

# **Tax Strategy Policy - 2022**

**[Finance (No.2) Bill 2016]**

**Dated: 31<sup>st</sup> December 2022**

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## 1. Introduction

GFFM is a UK based FCA regulated firm, who are part of a large multi-national Chinese based business where turnover exceeds the threshold of €750 million and who are subject to CbCR (Country by Country Reporting), which required GFFM to publish its Tax Strategy Policy.

This Tax Strategy document has been approved by the Board of GF Financial Markets (UK) Limited. The purpose of this document is to set out the firm's approach to conducting its tax affairs and how the firm deals with the various taxation related risks that arise from operating in the financial services brokerage sector.

The Policy will be reviewed on a periodic basis by relevant management within the business and any changes will be proposed to the Board of GFFM for subsequent approval.

This Tax Policy document is effective for the year ended **31 December 2022** and will remain in effect until any amendments are approved by the Board of GFFM.

Management responsible for the Tax Strategy policy look to ensure that the strategy is adopted by the firm and that this aligns with the overall approach of the firm to corporate governance and corporate responsibility, as well as the firm's approach to risk management.

## 2. GFFM's Tax Policy

The firm is not a member of a UK sub-group of their Hong Kong based immediate parent or its Chinese ultimate owner. It reports on a stand-alone basis.

The firms Tax Policy is defined as:

- To comply with all relevant rules, regulations and laws, as well as any reporting or disclosure requirements;
- To approach all aspects of taxation governance in a professional manner and apply the highest standards of care and diligence in the management of all risks related to taxation matters;
- Develop and maintain transparent, professional and open relationships with all tax authorities and their respective departments to ensure that there is a relationship built on mutual trust and integrity;
- The firm will use all available reliefs and incentives where available in a manner which is consistent with the Governments policy objectives and not knowingly use them in a manner contradictory to the intent of the legislation.

### 3. The Firms Code of Conduct

#### a. Compliance with the rules, regulations and laws

The firm is committed to ensuring that it follows all the relevant rules, regulations and laws, as well as the reporting and disclosure requirements, whenever the firm is required to do so.

Where required, the firm will take external professional advice from a tax advisory firm with the skill set and experience and ensure that the highest standards are maintained.

#### b. Governance, Assurance and Tax Risk Management

GFFM want all their tax affairs to be transparent and compliant with tax legislation. Management recognise and are aware that managing tax compliance is increasingly complex and are therefore committed to ensuring that resource, both internal and external, are utilised when necessary. The firm has business relationships with advisers that allow GFFM to seek expert advice on specialist areas of tax.

It is important to GFFM that all levels of the business portray a positive view towards tax compliance and the emphasis on the firm to meet its obligations. Any uncertainty will be escalated internally and external guidance sought, should this be required.

Professional care and judgement are used to assess the tax risks and to determine a structured and clear approach.

The risk appetite of the firm in respect of taxation matters is to keep this to a minimum and ensure that steps are taken to assess the risks involved. The Board understands the importance of tax in the wider context of business decisions and have processes in place to ensure that tax is considered as part of the firm's decision-making process, including new business lines and new products traded.

When assessing the risks of a taxation matter the following points are considered:

- The legal obligations for directors and employees;
- The financial impact on the business and the cost / benefit analysis including the potential fines and / or penalties;
- The reputational impact of non-adherence, both with the tax authorities directly, as well as the firm's business reputation being a UK regulated firm;
- Whilst the firm is a single reporting entity in the UK and there are no added complications that arise from a multi-entity multi-jurisdictional group structure\*, there are many aspects to the business that requires a technical understanding on various complex fiscal matters, including in relation to both direct and indirect taxation.

\*= certain tax thresholds may be required to refer to other UK-based Group subsidiaries, including unrestricted loss relief and net interest payable deductibility, should this be applicable. GFFM are not part of a VAT Group.

### **c. Relationships with Tax Authorities**

GFFM is a firm that is committed to maintaining an open and transparent approach to dealing with the tax authorities, across all aspects of direct and indirect taxation and other required disclosures and information required to comply with rules, regulations and legislation. The firm will look to ensure that all communication with the tax authorities and any other relevant body will be conducted in a professional, honest and courteous manner. This will include ensuring resources are made available to respond in a timely manner to any such requests. The firm's focus would be to seek to ensure a prompt resolution and agreement on any disputed matters.

### **d. Incentives and Reliefs**

As part of the firm's tax compliance, GFFM understands that it should pay tax when it is legally due. When there are circumstances where the amount or approach requires interpretation, the firm will look to apply the best judgement in terms of the course of action to take, using any reliefs or incentives that may be available. Full disclosure of the firm's corporation tax position is disclosed in the annual audited accounts, including a reconciliation to the results reported in the period.

### **e. Other Considerations**

There is a requirement to appoint a Senior Accounting Officer (SAO), should the firm be considered a qualifying company. Historically, GFFM have submitted a notification annually to the UK tax authorities, appointing an executive director of GFFM as the SAO who has oversight across the firm's operations and responsibility for tax compliance.

Clarification on the HMRC website shows that GFFM no longer have to appoint a SAO as the SAOG11230 guidance on turnover means that GFFM's revenue disclosure as a broker would be significantly under this threshold of \$200m per annum.

#### *Extract from SAOG11232 – HMRC SAO Guidance:*

*In situations where a company might describe its activities as acting as an 'agent', 'broker' or 'trader' what constitutes turnover will depend heavily on the precise nature of the contract between the buyer and the seller including whether the company is acting as principal or agent in a particular transaction. How the transactions are treated under UK Generally Accepted Accounting Principles (GAAP) should also provide a good indicator of whether it is the gross or net value of the goods or services which constitutes the turnover.*

Internal sign off from a tax perspective will require the Boards approval, an executive director or a senior member of staff with the relevant technical understanding.

Signed on behalf of the Board of GF Financial Markets (UK) Limited:

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M Luo – CEO / Director

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S Shi – Managing Director