



## **Atopix Therapeutics Limited**

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## **Atopix Therapeutics Ltd Tax Strategy**

### **Introduction**

“Chiesi Group” is an Italian based international group operating in the sectors of research, development and marketing of pharmaceutical products.

Chiesi Farmaceutici SpA is the Italian based parent company of the Chiesi Group of companies with subsidiaries located across several international locations, including the UK.

Atopix Therapeutics Limited (“Atopix” or alternatively the “Company”) is a company registered in England and Wales, wholly owned by Chiesi Farmaceutici SpA.

The Company is active as a clinical stage biotechnology entity, engaging in R&D activities mainly developing the drug lead candidate Timapiprant in the respiratory area.

This strategy applies to Atopix in accordance with paragraphs 19 of Schedule 19 to the Finance Act 2016. The strategy has been published in accordance with paragraph 19(4) of the Schedule by being uploaded to the internet within the website of Atopix.

This strategy applies to the period ended 31 December 2017 and will be reviewed annually thereafter. References to ‘UK Taxation’ are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax.

### **Aim**

Atopix, in full compliance with the principles stated at group level and in light of the strategy adopted by the controlling entity Chiesi Farmaceutici S.p.A., is committed to full compliance with all statutory obligations and full disclosure to tax authorities. Atopix’s tax affairs are managed in a way which takes into account the respective companies’ wider corporate reputation in line with Atopix’s and Chiesi Group’s overall high standards of governance.

To fulfil the requirements under Schedule 19 of the Finance Act 2016 and support our aim of transparency in our approach to UK Taxation, this strategy considers:

- Our approach towards Governance and Compliance;
- How we manage our tax risk;
- Our attitude towards tax planning;
- Our acceptable levels of tax risk;
- How we work with HMRC

## **Governance and Compliance**

- Responsibility for Atopix Taxation strategy and compliance rests with the Sole Director of Atopix ('the SD'), who exercises its role in full compliance with Group guidelines and procedures, aiming at fulfilling the highest standard of good governance and timely and full compliance with all obligations;
- Executive management of Atopix is exercised by the Sole Director;
- Day-to-day management of Atopix's accounting and tax compliance is outsourced to primary consultancy firms, all of them located in UK
  - one carrying out accounting activities
  - one performing tax compliance,
  - the Chiesi Group's Transfer Pricing policy is regularly reviewed and monitored by a global tax advisory practice to ensure full compliance with global legislative requirements by the wider Chiesi Group.
- Atopix's activities are carried out in full compliance with Chiesi Group's strategic R&D guidelines
- Support on Tax matters, where escalation is required due to complexity of the topics at hand, is provided by the Chiesi Group Corporate Tax team;
- The Chiesi Group's R&D Project & Portfolio Management Team (the "R&D PPM team") who deals with matters of accounting and, where required, taxation is staffed with appropriately qualified individuals, being supported at any time by a robust Chiesi Group Corporate Tax team;
- The SD, in compliance with his disclosure and reporting duties to the Board of the Parent Company Chiesi Farmaceutici S.p.A. ensures that Atopix's tax strategy is one of the factors considered in significant investments and business decisions taken;
- During the year the R&D PPM team reports to the SD on Atopix's accounting and tax compliance affairs on a regular basis;
- The SD reports to the Board of the controlling entity on a regular basis, and seeks authorization from the parent company in advance of any change in Tax Strategy;
- The overall governance and compliance environment is geared towards a strategy to ensure integrity of UK Tax returns and that UK Taxes are calculated accurately and paid in a timely manner.

## **Management of tax risk**

Atopix approaches tax risks and tax expenses in manner consistent with any relevant legal or regulatory requirements considering also operational, reputational and economic perspectives;

Atopix seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations;

Processes and activities relating to different UK taxes are reviewed by appropriate personnel, both by outsourced support counsels as well as by the R&D PPM in order to identify key risks and mitigating controls in place. These key risks are monitored for factors such as general business environment, Atopix's operations and in the event of significant changes in its strategy,

being a pure R&D biotech entity. Legislative or regulatory changes which may impact the Company are regularly monitored, and in this regard changes to processes or controls are made when required;

Documented tax policies, as well as all other documents required by UK tax regulation, in relation to key tax processes are maintained and reviewed annually or earlier when required due to a change in situation(s) such as above;

Appropriate updates on the most relevant changes in tax law which may trigger impacts on the Company's activities and obligations are circulated by the external counsels, as well as from the Chiesi Corporate Tax team, and primarily addressed to the R&D PPM team who directly manage or process matters which have tax implications and, for the most urgent and impacting changes, also to the SD;

Advice is sought from external consultants, other than those engaged in outsourced administration and tax compliance activities, with expertise in specific taxes in circumstances, for example (but not limited to), where Atopix considers that certain tax situations are unusual, more complex than usual or subject to multiple interpretations.

### **Attitude towards tax planning**

Atopix manages risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax at the right time.

Throughout the management of R&D development activities and if/when entering into commercial transactions, Atopix seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation.

Atopix does not undertake tax planning unrelated to its R&D activities or any other commercial transactions it may undertake.

### **Level of risk**

The level of risk which Atopix accepts in relation to UK taxation is aligned to the overall company objective of complying with local tax laws and calculating and paying the correct amount of taxes at the right time.

At all times Atopix seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate body.

In relation to any specific issue or transaction, the SD, appropriately supported by other Chiesi Group's departments, as outlined above, is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

### **Relationship with HMRC**

Atopix seeks to have a transparent and constructive relationship with HMRC through communication when required in respect of developments in Atopix's business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes.

When submitting tax computations and returns to HMRC, Atopix discloses all relevant facts and identifies any transactions or significant issues where it considers that there is potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

### **Approval of Tax Strategy**

Atopix reviews and approves its Tax Strategy at regular intervals, at least annually. The typical review will be carried out, but is not limited to, the dates of approval of Annual Financial Statements and Submission of Corporation Tax Return. Following any review of Tax Strategy, the SD will either approve the current Strategy or any agreed revision(s) as appropriate, following appropriate disclosure thereof to the Board of the parent company Chiesi Farmaceutici S.p.A., in full compliance with Atopix's Articles of Associations.