

In compliance with Finance Act 2016 Schedule 19 in relation to the publication of tax strategy insofar as it affects our UK tax group, Titan Europe Limited is publishing its tax strategy for the year ending 31 December 2018.

Titan International Inc. is a global leader in the manufacture and distribution of off-highway wheels, tyres and undercarriage systems, operating in over 40 locations in 17 countries across the world. Titan Europe Limited is part of the Titan International Inc. Group.

Titan's global business activities incur a substantial amount and variety of taxes, including corporate income taxes, stamp duty, business rates and, in the UK, Employer's National Insurance. In addition, we collect and pay employment taxes (PAYE and Employee National Insurance) and indirect taxes (VAT and Duty) in the UK.

As the parent company of the UK sub-group, Titan Europe Limited confirms that this UK tax strategy will apply to the following UK companies:

Titan Europe Limited;
Titan Steel Wheels Limited;
Titan Distribution (UK) Limited; and
Titan International Limited (dormant)

UK Tax strategy

The UK tax strategy is aligned with Titan's overall business Strategy and CSR objectives, and to the Group's approach to corporate governance and risk management wherever we operate.

It is important that we pay the appropriate taxes when they are due, aiming to comply with all relevant tax laws and regulations. In order to do this, Titan operates an effective tax control framework to identify key tax risks and to manage those risks through appropriately designed and operated controls.

Titan's UK tax strategy, is reviewed by the Titan's US Audit Committee, with the day to day tax affairs being managed by the Global Corporate Tax team, who report directly to the Group's Chief Finance Officer in the USA. Titan Europe's Financial Controller is responsible for the Titan's UK tax affairs and delivery of its UK tax strategy, and also reports directly to the Group's Chief Finance Officer.

Approach to tax risk management and governance

Identification, mitigation and management of all risks, including tax, are central to Titan's corporate strategy, and its risk management processes are designed to effectively manage risk. The Titan US Board sets and oversees the risk management strategy and the effectiveness of the Group's internal control framework using COSO 2013.

A risk register and associated risk assessment framework, which includes a section on taxation, is maintained by Titan management and reviewed annually by internal and external audit.

Titan Europe's tax processes are subject to the same level of internal controls, review and external audit as the rest of Titan's Global business. The internal control framework includes monthly and quarterly processes, procedures and reporting requirements for both direct and indirect taxation.

Managing the tax risk

Titan Europe sees compliance with tax legislation as key to managing our tax risk. We understand the importance of tax in the wider context of business decisions and have processes in place to ensure tax is considered as part of our decision making processes.

It is important that all areas of our business feel supported from a tax point of view to enable Titan to achieve its commercial objectives. This includes managing tax risk but is also about making good investment decisions with the knowledge of all future associated tax costs.

Level of acceptable tax risk

Tax risk arises due to the complexity of tax legislation and potential differences in interpretation across a number of overseas territories. 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.

The Titan Group recognises that it is impractical to eliminate all tax risk and therefore we anticipate being required to respond to tax queries from time to time. The Titan US Board has a low appetite for tax risk, and ensures that appropriate tax advice is obtained prior to entering into a Group restructuring project that may have associated tax consequences.

Titan is conscious of how critical it is to be a taxpayer in good standing and the amount of negative publicity potentially received by companies that do not maintain that status. We manage the risk to Titan's reputation and brand through the operation of strong internal processes and controls around all tax matters and maintaining a good relationship with our professional advisors and HMRC.

Tax planning

Titan's approach is to ensure we are compliant and understand our responsibilities with regards to taxation.

Titan seeks to utilise available tax reliefs and incentives that align with Titan's business activities and have commercial substance (e.g. R&D credits).

Titan may evaluate different tax outcomes when considering the most tax effective way to structure commercially motivated transactions, but does not undertake aggressive tax planning for the purpose of tax avoidance. Professional tax advice is sought on complex business decisions and major transactions (M&A Activity), with the depth of such advice being driven by our assessment of the risk presented by each opportunity.

We have relationships with professional advisers that allow us to seek expert advice and staff training on specialist areas of direct and indirect tax. Regular updates are provided by our tax advisers on changes to UK tax legislation.

Through the application of the Corporate Code of Conduct in our organisation, we aim to be honest, fair and truthful in all of our dealings, and these principles of integrity are reflected in our ongoing interactions and regular communications with the local tax authorities.

Dealings with HM Revenue & Customs (HMRC)

Titan's communication with HMRC is focussed around timely tax compliance. For example, Titan understands the importance of complying with all legal requirements, including relevant filing and payment deadlines for the taxes the company pays.

Where possible and appropriate we seek to be proactive with tax authorities to ensure the efficient resolution of issues as they present themselves, for example seeking upfront tax clearance on uncertain tax matters.

Titan aims to respond in an open and honest approach to all information requests in a timely and transparent manner, to ensure that access is given to all relevant information.

Titan also employs the services of professional tax advisers to act as our agents, and when appropriate liaise with HMRC on our behalf in an effort to reduce our tax risk.