



EY GDS CS UK tax strategy

June 2019



EY

Building a better
working world

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

Scope

This tax strategy applies to EY GDS Holdings Coöperatief U.A. ('GDS Co-op') and all its wholly owned corporate subsidiaries, collectively 'GDS CS', for the financial years ended 29 June 2018 and 28 June 2019. GDS Co-op is a Dutch-incorporated entity, which is tax resident in the UK. A list of GDS Co-op's subsidiaries is shown on the back page of this strategy.

The principal activity of GDS CS is the coordination and provision of Global Delivery Services – Client Services, specifically client-related services in Advisory, Assurance, Tax, Transaction Advisory, Knowledge and Automations, to Member Firms of the EY network ('Member Firms') and other EY network entities. GDS CS only provides services to Member Firms and other EY network entities and does not provide services directly to external clients.

The Global Delivery Services

Client Services are coordinated by GDS Co-op's UK subsidiary EY GDS (CS) Limited and provided by GDS Co-op's other operating subsidiaries. GDS CS provides its services on a limited-risk basis.

The GDS CS entities pay tax in their jurisdiction of tax residence, which is primarily outside the UK. Whilst this strategy relates to GDS CS' UK activities only we apply the same principles in relation to non-UK taxes. In particular:

- ▶ Working closely with tax authorities in a cooperative manner where possible based on local practice and customs
- ▶ Seeking to negotiate, where possible, Advance Pricing Agreements ('APAs') to effectively manage our risks

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

GDS Co-op and EY GDS (CS) Limited publishes this document in satisfaction of their duties under paragraphs 22 (2) and 19 (2) of Schedule 19 of Finance Act 2016.

A better working world

GDS CS'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 whilst solving some of the world's toughest challenges to leave a lasting legacy for our people, for our clients and for our communities.

For GDS CS, one group of key stakeholders within our communities are the tax authorities that we interact with globally as a taxpayer. Principally for GDS Co-op, EY GDS (CS) Limited and EY GDS India Holding Company Limited, 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 GDS CS, 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 GDS Co-op
- ▶ Aligning our tax affairs to commercial activity of the services we provide
- ▶ Demonstrating 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 GDS Co-op.

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 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 GDS Co-op 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 GDS CS.

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.

GDS CS'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 professionals 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

GDS CS 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 subsidiaries

- ▶ EY GDS (CS) Limited (UK)
- ▶ EY GDS India Holding Company Limited (UK)
- ▶ EY Global Delivery Services India LLP (India)
- ▶ Ernst & Young Global Talent Hub (Dalian) Limited (China)
- ▶ EYA GTH Manila Inc (Philippines)
- ▶ EY GDS (CS) Poland Sp z o o (Poland)
- ▶ EY GDS (CS) Argentina S.R.L. (Argentina)

About EY

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