Coca-Cola Europacific Partners Plc (CCEP) operates in the Fast-Moving Consumer Goods (FMCG) sector and is one of the leading consumer goods companies in the world. We offer some of the world's leading brands and a wide choice of high-quality beverages.

On 10 May 2021, Coca-Cola European Partners acquired Coca-Cola Amatil Limited, the largest bottler and distributor of non-alcoholic and alcoholic ready-to-drink beverages in the Asia-Pacific region. Together, as Coca-Cola Europacific Partners, we will serve 1.75 million customers across 29 countries in Western Europe, Australia, Pacific and Indonesia.

In delivering our growth ambition, it is our responsibility to operate the business in the long-term interests of all our stakeholders, including employees, customers, suppliers, brand partners, shareholders, governments, and the communities in which we operate.

In response to the COVID-19 pandemic, CCEP’s priorities have been focused on protecting our people, supporting our customers and communities and safeguarding our business for the long-term future. CCEP took decisions with a view of balancing the immediate needs of our stakeholders with our commitment to a sustainable recovery over the long term.

The core foundation of CCEP’s tax management and strategy remains strong and committed to deliver on our business objectives, to comply with both the letter and the spirit of the tax laws and to be regarded as a responsible corporate citizen. CCEP is transparent about its approach to tax and taxes paid, and we strive for an open dialogue with governments and society on tax matters. All decisions on tax matters are guided by our CCEP Tax Principles and applicable on a world-wide basis.

The Four Principles of our Tax Strategy

• Our Approach to Tax: We comply with both the letter and spirit of tax laws in a responsible manner and align our tax strategy with our business strategy.

• Tax Governance: We apply diligent professional care and judgment to ensure all decisions are well considered and documented.

• Tax Transparency: We value open and constructive relationships with tax authorities and support efforts to increase public trust in tax systems.

• Our Tax Contribution: We believe the taxes we pay and collect have a positive impact in the communities and economies of the countries in which we operate.

Our tax strategy is intended to provide our stakeholders with answers to the following questions:

Approach To Tax

How does our tax strategy align with our business strategy?

Tax Governance

How can we provide comfort to stakeholders that our tax affairs are under control and risks are managed?

Tax Transparency

How do we communicate and establish relationships with the tax authorities?

Tax Contribution

How do the taxes we pay and collect have an economic impact on the company and the community?

We recognise that tax is complex and the authorities may not always agree with some of the decisions we make. If there are uncertainties when applying a particular area of tax laws, we always work to interpret the obligations in a responsible way.

We do not engage in or become involved in aggressive tax arrangements. We do not have any companies in countries identified as tax havens on the OECD list of Unco-operative jurisdictions and we do not use tax havens for tax avoidance. Furthermore, no value or income would be transferred or allocated to a low tax jurisdiction or an entity of the group if there is no economic substance in such entity nor any functional analysis evidencing and supporting why such value or income was transferred or allocated to such entity.

In practice: 

Our business is very local. In most of the countries where we operate, more than 95% of the products we sell to our customers are manufactured in the same country.

Our reported Effective Tax Rate (ETR) in 2020 was 28.3% and reflected the natural blend of the statutory tax rates, profit mix and the alignment of our tax strategy and our business model within the various countries where we operate. In 2020, our most significant countries were subject to the following statutory rates: Great Britain 19%, France 32.02%, Germany 30.47%, Belgium 25%, Spain 25%, The Netherlands 25%, Norway 22%, and Sweden 21.40%.

We use business structures that are driven by commercial considerations, aligned with business strategy and have genuine substance. Our transfer pricing policies and methodologies are based on the arm’s length principle and the OECD guidelines.

In practice: 

We would not undertake or recommend a particular transaction unless it successfully meets the following standards:

• It is based on strong technical tax positions in accordance with the letter and the spirit of tax laws;

• When necessary, and if there may be an ambiguity in interpreting the applicable tax provisions, we prepare a position paper that clearly assesses and documents the facts.

In addition, when addressing tax risk, the following factors are considered:

• What is the impact of our tax position on our corporate reputation/brand?

• What is the impact of our tax position on our relationships with governments?

• What would be the benefit of certainty in respect of an uncertain or disputed tax position?

We review our global policies annually to ensure we take account of any changes in the internal and external environment. If you have any questions, please email the CCEP Tax Team at tax@ccep.com
Tax Governance

We apply diligent professional care and judgment to ensure all decisions are well-considered and documented.

Our Code of Business Conduct sets out the standards of behaviour to which we expect all employees to adhere. Tax compliant behavior is the norm. When performing tax services on behalf of CCEP, we instruct external organisations to comply with these principles, under the supervision of the tax and legal teams. We do not condone or support tax avoidance or tax evasion and are committed to preventing anybody employed or contracted to CCEP, or acting on CCEP’s behalf, from facilitating the avoidance and evasion of tax. This requires careful monitoring, strong and accurate systems, consideration of new developments and a very thorough risk management process. We report to the Audit Committee of the Board of Directors of CCEP (“Audit Committee”) on tax strategy and provide quarterly updates on the group’s effective tax rate, tax provisions, key tax matters and compliance with our tax principles.

In practice: We share the main drivers of our effective tax rate and other significant tax matters with the Audit Committee and the Board of Directors so they have a full understanding of factors that are controllable, able to be influenced (e.g. industry tax reforms to foster investments) or not controllable (e.g. worldwide economy, major tax reforms) and which could impact our effective tax rate and the company’s overall tax position. The Audit Committee reviews and approves our tax strategy and principles paper on an annual basis.

CCEP has a strong governance structure in place to ensure that tax decisions are taken at the appropriate level. We have robust internal policies, processes, training and compliance programmes to ensure we have alignment across our business and meet our tax obligations.

Tax is included in the global chart of authority and tax forms part of the approval process for all functions where there is a tax consequence associated with a business decision.

In practice: Tax has its own section in the CCEP Global Chart of Authority and provides approvals for other sections, such as the Supply Chain or Human Resources sections, to ensure that business strategies and our tax principles are aligned. Per the CCEP Chart of Authority, the tax team is required to be involved in the planning, implementation and documentation of significant changes or transformations to existing business activities, acquisitions and disposals, changes in corporate structure, cross-border financing arrangements, and other significant business developments.

We always ensure proper compliance with all taxes and ensure all our returns are reported accurately and on time. CCEP has a strong internal control structure in place where tax reporting and compliance processes are subject to the CCEP controls framework.

CCEP manages tax implications arising from its operations by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations.

In practice: CCEP follows Sarbanes-Oxley 302 & 404 (SOX) requirements with our major income tax and indirect tax processes and controls outlined in detailed process flows. Key risks and controls related to tax processes are assessed annually by CCEP's Internal Controls team. The tax related controls are independently tested by the CCEP Internal Audit team. At each quarter, tax charge and provisioning decisions are discussed internally between the CCEP accounting and tax teams.

Such decisions are also disclosed on a quarterly basis to the CCEP statutory auditors to ensure that all transactions are adequately translated into the actual tax charge or tax returns. The tax team collects details of all exposures and provisions on a quarterly basis with an approval process for any new provisions or changes to existing provisions. In quarterly calls, all countries confirm that they have met all their statutory tax obligations, that their controls are operating effectively and that all tax positions are in compliance with our tax principles.

CCEP provides training and supports all members of the tax team to ensure they have the skills, knowledge and technical expertise to fulfil their responsibilities and perform to the best of their abilities. This enables our people to develop into talented, mindful and skilled professionals. We want to attract, retain and grow the best tax professionals and fully utilise our in-house resources and use external advisors only when appropriate. Training is provided for staff outside the tax team who manage or process matters which have tax implications.

Tax Transparency

We value open and constructive relationships with tax authorities and support efforts to increase public trust in tax systems.

We believe that relations between international businesses and tax authorities should be transparent, constructive, and based upon mutual trust. Both should treat each other with respect and, in all dealings, with an appropriate focus on risk areas when it comes to tax compliance. CCEP has adopted the following principles vis-à-vis the tax authorities to ensure that the local tax authorities have a fair and deep understanding of its tax affairs.

In all jurisdictions in which CCEP operates, we aim to establish an open and transparent dialogue with the local tax authorities. Wherever possible, we work in collaboration with local tax authorities to reach agreements, such as advanced price arrangements on transfer pricing matters, find the correct interpretation of the law, discuss and resolve any disputed issues.

We provide authorities with timely and comprehensive information on potential tax issues. In return, we look to receive treatment that is open, impartial, responsive and grounded in an understanding of our commercial environment.
BEING A GOOD BUSINESS - OUR APPROACH TO TAX

In practice:

In the UK and in the Netherlands, for example, we have an enhanced working relationship with our Customer Compliance Manager ("CCM"), with whom we have a regular open dialogue and meet in person at least once a year. We promote open transparent working relationships with our CCM and engage him or her early in advance of undertaking transactions and filling tax returns. This constructive cooperation with the tax authorities results in transparency as well as faster and greater clarity on our tax positions.

We have the same approach vis-à-vis countries which do not have a formal ‘enhanced partnership’ process or approach with the taxpayer. This open approach is aligned with our goal of achieving certainty over tax positions.

We are always looking to build public trust in CCEP’s tax dealings. We feel that this is best achieved by informing the public of our approaches to tax, and by increasing the public’s understanding of the tax system.

We also provide extensive information on the taxes we pay in our annual reports. The tax disclosures in our 2020 Integrated Report (Note 20 on pages 162-164) summarise in aggregate the significant components of corporate income tax expense for the periods presented.

CCEP supports the OECD’s work on Base Erosion and Profit Shifting (BEPS) and the international tax framework resulting from these actions. Specifically, CCEP understands the need for more transparency. For example, we support and comply with the exchange of country-by-country reporting data between tax authorities that support their ability to ensure multinational groups pay the right amount of tax.

In 2020, CCEP joined the European Business Tax Forum (EBTF), an informal and non-profit initiative between a group of EU/EFTA/UK multinational companies with a shared belief in responsible tax paying and tax transparency. EBTF aims to engage EU businesses in the public tax debate and produce public reports focusing on the total tax contribution made by large businesses to the societies and economies.

**Tax Contribution**

We have established strong fundamentals for how we hold ourselves accountable to the outside world. We comply with all local tax laws, and we know how important our taxes are in positively benefiting the local economies where our business is based.

We pay corporate income taxes, real estate taxes, production taxes, excise and stamp duties, employer social contributions and a variety of other taxes. The taxes paid by us have a direct impact on our financials and considered to be a direct contribution to tax revenues. In addition, we collect employee and social security taxes as well as indirect taxes, such as VAT. The taxes collected by us are administered and collected on behalf of governments and considered to be a company’s indirect contribution to the tax revenues.

In 2020, CCEP’s total tax contribution was almost €2.4 billion with almost €1.4 billion in direct taxes paid and over €1 billion in indirect taxes collected across all territories in which we operate. Overall, for every €1 of corporate income taxes paid, CCEP additionally paid €3.95 in other taxes and collected €3.67 in indirect taxes. In 2020, we employed 22,100 people and contributed employment taxes in excess of €32,800 per employee.

It should be noted that all data and amounts referenced in the Tax Contribution section represent the 2020 CCEP’s pre-acquisition results and therefore do not include data related to Coca-Cola Amatil Limited.

CCEP contributes considerable tax revenues to the governments in the countries in which we operate. The chart below illustrates the 2020 CCEP’s Total Tax Profile (%):

- 30.6% = People Taxes
- 11.6% = Profit Taxes
- 51.2% = Product Taxes
- 3.6% = Environmental Taxes
- 1.7% = Other Taxes

Our economic contribution to public finances goes beyond taxes. In 2020, we invested €400 million in facilities and wider business, improving our operating infrastructure. In 2020, our total community contribution was valued at €9.4 million. This includes 59% of cash and 34% in-kind donations as well as volunteer time and management costs.

Tax incentives and exemptions are often implemented by governments and authorities to support investment, employment and economic development. We embrace such initiatives and in partnership with the business, we carefully evaluate available tax incentives and exemptions. Where CCEP could claim tax incentives offered by governments, we seek to ensure that they are transparent and consistent with statutory and regulatory frameworks.

**Note:**

This document is published by CCEP plc and its UK subsidiaries in satisfaction of the requirements under Schedule 19 of Finance Act 2016. This strategy also applies to CCEP plc’s non-UK subsidiaries.

**Related links:**

- 2020 Integrated Report and Form 20-F
- 2020 Corporate Data Tables