Thirteen Group Tax Strategy

Why does Thirteen have a tax strategy?

Thirteen Housing Group Limited and its subsidiaries, which form the "Thirteen Group", are not subject to the Senior Accounting Officer (SAO) Rules or required by law to publish a tax strategy.

Nevertheless, Thirteen voluntarily seeks to ensure compliance with SAO as a matter of best practice consistent with HMRC's 2016 guidance and has a tax strategy.

What is a tax strategy?

A tax strategy is a document that clearly sets out:

- How Thirteen manages UK tax risks
- Thirteen's attitude to tax planning
- The level of risk Thirteen is prepared to accept for UK taxation
- How Thirteen works with HMRC
- Any other relevant information relating to taxation.

Below is a tax strategy statement intended to be easy to understand for the benefit of Thirteen tenants. A more detailed tax strategy is used for internal purposes, reviewed by Thirteen Group's Finance Committee, and recommended for approval by Thirteen Group's Board.

The statement is presented in compliance with Section 161 and paragraph 16(2) Schedule 19 of the Finance Act 2016 for the year ending 31 March 2024 and is approved by the Thirteen Association Board.

Who are Thirteen Group?

- Thirteen provides housing across the North East of England, predominantly within the Tees Valley, but its stock ranges from Northumberland to Hull and West Yorkshire, with some 35,000 homes.

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- As well as managing homes, Thirteen offers various wraparound services that benefit tenants and help maintain people's health, security and happiness. Thirteen offers homes for affordable and social rent, shared ownership and supported and sheltered housing.

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- Thirteen Group's structure consists of a parent company registered with HMRC as a charitable entity and multiple subsidiary companies that help to achieve the Group's objectives.

- All of Thirteen Group's profits and gains benefit the Group and its objectives regardless of which entity they are generated in. Profits are reinvested back into homes, our services and brand new homes. Thirteen does not have any shareholders; it is a Community Benefit Society existing for the benefit of the community.

How does Thirteen manage its tax risks?

- Thirteen manages its tax risks by employing people responsible for tax compliance, operating a robust control environment and maintaining a risk register.

- The Chief Finance Officer is responsible for tax compliance, delegating to representatives in the Governance and Finance Team who manage taxes daily.

- The Finance Committee reviews the tax strategy triennially and recommends approval by the Board. The Board is required to approve a tax statement for each financial year by HMRC guidance annually.

- Tax is considered part of day-to-day operations, and the needs of the business do not override compliance with the applicable tax legislation. Thirteen recognises that there might be times when there could be a trade-off between commercial gain and tax efficiency, but it always endeavours to structure transactions that deliver the best value for money for the Group.

- The members of the finance team responsible for accounting for tax are encouraged to undertake relevant training, stay current through professional development and hold suitable qualifications.

- The detailed tax strategy is available on Thirteen's intranet for internal use and has yet to be published.

What is Thirteen's attitude to tax planning?

- HMRC recognises Thirteen Housing Group Limited as a charity for tax purposes and does not undertake aggressive tax planning.

- All tax risks are documented in a risk register that is maintained and reviewed.

- The approval process documents tax risks relating to material transactions, such as a new social housing development.

- Where there is tax uncertainty or insufficient internal expertise, external expertise is sought to assess tax risks and compliance.

- When considering tax planning, Thirteen considers its reputation, brand, corporate and social responsibilities.

How does Thirteen manage its tax risk?

- Thirteen operates a low-risk, cautious approach to tax, and its tax strategy is aligned with this attitude. Thirteen recognises that tax can significantly impact its reputation and financial results.

- Thirteen endeavours to be as tax efficient as possible when conducting transactions and consider the tax impact as part of the approval process for new home development, new business opportunities and the investment of existing homes.

- Thirteen employees are encouraged to discuss the tax position in the early stages of any transaction to understand the tax impact and explore mitigation measures as appropriate.

- Thirteen has an agreed-upon escalation process for the effective operation of the Group's tax affairs, with the Board ultimately overseeing them.

- Thirteen believes in paying the right amount of tax at the right time, only engages in cautious tax planning, and does not participate in any tax avoidance schemes.

- Thirteen has a tax risk register, which is kept updated and has multiple controls throughout the business to control and manage its daily tax affairs.

- A leading accountancy firm carries out an annual external audit, and Thirteen Group's tax reporting and balances are scrutinised.

- Thirteen has access to external advisors who can provide tax advice as required. The advisors are a leading accountancy firm, separate from the auditors, and work closely with Thirteen and Thirteen's appointed external solicitors as needed.

- Thirteen does not operate outside the UK, so it is only governed by UK legislation, which it abides by.

- Records and documents used to prepare tax returns are retained for the periods prescribed in the Finance Act, six years from the end of the accounting period.

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How does Thirteen conduct its relationship with HMRC?

- Thirteen believes in having a collaborative, positive and transparent working relationship with HMRC.

- Thirteen aims to be considered low risk by HMRC by reporting its taxes on time, dealing with its taxes in a controlled manner with appropriate oversight and employing suitably qualified employees.

- Where inadvertent errors are identified, they are proactively disclosed to HMRC and rectified as quickly as possible when they come to light. Any penalties and interest, as applicable, are paid.