



SONATA SOFTWARE

A Sonata Software Company



Sonata Software Limited
Group Tax Policy

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Sonata Software Limited Group (“SSL or the Company or We”) - Group Tax Policy

Introduction

Tax Policy is a framework of tax principles and management approach adopted by an organization in relation to tax. It sets out guidance on how an organization can balance tax compliance with business activities.

About SSL Group

Sonata Software Limited Group (“SSL Group or the Company or We”) is a global technology company specializing in platform-based digital transformation, supporting businesses to become connected, open, intelligent, and scalable. Sonata’s Platformation methodology brings together industry expertise, platform technology excellence, design innovation and strategic engagement models to deliver sustained value to customers.

Preamble

Being a responsible business group, ESG factors are on the Board’s agenda and are part of the overall corporate governance process. Sustainable development is integral to our business strategy including our tax strategy. Tax matters are discussed on a quarterly basis in the Audit Committee Meetings and Board Meetings. The Top Management communicates internally about tax and highlights the potential impact of taxation matters and the need to be aware of potential tax implications, to the decision making units

Objective

The SSL Group has been following a deliberate responsible tax policy consistent with its commitment to be a good corporate citizen. SSL Group operates across the globe and has growth plans to extend its reach and market. It is considered important at this stage to formalize its tax policy. This document seeks to put the formal Group Tax Policy (“the Policy”) in place. This Policy serves as a guidance on approach to tax across jurisdictions while conducting its business operations. This formalised Policy document is approved by the CFO. Any changes in the Policy are also required to be approved by the CFO.

Coverage

This Policy is applicable to SSL and all its subsidiaries and affiliates across the globe. The Policy has been prepared having regard to evolving standards and practices in the tax area. It is an active document and shall be reviewed at least annually.

SSL regards this document as complying with its obligation under para 22(2) of Schedule 19 of the UK Finance Act 2016 to publish the group tax strategy for the financial year ended 31 March 2023.

Scope - Tax Principles

Policy deals with the following tax principles:

- Compliance with applicable tax laws and regulations in the countries in which SSL operates
- Alignment of taxation with the location of economic activity and value creation
- Tax planning based on commercial and economic rationale
- Commitment not to use tax structures without commercial substance
- Commitment not to use secrecy jurisdictions or so-called “tax havens” or low tax jurisdictions for tax avoidance
- Undertake transfer pricing using the arm’s length principle
- Enhanced tax transparency by adequate disclosures
- Commitment to deal in a transparent manner with regulatory and appellate authorities
- Implementation of effective tax risk management and control mechanism
- Proactive engagement with tax authorities on dispute management and resolution
- Participation in public policy advocacy by collaborating through the trade/industry bodies

Approach to Tax Principles

Tax Compliance

We administer and operate in our business dealings in accordance with the letter and spirit of all tax laws, and disclosure obligations. We take reasonable steps to determine and follow the intention of the legislation.

SSL Group pays all the tax dues and submit the tax computations/returns in a timely manner.

Tax Planning

SSL is committed not to engage in aggressive tax planning for the purpose of tax avoidance. Our tax decisions are based on commercial and economic rationale and are compliant with tax laws. We are committed not to use “tax havens” or low tax jurisdictions for tax avoidance and ensure that profits and consequent taxes are aligned to the location of economic activity and value creation.

Relationship with Tax Authorities

SSL maintains a transparent and collaborative relationship with the tax authorities in all the jurisdictions of its operations. Our dealings with tax authorities are carried out ethically and with integrity. SSL proactively engages with tax authorities on tax matters that require more clarity. We submit the relevant facts on tax matters to the authorities, when required.

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We are committed to improve tax certainty through regular interaction with tax authorities and implementation of effective Dispute Resolution Mechanisms, wherever available.

Transfer Pricing Principles

All inter-company transactions are carried out on arm's length principle, aligned with the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and local Transfer Pricing Regulations in the countries in which we operate.

We pay taxes in accordance with the profit generated in each territory, which is primarily driven by the functions performed, assets owned, risk assumed and value created in each territory and adequate Transfer Pricing documentation is maintained for the same.

Tax Transparency

We maintain adequate disclosures on tax matters and submit the requested information before appropriate forums in a timely manner.

We make disclosures of tax information where there is a mandate by law. In addition, we also evaluate various voluntary requirements across the globe in territories where we operate and make disclosures where we consider it is important.

Tax Governance & Risk Management

The Senior Management of SSL Group oversees the tax matters and is responsible for effective implementation of Tax Policy within the SSL Group. Implementation of various elements of the Policy is monitored through periodical internal audit and specialist external reviews findings of which together with action taken are presented to the audit committee, at least annually. Tax risk emanating from any tax dispute or amendments to the tax laws is reviewed and monitored regularly. In-house as well as external tax consultants/senior counsel are involved for arriving at any tax position in relation to above.

In order to align tax risk management with overall risk management of the organisation, following processes are in the place:

- Assessing and clarifying the risks of specific decisions regarding specific taxes
- Consideration of organisation's risk tolerance into the tax decision risk limits
- Defined policies for tax planning methodologies
- Clear communication of tax-risk strategy across the organization and translation of that strategy into day to day operations
- Efficient methods of tracking individual and aggregated tax risk associated with business activities and tax decisions
- Communication of the overall tax-risk profile to assist business unit leaders, and board or board risk committee members in assessing and overseeing those risks

As part of Internal Control framework, the external advisors verify tax governance processes and risk documents

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An efficient, effective, and monitored process is in place to evaluate tax risk, tax risk strategy and risk appetite, with respect to changing circumstances.

Technology

Use of underlying IT systems to implement consistent tax controls that provide valuable data and management information.

Capacity Building

Internal training calendar and regular training sessions are held to keep the tax team updated. Such a calendar is reviewed on a periodic basis and training is added on the basis of anticipated changes in future tax policy and legislation. Further, tax personnel attend external seminars on tax issues to stay updated.

Public Policy Advocacy

We contribute our views on development of tax policy and upcoming tax legislation by collaborating through the trade/industry bodies by responding to public consultation documents released by such bodies.

Mechanisms for Reporting Concerns

In case of any concerns about unethical or unlawful behavior and the organization's integrity in relation to tax, the relevant stakeholder shall promptly notify regarding such occurrence through the Company's Vigil Mechanism Policy. The Vigil Mechanism Policy lays down the relevant process and procedure for reporting concerns. Reported concerns will be treated with confidentiality without fear of retaliation. The identity of the stakeholder will remain confidential, unless otherwise required by the law.

https://www.sonata-software.com/sites/default/files/financial-reports/2019-09/Sonata_Vigil_Mechanism.pdf

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