

Tax Strategy and Policy

1. Introduction

The University of Aberdeen (the “University”) is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No SC013683).

This document approved by the Chief Financial Officer sets out the University’s policy and approach to conducting its tax affairs and management of tax risk. The strategy will be reviewed annually and any amendments will be ratified as necessary by the Finance and Resourcing Committee.

This document addresses our:

- Tax policy
- Approach to risk management and governance arrangements
- Attitude towards tax planning
- Level of acceptable risk in relation to taxation
- Approach to dealings with HM Revenue & Customs

2. Tax Policy

In line with the University’s commitment to adhere to the best ethical and professional standards, the University commits to conduct its tax affairs in order to:

- Comply with all relevant tax laws, rules, regulations and reporting requirements wherever we operate
- Ensure that the tax strategy is at all times consistent with the University’s overall strategy, approach to risk and its values
- Apply diligence and care to the management of risks associated with tax matters, and ensure that governance and assurance procedures are appropriate
- Foster constructive, professional and transparent relationships with tax authorities, based on concepts of integrity, collaboration and mutual trust
- The University will use incentives and reliefs to minimise the tax costs of conducting its activities. The University will not enter into transactions that have a main purpose of gaining a tax advantage or intentionally make interpretations of tax law that are opposed to the original spirit of the legislation

3. Risk Management and Governance

Court is responsible for the University's mission, strategic direction, management and administrative arrangements and financial health. Authority is delegated to key executives for day-to day operation of the University's affairs in accordance with an agreed schedule of delegation. A number of Committees report to Court in key areas. The University's tax affairs are under the responsibility of the Finance & Resourcing Committee. The Audit and Risk Committee has responsibility for overseeing the University's overall risk management and systems of internal control.

Day-to-day responsibility of the University's tax affairs rests with the Chief Financial Officer. The Financial Accounting Section, reporting to the Assistant Director (Financial Accounting), has day-to day authority to manage the tax affairs of the University. Additionally, the University employs a Senior Accountant specifically to consider all aspects of international activities including tax. The Financial Accounting section comprises of appropriately qualified and experienced personnel who are required to update their knowledge through Continuing Professional Development. Additionally, the section:

- Seeks advice from external advisers when required.
- Liaises with colleagues within the sector through BUFDG and also informally to ensure the University maintains best sector practice.
- Performs risk assessments which include consideration of reputational risk arising from the University's approach to tax.
- Uses various risk management processes and controls to provide assurance that the requirements of the University Tax Strategy are being met. This includes compliance and risk monitoring processes and internal reviews of tax compliance activity across the University.

4. Attitude to Tax Planning

The University will use available incentives and reliefs to minimise the tax costs of conducting its activities, thus retaining more funds available to further our principal business aims of education and research.

The University aims to pay the amounts of tax legally due. There are likely to be circumstances where this amount may not be clearly defined, or where alternative interpretations or approaches might result in different tax outcomes. In these circumstances, the University will use its best judgment to determine the appropriate course of action. This will usually involve seeking advice from external professional advisers.

The University will not enter into transactions that have a main purpose of gaining a tax advantage or intentionally make interpretations of tax law that are opposed to the original intentions of the legislation.

5. Level of Acceptable Risk

In accordance with generally accepted best practice, The University's appetite to risk is determined on an activity basis such that risks are taken in a controlled manner within the overall governance framework set by Court with a generally cautious approach to risk. The Chief Financial Officer will determine the degree of risk in any activity, consulting colleagues, members of Court and external advisers as appropriate.

6. Relationship with HM Revenue & Customs “HMRC”

The University’s intention is to have constructive, professional and transparent relationships with tax authorities, based on concepts of integrity, collaboration and mutual trust. The University’s aims to meet all its statutory and legislative tax requirements.

As part of this, the University’s Finance Section will:

- Conduct all its dealings with tax authorities in a courteous and timely manner
- Conduct all dealings with tax authorities with openness and honesty, maintaining the University’s standard policies on integrity and ethics.
- Engage in open and early dialogue to discuss tax planning, strategy, risks and significant transactions
- Aim to minimise the risk of future challenge and gain certainty in our tax affairs by proactively entering into dialogue with HMRC in real time with regard to issues where the correct treatment is uncertain.
- Where disagreements arise, work together to resolve issues by agreement (where possible)
- Respond to Consultations as appropriate, either directly with HMRC or via the University Sector representative association, BUFDG. This latter route will continue to be used for issues pertaining to the University Sector on an ongoing basis.

Reviewed: February 2024