



DynCorp International Tax Strategy

This document sets out the DynCorp International (“DI”) group’s strategy for conducting its UK tax affairs and managing its tax risk. This strategy has been approved by the management of DI and will be reviewed annually.

DI is a leading global government solutions provider in support of the United States government and allied nations objectives, providing a variety of services including aviation, intelligence, logistics, operations and training.

DI’s overall commitment is to conduct business honestly and ethically through complying with best practices and the applicable laws of all countries we operate in, whilst maximising shareholder returns.

DI has global operations in multiple jurisdictions, including the UK. The group has three entities within the charge to UK tax:

- DynCorp Aerospace Operations (UK) Limited
- DynCorp International LLC (UK branch of USA incorporated entity)
- DynCorp International (UK) Limited

Principally, DynCorp Aerospace Operations (UK) Limited provides contractor staff for the group’s operations in the Middle East and accordingly is compensated for these services on a cost-plus basis. DynCorp International (UK) Limited was established to bid for a UK government contract in 2013. After this bid was unsuccessful, the entity began to wind down its operations and now has no substantial activity. DI’s UK branch acts principally as a US Government service contractor in support of NATO operations.

The group has undertaken a review of its tax procedures and now publishes its tax strategy in accordance with measures contained in Section 161 and Schedule 19 of the Finance Act 2016.

Approach to risk management and governance arrangements in relation to UK taxation

DI is fully committed to complying with all UK tax law and practice and all entities pay the required UK taxes including corporation tax, indirect taxes and employment taxes. In essence, this means ensuring paying the right amount of tax in the right place at the right time. Our broad aim with regards to UK tax is to pay all taxes due and file all tax compliance completely, accurately and in a timely manner.

Tax matters are pro-actively managed by having clear business controls and processes. To ensure overall compliance and the minimisation of risk, professional advice is sought in the UK on any potential tax issues that arise and to ensure that we are up to date with UK tax legislation.

The UK tax compliance process is principally managed by the Tax Vice President located in the US, with input also coming from the group’s centralised finance function located in the US. Suitably qualified external advisors prepare the annual corporation tax returns, which are then reviewed for accuracy and completeness by the Tax Vice President before submission to HMRC. Professional advice would be sought over any specific items where the tax treatment is uncertain.

Attitude towards tax planning (so far as affecting UK taxation)

While DI will always seek to carry out any transactions on favourable commercial terms, the business is risk adverse and does not undertake any artificial UK tax planning arrangements.

DI will seek to utilise UK tax reliefs where available, however only in a manner which is consistent with the government objective for the relief and reliefs are not abused.

As a group primarily based in the US, DI operates overseas in either foreign branches or disregarded entities. Check the box elections are made to allow the UK disregarded entities to also be treated as foreign branches which means profits and losses of the UK entities flow automatically into the US tax returns. Despite the flow of UK results into the US entities, these profits and losses are nonetheless returned in full in the UK, and no tax advantage can be said to arise.

Level of risk in relation to UK taxation

We understand the importance of UK tax compliance and there is a clear understanding between the tax team and the finance functions to ensure tax risk is managed appropriately. Given the relatively low UK activity in respect of the overall group, our key aim is to ensure we do not incur unnecessary penalties, interest payments, nor become involved in any tax issues which may be regarded as contentious.

Given that no UK tax planning is undertaken and compliance is overseen by professional advisers, we would consider the UK tax risk level to be low and limited to ensuring timely and accurate compliance.

Approach towards our dealings with HMRC

Given the nature of our UK taxable presence and activities, our relationship with HMRC is compliance focussed. We will ensure that where necessary we provide sufficient and appropriate documentation or disclosure as additionally requested by HMRC to support this compliance.

Professional services firms act as agents for the UK entities for all taxes, we see this as a key driver in managing risk and ensuring any evolving UK tax issues are flagged to DI.

Should any issues arise, we would seek to resolve these through transparent discussions and would work with HMRC to resolve any issues.