

## Tax Strategy and Policy

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<b>Relevant to:</b>	All LJMU Staff
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### RELEVANT DOCUMENTS

N/A

### RELATED POLICIES & DOCUMENTS

- Staff Handbook
- Code of Conduct for Staff
- Disciplinary Procedure
- Financial Regulations
- Financial Due Diligence Process
- Criminal Finances Act Policy

# LIVERPOOL JOHN MOORES UNIVERSITY

## Tax Strategy and Policy

### 1. Purpose

- 1.1 Aligned with the University's charitable purpose, this document sets out the University's strategic approach to all of its tax affairs and the management of associated tax risk, domestically and worldwide.
- 1.2 All references to tax, taxes and taxation are inclusive of; Corporation Tax, VAT, Payroll taxes, Stamp duty, Land tax and all overseas taxes to which the University's activities may give rise.
- 1.3 All reference to the University and its subsidiaries throughout this document shall be to the 'University'

### 2. Introduction and scope

- 2.1 Liverpool John Moores University is a statutory Higher Education Corporation (HEC) established under the Education Reform Act 1988. The University's powers are specified in s124 of that Act. The University title and degree-awarding powers were granted under the Further and Higher Education Act 1992.
- 2.2 Liverpool John Moores University has exempt charity status, which derives from the Charities Act 1993 (subsequently consolidated in the Charities Act 2011). Exempt charities benefit from charitable status but are not registered with the Charity Commission. The University is subject to regulations by the Office for Students, which since 1 April 2018, has been the principal regulator of those higher education institutions in England that are exempt charities.
- 2.3 This Tax Strategy applies to Liverpool John Moores University and all its related, subsidiary entities in accordance with paragraphs 19 and 25 of Schedule 19 to the Finance Act 2016. This Tax Strategy applies from the date of publication until it is superseded.
- 2.4 This Tax 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.
- 2.5 References to "UK Taxation" are to the taxes and duties set out in paragraph 15(1) of Schedule 19 of the Finance Act 2016, which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax and Stamp Duty Land Tax. 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.

### 3. Tax Strategy

- 3.1 The University, an intrinsically ethical higher education institute, is committed to the

highest levels of integrity and professional standards.

- 3.2 Such values are reflected in the manner in which it conducts its tax affairs. The University tax policy comprises therefore, the following set of principles;
- Ensure compliance with all relevant tax legislation, rules, regulations and reporting requirements wherever it operates
  - Review and update its tax strategy periodically, confirming overall consistency and alignment with the University's core values, strategic approach and charitable mission
  - Apply professional due diligence and care in the proactive management of all risks associated with tax matters, ensuring that governance and assurance procedures implemented are appropriate
  - Build and maintain constructive, professional working relationships with the tax authorities, based on transparency and ethical integrity
  - Access incentives, reliefs and exemptions to which the University is entitled and to only apply them in the true spirit and nature that the legislation intends
  - Develop University wide accounting systems, improving the quality of underlying data, statutory reporting and tax submissions

#### **4. Objectives**

- 4.1 The University will account for accurately and pay the right amount of tax. Ensuring that equal consideration is applied to both paying over liabilities due and ensuring that taxes are not overpaid.
- 4.2 To act prudently as the default with a view to maintaining low levels of tax risk across the University. Identifying tax risk and acting appropriately in reducing that risk, where possible.
- 4.3 Ensure that suitably qualified and experienced individuals are positioned in areas of tax related responsibility, including Payroll taxes, direct and indirect taxes, Accounts Payable and Accounts Receivable. Proactively ensuring that those individuals are fully equipped, through training and methods otherwise, to execute major responsibilities and to meet the statutory reporting obligations of the University.
- 4.4 Ensure that the University keeps up to date with relevant tax developments and emerging issues including implementation of Making Tax Digital.
- 4.5 Progressively develop University wide accounting systems aimed at improved tax compliance, striking the appropriate balance between automation and manual intervention. To adapt swiftly and effectively to digital advances in the way tax authorities collect taxes. Achieving and maintaining compliance with Making Tax Digital in respect of UK taxes.
- 4.6 Maintain a low tax risk status with the tax authorities. Meeting tax submission deadlines and payments in a timely manner, submitting voluntary disclosures when required and engaging collaboratively with the tax authorities on matters of complexity. The University will obtain the advice of external advisors, when required, to ensure that these objectives are met to the desired standard.

## **5. Risk Management & Governance**

- 5.1 Ultimate and overall responsibility for risk management and governance sits with the Board of Governors with the Vice Chancellor and their Executive Team having delegated responsibility from the Board of Governors to implement appropriate policies, controls and processes. The Finance Director has the day-to-day responsibility for risk management in respect of tax with Audit and Risk Committee responsible for reviewing the integrity and effectiveness of the risk management framework
- 5.2 The Finance Director, governed by a set of internal financial regulations, is responsible for maintaining the University's tax records, making all tax payments, receiving tax credits and submitting tax returns by the appropriate due dates
- 5.3 Day to day tax responsibilities and actions are delegated to a Finance Senior Team who are tasked with, amongst other things, meeting the University's tax obligations and mitigating associated risk. The Finance Senior Team maintain sufficiently well-resourced departments with suitably qualified personnel enlisted across the various elements of finance, payroll, accounting and taxation.
- 5.4 The University also retains Professional External Tax Advisors
- 5.5 Segregation of duties is ensured, providing for robust internal controls and sustainable tax risk management.
- 5.6 The Financial Accounts Team act in a business partner capacity to both academic and non-academic staff, providing timely advice and guidance and ensuring compliance when identifying and considering new opportunities.
- 5.7 The Financial Accounts 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
- 5.8 Training and guidance material are frequently provided to staff, highlighting current and emerging tax issues and treatments of relevance to the Higher Education sector, alongside ever-changing legislation.
- 5.9 Rigorous period-end controls and processes exist, including reconciliation, review and correction, eliminating transactional error and ultimately improving the overall accuracy of university reporting. Continuous process review and improvement applied in these areas contribute towards minimising the risk of future challenge from the tax authorities.
- 5.10 Continuing Professional Development (CPD) responsibilities, ensure that staff progressively refresh and update area specific knowledge, ensuring that the University is present and correct in its treatments, controls and processes. CPD tax requirements include participation in BUFDG training courses, being a proactive member of the North Tax Group and attending in-year catch ups with external advisors, reviewing and consulting on present and future tax matters.

- 5.11 A University tax risk register is maintained, documenting major risks, implications and methods for risk mitigation. Significant actions arising from the risk register are raised at Audit & Risk Committee by senior management, ensuring that material tax risks are suitably managed through the official channel

## **6. Approach to Risk Management**

- 6.1 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.
- 6.2 The University's policy is to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country.
- 6.3 The University is committed to acting professionally, fairly and with integrity in all of its business dealings and relationships wherever the University operates and implementing and enforcing effective systems to counter tax evasion facilitation.
- 6.4 The University will uphold all laws relevant to countering tax evasion in all the jurisdictions in which it operates, including the Criminal Finances Act 2017.
- 6.5 As an employer, if the University fails to prevent its employees, workers, agents or service providers facilitating tax evasion, the University can face criminal sanctions including an unlimited fine, as well as exclusion from tendering for public contracts and damage to its reputation. The University therefore takes its legal responsibilities seriously.

## **7. Attitude to Tax Planning and Level of Acceptable Risk)**

- 7.1 As an eligible body, the University seeks to maximise its entitlement to relevant tax initiatives, incentives and exemptions. At the same time, ensuring that it consistently acts within the true nature and intention of the applicable legislation.
- 7.2 To only engage in reasonable tax planning that is fully aligned with commercial and economic activities of true substance and business purpose.
- 7.3 In respect of the Criminal Finances Act 2017, the University endeavours to achieve the true, fair and accurate tax position across all University activity, including that involving associated persons, collaborative arrangements and third-party agreements.
- 7.4 The University is committed to preventing the facilitation of any form of tax evasion, both internally and through all external business engagements. Maintaining and updating an internal Criminal Finances Act policy demonstrates this ongoing commitment. Reference **Criminal Finances Act Policy**
- 7.5 The University will not enter into activities, schemes or transactions primarily aimed at obtaining a tax advantage, nor will it deliberately misconstrue the interpretation of tax legislation contrary to its original intention and outcome.

7.6 When considering new ventures, projects and income streams, the University will identify, evaluate and mitigate material tax risk to an acceptable level. Where deemed necessary, professional advice shall be sought in areas of strategic tax planning of a complex and material nature

## **8. Relationship with the Tax Authorities**

8.1 The University places high importance on integrity and ethical standards. In keeping with such high standards, the University understands that positive interaction with the tax authorities is key to satisfying its tax obligations and reporting requirements.

8.2 The University's approach to such interactions include:

- endeavour always, to operate in a transparent, constructive and collaborative manner through all interaction with the tax authorities. Proactively maintaining a professional and effective working relationship.
- Identify and correct errors in tax treatment, that may arise from time to time, in a controlled, prudent and timely manner via the appropriate channels. Notifying HMRC, where necessary, of any material corrections required at the earliest opportunity.
- Where possible, respond to requests by the tax authorities for evidence, information and analysis in real time and always within given response timescales.
- Approach HMRC, with the assistance of external tax advisors, to achieve clarification in areas of complexity and where the tax treatment is uncertain. Further engaging with HMRC's Public Bodies Group where relevant and beneficial.
- Continue to play an active role in consultations with HMRC via Higher Education sector representative BUFDG – British Universities Finance Directors Group.
- When required, the University will engage with external tax advisors in unfamiliar interactions with overseas tax authorities