

University of Bristol
TAX STRATEGY

Year Ended 31st July 2024

1. INTRODUCTION

- 1.1 This document sets out the policy and approach for the University of Bristol, including its subsidiary companies, in conducting its tax affairs and managing its tax risk. The Tax Strategy is periodically reviewed by the Head of Tax, and is approved annually, including any amendments, by the Finance & Infrastructure Committee of the University.
- 1.2 The Tax Team will work in partnership with all academic schools, research centres, professional service teams, any other support functions, and subsidiary company units to ensure that: -
 - 1.2.1 The strategy is adopted and followed consistently across the University Group, with clear lines of responsibility and accountability;
 - 1.2.2 There is alignment of the strategy to the University of Bristol's overall approach to corporate governance and risk management; and
 - 1.2.3 The University of Bristol, and its subsidiary companies, pay the correct amount of tax at the right time as required of it under the laws and regulations of the countries in which it operates.

2. BACKGROUND

- 2.1 The University of Bristol is an exempt charity within the meaning of the Charities Act 2011 and as such is potentially exempt from taxation in respect of income or capital gains within categories covered by relevant tax legislation and to the extent that such income or gains are applied exclusively to charitable purposes.
- 2.2 The University has three active subsidiary undertakings, all of which have been incorporated in England, two of which are companies with a 100% holding of ordinary shares and one which is a fully owned company limited by guarantee. None of these companies are charities and do not enjoy similar tax exemptions from income or capital gains. However, it is usually possible to agree charitable donations to be hived up to the University and/or utilise group loss relief rules to mitigate any taxable profits that arise.
- 2.3 The University and two of its subsidiary companies engage in a mixture of non-business, exempt and taxable activities for VAT purposes. This is dealt with via a VAT group and an agreed special method with HM Revenue and Customs to ensure that an appropriate rate of VAT is recovered on eligible costs. The other subsidiary outside the VAT group is currently fully taxable for VAT purposes.

3. GROUP TAX POLICY

The University of Bristol is committed to conduct its tax affairs consistent with the following objectives:

- 3.1 Comply with all relevant laws, rules, regulations, reporting and disclosure requirements, wherever it operates.
- 3.2 Ensure that the Tax Strategy is consistent with the University's overall strategy, its approach to risk, and its core values. The approach is to reflect the spirit of tax legislation and not to include policies and activities that may be considered tax avoidance by the relevant authorities or give rise to artificial tax advantage.
- 3.3 Apply professional diligence and care in the management of all risks associated with tax matters and ensure governance and assurance procedures are appropriate.
- 3.4 Foster constructive, professional, and transparent relationships with tax authorities, based on the concepts of integrity, collaboration, and mutual trust.
- 3.5 The University will use incentives and reliefs to minimise the tax costs of conducting its activities but will not use them for purposes which are knowingly contradictory to the intent of the legislation.

4. GROUP TAX CODE OF CONDUCT

The Group Tax Code of Conduct outlines the principles setting out how University of Bristol employees and representatives are expected to operate with respect to tax matters in support of the above Group Tax Policy.

Compliance with Laws, Rules and Regulations

- 4.1 The University of Bristol is committed to observing all applicable laws, rules, regulations, reporting and disclosure requirements in relation to tax wherever there is a requirement to do so because of our business presence.
- 4.2 A dedicated Tax team and Payroll and Pensions teams are engaged by the University. These individuals are tasked with collaborating with all areas of the Group's business activity to provide advice, guidance, and training as necessary to ensure compliance. It is recognised that where appropriate resource and/or expertise is not available within the internal teams, it may be necessary to engage external advisors.
- 4.3 All members of the internal teams will be expected to have appropriate professional qualifications and/or experience and to undertake appropriate continuing professional education on an ongoing basis.
- 4.4 Due to the specialist and complex nature of certain tax laws, rules, and regulations applicable to the University and Charity Sector, members of the relevant teams will also be expected to engage with The British Universities Finance Directors Group (BUFDG), to assist with a comprehensive understanding of application of these laws, rules and regulations to the sector.

- 4.5 The University will also develop and maintain adequate systems to be able to record tax transactions and report relevant data to be included in statutory returns that are required to be submitted to relevant tax authorities. Process notes and supporting documentation are produced and updated on an annual basis to explain how required returns are produced.

Consistency with Group Strategy

- 4.6 Tax decisions will be made in a manner which is consistent with and complements the University's overall strategy. In this regard all key business decisions will be made having a knowledge and awareness of the tax consequences involved.

Tax Governance, Assurance and Risk Management

- 4.7 The University of Bristol's constitution requires it to have four separate bodies: Court, the Board of Trustees, Senate, and the Alumni Association, to oversee and manage its activities. Responsibility for overall day to day management of the University is through the Vice-Chancellor and President, supported by an Executive Board which includes a Chief Financial Officer. The operation and performance of the finance function, including tax, is reviewed by the Finance and Infrastructure Committee. There is also an Audit and Risk Committee responsible for overseeing the University's overall risk management and systems of internal control.
- 4.8 The ultimate responsibility for operation of the University's tax affairs rests with the Chief Financial Officer. Responsibility is delegated to the Group Finance Director, with further delegation to The Head of Tax, who has day to day authority to manage the tax affairs of the University, assisted by a small, dedicated team.
- 4.9 Diligent professional care and judgement will be employed to assess tax risks to arrive at well-reasoned conclusions on how the risks should be managed. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice, evidencing the facts, risks and conclusions may be taken from third party advisers to support the decision-making process. This would also encompass situations whereby the University wishes to claim any tax incentives and reliefs available and there is any uncertainty about the correct tax outcome. Key risks will be reviewed by the Head of Tax monthly and noted and discussed with the senior finance team as applicable. Written objectives will be agreed accordingly, and review of progress will be recorded on a three-monthly cycle.
- 4.10 In reviewing the risks of a tax action or decision, bearing in mind the requirements of the Group tax policy, the following would be considered:
- The maintenance of corporate reputation;
 - The tax benefits and impact upon the University's reported results comparable to the potential financial costs involved, including the risks of penalties and interest; and
 - The wider consequences of potential disagreement with tax authorities, and any possible impact upon relationships with them.

- 4.11 In this regard the internal tax team will employ various risk management processes and systems to provide assurance that the requirements of the Group Tax Policy are being met. These will include consideration of likelihood of occurrence of transactions or events, value of the transactions concerned, and considering reputational risk to the University of a particular tax treatment being adopted. This approach will also cover international activities to ensure adequate compliance with local tax legislation.

Relationship with Tax Authorities

- 4.12 The University of Bristol believes that it should pay the amounts of tax legally due in any territory where it operates. In this respect there is a commitment to the principles of openness and transparency in respect of dealing with relevant tax authorities with all matters being conducted in a collaborative, courteous and timely manner.
- 4.13 In respect of the UK and its relationship with HM Revenue and Customs (HMRC) the University commits to;
- Always adopt open and collaborative professional relationships with HMRC.
 - Engage in full, open, and early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions.
 - Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion.
 - Seek to resolve issues with HMRC before returns are filed if possible, and where any disagreements arise, work to resolve issues by agreement.
 - Be open and transparent about decision making, governance and tax planning.
 - Respond to consultations as appropriate, either directly with HMRC or via the University sector representative tax group (via BUFDG).

5. MONITORING & REVIEW

- 5.1 Compliance with the Tax Strategy will be monitored on an ongoing basis by the Chief Financial Officer, the Group Finance Director, and the Internal Audit function. The University's tax compliance position and any recommended amendments to this Strategy will be reported to the Finance & Infrastructure Committee annually each tax year.
- 5.2 The Strategy will be reviewed in between the annual review cycle in response to any significant change in tax legislation and/or the financial affairs of the Group.