BSI Group tax strategy

Scope

This tax strategy applies to the British Standards Institution ("BSI") together with all its wholly owned subsidiary companies (the "Group") for the financial year to 31 December 2019. It applies from the date of publication until it is superseded.

The tax strategy and guiding principles articulate the Group’s approach to tax matters and all aspects of tax reporting and compliance and are intended to provide clarity over both the detail and the spirit of how the Group aims to deal with its tax obligations.

The focus is on ensuring that taxes (and tax risks) are managed to provide outcomes consistent with commercial substance within the parameters of the Group’s strategic objectives. The strategy requires that all tax obligations are complied with in the UK and other relevant jurisdictions.

Our Tax Principles

Our Group Tax Strategy is focused on paying the right amount of tax in the right place at the right time and is underpinned by the following key principles:

- Managing tax risk proactively to achieve compliance with all relevant tax laws in any country in which we operate;
- Having a clear internal governance framework and maintaining a tax strategy that is fully supported and owned by the BSI Board of Directors;
- Structuring our business operations from a commercial perspective and aligning our tax affairs in a way that we believe is consistent with the intention of the tax laws under which we operate;
- Having an open and collaborative dialogue with tax authorities, disclosing all relevant facts and circumstances and claiming reliefs and incentives where available;

Further details in respect of our tax strategy are set out below, applying to both UK taxation and non-UK taxation.

Management of tax risk

As a multi-national UK headquartered organisation, with operations in 31 countries, the Group is exposed to a variety of tax risks. These can be grouped under the following headings:

- Tax compliance and reporting risks, which cover risks associated with compliance failures such as submission of late or inaccurate returns, the failure to submit claims and elections on time or where finance or operational systems and processes are not sufficiently robust to support tax compliance and reporting requirements.
- Transactional risks, which arise where transactions are carried out or actions are taken without appropriate consideration of the potential tax consequences or where advice taken is not correctly implemented.
- Reputational risk looks beyond financial risks to the wider impact that tax risk may have on our relationships with our stakeholders, clients, tax authorities and the general public.

Group Tax along with Business Leaders will generally take the lead role in identifying, managing and monitoring tax risks within the business. Line management is then supplemented by oversight functions, including Group Risk and Group Internal Audit.
Group Tax is made up of a team of experienced finance professionals based in each country that we operate that are provided with suitable training for managing the tax risk for the Group. In addition to their ownership and oversight role, they provide advice to the Group businesses on tax-related issues, undertake or assist with tax filings, manage relationships with the relevant tax authorities and assist with various forms of tax and financial reporting. Internal controls and escalation procedures are put in place with the aim of identifying, quantifying and managing key risks.

Where relevant, the Group looks to engage with the appropriate tax authorities to disclose and resolve issues, risks and uncertain tax positions. The subjective nature of many tax rules does however mean that it is often impossible to mitigate all known inherent tax risks. Indeed, in certain situations, an element of tax risk may need to be maintained, where our approach is consistent with the principles set out in this tax strategy and where the range of potential outcomes is in accordance with the Group’s low tax risk appetite and maintenance of its low risk status with relevant tax authorities.

**Tax governance framework**

The Group Finance Director (GFD) has ultimate responsibility for agreeing the tax strategy of the Group with the BSI Board of Directors. Responsibility for implementation of / continued compliance with this strategy lies with the Group Head of Tax, who assumes day to day responsibility in this area and reports to the GFD. They are supported by a team of dedicated finance professionals around the world.

The Group’s tax strategy is reviewed by the Board Audit Committee annually. It is supported by a tax governance framework, which aligns to the wider risk and control framework of the business. The review also covers the Group’s level of compliance with tax laws in all relevant jurisdictions (including timely tax filings and tax payment processes).

Independent monitoring and reporting of tax risks and controls is supported by Group Internal Audit and Risk, and key risks and issues related to tax, are escalated to and considered by the Group Audit Committee on at least an annual basis.

**The Group’s attitude to tax planning**

When making commercial business decisions the Group considers the tax laws of all countries in which it operates, seeking external advice where appropriate. The Group seeks to be compliant with all relevant tax legislation and acts in a manner which upholds our socially responsible reputation and wider goals. The Group’s tax affairs are structured in a straightforward and transparent way, as would be expected to ensure commercial effectiveness. The structure maximises tax efficiency without use of any aggressive tax planning strategies.

Where statutory alternatives allow the possibility of achieving the same commercial result through alternative methods, the Group will always consider compliance with Group Tax Strategy as well as potential reputational impact as part of any decision-making process. External advice may be sought in relation to areas of complexity or uncertainty arising from existing or proposed legislation in order to support the Group in complying with its tax strategy.

The group does not engage in artificial or aggressive tax arrangements. The group will only implement tax planning which supports genuine commercial activity. Only transactions that have both substance and business purpose are entered in to by the Group.

**Level of Tax Risk**

BSI recognises that it has a responsibility to pay an appropriate amount of tax on its UK and non-UK operations. The Group will avail itself of legislative exemptions and incentives where to do so is consistent with the commercial make-up of the Group and in line with the Group’s low tax risk appetite.
Because of the level of complexity of tax legislation (thereby leading to the possibility of differences in interpretation or application of tax laws), coupled with the volume of different taxes across jurisdictions, there will always be tax risk within a Group of our size. Nevertheless, we firmly believe that the key principles of our Group Tax Strategy ensure we take a prudent approach to tax risk, consistent with our Group-wide attitude to risk generally.

We support initiatives to improve international transparency on taxation matters, including recognition and application of the OECD BEPs Actions particularly in respect of arm’s length transfer pricing arrangements.

We commit to be open and transparent about decision-making, governance and tax planning. We do not tolerate UK or non-UK tax evasion, nor do we tolerate the facilitation of any tax evasion by any person(s) acting on the Group’s behalf.

**Working with Tax Authorities**

It is Group policy to be transparent and proactive in all interactions with all relevant tax authorities globally.

We have an open, honest and positive working relationship with all tax authorities. We are committed to prompt disclosure and transparency in all tax matters, including filing tax returns and paying tax on time. We recognise that there may on occasion be areas of differing legal interpretations between ourselves and the tax authorities and where this occurs, we ensure that the tax authority are aware of the contentious area by disclosing appropriately.

Where differences with tax authorities do arise, we engage in proactive discussion to bring such matters to as rapid a conclusion as possible.

**Conclusion**

BSI, as a multinational group, operates in a complex environment, with fast evolving and frequently changing tax legislation and interpretation of that legislation. We are committed to ensuring that we can continue to meet the primary objectives of our Group Tax Strategy in this environment.

The group tax strategy is published in accordance and compliance with paragraphs 16 and 25 of Schedule 19 of the Finance Act 2016.