

Birmingham City University Group Tax Strategy

Introduction

This document applies to Birmingham City University and all its related, subsidiary entities. A list of the entities to which it applies is attached below. In this strategy, references to the “University” are to Birmingham City University and all those entities so listed.

The purpose of this document is to set out the University’s policy and approach to conducting its tax affairs and dealing with tax risk. There is an expectation from HMRC for organisations to implement a Tax Strategy. This document draws on the University’s current approach to Tax administration and follows best practice in the sector and from advisers. References to ‘tax, ‘taxes’ or ‘taxation’ are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the University has legal obligations.

The document was approved by the Chief Finance Officer and is effective for the year ended 31 July 2018. The document will be reviewed annually by the Chief Finance Officer.

This document addresses our approach to risk management and governance arrangements, attitude towards tax planning, level of acceptable risk in relation to UK taxation and approach to dealings with HM Revenue & Customs and overseas tax authorities.

Tax policy

In line with the University’s commitment to adhere to the best ethical and professional standards, the University commits to conduct its tax affairs in order to:

- Comply fully with all relevant tax laws, rules, regulations and reporting requirements wherever we operate;
- Ensure that the tax strategy is at all times consistent with the University’s overall strategy, approach to risk and its values;
- Apply professional diligence and care to the management of risks associated with tax matters, and ensure that governance and assurance procedures are appropriate;
- Foster constructive, professional and transparent relationships with tax authorities, based on concepts of integrity, collaboration and mutual trust; and
- Take advantage of available exemptions, incentives and reliefs to minimise the tax costs of conducting its activities.

Risk management and governance

The University operates within its Instrument of Government and Articles of Government and is overseen by its Board of Governors. A number of Committees report to the Board of Governors in key areas, including the Audit Committee, which provides oversight of the effectiveness of corporate governance arrangements, financial systems, internal control environment and risk management, and the Finance Committee, which has responsibility for oversight of all financial affairs of the university within the approved budget, including matters relating to taxation.

The ultimate responsibility for the day to day operation of the University's tax affairs lies with the Chief Finance Officer. Reporting into the Chief Finance Officer, the Director of Finance has day to day authority to manage the tax affairs of the University. The Director of Finance is assisted by qualified

and experienced members of the finance team, who are required to update their knowledge through Continuing Professional Development.

The Director of Finance and finance team use various risk management processes and controls to provide assurance that the requirements of the University tax strategy are being met, including compliance and risk monitoring processes and internal reviews of tax compliance activity across the university.

Updates are provided to the various departments and businesses across the University to keep staff abreast of changes in activity and tax rules, and the finance team is available to support teams and provide advice on tax implications arising from such changes, as well as providing support through intranet guidance, FAQs and training.

The finance team seeks advice from external advisors when it is judged to be required, including both domestic and overseas tax matters. The finance team also liaises with colleagues within the sector through BUFDG, informally, and at other events to ensure the University maintains best sector practice.

Attitude to Tax Planning and level of risk

The University's attitude and approach towards tax planning is to seek to optimise its tax position by taking full advantage of available tax reliefs, exemptions and incentives aligned with, and in the intended spirit of, current tax legislation, thus retaining and optimising funds available to further the University's core activities and strategic aims.

The University aims to pay the amounts of tax legally due. 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 University will use its best judgement to determine the appropriate course of action. This will usually involve seeking advice from external professional advisers and/or Tax Counsel.

The University will not 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.

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 Board of Governors with a generally cautious approach to risk. The Chief Finance Officer will determine the degree of risk in any activity, consulting colleagues, members of the Board and external advisers as appropriate.

Relationships with tax authorities

A key factor in managing tax within the University is the institution's relationship with HMRC. The University meets all of its statutory and legislative tax requirements through the finance team. The institution aims to maintain a professional relationship with HMRC through collaboration and consultation and operating in a transparent and constructive manner, thereby building mutual respect and a trusting relationship. The tax function will, at all times:

- begin discussions around tax planning, strategy, governance and risk in a pro-active manner, particularly where significant transactions are to be made, and ensure that risks of future challenge are minimised;
- work in a timely fashion with professional advisors and the tax authorities in cases where uncertainty around the appropriate tax treatment is likely;
- ensure the University's standards and ethical values are complied with when dealing with tax issues;
- operate in a professional, open, honest, courteous and timely manner with the tax authorities;
- work with appropriate authorities should any disagreements arise to ensure that issues are able to be resolved and relationships are not damaged during the process; and
- seek to engage in regular discussion across the sector through appropriate channels, such as BUFDG, and respond to Consultations as required.

The University also has links to overseas tax authorities and seeks to ensure that all partnerships are appropriately registered. Where required the University liaises with local tax authorities either directly or through partners or external advisors, to ensure that appropriate taxes are paid when due in respect of overseas partnerships.

List of entities covered by this tax strategy:

Birmingham City University
Awarding Body for the Build Environment Limited
Birmingham School of Acting
Technology Innovation Centre
TIC Commercial Limited
BCU Enterprise Limited
BCU Property Limited
BCU Trustees Limited