

Deloitte.

Our tax advisory principles
A distinctive approach



Introduction



Our vision at Deloitte is to be the distinctive firm; defined by the impact we have on the success and reputation of our clients and the broader contribution we make to the society in which we operate. That vision supports our broader purpose of driving sustainable economic growth and improving high value skills in the UK.

We have a strong belief that good governance and transparency contribute to the trust in, and ultimately the success of, our firm. Our Impact Report, our Audit Transparency Report and our Annual Stakeholder Forum are all part of our efforts to achieve this. In addition to these initiatives, we feel that bringing together and restating our principles on how we help our clients manage their taxes will contribute to our distinctive approach.



Our role, clients and regulators



The Deloitte Tax practice – our role

We assist our clients in managing their tax affairs in an efficient and compliant manner. Given the complexity both of domestic legislation and cross border interaction, a large part of our business is aimed simply at helping companies and individuals navigate that complex landscape, and comply with its rules and reporting requirements in a timely and accurate way. We also help clients through the complex tax consequences of transactions, restructuring and international expansion.

We help our clients deal with tax risks that they face, generated either by their business or personal activities or in complying with regulations to calculate, disclose and report tax information. Such reporting may be in returns, financial statements or other information.

Our business also trains hundreds of people every year in tax law and practice, with many of them moving on to hold roles performing similar duties for UK and international businesses.

The Deloitte client – who we act for

Deloitte will only act for clients who meet our high standards of integrity and conduct. We are required by our own internal rules as well as the law to ensure we understand who owns and controls the client organisation or entity, and that these owners and managers meet appropriate standards of integrity, probity and capability.

We also ensure through our contractual engagement terms and due diligence that our clients intend to and will comply with tax laws and our standards of full disclosure and transparency with tax authorities.

In advising our clients we will always consider the organisation or individual's ability to understand our advice including the wider impact of it on their affairs. This consideration includes the client's reputation and relationships with their own stakeholders.

Equally we identify and avoid the potential for actual and perceived conflicts of interest.

Our regulators

Our tax services are governed by the rules, regulations and codes of conduct of a number of professional bodies including the Chartered Institute of Taxation, the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of Scotland.

This framework of rules means that we ensure that, amongst other things, our partners and staff continue their professional education, are subject to public complaints and disciplinary procedures and observe the need to consider the public interest in accordance with codes of conduct.

We help our clients deal with tax risks that they face, generated either by their business or personal activities or in complying with regulations to calculate, disclose and report tax information.

Our tax advisory principles



Our firm's reputation is founded on our underlying values of integrity, ethical standards, independence, trustworthiness, and quality. These values are embedded into every element of our firm and cover:

- how we work with clients;
- how we determine our strategy;
- how we manage our own business;
- how we shape and respond to our wider impact in the world.

These values apply to our tax services as much as any other part of our business. In advising our clients, we should always apply the following principles to everything we do:

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 presence 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.

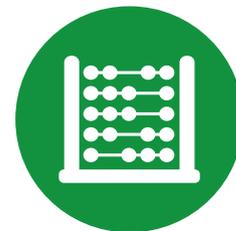
3. We only advise clients on tax arrangements where we have a high degree of confidence that our view is correct and would prevail in the Courts. It is impossible to entirely predict the interpretations that the tax authorities and the Courts will make, and we will therefore make our clients aware of 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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Our tax practice



We also seek to apply standards and principles to the way we operate as professional tax advisers in more general terms:

A. Our engagement letters expressly allow us not to bring planning ideas to our clients at our discretion based on our view of the appropriateness of the idea to the client's circumstances, and the application of our principles. There may be situations where we consider it technically arguable that a certain position could be advised upon, but if giving this advice would constitute a breach of these tax planning principles or other ethical or professional standards, we will not advise on that course of action.

B. In situations where our view of the law differs significantly from the view we know the tax authorities hold, we believe it is right to alert those authorities to this. Where the tax law has been changed to specifically close down a tax outcome that we have considered, we will not deliberately seek to undermine that policy action.

C. We contribute to the development of tax policy, administration and legislation in various ways. These include participating in consultations with government in the UK and the European Commission, as well as on other non-governmental groups such as BIAC, the CBI and Institute Tax Faculties for example. We also provide staff on a secondment basis to work in HM Treasury and HM Revenue & Customs from time to time. In addition we make representations and maintain a regular dialogue with appropriate members of government departments. We do not 'lobby' for changes to law which might benefit particular clients or groups of clients; rather our contribution is limited to the likely practical and commercial impacts of policy and in assisting government in developing simple, high quality legislation and practice.

D. Where we gain insight into the development of tax policy or practice through working with government we do not take advantage of this. We believe that we perform a valuable function in assisting governments in the effective implementation of tax policy. We never abuse the 'inside knowledge' that might arise from this work.

There may be situations where we consider it technically arguable that a certain position could be advised upon, but if giving this advice would constitute a breach of these tax planning principles or other ethical or professional standards, we will not advise on that course of action.

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Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Tel: +44 (0) 20 7936 3000 Fax: +44 (0) 20 7583 1198.

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