

Tax Strategy



May 2021

As New Zealand's largest telecommunications and digital services company, Spark New Zealand has a powerful purpose and our success is dependent on our customers in one key market: New Zealand.

Our purpose

At Spark our purpose is:
"To help all of New Zealand win big in a digital world"

The Māori translation of our purpose statement is: *Āwhinatia ngā tangata katoa o Aotearoa, kia matomato te tipu i te ao matihiko*. This translates to: "To help all New Zealanders so that they may grow, stand strong and thrive in the digital world".

**TO HELP ALL OF NEW ZEALAND
WIN BIG IN A DIGITAL WORLD**

ĀWHINATIA NGĀ TANGATA KATOĀ O AOTEAROA
KIA MATOMATO TE TIPU I TE AO MATIHIKO

As the world responds to COVID-19 it is clear that rebuilding our economies will require a concerted and coordinated effort. Leadership from business with scale to make a difference is essential and this social responsibility extends beyond supporting business activity.

Tax is a crucial source of government revenue that will contribute to rebuilding our economy and it has never been more important for large business to be able to clearly articulate their approach to corporate tax governance to provide certainty and confidence to all stakeholders.

Tax Strategy

Spark's Tax Strategy is set by the Spark Board and is based on established approaches of responsible compliance and tax risk management that set the Strategy's foundation. Spark's tax strategy follows the spirit of the law in addition to the pure interpretation of the law, it ensures Spark looks for commercial outcomes prior to considering tax outcomes and ensures Spark is clear and transparent with all the relevant tax authorities. The underlying core principles of the Tax Strategy ensure that:

Spark Tax Strategy

- (a) appropriate and transparent tax governance occurs in the course of aligning the tax strategy with Spark's business strategy in the pursuit of sustainable growth;
- (b) at all times compliance with legal obligations results in the right amount of tax being paid, on time, as determined through a purposive interpretation of the applicable legislation; and
- (c) all actions are undertaken within a framework of prudent and ethical risk management that, on a case by case basis, has regard for the interests of all relevant Spark stakeholders.

Spark's approach to risk management

The Spark Board and management are committed to ensuring that Spark maintains a high standard of corporate governance and adheres to high ethical standards as further described in Spark's [foundational policy documents](#). The Spark Board regularly review and assess Spark New Zealand's governance structures and processes to ensure that they are consistent with international best practice, in both form and substance.

The Spark Board has delegated certain responsibilities to its Audit and Risk Management Committee (ARMC) - via that committee's [Charter](#) – which includes ensuring management continues to maintain a highly effective and integrated [Managing Risk Policy](#) that enables Spark to successfully manage the risks associated with operating in a complex and challenging environment.

The Managing Risk Policy provides the core framework that co-ordinates how different functional areas each play their part in helping Spark identify and manage strategic, operational and external challenges and risks. The Managing Risk Policy combines with the Tax Strategy to set the principal governance foundations for the design of Spark's tax governance and risk management policy (Policy).

Tax risk management

The Policy brings the Tax Strategy to life through a comprehensive tax control framework that recognises Spark's broader approach to governance and ethical standards by requiring a high level of tax certainty in its tax positions.

Spark Tax Strategy

Tax risk is managed through a set of comprehensive tax risk control activities directed at the following tax risk categories:

RISK CATEGORY	RISK NATURE
Strategic / transactional	<i>Arises as a result of:</i> Major, non-routine events or activity
Operational	<i>Arises as a result of:</i> Application of tax law to routine business operations
Compliance	<i>Arises as a result of:</i> Tax compliance obligations
Financial Reporting	<i>Arises in connection with:</i> Tax controls and tax estimations used for accounting
Reputational	<i>Arises in connection with:</i> Public perception of Spark brand/image

Through this approach any tax planning is corollary to Spark's commercial and economic activity such that it cannot, by design, result in uncertain outcomes or abusive structures. Cross border arrangements are a particular focus in this regard. Spark has only a limited number of international investments but these are subject to applicable transfer pricing where required and do not incorporate any inappropriate use of tax haven countries.

Comprehensive monitoring and reporting on the tax risk categories and underlying control activities occur at regular intervals to ensure the ongoing tax control framework effectiveness.

Working with Revenue Authorities

Spark approaches all tax authority relationships in a constructive and open manner that promotes early interaction and constructive co-operation with the aim of ensuring a 'no surprises' approach on any of Spark's tax positions.