



University of
St Andrews

Tax strategy

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1. Introduction

- 1.1 The University of St Andrews (the “University”) is an exempt charity within the meaning of the Charities and Trustees Investment (Scotland) Act 2005 and, as such, is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988. The University is recognised as a charity by HM Revenue & Customs and is recorded on the index of charities maintained by the Office of the Scottish Charity Regulator (Charity No SC013532)
- 1.2 This document sets out the University’s policy and approach to conducting its tax affairs and management of tax risk. The following strategy is approved by the Audit and Risk Committee. It is proposed that this be reviewed on an annual basis.
- 1.3 This tax strategy applies to the University of St Andrews and to its subsidiary companies. A list of the entities to which it applies to is set out in the latest financial statements of the University and also the group structure published on the [University website](#). All references to the “University” in this strategy are to all these entities.
- 1.4 References to ‘tax, ‘taxes’ or ‘taxation’ are to all UK taxation including - but not limited to - VAT; corporation tax; customs duties; payroll-related tax and other social security costs; and to all corresponding worldwide taxes and duties in respect of which the University has legal obligations.
- 1.5 Increasingly HMRC are adopting a risk based approach to target taxpayers. They are likely to view the University as a lower risk if it has a clear strategy, which they consider acceptable, and to which the University adhere.

2. Objectives

2.0.1 The strategy is encompassed in the following principal aims:

- Pay the right amount of tax
- Act prudently and minimise tax risk using suitable tax planning
- Ensure that staff have sufficient knowledge of taxation to recognise tax issues and act appropriately
- Develop systems to improve the efficiency of tax compliance
- Comply with a set of tax principles
- Maintain a low risk status with HMRC

These are explained in more detail below:

2.1 Pay the right amount of tax

- 2.1.1 The University will always aim to pay the correct amount of tax, neither too much nor too little. We will therefore devote equal efforts in ensuring that we are not overpaying tax as we do to ensuring that we pay liabilities due.
- 2.1.2 Where it does not conflict with the University's operational requirements, we will arrange our affairs to minimise exposure to tax, within the legal framework of both statute and case law; however, we will not engage in arrangements whose sole purpose is the avoidance of tax and which seeks to achieve this through the abuse of the law.
- 2.1.3 Where we believe that we have been unfairly treated by HMRC we will be prepared to pursue our claims, subject to appropriate advice as to our chances of success, through the appeals process and the Courts.

2.2 Act prudently and minimise tax risk

- 2.2.1 The University will seek to identify those areas where we believe there may be tax risks and act to reduce those risks.
- 2.2.2 Where appropriate we will seek advice from external professional advisers and legal Counsel. This in particular applies to new areas of operation (both activities and countries) where there may be different compliance obligations and risks to those usually encountered.

2.3 Ensure that staff have a sufficient knowledge of taxation to recognise tax issues and act appropriately

- 2.3.1 The University will employ appropriately qualified staff in those areas that have responsibility for aspects of taxation, such as payroll, accounts payable and receivable, and the preparation of tax returns.
- 2.3.2 Training will be made available to staff that are required to deal with front line tax issues, e.g. determining the eligibility for reliefs or the liability of a supply for VAT, and written guidance will be made available.
- 2.3.3 We will also keep in touch with other HE institutions, both directly and through the BUFDG, to share best practice and keep up to date with current developments that impact on the sector. The University has made available BUFDG training via their e-learning platform. Please follow this link to the [BUFDG e-Learning page](#). Should any Heads of School or Unit Heads feel that they would like to receive further training then please contact the Tax and Treasury Manager via the following email address vatenquiries@st-andrews.ac.uk

2.4 Develop systems to improve the efficiency of tax compliance

- 2.4.1 Where compatible with operational requirements and commensurate with the risks, the University will develop its systems to improve the efficiency of complying with tax legislation, and in particular to identifying and classifying transactions which impact on taxation, including VAT, Corporation Tax and PAYE.

- 2.4.2 Where systems are being replaced or upgraded, we will consider whether there are any issues of taxation that could be improved upon, subject to considerations of the tax risks, materiality and the costs of implementing such systems.
- 2.4.3 The University will put in place such procedures and controls to ensure compliance with relevant legislation and guidelines in all material aspects.
- 2.4.4 In determining whether a matter is material in this context we will have regard to both the potential amount of tax on a given transaction, the number of such transactions and any potential penalties that might arise.

2.5 Comply with a set of tax principles

- 2.5.1 The following tax principles will help the University to define its “tax personality”, its appetite for risk and how it manages risk within the organisation.
- 2.5.2 The University is committed to conducting its tax affairs consistent with the following principles: -
- i **Commercial substance:** The University should only engage in reasonable tax planning that is aligned with commercial and economic activity and does not lead to an abusive result.
 - ii **Alignment of tax strategy:** ensure that the tax strategy is at all times consistent with the University’s overall strategic plan, its approach to risk and its values.
 - iii **Using reliefs and exemptions appropriately:** take advantage of all 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 legislation.
 - iv **Acting reasonably with the authorities:** The University should interpret the relevant tax laws in a reasonable way, consistent with a relationship of “co-operative compliance” with HMRC.
 - v **Adhering to tax rules:** Comply fully with all relevant laws, rules, regulations, statutory reporting and disclosure requirements wherever it operates. With regards to international matters, the University should follow the terms of the UK’s Double Tax Treaties and relevant OECD guidelines in dealing with such issues as transfer pricing and establishing taxable presence and should engage constructively in international dialogue on the review of global tax rules and the need for any changes.
 - vi **Transparency and openness:** The University should be open and transparent with HMRC about their tax affairs and provide all relevant information that is necessary for HMRC to review possible tax risks.
 - vii **Collaborative relationship with the authorities:** The University should work collaboratively with HMRC to achieve early agreement on disputed issues and certainty on a real-time basis wherever possible.

2.6 Maintain a low risk status with HMRC

- 2.6.1 The University aims to have a good working relationship with HMRC at both local and national levels. We aim to be professional and courteous in our dealings with HMRC and will expect them to reciprocate.
- 2.6.2 We will make appropriate disclosures of any relevant changes in the activities of the University that may impact on the University's tax position and respond openly and honestly to any enquiries HMRC make. Where we disagree with an opinion or ruling of HMRC we will make this clear together with our reasons and, where necessary, follow the usual appeal procedures.
- 2.6.3 Through adherence to this tax strategy, and open dialogue with HMRC, the University will seek to ensure that it can maintain a low risk status with HMRC.

3. Governance in relation to UK taxation

- 3.1 The University operates in accordance with its Statutes and Ordinances, and the University Court is responsible for the administration and management of the affairs of the University. The Court is constituted in terms of the Universities (Scotland) Acts 1858 to 1966 and subordinate legislation (Ordinances and Resolutions). During the period 1953 to 1966 the University of St Andrews was also subject to the University of St Andrews Act, 1953. That act has now been repealed, although certain ordinances made under it are still valid. The Universities (Scotland) Act, 1966, enabled the University Court to exercise by resolution a wide range of powers. It is this Court that is the University's governing body and is the legal persona of the University. The Court comprises a number of members, including ex-officio, appointed and elected lay members, including assessors, academics and fully matriculated student members.
- 3.2 A number of Committees report to University court in key areas.
 - The Audit and Risk Committee has responsibility for overseeing the effectiveness of the University's corporate governance arrangements, financial systems, internal control environment and risk management.
 - The Planning and Resources Committee (PARC) provides strategic oversight of the University's financial, investment, estates and people affairs and advises Court on any other business of particular importance or complexity.
- 3.3 The Chief Financial Officer is responsible for all corporate taxes (both direct and indirect) within the University including the provision of advice, submission of returns and making of payments.
- 3.4 The Director of Human Resources is responsible in relation to tax issues arising from the employment and/or engagement of individuals (i.e. the payment to staff, students, visiting scholars, sub-contractors etc) including National Insurance Contributions for employees.
- 3.5 The Chief Financial Officer and Director of Human Resources ensures that the relevant staff:

- Are appropriately qualified, experienced personnel and are suitably resourced.
 - Are committed to ongoing Continuing Professional Development and are members of the British University's Finance Directors Group (BUFDG) as well as undertaking appropriate training to keep abreast of changes in the tax legislation and best practice.
 - Act as a business partner to the various Schools and departments across the University to provide advice and guidance as necessary and in a timely manner to ensure compliance.
 - Seek professional advice from suitably qualified external advisors where the tax treatment of specific transactions or other matters is uncertain or requires external consideration and confirmation.
 - Conduct risk assessments including consideration of any reputational risk arising from the University's approach to conducting its tax affairs.
 - Liaise with colleagues within the University sector through BUFDG, the wider Not for Profit sector via the Charity Tax Group and also informally with others to ensure the University maintains sector best practice.
- 3.6 Staff involved with tax compliance will use appropriate and effective risk management processes and controls to provide assurance that the requirements of the University Tax Strategy are being met. This will include compliance and risk monitoring systems as well as internal reviews of tax compliance activities across the University.

4. Attitude to Tax Planning and level of risk

- 4.1 The University's attitude and approach towards tax planning is to seek to optimise its tax position by taking full advantage of available tax reliefs, exemptions and incentives aligned with, and in the intended spirit of, current tax legislation, thus retaining and optimising funds available to further the University's core activities and strategic aims.
- 4.2 The University aims to pay the right amounts of tax legally due both in the UK and overseas, recognising that it has a fiduciary duty to act exclusively in its best interests as a charity in the management of its affairs and the application of its property to further the University's purposes for the public benefit. This duty makes it appropriate for the University to engage in reasonable and prudent tax planning and to take advantage of available statutory tax reliefs and exemptions relating to charities where these will assist the work of the charity, encourage genuine donations and coincide with the purposes for which these reliefs and exemptions were created.
- 4.3 Professional diligence and care is applied in the proactive assessment of tax risks and within the overall governance framework set by Court, with a generally cautious approach to risk. Clear and robust conclusions are required on both the level of risk and how the risk should

be managed to ensure compliance with its statutory obligations and in a manner which facilitates payment of the correct amount of tax.

- 4.4 In circumstances where the correct amount of tax may not be clearly defined, or where an alternative interpretation or application of tax law might result in a different tax outcome, the risk will be assessed in a controlled manner, applying best judgement to determine the appropriate course of action. This will usually involve seeking advice from external professional advisers to inform our decision-making process. The University will not, under any circumstances, enter into transactions that have a main purpose of gaining a tax advantage or intentionally make interpretations of tax law that are opposed to what is generally accepted to be the original intention or spirit of the legislation.

5. Commitment to the Criminal finances Act 2017

- 5.1 The University of St Andrews is committed to ensuring that all business carried out by and across the University is conducted with integrity, transparency, and fairness, and in compliance with all relevant rules, regulations, and legislation.
- 5.2 The University of St Andrews and all of its subsidiary companies are committed to preventing the facilitation of any form of tax evasion. We will not engage with any business that does not share our values and our commitment to preventing the facilitation of tax evasion.
- 5.3 The University of St Andrews recognises the importance of fostering positive business relationships and the need to maintain the confidence of the many institutions with which it does business. We will not work with any individual or organisation that is not committed to preventing the facilitation of tax evasion, in compliance with the Criminal Finances Act 2017.
1. The University of St Andrews has nominated a key officer responsible for information, training and queries on CFA 2017 within our organisation — the key officer for CFA 2017 is: Chief Financial Officer
 2. The University of St Andrews regularly reviews its risks and associated processes and procedures (at least annually) to ensure that all steps are taken to prevent facilitation of tax evasion.
 3. The University of St Andrews regularly reviews guidance and legislation (at least twice a year) in relation to CFA 2017 to ensure it is maintaining an appropriate CFA 2017 policy.
 4. The University of St Andrews maintains a register of possible risks of the facilitation of tax evasion by its staff and associates, as well as listing controls to mitigate those risks, and any actions required to improve those controls. This register is regularly reviewed and updated, as and when required in relation to the nature of the specific risks.

6. Contacts / Further Information

6.1 Should you require further clarification or advice on this policy, please contact vatenquiries@st-andrews.ac.uk

6.2 [Criminal Finances Act Statement 2017](#)

6.3 [Criminal Finance Act Policy](#)

Version number	Purpose / changes	Document status	Author of changes, role and school / unit	Date
1.4	Reference to BUFDG training	Approved	WAM2	July 20
1.3	Governance Zone formatting	Approved	CLH20	June 19
1.2	Approved Policy following ARC committee	Approved	CLH20	Nov 18
1.1	Updated Policy following consultation	Approved	CLH20	Sept 18
1.0	Proposed policy for approval	Approved	CLH20	Aug 18