



**HILLINGDON**  
LONDON

# **London Borough of Hillingdon Tax Strategy**

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## **1. Introduction**

1.1 This document sets out the tax strategy of the London Borough of Hillingdon. It considers the Council's approach to the management of its tax affairs, including policies and procedures, compliance, tax risk, tax planning and relationship with the tax authorities.

1.2 While not required to publish its tax strategy, the Council chooses to do so as it wishes to demonstrate transparency in its commitment to managing its tax affairs.

1.3 This strategy will be reviewed annually by the Finance department and will be placed before the Corporate Director of Finance for approval.

## **2. Governance**

2.1 The supporting governance framework and overall management of tax risk is the responsibility Corporate Director of Finance. Specific controls and procedures are in place at an operational level to ensure compliance with relevant tax legislation and to mitigate tax risk.

2.2 Internal audit provide an independent assurance that underpins good governance. Internal audit are required to undertake an effective internal audit to evaluate the effectiveness of its risk management, internal control and corporate governance processes. A summary of any periodic review is submitted to the Corporate Management Team and Audit Committee.

## **3. Overriding Principals**

3.1 In line with the Corporate Code of Governance, and consistent with its wider values, the Council is committed to being fully compliant with all tax laws, rules and regulations. It will conduct its tax affairs in an open, honest and timely fashion.

3.2 The Council will not seek to gain a tax advantage through tax avoidance, but will seek to manage its tax affairs in an efficient manner while following both the letter and the spirit of the law.

3.3 In order to achieve this, the Council undertakes to:

- Take all reasonable steps to ensure that it is fully compliant with tax legislation and pays the right amount of tax at the right time
- Maintain an open, honest, and collaborative relationship with the tax authorities
- Respond to all queries and enquiries in a timely fashion

- Where the correct tax treatment is ambiguous, take the appropriate external advice and act in accordance with that advice, making disclosures to the tax authorities as appropriate
- In cases of dispute, act transparently and fairly, aiming to resolve the dispute in a manner that preserves good working relationships

#### **4. Policies and Procedures**

4.1 The Council has a number of policies and procedures covering various aspects of its financial management. All such policies and procedures are formulated to ensure that the Council is fully compliant with its tax obligations. Such procedures are subject to regular internal review as well as periodic external review to ensure that they are, and remain, fit for purpose.

#### **5. Management of tax risk**

5.1 Tax risk falls into three broad headings

##### 1. Compliance risk

Procedures or processes are deficient in ensuring that the right amount of tax is paid at the right time.

##### 2. Transactional risk

Transactions are entered into without fully considering and evaluating the immediate or wider tax implications.

##### 3. Reputational risk

The wider damage that risks may have on the Council's relationship with its stakeholders, including the tax authorities, staff, and the public.

5.2 As with any organisation of this size and complexity, it is impossible to completely eliminate tax risk. However, with careful management, the incidence and impact of tax risks can be significantly reduced.

5.3 The Council manages its tax risk by ensuring that there are sufficient well-developed compliance processes and procedures in place, and that these are subject to monitoring and regular internal reviews.

5.4 The approval process for large, complex, or unusual transactions requires that the tax implications are identified and fully considered before approval is given.

## **6. External Support**

The Council has regular support from its external tax advisor PS Tax which includes access to a fast response helpline as well as risk and compliance reviews. For large or unusual transactions, the Council will engage additional specialist legal and tax advice when required.