



# Tax Strategy and Policy

## Year Ended 31 July 2017

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### Introduction

The University of Birmingham ensures that it operates within professional guidelines at all levels and recognising that HM Revenue & Customs (“HMRC”) require large organisations to implement a Tax Strategy, the purpose of this document is to set out the University of Birmingham and its subsidiaries policy and approach to conducting tax affairs and dealing with tax risk.

The Strategy, Planning and Resources Committee (“SPRC”) is responsible for oversight of the strategic planning of the University. It brings together academic, financial and physical planning and scrutinises business plans for major activities. The Committee also recommends the annual budget and long-term forecasts to the Council and monitors the performance of the University. The SPRC delegates the responsibility for the Tax Strategy to the Director of Finance who ensures that the Tax Strategy is reviewed regularly.

This document addresses the University of Birmingham’s tax policy; its approach to risk management and governance arrangements; attitude towards tax planning; the level of acceptable risk in relation to taxation; and approach to HMRC.

### Tax Policy

In line with the University’s commitment to adhere to the best ethical and professional standards, the University commits to conduct its tax affairs in order to:-

- comply with relevant tax laws, rules, regulations and reporting requirements
- ensure that tax strategy meets the University’s overall strategy and approach to risk
- apply diligence and care to risks associated with tax ensuring that governance and assurance procedures are appropriate
- be professional in its relationships with tax authorities, based on concepts of integrity, collaboration and mutual trust
- make use of available incentives and/or reliefs to minimise the tax cost of conducting its activities
- ensure it will not enter into a transaction that has a main purpose of gaining a tax advantage or intentionally make interpretations of tax law opposed to the original spirit of the legislation

### Risk Management and Governance

In accordance with the University’s Statutes and Ordinances, the Council of the University of Birmingham is responsible for the administration and management of the affairs of the University. Council comprises a number of ex-officio, appointed and elected lay and academic persons, the majority of whom are non-executive.

Authority is delegated to key executives for day-to day operation of the University’s affairs in accordance with an agreed schedule of delegation. A number of Committees report to Council in key areas with the ultimate responsibility for day-to-day operation of the University’s tax affairs resting with the Director of Finance. The

University has a Tax Manager in place to manage the tax affairs of the University and assisted by tax personnel, this post reports to the Head of Corporate Accounting.

The Tax Manager has extensive experience carrying out duties related to tax and is supported by suitably qualified and experienced personnel. All team members engage in regular Continuing Professional Development [“CPD”] through the University or their own Professional Associations, to keep up-to-date with current tax legislation and best practice. The tax team ensures compliance with legislative requirements, reporting and filing deadlines and defends the University’s position on tax at all times. It also provides advice on tax implications to business partners in the Colleges, Schools, Departments and businesses across the University, where staff are actively encouraged to make contact with the Tax Manager for tax advice to assist with compliance before and during transactions.

Professional advisors retained by the University are used in circumstances when such external advice is judged to be required. The tax team also liaises with Sector colleagues either directly or via British Universities Finance Directors Group (“BUFDG”), to ensure the University maintains sector-wide best practice.

Risk is managed through processes and controls put in place to meet the University assurance requirements and these include compliance and risk monitoring processes, internal reviews of tax compliance activity and the consideration of reputational risk arising from the University’s approach to tax.

### **Attitude to Tax Planning**

The University will use available incentives and reliefs to minimise the tax costs of conducting its activities, so retaining more funds to support and develop its business aims of education and research.

The University will pay the amounts of tax legally due in any jurisdiction in which it operates. It is recognised that it is usual that circumstances can exist where the quantum of taxes (a) is not absolutely clear or (b) an alternative interpretation may result in a different tax position. Should this happen, the University, the Tax Manager and where appropriate with advice from external professional advisers, will arrive at a best judgement to determine the appropriate tax position.

The University does maintain that it will not enter into transactions that have a main purpose of gaining a tax advantage or intentionally make interpretations of tax law opposed to the original legislative intention.

### **Level of Acceptable Risk**

In accordance with generally accepted best practice, the University’s appetite to risk is determined on an activity by activity basis.

The University has a generally cautious approach to tax risk and when taken it is in a controlled manner within the overall governance framework set by Council. The Director of Finance will determine the degree of risk in any activity, consulting colleagues, members of Council and external advisers as appropriate.

### **Relationship with HM Revenue & Customs “HMRC” and other tax authorities**

Within the management of tax at the University is the intention to have constructive, professional relationships with tax authorities, based on concepts of integrity, collaboration, mutual trust and operating in a transparent manner. The University’s aim is to meet all its statutory and legislative tax requirements and will continually:

- conduct all its dealings with tax authorities in a courteous and timely manner with openness and honesty, maintaining the University’s standard policies on integrity and ethics.
- aim to minimise the risk of future challenge and gain certainty in our tax affairs by proactively entering into dialogue with tax authorities in real time with regard to issues where the correct treatment is uncertain.
- if disagreements arise, work together to resolve issues by agreement
- look to engage in Consultations where appropriate, either directly with tax authorities or via BUFDG
- be compliant with anti-bribery legislation