



VIVID group tax strategy

Introduction

This document sets out the tax strategy of VIVID Housing Ltd and subsidiaries in accordance with paragraph 16 of Schedule 19 to the Finance Act 2016.

The strategy provides a framework to guide the identification and management of tax risks whilst supporting VIVID's primary objectives of providing more homes to help solve the desperate shortage in our region, tackle the challenge of raising homelessness and at the same time making sure our customers have the support and services needed to have a bright and thriving future.

VIVID is registered under the Cooperative and Community Benefit Societies Act 2014 and is a charitable Registered Provider of social housing. As the social landlord parent of VIVID Group, VIVID provides central corporate services and strategic direction to the other members of the group. All references to the "VIVID Group" in this document are to all group entities. VIVID Group has no overseas operations.

VIVID has been recognised by HM Revenue and Customs as a charity for tax purposes and therefore benefits from tax exemption on certain sources of income and gains, providing that such income and gains are applied for charitable purposes only. Majority of the commercial trading activities undertaken by VIVID are operated through its subsidiary companies and joint ventures with third-parties. The non-charitable subsidiaries in VIVID Group are within the charge to UK corporation tax on their activities, the corporation tax is also payable on the relevant share of the profits from SPVs.

VIVID will seek to minimise its exposure to corporation tax across the group by filing appropriate tax claims and elections and making claims for tax reliefs that are available to it in order to retain its surpluses to reinvest in charitable activities. This will include claims for Gift Aid and group relief to claim the Group's full entitlement to tax relief. The trading subsidiaries will utilise the Gift Aid reliefs available to pay taxable profits to VIVID.

Reference to tax in this strategy includes corporation tax, indirect taxes (VAT), property taxes, including Construction Industry Scheme obligations, and employment taxes. The scope also includes claims for Gift Aid, group relief claims and other beneficial elections in order to claim the group's full entitlement to tax relief.

This tax strategy applies from the date of publication until it is superseded.

Governance of Tax and Tax Risk Management

Governance

The ultimate responsibility of VIVID Group's tax strategy rests with the Group Board and Audit & Risk Committee. Executive responsibility of the group's tax is delegated by the Board to the Finance Director.

Day-to-day management of tax affairs rests with the Head of Finance who oversees and delegates the operation and implementation of various tax compliance tasks to the Finance Team and external advisers as follows:

- Corporation tax returns for group companies are prepared by the independent firm of chartered accountants based on the information provided by the internal Tax Accountant.
- Tax disclosures in the financial accounts are prepared by the Tax Accountant and reviewed by the Head of Finance
- Payroll and employment taxes are dealt with by in-house payroll teams and submitted by the Payroll Manager
- Construction Industry Scheme deductions and returns are administered by the Purchase Ledger Team and overseen by the Tax Accountant.
- VAT returns, including any other VAT compliance work, are dealt with by the Tax Accountant
- Land Transaction Returns are prepared by external solicitors dealing with conveyance/transaction and signed/authorised by the Tax Accountant.

Other teams, especially HR and Governance, work closely with the Finance Team to ensure that group companies are fully compliant with relevant laws and regulations.

The staff involved in managing group's tax affairs are regularly updated by attending internal and external training sessions and are involved in discussions with tax authorities and professional advisers.

External professional tax advice is sought where necessary to ensure that the correct amount of tax is considered in any complex transaction and/or to provide a second opinion.

Tax Risk Management

Processes, activities, transactions and controls in relation to different taxes are reviewed by the Head of Finance and Tax Accountant to identify key tax risks. The key risks are monitored for changes in business and tax legislation, and processes and controls are updated accordingly.

By regularly reviewing our tax affairs and tax risk management procedures, we ensure that the tax strategy continues to be aligned with our overall business strategy and governance framework.

VIVID Group recognises that eliminating tax risks entirely is impossible, therefore the group seeks to reduce the level of tax risk arising from its operations as far as practically reasonable by implementing various measures including:

- Strong compliance procedures ensuring accurate and complete tax returns are prepared and submitted on time
- Ensuring all decisions are taken at an appropriate level and supported with documentation that evidences the facts, conclusions and risks involved
- Taking appropriate professional advice (i.e. usually on high value or particularly complex transactions)
- Maintaining good relationships with tax authorities
- Ensuring the most effective tax elections, claims and options are made thereby ensuring the group does not pay more tax than it is required by current tax legislation and practice.

Attitude to tax planning and level of risk

Our attitude and approach towards tax planning is to seek to optimise our tax position by taking full advantage of available tax reliefs, exemptions and incentives aligned with, and in the intended spirit of, current legislation, thus retaining and optimising funds available to further the group's core activities and strategic aims.

VIVID Group has low level appetite for tax risk and seeks to keep its tax affairs simple. The level of risk which VIVID Group accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the group's tax affairs.

VIVID, being a charitable housing association, recognises the responsibilities it has to a wide range of stakeholders including its customers, employees and tax authorities. The group's Tax Strategy seeks to balance the requirements of these stakeholders in a responsible manner whilst reflecting the regulatory, legal and commercial environment in which the business operates.

VIVID Group will not enter into artificial or abusive arrangements for the purpose of achieving a tax advantage and will not undertake any tax planning which:

- does not comply with current tax laws
- is likely to generate adverse press attention or be damaging to the group's reputation
- adversely impact other group's taxes
- cannot be fully disclosed to HM Revenue and Customs

VIVID Group in managing tax risk ensures compliance with the UK obligations and legal requirements in a manner which ensures payment of the right amount of tax by deploying all available means to provide a high degree of tax certainty.

Relationships with tax authorities

VIVID Group seeks a transparent, collaborative and positive working relationship with HM Revenue and Customs. All dealings with tax authorities will be in a professional, courteous and timely manner.

We are committed to:

- make all tax payments, fulfil all reporting obligations and file all relevant tax returns on time and on the basis of clear and full disclosure
- make fair, accurate and timely disclosures of any inadvertent errors in submissions made to HMRC Revenue and Customs as soon as reasonably practical after they are identified
- provide the information and documentation requested by tax authorities as quickly and as completely as practically possible
- seek to resolve issues with HM Revenue and Customs on a real time basis and before returns are filed if possible, and where disagreements arise, work with HM Revenue and Customs to resolve issues by agreement
- where appropriate, seek pre-transaction clearance from HM Revenue and Customs

List of entities covered by the Tax Strategy

Vivid Housing Limited
Vestal Developments Limited
VIVID Build Limited

Bargate Homes Limited
Bargate SPV1 Limited
Mitre Court (Fareham) Management Ltd