

DECEMBER 2023

# Tax Strategy

## Summary of our approach to tax

- The Board of Directors provide leadership by demonstrating a low tolerance approach to tax risk and ensuring that the business only undertakes transactions to meet its commercial objectives.
- The Board of Directors ensure appropriate controls are in place to manage tax risk, in particular, to maintain Shaftesbury Capital's low risk rating with HMRC and its REIT status.
- We have regular discussions with HMRC with the objective of maintaining an open and transparent relationship in respect of our tax affairs.
- We are committed to ensuring that we act with integrity and pay the correct amount of tax on a timely basis.

## Our business

Shaftesbury Capital PLC ("Shaftesbury Capital") is a leading central London mixed-use Real Estate Investment Trust ("REIT"). Shaftesbury Capital's purpose is to invest to create thriving destinations in London's West End where people enjoy visiting, working and living.

## Overview of our tax status

As a UK REIT, our net profits and gains from our UK investment properties are exempt from corporation tax. We are obliged to meet certain requirements to maintain our REIT status which include the requirement to make a mandatory distribution each year of 90% of our net rental income profits as a Property Income Distribution ("PID"). These PIDs are subject to UK withholding tax at 20% unless the recipient has met the conditions to receive gross payment and made the appropriate notification of its status to us. Our shareholders are subject to tax on PIDs received as profits of a UK property rental business in accordance with their specific tax profile.

We are still subject to corporation tax on our non-REIT income including the taxable income in our joint venture entities which are outside the REIT regime. We also collect and pay other taxes including payroll taxes, VAT, Stamp Duty Land Tax and business rates.

## Our approach to tax governance

Our Tax Strategy is reviewed and approved annually by our Board of Directors but monitored on an ongoing basis throughout the year to identify any updates required as a result of legislative or business changes. Our Board of Directors is responsible for managing tax risk in our group assisted by appropriately qualified tax professionals in the internal tax team and external tax advisors when required. They are also assisted in this by the Audit Committee and the Risk Committee, which provide regular oversight on tax risk and governance to assist the Board to fulfil its responsibilities in respect of tax governance.

To ensure a consistent approach to tax risk and governance our Board of Directors has put in place a Business Code of Practice and a Financial Crime Policy, which set out the principles under which we expect both staff and external parties dealing with us to govern their conduct. This ensures that all parties are aware of our low tolerance for tax risk and that we are committed to acting with integrity and transparency compliant with our tax obligations. Our employees also receive regular, ongoing training as appropriate on these matters.

## **Our tax risk management processes**

Tax is an integral part of the Finance function of Shaftesbury Capital. The tax team, members of which are qualified tax professionals, observe applicable laws, rules, regulations and disclosure requirements in managing risk effectively. This includes monitoring compliance with REIT status conditions; filing complete and accurate returns; making tax payments due on a timely basis and otherwise ensuring that controls and arrangements are in place to maintain our low risk rating with HMRC. In addition, the Tax Team reports to the Board of Directors on the tax implications of all significant business transactions.

Tax risk is managed through strong internal review and compliance procedures which are continuously monitored and reviewed to ensure continuing compliance with applicable legislation and disclosure requirements. These procedures also ensure that we satisfy our obligations under the Senior Accounting Officer regime and comply with the Corporate Criminal Offences legislation.

The tax team is integrated into the business allowing it to work across the group to identify and track all tax risks that may impact Shaftesbury Capital. A comprehensive tax risk register is maintained and reviewed quarterly by the tax team and the Risk Committee.

The status of Shaftesbury Capital's tax position is reported half yearly to the Audit Committee and quarterly to the Board of Directors with ad hoc communication in the interim as appropriate. The half yearly and quarterly reports summarise Shaftesbury Capital's tax position with particular focus on material transactions, legislative updates and their impact on Shaftesbury Capital.

## **Our attitude to tax planning**

We have a low tolerance for tax risk and are committed to maintaining our REIT status and low risk rating with HMRC. Therefore, all transactions we undertake are required to have a primary commercial purpose and not be tax-driven. While we will seek to use available reliefs where possible, it is not our intention to pursue tax planning proposals that are deemed aggressive, carry significant reputational risk from a corporate perspective and/or would impact negatively our relationship with HMRC.

While we aim for certainty on all tax positions we adopt, in areas of tax uncertainty and complexity, we will seek specialist advice as appropriate from professional, external advisers as well as engaging in constructive discussions with the relevant tax authority including seeking advance clearance as appropriate.

## **Our relationship with HMRC**

We meet regularly with our Customer Compliance Manager at HMRC to provide updates on significant business transactions and their tax implications seeking advance clearance, where appropriate. We contribute to responses to formal HMRC consultations through industry bodies.

We take reasonable care to ensure that our tax reporting and disclosure is correct and accurate. However, if we identify an error, we will voluntarily disclose it to HMRC and settle any resultant additional tax, interest and penalties. We will also review and strengthen the controls in place to ensure similar errors are not repeated.

We strive to be open, honest and transparent in our relationship with HMRC. We consider this collaborative working approach in our dealings with HMRC to be an important factor in maintaining our low risk status with HMRC.

This tax strategy is published in compliance with paragraph 16(2) Schedule 19, Finance Act 2016 for the financial year ending 31 December 2024.  
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