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China CITIC Bank London Branch

UK TAX Policy

Document History

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1.0	Head of Finance		05/11/2018	1st Draft
2.0	Head of Finance		09/01/2020	Adoption of BDO Recommendations

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This document sets out China CITIC Bank, London Branch's UK policy and approach to conducting its tax affairs and dealing with tax risk.

Our guiding principles

China CITIC Bank, London Branch recognises that it has an obligation to pay all taxes required by law and regulations in each of the jurisdictions in which it operates. The Group operates with the highest integrity to comply fully with tax laws and related laws around the world and to maintain a co-operative and professional relationship with all tax authorities.

Our approach to governance

The UK Finance Department is responsible for the bank's tax affairs across all China CITIC Bank London Branch activities in the UK. The Head of Finance UK also has a reporting line into the General Manager of Finance & Accounting at Head Office, ensuring that our policies and procedures in relation to tax are fully aligned to the Group-wide policies and risk control frameworks.

The branch's UK governance structure ensures that tax is considered in business decisions through participation in relevant governance and change approval committees. In addition, tax issues are reported and considered through relevant committees ultimately responsible for UK territory affairs.

Responsibility for China CITIC Bank London Branch's UK tax strategy rests with our UK territory management.

Attitude towards tax Evasion

The China CITIC Bank does not encourage or promote tax evasion for itself or its subsidiaries or for its clients. It has a framework of policies and procedures that aims to ensure none of the branches employees or other associated persons facilitate the evasion of UK or other taxes by any person.

Our approach to tax risk management and controls

Inherent tax risks may arise due to the complexity of our day to day activities and uncertainty around the application of tax law. In complex areas where the tax treatment is unclear or uncertain, we may seek external tax advice.

We actively identify, evaluate and manage tax risk to ensure that the financial exposure is understood and acceptable within an appropriate internal control framework which is aligned to the bank's permanent control framework.

All tax returns are completed to the highest professional standards and are subject to detailed internal checks and quality assurance reviews in accordance with our procedures and controls. Full disclosures are made in the tax returns to ensure that they are clear and understandable.

Our responsible approach to tax planning

All our tax planning is undertaken in accordance with our guiding principles and our commitment to comply with the UK Code of Practice on Taxation for Banks and its requirement. China CITIC Bank London Branch undertake the following:

- to apply a prudent approach to tax risk when evaluating transactions, consistent with Our Vision and Values contained within our Corporate Philosophy and our Code of Ethics.
- not knowingly engage in or promote any tax planning that aims to achieve a result contrary to the intentions of the law, and seek to comply fully with all tax obligations, including compliance with the UK Code of Practice on the Taxation of Banks and the rules in respect of the Disclosure of Tax Avoidance Schemes.
- entities have no appetite for tax evasion, both in respect of their own activities and in respect of enabling/facilitating their customers/vendors to use its services to evade tax, consistent with its responsibilities under the UK Criminal Finance Act 2017.
- entities are committed to investment in appropriately skilled staff and, where appropriate, investment in software solutions and automation processes that further reduce the tax risk profile

Transparent and professional dealings with HM Revenue & Customs (“HMRC”)

China CITIC Bank London Branch identifies itself as a small Bank as per section 2.6 of the HMEC “The Code of Practice on Taxation for Banks”. Our tax strategy is aligned with Code of Practice on Taxation for Banks which sets out the principles and behaviours expected of banking groups with regard to UK tax. China CITIC Bank unconditionally adopted this code in 2013.

In line with the obligations under the Code, the Branch engages with HMRC prior to undertaking any transaction where there is significant uncertainty in relation to the interpretation of applicable tax law. The Branch is committed to maintaining an open and transparent relationship with HMRC achieved through regular dialogue and meetings. As such, where there are uncertainties or material events, we aim to resolve these in a timely manner.