with their equivalent technical experts at HMRC regularly and seeks to do so in "real time".

Note: NEXT regards this publication as complying with the duty under paragraph 16(2), Schedule 19 Finance Act 2016.

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