

## **TAX STRATEGY**

### **Introduction:**

This document sets out the Tax Strategy for Howard de Walden Estates Holdings Limited ('the Company') and its subsidiaries ('the Group') for the year ending 31 March 2018 in compliance with the Finance Act 2016 Schedule 19, paragraph 16. The Tax Strategy, for which the Board has ultimate responsibility, is prepared and updated by the Finance Director in collaboration with the Finance Team. Day to day responsibility for implementation of the tax strategy is delegated to the Group Financial Controller who works with an established Finance Team to comply with tax legislation and manage tax risk through internal processes and procedures.

As a large business and employer with activities based solely in the UK, the Group is subject to an array of UK taxes including corporate taxes, property taxes, employment taxes, local taxes such as Council Tax and indirect taxes such as VAT (£26.9m was paid across all taxes in the year ended 31 March 2017). The Group also collects and pays over to HMRC employee taxes and VAT (£11.9m paid in the year ended 31 March 2017).

### The Group and its activities

The Group is the freehold owner of most of the buildings within a 92 acre area of Marylebone. The Group is beneficially owned by members of the Howard de Walden Family and its Estate has been under the family's stewardship since 1879. The Howard de Walden Estate owns, manages and leases the majority of properties across an area extending from Marylebone Road in the north to Wigmore Street in the south and Marylebone High Street in the west to Hallam Street in the east. The Group is a long term investor and targets sustainable growth in rental income.

### **Risk Management in relation to taxation:**

The Group's strategy is compliance based and its objective is to account for and pay all taxes in an accurate and timely manner. We do not engage in planning schemes or arrangements which could be perceived as aggressive.

### **Tax management:**

The Senior Accounting Officer is the Finance Director. The Group's tax management is undertaken by the Group Financial Controller who reports to the Finance Director.

Day to day tax compliance is undertaken by designated staff within the Finance Department who have a wealth of experience working on tax matters and receive regular training on changes in legislative requirements. Quarterly VAT returns are prepared internally. Annual Corporation Tax returns are prepared and submitted to HMRC by professional advisers, following input from the Finance Team. Professional advice is sought where there is uncertainty on a tax matter.

**Tax risks:**

Tax risks are documented in a risk register. Risk and internal controls are reviewed regularly and are reported to the Audit Committee and the Board. The Finance Director reports to the Board on significant tax risks and changes in legislation which are likely to have significant impact on the Group.

Acquisitions, redevelopments and disposals are undertaken to support the Group's objectives and may have a significant tax impact. There is formal reporting to the Board by the Property Director on these matters which may include input from the Finance Department.

The primary activity of the Group is to operate a property investment and management business that is capable of distributing a share of its profits to Shareholders, however this can only be achieved by understanding how its activities affect neighbours and the environment. As a consequence, the Group aligns Shareholder prosperity with the well-being of the community, the environment and other key stakeholders. The reputation of the Group is of paramount importance and it is expected that all Directors and employees undertake their responsibilities with professionalism, integrity and openness. Accordingly, the Group's appetite for tax risk is low.

**Working with HMRC:**

The Group has an open and transparent working relationship with HMRC and is committed to this continuing. The Group recently applied for a Customer Relationship Manager (CRM) to further strengthen its relationship with HMRC but HMRC did not feel that it was necessary for the Group to have a CRM.

The Group is fully cooperative in all dealings with HMRC; responding promptly to queries raised from inspections and enquiries, strictly adhering to all filing deadlines and ensuring that all taxes due are settled on or before the due date.

The Group takes tax compliance very seriously and is in the process of reviewing ways to simplify this where possible in order to expedite information to HMRC.

This document was approved by the Board of Directors on 27 February 2018 and was signed on its behalf by:



M Kildea

Finance Director