



THE UNIVERSITY
of EDINBURGH



Tax Strategy
July 2017

Introduction and scope

The University of Edinburgh (the “University”) is an exempt charity within the meaning of the Charities and Trustee Investment (Scotland) Act 2005 and, as such, is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No SC005336).

Commercial trading activities undertaken by the University are operated through its subsidiary companies.

This document, approved by the Director of Finance for the Financial Year Ended 31 July 2017 (subject to Policy and Resources Committee approval under delegation by the University Court), sets out the University’s policy and approach to conducting its tax affairs and management of tax risk. The strategy will be reviewed annually and any amendments will be ratified as necessary by the Committee.

This Tax Strategy applies to The University of Edinburgh and to its subsidiary companies. A list of the entities to which it applies is set out below. All references to the “University” in this strategy are to all these entities.

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.

Tax policy - principles

The University’s policy approach to conducting its tax affairs is aligned with its overall strategic plan, which is underpinned by sector leading standards of corporate governance and a risk management framework which considers reputational risk, corporate and social responsibilities.

The University is committed to conducting its tax affairs consistent with the following principles:-

1. Comply fully 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, 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 all 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 legislation

Governance in relation to UK taxation

The University operates in accordance with its Statutes and Ordinances, and the University Court is responsible for the administration and management of the affairs of the University. The Court is constituted in terms of the Universities (Scotland) Acts 1859 to 1966 and secondary or subordinate legislation (Ordinances, Resolutions and SIs/SSIs). It is the University’s governing body and is the legal persona of the University. The Court comprises a number of members, including ex-officio, appointed and elected lay members, including assessors, academics and fully matriculated student members.

A number of Committees report to University Court in key areas.

The Audit and Risk Committee has responsibility for overseeing the effectiveness of the University’s corporate governance arrangements, financial systems, internal control environment and risk management.

The Policy and Resources Committee (PRC) provides strategic oversight of the University’s financial, investment, estates and people affairs

and advises Court on any other business of particular importance or complexity. The PRC has delegated authority to approve financial transactions for settlement of tax matters.

Ultimate responsibility for the day-to-day operation of the University's tax affairs rests with the Director of Finance. Reporting to the Director of Finance, the Director of Finance, Specialist Services has day-to-day authority to manage the tax affairs of the University and both the Direct and Indirect Tax Managers report to the Director of Finance, Specialist Services.

The Director of Finance, Specialist Services ensures that the Tax team:

- is 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 the Tax Team keep abreast of changes in tax legislation and best practice;
- acts as a business partner to the various Colleges, 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.

The tax team 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 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 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 take advantage of available statutory tax reliefs and exemptions relating to charities where these will assist the work of the charity, encourage genuine donations and coincide 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 Court, 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 professional advisers and/or Tax Counsel in support of our decision-making process. The University will not, under any circumstances, 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.

Relationships with tax authorities

The University seeks to have a transparent and constructive relationship with tax authorities wherever it operates around the world. All dealings with tax authorities and other regulatory bodies will be conducted professionally, courteously, collaboratively and in a timely manner to ensure that the University's aim to meet all its statutory and legislative tax requirements globally are fully met.

As part of this, and in the context of the University's relationship with HMRC, the University's Tax Team commits to:

- a) Regular meetings and communication with HMRC in respect of developments in the University's activities, current, future and retrospective tax risks, governance and interpretation of the law in respect of all relevant taxes;
- b) Engage in full, open and early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions;
- c) Make fair, accurate and timely disclosures as soon as reasonably practical after they are identified;
- d) Aim to minimise the risk of future challenge to any tax positions taken and gain certainty in the University's tax affairs by proactively entering into dialogue with HMRC in real time with regard to issues where the correct treatment is uncertain;
- e) Seek to resolve issues with HMRC on a real time basis and before returns are filed if possible, and where disagreements arise, work with HMRC to resolve issues by agreement (where possible);
- f) Respond to Tax Consultations as appropriate, either directly with HMRC or via the University Sector representative association, BUFDG, the Charity Sector tax representative body the CTG. These latter routes will continue to be used for issues pertaining to the University and Charity Sectors.

Any questions in respect of this Tax Strategy document should be referred to the Director of Finance, Specialist Services.

List of the entities to which this document applies:

- The University of Edinburgh
- Edinburgh Research and Innovation Limited
- Edinburgh Technology Fund Limited
- Edinburgh Technology Transfer Centre Limited
- UoE Accommodation Limited
- UoE HPCX Limited
- UoE Utilities Supply Company Limited
- FloWave TT Limited
- Research into Results Limited
- Edinburgh University Press Limited
- The University of Edinburgh Development Trust
- University of Edinburgh Deaconess Limited (UoEDL)
- Sunergos Innovations Limited