



Tax Strategy

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Introduction

Purpose

The Metropolitan Thames Valley Housing Group (“MTVH” or “the Group”) recognises the importance that tax has on the financial performance of the Group. It is further recognised that the Housing Association sector is highly complex from a tax perspective, both technically and operationally. This complexity and substantial tax risk could have major cash, commercial and reputational implications for the Group. Therefore, the Group aims to ensure that consistent and effective tax standards are maintained across the Group to effectively manage the tax risks.

The Group has put this Tax Strategy in place to set out the governance framework which is required to support strategic decision making and ensure appropriate tax risk management within the Group. It should be used in conjunction with any other relevant policy manuals or instructions referenced.

Responsibility

The Board of Directors of the Group recognise that compliance with tax law and regulations is one of the key responsibilities of the Board and that ultimate responsibility for tax matters rests with the Board. To ensure relevant frameworks and controls are in place to facilitate compliance with all tax matters responsibility for tax matters is delegated to the Director of Financial Services, a key member of the Executive Director, Finance senior management team.

Recognising the importance of tax to the organisation the Group has appointed a Head of Tax, reporting to the Director of Financial Services.,

Scope

The strategy is intended to apply across all group companies, LLPs, partnerships and joint ventures. It applies to the management of all relevant taxes for the Group including:

- Annual Tax on Enveloped Dwellings (ATED);
- Corporation Tax ;
- Construction Industry Scheme (CIS);
- Employment Taxes (PAYE/NIC).
- Income tax (on sinking funds);
- Stamp Duty Land Tax; and
- Value Added Tax (VAT).

Review and communication

This tax strategy is owned by the Head of Tax, reviewed by the Director of Financial Services and approved by the Audit & Risk Committee on 27th April 2023. The tax strategy will be subject to regular review by the Head of Tax and approval by the Audit & Risk Committee, as delegated by the Board.



Tax Strategy

Organisation Overview

MTVH is one of the UK's leading providers of affordable housing and care and support services at different levels of affordability for people living in London, the South East, East Midlands and East of England.

MTVH also offers a range of care and support services, delivering training programmes, events and activities for residents, designed to boost employment opportunities and foster stronger communities.

The MTVH vision is that everyone should have a home and the chance to live well.

Strategy Headline

The Group will fully comply with the spirit of the taxation laws and acceptable taxation practices of the United Kingdom. The Group will ensure strong tax governance, underpinned by effective tax risk management, which is aligned to the strategic and corporate objectives of the Group. The aim is to manage the Group's exposure to risk, paying particular regard to financial, commercial and reputational risk.

Strategic Tax Objectives

To support the tax strategy the Group is committed to conducting its tax affairs across all entities in its Group in line with the following key objectives:

1. **Compliance:** file returns on time and pay or withhold the right amount of tax whilst claiming all appropriate reliefs, allowances and incentives within the spirit of the tax law;
2. **Governance:** have in place resources, procedures, processes and controls to comply efficiently with all relevant tax laws, disclosure requirements, regulations and accounting standards;
3. **Relationship with HMRC:** take appropriate care to ensure and maintain a positive professional, collaborative and transparent relationship with HMRC and external stakeholders;
4. **Tax evasion will not be tolerated:** MTVH will not facilitate or undertake tax evasion and does not tolerate such activity. (MTVH has a separate Anti-Tax Evasion Policy which can be found on the Hub); **and**
5. **Tax Planning:** the Group will only use incentives and reliefs where available in the manner intended by the tax law to support the delivery of its vision and values.



Tax Code of Conduct

To support the Tax Strategy the code of conduct outlined below sets out the principles on how MTVH staff are expected to operate with respect to tax matters in support of the above Tax Strategy. These principles provide guidance to key stakeholders and offer a framework for decision making.

Consistency with Tax Strategy

Tax decisions will be made at all times in a manner which is consistent with and complements the tax strategy. The Finance Team (which includes tax) will collaborate with the business to ensure that there is consistency in approach.

Any conflict with the Tax Strategy will be resolved by referring the matter to the Audit and Risk Committee.

Tax Compliance and Reporting

A commitment to observing all applicable laws, rules, reporting and disclosure requirements. The Finance Team will collaborate with the rest of the organisation to provide advice and guidance necessary to ensure compliance, obtaining external advice from tax advisers where necessary.

Governance, Assurance and Risk Management

Responsibility and accountability for MTVH tax affairs rests with the Head of Tax. Decisions will be taken at an appropriate level, determined by clear lines of responsibility and accountability.

In reviewing the tax risks of any decision, which should be assessed within the scope of the Tax Strategy as set out above, the following will be considered:

- the legal and fiduciary duties of directors and employees;
- the corporate vision and values;
- reputation of the organisation;
- the tax benefits to the Group's financial results compared to the potential financial costs involved, including the risk of penalties and interest; and
- the possible impact on our relationship with HMRC and other key stakeholders.

Through a robust tax risk management framework all tax risks will be identified, tracked and managed to ensure no unexpected tax issues arise that could have a material financial or reputational cost to the business.

Relationships

Collaboration

Commit to become an integral part of the Group's developments and operations, providing a consistent and cohesive approach to tax matters.

Working with HMRC

The Group is committed to engaging with HMRC on an open and collaborative basis in order to minimise tax risk and maximise certainty. Wherever possible, we will do so on a real-time basis, engaging with our Customer Compliance Manager as appropriate.



It there were to be any disputed matters with HMRC the Group would seek to resolve through active and transparent discussions with HMRC. The Group will not knowingly take tax positions that may create reputational risk for the Group or put at risk our good relationship with the tax authorities.

The Group aspires to and is striving towards a “low” risk rating with HMRC.

The Group will take an active role in contributing to the tax policy-making process, where relevant, including by taking part in formal and informal HMRC consultations. This may be either by individual contribution or via input into relevant Housing Association bodies such as the G15 or the National Housing Federation (NHF).

Use of advisors

We will establish and maintain relationships with reputable, experienced tax advisors who are used as appropriate to provide specialist expertise in supporting the delivery of the Tax Strategy.

Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from external tax advisers to support the decision-making process. External technical expertise may also be engaged to assess tax risks in order to arrive at well-reasoned conclusions on how the risks should be managed.

Tax Planning

The Group will engage in responsible taxation planning where after a full and complete analysis the opportunity is deemed appropriate to pursue. The Group will not undertake purely tax driven transactions or undertake planning that could reasonably be regarded by HMRC as Tax Avoidance.

The following factors will be taken into account in any tax planning:

- **Personnel:** the right level of seniority of personnel will be involved at all stages and any tax planning will be fully disclosed to the Board/Audit and Risk Committee.
- **Approvals:** where required appropriate approvals will be obtained before implementation;
- **Commercial:** tax planning will only be only undertaken to support genuine charitable and commercial activities of the Group;
- **Spirit of the law:** tax planning will not be undertaken if it is against the purpose of the relevant statutory tax law, viewed realistically;
- **HMRC disclosure:** tax planning will be appropriately disclosed in a timely manner to HMRC. Where tax clearance is required the Group will obtain this prior to implementation.



Definition of Key Terms

For the purposes of this tax strategy the following terms apply:

Tax Evasion – *means cheating the public revenue or fraudulently evading tax, and is a criminal offence. Tax evasion requires an element of fraud, which means there must be deliberate action, or omission with dishonest intent.*

Tax Avoidance – *involves using the rules of the tax system to gain a tax advantage that cannot reasonably be construed from the law. It may involve contrived, artificial transactions that serve little or no purpose other than to produce a tax advantage. It involves operating within the letter, but not the spirit, of the law.*

Tax Planning – *involves applying the both the letter and the spirit of the law, to minimise tax payable or maximise tax reliefs.*

The Spirit of the Law – *means construing the purpose of the relevant statutory tax law and applying them to the intended transaction(s) in a realistic manner.*