

TAX STRATEGY



Swansea University
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Tax Strategy

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1. Introduction

1.1 Purpose

This document sets out the University Group strategy on UK and overseas taxation for the financial year ended 31 July 2027. This Tax Strategy confirms the University's approach to risk management and governance whilst explaining the level of risk that is deemed acceptable. The Strategy outlines the University's attitude towards tax planning and explains how it interacts and engages with HM Revenue & Customs.

The University regards this Strategy as complying with the Finance Act 2016 Schedule 19 paragraph 16.

1.2 Scope

The Tax Strategy applies to Swansea University and all related subsidiary entities in accordance with the Finance Act 2016 Schedule 19 paragraph 16. A list of subsidiaries in existence at the start of 2026-27 is included in section 6 below, with the Strategy also applying to all new subsidiaries created or acquired during the year.

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 include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, customs duties, excise duties and Stamp Duty Land Tax. References to "tax", "taxes", "taxation" are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the University has legal obligations.

This Strategy is agreed by the Chief Financial Officer and the Finance and Strategy Committee and approved by the University Council. This Strategy will remain in place for the 2026-27 financial year, unless superseded by a later version. This Strategy will be reviewed annually.

1.3 Taxation Status

Swansea University was established by Royal Charter in 1920 and became a registered charity (no 1138342) in 2010. The University is registered with Medr, the Commission for tertiary Education and Research.

The University is potentially exempt from taxation in respect of gains derived from its charitable purpose. This includes teaching, research, publishing, ancillary services, royalties, most investment income and chargeable gains to the extent it is applied exclusively to charitable purposes. This exemption does not extend to group entities.

As an eligible body, the University is partially exempt for UK VAT purposes as the provision of education is an exempt supply. The allocation of VAT is agreed with HM Revenue & Customs in the Partial Exemption Special Method.

Commercial activities, including consultancy operated within the University group attracts applicable VAT and are liable to Corporation Tax. Taxable losses are shared between the tax group entities with the intention for any surplus profits, where appropriate, to be paid under gift aid to the University negating the liability.

The University is an employer and operates the UK PAYE scheme as well as complying with overseas legislation for employees working outside of the UK.

Where the University operates overseas, it receives appropriate advice regarding UK and overseas taxation matters for each country.

The University group operations are complex and varied which increases the complexity in its tax affairs.

1.4 Objectives

The Tax Strategy objectives include:

- a. How the University will work with HM Revenue & Customs and overseas tax bodies to meet statutory and legislative requirements.

- b. The University's plans to manage tax risks and opportunities, identifying and reducing the inherent risks.
- c. The level of risk that the University is prepared to accept.
- d. The management of appropriate taxation planning, ensuring tax and reporting compliance.
- e. How the strategy supports the furtherance of the University's objectives.

1.5 Guiding principles

The University is committed to conduct its tax affairs in line with the best ethical practice and professional standards. The following guiding principles set out how the university will manage its taxation.

- i. Seek to comply with all relevant tax laws, rules, regulations and reporting requirements wherever it operates by:
 - a. Accounting for and paying taxation accurately and timely.
 - b. Documenting and maintaining controls, processes and procedures.
 - c. Promoting awareness of the need for tax compliance across the University group.
 - d. Applying professional care and judgement to decision making.
 - e. Seeking appropriate advice as required, in particular for complex and unusual transactions or where law is subject to interpretation.
 - f. Making prompt disclosure to HM Revenue & Customs or any other worldwide tax authority of all known tax inaccuracies.
 - g. Keeping up to date with changes in legislation, best practice or sector guidelines.
 - h. Not sanctioning arrangements with any third party other than on arm's length terms.
- ii. To apply due diligence to the management of risks associated with tax matters, ensuring that governance and procedures are appropriate, managing commercial and reputational risk by application of the tax strategy.
- iii. To undertake only transactions and structures that support the University's charitable aims and objectives, or those which have a commercial rationale linked to the charitable aims.
- iv. Seeking to use legitimate incentives and tax reliefs to minimise tax liabilities but not entering into transactions where the main purpose is gaining a tax advantage. Not intentionally making interpretations of tax law that are opposed to the original spirit of the tax legislation.
- v. To use a risk-based approach to tax-compliance when prompting dialogue with HM Revenue & Customs or any worldwide tax authority, ensuring transparency and open dialogue, and fostering good working relationships based on integrity and collaboration.
- vi. To employ suitably qualified tax staff and to support their Continuing Professional Development whilst actively participate in sector forums sharing best practice.

2. Management of UK Tax Risks

2.1 Responsibilities

The following responsibilities are recognised in the Tax Strategy:

- a. Statutory obligations.
- b. Reporting obligations.
- c. Prompt disclosures of tax errors.
- d. Ethical decision making using the appropriate level of risk.
- e. Careful management of finances in line with the charitable objectives.
- f. Contractual and fiduciary responsibilities.

3. Risk

3.1 Risk Factors

The University commits to reviewing risks relating to taxation on a regular basis, updating the tax risk register as appropriate. Specific risks include:

- a. Complexity of a top 30 UK research-led University, being a multi disciplined organisation with increasing worldwide activities.
- b. Complexity of the Higher Education Sector compliance reflecting the tax reliefs available to charities.
- c. Fast pace of change within the University and the Higher Education sector.

3.2 Internal control framework

The Council is responsible for ensuring there is a sound system of internal control to support the achievement of the University's aims, strategic objectives and policies, while safeguarding the public and other funds and assets for which it is responsible. The system of internal control is risk based and designed to manage, rather than eliminate the risk of failure to achieve strategic objectives and as such, the system provides reasonable, but not absolute, assurance against material misstatement or loss. These internal control procedures work to ensure that the risk of inaccuracies of the underlying tax data is minimised.

The University has structured its accounting systems and processes in a way to minimise tax risk to the lowest acceptable level. Financial procedures are maintained and updated as necessary. Frequent financial self-reviews are undertaken by the Taxation team and through Internal Audit, and externally by tax experts on individual processes.

The University's Schedule of Delegation and Schedule of Financial Limits are designed to ensure proper use of the University's resources, documenting accountability and forming part of the management framework, ensuring accurate and effective financial management, including taxation.

3.3 Risk management

The key elements of the University's system of risk identification and effective risk management include the following:

- a. Linking the identification and management of risk to the achievement of institutional objectives through an on-going annual planning process.
- b. All risks, including governance, management, quality, reputational and financial are included within the University's Risk Register, which is managed and maintained by the University's Senior Leadership Team through a clearly articulated policy and approach. The Risk Register produces a balanced portfolio of risk exposure which focuses on the most important key risks.
- c. Evaluating the likelihood and impact of risks becoming a reality as part of that same process and establishing mitigating controls.
- d. Having review procedures that cover business, operational, compliance and financial risk.
- e. Embedding risk assessment and internal control processes in the ongoing operations of all units.
- f. Reporting regularly to the Audit, Assurance and Risk Committee, and then to Council, on internal control and risk.
- g. The Audit, Assurance and Risk Committee receives regular reports from internal audit, and the internal audit and strategy plan is approved by the Audit, Assurance and Risk Committee.
- h. Reporting annually to Council the principal results of risk identification, evaluation and management review.
- i. Regular monitoring and review of the effectiveness of the internal control system processes and procedures is informed by the University's professional Internal Auditors giving rise to monitored action where necessary and appropriate.

The University's approach to risk in relation to taxation aims to reduce tax risks as far as reasonably acceptable, achieving certainty of tax treatment where possible and ensuring that submissions are accurate and timely.

3.4 Governance

The Council is the governing body and thus the supreme authority of the University, meaning that it is ultimately accountable for the conduct and activity of the University and its representatives. The Council is responsible for determining the strategic direction of the University and for the finance, property, investments and general business of the University.

The Council has established four governance committees, at which much of its detailed work is initially handled: Audit, Assurance and Risk Committee; Finance and Strategy Committee; Governance and Nominations Committee; and Remuneration Committee. All of these committees are chaired by lay members of Council and have a majority of lay members. Senior officers of the University attend meetings as necessary. All Committees report their decisions to Council, and are formally constituted, with their own terms of reference and membership approved by the Council on the recommendation of the Governance and Nominations Committee.

Responsibility for the group taxation rests with the Chief Financial Officer for values below £50,000 and the Vice Chancellor for higher values. The Associate Director of Finance, reporting to the Chief Financial Officer, is supported by the Taxation Manager and the Head of Payroll & Pensions in managing the day-to-day taxation affairs of the University. The Taxation Manager and the Head of Payroll are supported by small teams. The University employs suitably qualified staff within the tax team, with staff being responsible for maintaining their Continuing Professional Development and with active sector participation encouraged.

Only the Associate Director of Finance, Taxation Manager and Head of Payroll are authorised to provide taxation advice, seek advice from tax experts, or liaise with HM Revenue & Customs. Taxation advice is provided as part of the internal business, and the University does not authorise any individual to provide personal tax advice, including to employees.

3.5 Stakeholders

Key stakeholders to the University Group Tax Strategy are:

- a. The Vice Chancellor and the Registrar & Chief Operating Officer, who will represent the Tax Strategy in various University forums and committees, including Council.
- b. The Chief Financial Officer, who will oversee the University's Tax Strategy and advise the Finance Committee.
- c. The Director of Estates and Campus Services, who will advise upon university property developments and ensure that due consideration is given to their tax efficiency.
- d. The Senior Leadership Team and the Professional Services Leadership team, who will ensure that staff are aware of working within the University's Tax Strategy.
- e. Directors of subsidiary companies who are responsible for the tax compliance of the individual companies.
- f. The Finance Business Partnering team who will promote the tax strategy in day-to-day operations.
- g. The tax and payroll teams who will act as professional tax advisors to the University in the support of the tax strategy.

4. Attitude to Tax Planning

4.1 Attitude to tax planning

The University recognises its duty for the group to be compliant with taxation legislation and is committed to acting with honesty and integrity. At all times, the University aims for the group to comply with regulatory and statutory obligations, both in the UK and overseas as appropriate, reporting and paying the correct tax in a timely manner.

The principles or code of conduct are not to intentionally make interpretations of tax law that are opposed to the original spirit of the tax legislation; the University is committed to not using tax avoidance schemes. The University principles aim to optimise its tax position by using legitimate incentives and tax reliefs to minimise tax liabilities as permitted by legislation, so as to maximise funds to support the University's core charitable objectives.

From time-to-time the University may seek the advice of tax experts to ensure compliance. The University will further use experts to seek judgement where there are complexities within interpretation of the tax legislation or to support with legitimate tax optimisation. The University will seek the advice of international tax experts for overseas operations or partnerships as appropriate.

5. Relationship with the Tax Authorities

5.1 Relationship with the tax authorities

The University aims to have a transparent and constructive relationship with tax authorities worldwide, wherever it operates. All dealings with tax authorities will be open and honest, they will be conducted professionally and in a timely manner. The University seeks to work collaboratively with tax authorities.

With regard to HM Revenue & Customs, the University is committed to:

- a. Engaging with HM Revenue & Customs in a professional, open, collaborative and timely manner.
- b. Make fair, accurate and timely disclosures, responding to queries and information requests in a timely manner.
- c. Work collaboratively with HM Revenue & Customs, seeking to resolve issues as soon as possible.
- d. Bringing certainty to the University's tax affairs by promptly and proactively entering into discussions with HM Revenue & Customs, on complex matters where the tax treatment is uncertain.
- e. Bring to the attention of HM Revenue & Customs significant transactions, unusual transactions, tax planning and strategy as appropriate.

6. Subsidiaries

6.1 List of University group subsidiaries

The tax strategy applies to all entities within the University group including:

- a. Swansea Materials Research & Testing Ltd (06907603)
- b. Swansea Innovations Ltd (03494913)
- c. SU Pathway College Ltd (10689532)