

# University of Leicester

## Tax Strategy and Policy

Year Ended 31 July 2021

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### • **Introduction**

The purpose of this document is to set out the University's (the University and its subsidiaries) policy and approach to conducting its tax affairs and dealing with tax risk. There is an expectation from HMRC for organisations to implement a Tax Strategy. This document draws on the University's current approach to tax administration and follows best practice in the sector.

The document was approved by the Finance Committee and for the year ended 31 July 2021. The document is reviewed annually by the Finance Division. In future periods, only substantive amendments to the Tax Strategy will be approved by the Finance Committee.

This document addresses our:

- a) Approach to risk management and governance arrangements
- b) Attitude towards tax planning
- c) Level of acceptable risk in relation to UK taxation
- d) Approach to dealings with HM Revenue & Customs

### • **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:-

- a) Comply with all relevant tax laws, rules, regulations and reporting requirements wherever we operate
- b) Ensure that the tax strategy is at all times consistent with the University's overall strategy, approach to risk and its values
- c) Apply diligence and care to the management of risks associated with tax matters, and ensure that governance and assurance procedures are appropriate
- d) Foster constructive, professional and transparent relationships with tax authorities, based on concepts of integrity, collaboration and mutual trust
- e) The University will use incentives and reliefs to minimise the tax costs of conducting its activities. The University 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 legislation

## • **Risk Management and Governance**

In accordance with the University's Statutes and Ordinances, the Council of the University of Leicester 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 generally four times per annum. The University's tax affairs are under the responsibility of the Finance Committee. The Audit Committee has responsibility for overseeing the University's overall risk management and systems of internal control.

The ultimate responsibility for day-to-day operation of the University's tax affairs rests with the Director of Finance. The Head of Tax, currently reporting to the Director of Finance, has day-to day authority to manage the tax affairs of the University (excluding payroll operations) assisted by dedicated Tax Team personnel. The Head of Finance – Operations, reporting to the Director of Finance, has day-to day authority to manage payroll operations. The Tax Team works with the Head of Finance – Operations and relevant teams to resolve payroll related queries as required.

The small Tax Team is comprised of appropriately qualified and experienced personnel. Personnel are required to update their knowledge through Continuing Professional Development.

The Tax Team uses various risk management processes and controls to provide assurance that the requirements of the University Tax Strategy are being met. This includes compliance and risk monitoring processes and internal reviews of tax compliance activity across the University.

The Tax Team acts as business partners to the various departments and businesses across the University to keep abreast of changes in activity on a real time basis and to provide advice on tax implications arising therefrom.

The Tax Team seeks advice from external advisers when it is judged to be required.

Risk assessment by the Tax Team includes consideration of reputational risk arising from the University's approach to tax.

The Tax Team will liaise with colleagues within the sector through BUFDG and also informally to ensure the University maintains appropriate sector practice.

## • **Attitude to Tax Planning**

The University will use available incentives and reliefs to minimise the tax costs of conducting its activities, thus retaining more funds available to further our principal business aims of education and research.

The University aims to pay the amounts of tax legally due including compliance with the Criminal Finances Act 2017 which introduced corporate offences of “failure to prevent facilitation of tax evasion”. There are likely to be circumstances where the amount of tax legally due may not be clearly defined, or where alternative interpretations or approaches might result in different tax outcomes. In these circumstances, the University will use its best judgement to determine the appropriate course of action. This will usually involve seeking advice from external professional advisers and/or Tax Counsel.

The University 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 intentions of the legislation.

## • **Level of Acceptable Risk**

In accordance with generally accepted best practice, the University’s appetite to risk is determined on an activity basis such that risks are taken in a controlled manner within the overall governance framework set by Council with a generally cautious approach to risk. 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”**

It is the University’s intention to have constructive, professional and transparent relationships with tax authorities, based on concepts of integrity, collaboration and mutual trust. The University’s aim is to meet all its statutory and legislative tax requirements.

As part of this, the University’s Tax Team will:

- Conduct all its dealings with tax authorities in a courteous and timely manner
- Conduct all dealings with tax authorities with openness and honesty, maintaining the University’s standard policies on integrity and ethics.
- Engage in open and early dialogue to discuss tax planning, strategy, risks and significant transactions
- Aim to minimise the risk of future challenge and gain certainty in our tax affairs by proactively entering into dialogue with HMRC in real time with regard to issues where the correct treatment is uncertain.
- Where disagreements arise, work together to resolve issues by agreement (where possible)
- Respond to Consultations as appropriate, either directly with HMRC or via the University Sector representative association, BUFDG. This latter route will continue to be used for issues pertaining to the University Sector on an ongoing basis.