



Genesis Housing Association Tax Strategy

Year Ended 31 March 2017



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1 Introduction

1.1 Purpose

The purpose of the Tax Strategy is to communicate the policy for the management of tax within Genesis Housing Association and its subsidiary undertakings (“the Group”).

The Board of Genesis Housing Association recognises that compliance with tax regulations is one of the key responsibilities of the Board and day-to-day responsibility is delegated to the Finance Director. The Finance Director’s responsibility is to appraise the Executive Team and the Board of key tax matters and provide assurance that relevant frameworks and controls are in place to facilitate compliance. This allows all board members to be adequately engaged in the tax affairs of the business and thereby ensure that the Group is adhering to its tax responsibilities.

The Tax Strategy also outlines the Group’s approach towards tax planning.

1.2 Scope

Tax includes corporation tax, indirect taxes (VAT), property taxes (including Construction Industry Scheme obligations, Stamp Duty Land Tax), and employee taxes. This scope includes claims for Gift Aid, group relief claims and other such beneficial elections in order to claim the Group’s full entitlement to tax relief.

1.3 Content

This Tax Strategy sets out the framework within which the Group manages its tax operations and is arranged under the following headings:

- Tax code of conduct
- Organisation and resourcing of tax operations
- Tax Risk Management and Planning.
- Liaising with HMRC

The Group’s Internal Tax Policy supports the detailed delivery of the tax strategy.

1.4 Review and communication

This tax strategy is owned by the Finance Director, reviewed by the Executive Team and is approved by the Board. The tax strategy will be reviewed annually by the Finance Director, and any amendments will be approved by the Board.



1.5 Risk management

Effective risk management is paramount for the Group and underpins the strategy for continued growth. The Group's appetite for risk is a carefully calibrated part of the business model aligned to the strategic and corporate objectives. The aim is not to avoid or eliminate risk entirely, but to strictly manage the Group's exposure to risk. This includes financial, commercial and reputational risk.

1.6 Tax Objectives

Genesis Housing Association is committed to conducting its tax affairs across all entities in its Group in line with the following key objectives:

1. **Compliance** with all statutory and regulatory laws, rules, reporting and disclosure requirements to ensure that the right amount of tax is paid at the right time
2. **Consistency** in ensuring the tax strategy is consistent with Genesis' Corporate Strategy, Values and approach to risk management
3. **Effective risk management** by ensuring professional diligence and care is applied in the management of all risks associated with tax matters, within the framework of appropriate governance procedures. Where there is significant uncertainty or complexity in relation to a risk, external advice from tax advisers will be sought
4. **Effective liaison with HMRC** by ensuring there is a professional and transparent relationship with HMRC and that we aim to further build on this relationship through ongoing proactive engagement. Genesis is committed to disclosing all relevant facts and circumstances to the tax authorities in a timely manner based on collaboration and mutual trust
5. **Tax Planning** by using incentives and reliefs where available in the manner intended by tax authorities and legislation to minimise the tax burden of conducting its business activities, to support efficient delivery of its charitable objectives. Genesis will not undertake any tax evasion activities. Key business decisions will be made whilst being aware of tax consequences and with the aim of optimising the after-tax returns for the Group.



2 Tax Code of Conduct

The Tax Code of Conduct outlined below sets out the principles on how Genesis staff are expected to operate with respect to tax matters in support of the above Tax Strategy. These principles provide guidance to key stakeholders and offer a framework for decision making.

2.1 Compliance

A commitment to observing all applicable laws, rules, reporting and disclosure requirements.

The Finance Team will collaborate with the rest of the organisation to provide advice and guidance necessary to ensure compliance, obtaining external advice from tax advisers where necessary. There are clear management responsibilities, backed up by regular monitoring and review which is carried out by members of the Finance Team with the necessary experience and skill set.

2.2 Consistency with Tax Strategy

Tax decisions will be made at all times in a manner which is consistent with and complements the tax strategy. Key business decisions should be made whilst being aware of tax consequences and with the aim of optimising the after-tax returns for the Group. The Finance Team will partner with the business to ensure that there is consistency in approach.

2.3 Governance, Assurance and Risk Management

Responsibility and accountability for Genesis' tax affairs is the responsibility of the Finance Director as clearly defined in the Internal Tax Policy, and decisions will be taken at an appropriate level, determined by clear lines of responsibility and accountability. Other teams (especially Assets & Investments) work with Finance to ensure all circumstances are appraised appropriately. Due to the size and complexity of Genesis' business there is an inherent degree of tax risk which is included the Finance operational risk register.

External technical expertise will be engaged to assess tax risks in order to arrive at well-reasoned conclusions on how the risks should be managed. Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice evidencing the facts, risks and conclusions may be taken from external tax advisers to support the decision-making process.

In reviewing the tax risks of any decision, which should be assessed within the scope of the Tax Strategy, the following would be considered:

- the legal and fiduciary duties of directors and employees



- the Corporate Strategy and Values
- the maintenance of corporate reputation, having particular regard to the principles embodied in the “Improved wellbeing of the communities we serve” strategy regarding the way we interact with the communities around us. Genesis recognises that tax compliance is a corporate social responsibility.
- the tax benefits and impact on the Group’s reported result comparative to the potential financial costs involved, including the risk of penalties and interest
- the wider consequences of potential disagreement with HMRC, and any possible impact on our relationship with them.

The Finance Team will employ various risk management processes, systems and review mechanisms to provide assurance that the requirements of the Tax Strategy are being met. This will include compliance and risk monitoring systems and internal audit reviews to ensure tax compliance across the Group.



3 Organisation, processes and communication

3.1 Roles and responsibilities

The objective for the Finance Team with respect to tax matters is to support the Group's strategy whilst ensuring compliance with tax laws and filing obligations. The Group's Internal Tax Policy clearly defines roles and responsibilities to enable the effective operation of processes and delivery of the Group's tax strategy.

The key areas of responsibility and processes are set out below:

- **Ultimate responsibility for the Tax Strategy** – Genesis Board
- **Oversight responsibility for tax controls framework, identification and management of tax risk** – Genesis Audit & Risk Committee
- **Strategic ownership of the Group's tax operations and tax risk** – Executive Team
- **Operational ownership of the Group's tax operations and tax risk** – Finance Director
- **Employee taxes (includes Apprenticeship Levy)** – Payroll and Pensions Manager
- **Corporate and indirect taxes**
 - **VAT** – Finance Manager
 - **Construction Industry Scheme Tax (CIS)** – Finance Manager
 - **Corporation Tax** – Financial Reporting Manager
 - **Stamp Duty Land Tax (SDLT)** – Business Accountant
 - **Gift Aid Transactions within the Group** – Financial Reporting Manager
 - **Non Resident Landlord (NRL)** - Payments Manager
- **Compliance with all taxation filing obligations**
 - **VAT, CIS, NRL, Employee taxes** – Head of Financial Services
 - **Corporation Tax and Gift Aid transactions within the Group** – Head of Corporate Reporting
 - **SDLT** - Head of Capital & Portfolio Reporting
- **Statutory reporting of taxation** – Head of Corporate Reporting



4 Tax Risk Management and Planning

4.1 Tax Risk Management

The Group's business model involves the growth of affordable housing units in the UK subsidised by the development, sale and rental of land and property in the private sector.

In addition, the Group is likely to undertake the usual types of corporate transactions (e.g. refinancings; corporate acquisitions and reorganisations).

The tax structuring of transactions will be determined by the following factors:

- Commercial purpose: All transactions must have a commercial purpose. All commercial and charitable transactions undertaken by the Association and its commercial subsidiaries must not introduce additional tax costs as a consequence of the transaction steps
- External technical expertise: External tax advisers will be asked to provide advice upon the tax implications of the transaction.
- Liaison with tax authorities: Where there are significant uncertainties, the Group will request upfront clearance from HMRC
- Reputational impact: The impact of the transaction upon the Group's reputation should details of the tax treatment come into the public domain.

Proactive and timely communication of business transactions is key to ensuring that all tax implications are considered. Effective liaison at the planning stage of a transaction will ensure that the tax risks inherent in transactions are effectively managed.

4.1.1 Tax planning

The Group will engage in responsible taxation planning for corporate, indirect, or employee taxes where under a full and complete cost benefit analysis the opportunity is deemed appropriate to pursue. In addition the nature of such planning is restricted to that where details can be fully disclosed to HMRC and could not reasonably be regarded by HMRC as tax avoidance.

As a general rule, the Group will not undertake any corporate or indirect taxation planning which:

- is inconsistent with the underlying commercial transactions;



Genesis

- does not comply with current tax laws;
- cannot be fully disclosed to HMRC;
- is likely to generate adverse press attention or be damaging to the Group's reputation;
- adversely impacts other taxes, for example the Group's VAT recovery

All non-routine planning opportunities must have as a minimum, Genesis Audit & Risk Committee level approval before they can proceed. All papers put forward to the Board and Genesis Audit & Risk Committee must be supported by an appropriate level of tax analysis from external advisers. The Finance Director will be responsible for ensuring sufficient tax analysis has been undertaken in advance of the papers being submitted to the Board and Genesis Audit & Risk Committee.

The Group will not undertake planning unless it has been properly approved through the above processes.



5 Effective Liaison with HMRC

5.1 Summary of approach to liaising with HMRC

The Group is committed to engaging with HMRC on an open and collaborative basis. Wherever possible, we will do so on a real-time basis in order to minimise tax risk and maximise certainty.

We seek to resolve any disputed matters through active and transparent discussions and we do not take positions on tax matters that may create reputational risk or jeopardise our good relationship with the tax authorities.



6 Conclusion

Genesis Housing Association recognises the importance that tax has on the financial performance of the Group. It aims to ensure that consistent and effective tax standards are maintained across the Group as tax implications can have significant cash, commercial and reputational implications for the Group.

As such, the Group has put this Tax Strategy in place to ensure tax is considered when strategic decisions are being made as well as, to ensure that the Group has appropriate tax risk management in place for the size of the overall Group. In addition, a detailed Internal Tax Policy has been produced to support the delivery of the tax strategy.