

Tax Strategy and Policy

Responsibility for Policy:

Finance Director

Relevant to:

All LJMU Staff

Approved by:

Finance Committee 21st June 2018

Responsibility for Document Review:

Finance Director

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RELEVANT DOCUMENTS

- Paragraph 16(4) of Schedule 10 of the Finance Act 2016

RELATED POLICIES & DOCUMENTS

- Staff Handbook
- Code of Conduct for Staff
- Disciplinary Procedure
- Financial Regulations
- Risk Assessment Policy and Procedure
- Financial Due Diligence Process

LIVERPOOL JOHN MOORES UNIVERSITY

Tax Strategy and Policy

1. Introduction and scope

1.1 This strategy has been published in accordance with paragraph 16(4) of Schedule 19 of the Finance Act 2016 by being made available on the University's website.

1.2 The University was established as a Higher Education Corporation under section 124A (3) and (4) of the Education Reform Act 1988. It is a legally independent corporate institution with charitable status accountable through a governing body, which carries ultimate responsibility for all aspects of the University.

1.3 The University is an exempt charity under the Charities Act 2011. As from 1st April 2018 the University is now regulated by the Office for Students, who are charged, as its principal regulator, with ensuring it fulfils its obligations under charities law.

1.4 This tax strategy and policy applies to the University, its subsidiary companies listed below, and any new subsidiary companies established during the period covered by this policy. All references to the 'University' in this document are to all of the following entities.

- Liverpool John Moores University
- JMU Services Limited
- JMU Learning Resource Centre Development Limited
- JMU Property Development Company Limited
- JMU Building Services & Maintenance Limited
- Standard Trace Metal Quantification Limited
- LJMU Recruitment Agency Limited
- Liverpool John Moores (Malaysia) SDN.BHD
- The Liverpool Business School Limited

1.5 The purpose of this document is to set out the University's policy and approach to conducting its tax affairs and management of tax risk. All references to 'tax' and 'taxation' are to UK taxation and to all corresponding worldwide taxes.

2. Tax Policy

2.1 In line with the University's strategic plan, and reinforced by a robust risk management policy the University commits to conducting its tax affairs in order to:-

- a) Comply with all relevant tax laws, rules, regulations and reporting requirements wherever it operates
- b) Ensure that the tax strategy is at all times consistent with the University's overall strategic plan, its approach to risk and its values

- c) Apply professional diligence and care to the management of risks associated with tax matters, and ensure that governance and assurance procedures are appropriate
- d) Foster constructive, professional and transparent relationships with tax authorities, based on concepts of integrity and collaboration
- e) Take advantage of reliefs and exemptions to minimise the tax costs of conducting its activities, but will not enter into transactions intentionally which make interpretations of tax law that are opposed to the original spirit of the legislation

This document addresses the University's:

- a) Governance arrangements
- b) Approach to risk management
- c) Attitude towards tax planning
- d) Level of acceptable risk in relation to UK taxation
- e) Approach to dealings with HM Revenue & Customs

3. Governance

- 3.1 The University operates in accordance with its instruments and articles of governance, and the Board of Governors is responsible for the administration and management of the affairs of the University.
- 3.2 The Board of Governors derive their authority from the University's Instrument and Articles of Government which was approved by the Privy Council on 5 March 1993, and revised in 1995 and 2002.
- 3.3 The Instrument and Articles of Government state that the Board shall consist of not less than twelve and not more than twenty-four appointed members. The Board consists of independent members, one nominee each from the Academic Board and two students, two staff governors and two co-opted members. The membership of the Board is completed by the Vice-Chancellor, who is the Chief Executive.
- 3.4 The University's operations are overseen by an Executive Leadership Team (ELT), headed by the Vice Chancellor and Chief Executive and in accordance with the agreed scheme of delegation. The academic structure is divided into five Faculties, each of which is led by a Pro-Vice Chancellor. The business services divisions are led by the Registrar and Chief Operating Officer, the Executive Director of Human Resources and the Finance Director.
- 3.5 The Planning and Resources Committee (PRC), chaired by the Vice Chancellor, provides strategic oversight of the University's financial, investment, estates and people affairs and advises ELT on any other business of particular importance or complexity.
- 3.6 A number of committees report into the Board of Governors in key areas.

- 3.7 The Audit Committee has responsibility for overseeing the effectiveness of the University's corporate governance arrangements, financial systems, internal control environment and risk management.
- 3.8 The Finance Committee has responsibility for overseeing the effectiveness of the University's financial affairs. Ultimate responsibility for day-to-day operation of the University's tax affairs are delegated to the Finance Director. The Deputy Director of Finance has the authority to manage the day-to day tax affairs of the University assisted by members of Finance staff and hereby referred to as the 'Tax Team'.

4. Approach to Risk Management

- 4.1 The University aims to minimise its exposure to tax risks through the involvement of appropriate finance staff in all major transactions and through the requirement for University staff to adhere to the Financial Regulations.
- 4.2 The Tax Team is comprised of appropriately qualified and experienced personnel. Personnel are required to update their knowledge through Continuing Professional Development to ensure they are kept up to date with changes in tax legislation and best practice. Staff participate in the British University Finance Directors Group (BUFDG), which provides sector specific resources and training.
- 4.3 The Tax Team uses various risk management processes and controls to provide assurance that the requirements of the University Tax Strategy are being met. This includes compliance and risk monitoring processes and internal reviews of tax compliance activity across the University.
- 4.4 Internal control processes within the University Finance department and systems aim to ensure that the information and documents underpinning tax returns are accurate and complete. Submission of tax returns is subject to appropriate levels of internal review and approval prior to submission.
- 4.5 The Tax Team acts as advisors to the various departments across the University to keep abreast of changes in activity on a real time basis and to provide advice on tax implications arising.
- 4.6 The Tax Team seeks advice from suitably qualified external advisers when the tax treatment of specific transactions or other matters arise for which specific or specialist advice is required; for example changes to or new legislation and taxes due in overseas jurisdictions.
- 4.7 Risk assessment by the Tax Team includes consideration of reputational risk arising from the University's approach to tax.
- 4.8 The Tax Team will liaise with colleagues within the sector through BUFDG to ensure the University maintains sector best practice.

5. Attitude to Tax Planning (and level of risk)

- 5.1 The University's approach to tax planning is to seek to optimise its tax position by taking advantage of available reliefs, exemptions and incentives to minimise the tax costs of conducting its activities, thus maximising the funds available to further its core activities and strategic aims. The University seeks to fully comply with regulatory and other obligations and act in a way that maintains its reputation as a modern civic university.
- 5.2 The University aims to pay the amounts of tax legally due in all jurisdictions in which it operates. There are likely to be circumstances where this amount may not be clearly defined, or where alternative interpretations or approaches might result in different tax outcomes. In these circumstances, the risk will be assessed with a generally cautious approach, and the University will use its best judgement to determine the appropriate course of action. This will usually involve seeking advice from external professional advisers.
- 5.3 Professional diligence and care is taken in the assessment of tax risk. Clear and robust conclusions are required and should be documented on the level of risk and how the risk should be managed to ensure statutory compliance and the payment of the correct amount of tax.
- 5.4 The University will not, under any circumstance, enter into transactions that have a main purpose of gaining a tax advantage or intentionally make interpretations of tax law that are opposed to the original intentions of the legislation.

6. Level of Acceptable Risk

- 6.1 In accordance with generally accepted best practice, the University's appetite to risk is determined on an activity basis such that risks are taken in a controlled manner within the overall governance framework set by the Board of Governors with a generally cautious approach to risk. The Director of Finance will determine the degree of risk in any activity, consulting colleagues, members of the Board of Governors and external advisers as appropriate.

7. Approach to dealings with HM Revenue & Customs "HMRC", and other tax authorities

- 7.1 It is the University's intention to have constructive, professional and transparent relationships with tax authorities in the jurisdictions in which it operates around the world. All dealings with tax authorities should be based on concepts of integrity, collaboration and mutual trust. The University's aim is to meet all its statutory and legislative tax requirements globally.
- 7.2 As part of this, the University's Tax Team will:
- Conduct all its dealings with tax authorities in a courteous and timely manner
 - Conduct all dealings with tax authorities with openness and honesty, maintaining the University's standard policies on integrity and ethics.

- Engage in open and early dialogue to discuss tax planning, strategy, risks and significant transactions
- Aim to minimise the risk of future challenge and gain certainty in our tax affairs by proactively entering into dialogue with HMRC in real time with regard to issues where the correct treatment is uncertain.
- Where disagreements arise, work together to resolve issues by agreement (where possible)
- Respond to Consultations as appropriate, either directly with HMRC or via the University Sector representative association; BUFDG. This latter route will continue to be used for issues pertaining to the University Sector on an ongoing basis.