

FINANCE DIVISION

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University of Oxford Tax Strategy 2018/19

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1. Purpose

This document records the University's Strategy regarding UK and overseas taxation.

2. Scope

The University comprises around two hundred departments which constitute the four academic divisions, plus the Gardens, Libraries and Museums division, the University Administration and Services and Oxford University Press. The subsidiary bodies are listed in section 11 below.

3. Taxation Status

In the UK, the University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 472-488 of the Corporation Tax Act 2010 and Section 256 of the Taxation of Chargeable Gains Act 1992. This includes teaching, research, publishing, ancillary services, royalties, most investment income and chargeable gains to the extent it is applied to exclusively charitable purposes.

In the UK, the University is partially exempt for VAT purposes as the provision of education by an 'eligible body' is a core exempt supply in relation to other supplies. The methods of attribution and accounting for VAT are defined in a Partial Exemption Special Method agreed with HM Revenue & Customs.

In the UK, commercial trading activities and fundraising undertaken by the University are operated through its subsidiary companies. This income will attract applicable VAT and the profits are liable to Corporation Tax. However, the taxable profits made by these companies are covenanted to the University and paid under Gift Aid which negates that liability.

In the UK, the University is also a major employer. The University (excluding the Press) operates in line with the Higher Education National Framework Agreement and participates in the Universities Superannuation Scheme.

Overseas, a range of different structures is operated whose status derives from applicable local legislation.

4. Objectives

The Tax Strategy has four core objectives:

- (1) To comply with mandatory tax, compliance and reporting requirements;
- (2) To manage the tax risks and opportunities arising from routine operations;
- (3) To support furtherance of the University's charitable objectives.
- (4) To communicate and coordinate with HMRC, where appropriate.

5. Responsibilities

The University recognises the following responsibilities in defining this Tax Strategy:

- (1) Statutory obligations;

- (2) Reporting responsibilities, including those to tax authorities and the Office for Students (OfS);
- (3) The duty of a trustee to manage finances with the care and skill of a prudent business person;
- (4) To make prompt and open disclosure of all identified tax errors or inaccuracies to the relevant authorities;
- (5) To follow appropriate internal governance procedures;
- (6) An ethical duty to make prudent and appropriate use of public funding;
- (7) Obligations to research funding bodies where appropriate;
- (8) Contractual and fiduciary responsibilities.

6. Guiding Principles

These are the Guiding Principles to the management of the University's taxation:

- (1) To account for tax liabilities in a timely and accurate manner;
- (2) To maintain documented procedures and controls;
- (3) To undertake only transactions or structures that support the University's charitable aims, using legitimate opportunities to minimise tax liabilities;
- (4) Not sanction arrangements with any third parties other than at arm's length terms;
- (5) To make early and open disclosure to the applicable authority of all known tax errors and inaccuracies, and initiate discussion of potentially contentious developments;
- (6) In the UK, to promote a dialogue with HM Revenue & Customs using a risk based approach to tax compliance;
- (7) To employ suitably qualified staff deemed 'fit and proper'; to support Continuing Professional Development;
- (8) To seek professional advice in specialist areas beyond in-house experience, where appropriate;
- (9) To justify any arrangements within these Guiding Principles that fall under the regimes for disclosure schemes;
- (10) To involve key stakeholders in regular liaison;
- (11) To participate in Higher Education sector discussion and to share best practice, as appropriate;
- (12) To keep abreast of changes in legislation and sector guidelines.

7. Risk Assessment

The University fully engages with HM Revenue & Customs to review inherent risks relating to taxation.

Specific risk factors include

- the complexity of the University as one of the leading universities in the world with a highly-devolved organisational structure and increasingly diverse academic activities, including international activities;
- the University's global operation;
- the HE sector carries high level of tax compliance requirements reflecting the various tax reliefs open to charitable bodies; and
- the fast pace of change driven by the exploitation of digital opportunities and an increasing focus on commercialisation.

8. Internal Control Framework

The University's system of internal control provides assurance over the governance, operational, compliance, management, quality, reputational and financial risks to the University. The system of internal control is designed to manage the principal risks to the achievement of the University's aims and objectives efficiently, effectively and economically; to safeguard the assets for which Council is responsible, including public funds and other assets; and to ensure that liabilities incurred are recorded and managed effectively.

The University's Financial Regulations are designed to ensure the proper use of University financial resources, satisfying the University's requirements for accountability, internal control, and the management of financial risk; fulfil any legal or financial obligations established by HM Revenue & Customs, the Office for Students, and other government agencies; and form part of a management framework, designed to ensure that resources are being effectively applied and support the implementation of the University's Strategic Plan.

The University maintains comprehensive web-based documentation of its Financial Regulations, financial processes and controls. These are supported by risk based financial assurance, internal audit and external audit programmes, and additional assurance is provided by independent audits carried out by funding bodies. The University's Audit and Scrutiny Committee provides an annual opinion to Council on the adequacy and effectiveness of the University's system of internal control.

The Press has a separate system of internal control and assurance and a separate internal audit service. The Press's internal control framework is overseen by the Audit Committee of the Press and reported annually to the University's Audit and Scrutiny Committee.

9. Risk Management and Reporting

The University's objectives for risk management are to align risk management with the University's objectives (as set out in the Strategic Plan and elsewhere); to appraise and manage risks and opportunities in a systematic, structured and timely manner, in accordance with best practice; to strengthen decision-making, prioritisation and planning; to achieve the appropriate balance between stability and innovation; and to assign accountability and responsibility for risk within the University. The University's Audit and Scrutiny Committee provides an annual opinion to Council on the adequacy and effectiveness of the University's arrangements for risk management.

The Press operates a separate framework for risk management and this is considered by the Audit Committee of the Press and reported annually to the University's Audit and Scrutiny Committee.

10. Stakeholders

The key stakeholders in the University's Tax Strategy are:

- (1) The Vice Chancellor and the Registrar, who will represent the Tax Strategy in various University forums and committees, including Council;
- (2) The Director of Finance, who will oversee the University's Tax Strategy and advise the Finance Committee;

- (3) The Director of Legal Services, who will advise upon the interaction of tax and charity legislation in respect of the University's aims and objectives;
- (4) The Director of Estates, who will advise upon University property developments and ensure that due consideration is given to their tax efficiency;
- (5) Heads of Division and Department, who will ensure that staff are aware of working within the University's Tax Strategy;
- (6) The Director of Finance of the Press who will oversee the Tax Strategy within the Press and advise the Press's Finance and Audit Committees;
- (7) The Tax Teams who will act as professional tax advisors to the University in support of the Tax Strategy.

11. Subsidiary bodies of the University

Instruct Academic Services Ltd
Jenner Vaccine Foundation

Oxford Ltd
Oxford Mutual Ltd
Oxford Said Business School Ltd
Oxford University Endowment Management Ltd
Oxford University Fixed Assets Ltd
Oxford University Innovation Centres Ltd
Oxford University Innovation Ltd *previously Isis Innovation*
Oxford University Trading Ltd
The Gray Laboratory Cancer Research Trust
Voltaire Foundation Ltd
Oxford Research South Africa Ltd (UK and South Africa)
Oxford University Innovation (Hong Kong) Ltd

Oxford University Development (North America) Inc
University of Oxford China Office Ltd (Hong Kong)
OUC Investments Limited (UK)

Oxford University (Beijing) Science & Technology Co. Limited
Oxford University (Suzhou) Science & Technology Co. Limited
Oxford Advanced Research Centres Limited (UK)

Africa Research Collaboration for Health Ltd
Endowment Estates Ltd
Oxford Angels Network (Dormant)
Oxford University Farm and Woodland Ltd
ToF Corporate Trustees Ltd
Vaccine Manufacture and Innovation Centre UK Ltd
Oxford University Clinic LLP

OELT Limited
Oxford Information Limited
Oxford Publishing Limited
Oxuniprint Limited
Nelson Thornes Limited
Oxford Reference Limited
Denting Keyayaan SDN. BHD
Gapura Cita SDN. BHD.
MyMaths Pty Ltd
OUP Properties SA (Pty) Limited
Oxford Fajar SDN. BHD.
Oxford University Press (China) Limited
Oxford University Press (Cyprus) Limited
Oxford University Press (Macau) Limited
Oxford University Press (Shanghai) Limited
Oxford University Press (Shenzhen) Limited
Oxford University Press (Singapore) Ltd
Oxford University Press Argentina S.A.
Oxford University Press Botswana (Pty) Limited
Oxford University Press do Brasil Publicacoes Limitada.

Oxford University Press East Africa Limited
Oxford University Press Espana S.A
Oxford University Press GmbH
Oxford University Press India Private Limited
Oxford University Press Kabushiki Kaisya
Oxford University Press Korea Limited
Oxford University Press Lesotho (Pty) Limited
Oxford University Press Mexico S.A. de C.V.
Oxford University Press Namibia (Pty) Limited
Oxford University Press ORBIS (Pty) Limited
Oxford University Press Polska Sp. Z.O.O.
Oxford University Press Property Pty Ltd
Oxford University Press Pty Ltd
Oxford University Press Southern Africa (Pty) Limited

Oxford University Press Srl
Oxford University Press Swaziland (Pty) Ltd
Oxford University Press Tanzania Limited
Oxford Yayıncılık Limited Sti