**The University of Manchester**

**Tax strategy**

**September 2023**

**Scope**

The University of Manchester is an independent corporation established by Royal Charter on 1 October 2004.

It is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Office for Students is its Principal Regulator. The objects of the University of Manchester as set out in the Royal Charter are “to advance education, knowledge and wisdom by research, scholarship, learning and teaching, for the benefit of individuals and society at large”. The University of Manchester undertakes certain activities through subsidiary companies, resident both in the UK and elsewhere, as well as through foreign branches.

The University of Manchester is an exempt charity and a Charitable Company under Part 11 of the Corporation Taxes Act 2010. It therefore benefits from exemptions and reliefs from taxation in the UK.

This tax strategy applies to the University of Manchester and all its related, subsidiary entities in accordance with paragraphs 19 and 25 of Schedule 19 to the Finance Act 2016. A list of the entities to which it applies is set out below. In this strategy, references to the “University” are to the University of Manchester and all those entities so listed.

This strategy applies for the year ended 31 July 2024. This strategy has been published in accordance with paragraph 16(4) of Schedule 19 of the Finance Act 2016 by being made available on the University’s website. 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 and Stamp Duty Land Tax. References to “tax”, “taxes” and “taxation” are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the University has legal responsibility.

**Overall aim**

As a charitable organisation the University of Manchester benefits from exemptions from many taxes in the UK. It will be rare for the University to benefit from exemptions that exist in other overseas tax jurisdictions. Where taxation obligations exist, the University is committed to complying in full with those obligations and to disclosing in full all relevant information to tax authorities, whilst also trying to optimise its tax position so that funds available to support its charitable mission are maximised.

This tax strategy will be reviewed annually and updated accordingly in response to sector and legislative developments.

**Tax policy – principles**

The University’s policy to conducting its tax affairs is aligned with its overall strategic plan. The University is committed to conducting its tax affairs consistent with the following principles:-

1. Comply with all relevant laws, rules, regulations, statutory reporting and disclosure requirements wherever it operates.

2. Ensure that the tax strategy is at all times consistent with the University’s overall strategic plan, its approach to risk and its values.

3. Apply professional diligence and care in the proactive management of risks associated with tax matters, achieve certainty of tax treatment wherever possible, and ensure that governance and assurance procedures are appropriate.

4. Foster constructive, professional and transparent relationships with tax authorities, based on principles of integrity, and collaboration.

5. Take advantage of available reliefs, exemptions and incentives in order to optimise its tax position in the conduct of its activities, but will not use them for purposes which are knowingly contradictory to the intent of Parliament and the spirit of the relevant legislation.

**Governance in relation to UK and overseas taxation**

The Board of Governors is the University’s governing body and carries the ultimate responsibility for the University’s overall strategic direction and for the management of its finances, property and affairs generally. Therefore the Board of Governors has effective overall responsibility for the tax strategy of the University.

The Finance Committee is primarily responsible for the oversight of the University’s financial strategy and its financial viability.

Ultimate responsibility for the day-to-day operation of the University’s tax affairs, excluding payroll, rests with the Chief Financial Officer. The Director of People and Organisational Development is responsible for UK payroll taxes and for overseas payroll taxes.

The Deputy Director of Finance reports to the Chief Financial Officer and has day-to-day authority to manage the tax affairs of the University and oversee those of the subsidiary entities. Day-to-day management of payroll taxes sit with the Head of People & OD Operations and Reward.

The University has a central tax department and a payroll technical department. Both departments work with the aim of ensuring that all taxation obligations and risks are identified and managed appropriately in line with the University’s objective to have full disclosure and be compliant with all obligations.

**Risk management**

The University seeks to minimise its exposure to taxation risks through involvement of the tax department in all major transactions, whether new or on-going, and for any material changes in business. Financial Regulations set out the requirement for finance staff and University departments to seek clearance or involvement of the tax department where appropriate.

The University’s tax department is staffed with appropriately qualified individuals, who undertake internal and external training and participate in various taxation, charity and higher education focused associations to maintain and develop their knowledge of taxation and keep up-to-date with changes in legislation, interpretation and best practice.

Internal control procedures and processes exist within the University finance departments and systems with the aim of ensuring that information and documents that underpin taxation returns and submissions are accurate and complete. Taxation returns and submissions are subject to appropriate levels of internal review prior to their submission.

If the tax treatment of specific transactions or other matters is uncertain or requires external consideration or confirmation or involves a specialist area of taxation for which the University tax team does not have the necessary knowledge then the University seeks professional advice from suitably qualified, external advisors.

**Relationship with HMRC and other tax authorities**

The University aims to have a constructive and transparent relationship with HMRC and other tax authorities wherever it operates around the world. All dealings with tax authorities and other regulatory bodies will be conducted professionally, courteously, collaboratively and in a timely manner to ensure that the University’s aim to meet all its statutory and legislative tax requirements globally are met.

The University benefits from having a dedicated Customer Compliance Manager. As part of this relationship, and in the context of the University’s relationship with HMRC, the University’s Tax Team commits to:

* maintaining as low a risk profile as possible with HMRC (for an institution of this nature) by demonstrating openness, competence and responsiveness and by the application of strong reliable governance, systems and controls so that the need for regular detailed review of the University’s activities by HMRC is minimised; including seeking clarification from HMRC where there is doubt as to the correct tax treatment.

This will be evidenced by the following:

* Regular meetings and/or communication with HMRC in respect of developments in the University’s activities, current, future and retrospective tax risks, governance and interpretation of the law in respect of all relevant taxes;
* Engage in full, open and early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions;
* Make fair, accurate and timely disclosures as soon as reasonably practical after they are identified;
* Aim to minimise the risk of future challenge to any tax positions taken and gain certainty in the University’s tax affairs by proactively entering into dialogue with HMRC in real time with regard to issues where the correct treatment is uncertain;
* Seek to resolve issues with HMRC on a real time basis and before returns are filed if possible, and where disagreements arise, work with HMRC to resolve issues by agreement (where possible);
* Interacting with other HEIs and providing feedback and support to the British Universities Finance Directors (BUFDG) Tax Group. This includes representation on committees, participating in e-mail networks and attending meetings and training events to encourage the sharing of best practice and to influence tax policy in respect of the HE sector at regional and national level.
* Respond to Tax Consultations as appropriate, either directly with HMRC or via the University Sector representative association, BUFDG, and / or the Charity Sector tax representative body the CTG.

Any questions in relation to the Tax Strategy document should be referred to the Chief Financial Officer.

**List of active entities covered by this tax strategy (excludes dormant companies and companies that are in the process of being closed)**

The University of Manchester

University of Manchester Innovation Factory Limited

The University of Manchester Conferences Limited

The University of Manchester Car Parks Limited

University of Manchester Worldwide Limited

Manchester Business School (Shanghai) Limited

Manchester Worldwide Institute of Higher Education (South East Asia) Pte Ltd