

# TAX STRATEGY

JUNE 2024

**THIS DOCUMENT, APPROVED BY THE BOARD OF RATHBONES GROUP PLC, (BOARD) SETS OUT THE RATHBONES GROUP'S POLICY AND APPROACH TO CONDUCTING ITS TAX AFFAIRS AND DEALING WITH TAX RISK (TAX STRATEGY).**

## 1. Introduction

This tax strategy applies to Rathbones Group Plc, a public limited company listed on the London Stock Exchange, and to the group of companies headed by Rathbones Group Plc (Rathbones). The scope of the tax strategy covers UK Taxation and has been set in accordance with paragraphs 19 and 25 of Schedule 19 of the Finance Act 2016.

Appendix 1 gives more detail on the application and scope of the tax strategy.

This document updates the previous version of the tax strategy dated June 2022, this is the tax strategy for Rathbones for the year ended 31 December 2023.

## 2. Aim

Rathbones is committed to full compliance with all statutory obligations and full disclosure to tax authorities. Rathbones' tax affairs are managed in a way which considers Rathbones' wider corporate reputation in line with Rathbones' overall high standards of governance.

## 3. Tax policy

Rathbones is committed to conduct its tax affairs consistent with the following objectives.

- a) To comply with all relevant laws, rules, regulations, and reporting and disclosure requirements, both in the UK and overseas.
- b) To ensure that the tax strategy is always consistent with Rathbones' overall strategy, its approach and appetite to risk, and its core values.
- c) To apply professional diligence and care in the management of all risks associated with tax matters, and ensure governance and assurance procedures are appropriate.

- d) To foster constructive, professional, and transparent relationships with His Majesty's Revenue and Customs (HMRC) based on the concepts of integrity, collaboration, and mutual trust.
- e) To use incentives and reliefs to minimise the tax costs of conducting its business activities, provided use of such reliefs fits with the intention of Parliament and the legislation.

## 4. Group Tax Code of Conduct (CoC)

Rathbones maintains a tax procedures manual which outlines the principles setting out how Rathbones employees are expected to operate with respect to tax matters in support of the tax policy. The document is updated annually as part of the Senior Accounting Officer attestation process, and sets out key tax controls, processes, roles and responsibilities.

- a) Compliance with laws, rules and regulations

Rathbones commits to comply fully with all tax obligations; including timely submission of tax returns and other compliance, any other tax reporting and timely payments of all taxes due, wherever there is a requirement to do so as a result of business presence and transactions.

Importantly, a dedicated tax team within Group Finance will collaborate with Rathbones' business areas to provide advice and guidance necessary to ensure compliance, obtaining external advice where necessary. There are clear management responsibilities, backed up by regular monitoring and review, carried out by members of Group Finance with the necessary tax experience and skill set.

- b) Consistency with Group strategy

Tax decisions will always be made in a manner which is consistent with and complements Rathbones' overall strategy. Key business decisions should be made cognisant of the tax consequences and with the aim of optimising the after-tax returns for the Rathbones' shareholders. Rathbones will ensure that this consistency ensues.

#### c) Governance and assurance

Rathbones has a formal governance strategy and process in place, and taxation strategy is covered within this strategy. Accountability for this policy rests with the Board. Specifically, the governance strategy includes a commitment to comply with all tax obligations, and to maintain an open, professional, and transparent relationship with HMRC.

Diligent professional care and judgement will be employed 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 third party advisers to support the decision-making process. Responsibility and accountability for the Rathbones' tax affairs is clearly defined and documented, and decisions will be taken at an appropriate level.

#### d) Tax risk management

Rathbones will employ various risk management processes and systems to provide assurance that the requirements of the CoC are being met. This will include compliance and risk monitoring systems and internal audit reviews of tax compliance activity across Rathbones.

In reviewing the risks of a tax action or decision, always bearing in mind the requirements of the CoC, the following would be considered:

- The legal and fiduciary duties of directors and employees
- Rathbones' Core Values
- The maintenance of corporate reputation, having regard to the principles embodied in Rathbones' Social Responsibility Core Value regarding the way Rathbones interacts with the wider community
- The tax benefits and impact on Rathbones' reported result comparative to the potential financial costs involved, including the risk of penalties and interest
- The wider consequences of potential disagreement with tax authorities, and any

possible impact on relationships with them

#### e) Relationship with the tax authorities

Rathbones is committed to the principles of openness and transparency in its approach to dealing with tax authorities. All dealings with the tax authorities and other regulatory bodies will be conducted in a collaborative, courteous, respectful and timely manner. The aim would be to strive for early communication on contentious issues and quick agreement on disputed matters, to achieve certainty wherever possible.

Rathbones will continue to engage in timely meetings with HMRC via its Customer Compliance Manager (CCM), and commits to work with the CCM to:

- Disclose fully the significant uncertainties in relation to tax matters
- Focus on significant issues
- Seek to resolve issues before returns are filed whenever practicable
- Engage in a co-operative, supportive and professional manner in all interactions
- Work collaboratively to achieve early resolution and hence certainty

#### f) Incentives and reliefs

Rathbones believes that it should pay the amounts of tax legally due in any territory. There will, however, be circumstances where this amount may not be clearly defined, or where alternative approaches may result in differing tax outcomes. Rathbones will use its best judgement in determining the appropriate course of action, using available reliefs and incentives where possible.

#### g) Tax planning

Rathbones commits not to engage in tax planning other than that which supports genuine commercial activity. Transactions should not be structured in a way that will have tax results that are inconsistent with the underlying economic consequences unless there is specific legislation designed to give that result.

#### h) UK context

On 9 May 2022, HMRC updated its Tax Compliance Manual "TCRM2210 - Managing our relationship with large business customers: HMRC Framework for Co-operative Compliance", which sets out the tax compliance principles to which both large businesses and HMRC should adhere. This addresses the relationship between large businesses and HMRC in the UK, and promotes best practice in

a business' governance over its UK tax affairs.

This tax strategy aligns with the published draft. In particular, Rathbones commits to:

- Always adopt open and collaborative professional relationships with HMRC.
- Engage in full, open, and early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions.
- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion.
- Seek to resolve issues with HMRC in real time and before returns are filed if possible, and where disagreements arise, work with HMRC to resolve issues by agreement whenever possible
- Be open and transparent about decision-making, governance, and tax planning.
- Reasonably believe that transactions are structured to give a tax result which is not inconsistent with the economic consequences (unless specific legislation anticipates that result), nor contrary to the intentions of Parliament.
- Interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently with a co-operative relationship.

## **5. Code of conduct on taxation for banks**

Rathbones Group Plc's main trading subsidiary, Rathbones Investment Management Limited (RIM) is authorised by the PRA to accept deposits. Rathbones is accordingly classified as a banking group and has signed up to HMRC's Code of Conduct on Taxation for Banks since its inception in 2009; and recommitted when the

Code was strengthened in 2013.

By opting into the Code of Conduct, Rathbones agrees to:

- a) Adopt adequate governance to control the types of transactions entered into.
- b) Not undertake tax planning that aims to achieve a tax result that is contrary to the intentions of Parliament.
- c) Comply fully with all tax obligations.
- d) Maintain a transparent relationship with HMRC.

Examples demonstrating the implementation of these principles have been embedded in section 4.

## **6. Approval, adoption and review**

This document will be made available to all Rathbones' stakeholders, and will be periodically reviewed, and any amendments will be approved by the Board. This version was updated in May 2024.

Rathbones will ensure that:

- a) The tax strategy is adopted and followed consistently across Rathbones, with clear lines of responsibility and accountability.
- b) There is alignment of the tax strategy with the Rathbones' overall approach to corporate governance, the regulatory environment and risk management.
- c) Rathbones pays the amount of tax required of it under the laws and regulations of the countries in which it operates, on a timely basis.



# APPENDIX

## **The tax strategy applies to the following entities:**

- a) Rathbones Group Plc, a public limited company, listed on the London Stock Exchange.
- b) Rathbones Investment Management Limited, a limited company holding a banking licence UK
- c) Group trading subsidiary companies:
  - Arcticstar Limited
  - Castle Investment Solutions Limited
  - Investec Wealth & Investment Limited (acquired in 2023)
  - Murray Asset Management UK Limited
  - Rathbones Trust Company Limited
  - Rathbones Legal Services Limited
  - Rathbones Asset Management Limited
  - Vision Independent Financial Planning Limited
  - Saunderson House Limited

References to “UK Taxation” are to the taxes and duties set out in paragraph 15(1) of Schedule 19 of the Finance Act 2016 which includes Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax and Stamp Duty Land Tax.

