# REPORT TO FINANCE & PERFORMANCE COMMITTEE (FPC)

## Report title: EKHUFT Group Tax Strategy 2025/26

**Meeting date:**

**Board sponsor: Chief Finance Officer**

**Paper Author: Director of Finance**

## Appendices:

**Appendix 1 - EKHUFT Group Tax Strategy (March 2025)**

## Executive summary:

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| --- | --- |
| **Action required:** | **Approval** |
| **Purpose of the Report:** | The EKHUFT Group’s Tax Strategy was first approved in September 2021 and is now due for review.  The purpose of the report is to propose an updated strategy for approval, which incorporates the comments made by the Deloitte Accounting firm, following a review in February 2024, as part of their Transfer Pricing work. |
| **Summary of key issues:** | The 2016 Finance Bill requires companies to disclose more information in respect of tax and for larger company groups, to publish their tax strategy. Although this is not a requirement for the EKHUFT Group, given the significance of the two wholly owned subsidiary companies and the associated tax liabilities, a tax strategy is considered good practice.  The Tax Strategy proposes for the Group:   * governance arrangements in respect of taxation * approach to risk management in respect of taxation * attitude towards tax planning and level of risk * relationship with HMRC   The current strategy was agreed by the FPC in September 2021 and has been reviewed by Deloitte in February 2024.Their comments are highlighted on the revised strategy, included at appendix 1. |
| **Key recommendations:** | The Finance & Performance Committee is requested to: -   * + review and approve the updated EKHUFT Group Tax Strategy 2025/26   + recommend approval by the Trust Board and publication of the strategy on the Trust’s website for the 2025/26 financial year |

## Implications:

|  |  |
| --- | --- |
| **Links to Strategic Theme:** | Sustainability |
| **Link to the Trust Risk Register:** |  |
| **Resource:** | Yes   * Efficient use of available Tax reliefs |
| **Legal and regulatory:** | Yes   * The Group seeks to comply fully with its regulatory tax obligations and manage its tax affairs in a way which upholds the Group’s wider corporate reputation. |
| **Subsidiary:** | Yes   * Adherence to a Group wide approach to tax planning and regulatory tax obligations. |

## Assurance route:

Previously considered by:EKHUFT Group Tax Strategy originally approved by FPC in September 2021

# REPORT TITLE: EKHUFT Group Tax Strategy 2025/26

1. **Purpose of the report**
   1. The Group’s Tax Strategy was first approved in September 2021 by the FPC and is now due for review.
   2. The purpose of the report is to propose an updated strategy for approval, which takes account of the comments made by the Deloitte Accounting firm following a review in 2024, as part of their Transfer Pricing work.
2. **Background**

**2.1** The 2016 Finance Bill requires companies to disclose more information in respect of tax and for larger company groups, to publish their tax strategy. Although this is not a requirement for the EKHUFT Group, given the significance of the two wholly owned subsidiary companies and the associated tax liabilities, a tax strategy is considered by the Trust advisors to be good practice. Therefore, a Group Tax Strategy (GTS) was developed and approved by the FPC in September 2021, which outlned the:

* + governance arrangements in respect of taxation
  + approach to risk management in respect of taxation
  + attitude towards tax planning and level of risk
  + relationship with HMRC

**2.2** As part of their Transfer Pricing work, Deloitte were requested to review the GTS. The results of this review are incorporated in the updated GTS 2025/26, included at appendix 1.

1. **Key Changes to the GTS**

**3.1** The main amendments to the GTS, which were suggested by Deloitte and based on HMRC guidance, are highlighted in yellow within the proposed strategy and include:

* + Section 1 - Introduction & Background
    - Based on HMRC guidance and best practice, to insert the requirement to comply with paragraph 16(2) of Schedule 19 of UK Finance Act 2016.
    - The legislation requires that the tax strategy is reviewed and published annually. The previous GTS had a 2-year review period. The period the strategy covers to has been added e.g. 31st March 2026.
  + Section 3 - Governance in Relation to Taxation
    - Deloitte suggestion to insert the officer, within the Group, responsible for ensuring the appropriate tax arrangements are in place (EKHUFT Chief Finance Officer).
  + Section 5 - Attitude towards tax planning and level of risk
    - Deloitte suggestion to reference the Criminal Finances Act 2017, given that compliance to the act is compulsory. The act introduced the corporate criminal offence (CCO) of failing to prevent the facilitation of tax evasion. The Group has a zero-tolerance approach to evasion and the facilitation of evasion by anyone acting for or on behalf of the Group.

**3.2** Deloitte also commented that the HMRC guidance suggests that the tax strategy is Board approved, reviewed and published on the Trust’s website annually for each financial year.

**4. Conclusion & Recommendations**

**4.1** Although GTS is not a legislative requirement for the EKHUFT Group, given the significance of the two wholly owned subsidiary companies and the associated tax liabilities, a tax strategy is considered by the Trust advisors, to be good practice.

**4.2** The Finance & Performance Committee is requested to:

* + review and approve the updated EKHUFT Group Tax Strategy 2025/26
  + recommend approval by the Trust Board and publication on the Trust’s website for the 2025/26 financial year