thirteen
Managing and building homes

Thirteen Group Tax Strategy

Why does Thirteen have a Tax Strategy?

Thirteen Housing Group Limited and its subsidiaries which form the "Thirteen Group" are not subject to the Senior Accounting Officer (SAO) Rules or required by law to publish a Tax Strategy.

Nevertheless, Thirteen voluntarily seeks to ensure compliance with SAO as matter of best practice consistent with HMRC's 2016 guidance and has a Tax Strategy.

What is a Tax Strategy?

A Tax Strategy is a document that clearly sets out:

- How Thirteen manages UK tax risks,
- Thirteen's attitude to tax planning,
- The level of risk Thirteen is prepared to accept for UK taxation,
- How Thirteen works with HMRC and
- any other relevant information relating to taxation.

Below is a Tax Strategy statement, which presents a clear and simple summary for Thirteen tenants. There is a more detailed Tax Strategy that is used for internal purposes and is reviewed by Thirteen Group's Finance Committee and recommended for approval by Thirteen Group's Board. This is not published as it is commercially sensitive.

The statement is presented in compliance with Section 161 and paragraph 16(2) Schedule 19 of Finance Act 2016 in respect of the year ending 31 March 2025 and is approved by Thirteen Association Board.

Who are Thirteen Group?

- Thirteen provides housing across the North East of England, predominantly within the Tees Valley but has stock that ranges from up to Northumberland down to Hull and across to West Yorkshire, some 36,000 homes.

- As well as managing homes, Thirteen offers various wrap around services which benefits tenants and helps maintain people's health, security and happiness.

- Thirteen offers homes for affordable and social rent, shared ownership and supported and sheltered housing. There are also a small number of outright market sale properties. Some of the latest developments and/or acquisition of new homes are offered to tenants under new leases which give the tenant the right to convert a rented property to shared ownership (RtSO).

- Thirteen Group's group structure consists of a parent company which is registered with HMRC as a charitable entity and multiple subsidiary companies which help to achieve the Group's objectives.

- All of Thirteen Group's profits and gains, regardless of which entity they are generated in, are used for the benefit of the group and its objectives. Profits are reinvested back into homes, our services and into brand new homes. Thirteen does not have any shareholders, it is a Community Benefit Society existing for the benefit of the community.

How does Thirteen manage its tax risks?

- Thirteen manages its tax risks by employing people that have responsibility for tax compliance, operating a robust control environment and maintaining a risk register.

- The Chief Resources Officer has overall responsibility for tax compliance, delegating to representatives in the Governance and Finance Team who manage taxes on a daily basis.

- On a triennial basis Finance Committee reviews the Tax Strategy and recommends approval by Board. Board is required to approve a Tax Strategy statement for each financial year, in line with HMRC guidance.

- Tax is considered as part of day-to-day operations and the needs of the business do not override compliance with the applicable tax legislation. Thirteen recognises there might be times when there could be a trade-off between commercial gain and tax efficiency but always endeavours to structure transactions that deliver the best value for money for the Group.

- The members of the finance team responsible for accounting for tax are encouraged to undertake relevant training, keep up to date through professional development and hold suitable qualifications.

- The detailed Tax Strategy is available on Thirteen's intranet for internal use only and is not published as it is commercially sensitive.

What is Thirteen's attitude to tax planning?

- Thirteen Housing Group Limited is recognised by HMRC as a charity for tax purposes and does not undertake aggressive tax planning.

- All tax risks are documented in a risk register that is maintained and reviewed.

- Tax risks relating to material transactions such as a new development of social housing are documented as part of the approval process.

- Where it is considered there is a tax uncertainty or insufficient internal expertise, external expertise is sought to assess tax risks and compliance.

- Thirteen gives due consideration to its reputation, brand, corporate and social responsibilities when considering tax planning.

<u>What is Thirteen's attitude to tax risk?</u>

- Thirteen operates a low-risk, cautious approach to tax and the Tax Strategy is aligned to this attitude as Thirteen recognises that tax can have a significant impact on Thirteen Group's reputation and financial results.

- Thirteen endeavours to be as tax efficient as possible when conducting transactions and considers the tax impact as part of the approval process for new homes development, new business opportunities and investment in existing homes.

- Thirteen employees are encouraged to discuss the tax position in the early stages of any transaction so the tax impact can be understood, and mitigation measures explored as appropriate.

- Thirteen has an agreed escalation process for effective operation of the group's tax affairs with ultimate oversight by Board.

- Thirteen believes in paying the right amount of tax at the right time and only engages in cautious tax planning and does not participate in any tax avoidance schemes.

- Thirteen has a tax risk register which is kept updated and has multiple controls throughout the business to control and manage its daily tax affairs.

- There is an annual external audit carried out by a leading accountancy firm and Thirteen Group's tax reporting and balances are scrutinised as part of this.

- Thirteen has access to external advisors who can provide tax advice as required. The advisors are a leading accountancy firm, separate to the auditors, and work closely with Thirteen and Thirteen's appointed external solicitors as required.

- Thirteen does not operate outside the UK so is only governed by UK legislation which it abides by.

- Records and documents used to prepare tax returns are retained for the periods prescribed in the Finance Act, 6 years from the end of the accounting period.

How does Thirteen conduct its relationship with HMRC?

- Thirteen believes in having a collaborative, positive and transparent working relationship with HMRC.

- Thirteen aims to be considered as low risk by HMRC by reporting its taxes on time, dealing with its taxes in a controlled manner with appropriate oversight and employing suitably qualified employees.

- Where there any inadvertent errors identified, these are disclosed to HMRC in a proactive manner, rectified as quickly as possible as and when they come to light, along with payment of any penalties and interest as applicable.