

# 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 2019.
2. The group tax strategy is published in accordance and compliance with paragraph 16 of Schedule 19 of the Finance Act 2016. The group regards its publication as complying with the duty under paragraph 16(2) of Schedule 19 to the Finance Act 2016.
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 This strategy applies from the date of publication until it is superseded.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); and
  - 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; 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 set out below. As a bank, one of the Group’s companies has signed up to The Code of Practice 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 take account of tax considerations in 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. We are focused on ensuring that taxes (and tax risks) are managed to provide outcomes consistent with commercial substance 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 professional 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 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. Oversight of material events is provided to the Audit and Risk Oversight Committee ("AROC") and the Group Risk and Compliance Committee ("GRCC"). The governance of tax risk is supported by review 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, and responsibilities for each are allocated within the Group Tax team. Tax reporting is controlled by management review with oversight by the Group Finance Director.
14. Tax risks are monitored by Group Tax 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 to identify and mitigate any tax risks.
16. Group Tax seeks to reduce the level of tax risk arising from its operations 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. Our stakeholders expect us to maintain a low tax risk and where there is material uncertainty or doubt on a particular tax treatment, whether of interpretation of legislation or practice, the Group takes advice from appropriate tax practitioners.
18. The Group undertakes tax risk reviews and appropriate training.

## Tax planning

19. The group utilises tax reliefs and allowances available in the manner 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.
20. 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.

## Working with HMRC

21. It is Group policy to be transparent and proactive in all interactions with HMRC through regular meetings and communication. The Group has a designated Customer Compliance Manager which allows regular and constructive correspondence to take place.
22. We have an open, honest and positive working relationship with HMRC. We are committed to prompt disclosure and transparency in all tax matters, including filing tax returns and paying tax on time. We recognise that there may on occasion 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.
23. Where differences with HMRC do arise, we engage in proactive discussion to bring such matters to as rapid a conclusion as possible.

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