

Paratus AMC Limited – UK tax strategy

This UK tax strategy for Paratus AMC Limited (**‘Company’ or “Paratus AMC”**) is published in accordance with the requirements set out in Schedule 19 of Finance Act 2016. This tax strategy, which has been approved by the Board of Directors on 21 December 2020, is effective for the year ending 31 December 2020.

Paratus AMC is a specialist mortgage lender, based in Bracknell, Berkshire. The principal activities of Paratus AMC are the origination, securitisation and servicing of UK residential and buy-to-let mortgage loans granted to UK individuals and limited liability companies. It provides its services through authorised brokers and intermediaries.

Approach to Tax Risk Management

Paratus AMC aims and strives for its tax affairs to be fully compliant with the UK legislation and to that effect, the Board of Directors, and the Chief Financial Officer (**‘CFO’**) who also attends the board meetings, is committed to maintaining tax compliance on an ongoing basis.

Day-to-day oversight and responsibility for the management of tax strategy and tax risks in the UK are delegated to the CFO. The CFO’s role is supported by guidance and advice from external professional tax advisors. The Company relies upon these advisors to make them aware of relevant new or updated tax legislation in order to reduce the risk of any inadvertent non-compliance.

Paratus AMC has a designated Risk and Compliance Committee. This consists of the CFO, Chief Executive Officer, Chief Operating Officer, Chief Legal & Compliance Officer, Director of IT, Commercial Director and Director of Servicing. They meet and discuss the assessment, management and mitigation of all risks faced by the business which includes UK tax risks and compliance obligations.

The Company is authorised and regulated by the Financial Conduct Authority and senior positions exist within the Company with oversight and responsibility for compliance, Risk Management and Internal Audit.

In general, Paratus AMC is liable to corporation taxes, VAT and employment taxes (PAYE, NIC, apprentice levy) as well as business rates.

Paratus AMC has appointed an external firm of professional tax advisors to assist with the preparation and timely submission of corporation tax computations and returns.

The payroll function is outsourced to a specialist firm. This firm supports the Company in compliance with its employment taxes obligations and makes it aware of relevant changes to the UK tax legislation.

VAT and ERS returns as well as PSA matters are dealt with internally. This role is undertaken by appropriately qualified and experienced staff who are responsible for keeping up-to-date with the relevant legislation to ensure compliance is maintained and that internal policies and procedures are updated accordingly. Where necessary, advice is sought from external professional tax advisors as well as from HM Revenue & Customs (**‘HMRC’**).

Attitude to Tax Planning

Paratus AMC has a zero-tolerance policy with regard to the undertaking of tax planning which could damage or hinder the reputation of the Company or is inconsistent with its values.

The Company aims to claim appropriate tax reliefs in line with the UK legislation when these are aligned with the business’ commercial operations and circumstances. The Company does not seek to interpret the legislation in a way which is contrary to the intentions of Parliament.

The Company’s attitude to tax planning is to not enter into aggressive transactions where the main purpose is to gain a tax advantage.

Paratus AMC mandates periodic training of all employees to obtain a robust knowledge and understanding of anti-money laundering and anti-bribery and corruption. This is administrated and monitored by the internal HR team.

The individuals responsible for tax matters are expected to adopt and uphold the aforementioned approach when dealing with the tax matters of the Company.

Level of Tax Risk for UK Taxation

Paratus AMC adopts a low-risk approach to tax, which aligns with its objective to be fully tax compliant with the UK tax legislation in all regards. The Company maintains a reporting system, which is overseen and scrutinised by the CEO, whereby the details of any missed compliance deadlines and penalties imposed must be recorded. This serves as a reminder that the business has a zero-tolerance policy with regard to the failure to comply with the UK tax legislation.

The Company's focus is on delivering accurate tax returns to HMRC to ensure the correct amount of tax is paid in a timely manner. Paratus AMC values its reputation and considers that failure to comply with the UK tax legislation is not in line with the Company's ethos.

Inter-company transactions are based on international transfer pricing principles, which imposes a requirement to ensure that pricing within the international group is on an arm's length basis.

Approach to working with tax authorities

Paratus AMC considers HMRC to be an external stakeholder in the business.

The Company aims to satisfy the necessary filing and payment requirements in accordance with the deadlines set by HMRC, and ensuring all statutory records are maintained.

When dealing with HMRC, the Company seeks to maintain an open, professional and transparent relationship. In line with this, the Company will raise matters with HMRC, itself or through its professional advisors, where it seeks to obtain clarity about uncertain tax matters and/or obtain advance clearance in respect of intended filing positions.