

# GROUP TAX STRATEGY

June 2018



## INTRODUCTION AND SCOPE

Founded in 1908, Baillie Gifford is one of the UK's largest independent active investment management firms.

Baillie Gifford is wholly owned by its 44 partners, all of whom work within the firm. Through each successive generation of partners, the singular focus on generating longer term investment results for clients has been the bedrock of our growth. The partnership structure encourages personal responsibility, creating a strong culture of questioning, debate and respectful trust.

Baillie Gifford are long term investors, not speculators, and we have a proud history of corporate citizenship and strong corporate governance. These qualities are at the heart of everything we do.

This disclosure is prepared in satisfaction of Schedule 19 of the Finance Act 2016 and lays out the Baillie Gifford Group tax strategy.

This document is intended to meet these requirements for all impacted Baillie Gifford entities and applies for the financial years detailed below.

|  | Year End         |
|--|------------------|
| <b>Partnership</b>                                   |                  |
| Baillie Gifford & Co                                 | 30 April 2019    |
| <b>Subsidiary Companies</b>                          |                  |
| Baillie Gifford Overseas Group                       | 31 March 2019    |
| – Baillie Gifford Overseas Ltd                       |                  |
| – Baillie Gifford International LLC                  |                  |
| – Baillie Gifford Investment Management (Europe) Ltd |                  |
| – Baillie Gifford Funds Services LLC                 |                  |
| – Baillie Gifford Asia (Hong Kong) Ltd               |                  |
| Baillie Gifford Life Ltd                             | 31 March 2019    |
| Baillie Gifford & Co Ltd                             | 31 March 2019    |
| Baillie Gifford Savings Management Ltd               | 31 March 2019    |
| Baillie Gifford Services Ltd                         | 31 March 2019    |
| Baillie Gifford IT Services (Poland) Sp. z o.o.      | 31 December 2018 |
| <b>Joint Venture</b>                                 |                  |
| Mitsubishi UFJ Baillie Gifford Asset Management Ltd  | 31 December 2018 |

The strategy has been reviewed and approved by the governing body of Baillie Gifford & Co (the 'Management Committee') and the boards of the subsidiary and joint venture companies.

## GROUP TAX STRATEGY

**The Baillie Gifford Group tax strategy is to take a low risk and non aggressive approach to tax.**

This strategy applies consistently across all taxes and jurisdictions in which we operate.

The tax strategy has been developed to support the overall aim of the firm and the main strategies it has adopted to achieve this.

Baillie Gifford takes a responsible approach to the management and control of its tax affairs and related risks.

Baillie Gifford is committed to being a responsible corporate citizen and taxpayer by:

- taking reasonable care to pay the correct amount of tax at the correct time;
- undertaking tax planning only in line with, and in the spirit of tax legislation; and
- taking care to observe national and local laws and regulations in any of the tax jurisdictions in which it operates.

## PARTNERSHIP CULTURE

As a private partnership, each partner of Baillie Gifford & Co is jointly and severally liable for the obligations of the firm and this liability is unlimited.

Underpinning the tax strategy is the partnership culture, which allows the firm to set its strategy without the constraint of short term pressures from outside investors or shareholders. This enables the group to keep its business relatively simple and focus on providing high quality investment management services.

The ongoing nature of the partnership means the group is focused on the long term and does not want to leave any legacy issues, including taxation issues, for future generations of partners to resolve. As such it wants to be compliant with all tax regulations and avoid fines and penalties. This low risk, compliant ethos supported by clear policies and procedures coupled with reasonable care, drives our desire to achieve certainty in our tax affairs by paying the correct amount of tax at the correct time.



## **APPROACH TO RISK MANAGEMENT & GOVERNANCE IN RELATION TO TAXATION**

Baillie Gifford operates a group wide risk management framework, which includes the management of tax risks.

The Management Committee of Baillie Gifford & Co is responsible for the overall strategy and risk profile of the business, which is implemented and overseen by the Group Risk Committee.

Tax risk is managed through a tax control framework within the Baillie Gifford Group with a separate framework for our Funds and Products. These frameworks ensure that tax risks are actively evaluated, monitored and reported to ensure compliance with the overall group tax strategy.

The Group Tax Manager is a Director of Baillie Gifford Services Ltd. and reports to the Chief Financial Officer, who is a member of the Group Risk Committee and a Director of Baillie Gifford Overseas Ltd, Baillie Gifford Services Ltd and Baillie Gifford Savings Management Ltd. The Chief Financial Officer reports to a Finance & Administration Partner who is a member of the Management Committee.

The Funds and Products Tax Management Framework is the responsibility of the Operational Tax Manager, within the Operational Tax team within our Fund Operations area. The Funds Operations area is overseen by a Finance & Administration Partner.

This structure ensures that fundamental tax risks and affairs are reported and considered at Management Committee and subsidiary board level.

## **ATTITUDE TOWARDS TAX PLANNING AND LEVEL OF RISK**

Baillie Gifford is committed to observing all applicable laws, rules, regulations and reporting and disclosure requirements in all jurisdictions in which it operates thereby ensuring the right amount of tax is paid. We conduct our tax affairs in line with our desire to achieve certainty and maintain our reputation as a good corporate citizen.

When undertaking commercial transactions, Baillie Gifford will

consider the availability of tax incentives, reliefs and exemptions in line with, and in the spirit of, tax legislation and the commercial reality of the underlying transaction.

Baillie Gifford has a zero tolerance approach towards tax evasion or the facilitation of tax evasion by any person(s) acting on behalf of the group.

Our tax teams are staffed by professionals equipped with the appropriate knowledge, experience and capability to manage our tax affairs and maintain oversight of the tax risks emanating across the group. Appropriate training and support is provided to all staff who manage or process matters which have a tax implication.

Where there is significant uncertainty or complexity in relation to tax risk appropriate advice will be sought from third party advisors or HMRC, and where the law allows, advance clearance will be obtained from HMRC or overseas tax authorities.

Baillie Gifford considers itself to have a low appetite for tax risk and looks to achieve certainty in the group's tax affairs.

## **APPROACH TOWARDS DEALINGS WITH TAX AUTHORITIES**

Baillie Gifford adopts an open and transparent approach to dealings with HMRC in the UK. This is achieved through regular communications to ensure HMRC are informed of any changes in the business or significant transactions.

Our tax function represents the group in its interaction with HMRC and its priority is always to ensure the integrity of our tax affairs and the maintenance of an open and honest relationship. Our tax submissions are prepared on a full disclosure basis and while every effort is made to ensure all tax filings are accurate, where errors in submissions are identified, we notify HMRC of these promptly and work with HMRC to rectify the position.

Baillie Gifford is committed to adopting a similar approach with tax authorities in overseas jurisdictions in which it operates.

All dealings with tax authorities are undertaken in a courteous, collaborative and timely manner.



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