



Charter Court
Financial Services Group plc

Group Tax Strategy

September 2019

1. Introduction

1.1 Scope

Charter Court Financial Services Group plc, together with its subsidiaries (together “The Group”), operates through three brands – Precise Mortgages, Exact Mortgage Experts and Charter Savings Bank – providing buy-to-let and specialist residential mortgages; mortgage servicing, administration and credit consultancy; and retail savings products.

Charter Court Financial Services Group plc, a public limited company is registered in England and Wales, is listed on the London Stock Exchange.

This strategy applies to Charter Court Financial Services Group plc and to the group of companies headed by Charter Court Financial Services Group plc in accordance with paragraphs 16 of Schedule 19 to the Finance Act 2016. A list of the entities to which it applies is set out in Appendix 1. In this strategy, references to ‘Charter Court Financial Services Group plc’, or ‘the Group’ are to all entities within Appendix 1. The strategy is being published in accordance with paragraph 16(4) of the Schedule.

This strategy applies from the date of publication until it is superseded. References to ‘UK Taxation’ are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax (including Bank Corporation Tax Surcharge), PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to ‘tax’, ‘taxes’ or ‘taxation’ are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the Group has legal responsibilities.

1.2 Aim

The Group is committed to full compliance with all statutory obligations and full and timely disclosure to relevant tax authorities. The Group’s tax affairs are managed in a way which takes into account the group’s wider corporate reputation in line with the group’s overall high standards of governance.

The Group has formally adopted and complies with HMRC’s Code of Practice on Taxation for Banks (“Banking Code”).

2. Governance in relation to UK taxation

Ultimate responsibility for the Group’s tax strategy and compliance rests with the Board of Charter Court Financial Services Group plc, and is delegated as follows:

- Executive management of the Group’s tax affairs is delegated by the Board to the Chief Financial Officer (‘CFO’);
- The Group Audit Committee’s and the Board Risk Committee’s requirement to monitor the integrity of the Group’s financial reporting system, internal controls and risk management framework, expressly includes those elements relating to taxation;
- Day-to-day management of the Group’s tax affairs is delegated to the Finance Director, who reports to the CFO, and the Head of Group Tax, who reports to the Finance Director. The Finance Director and Head of Group Tax are supported by the Accounting team;
- The Accounting team is staffed with appropriately qualified individuals;
- The Board ensures that the Group’s tax strategy is one of the factors considered in all investments and significant business decisions taken;
- The CFO reports to the Group Audit Committee and the Board Risk Committee and the Board on the Group’s tax affairs and risks during the year.

3. Risk Management

The Group operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to the Group's financial reporting system. In particular:

- The Group seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its tax obligations;
- Processes relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required;
- Appropriate training is carried out for staff who manage or process matters which have tax implications;
- Advice is sought from external advisers where appropriate, for example, in significant transactions;
- The Group has reasonable procedures in place to prevent any associated persons (employees, agents, or other persons associated with the Group) from facilitating tax evasion.

4. Attitude towards tax planning and level of risk

The Group manages risks to ensure compliance with legal requirements in a manner which ensures payment of the correct amount of tax.

The Group commits to complying with both the spirit and letter of tax law by discerning and following the intentions of Parliament. As such the Group will not undertake tax planning that aims to achieve a tax result that is contrary to the intentions of Parliament. In particular:

- The Group will only engage in tax planning which supports genuine commercial activity;
- The Group will only enter into a commercial transaction that is structured in a way that gives a tax result for the Group which is not contrary to the intentions of Parliament;
- The Group will seek to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation;
- The Group does not provide any tax planning advice to customers;
- The Group does not offer any lending or savings products designed to facilitate tax avoidance; and
- Where the Group offers tax-free savings products, such as ISAs, they are structured so that they can only be used in a way consistent with the intentions of Parliament.

The level of risk which the Group accepts in relation to taxation is consistent with its overall objective of achieving certainty in the Group's tax affairs. At all times the Group seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the CFO is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question. The Group has therefore a low risk appetite.

5. Relationship with HMRC

In compliance with the Banking Code the Group acknowledges the importance of maintaining an open and honest relationship with HMRC in relation to its tax affairs.

The Group is committed to maintaining compliance with the Code. As such the Group will:

- fully disclose significant uncertainties in relation to tax matters;
- 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.

Where the Group considers that there is potential for the tax treatment to be uncertain, it will discuss its plans with HMRC in advance.

In the event of an issue arising the Group will maintain an open and honest relationship with HMRC to ensure the issue is resolved promptly and satisfactorily.

List of entities covered by this tax strategy

- Charter Court Financial Services Group plc
- Charter Court Financial Services Limited
- Exact Mortgage Experts Limited
- Charter Mortgages Limited
- Broadlands Finance Limited