

Tax Strategy

Introduction

Our Audit Committee approved tax strategy sets out our approach to tax. We seek to ensure that it is aligned with our core values and our overall strategy.

We are committed to ensuring we pay the amount of tax which is due, we comply with all tax rules and regulations and we safeguard our reputation as a responsible tax payer. However, we recognise that we have an obligation to protect Members interests by controlling and managing our tax liabilities.

Our tax strategy is aligned with HMRC's Code of Practice on Taxation for Banks ("the Code") which sets out the principles and behaviours expected of banking groups with regard to tax and we have adopted this code unconditionally.

Our approach

Our approach can broadly be summarised as follows:

- To ensure we pay the tax that is required and that we comply fully with all of the requirements of UK tax legislation;
- To ensure we provide accurate information and file relevant returns, claims and elections within statutory time limits;
- To ensure that processes and controls are documented in order to support the taxes we pay, and the preparation and submission of related tax returns;
- To engage constructively with government consultations in respect of tax matters; and
- To ensure that any concerns in respect of tax matters can be raised in confidence in accordance with the Society's whistleblowing policy.

Internal governance

The Society's tax policy is owned by the Board of directors. The policy, and compliance with it, is reviewed annually by the Audit Committee.

Day to day management and implementation of the policy is delegated to the Head of Financial Reporting and Control, who is supported by an experienced in-house finance team that are responsible for managing the Society's tax affairs.

Risk management

Operational risk is managed by the implementation of controls including segregation of duties, ensuring staff are appropriately trained and experienced and the use of external advisors to ensure that knowledge remains up to date.

Risk appetite

Our appetite for tax risk is low, and can be summarised as follows:

- To ensure we conduct our commercial activities in a tax efficient manner, including tax planning that ensures we do not incur unnecessary tax costs, but in a manner that is in line with our values, and that supports only genuine commercial activity; and
- To ensure sufficient and knowledgeable resources are available to undertake our tax compliance obligations.

Relationship with HMRC

We aim to maintain a good working relationship with HMRC. We engage in an open, transparent and co-operative manner, engaging professional advisors when required to aid interpretation and application of the continually transforming tax landscape.

We consider the tax impacts for both the business and its Members and seek to manage and mitigate any risks that may arise as a consequence of legislative changes.

Criminal Finances Act 2017

Tax evasion is a criminal offence which involves deliberately and dishonestly concealing assets and income from tax authorities. The Society has a zero tolerance approach to tax evasion and the facilitation of tax evasion. As a financial institution, we recognise that our normal banking services and business arrangements could potentially be used by others as a means of evading tax. The Society does not offer products or services, or engage in any business relationships with the aim of knowingly facilitating another to commit tax evasion. In order to mitigate the risk of persons associated with the Society facilitating others to commit tax evasion in the UK or abroad, the Society regularly reviews its internal policies and procedures in the context of the Criminal Finances Act 2017 to ensure that reasonable prevention procedures are in place.