Our UK Tax Strategy

The following information is provided in compliance with the UK legislative requirements under Schedule 19 of the Finance Act 2016.

Introduction

Sequa Corporation is a diversified industrial company with operations in the aerospace, energy and metal coatings industries through its Chromalloy and Precoat Metals business units. Chromalloy provides the airline industry with a broad range of aftermarket services and ranks as the leading independent supplier of advanced repairs for jet engine parts. Chromalloy operates around the world, providing airlines with timely, cost-effective, and proven repairs for turbine airfoils and other critical engine parts. Chromalloy also serves the industrial and marine gas turbine market, as well as the military market. Chromalloy UK is part of the Sequa group. Precoat Metals, the largest independent metal coil coater in North America, provides speedy, dependable service and the highest standard of quality to a broad range of industrial customers. Precoat is a leader in the application of decorative and protective coatings to continuous coiled steel for use in commercial and residential construction projects. For more information, please visit www.sequa.com.

Our global business activities incur a substantial amount and variety of taxes, including corporate income taxes, property taxes and other business taxes, and in the UK, employer’s national insurance. In addition, we collect and pay employment taxes and indirect taxes such as VAT.

Our Approach To Tax Risk Management And Governance

The Group believes that a responsible tax approach is an integral aspect of sustainable business. The Group views the fulfillment of its tax obligations as part of the process of creating long-term value for all stakeholders.

We are committed to ensuring that we pay the tax that we are legally required to pay in all of the jurisdictions in which we operate, that we strive to comply with the tax rules and regulations in those jurisdictions and that we safeguard our reputation as a responsible tax payer.

Group management sets and oversees the risk management strategy and the effectiveness of the Group’s internal control framework. We continuously look to identify and manage those risks and opportunities that could affect the achievement of our business plans and objectives, our shareholder value and our reputation, through our risk management process.
Our Tax Risks

Tax risk arises in the normal course of business operations due to the complexity of tax legislation and potential differences in interpretations. We have established policies and processes in place to ensure the integrity of our tax filings and other tax compliance obligations in the UK and worldwide, and our tax processes are subject to the same level of internal controls, review and external audits as the rest of the business.

The Group’s policy is that intercompany transactions should be conducted on arm’s length principles, in accordance with OECD guidelines. A number of governments have updated or are in the process of updating their transfer pricing documentation requirements, including country-by-country reporting to the tax authorities. The Group is working to ensure compliance with the new requirements. The Group closely monitors related developments and will follow up on legislative proposals in this respect as applicable.

Our Attitude Towards Tax Planning

We engage in tax planning that supports our business activities and that has commercial substance. The Group does not consider that it makes use of artificial arrangements. We seek to ensure that any arrangements comply with current tax legislation and the need for underlying commercial substance and business purpose.

Where uncertainty exists, we may seek appropriate external advice or engage directly with HMRC.

Our Approach To Dealings With HMRC

We seek to maintain open, positive relationships with governments and tax authorities worldwide. We seek to ensure that our engagement with HMRC is professional, open and honest, and undertaken in a spirit of cooperation. We aim to respond to information requests in a timely manner and ensure that access is given to all relevant information.

Where appropriate, the Group seeks advance clearance from HMRC on the proposed tax treatment of transactions.

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