Fair Tax

Fair Tax Mark Statement of Freethought Internet Ltd (February 2020)

This statement of Fair Tax compliance was compiled in partnership with the Fair Tax Mark and certifies that Freethought Internet Ltd meets the standards and requirements of the Fair Tax Mark's Small Business standard.

Tax Policy

We are committed to paying all the taxes that we owe in accordance with the spirit of all tax laws that apply to our operations. We believe that paying our taxes in this way is the clearest indication we can give of our being responsible participants in society.

We will fulfil our commitment to paying the appropriate taxes that we owe by seeking to pay the right amount of tax (but no more), in the right place and at the right time. We aim to do this by ensuring that we report our tax affairs in ways that reflect the economic reality of the transactions we undertake in the course of our trade.

We will not ever do is seek to use those options made available in tax law, or the allowances and reliefs that it provides in ways that are contrary to the spirit of the law. Nor will we undertake specific transactions with the sole or main aim of securing tax advantages that would otherwise not be available to us based on the reality of the trade that we undertake. As a result, the company will never undertake transactions that would require notification to H M Revenue & Customs under the Disclosure of Tax Avoidance Schemes Regulations or participate in any arrangement to which it might be reasonable anticipated that the UK's General Anti-Abuse Rule might apply.

We believe tax havens undermine the UK's tax system. As a result, whilst we will trade with customers and suppliers genuinely located in places considered to be tax havens we will not make use of those places to secure a tax advantage, and nor will we take advantage of the secrecy that many such jurisdictions provide for transactions recorded within them. Our accounts will be prepared in compliance with this policy and will seek to provide the information that users, including H M Revenue & Customs, might need to properly appraise our tax position.

Financial Data

The average profit before tax over the three years ended 30 June 2017, 2018 and 2019 was £12,410. The average current tax charge over the three years ended 30 June 2017, 2018 and 2019 was £1,242 (10%). The average expected current tax charge over the same period was £2,237 (19.1%). The main difference is due to depreciation in excess/(shortfall) of capital allowances and R&D tax relief being claimed. This is shown as follows:

Average profit before tax	£12,410
Average expected current tax charge (19.1%)	**£ 2,373**
1 Depreciation in excess/(shortfall) of capital allowances	(£ 1,006)
2 Expenses not deductible for tax	£ 65
3 Loss on disposal of assets	£ 31
4 Research & Development enhanced deductions	(£ 222)
Average current tax charge (10%)	**£ 1,242**
Average deferred tax charge	£ 3,310
Average total tax charge	**£ 4,552**

1. **Depreciation in excess/(shortfall) of capital allowances** - The accounting treatment of capital assets differs from the tax treatment. For accounting purposes an annual rate of depreciation is applied to capital assets and charged to the profit and loss account. For tax purposes the depreciation charge is added back and instead a tax capital allowance is claimed a relief provided by law. Over time however these differences will equal one another.
2. **Expenses not deductible for tax** - Some expenses incurred may be entirely appropriate charges for inclusion in its financial statements but are not allowed as a deduction against taxable income when calculating tax liability. Examples of these include Entertaining, Abortive, Property Disposals, Revaluations and Fines.
3. **Loss on disposal of assets -** When a company sells fixed assets, such as property and equipment, and collects proceeds amounting to less than the asset's book value, a loss on the disposal of assets is recorded as a nonoperating loss. This means that it does not affect the company's operating income or operating margin.
4. **Research & Development enhanced deductions -** Research and Development (R&D) tax relief supports companies that work on innovative projects in science and technology. Companies can claim enhanced deductions for qualifying costs they incur on R&D projects, the deduction can be 230% of the qualify cost.