

Your World First

C/M/S/
Law . Tax

Tax policy

CMS Cameron McKenna Nabarro Olswang LLP

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FIRM STRUCTURE

CMS Cameron McKenna Nabarro Olswang LLP is one of the fourteen law and tax firms that make up CMS. CMS has 74 offices in over 42 countries.

Each of the CMS firms is a leading firm in its own jurisdiction(s) and has profound experience in its local market. While each firm is financially independent and does not share profits, they all contribute an agreed percentage of their revenues to fund CMS Legal Services EEIG (European Economic Interest Group).

CMS Cameron McKenna Nabarro Olswang LLP ("the LLP/the firm") heads up all CMS operations in the UK. The operations of the LLP include branches, corporate subsidiaries, joint ventures, local partnerships and permanent establishments in various UK and international locations.

BACKGROUND

CMS has over 7,500 fee-earners and support staff. "Your World First" is our promise to our clients, meaning we are client centric, have world vision and are performance driven. Our business is structured according to the industries our clients work in. We have deep local expertise in many jurisdictions and major global centres. In order to continue to service our clients, we also need to meet our regulatory and tax obligations. This strategy has therefore been formulated to ensure that the firm is not only meeting its tax obligations but to also maximise the benefits that we as a firm can get from having good working relationships with tax authorities across the world.

OBJECTIVE

The firm aims to meet all compliance obligations in all jurisdictions. The main objective of our Tax and Partnership Team is to provide a cost-effective way to efficiently manage tax compliance risk by applying the firm's tax strategy.

The Tax and Partnership Team ("the team") is well equipped with qualified and experienced professionals who are able to apply diligent professional care and judgement to arrive at well-reasoned conclusions that are not contrary to the UK's or any other parliament's intentions.

The Department specifically endeavours to ensure that:

- a) Tax obligations for the members or partners and entities that are connected to the LLP are met.
- b) Recommended business structures provide the most tax efficient solution with acceptable levels of risk for the business.
- c) Good working relationships with tax authorities in all relevant jurisdictions are developed and fostered.
- d) Changes to relevant tax laws are monitored and any adverse impact is mitigated.
- e) Service is provided in a timely and professional manner and reflects depth and breadth of tax knowledge and an understanding of the strategic objectives of the business.

BENEFITS

Our tax strategy is aligned with business strategy to ensure that all compliance requirements are prioritised, adverse public opinion is avoided and financial as well as other costs associated with non-compliance are avoided as much as possible.

It encourages commitment from the team and the firm to ensure full compliance with all statutory obligations, as well as full disclosure to tax authorities as required.

This strategy also provides an accurate way of measuring success and clearly states ways in which objectives can be met, making it easier to implement.

It gives a basis for assessing the quality of the service being provided by the team, which helps to ensure that the tax affairs of the LLP are managed in a proactive manner, while operating in accordance with the law.

STRATEGY DETAIL

The LLP's strategy mainly involves the following;

- (a) Ensuring that relevant tax obligations are met.

The LLP's policy is to ensure that all tax compliance and disclosure requirements in all relevant countries are met. Where compliance processes have been outsourced to external providers, then both the external provider and the entity using the services are required to adhere to this policy.

This policy requires that;

- (i) Statutory accounts of the LLP and its entities, the basis for all tax calculations, are correct and prepared in accordance with Generally Accepted Accounting Principles ("GAAP") and show a true and fair view of the relevant entities' position.
- (ii) Tax returns for all entities and their partners or members are submitted to relevant tax authorities before their filing due dates.
- (iii) Any taxes due are computed correctly and paid to the relevant tax authorities before payment deadlines.
- (iv) Transfer pricing between group companies is based on fair market terms and on the commercial nature of transactions.
- (v) All necessary documentation required for both transfer pricing and other tax related purposes are complete and kept up to date.
- (vi) Documents and tax compliance records are reviewed regularly to ensure that all relevant obligations are being met and that any issues are addressed. Reviews look at not only documentation and direct tax compliance but also indirect tax issues around WHT, VAT and Employee-related issues.
- (vii) To help ensure best practice across the firm and accurate tax accounting, peer reviews have been implemented by different members of Financial Control. Peer reviews by Credit Control, Billing, Cashiers and other relevant departments within Finance help to spread knowledge, ensure best practice and also provide an additional layer of internal control.

- (b) Business structures are tax efficient.

The firm's current strategy is based on the following main components;

- Client focus and prioritising the needs of the client.
- Sector focus which is all about understanding the client's business.
- A performance culture that is linked to getting the best people and ensuring a high level of performance for our clients.
- International growth in order to better service clients in as many geographical locations as possible.

The LLP's tax strategy is to ensure that the most tax efficient structures that comply with local tax regulations are adopted in order to meet the overall strategy above.

Any tax structures adopted will not be motivated by the avoidance of tax or tax planning that is contrary to the intentions of parliament either in the UK or in any other jurisdiction.

Where structures adopted are transparent, the firm will regularly request confirmation that relevant LLP members or local partners are meeting their personal tax obligations.

No employee, member or partner of the LLP and its associated entities is encouraged to take part in any unacceptable tax avoidance schemes.

The firm also relies on reputable external tax advisers when undertaking high risk tax planning to minimise the risk of error and to ensure that any actions taken are not contrary to current tax legislation.

(c) Good working relationships with tax authorities.

The team in the UK and Finance teams in the LLP's international offices have worked hard to bring about good, open relationships with local tax authorities.

This culture will continue to be developed and encouraged. All members of staff are encouraged;

- to prioritise requests from local tax authorities.
- to ensure that adequate checks are in place to produce robust and accurate financial information, including the peer reviews mentioned in (vii) above.
- to meet regularly with their local tax authorities and to update them on any major structural changes to the firm.
- to ensure that clearance is sought from tax authorities where tax legislation is unclear, open to interpretation or transactions involved are complex.
- to fully disclose to tax authorities any significant changes to tax computations or calculations within tax returns.
- to keep up-to-date with changes not only to local legislation but also to local tax authority business structures that can affect tax compliance or the relationship the business has with local tax authorities.
- to update local tax authorities on changes to local Finance teams to ensure that they always have up-to-date contact information.
- to raise issues with local tax authorities in real time and to ensure that any challenges being faced are openly disclosed and resolved as a matter of urgency.

- to ensure that local tax authorities are given full access to finance information as required and that all information is kept securely, is easily accessible, in the correct format and for the relevant amount of time required by law.
- to ensure that all dealings with local tax authorities are done in a professional and courteous manner.

(d) Changes to relevant tax law are monitored.

Finance Department managers are qualified members of professional bodies such as ICAEW, CIOT, ACCA and CIMA. Managers, as part of their continuing development are required to keep abreast with any changes to tax and accounting legislation. The firm's policy is to support staff by providing them with the internal or external training they need in order to effectively carry out their duties.

A key part of this strategy is for the team to keep up-to-date with relevant changes to tax law so as to ensure that any adverse impact to the business is mitigated within the confines of the law.

Where members of staff are not yet qualified, it is the firm's policy to support their career progression by meeting any cost of professional training required and by providing study leave.

(e) Excellent service.

Our client centric, world vision and performance driven approach is encouraged throughout the firm and the team provides the same level of service to the business.

The team is therefore encouraged through the appraisal process, to discover areas of potential development and to ensure that the high standards of performance required of all members of staff are met.

All team members seek to;

- Effectively manage risk by applying the different components of this tax risk strategy.
- Observe all applicable laws, rules, regulations and disclosure requirements.
- Apply diligent professional care and judgment to arrive at well-reasoned conclusions.
- Ensure all decisions are taken at an appropriate level and supported with documentation that evidences due diligence and care.
- Be compliant with not only the regulations of the professional bodies to which they are members but also to comply with other regulations that affect their work such as Money Laundering, Anti-Bribery, the Criminal Finances Act and other relevant regulations.
- Obtain specialist advice when it is required and ensure that all advice received is properly documented and followed.
- Reputable tax advisers such as Deloitte LLP are engaged to provide advice when required.
- Educate partners and other staff members that are not within the team of the financial risks and provide advice on how these risks can be mitigated.

GOVERNANCE RESPONSIBILITY

The firm is managed by the Board, which also has the overall responsibility for the firm's tax strategy.

The board fosters a positive attitude to tax and discourages any tax planning that could adversely impact the firm's reputation or affect its relationships with local tax authorities.

Significant changes to the firm's structure requires a vote by all the members of the LLP. Significant tax planning, new office openings and the firm's tax strategy are all examples of decisions that would require Board approval.

The Board meets monthly and comprises both executive and non-executive members. The board is chaired by the Senior Partner of the LLP.

In addition to the Board, the firm has a Management Committee. The role of the Committee is to undertake all aspects of the day-to-day management and operation of the firm.

The firm's Management Committee is made up of the Senior Partner, the Managing Partner and Directors of the different operational functions of the firm.

Day-to-day tax issues that affect the firm are not normally dealt with by the Management Committee but depending on their seriousness, are initially escalated to the Finance Director who may in turn escalate issues to the Managing Partner.

Tax issues in the firm's international offices are mainly dealt with by Finance Managers who escalate issues to the Group Tax and Partnership Manager before these are escalated to the Finance Director.

IMPLEMENTATION

Implementation of this strategy involves the following;

- a) Regular reviews of indirect and direct tax compliance for the firm and its international offices.
- b) Assessing the quality of the information that is sent out to partners to enable them to prepare their individual returns.
- c) Where tax returns and computations are prepared in-house, to ensure that adequate reviews are in place to ensure that these are correct and filed on time.
- d) Create closer ties with the firm's tax lawyers to make use of specialist expertise.
- e) Regular updates to local tax authorities on forthcoming key business events, changes to structure or tax planning.
- f) Reviews of all tax documentation and regular updates to internal systems to cope with changes to legislation as required.
- g) Refresher courses by the team to educate other members of staff in relation to high risk and complex tax areas such as Global Mobility and VAT.

This strategy has been republished on 30 April 2020 for the year ended 30 April 2020 as required by the Finance Act 2016, Chapter 24 Schedule 19 Part 2 paragraphs 16 and 25 on the Publication of Tax Strategies.