

Tax Strategy

Introduction

This strategy applies to all entities within the Group for the year ended 31 March 2024. In this strategy, references are to all Group subsidiaries. This strategy is not designed to be an operational manual with detailed instructions on the execution of the processes. The processes and controls which support the delivery of the strategic tax objectives are regularly reviewed.

Our tax strategy is reviewed annually. The Executive Director of Central and Financial Services and the Executive Director of Finance and Strategy are responsible for management of the tax affairs of the group.

The tax strategy is approved by the Group Board and sets out the group's general tax arrangements as well as the policy and approach to tax risk management, attitude to tax planning and working with HMRC.

The publication of this document is in compliance with its duty under Section 161 and Paragraph 16(2) Schedule 19 of the Finance Act 2016.

1. Scope

The purpose of the tax strategy is to communicate the policy for the management of tax within A2Dominion Housing Group.

The strategy applies to:

- All corporation taxes
- Indirect taxes (VAT, Stamp Duty Land Tax)
- Employment taxes (PAYE / National Insurance / Construction Industry Scheme)
- Gift Aid for qualifying charitable donations

2. Strategy principles

The Group is a housing provider with a social purpose. This includes affordable and social rented homes, shared ownership homes, student, keyworker, supported and sheltered and private rental homes. The group comprehensively manages its assets with a view to long-term sustainable housing provision protecting its social housing assets and creating value where appropriate. The Group continues to add to its homes in management using its profits generated to reinvest in delivering more homes and services to its customers. Tax is a consequence of the activities the group undertakes. Consideration will be given to the Group's reputation, brand and corporate and social responsibilities when considering tax initiatives alongside the legal and regulatory duties it has.

The strategy incorporates the following key areas;

- Governance
- Risk appetite, identification and reporting
- Tax planning & liaison with HMRC

3. Governance

The tax strategy is delivered by our tax operating model and the people we employ in the business that have responsibility for tax compliance. Our tax operating model is underpinned by a schedule of accounting routines and a summary of our key tax risks and the associated mitigating controls that we monitor to ensure we remain tax compliant.

3.1 Roles and responsibilities

The tax strategy is prepared and updated by the Executive Director of Central and Financial Services, in conjunction with the finance team. Overall execution of the strategy is the responsibility of the Executive Management Team and the Board, with day-to-day responsibility delegated to the Executive Director of Central and Financial Services and the Executive Director of Finance & Strategy.

The strategy applies to all A2Dominion staff that have a responsibility for tax. It is communicated to relevant stakeholders in the business.

It is reviewed and updated, as necessary, on an annual basis, taking into account changes to the organisation's structure or how we do business.

Ultimate responsibility for the Tax Strategy sits with the Group Board, who delegate responsibility for the oversight of tax controls and the management of tax risk to the Audit, Risk and Assurance Committee.

On a day to day basis, preparation of information and returns and payments of tax are dealt with by the finance team:

- All corporation taxes revenue, Director of Financial Services
- Indirect taxes VAT, revenue: Director of Financial Services
- Indirect taxes SDLT: Director of Financial Services
- Employment taxes (PAYE/NI/CIS): Director of Financial Services
- Gift Aid Payments: Director of Financial Services
- Returns and Payments: Director of Financial Services

The organisation understands that the appropriate team members should be involved throughout from planning to implementation, allowing there to be a clear understanding of the tax consequences. The needs of the business will not override compliance with all applicable tax legislation.

3.2 Training

The members of the finance team responsible for accounting for tax are encouraged to undertake relevant training.

3.3 Use of professional advisors

External expertise is used to assess tax risks and compliance and decisions made by the organisation will be supported by clear documented conclusions that evidence the risks and facts.

The organisation will use a range of external support from internal audits, tax analytic exercise and specific tax reviews to provide additional assurance that the Group is operating in line with its tax strategy.

3.4 Document retention

Records and documents used to prepare tax returns will be retained for at least the period required by the Finance Act (generally 6 years from the end of the accounting period).

4. Risk appetite, identification and reporting

The Group's tax strategy is compliance-based; its strategy is to account for tax on an accurate and timely basis. The group's appetite for tax risk is cautious and the activities of the group are based on sound commercial principles. The Group's strategy is to manage and develop affordable housing in and around London and the South East of England supported from the receipt of government grants and through the Group's activities of development for sale in the private sector. Aggressive tax planning is not considered.

Tax risks are documented in a risk register.

Risk and internal controls are reviewed regularly and are reported as part of overall reporting on risk and controls to the Audit, Risk & Assurance Committee and the Board.

Tax risks relating to the development and sale or rent of new housing and the associated purchase of land are considered within the specific development scheme approval reports which the Group's Strategic Development and Asset Committee review.

Tax risks that relate to changes in legislation which are likely to have a material impact on the Group are reported to the Executive Management Team and Group Board.

5. Tax planning and liaison with HMRC

5.1 Tax planning

Tax planning activities are undertaken with consideration of the following four areas;

- Alignment with the Group's strategic objectives
- Reputational impact
- External tax expertise
- Liaison with HMRC

The Group will seek to use reliefs where available as allowed by HMRC to assist in enhancing its value for money objective and supporting the delivery of its strategic objectives. The application of the Group's tax strategy will be undertaken without any activity that does not comply with current tax legislation or could not be fully disclosed to HMRC.

5.2 Communication

The Group will operate in an open way with HMRC engaging prior to material decisions being made and the Group will respond to any tax matters raised by HMRC on a timely basis.