Commercial context

Astex Therapeutics Limited (‘Astex’) is an ultimate subsidiary of Japan-based Otsuka Holdings Co., Ltd., (‘Otsuka’) and based in Cambridge, utilises its cutting-edge technology platform to address the extensive and complex challenges in oncology and diseases of the CNS. This statement summarises the activities of Astex only.

Otsuka is a company whose people create new products, ranging from pharmaceuticals to consumer products, for better health worldwide.

This Tax Strategy was approved by the Board of Astex on 12 January 2023.

Tax profile

Astex has a Master Services Agreement with Otsuka Pharmaceuticals Co., Ltd which reimburses the costs of Astex with a mark-up. Astex also has historical collaborations which bring in Milestone and Royalty payments.

Astex claim Research and Development Expenditure Credits and Patent Box regime and are currently using up historical brought forward corporation tax losses with the expectation of paying significant corporation tax in the UK in future years.

Tax risk management and governance

The directors of Astex are committed to effective governance and oversight of the tax affairs of the group and this Tax Strategy is approved by the directors. The Tax Strategy is embedded in the business through internal policies and procedures which set out in operational detail how the principles established in this Tax Strategy are to be achieved.

Astex are within scope of the ‘Senior Accounting Officer’ legislation under which steps are taken to establish and maintain appropriate tax compliance arrangements. Other roles and responsibilities in respect of tax, the framework for communicating information that may have an impact on tax and the extent of delegated authority with regards to tax matters are also documented and communicated internally.

We expect the same high standards from our compliance outsource providers that our customers and regulators expect of us. As such, we choose our professional partners carefully and monitor their performance.

We routinely consult with advisors to consider the tax consequences of business change and understand the relevance of changes in tax law to us.

Internally, Astex’s approach to tax risk management is to ensure that tax risks are proactively identified, managed and reported. This is achieved through:

- Creating an awareness of tax risk at appropriate levels within the organisation;
- Embedding tax risk management in the way the business is run based on the likelihood / significance and defined scale of exposure;
- Ensuring an ongoing monitoring and reporting of risks and controls.
Tax planning

In line with our Global Code of Business Ethics, we operate our business ethically and with integrity to earn the trust of all of our stakeholders and meet the needs of society. As such, we do not engage in artificial or contrived structures for the purposes tax avoidance.

As a pharmaceutical group innovation is key to what we do and the way we work; ‘Jissho’ (Actualisation) and ‘Sozosei’ (creativity) are key values at Otsuka. As such, we respond to the Government’s tax incentives designed to support and encourage innovation such as the ‘Research and Development Expenditure Credit’ and the ‘Patent Box’ regime.

We apply OECD principles in relation to transfer pricing ensuring that documentation standards are adhered to and intercompany transactions are made on a supportable arm's length basis.

Tax risk appetite

We have a low tax risk appetite and are focused on compliance. This tone is set by our ultimate Japanese parent company Otsuka Holdings Co., Ltd.

HM Revenue and Customs (HMRC) relationship

Astex Finance is responsible for the relationship with HMRC. The company do not have a Customer Relationship Manager (‘CRM’) allocated by HMRC and as such the relationship is largely limited to responding to one off queries and periodic reviews.

However, we believe that it is important to maintain an open and constructive relationship with HMRC and respond to such enquiries in this spirit.

The publication of this UK tax strategy statement is regarded as satisfying the statutory obligation under Para 19(2), Schedule 19, Finance Act 2016.