

# Our tax strategy

30 April 2020

**Freshfields Bruckhaus Deringer is an international legal practice, with over 2,500 lawyers in 28 offices across the United Kingdom, Asia, Europe, the Middle East and the United States.**

**This tax strategy statement is published on behalf of Freshfields Bruckhaus Deringer LLP, its subsidiaries, related partnerships and entities (collectively, 'we', 'our', 'the firm' or 'Freshfields') and is approved by the Finance and Risk Committee (FRISC).**

The way we do business at Freshfields reflects who we are and what we stand for. We don't just want to advise our clients well, we want to do so in a responsible and sustainable way. We seek to observe the highest personal, ethical and professional standards in everything we do and to operate with integrity at all times. We also aim to make a positive contribution to the communities in which we work. We understand that acting ethically protects our reputation and that of our clients and we recognise that this responsibility lies with each and every one of us at the firm.

Our tax strategy embodies these values. We are committed to managing our tax affairs responsibly and respecting all applicable laws, rules and regulations in fulfilling our tax compliance obligations across the globe. Our tax strategy summarises our approach to managing our tax affairs globally. The strategy will be reviewed annually and any amendments authorised by FRISC. The publication of this strategy is regarded as satisfying our statutory obligation under Part 2 of Schedule 19, Finance Act 2016 in the United Kingdom.



## Our approach to tax governance

- We exercise strong governance over our tax affairs by reference to detailed tax policies that have been reviewed by the Senior Leadership Team (SLT) and FRISC.
- FRISC is responsible for approving and providing oversight of the firm's global tax strategy and tax policies. FRISC provides strategic guidance in respect of risk and compliance issues, expressly including those elements relating to tax.
- Responsibility for the firm's tax affairs is assigned to the managing partner, with executive management of the firm's tax affairs delegated to the global chief financial officer (CFO).
- Day-to-day oversight of the firm's tax affairs is delegated to the head of Firm's Tax, who reports to the CFO.
- The head of Firm's Tax has responsibility for risk oversight and risk reporting for taxes across the firm.
- The head of Firm's Tax and CFO present to FRISC on matters relating to the firm's tax affairs and tax risks on a regular basis.
- Day-to-day operational responsibility and accountability for the management of taxes is clearly defined within our global tax policies.



## Our approach to tax risk management

Our global tax policies provide the framework for managing our global tax affairs in order that the risk of errors in relation to the calculation of tax is minimised and tax risks are identified, reviewed and addressed in a timely manner and by the right people within the firm. Specifically, our global tax policies:

- clearly define roles and responsibilities in relation to global taxation;
- establish the format for reporting to FRISC on the firm's global tax affairs;
- outline internal tax compliance standards and controls to be applied by those with responsibility for the management or calculation of taxes;
- establish a framework for Firm's Tax to contribute to business decision-making;
- define tax risk materiality and provide a mechanism for the escalation of risk so that material risks are reported to and overseen by FRISC; and
- provide a set of standards to be applied to all engagement and dealings with tax authorities and other stakeholders.



## Our attitude towards tax planning and risk

- We seek to adopt tax positions in our business that respect both the letter and spirit of the law, as well as relevant international standards, and which are supported by genuine commercial activity.
- We assess tax risk in our business decisions by reference to reputational, commercial, technical, financial and operational factors and we actively pursue low-risk outcomes.
- We adopt the arm's length standard for transfer pricing and we seek to implement arrangements where transfer pricing outcomes are consistent with value creation. The Organisation for Economic Co-operation and Development (OECD) guidelines form the basis of our approach to transfer pricing.
- Where there is significant complexity, uncertainty or insufficient in-house expertise around any issues relating to tax, we will take well-reasoned positions based on available legal authority and administrative positions of tax authorities, engaging external advisers where considered necessary.



## Our relationship with tax authorities

We value having good relationships with tax authorities. We are committed to the principles of transparency, collaboration and mutual trust in our dealings with tax authorities around the world. In fostering our relationships with tax authorities we will:

- regularly seek to meet with tax authorities to enable them to understand our business, where it is possible to do so;
- disclose errors as soon as reasonably practicable after they are identified;
- seek to resolve disputed matters through active and transparent discussion and negotiation and by disclosing all relevant facts and circumstances. Where we have not been able to achieve resolution through negotiation, we may seek to resolve the matter through mediation or the courts;
- respond promptly to enquires that are received; and
- where relevant, engage with governments on tax policy or tax reform.



**Freshfields Bruckhaus Deringer**

This material is provided by the international law firm Freshfields Bruckhaus Deringer LLP (a limited liability partnership organised under the law of England and Wales) (the UK LLP) and the offices and associated entities of the UK LLP practising under the Freshfields Bruckhaus Deringer name in a number of jurisdictions, and Freshfields Bruckhaus Deringer US LLP, together referred to in the material as 'Freshfields'. For regulatory information please refer to [www.freshfields.com/support/legalnotice](http://www.freshfields.com/support/legalnotice).

The UK LLP has offices or associated entities in Austria, Bahrain, Belgium, China, England, France, Germany, Hong Kong, Italy, Japan, the Netherlands, Russia, Singapore, Spain, the United Arab Emirates and Vietnam. Freshfields Bruckhaus Deringer US LLP has offices in New York City and Washington DC.

This material is for general information only and is not intended to provide legal advice.

© Freshfields Bruckhaus Deringer LLP, April 2020, 08249