



# Our UK Entities Tax Strategy

CITCO

## **Our UK entities Tax Strategy**

Our tax strategy published today is applicable to our UK entities only and is in line with satisfying the HMRC statutory obligation.<sup>1</sup> This statement was approved by our Executive Committee on Thursday, 5 December 2019.

## **About Us**

We are a worldwide group of independent financial service providers. Since the 1940s, we have served the world's elite hedge funds, private equity and real estate funds, institutional banks, Global 1000 companies and high net worth individuals. We service these sectors around the world by offering hedge fund administration, banking, custody and fund trading, financial products and corporate governance services.

## **Governance, risk management and compliance approach**

Our UK entities approach to taxation is overseen by our internal Group Tax department on an on-going basis in light of changes to:

- The commercial environment
- Our UK entities business operations
- Tax laws, regulations and practice (domestic and international)
- Emerging business and tax risks

We manage our UK entities tax risks and tax costs in a manner consistent with applicable laws, rules, regulations and regulatory requirements and with our stakeholders' best long term interests, taking into account operational, commercial and reputational aspects. Our UK entities preventative controls are in place to ensure taxes returned are aligned with the commercial rationale of our structure and location of activities, human and material resources, and our business risks. Business tax processes are subject to the same level of robust internal controls, assurance processes and external audit as the rest of our business. In the UK, these business controls and processes are overseen by the local board of directors.

## **Our tax development approach**

Our UK entities approach to tax is in place to reflect and support the business by ensuring a sustainable tax rate, mitigating tax risks in a timely and cost efficient way while complying with the tax rules and law regulations of the UK. We apply the UK, EU and other international legislation including the OECD transfer pricing guidelines to our inter-company transactions. Our UK entities business model is fundamentally driven by commercial strategies and is organised to be tax compliant.

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<sup>1</sup> Statutory obligation under Para 16 (2), Schedule 19, UK Finance Act 2016.

### **Our Interactions with Tax Authorities & Government Bodies**

We seek to develop and maintain professional and transparent relationships with tax authorities, including HMRC. Our UK entities co-operate with the tax authorities by having a transparent and pro-active relationship with all tax authorities. We provide significant tax-related information and documents in a timely manner which may be requested by the tax authorities. The documents requested by the tax authorities, including HMRC may be on current, future and past risks and tax events. We strengthen our relationship with tax authorities and regulatory bodies based on respect for the law, reliability, professionalism, cooperation, reciprocity, and good faith through seeking external advisers' opinions in advance of undertaking transactions which may be unclear in terms of application of tax law. This information demonstrates the integrity of our tax processes, returns and payments. Our UK entities believe it is best practice to be compliant with tax rules including paying all taxes due in accordance with the legal system.

### **The level of tax risk we are prepared to accept**

Tax risks arise from time to time when new or revised compliance arrangements are introduced or new product services are offered. In the event applicable tax laws, jurisprudence and regulations are subject to interpretation, our UK entities seek appropriate external advisers assurance regarding our position taken in order to have certainty. We require all employees to comply with relevant and applicable laws and regulations and behave in accordance with the Citco Corporate Code of Ethics. As risk is an inherent part of our business activities we employ a holistic approach to risk management that is intended to ensure the broad collection of risk types are considered in the management of business.

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