

Investec plc and its subsidiaries’ approach to tax



MARCH 2024

Introduction

The Investec group (comprising Investec plc and Investec Limited and their subsidiaries) is an international specialist bank and wealth and investment manager. In July 2002, the Investec group created a dual listed companies structure (DLC) listed in London (Investec plc) and Johannesburg (Investec Limited). In terms of this DLC structure, Investec Limited is the controlling company of the group’s businesses in Southern Africa and Mauritius, and Investec plc is the controlling company of the group’s non-Southern African businesses. This strategy document covers Investec plc and its subsidiaries (“Investec plc”).

Investec plc is a financial services organisation with operations including banking and wealth and investment management. Its principal activities are in the UK, the Channel Islands, India, Ireland, Singapore, Switzerland and the United States. Guided by our purpose to create sustained long-term worth, we seek to be a positive influence in all our core businesses and in each of the societies in which we operate. We do this by empowering communities through entrepreneurship and education and leveraging the value in our diversity.

Our business activities generate a substantial amount and variety of taxes. We pay and/or administer corporate income taxes, royalties and interest withholding taxes, stamp duties, employment and other taxes. In addition we collect and pay employee taxes as well as indirect taxes such as excise duties and VAT. The taxes we pay and collect form a significant part of our economic contribution to the countries in which we operate.

Investec plc has adopted the Code of Practice on Taxation for banking groups and actively promotes the principles enshrined therein around the group’s two pillars of Specialist Banking and Wealth & Investment.

We interpret tax laws in ways that we believe are in line with the intention of Parliament and we do not promote tax avoidance products to our customers. Should these principles be threatened, we do not proceed – regardless of the commercial implications.

1. Tax planning

We assess tax opportunities in line with the law and the group’s risk appetite and are committed to the Government’s Code of Practice on Taxation for Banks. We do not engage in artificial tax arrangements.

We conduct transactions between Investec plc group companies on a basis that is in accordance with current Organisation for Economic Co-operation and Development (“OECD”) principles.

We establish entities in jurisdictions suitable to hold our overseas investments, giving consideration to our business activities, the prevailing regulatory environment, and as appropriate in line with joint venture requirements.

From time to time we may seek external tax advice where legislation is ambiguous or open to interpretation in order to confirm our understanding of the intention of that legislation and apply it accordingly.

Equally, we may undertake tax planning to ensure that we are compliant with the legislation whilst making optimal use of reliefs and concessions intended by law. The overall aim of our tax strategy is to comply with UK and overseas tax law in accordance with the intention of Parliament or Government of the relevant jurisdiction. Investec plc does not undertake tax planning unrelated to commercial transactions.

The level of risk which Investec plc accepts in relation to global taxes is consistent with its overall objective of achieving certainty in the group’s tax affairs. At all times Investec plc seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the Board of Directors of Investec plc (“The Board”) is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

2. Relationships with HMRC and other tax authorities

Investec plc seeks to have a transparent and constructive relationship with HMRC through regular meetings and communication in respect of developments in our business, current, future and retrospective tax risks, and interpretation of the law in relation to all relevant taxes.

Investec plc ensures that HMRC is kept aware of relevant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage. When submitting tax computations and returns to HMRC, Investec plc discloses all relevant facts and identifies material transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

In the event that we disagree with HMRC we will seek to resolve the matter in a fair and amicable fashion. These same principles apply, as applicable, in all countries in which we operate.

3. Tax risk management

We manage tax risk by a series of Board sponsored policies and initiatives to ensure:

- Transactions must be of a commercial nature undertaken in the ordinary course of business, not a simulated or manufactured transaction;
- Transactions must not be designed to mislead counterparties or creditors, nor misstate financial affairs;
- Transactions must be legal.

Significant transactions and projects are subject to review and approval as appropriate by the relevant areas of the business (including tax). A transaction or project cannot advance without the appropriate approvals.

Day to day tax risk is managed by the application of a series of policies, procedures and controls, across the organisation within the risk control framework. These controls are subject to independent testing by external and internal auditors. Should a material tax risk be identified, it is communicated within the relevant area of the business's governance structure on a timely basis.

Responsibility for processes relating to different taxes are allocated to specific areas of the business, which have responsibility for reviewing activities and processes to identify key risks and maintaining appropriate mitigating controls. These key risks are monitored for business and legislative changes which may impact them and changes to processes or controls are made when required.

Appropriate training is carried out for staff who manage or process matters which have tax implications.

4. Governance

The ultimate responsibility for Investec plc's tax strategy and compliance rests with the Board of Investec plc.

Day-to-day management of Investec plc's tax affairs is delegated to the head of tax of Investec plc.

Senior Management ensures that Investec plc's tax strategy is one of the factors considered in all significant investments and business decisions taken.

The head of tax reports to senior management on Investec plc's tax affairs and risks during the year.

The tax function maintains a close working relationship with all areas of the business including overseas offices and is engaged and referenced in all significant business decisions.

We operate an open and transparent business and are subject to ongoing scrutiny by internal compliance functions and by external auditors. We operate a thorough internal review process around all areas of tax advice and compliance and refer to external advisors where necessary.

The business is regulated by the Financial Conduct Authority and the Prudential Regulation Authority and senior positions exist within the organisation with oversight and responsibility for Risk Management and Internal Audit and Compliance.

Investec plc has no tolerance for any activity related to the criminal offence of tax evasion and we are committed to preventing the facilitation of tax evasion. We comply with the relevant legislation in this area both in the UK and worldwide, and expect the same from the third parties that we deal with.

The Board is actively engaged and has a detailed awareness of all significant transactions. The Board must approve those transactions before they can progress. The Board insists that transactions are undertaken in a manner that is consistent with UK and overseas tax laws and are in line with the intention of Parliament or Government of the relevant jurisdiction.

This strategy, in respect of the year ended 31 March 2024, is published in accordance with Schedule 19 of the 2016 UK Finance Act.