

# Smith & Williamson Holdings Limited group tax strategy

## General Matters

1. This document sets out the group tax strategy for Smith & Williamson Holdings Limited (“SWHL”) together with its subsidiary companies (the “Group”) for the financial year to 30 April 2018.
2. This is the first year of publishing the group tax strategy in accordance and compliance with Paragraph 16 of Schedule 19 of the Finance Act 2016. It will be reviewed annually.
3. This strategy applies from the date of publication until it is superseded. References to taxation are to those relevant UK taxes as defined in paragraph 15 of Schedule 19 ‘which include in the main:
  - All corporate taxes
  - Indirect taxes (VAT, Stamp Duty Land Tax)
  - Employment taxes (PAYE/National Insurance/Construction Industry Scheme)
  - Other applicable tax matters
4. This tax strategy is approved by the Board of SWHL and sets out the Group’s general tax arrangements as well as its policies for and approach to; tax risk management and governance, attitude to tax planning, the level of tax risk it is prepared to accept and approach to working with HMRC.
5. The Group Finance Director is responsible for the overall management of the tax affairs of the Group. Day-to-day responsibility for tax matters rests with the Head of Group Tax.

## Aim and alignment with group policy

6. As a regulated multidisciplinary investment management, audit, tax and accountancy business, the Group’s tax strategy is entirely consistent with its guiding principles with regards to tax matters. As a bank, one of the Group companies has signed up to HMRC’s Part 1 of Code of Conduct on taxation for banks and has applied this code for a number of years.

## Guiding principles

7. The Group’s guiding principles with regards to tax matters are:
  - We are committed to compliance with tax law and tax practice;
  - We encourage an open and honest dialogue between HMRC and our business;
  - We aim to make tax a part of every important business decision;
  - We report and disclose our tax positions in accordance with applicable legislation and requirements; and
  - We aim to pay the correct amount of tax, on time and endeavour to comply with all our tax obligations.

## Tax strategy and tax policy

8. The tax strategy and guiding principles articulate the Group’s approach to tax matters and all aspects of tax reporting and compliance and are intended to provide clarity over both the detail and the spirit of how the Group aims to deal with its tax obligations.
9. Our tax strategy is focused on ensuring that taxes (and tax risks) are managed to provide outcomes consistent with commercial substance and are within the parameters of the Group’s strategic objectives. The strategy requires that all tax obligations are complied with in the UK and other relevant jurisdictions.

## Tax risk management and governance

10. The Group's appetite for tax risk is low and its tax affairs are based on sound commercial principles and relevant tax legislation. External advice is sought where appropriate in order to mitigate any perceived risks.
11. The Group is UK centric with the majority of its commercial operations undertaken in the UK. It also has operations in mainly Jersey and Ireland. The Group aims to manage tax risk in a similar way to any area of operational risk across the Group. SWHL has a formal governance strategy and process in place, and tax risk management is specifically covered within this strategy. Annual oversight and material events are provided to the Audit and Risk Oversight Committee (AROC) and Group Risk and Compliance Committee (GRCC). The business is also supported by other oversight functions, such as internal and external audit.
12. The day to day management of Group tax affairs is provided by the in-house tax team of appropriately qualified individuals ("Group Tax").
13. Processes relating to different tax matters are prioritised accordingly, and responsibilities for each are allocated within the Group Tax team. Responsibilities within the team are controlled by management review and oversight by the Group Finance Director.
14. Tax risks are monitored for changes in legislation and changes in the businesses or activities within the Group.
15. Group Tax works closely with the Legal & Compliance, Group Finance, HR and Group Risk teams.
16. Group Tax seeks to reduce the level of tax risk arising from its operations as far as practically reasonable by implementing internal controls and procedures.
17. The Group is mindful of its responsibilities to its stakeholders and wider social responsibility in connection with tax matters.

## Tax planning

18. The group utilises tax reliefs and allowances available in the manner in which intended by HMRC and statute. There will, however, be circumstances where this may not be clearly defined, or where alternative approaches may result in differing tax outcomes. The Group will use its best judgment in determining the appropriate course of action, using available reliefs and incentives where possible, taking external advice and liaising with HMRC where appropriate.
19. The group does not engage in artificial or aggressive tax arrangements. The group will only implement tax planning which supports genuine commercial activity. Only transactions that have both substance and business purpose are entered into.

## Relationship with HMRC

20. It is Group policy to be transparent and proactive in all interactions with HMRC through regular meetings and communications with HMRC. The Group has a designated Customer Relationship Manager which allows regular and open correspondence to take place.
21. We have an open, honest and positive working relationship with HMRC. We are committed to prompt disclosure and transparency in all tax matters with HMRC, including filing tax returns and paying tax on time. We recognise that there will be areas of differing legal interpretations between ourselves and HMRC and where this occurs, we ensure that HMRC are aware of the contentious area by disclosing appropriately.
22. Where differences with HMRC do arise, we will engage in proactive discussion to bring such matters to as rapid a conclusion as possible.

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