



KPMG International Cooperative Tax Strategy



Scope

KPMG International Cooperative (*KPMG International Genossenschaft*) ("KPMG International") is an entity that is legally separate from each KPMG member firm. KPMG International and the KPMG member firms are not a global partnership, joint venture, or in a principal or agent relationship or partnership with each other. KPMG International carries on business activities for the overall benefit of the KPMG network but does not provide professional services to clients.

This strategy applies to the UK permanent establishment of KPMG International and to the entities set out below which are owned by KPMG International. In this strategy, references to 'KPMG International' are to all those entities. The strategy has been published in accordance with paragraph 22 of Schedule 19 to the Finance Act 2016 to comply with KPMG International's duty in respect of the year ending September 30, 2020.

This strategy applies from the date of publication until it is superseded. References to 'UK taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which KPMG International has legal responsibilities.

Aim

KPMG International is committed to full compliance with all statutory obligations and full disclosure to tax authorities. KPMG International's tax affairs are managed in a way which takes into account KPMG International's wider corporate reputation in line with its overall high standards of governance.

Governance Framework in Relation to Managing UK Taxation Risk

- Ultimate responsibility for KPMG International's tax strategy and compliance rests with the Global Board of KPMG International.
- Under delegation from the Global Board, the Audit and Finance Committee of the Global Board monitors the integrity of KPMGI's systems for internal financial control, financial reporting and risk management among other responsibilities that include those typically undertaken by an audit committee of a Board.
- The Chief Administrative Officer ("CAO") provides reports to the Audit and Finance Committee on tax matters.
- Day-to-day management of KPMG International's tax affairs is delegated to the Head of Tax Finance, who reports to the CAO.
- The KPMG International in-house tax team, led by the Head of Tax, is staffed with appropriately qualified individuals.

Risk Management

- Under delegation from the Global Board, the Audit and Finance Committee, is responsible for reviewing and monitoring KPMG International's tax profile and compliance to seek to ensure tax risk is appropriately managed.
- KPMG International seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with tax obligations.
- Processes relating to different taxes are reviewed to identify key risks and mitigating controls in place.
- Appropriate training is carried out for individuals outside the in-house tax team who manage or process matters which have tax implications.
- Advice is sought from suitably qualified tax advisers, who may be professionals in KPMG member firms or external tax advisers where appropriate.

Attitude to Tax Planning and Level of Risk

KPMG International manages risks in a manner designed to comply with legal requirements to ensure payment of the right amount of tax.

KPMG International's attitude towards tax planning is consistent with the 'Principles For a Responsible Tax Practice' adopted by the Global Board and applicable to KPMG member firms and KPMG International itself, which are set out below. When entering into commercial transactions, KPMG International seeks to take advantage of available tax incentives, reliefs and exemptions in line with the legislation and the intention of the legislature. KPMG International does not undertake tax planning unrelated to such commercial transactions.

The level of risk which KPMG International accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in its tax affairs. At all times KPMG International seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. The Global Board is ultimately responsible for ensuring the identification of the risks, including tax risks, which need to be addressed and for ensuring what actions to be taken to manage those risks have been appropriately determined, having regard to the materiality of the amounts and obligations in question.

Relationship with HMRC

KPMG International seeks to have a transparent and constructive relationship with HMRC through regular communications in respect of developments in KPMG International's business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes.

KPMG International ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage. When submitting returns and other communications to HMRC, KPMG International discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

Principles for a Responsible Tax Practice

- We act lawfully and with integrity and expect the same from our people, our firms' clients, tax authorities and other parties with whom we interact. Above all else, in every respect our work shall be fully compliant with relevant legal, regulatory and professional requirements.
- We are committed to providing clients with high quality tax advice tailored to their particular circumstances.
- We shall explain clearly and objectively to our clients the technical merits and the sustainability of any tax advice we give.
- Whenever relevant and practical to assess, we may discuss with clients any likely impact of any tax advice we give on relevant communities and stakeholders and any potential reputational risk.
- We shall make recommendations to clients only where:
 - we consider, at least on the balance of probabilities, that the relevant interpretation of law is correct; or
 - it otherwise clearly meets the applicable local professional standards.
- We shall only advise clients to enter into, or assist them to implement, transactions or arrangements on the basis that they have any substance required by law, as well as any business, commercial or other non-tax purpose required by law.
- We shall not advise clients to enter into transactions with the purpose of securing a tax advantage clearly and unambiguously contrary to the relevant legislation and shall not assist them to implement such transactions. If, in our view, the language of the legislation is uncertain, we shall consider the intention of the relevant legislators when advising clients.
- We support a relationship with tax authorities aimed at building mutual trust and respect which will enable constructive dialogue and responsiveness by all parties, facilitate compliance and reduce or assist in early resolution of disputes.
- We shall comply with all our disclosure requirements and advise our clients to do the same.
- When advising clients on entering into transactions we shall do so on the understanding that all material facts will be known to the tax authorities.

List of Entities Covered by this Tax Strategy

- Dimitra Services Ltd
- Ethel Services Ltd
- KPMG Dormant 1 Ltd
- KPMG Dormant 2 Ltd
- KPMG International Cooperative

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