

## Yorkshire Building Society Group Tax Strategy

**Approved by the Board 20 October 2021**

### 1. Policy

The strategy of the Board of Directors of Yorkshire Building Society ('the Board') on managing tax is to have within the Yorkshire Building Society and its controlled entities ('the YBS Group'):

- well defined roles and responsibilities ('management');
- up-to-date and well informed understanding of the latest tax legislation and practice ('knowledge');
- robust tax processes ('processes'); and
- adequate control and reporting mechanisms ('control').

### 2. Management

The YBS Group's approach to tax strategy and risk is ultimately a decision for the Board, generally via delegated authority to the Chief Finance Officer.

The Chief Finance Officer is also the Senior Accounting Officer (as defined in Schedule 46 Finance Act 2009). It is the responsibility of the Senior Accounting Officer to ensure that appropriate tax accounting arrangements are in place to enable the Group to calculate tax liabilities accurately. In addition, the day-to-day development and application of strategic and operational tax matters is implemented by the Chief Finance Officer with the support of the Group Tax team and managers within the business.

Broadly, all departments across the YBS Group consult with Group Tax in relation to matters affecting taxation in respect of reaching business decisions or implementing changes to products, services and processes.

The Board is kept informed of significant developments regarding tax legislation. Group Tax proactively explores with the wider business those tax developments with the potential to have an impact on the operations of the YBS Group. Group Tax provides appropriate technical advice and guidance to the business, procuring and managing external professional tax advice where appropriate.

### 3. Knowledge

The YBS Group seeks to maintain a clear and properly informed understanding of its tax obligations by:

- employing sufficiently qualified tax specialists (in both capacity and capability) within its Group Tax team commensurate with the complexity of its activities;
- providing adequate training and other facilities for colleagues to maintain up-to-date knowledge of tax;
- maintaining contact with external professional advisers and obtaining external advice or opinions where appropriate;
- facilitating regular meetings and communication between relevant areas of the business.

### 4. Tax processes

#### 4.1. Tax compliance

In order to meet the YBS Group's tax compliance obligations Group Tax ensures that there are processes and procedures in place to prepare, review and submit tax returns in accordance with the legislation, and respond to queries or investigations regarding those returns.

Tax procedure manuals are maintained which cover preparation of all computations and returns prepared by Group Tax. Documented procedures are also in place for other statutory returns and compliance work (mainly associated with members' savings) where Group Tax provides technical advice to customer services, undertakes reviews, and submits data to Her Majesty's Revenue and Customs ('HMRC').

Group tax is responsible for managing the timely submission of all statutory tax returns, and interpretation of the relevant tax legislation regarding their content and format.

#### 4.2 Tax planning

Group Tax provides ongoing advice to the business, and undertakes tax planning, where appropriate, to support commercial activity and pursue business opportunities of the YBS Group. Yorkshire Building Society has adopted *the Code of Practice on Taxation for Banks* ('the Code'). The YBS Group seeks to minimise tax risk, in line with the Code, and tax planning is only proposed when tax, accounting, regulatory and legal implications have been evaluated and found to be in accordance with the Code.

The Group continues to maintain controls, monitoring, testing and provides regular training to staff to enable adherence of our obligations under the Criminal Finances Act of 2017 in respect of the failure to prevent the facilitation of tax evasion. As such, Tax Planning will only be undertaken with the approval of the Chief Finance Officer, who will seek approval from the Board for tax planning of any significance. Where appropriate, tax advice is sought or confirmed with external professional advisers.

## **5. Control**

### **5.1 Control Reporting**

Key controls covering the operation of the Group Tax team, including tax compliance processes, have been documented. The YBS Group operates a Risk & Control Self-Assessment (RCSA) process and assessment of the operation and effectiveness of controls are made every quarter. Any failures or partial failures are highlighted and discussed with Operational Risk.

### **5.2 Control Mechanisms**

The group has a low appetite for tax risk and has a variety of controls which are used to manage tax risk including:

- The maintenance of tax procedure manuals;
- A continuing review of tax processes and procedures to ensure efficiency of process and compliance with current requirements;
- The maintenance of 'Tax Risk Registers' that detail 'business as usual' tax risks and controls plus strategic, temporary, or potential tax risks and how they are being managed or controlled;
- Regular meetings between Group Tax and relevant areas of the business;
- A continuous review of tax risks and discussion of material tax risks with the Chief Finance Officer (the Senior Accounting Officer for the YBS Group).

## **6. Relationship with Her Majesty's Revenue and Customs ('HMRC')**

The YBS Group seeks to maintain a pro-active, open and professional working relationship with HMRC and is willing to co-operate with HMRC on any reasonable enquiry into any aspect of its activity that is relevant to its tax liabilities.

The YBS Group will approach its Customer Compliance Manager in real time with regard to any significant areas of tax risk and will constructively discuss them in an open manner. The Board is updated twice a year on the status of the Group's tax position, including the relationship with HMRC, and on any specific tax risks and tax developments.

All enquiries from HMRC, and all correspondence and negotiations with HMRC, are managed on behalf of the Board by Group Tax, with additional support from management and external professional advisers as appropriate.

**The tax strategy above is published in accordance with the Groups duty under Schedule 19 of the Finance Act 2016 in respect of the accounting period ending 31 December 2021. The strategy applies to Yorkshire Building Society and all of its controlled entities (as disclosed within the Annual Report and Accounts each year).**