

## **China Merchants Bank London Branch – Tax Strategy**

**December 2023**

### **Background**

China Merchants Bank London Branch (“the Branch”) is a London Branch of China Merchants Bank Co.,LTD (“CMB”), registered in Shenzhen, China. The Branch was established in January 2016.

This Tax Strategy covers China Merchants Bank’s operations in the UK and is published in accordance with Schedule 19 of Finance Act 2016, replacing the previous version published in December 2022.

The Strategy, relating to financial year ending 31 December 2023, has been set and approved by the Branch Management Committee on 5 December 2023, which is the senior decision-making authority within the London Branch.

### **UK Tax risk management**

The Management Committee has ultimate responsibility for the Branch’s tax affairs, tax governance and controls, complying fully with its tax obligations and maintaining a transparent relationship with UK and overseas tax authorities. The Management Committee, which meets monthly, comprises the General Manager, Deputy General Manager, Assistant General Manager and the respective Heads of the Branch’s business lines.

The Financial Accounting Department is responsible for implementing the tax procedures and policies, which is overseen by the General Manager. The assessment of tax impact is a key stage before new products are launched to ensure they are within the risk appetite of the Branch.

The Branch has tax procedures that are written in its Accounting Manual, which will be reviewed annually to reflect any changes in UK tax laws. The Branch monitors and controls all accounting procedures that may have an impact on UK taxes to ensure the statutory obligations are met.

CMB authorises the Branch to deal with the management of UK tax matters. The Branch will report any tax issues to the Head Office that might impact the tax position of CMB.

The Branch aims to employ or train in-house staff to ensure it has adequate knowledge and skills to comply with tax laws in the UK as well as those of other relevant jurisdictions. Tax risks and changes in the tax legislation are assessed either internally or with the assistance of third-party advisers. When a potential impact is material, or where there is doubt over the interpretation of the legislation due to its complexity, the Branch seeks tax advice from external advisers.

### **Attitude towards tax planning**

The Branch does not undertake tax planning or facilitate transactions that aim to achieve a tax result that is contrary to the intentions of Parliament. The Branch does not adopt tax planning other than that which supports genuine commercial activities or where the arrangements could adversely affect its reputation, and complies fully with its tax obligations. In particular, the Branch will not employ tax avoidance scheme, offshore tax structures or other forms of

aggressive tax planning to reduce its UK tax liabilities. By doing so, the Branch acts in accordance with Section 1 of the Code of Practice on Taxation for Banks, which it has adopted.

#### **Level of risk in relation to UK taxation**

The Branch has a low appetite for tax risk. The Branch takes tax risks seriously and endeavours to reduce the level of tax risk arising from its operations as far as is practically reasonable.

The Branch manages its tax affairs to ensure compliance with both the letter and spirit of the law, and to ensure the correct amount of tax is paid in a timely manner. The Branch has a zero risk tolerance for any tax arising from intentional non-compliance with applicable UK tax legislation.

#### **Relationship with HM Revenue & Customs (HMRC)**

The Branch seeks to have an open and transparent relationship with HMRC.

The Branch provides accurate information to HMRC to the best of its knowledge, keeps a record of correspondence with HMRC and replies to their queries with integrity, care, and diligence.

The Branch seeks to maintain and further build on this relationship through proactive engagement and by contacting HMRC directly, or through external tax advisers, in order to achieve certainty in tax treatments.