

# Tax management policy



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## 1. Introduction

This policy is in respect of both Performing Right Society Ltd and *PRS for Music Ltd*, to be referred to collectively as “PRS”, “our” or “we” throughout the policy.

We are a not for profit entity, run for the benefit of our members and therefore will not apply an aggressive tax management strategy. Instead, PRS aims to mitigate tax risks in a timely and cost efficient manner, whilst complying with all tax rules and regulations that apply.

## 2. Purpose & scope

### General

The aim of this policy is to set out our; approach to tax, compliance with all rules and regulations and governance of our policy and processes.

This policy covers all our taxes, including but not limited to; corporation tax, value added tax, payroll taxes and withholding tax. It also covers tax services relating to our joint ventures and partners.

### PRS staff

For our staff, this policy provides a guide to our key responsibilities, professional conduct and approach to working relationships with external parties.

## 3. Relevant regulations & guidance

Below is a list of relevant HMRC and local authority regulations and guidance we adhere to:

### Regulations:

- HMRC tax regulations
- Local laws and regulations of relevant overseas tax authorities

### Guidance:

Improving large business tax compliance – HMRC consultation document 22 July 2015  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/447313/Improving\\_Large\\_Business\\_Tax\\_Compliance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/447313/Improving_Large_Business_Tax_Compliance.pdf)

HMRC internal manual - Senior accounting officer guidance  
<https://www.gov.uk/hmrc-internal-manuals/senior-accounting-officers-guidance/updates>

VAT Notice 741A: place of supply of services  
<https://www.gov.uk/government/publications/vat-notice-741a-place-of-supply-of-services/vat-notice-741a-place-of-supply-of-services>

VAT Notice 700/45: how to correct VAT errors and make adjustments or claims  
<https://www.gov.uk/government/publications/vat-notice-70045-how-to-correct-vat-errors-and-make-adjustments-or-claims/vat-notice-70045-how-to-correct-vat-errors-and-make-adjustments-or-claims>

VAT Notice 700/62: self-billing

<https://www.gov.uk/government/publications/vat-notice-70062-self-billing>

UK Transfer pricing

<https://www.gov.uk/guidance/transfer-pricing-transactions-between-connected-companies>

**Other relevant PRS policies:**

Business travel and expenses policy - Dec 2016

## 4. Policy description

### Approach to tax

Our approach to responsible tax management is to pay the correct amount of tax on time and that the tax we pay reflects the underlying commercial transactions across our business and fulfils our legal obligations.

### Responsibilities and professional conduct

Our staff responsible for PRS' tax affairs will aim to:

- Observe all applicable laws, rules, regulations and disclosure requirements
- Apply professional care and judgement to arrive at well-reasoned conclusions
- Ensure all decisions and approvals are taken at an appropriate level (in accordance with our mandated authorities). Supporting documentation that evidences the facts, conclusions and any risks involved should also be provided
- Develop and foster good working relationships with tax authorities and other related third parties
- Undertake all dealings with tax authorities and other third parties in a professional, courteous and timely manner

### Submission and payment

We will pay tax in accordance with all relevant laws and regulations that apply to the activities of the business.

We will strive to make all filing, submissions and payments of taxes on time or, where this may not be possible, agree payment plans with local tax authorities in advance.

Where available, we will file submissions online in order to take advantage of extended filing deadlines.

### Tax risks and external advisors

Our tax team will monitor changes to relevant tax laws and undertake regular training to continue to competently assess and advise on tax consequences.

However, we recognise that tax is a complex subject. Where the tax treatment or reporting requirements of specific items is unclear, subject to interpretation or beyond the

knowledge of the internal finance teams, we will seek external, professional advice. Where possible, any professional advice obtained from third parties will be received in writing.

In accordance with senior accounting officer legislation, we will document all of our tax procedures to show HMRC and other stakeholders that our processes are robust and fully considered. Documentation will be reviewed annually to ensure we comply with agreed procedures and to identify any areas of risk or weaknesses in our processes.

### **Transparency with tax authorities**

We will provide any relevant information requested by the tax authorities without delay in order to accurately establish the company tax liabilities.

We always strive to develop and maintain good, professional and transparent relationships with the tax authorities. We will maintain regular, open dialogue with our customer relationship manager at HMRC.

### **Transfer pricing**

Performing Right Society Limited and PRS for Music Limited are large businesses and connected parties and as such, UK transfer pricing rules apply.

Our tax team will ensure that any transfer pricing adjustments are accurately calculated, consistently applied and must ensure the accountability and transparency of transactions.

### **Managing our tax risk within the business**

The tax team will provide appropriate guidance and work with the rest of the business to ensure our processes and systems are tax compliant and our staff have a clear understanding of any tax consequences.

Our commercial needs should in no circumstances override compliance with all applicable tax laws and regulations.

Our tax team should share knowledge and seek input on any and all matters that could improve the management of our tax risk.

### **Governance**

Responsibility for tax reporting and adherence to our tax management policy sits with our Head of Finance, Tax & Treasury. The accountable party is our Chief Finance Officer, who is also our Senior Accounting Officer.

Our financial accounting team are responsible for filing all tax returns on time and as accurately as possible.

Their responsibilities include; calculating all tax charges in accordance with group accounting policies; providing timely, complete and accurate reconciliations; managing any outsource service providers relating to taxation; responding to tax reporting requests and queries in a timely manner.

They will adhere to all rules and regulations related to documentation retention. As a minimum, they will document and retain all information required to determine the taxable amount and related tax charges, such as accounting workbooks and supporting sheets.

Where possible, documentation will be retained electronically and filed under the correct company, tax type and tax period.

Audit and tax authority enquiries will be managed by the financial accounting team. Where expertise or information is required from other parts of the business, the financial accounting team will liaise with other parts of the business in order to handle all enquiries in an efficient and timely manner.

## 5. Review

This policy will be reviewed annually by the owners listed on page 1.

<b>Version</b>	<b>Date of Change</b>	<b>Description of changes</b>	<b>Authorised by</b>