

Medical Protection Society Limited

Tax Strategy

This document sets out the relevant aspects of the tax strategy of The Medical Protection Society Limited (MPS) and its subsidiary companies (together “The MPS Group”). The strategy is relevant to all taxes applicable to The MPS Group.

This tax strategy has been published in accordance with Paragraph 16(2), Schedule 19 of the Finance Act 2016. It has been approved by the Council of MPS and is effective for its accounting period commencing 1 January 2024.

Tax Governance

Ultimate ownership of the tax strategy rests with the Council of MPS; the Council reviews the strategy at least annually and is responsible for its approval before publication.

Monitoring of the application of the strategy is the responsibility of the Council’s Audit and Risk Committee, with responsibility delegated to the Executive Director – Finance. Implementation of the strategy, and ensuring it is followed by all relevant areas of The MPS Group is the responsibility of the Group Tax Manager and the wider MPS Finance Team.

The MPS Group seeks advice from external advisors to manage more complex tax risks. These external advisors are utilised to ensure that The MPS Group is following and interpreting tax rules and legislation in the spirit of the law, how it was intended.

The Executive Director - Finance, is regularly informed of all significant tax developments and participates in all material tax related decisions.

Risk Management

Given the structure and scale of The MPS Group, risks inevitably arise from time to time in relation to the interpretation of tax law and the nature of our compliance arrangements. The MPS Group has an objective to maintain a low level of tax risk. It aims to ensure that all returns are prepared with adequate supporting evidence of decisions taken and controls applied, and that they are filed on, or before, all relevant deadlines.

The MPS Group seeks to identify, evaluate, monitor and manage these risks to ensure they remain in line with MPS Group’s overall objectives. Where there is significant uncertainty or complexity, external advisors will be engaged as appropriate.

The MPS Group uphold that tax risks require careful review and management. Significant issues are escalated to the Executive Director – Finance, who in turn has discretion to seek guidance and direction from the Council or one of its sub-Committees. Tax risks are recorded on the MPS Group Risk Register and are subject to review at least quarterly. Significant risks are reported to the Executive Committee and the Audit and Risk Committee.

The MPS Council has established that the following principles will form the basis of the tax policy of The MPS Group:

- Good governance - Tax risks are minimised by implementing robust tax processes and controls. Procedures and controls across The MPS Group, including those specifically related to taxation, are subject to periodic internal audit review, as well as wider, annual, external audit.

- Strong internal control – The MPS Group adopts standardised internal control systems and procedures across all its financial activities, including tax compliance matters; care is taken to ensure the integrity of all reported tax numbers and associated disclosures.
- Professionally qualified people - all individuals in financial positions of authority are appropriately qualified with recognised professional bodies. Talent management and development, along with colleague retention and effective succession planning, are all key aspects of The MPS Group's wider people strategy.

Tax Planning

The MPS Group will not seek to construct transactions or structures, the sole purpose of which would be to reduce its exposure to tax, nor does the Group seek to enter into transactions that have no commercial purpose or are knowingly contradictory to the intention of Parliament.

The MPS Group will seek to ensure that its transactions are managed in a way that achieves an appropriate level of efficiency, but always within the spirit and direction of tax laws. Consideration will be given as to whether the arrangement is in line with our values and the impact on our reputation, should the details of any arrangement come into the public domain.

As a mutual organisation, MPS has a responsibility to safeguard its members' funds, and therefore approaches taxation and related transactions in a commercially responsible manner.

The MPS Group does not employ internal or external advisers to actively seek tax planning opportunities; rather its use of such resources is to ensure that tax is paid appropriately and only as required by law, after being assessed and agreed between the Group Tax Manager and the Executive Director – Finance.

Dealing with HMRC and Other Tax Authorities

The MPS Group maintains an open and honest relationship when dealing with HMRC and with tax authorities in the other regions in which it operates. This is demonstrated through our willingness to:

- engage in face-to-face meetings where required
- seek pre-transaction clearance, where appropriate
- make tax compliance procedures, controls, and other supporting documentation available upon request, and
- seek constructive resolutions to disputes and potential areas of dispute, particularly with regards to the interpretation of law

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