

UNIVERSITY OF READING TAX STRATEGY DOCUMENT

This document sets out the tax strategy for the University of Reading (and its subsidiary companies).

The document is effective for the year ended 31 July 2022. The document will be reviewed annually by the Finance Department and any amendments approved by the University Executive Board where appropriate.

In accordance with guidance issued by HMRC on 31 March 2016, the document below sets out the University's:

- A) Tax policy being applied
- B) Approach to tax risk management and governance arrangements in relation to UK and international taxation
- C) Attitude towards tax planning (so far as it affects UK taxation)
- D) Level of risk in relation to UK taxation that it is prepared to accept
- E) Approach towards its dealings with HMRC

A) TAX POLICY

The University is committed to conduct its tax affairs in line with the best ethical practice and professional standards and as such:

- Recognises its obligation to pay the correct amount of tax due in any territory.
- Will only enter transactions which have a commercial rationale and would be fully justifiable to the public
- Will manage commercial and reputational risk by application of the tax risk strategy
- Will apply professional care and judgement to arrive at well-reasoned conclusions
- Will seek appropriate professional advice where tax law is complex, uncertain or subject to interpretation
- Develop and foster good working relationships with tax authorities and work with similar UK institutions to itself particularly through BUFDG, to shape future tax legislation where appropriate and share best practice
- Will be open and transparent in all dealings with tax authorities and other relevant agencies
- Promote awareness of need for tax compliance across the University
- Will utilise legitimate incentives and tax reliefs to minimise tax costs of conducting its activities, recognising that as a Charity, it also has responsibilities protect its income to be used for its Charitable purposes
- Will NOT enter into transactions that have a main purpose of gaining a tax advantage or intentionally make interpretations of tax law that are opposed to the original spirit of the tax legislation

B) RISK MANAGEMENT AND GOVERNANCE

The University recognises that its size and the diverse activities it carries out to achieve its Charitable activities can make the application of tax legislation complex in some areas, but that as a Charity, in other areas it can benefit from specific legislative tax benefits and reliefs which can significantly

reduce or eliminate tax risk. As such, the University has undertaken regular reviews over the years to identify those areas of tax complexity and risk, and endeavoured to introduce systematic controls and training to ensure appropriate compliance with tax legislation is met.

The overall tax governance framework is set by the Executive Board, and has delegated responsibility for the implementation of that Policy to the Director of Finance and appropriate members of the Director of Finance team. Within the Finance Team is a Tax Team consisting of 3 appropriately experienced and tax qualified members who monitor the day to day compliance of the University with tax matters, and ensure that procedures are implemented to deal with changes in tax legislation or internal system changes, to maintain continued compliance.

The Finance Team report to the Director of Finance and through the Chief Financial Officer, to the University Executive Board on an as needs basis, identifying key new tax legislation where risks, additional resource needs or systems change may be required, and advising on the tax procedures which should be followed for large and unusual transactions that the University may be undertaking, to ensure that compliance with the Tax Policy is maintained.

The University's accounting system has been designed to put in tax controls and compliance checks wherever possible and the Tax Team is in place to review unusual and significant transactions, prepare and file all appropriate tax returns, monitor tax compliance on an on-going basis and provide an easy to access help-line and training for the wider University staff base. A comprehensive dialogue takes place between the Tax Team, Finance Department, Director of Finance and Executive Board through regular meetings to identify key business transaction and professional tax advice is sought in areas of doubt or significance. Any potential significant tax risks which are identified are reported through the risk management process. The combination of all these procedures means that tax risk is minimised to the lowest feasible level.

C) ATTITUDE TO TAX PLANNING

As noted in the Tax Policy at (A) above, the University recognises that as a Public Body, it has a duty to be compliant with all appropriate aspects of UK and international tax legislation and to pay the correct amount of tax due accordingly. However, it also has a responsibility to arrange its finances in compliance with the law of any relevant territory, to maximise the amount of funds available to it, to carry out its charitable purposes of education and research for the public good.

The University's over-riding Policy with regard to tax planning is that it will not enter into transactions that have a main purpose of gaining a tax advantage or intentionally make interpretations of tax law that are opposed to the original spirit of the tax legislation. Therefore, the University will only undertake to arrange the transactions it is carrying out for its charitable purposes, to minimise tax costs in a way which is considered to be compliant with appropriate tax legislation at that time. It does however recognise that due to complexities of tax legislation and commercial facts and circumstances, there will from time to time be alternative views or approaches where the tax costs will be different and in these situations will use its best judgement in the decision making process. Professional advice would be obtained in these circumstances, to make sure that all aspects of UK tax legislation have been adequately considered.

D) LEVEL OF ACCEPTABLE TAX RISK

The University has structured its accounting systems, finance department and communication processes in a way to minimise tax risk to the lowest level possible but recognising the need to balance the degree of complexity of the tax legislation applicable to its activities, with the cost of having to administer those controls and the amount of tax at stake.

E) RELATIONSHIP HM REVENUE AND CUSTOMS (HMRC)

The University is committed to being open and transparent in its dealing with HMRC. To this end, the University:

- Will conduct its dealings with HMRC in a courteous, collaborative and timely manner.
- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information request in a timely manner
- Seek to resolve issues with HMRC as soon as possible
- Aim to minimise risk of future challenge by HMRC and bring certainty to our tax affairs by promptly entering into discussions with HMRC where allowed by legislation on complex matters where the tax treatment is uncertain