

# University of Liverpool

## TAX STRATEGY

<b>Version Number</b>	Version 1		
<b>Document Status</b>	New Policy		
<b>Effective Date</b>	Immediate on approval		
<b>Review Period</b>	Annual review with changes approved through committee cycle		
<b>Responsible Department</b>	Finance Department Roger Bickerstaff – Head of Corporate Finance		
<b>Policy Author</b>	Rebecca Young – Tax Manager		
<b>Approval Route</b>	<b>Committee</b>	<b>Submission Date</b>	<b>Approved?</b>
	SLT	10.06.24	Yes
	Finance and Resources Committee	20.06.24	Yes
<b>Linked Documents</b>	<i>Are there any processes or procedures linked to this policy?</i> N/A		
<b>Does this replace any previous policies?</b>	This is a new policy.		
<b>Consultation</b>	KPMG, review of equivalent policies in HE sector.		
<b>Equality Impact Assessment</b>	<i>Please confirm the outcome of your Equality Impact Assessment</i> N/A – document relates to the University’s Tax Strategy.		
<b>Regulatory/ Compliance</b>	<p>1. <i>Does this Policy/Procedure/Code continue to uphold the <a href="#">OfS Public Interest Governance Principles</a>?</i> Yes</p> <p>2. <i>How does this Policy/Procedure/Code relate to freedom of speech and academic freedom? (Including, where relevant, how the document upholds this requirement)</i> N/A</p>		

# Tax Strategy

## Introduction and Scope

This strategy applies to Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax and Stamp Duty Land Tax and all other taxes as set out in paragraph 15(1) of Schedule 19 of the Finance Act 2016.

This document sets out the University Strategy regarding UK and overseas taxation. This strategy applies to the University of Liverpool and all its related subsidiary entities. A list of the entities to which it applies is included below. In this strategy, references to the “University” are to the University of Liverpool and all those entities so listed.

The University of Liverpool is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from UK Corporation Tax in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

The University’s subsidiaries are liable to Corporation Tax and VAT in the same way as any other commercial organisation.

This strategy applies for the year ended 31 July 2024. 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. References to “tax”, “taxes”, “taxation” are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the University has legal responsibility.

The strategy will be reviewed annually with amendments to be approved by the Finance & Resources Committee.

This document addresses the University’s:

- Tax policy principles
- Governance in relation to UK taxation
- Attitude to tax planning and level of risk
- Relationships with tax authorities

## **Tax policy - principles**

The University's policy approach to conducting its tax affairs is aligned with its overall strategic plan which considers reputational risk, corporate and social responsibilities. It is committed to conducting its tax affairs consistent with the following principles:

1. Comply with all relevant laws, rules, regulations, statutory reporting and disclosure requirements wherever it operates.
2. Ensure that the tax strategy is at all times consistent with the University's overall strategic plan, its approach to risk and its values.
3. Apply professional diligence and care in the proactive management of all risks associated with tax matters, achieve certainty of tax treatment wherever possible, and ensure that governance and assurance procedures are appropriate.
4. Foster constructive, professional and transparent relationships with tax authorities, based on principles of integrity, and collaboration.
5. Take advantage of available reliefs, exemptions and incentives in order to optimise its tax position in the conduct of its activities but will not use them for purposes which are knowingly contradictory to the intent of Parliament and the spirit of the relevant legislation.

## **Governance in relation to UK taxation**

The University operates in accordance with its Statutes and Ordinances. The Council of the University of Liverpool is responsible for the administration and management of the affairs of the University. Council comprises senior managers, representatives of Senate and the Professional Services, the President of the Guild of Students and a member of the student body, and a majority of lay members (who are neither employees nor students of the University). Authority is delegated to key executives for day-to-day operation of the University's affairs in accordance with an agreed scheme of delegation. A number of Committees report to Council in key areas generally four times per annum.

The University's tax affairs are under the responsibility of the Finance & Resources Committee. The Audit Committee has responsibility for overseeing the University's overall risk management and systems of internal control.

The ultimate responsibility for day-to-day operation of the University's tax affairs, excluding employment taxes, rests with the Chief Financial Officer. The Director of Human Resources is responsible for employment taxes both UK and overseas.

A Tax Manager is employed within Finance to manage non-employment taxes. In HR, the Payroll Manager ensures that HR manages UK employment taxes, and the International Payroll and Advice Manager manages compliance for colleagues based overseas. The Chief Financial Officer and the Director of Human Resources ensure that these staff and their teams:

- are comprised of appropriately qualified, experienced personnel and is suitably resourced.

- are committed to ongoing Continuing Professional Development and are members of the British Universities Finance Directors Group (BUFDG). Appropriate training is undertaken to ensure they and their teams keep abreast of changes in tax legislation and best practice.
- acts as a business partner to the various faculties, schools, and departments across the University to provide advice and guidance as necessary and in a timely manner to ensure compliance.
- seeks professional advice from suitably qualified external advisors where the tax treatment of specific transactions or other matters is uncertain or requires external consideration and confirmation.
- conducts risk assessments including consideration of any reputational risk arising from the University's approach to conducting its tax affairs.
- liaises with colleagues within the University sector through BUFDG, the wider Not for Profit sector via the Charity Tax Group and also informally with others to ensure the University maintains sector best practice.

Staff involved with tax compliance will use appropriate and effective risk management processes and controls to provide assurance that the requirements of the University Tax Strategy are being met. This will include compliance and risk monitoring systems as well as internal reviews of tax compliance activities across the University.

## **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 the use 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 right amounts of tax legally due both in the UK and overseas, recognising that it has a fiduciary duty to act exclusively in its best interests as a charity in the management of its affairs and the application of its property to further the University's purposes for the public benefit. This duty makes it appropriate for the University to engage in reasonable and prudent tax planning and to use available statutory tax reliefs and exemptions relating to charities where these will assist the work of the charity, encourage genuine donations and align with the purposes for which these reliefs and exemptions were created.

Professional diligence and care is applied in the proactive assessment of tax risks and within the overall governance framework set by Council, with a generally cautious approach to risk. Clear and robust conclusions are required on both the level of risk and how the risk should be managed to ensure compliance with its statutory obligations and in a manner which facilitates payment of the correct amount of tax.

In circumstances where the correct amount of tax amount may not be clearly defined, or where an alternative interpretation or application of tax law might result in different tax outcomes, the risk will be assessed in a controlled manner, applying best judgement to determine the appropriate course of action. This will usually involve seeking advice from external professionals in support of our decision-making process. 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 what is generally accepted to be the original intention or spirit of the legislation.

The University seeks to fully comply with its all obligations under current legislation, including the Criminal Finances Act 2017. The risk assessment carried out as part of this legislation is reviewed periodically and acts as a guide in determining what and where the University's main risks of tax evasion lie. Reasonable and proportionate risk-based prevention procedures are put into place in order to manage these risks.

## **Level of acceptable risk**

In accordance with generally accepted best practice, the University's appetite to risk is determined on an activity-by-activity basis.

The University has a generally cautious approach to tax risk and when taken it is in a controlled manner within the overall governance framework set by Council. The Chief Financial Officer will determine the degree of risk in any activity, consulting colleagues, members of Council and external advisers as appropriate.

## **Relationship with tax authorities**

The University's intention is to have constructive, professional and transparent relationships with tax authorities, based on concepts of integrity, collaboration and mutual trust. To this end the University 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.

## **List of applicable legal entities**

- University of Liverpool
- University of Liverpool Energy Company Limited
- University of Liverpool Construction Company Limited
- ULCCO (Special Projects) Limited
- Liverpool University Press 2004 Limited