

Hua Nan Commercial Bank - UK Tax Strategy

27.12.2017

Hua Nan Commercial Bank Limited (“HNCB”) provides commercial banking products and services in Taiwan and internationally.

This Tax Strategy covers HNCB’s operations in the UK (referred to collectively as “HNCB UK” or “we”) via its London branch, and is published in accordance with paragraph 22, Schedule 19, Finance Act 2016.

This Strategy applies to all taxes relevant to HNCB UK and takes effect from the date of publication until superseded or otherwise replaced.

Governance in respect of UK tax

The Branch General Manager (“BGM”) reports to the HNCB Head Office, and has ultimate responsibility for HNCB UK’s tax affairs. Day-to-day management of tax matters rests with the Accounting Manager, who will escalate any matters to the BGM via the Deputy General Manager. In addition, all activities relating to HNCB UK, including taxation matters, are monitored by and reported to HNCB’s Head Office via the BGM.

HNCB also has an Internal Audit Department, based in Head Office, which provides independent assurance over the activities performed by the UK branch.

HNCB UK’s in-house Accounting Department is staffed by suitably qualified professionals who oversee and manage the tax related matters faced by HNCB UK in order to ensure that tax implications are fully considered, and where necessary seek support from external advisors.

We consider our tax affairs to be relatively simple and straightforward. We do recognise, however, that some areas of tax law are complicated and open to certain interpretation. To assist us in maintaining compliance with the UK tax legislation, we will engage with suitably qualified and reputable external advisors, including but not limited to the following scenarios:

- assistance with the preparation of UK tax returns; and
- awareness of and compliance with new tax laws or changes to existing tax laws and practices.

Tax Risk Management

Risk management for HNCB is maintained through the bank’s internal policies and directives which are set by the parent company. Tax compliance and reporting risks, including the prompt submission of accurate returns and the maintenance of appropriate reporting and compliance systems, are the responsibility of the local experienced finance team. External professional support and opinions are sought for jurisdictions outside the UK or on any matters where a significant amount of tax or any uncertainty might arise.

HNCB has set specific guidelines concerning the evaluation and management of risks. There are mechanisms in place to detect risk and to ensure that risk is managed within acceptable levels. Regular risk reports are generated and shared with the relevant internal stakeholders so that they can determine if risk is being appropriately managed within acceptable levels.

In addition, through regular internal meetings and correspondence, the BGM is kept aware of significant transactions or changes to the business to ensure that any tax implications arising from these are appropriately considered taking into account advice sought from external advisors where relevant and necessary.

Level of Acceptable Tax Risk

We take a conservative approach to tax risk. The level of acceptable tax risk is assessed on an individual case basis, based on the relevant specific facts and circumstances, and within our governance framework and conservative tax risk appetite. This, along with our relatively limited scale, and simple and straight forward tax affairs, ensures tax risk is maintained at an acceptably low level.

Maintaining our reputation is paramount and we aim to comply with both the spirit and letter of the law in regard to our tax affairs.

Attitude towards tax planning

We do not engage in any abusive or illegal tax planning arrangements. Furthermore, we will not support tax avoidance or evasion by our clients. Where any tax planning takes place, it is in support of genuine commercial activity. We strive to be efficient with our tax affairs, so we will make use of available reliefs and allowances whilst ensuring we remain compliant with all relevant tax laws and practices.

HNCB UK has formally adopted and complies with HMRC's Code of Practice on Taxation for Banks, which sets out the principles and behaviours expected for Banking Groups with regards to tax.

Approach to dealing with Tax Authorities

HNCB UK maintains an open and cooperative relationship with HM Revenue & Customs ("HMRC"), covering past, present, and where applicable, future events. We achieve this by:

- acting with integrity;
- keeping HMRC informed of any significant transactions or changes in the business;
- meeting statutory deadlines; and
- responding with full disclosure to any queries from HMRC on a timely basis.