



Tax Strategy Statement United Kingdom

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Tax Strategy Statement – United Kingdom

The UK Finance Act 2016 introduced a requirement for all large businesses to publish their annual UK tax strategy. This document outlines the AGCO UK tax strategy which is guided by our core values that include Accountability, Integrity and Transparency.

AGCO's UK tax strategy is to:

- Manage and mitigate tax risk
- Align tax arrangements with the operational business
- Partner with other areas of the business to ensure tax is considered in all business initiatives
- Engage openly and transparently with tax authorities and conduct ourselves ethically
- Utilise all available tax reliefs and incentives in a manner which is consistent with the legislative intent
- Make all appropriate tax filings and payments accurately and timely

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Strong Governance

AGCO's tax function endeavours to build relationships across the Company at all levels of seniority to communicate the tax strategy, promote good governance around tax decisions and mitigate tax risk. The tax function is in regular contact with the UK boards and leadership teams to ensure that the tax strategy is effectively embedded across the UK business. Through regular education, the tax function strives to ensure informed decisions are taken within our business dealings.

Minimising tax risk

AGCO is subject to a variety of tax risks which we aim to minimise through:

- Maintenance of strong controls in respect of material risk areas. These controls are part of internal control processes which are subject to regular review.
- Engagement of employees with relevant skills and the provision of regular training.
- Utilisation of external advisers to supplement internal resources, especially when there is a need for advice regarding new legislation and case law.
- Alignment of tax arrangements with commercial and economic activities. Similar to other large multinational business, AGCO is particularly subject to transfer pricing risk. The alignment of tax arrangements with commercial activities mitigates this risk. Our transfer pricing policies follow OECD guidelines, in particular the arm's length principle, which ensures parties to intercompany transactions are appropriately remunerated.

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Acceptable Tax Planning

AGCO aims to comply with all UK tax rules and regulations and only engages in tax planning that is aligned with its commercial business activities. We understand the importance of companies not wilfully engaging in tax schemes that go against the intention of the legislative authority.

Working together with HM Revenue & Customs (“HMRC”)

AGCO acts in an open and transparent manner in its dealings with HMRC. We have a co-operative relationship, with regular meetings to discuss current business initiatives, and collaborative discussion of any disputed items. Up front clearances are submitted where appropriate. Our aim is to respond to written requests expediently and make all filings and payments in a timely manner.

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Companies covered by this UK Tax Strategy:

- AGCO Funding Company
- AGCO International Ltd
- AGCO Ltd
- AGCO Machinery Ltd
- AGCO Manufacturing Ltd
- AGCO Pension Trust Ltd
- AGCO Receivables Ltd
- AGCO Services Ltd
- Cimbria Holdings Ltd
- Cimbria UK Ltd
- Massey Ferguson Staff Pension Trust Ltd
- Massey Ferguson Works Pension Trust Ltd
- Sparex Holdings Ltd
- Sparex International Ltd
- Sparex Ltd
- Spenco Engineering Co Ltd