

# Benefact Group plc Tax Strategy

## Our business

The Benefact Group is a commercial business, but unlike our peers, we are owned by a charity and have a charitable purpose, which is to contribute to the greater good of society by managing a successful, ethically-run portfolio of businesses.

That purpose and ethos extends to the way we approach tax. We recognise that paying the right amount of tax in the countries in which we operate is an important part of our corporate and social responsibility to wider society, and aligns closely with our stated aim to be the most trusted and ethical specialist financial services group.

We also recognise the reliance of our charitable owner Benefact Trust Limited on donations, out of our profits, to carry out its work independently supporting good causes and helping to change people's lives for the better.

## 1. Tax strategy

***Our tax strategy supports our group strategy and the ethical way we do business. It is clear about what we will and will not do in respect of tax. It has been developed to balance the different perspectives and requirements of our charitable owner, customers, employees, and the tax authorities where we operate, including HM Revenue & Customs (HMRC), recognising that paying taxes arising from our activities is an important part of how our businesses contribute to the societies in which they operate.***

We are committed to managing all aspects of tax transparently and in accordance with current legislation, including any emerging regulatory changes, working to achieve the spirit of the applicable legislation and not just the letter of the law in each tax jurisdiction. The Benefact Group commits to paying the correct amount of tax at the right time, effectively managing tax risks across the Group within a well-defined governance framework. In order to achieve this we will:

- always consider our ethical credentials, reputation and corporate and social responsibilities in all matters concerning tax management, compliance and planning;
- meet our tax obligations in each jurisdiction, submitting all tax related returns by their due date and in compliance with current tax legislation;
- ensure employees involved in performing tax management services for the Group are appropriately qualified and trained and are consulted in all major business decisions;
- not enter into transactions or arrangements where the sole purpose is to create tax benefit, that are outside our low tax risk appetite, or that are not in line with the Group Code of Conduct

- ensure the Benefact Group has an effective and proportionate governance structure, and associated internal controls framework, in place to manage the tax risks we face;
- undertake all dealings with tax authorities in a courteous and timely manner and also ensure that good working relationships are developed and fostered;
- ensure we have proper access to the right calibre of tax expertise and knowledge and, if required, utilise outsource arrangements that are managed to the principles set out in the tax strategy.

## 2. Attitude to tax planning

***We seek to pay the right amount of tax, at the right time, in the countries in which we operate and take an ethical approach to tax management and tax planning. Our aim will always be to meet the spirit of tax legislation and not just the letter of the law.***

We do not set targets for effective tax rates and view the amount of tax we pay as being a direct consequence of commercial activities we undertake in each jurisdiction. In all aspects of our tax planning we ensure our approach is consistent with our ethical values and purpose, to contribute to the greater good of society.

The Benefact Group has businesses which operate in a number of tax jurisdictions, principally the UK, Ireland, Canada and Australia. We do not operate in any very low or no-tax jurisdictions nor take advantage of any so called “tax havens”.

The taxes we are subject to, and collect on behalf of tax authorities are:

Corporate income taxes	paid on our taxable profits
Employment taxes	paid by us directly as an employer and also collected by us from employee salaries
Insurance premium taxes	collected on insurance premiums and paid to relevant tax authorities
Value Added Tax (VAT)	collected on the charges for services we provide, and paid to the relevant tax authorities net of VAT we can recover on the goods and services we buy
Property taxes	paid on properties we hold as investments and properties we use in our businesses
Transactional ‘stamp’ taxes	paid on properties and shares we buy
Withholding taxes	deducted at source from our investment income

In each country where we operate, our tax obligations are closely aligned to the commercial substance of our operations in that country. These are, in all cases, countries where we have capital invested and a workforce consistent with the economic reality of the business we conduct. We only recharge costs between countries in limited circumstances and, as far as is possible, aim to ensure that costs are incurred directly in the country that benefits from the service or goods.

We only take advantage of HMRC-endorsed, statutory tax reliefs that are available to us through normal commercial activity, but do not enter into transactions where the sole purpose is to reduce the amount of tax we pay. The principal source of relief we receive is in respect of donations made to our charitable owner. In some years we may also benefit from other sources of tax relief, such as the Research and Development Expenditure Credit scheme where we undertake projects with qualifying costs.

### **3. Governance and tax risk management**

***We manage the tax risks we face by having well-governed tax policies and processes, including Board oversight, underpinned by an effective controls framework. Tax risks arise from both internal and external factors; our ability to manage those risks varies with the level of control we have over those factors.***

The ultimate responsibility for the tax strategy and policies lies with the Benefact Group plc Board. The Group Audit Committee, a direct delegate of the Board with appropriately qualified and experienced membership, is responsible for considering, reviewing and recommending the tax strategy and policies to the Board under the Committee's terms of reference. The responsibility for the implementation of the tax policies resides jointly with management and employees involved in performing a tax management service for the Benefact Group.

The Benefact Group has a low tolerance for tax risk. Our tax strategy, policies and their implementation are the principal way we manage the tax risks faced by the Group supported by robust systems, processes and internal controls which are designed to ensure the accuracy, completeness and timeliness of the reporting of our tax obligations. The most significant tax risks we face are:

**Changes in legislation** – New tax legislation, public disclosure requirements, accounting standards and other regulations or changes to them represent a tax risk to the Benefact Group where we are unaware of the change or we interpret the change to legislation incorrectly.

**Compliance and reporting risk** – This is the risk that we make an error in the reporting of our tax obligations, resulting in interest and penalty costs.

**Transactional risk** – This is the risk that we treat a new type of transaction incorrectly, in the reporting of our tax obligations, as a result of misinterpretation of existing legislation.

**Reputational risk** – This is the risk that we do not meet the expectations of our stakeholders in respect of our approach to tax, or that we do not adapt effectively to changes in those expectations.

Where we do not have the knowledge or experience within the Group, in respect of specialist tax areas, we engage relevantly-qualified, professional advisors to support us in our interpretation of tax legislation. By adopting this approach, we aim to ensure that any tax impact on the Benefact Group, and related reporting of tax obligations, meets the objectives of our tax strategy.

A key way we manage our corporation tax risk is by outsourcing certain compliance processes to internationally recognised accountancy firms. Our employees involved in performing a tax management service for the Benefact Group maintain a regular dialogue with our external tax advisors, throughout the year, to ensure they are aware of developments within the business.

#### **4. Working with HMRC**

*The Benefact Group is committed to transparent, open and proactive communication with HMRC and other tax authorities, working collaboratively to ensure that we fulfil all our tax obligations in each jurisdiction.*

Where enquiries are made by HMRC we aim to respond in a timely manner and provide any requested information within a mutually agreed timescale.

From time to time, where complex tax matters arise, we proactively seek clarification from HMRC to ensure our interpretation of legislation is consistent with that of HMRC.

We endeavour to ensure that all tax obligations are reported accurately, in line with the applicable legislation. However, in the rare circumstance where we identify an error, we proactively make voluntary disclosures to HMRC, quantifying and settling any additional tax that we believe is due including any interest owed.

#### **Compliance Statement**

Benefact Group plc regards its publication of this tax strategy as complying with the duty under paragraph 16(2) Schedule 19 Finance Act 2016 to publish a tax strategy for the year ended 31 December 2023.