



EY UK Tax Strategy

April 2019



EY

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 EY LLP and all its wholly owned UK corporate subsidiaries, collectively 'EY LLP', for the financial years ending 29 June 2018 and 28 June 2019. A list of EY LLP's subsidiaries (both active and dormant) is shown on the back page of this strategy.

This strategy applies to EY LLP when dealing with their own tax affairs. Our clients are responsible for setting their own tax strategies, and when advising clients we are mindful of their strategy and act in accordance with EY's values and our professional obligations.

EY LLP publishes this document in satisfaction of its duties under Paragraphs 16 (2), 19 (2) and 25 (1) Schedule 19 of Finance Act 2016.

A Better Working World

EY'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 EY, one group of key stakeholders within our communities are the tax authorities that we interact with globally as a taxpayer. Principally for EY LLP, this is HMRC in the UK with whom we seek to maintain a positive and transparent relationship.

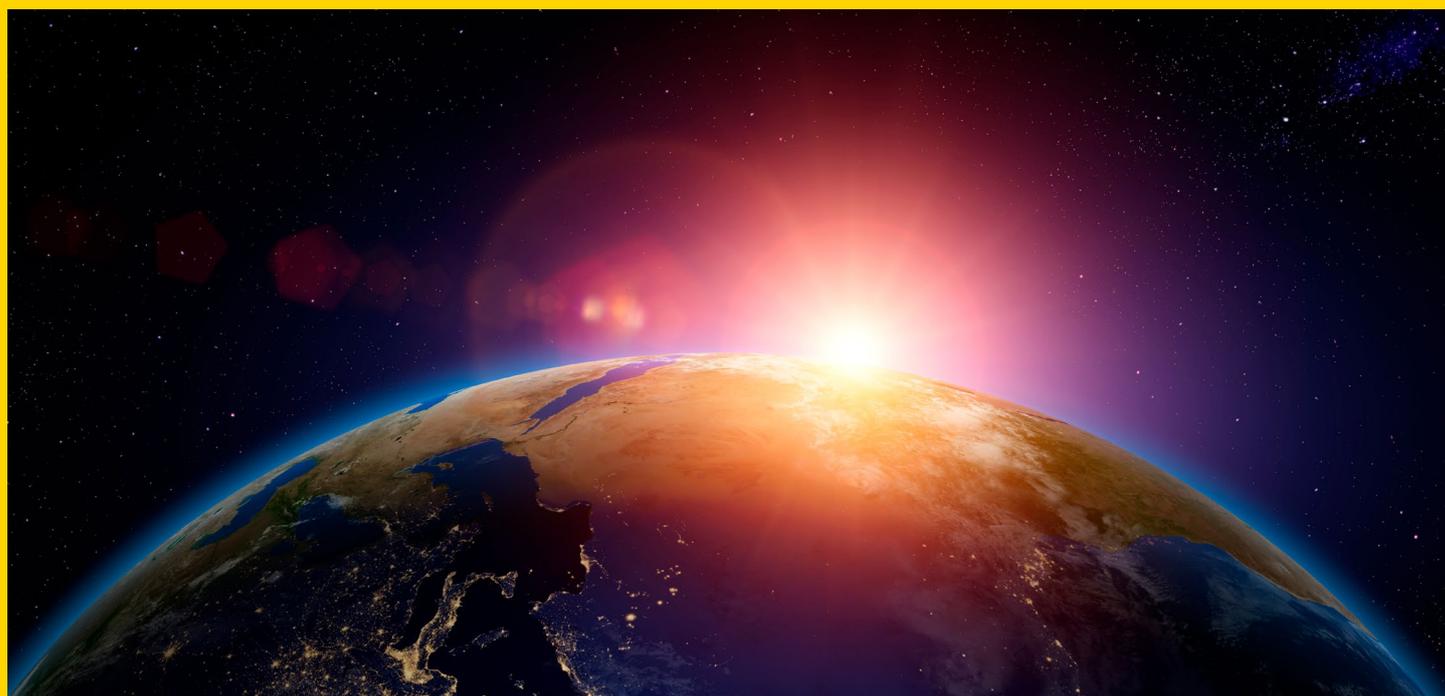
As owner-managers of a significant UK based business, we make a significant financial contribution to the UK Treasury which grows as we grow. We therefore welcome the opportunity to publicly outline our tax strategy as a business.

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 firm's own tax affairs, 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 by and owned by the Board of EY LLP, our leadership
- ▶ Aligning our tax affairs to commercial activity of the services we provide
- ▶ Demonstrating the EY values at the heart of everything we do

EY's commitment to Building a Better Working World includes Programmes for School Leavers. [Find out more.](#)



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 EY 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 EY LLP to behave in accordance with the low risk characteristics as set out in HMRC's Business Risk Review process.

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.

EY LLP'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 Chief Operating Officer and the Board.

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

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 EY.

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



Cooperative Approach with HMRC

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

We meet with 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 any 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.

In FY18, EY LLP and its members paid £373m in tax, NIC and business rates. In addition, EY LLP collected £531m of tax from others

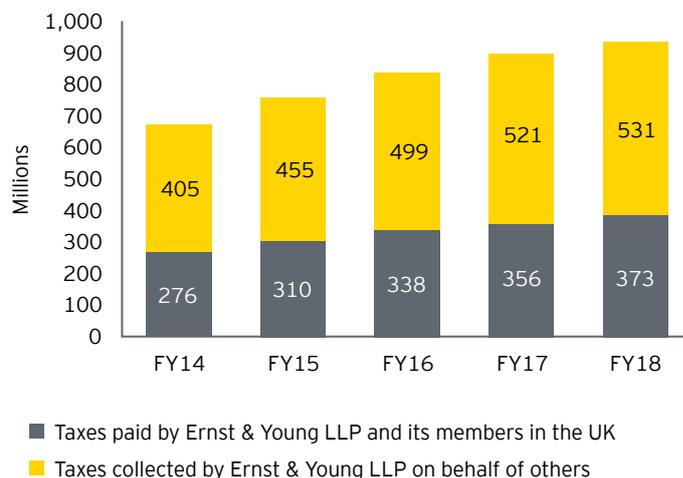
As EY LLP's business grows, its financial contribution to the UK Treasury increases.

Under UK tax law, members of EY LLP pay tax as is individually assessed on their share of EY LLP's profits. Income taxes are not assessed on the LLP itself. This means that most of the profits of EY LLP are subject to an income tax rate of 45% and an additional NIC rate of 2% leading to a headline rate of 47%.

The largest tax borne by our individual partners is these taxes on the profits distributed to them. Partner income tax and national insurance contributions payable on distributable profits for 2018 was £218m (2017: £206m).

In addition to the tax paid by EY LLP and its members, EY LLP collected £531m (2017: £521m) on behalf of others with the largest element being employees' tax and national insurance contributions, reflecting the fact that our people are core to delivering to our business.

Ernst & Young LLP's Total Tax Contribution



Note: The figures for FY17 have been updated to reflect the latest available information.

List of UK Subsidiaries

EY UK LLP's active UK resident subsidiaries:

- ▶ Ernst & Young Services Limited
- ▶ Ernst & Young Limited
- ▶ Rolls House Holdings Limited
- ▶ Foviance Group Limited
- ▶ EY-Seren Limited
- ▶ Parthenon London Tenant Limited
- ▶ Ernst & Young Services (UK) Limited
- ▶ EY Greenwich Advisory Services Limited
- ▶ Integrc UK Limited
- ▶ EY Foundation

EY UK LLP's dormant UK resident subsidiaries:

- ▶ Ernst & Whinney Limited
- ▶ Ernst & Young Trustees Limited
- ▶ Ernst & Young International Limited
- ▶ Garrard House Executor Trustees Co Limited
- ▶ EYGS UK Participation Limited
- ▶ EY Securities Limited
- ▶ Seren Partners Limited
- ▶ Se Vendre Limited
- ▶ Webabacus 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.

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