

# Mizuho Bank, Ltd. London Branch - UK Tax Strategy

## Introduction

This policy document sets out the UK Tax Strategy for the London branch ('the Branch') of Mizuho Bank, Ltd., a wholly owned subsidiary of Mizuho Financial Group, Inc. established in Japan.

This document addresses the following:

1. The Branch's approach to risk management and governance arrangements in relation to UK taxation;
2. The Branch's approach to conducting its UK tax affairs, including its attitude to UK tax planning;
3. The level of risk in relation to UK tax that the Branch is prepared to accept; and
4. The Branch's approach towards dealing with HMRC.

## Tax Strategy

The Branch's Tax Strategy is to ensure that the appropriate amount of tax is paid at the right time.

### **1. The Branch's approach to risk management and governance arrangements in relation to UK taxation;**

#### **1.1. Governance arrangements in relation to UK taxation**

The ultimate responsibility for UK tax matters is assigned to the Managing Executive Officer (MEO), who approves the UK Tax Strategy. However, the MEO delegates authority as follows:

- The Head of Europe Department, authorised to perform the Chief Finance Function under the Senior Managers Regime, is tasked with ensuring adherence to and the effective operation of the UK Tax Strategy.
- The Head of Finance, who reports to Management Committee, has functional responsibility for overall Finance, including the Branch's UK tax affairs.
- The Head of Tax reports directly to the Head of Finance, and is responsible for ensuring that the Branch complies with all of its UK tax requirements, with the exception of payroll taxes for which Human Resources is responsible.
- The UK Tax Strategy and its operational application are reviewed annually by the Tax Department and any proposals for revision or amendment are submitted to the Head of Finance and the Head of Europe for approval before tabling before the MEO

In relation to tax risk management, a number of committees have included within their remit risks and controls:

- The Audit and Compliance Committee, which reports to the MEO, monitors the effectiveness of the corporate governance, regulatory compliance and internal controls framework within the Branch, including the tax function. Sub-committees include the Compliance Sub-Committee.
- The Compliance Sub-Committee identifies and reviews all regulatory risks, including tax compliance risks and discusses their mitigation and management.
- The Risk Management Committee who provides the MEO with an integrated, cross-functional view of the Branch-wide risk profile and provides a forum for discussion as to the effective management of the risk. Sub-committees include New Product Sub-Committee.
- The New Product Sub-Committee reviews all new products and ensures that appropriate systems and controls are in place. As part of the Finance Department sign off, tax review / sign off is required for all new products.

## **1.2. The Branch's approach to tax risk management**

Senior Management maintains a prudent approach to tax risk, ensuring that the Branch operates in a manner that supports sustainable business development and growth.

The Branch's tax risk includes: the risk that tax accounting is mis-stated across a period, or incorrect payments are made to tax authorities; failure to meet tax reporting or compliance obligations; risk that new business or products produce adverse tax consequences. To mitigate against this risk:

- Preventative controls are in place, including a preparer and reviewer process and the review by external professional tax advisor when necessary.
- Tax members of staff have appropriate experience and maintain their professional development by such measures as attendance at industry workshops.
- In respect of new tax compliance requirements, the tax team liaises closely with their external professional tax advisors who provide regular updates on developments in the tax world.
- As a member of the New Product Sub-Committee, the Head of Finance is required to sign off

on all new products. This includes a risk assessment to identify tax issues, and also addresses any new process or resource requirements arising out of the new product.

## **2. The Branch's approach to conducting its UK tax affairs, including its attitude to UK tax planning**

The Branch manages its tax risks and complies with statutory requirements in a manner that ensures payment of the appropriate amount of tax that is due. When undertaking commercial transactions, the Branch utilises available tax incentives, reliefs and exemptions in line with, and in the spirit of, prevailing tax legislation.

The Branch does not engage in tax planning other than that which supports genuine commercial activity.

Through its new product approval process, the Branch ensures that tax policy is taken into account in business decision-making processes.

The Branch has adopted the Code of Practice on Taxation for Banks.

## **3. The level of risk in relation to UK tax that the Branch is prepared to accept**

The Branch adopts a low-risk tax strategy and carefully considers the tax implications of all major transactions to ensure that it meets both the letter and the spirit of UK tax law. It does not seek to obtain a tax result that it believes to be contrary to the intentions of Parliament.

## **4. The Branch's approach towards dealing with HMRC**

The Branch seeks to have an open, collaborative and transparent relationship with HMRC which is based on mutual trust and is achieved through communication. Thereby the Branch seeks to establish clarity on tax matters involving significant uncertainty or complexity.

The Branch is committed to observing all applicable tax laws, rules, regulations, reporting and disclosure requirements.

## **Approval and Effective Date**

The Branch considers that the above statements satisfy the qualifying company requirements of Schedule 19 of Finance Act 2016 (Part 2 paragraph 22). This strategy document was approved by the branch's MEO on 1 March 2019 and relates to the accounting period from 1 April 2018 to 31 March 2019.