

EXTRACTS FROM “GUIDANCE: PUBLISH YOUR TAX STRATEGY” (www.gov.uk)

Who must publish a strategy

You'll need to publish a tax strategy if you're a UK group, sub-group, company or partnership, and in your previous financial year you had one or both of a:

- turnover above £200 million
- balance sheet over £2 billion

UK companies or groups that are part of a [Multi-National Enterprise \(MNE\) group](#) that meets the Organisation for Economic Co-operation and Development's (OECD's) 'Country-by-Country Reporting' framework threshold of global turnover over 750 million euros also need to publish a strategy.

A company or sub-group only has to publish its own tax strategy if it's not covered by a published strategy at a higher level.

Groups

A group is a [MNE group](#) or a [non-MNE group](#), depending on the tax residence of its parent company, subsidiaries or permanent establishments.

A UK permanent establishment of a non-UK incorporated business is treated as if it were a UK company, and a member of any UK group or sub-group that the non-UK incorporated business is a member of.

Foreign groups and UK sub-groups

The ultimate parent is not in the UK.

If a foreign group has UK subsidiaries all under a UK intermediate parent, together they will be a UK sub-group.

A foreign group can have more than one UK sub-group. The head of each sub-group is the UK company that's not a 51% subsidiary of another member of the sub-group.

Each UK sub-group of a qualifying foreign group must publish a tax strategy.

A foreign group can also have more than one UK subsidiary that's not under a UK intermediate parent. If the UK companies and branches are part of the same qualifying foreign group ('sister companies'), they must each publish a tax strategy.

MNE groups

A MNE has the same meaning as in the OECD Model Legislation in the [OECD Country by Country Reporting Implementation Package](#).

It includes:

- multiple corporate bodies that are tax resident in different jurisdictions
- a corporate body that's resident in one jurisdiction and is subject to tax on business carried out using a permanent establishment in another jurisdiction - either jurisdiction can be in the UK

Foreign groups with UK sister companies

If a UK subsidiary is owned directly by a foreign parent without a UK intermediate parent each individual UK subsidiary is responsible for publishing its own tax strategy as a qualifying company. This applies even if the individual company would not be large enough to be a qualifying company on its own.

Depending on the structure of the qualifying foreign group, it's possible that a number of sub-groups or sister companies (including UK branches) will each have to publish their own tax strategy.

Companies

The company is responsible for publishing its tax strategy.

What must be in your strategy

Your tax strategy should be approved by your Board of Directors, be in line with the overall strategy and operation of your business and include:

- details of the paragraph of the legislation it complies with
- the financial year the strategy relates to
- [how your business manages UK tax risks](#)
- [your business's attitude to tax planning](#)
- [the level of risk your business is prepared to accept for UK taxation](#)
- [how your business works with HMRC](#)
- any other relevant information relating to taxation

It does not need to include the amounts of taxes and duties paid as part of your tax strategy, or information that might be commercially sensitive.

How your business manages UK tax risks

Include all information that demonstrates your business's approach to risk management and governance. This may include, but is not limited to:

- how your business identifies and reduces inherent tax risk due to the size, complexity and extent of change in your business
- the governance framework you use to manage tax risk
- the levels of oversight and involvement of the Board of Directors
- a high level description of any key roles, responsibilities, systems and controls in place to manage tax risk

Your business's attitude to tax planning

Outline your business's attitude towards tax planning and give details relating to UK taxation. Also include all information regarding the approach your business has towards to tax planning, including:

- details of any code of conduct your business has for tax planning
- an outline of what influences your business's tax planning and how this affects your tax strategy
- your approach to structuring tax planning
- an explanation of why you might seek external tax planning advice

The level of risk your business is prepared to accept for UK taxation

Explain:

- what levels of risk your business is prepared to accept, and give details of the internal governance process for measuring this
- the influence relevant stakeholders have

How your business works with HMRC

Explain how your business deals with HMRC. We may already know this but it must still be included in the document. It may include (but is not limited to):

- an explanation of how your business works with HMRC to meet statutory and legislative tax requirements
- how your business works to be transparent with HMRC on current, future and past tax risks across all relevant taxes and duties

Where to publish your strategy

Your tax strategy must be published on the internet and be available free of charge.

A member of the public should be able to easily find the tax strategy by browsing your business's website, or searching online.

Your report can be:

- part of a larger document (such as an annual report)
- a separate document
- published in other formats, as well as online (for example, in print)

If the entity that needs to publish does not have a website, the tax strategy should still be available for free on the internet on:

- its foreign parent company's website

- any other subsidiary's website
- another website, as agreed by your Customer Compliance Manager or other contact in HMRC

When your strategy must be published

You must publish a tax strategy for each of your financial years starting after 15 September 2016 when your business meets the qualifying conditions.

Your latest strategy must be available to the public free of charge, until the following year's strategy has been published.

HMRC will check if you've published a tax strategy, but will not contact you to confirm it has done so.

Time limit for publishing for the first time

If your business first meets the conditions in the previous financial year, a tax strategy must be published before the end of the current financial year.

For example, if your financial year when your business first met the qualifying conditions ended on 31 March 2018 your first tax strategy should be published before the end of your financial year starting on 1 April 2018.

Time limit for publishing later strategies

Once a strategy has been published for the first time a new one must be published in the next financial year or within 15 months, whichever is sooner.

For example, if your business published its first tax strategy on 20 March 2018 and the next financial year ends on 31 March 2019, it must publish it in that financial year. However if the next financial year is extended to 30 September 2019, it must publish its second strategy by 20 June 2019.

If you no longer meet the requirements to publish

Your business does not have to publish a tax strategy for a year when it no longer qualifies, but the last tax strategy that it published must remain accessible for free for at least a year from the date it was published.

When to publish future strategies

If your strategy has not changed, you still need to republish it in each financial year and make it clear which year it relates to.

It's up to you to decide how you review the strategy each year.

Penalties

You may have to pay a penalty if you meet the [requirements to publish a strategy](#) and:

- do not publish one
- publish a strategy that does not include all [relevant information](#)
- do not make sure a published strategy remains available for free for the appropriate period

The penalty will be charged on the entity that's responsible for making sure the strategy is published, this could be the:

- head of the qualifying UK group
- head of the UK sub-group
- sister company in a foreign group
- individual UK company or partnership

Before we charge a penalty, we'll issue a non-statutory warning notice for you to publish a compliant strategy within 30 days. This notice is not a formal time extension, but you will not get a penalty if you publish a compliant tax strategy within 30 days of it being issued.

HMRC intends to review if it's still appropriate to continue to issue non-statutory warning notices.

Penalties for failing to publish a compliant strategy run from the first day after the date by which the strategy should have been published and you may be charged:

- a £7,500 penalty for not publishing a strategy
- a second £7,500 penalty if the strategy has not been published 6 months after it should have been
- another £7,500 penalty for each following month until the strategy is published

Penalty assessment time limits

HMRC must make a penalty assessment within 6 months of finding out that you have not complied with the legislation.

The final deadline for making a penalty assessment is 6 years after the end of the financial year when the strategy should have been published.

How to appeal against a penalty assessment

You can appeal in writing against a HMRC penalty assessment within 30 days of it being issued by HMRC.