

EYGS UK tax strategy

Financial year ending
30 June 2017



Building a better
working world

EY's values and our commitment to building a better working world drive our tax strategy

Scope

This tax strategy applies to EYGS LLP and all its wholly owned UK corporate subsidiaries, collectively "EYGS," for the financial year ended 30 June 2017. A list of EYGS LLP's UK subsidiaries is shown on the back page of this strategy.

The principal activity of EYGS is the provision of services to each of the Member Firms of the EY network ('Member Firms'). This is to further the international alignment, enhancement, cooperation and cohesion among the Member Firms. EYGS only provides services to Member Firms as a mutual trader and does not provide services to external clients. In line with its mutual purpose, EYGS earns income sufficient only to cover its costs and make a minimal profit.

As a limited liability partnership, under UK law, EYGS LLP does not pay tax on its own behalf; rather, its members are individually assessed tax on their share of taxable profits. Taxable profits for EYGS LLP are non-mutual income and gains including the profits from any trade with non-members.

This document relates only to the tax strategy of EYGS – not Member Firms, who are responsible for their own tax strategies.

EYGS LLP publishes this document in satisfaction of its duties under paragraphs 16 (2) and 19 of Schedule 19 of Finance Act 2016.

A better working world

EYGS's purpose, *Building a better working world*, is fundamental to its strategy as a distinctive global professional services brand. It helps build trust and confidence in the capital markets while solving some of the world's toughest challenges to leave a lasting legacy for our people, for our clients and for our communities.

For EYGS, one group of key stakeholders within our communities are the tax authorities that we interact with globally as a taxpayer. Principally for EYGS, this is HMRC in the UK with whom we seek to maintain a positive and transparent relationship. We welcome the opportunity to publicly outline our tax strategy as a business.

Our tax principles

Our objective is to pay the right amount of tax at the right time to meet our statutory obligations. We seek clarity and certainty on tax matters wherever feasible. When dealing with the tax affairs of EYGS, we focus on:

- ▶ Being on time and in compliance with our tax filing and tax payment obligations
- ▶ Effectively managing our risks
- ▶ Working closely with HMRC in a cooperative manner on a real time basis
- ▶ Maintaining a tax strategy which is fully supported and owned by the Board of EYGS LLP
- ▶ Aligning our tax affairs to commercial activity of the services we provide
- ▶ Demonstrating the EY values at the heart of everything we do



Our reputation is built by our people acting according to the EY values

Governance and conduct

Our tax strategy is approved and owned by the Board of EYGS LLP.

Our internal tax team has a clear accountability up to the Board for the management of tax arising from our business operations.

Our internal tax team has a clear mandate from the Board to act in a way aligned to EY's values, which define who we are:

- ▶ People who demonstrate integrity, respect and teaming.
- ▶ People with energy, enthusiasm and the courage to lead.
- ▶ People who build relationships based on doing the right thing.

The Board's mandate is for EYGS LLP to behave in accordance with the low risk characteristics as set out in HMRC's Business Risk Review process.

Commercial attitude to tax planning

We undertake transactions which are commercially driven and do not put in place artificial or contrived arrangements that could give rise to reputational damage for EYGS.

We structure our business operations from a commercial perspective to identify and appropriately manage any tax risks arising from them.

Our tax affairs are aligned in accordance with their commercial and economic substance in compliance with the tax laws of the jurisdictions in which we operate.

We claim tax reliefs as aligned to the tax laws under which we operate.



Compliance and effective risk management

Compliance is at the heart of what we do, and we focus on staying compliant with our tax filing and tax payment obligations.

EYGS's business is of a significant scale, and we deal with a large volume of complexity in the tax systems in the jurisdictions in which we operate. As responsible taxpayers, we seek advice from the appropriate internal and external tax specialists to manage our risks and compliance positions so we can pay the right tax at the right time.

We have clearly documented processes and controls relating to the management of our tax compliance processes.

Our internal tax team has clear roles defined by their areas of process and tax experience. They report to a Head of Tax who, in turn, reports to the CFO and the Board.

Our internal tax team keeps up to date with legislative changes through training and continuing professional development.

Cooperative approach with HMRC

EYGS maintains an open and honest dialogue with HMRC, and we do so on a timely basis.

We meet and correspond with HMRC regularly throughout the year and keep abreast of tax developments.

We keep HMRC informed of significant transactions and business changes and disclose and discuss areas of significant uncertainty in how the legislation applies.

We communicate our positions based on full disclosure of the relevant facts and legislative position.

Where we have uncertainty in how the underlying legislation applies, we seek to resolve the matter through an open and honest dialogue.



List of UK subsidiaries

- ▶ EY Global Services Limited
- ▶ Ernst & Young (EMEIA) Services Limited
- ▶ Ernst & Young (Asia-Pacific) Services Limited

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2017 EYGM Limited.
All Rights Reserved.

EYG No. 07291-173Gbl
EY-000051407.indd (UK) 12/17.
Artwork by Creative Services Group London.
ED None



In line with EY's commitment to minimize its impact on the environment, this document has been printed on paper with a high recycled content.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax or other professional advice. Please refer to your advisors for specific advice.

ey.com