





Ensuring that we pay the right amount of tax, in the right place, at the right time is core to our commitment to being a responsible business.



Because Tax Matters

Our impact is shaped by the work we do in providing trust and confidence to the capital markets; in supporting growth and competitiveness; and in building skills and developing future leaders. Engrained in all our work is our commitment to being a responsible business.

During FY17, we launched 'Because tax matters', which gives our practitioners the opportunity to use their skills and tax expertise to give something back to the community. We work with two major tax charities in the UK – TaxAid and Tax Help for Older People – which give free advice to people who are on low incomes or from other vulnerable groups. Our volunteers offer in-person and telephone support, allowing the charities to help a greater number of people.

As part of our One Million Futures social impact programme, 'Because tax matters' also focuses on education. We're developing material for the Business Studies curriculum with The City of London Academy to help students better understand their finances, pay slips and how tax will affect them. Some of our One Million Futures partner schools are in the most deprived areas of the country and have asked us to offer similar education sessions to parents as well as students.

'Because tax matters' has already seen us change the way we work with charities and social enterprises, building in more elements such as pro bono services. For example, we have created tax labs that help charities prioritise how they use resources, allowing them to keep costs down and use their donations to help those most in need.





Tax policy: Financial year ending – 31 May 2018

This policy applies to Deloitte LLP and all UK entities in its group.

The policy covers our approach to arranging our own tax affairs. How we advise clients is addressed in our UK Tax Advisory Principles (Appendix 2).

Ensuring that we pay the right amount of tax, in the right place, at the right time is core to our commitment to being a responsible business and Deloitte LLP makes a significant contribution to the UK Exchequer each year.

Our tax policy comprises five key components:

1. Commitment to compliance

We are committed to compliance with tax law and practice in the UK. Compliance for us means paying the right amount of tax in the right place at the right time. It involves disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs and incentives where available.

2. Responsible attitude to arranging our tax affairs

In structuring our commercial activities we will consider – among other factors – the tax laws of the countries in which we operate, with a view to maximising value on a sustainable basis for our partners or employees. For example, we will

often look to take steps to reduce the risk of double taxation (i.e. the same income being taxed twice in two different jurisdictions). Any structuring that is undertaken will have commercial and economic substance and will have full regard to the potential impact on our reputation and broader goals. We will not put in place any arrangements that are contrived or artificial. We prepare all UK partners' tax returns and ensure alignment with our UK Tax Advisory Principles.

3. Effective risk management

Given the scale of our business and volume of tax obligations, risks will inevitably arise from time to time in relation to the interpretation of complex tax law and nature of our compliance arrangements. We actively seek to identify, evaluate, monitor and manage these risks to ensure they remain in line with our objectives. Where there is significant uncertainty or complexity in relation to a risk, external advice may be sought, particularly in relation to our international tax obligations. We have a rolling programme of Internal Audit activity focused on our tax controls. We seek to adhere to the low risk characteristics set out in HMRC's Business Risk Review methodology.

4. Constructive approach to engaging with HMRC

We engage with HMRC with honesty, integrity, respect and fairness and in a spirit of co-operative compliance. Wherever possible, we do so on a real time basis, to minimise tax risk. Whilst we will not take positions on tax matters that may create reputational risk or jeopardise our good standing with taxing authorities, we are however prepared to litigate where we disagree with a ruling or decision of a tax authority, having always first sought to resolve any disputed matters through active and transparent discussion.

5. Board ownership and oversight

This tax policy is aligned with our **Ethics Code** and is approved and owned by the Executive and overseen by the Board.

Deloitte LLP regards this publication as complying with the duty under Sch 19 FA16.





Appendix 1



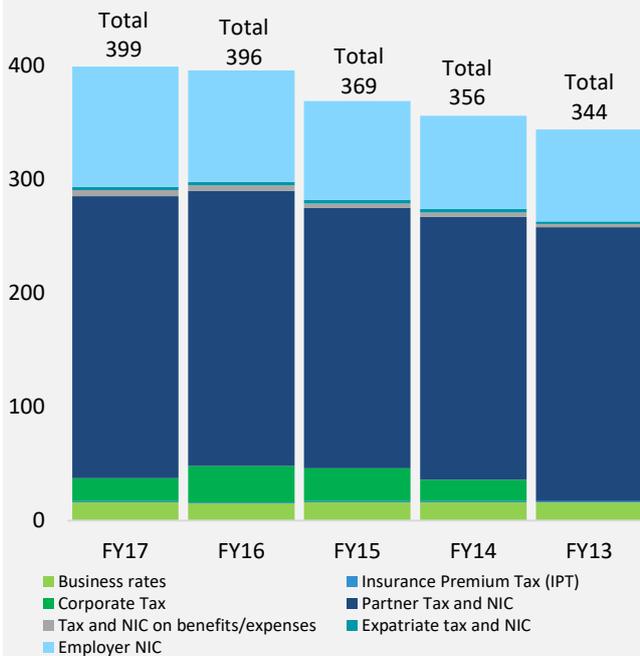
UK tax contribution

Deloitte makes a significant contribution to the UK Exchequer through the taxes paid by the members and the business. In total this is estimated to be £399m in respect of the past year (2016: £396m). The partnership itself does not pay tax as UK tax rules look through a partnership to its members.

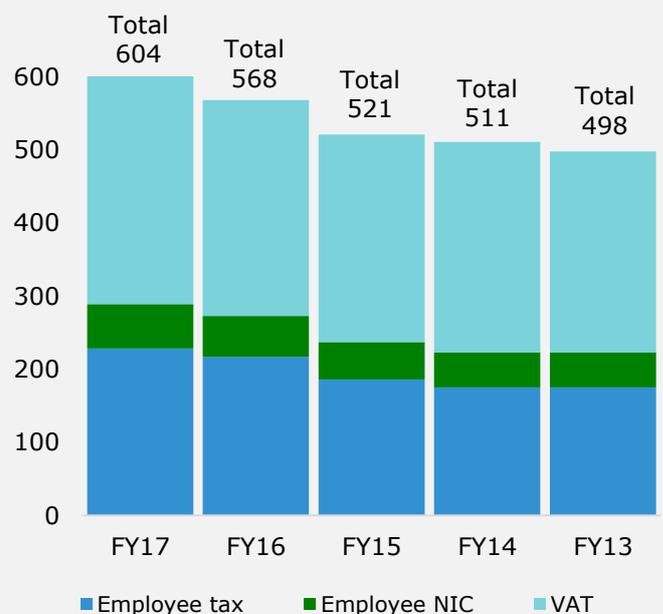
The tax borne by the members of Deloitte relates to the profits earned by them. Income tax and national insurance payable by members on the current year profit arising in the UK are estimated to be £248m (2016 –£242m). This resulted in an average effective rate of tax for members of approximately 49.8% (2016 actual: 49%).

In addition, Deloitte has collected business taxes on behalf of the UK Exchequer of £604m (2016: £568m) which includes employee tax and national insurance of £289m (2016: 273m) and VAT of £315m (2016: £295m).

Taxes paid by Deloitte in the UK (£m)



Taxes collected by Deloitte in the UK on behalf of others (£m)





Appendix 2



Deloitte UK Tax Principles

Our firm's reputation is founded on our underlying values of integrity, ethical standards, independence, trustworthiness and quality. These values apply as much to our tax services as any other part of our business. The Deloitte UK Tax Advisory Principles set out below, together with our Ethics Code govern our approach to providing tax advice to clients.

This professional and ethical framework is in full alignment with the ICAEW's standards for tax planning published as part of its Professional Conduct in Relation to Taxation.

1

We do not promote artificial tax planning structures

We do assist our clients with planning their tax affairs in relation to their business and commercial transactions. We believe that our clients should only engage in tax planning that has commercial or economic substance. We do not support tax planning that appears highly contrived or artificial.

2

We believe in full disclosure and transparency over our clients' and our own tax positions.

We never rely on the tax authorities either not knowing about or not understanding the transactions we advise on. We ensure we are always clear in our disclosures. Our tax advice will always assume full disclosure of the facts to the tax authorities, and will not rely on the client winning an "audit lottery". This also means that in situations where, for wider business reasons, a client has a preference in a "tax haven" jurisdiction, the lower levels of disclosure associated with some of those jurisdictions are never relied on to make the relevant arrangement successful. We do not advise where secrecy is necessary to avoid challenge or paying the right amount of tax at the right time.

3

We only advise clients on tax arrangements where we have a high degree of confidence that our view is correct and would prevail in the Courts.

It is impossible to entirely predict the interpretations that the tax authorities and the Courts will make, and we will therefore make our clients aware of risks as part of our advice. Where we are aware that we are advising on an area of the law that is quite uncertain or likely to be the subject of litigation, we will bring this to our client's attention and recommend consultation with legal counsel.

4

In giving our advice, we always consider the specific facts and circumstances relating to each client's own position.

We will always seek to ensure that each client understands and appreciates the implications of our advice before acting on it. In more complex cases, our advice will include consideration of and practical assistance in the necessary steps to apply our advice to our client's situation.

5

We always consider wider risks and circumstances relating to each client and the possible implications of the course of action we are considering.

This includes consideration of the ability of the client to understand the advice and any uncertainties or variables, their ability to successfully implement our advice, the impact on their reputation and the alignment with other commercial or personal goals or objectives.





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