



Tax Strategy

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Kent County Council's Tax Strategy

It is important that the Tax Strategy has top-level commitment and buy-in. As part of good practice, the strategy will be shared with HMRC. Once implemented it will form part of an annual strategy setting process. This will be updated accordingly to recognise any changes for the Council in relation to tax.

Specific HMRC requirements

The Finance Act 2016, enacted in September 2016 requires a published tax strategy to cover the following specific requirements:

- Governance arrangements in relation of tax.
- Approach to risk management.
- Attitude of the Council towards tax planning.
- The level of risk in relation to UK Taxation that the Council is prepared to accept.
- Approach of the Council towards their engagements with HRMC.
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1.0 Governance arrangements in relation of tax

Kent County Council is compliant with applicable tax legislation by ensuring that all taxes are paid and reclaimed accurately and on a timely basis. Please see tax guidance and procedures ¹ for greater transparency.

Specific support is also provided by specialised consultants engaged by the Council. However, our first internal point of contact will always be the Chief Accountants' Team.

Everything the Council does, should be guided by our values². Further to this, everyone has an active duty to act in the public's best interest and to ensure that the Council uses its resources adequately and appropriately.

The Council has a zero-tolerance approach to the facilitation of tax evasion in any forms by its employees, Members, and stakeholders of any kind. The Council considers that reasonable prevention procedures are in place as part of the Corporate Criminal Offence Act 2017, and this has been clearly communicated to appropriate stakeholders.

Managers are adequately advised on how to authorise expense claims for their staff. Evidence should be provided with the appropriate VAT information.

Other tax considerations that managers need to make include IR35 process, purchasing goods, selling goods and services, vouchers, non-cash awards, P11Ds.

Managers are adequately advised to ensure that the right tax methods are applied and the right decisions in accordance with policies and tax legislations are implemented.

¹ VAT and tax policies [KNet | VAT and Tax \(sharepoint.com\)](#)

² Our aims and values [KNet | Our values and culture \(sharepoint.com\)](#)

2.0 Approach to tax risk management

Risk management is vital for our good management practice, and corporate governance arrangements. However, KCC must ensure that when managers are assessing the risk of a project, they are aware of tax legislations.

The Council has a risk aware culture, and a zero tolerance to tax evasion. This means that decisions should be based on properly assessed risks, and this will ensure that the right actions are taken at the right time. The Council also has a Risk Assessment Register (RAR) which shows good practice.³

Our current robust internal controls support tax compliance. In events where there is a risk of non-compliance of tax requirements, the Council will feed this into management to review their processes to ensure the risk is sufficiently mitigated, it also feeds into the annual audit planning process.

In the event the risk is significant; internal audit will consider progressing an internal audit to provide assurance on the control framework that is in place. The audit will provide an opinion on the levels of controls in place to mitigate the risk. The audit findings will be reported to the Governance and Audit Committee setting out the recommendations and agreed management responses.

KCC expects all stakeholders to be aware of and comply with the Council's code of conduct policies and procedures.⁴ This is because KCC is funded with public money, therefore we are transparent and comply to tax legislation. Examples include in updating tax legislation, attending HMRC webinars, and communication with KCC staff in relation to tax changes.

It is important that the Council provides the appropriate level of tax support with the most current guidance to all staff that require it, and will aim to be involved in any transactional stages needed from initial planning to post-implementation of a project.

The level of risk the Council is prepared to accept for taxation evasion is zero and this is evident because of our robust internal control procedures and training in place. **This is because KCC will not do anything to jeopardize and or discredit the Council's reputation (we are a public body).**

3.0 Attitude to tax planning

We recognise the importance of tax planning, and we have a formal approach. This is because by having a tax plan, the Council can minimize tax liabilities, can take advantages of any allowances such as exemptions, reduces legal hassles and helps to manoeuvre taxable income in various investment plans.

Tax planning is used to support the Council's decision-making process. The Council is committed to ensure compliance in all areas of UK and overseas taxation. This means acting diligently and not doing anything that will discredit our reputation.

³ Risk assessment register

<https://kentcountycouncil.sharepoint.com/sites/KNet/get/Documents/LRA%20Risk%20Assessment%20Register%20and%20Guidance.pdf#search=risk%20register>

⁴ Code of conduct policy <https://kentcountycouncil.sharepoint.com/sites/KNet/Pages/conduct-and-disciplinaries.aspx>

A proactive risk management approach is encouraged as this will often lead to decisions made based on properly assessed risks, and this will ensure the right actions taken at the right time. However, it is not possible to draft regulations to cover every eventuality. The Council will use tax planning to support the business strategy, and as such decisions will have a sound local authority and/ or commercial rationale.

Occasionally, advice may be sought from our specialist consultants, but this will only be the case where the tax law is unclear, open to interpretation or the work requires a detailed level of knowledge.

4.0 Level of risk in relation to UK taxation that the Council is prepared to accept

Our tolerance of tax evasion is zero. A detailed framework for the process of managing and mitigating risk has been developed through a cycle of four stages as part of our Anti- Fraud and Corruption Strategy⁵.

Our approach towards tax risk is prudent and various factors such as impact on the Council's reputation, and impact on the relationships with external stakeholders are always considered.

5.0 Council's approach towards their engagements with HMRC

The Council engages with HMRC openly, honestly, and constructively with a proactive attitude in respect of tax matters which require further guidance or assistance.

The Council co-operates with HMRC appropriately and will enter conversations to assist with the shaping of the tax strategy.

At all times, the Council expects everyone to act within our cultural attributes and our new values 2020.⁶

6.0 Other relevant links

- Corporate Criminal Offence Act.
- Whistle Blowing Procedure.
- Anti-Fraud and Corruption Policy.
- Anti- Money Laundering Policy.
- Bribery Act Policy.

⁵Anti- Fraud and corruption strategy

<https://kentcountycouncil.sharepoint.com/sites/KNet/kentdocuments/Anti-Fraud%20and%20Corruption%20Strategy.pdf>

⁶ Cultural attributes and new values 2020 <https://kentcountycouncil.sharepoint.com/sites/KNet/Pages/our-aims-and-values.aspx>

