



THE MEDICAL PROTECTION SOCIETY LIMITED
TAX STRATEGY

INTRODUCTION

This document sets out the relevant aspects of the tax strategy of The Medical Protection Society Limited (MPS) and its UK subsidiary companies (together “MPS UK group”). The strategy is relevant to all UK taxes applicable for MPS UK group.

Ownership of the strategy rests with the Council of MPS; the Council reviews the strategy at least annually and is responsible for its approval before publication.

Monitoring of the application of the strategy is the responsibility of the Council’s Management Oversight Committee, with executive responsibility delegated to the Executive Director – Finance. The MPS finance team are ultimately accountable for the implementation of the strategy and ensuring it is followed by all relevant areas of the group.

One objective of the tax strategy is alignment with MPS’s wider vision: “We will provide the most expert, trusted and valued protection to enable our members around the world to deliver healthcare”. MPS is expected to demonstrate appropriate responsibility and accountability in all aspects of its operations, including its approach to taxation; as a mutual organisation MPS must act in the collective best interest of its members at all times.

This strategy is published in accordance with paragraph 16 of Schedule 19 to the Finance Act 2016.

MANAGING THE TAX RISKS OF MPS UK GROUP

Given the nature of MPS UK group, its tax risks require careful review and management. This process begins with the finance team, who analyse the operational tax risks. Significant issues are escalated to the Executive Director – Finance, who in turn has discretion to seek guidance and direction from the Council or one of its sub-Committees. Tax risks are also reported to the Executive Director of Risk and Compliance, recorded on the MPS UK group Risk Register where relevant, and are subject to review.

MPS UK group also seeks advice from external sources to manage tax risks; such sources include international accountancy firms, lawyers and, if required, senior tax counsel. These external advisers are utilised in order to ensure that MPS UK group is following and interpreting tax rules and legislation appropriately and to ensure that MPS UK group is acting within the spirit and direction of various tax laws.

MPS UK group adopts standardised internal control systems and procedures across all its financial activities, including tax compliance matters; care is taken to ensure the integrity of all reported tax numbers and associated disclosures.

Procedures and controls across MPS UK group, including those specifically related to taxation, are subject to periodic internal audit review, as well as wider annual external audit. The executive management of MPS UK group are accountable to the MPS Audit and Risk Committee with regard to the timely and effective resolution of all audit recommendations (internal and external).

MPS UK GROUP'S ATTITUDE TO TAX PLANNING

MPS UK group will not seek to construct transactions or structures, the sole purpose of which would be to reduce its exposure to UK tax. MPS UK group will seek to ensure that its transactions are managed in a way to ensure they achieve an appropriate level of efficiency, but always within the spirit and direction of UK tax laws. As noted above, as a mutual organisation, MPS has a responsibility to safeguard its members' funds, and as such approaches taxation and related transactions in a commercially responsible manner.

MPS has a small number of non-UK entities, which have been incorporated only where there is significant business need and purpose. MPS works to ensure that all local taxes are accounted for and paid, as legally due, and follows local and international law with regard to transfer pricing matters; the intention being to ensure profits are appropriately recognised where value contribution is generated.

TAX RISKS OF MPS UK GROUP

MPS UK group has an objective to maintain a low level of UK tax risk; it aims to ensure that all returns are prepared with adequate supporting evidence of decisions taken and controls applied, and that they are filed on or before all relevant deadlines. Payments are also made on or before required deadlines. Where estimated payments are required, the calculation of these is fully documented; with such supporting documentation being available to HMRC and internal and external audit, should it be required.

A particular area of risk for MPS UK group is around taxation of income and gains from its investment portfolio. The value of these can be very volatile, and the taxation rules complex, and so the taxation treatment is reviewed annually for each fund within the portfolio.

A further strategic intent is to ensure that MPS UK group maintains appropriate tax accounting arrangements in accordance with the requirements of the Senior Accounting Officer regime.

The above aims are delivered through ensuring adequacy of relevant tax processes and ensuring that business areas involved in managing these processes are adequately resourced and trained; talent management and development, along with colleague retention and effective succession planning, are all key aspects of MPS's wider people strategy.

HOW MPS UK GROUP WORKS WITH HMRC

It is always the aim of MPS UK group to be open, honest and transparent in its dealings with HMRC, which is demonstrated through willingness to:

- ✓ engage in face-to-face meetings when required
- ✓ seek pre-transaction clearance if and when appropriate
- ✓ make tax compliance procedure, control and other supporting documentation available on request, and
- ✓ seek constructive resolutions to disputes and potential areas of dispute, particularly with regards the interpretation of law.

The Medical Protection Society Limited

medicalprotection.org
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The Medical Protection Society Limited ("MPS") is a company limited by guarantee registered in England with company number 36142 at Level 19, The Shard, 32 London Bridge Street, London, SE1 9SG.

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