

CIT Aviation Finance II (UK) Limited

UK Tax Strategy

Introduction

This document sets out the UK Tax Strategy of CIT Aviation Finance II (UK) Limited in accordance with s161 and s22 (2) Schedule 19 of the Finance Act 2016 for the year ending 31 December 2017 and applies thereafter until superseded.

This Tax Strategy applies to all UK taxes as set out in s15 of Schedule 19 Finance Act 2016 and any reference to 'tax', 'taxes', or 'taxation' are to all taxes as defined within.

All references to 'the Company' in this document are a reference to CIT Aviation Finance II (UK) Limited. All references to 'the Company Board' in this document are a reference to the board of directors of CIT Aviation Finance II (UK) Limited. This Tax Strategy will be owned by the Company Board and will be reviewed annually with any proposed amendments ultimately discussed and approved by the Company Board. The Company Board is responsible for setting and monitoring the Tax Strategy with assistance from Group finance and tax functions.

Background

The Avolon Group is a leading, global aircraft leasing group providing leasing and lease management services to airlines and aircraft investors worldwide. The Avolon Group is led by an experienced and respected team with a proven track record in our industry – through a number of industry cycles. Our objective has been and remains to build the leading aircraft leasing platform in the industry providing superior service to our customers whilst being a responsible corporate citizen. Our growth and global platform is underpinned by a clear set of corporate values, which are the basis of how we run our business and achieve success in line with our strategic goals. The Company operates within these goals/parameters.

Tax objectives

To ensure compliance with relevant laws and filing obligations to achieve the following overall objectives in relation to tax:

- Ensuring compliance with all relevant laws and regulations to ensure that the correct amount of tax is paid;
- Paying the appropriate amount of tax at the appropriate time;
- Ensuring that any transactions undertaken to grow the Company are effected tax efficiently in accordance with all relevant UK tax law and legislation; and
- To maintain a reputation as a fair contributor to the UK economy and applying tax rules in good faith and in the spirit they were intended.

Risk management and governance arrangements

The Company Board has responsibility for the communication of the Tax Strategy to ensure these tax objectives are achieved. The Group finance and tax functions have responsibility for the implementation of the Tax Strategy and reporting back to the Company Board.

Tax compliance issues are monitored and where the tax treatment of certain items is uncertain. Group Tax and external advisers are consulted to provide expert advice.



This policy ensures compliance with all relevant laws, rules, regulations, reporting and disclosure requirements in order to achieve the tax objective of paying the appropriate amount of tax at the appropriate time.

Tax planning

The Company does not support or engage in aggressive or artificial tax planning, the sole purpose of which is to avoid UK tax or which contravenes relevant legislation. All tax decisions and planning are consistent with Avolon's strategy to maximise after tax returns to shareholders in an ethical and sustainable way. Avolon will consider various tax costs and risks when making commercial decisions, making use of available tax incentives and reliefs where appropriate and consideration of different scenarios from a commercial perspective which may result in different tax liabilities. The Company will not use these tax incentives or reliefs in ways that was not intended for by their introduction.

Tax risk

The Company seeks to comply fully with all relevant tax law and to act in a manner that will allow it to be a responsible corporate citizen. Advice is taken from Group Tax and external advisors to enable the Company Board to appropriately manage tax risk and to determine what, if any, action should be taken to manage those risks.

The Company Board is aware of potential adverse publicity associated with a negative attitude towards tax and seeks in all commercial decisions to manage this reputational risk. The Company Board does not set a level of acceptable risk and instead judges each on a case by case basis.

Relationship with HMRC

The Company is committed to the principles of openness and transparency in its approach to dealing with HMRC, and in particular commits to:

- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests openly and honestly in a timely fashion;
- Seek to resolve issues with HMRC in a timely manner, and where disagreements arise work with HMRC to resolve issues by agreement where possible;
- Be open and transparent about decision-making, governance and tax planning;
- Interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently;
- Ensure all interactions with HMRC are conducted in an open, collaborative and professional manner; and
- Fully disclose and correct any inadvertent errors in submissions to HMRC as soon as is reasonably practicable after they are identified and to implement controls to ensure future compliance.