

# EY GDS CS UK tax strategy

June 2024



# EY values and the commitment to building a better working world drive GDS CS's tax strategy

## Scope

This tax strategy applies to EY GDS Holdings Coöperatief U.A. (GDS Co-op) and all its wholly owned corporate subsidiaries, collectively "GDS CS". This tax strategy applies from the date of publication until it is superseded. It is effective for the year ending 30 June 2024 and will remain in effect for the year ending 30 June 2025 until any amendments or changes are approved by the Board of GDS Co-op. GDS Co-op is a Dutch-incorporated entity, which is tax resident in the UK. A list of GDS Co-op's subsidiaries is shown on page 3 of this strategy document.

The principal activity of GDS CS is the coordination and provision of Global Delivery Services, specifically client-related services in consulting, assurance, tax, strategy and transactions services, client technology, and other services. GDS CS only provides services to EY Member Firms and other global EY network entities, and does not provide services directly to external clients.

## The Global Delivery Services

These services are coordinated by GDS Co-op's UK subsidiary, EY GDS (CS) Limited, and provided by GDS Co-op's other operating subsidiaries. GDS CS provides its services on a limited-risk basis.

The GDS CS entities pay tax in their jurisdiction of tax residence, which is primarily outside the UK. While this strategy relates to GDS CS's UK activities only, we apply the same principles in relation to non-UK taxes. In particular:

- ▶ Working closely with tax authorities in a cooperative manner where possible based on local practice and customs
- ▶ Seeking to negotiate, where possible, advance pricing agreements (APAs) to effectively manage our risks

The GDS CS entities tax resident outside of the UK operate in accordance with their local tax strategies. Local tax strategies are set consistent with the principles outlined in this document.

This document relates only to the tax strategy of GDS CS – not EY Member Firms, who are responsible for their own tax strategies.

GDS Co-op and EY GDS (CS) Limited publish this document in satisfaction of their duties under paragraphs 22 (2) and 19 (2) of Schedule 19 of Finance Act 2016.

## A better working world

The EY network's purpose, *building a better working world*, is shared by GDS CS, and GDS CS is instrumental in helping to enable EY Member Firms to pursue the EY network's strategy as a distinctive global professional services brand. GDS CS's support in *building a better working world* aids the EY network to build trust and confidence in the capital markets while solving some of the world's toughest challenges to leave a lasting legacy for EY people, clients and communities.

The EY network is constantly learning through its own purpose journey, *building a better working world*. The EY network applies the long-term value framework to help define and measure its ambition, building on the EY network's work with the Embankment Project for Inclusive Capitalism (EPIC) and participation in the development of the Stakeholder Capitalism Metrics in collaboration with the World Economic Forum International Business Council.

The EY network's performance against the Stakeholder Capitalism Metrics in respect of FY23 can be found in its [FY23 EY Value Realized report](#).

GDS CS creates long-term value by focusing on a broad set of stakeholders including employees, consumers, suppliers, communities, and governmental and tax authorities, with the EY network's purpose in mind, to sustain the GDS CS business for the long term.

For GDS CS, one group of key stakeholders within our communities is the tax authorities that we interact with as a taxpayer. Principally for GDS Co-op and its UK subsidiaries, this is His Majesty's Revenue and Customs (HMRC) in the UK with whom we seek to maintain a positive and transparent relationship. We welcome the opportunity to publicly outline our tax strategy as a business.

## GDS CS's tax principles

Our objective is to pay the right amount of tax at the right time to meet our statutory obligations. We seek clarity and certainty on tax matters wherever feasible. When dealing with the tax affairs of GDS CS, we focus on:

- ▶ Being on time and in compliance with our tax filing and tax payment obligations
- ▶ Effectively managing our risks
- ▶ Working closely with HMRC in a cooperative manner on a real-time basis
- ▶ Maintaining a tax strategy which is fully supported and owned by the Board of GDS Co-op
- ▶ Aligning our tax affairs to commercial activity of the services we provide
- ▶ Demonstrating EY values at the heart of everything we do

# The EY network's reputation is built by EY people acting according to the EY values

## Governance and conduct

Our tax strategy is approved and owned by the Board of GDS Co-op.

Our internal tax team has a clear accountability to the Board for the management of tax arising from our business operations.

Our internal tax team has a clear mandate from the Board to act in a way aligned to EY values, which define who we are:

- ▶ People who demonstrate integrity, respect and teaming
- ▶ People with energy, enthusiasm and the courage to lead
- ▶ People who build relationships based on doing the right thing

The Board's mandate is for GDS Co-op to behave in accordance with the low-risk characteristics as set out in HMRC's Business Risk Review+ process.

## Commercial attitude to tax planning

We undertake transactions which are commercially driven and do not put in place artificial or contrived arrangements that could give rise to reputational damage for GDS CS.

We structure our businesses from a commercial perspective to identify and appropriately manage any tax risks arising from them.

We seek to align our tax affairs with their commercial and economic substance in compliance with the tax laws of the jurisdictions in which we operate.

We claim tax reliefs as aligned to the tax laws under which we operate.



## Compliance and effective risk management

Compliance is at the heart of what we do, and we focus on staying compliant with our tax filing and tax payment obligations.

GDS CS's business is of a significant scale, and we deal with a large volume of complexity in the tax systems in the jurisdictions in which we operate. In seeking to be responsible taxpayers, we seek advice from the appropriate internal and external tax professionals to manage our risks and compliance positions, so we can pay the right tax at the right time.

We have clearly documented processes and controls relating to the management of our tax compliance processes.

Our internal tax team has clear roles defined by their areas of process and tax experience. They report to a Global Chief Tax Officer who, in turn, reports to the Board.

Our internal tax team keeps up to date with legislative changes through training and continuing professional development.

## Cooperative approach with HMRC

GDS CS maintains an open and honest dialogue with HMRC, and we do so on a timely basis.

We meet and correspond with HMRC regularly throughout the year and keep abreast of tax developments.

We keep HMRC informed of significant transactions and business changes, and disclose and discuss areas of significant uncertainty in how the legislation applies.

We communicate our positions based on full disclosure of the relevant facts and legislative position.

Where we have uncertainty in how the underlying legislation applies, we seek to resolve the matter through an open and honest dialogue.

## List of subsidiaries

- ▶ EY GDS (CS) Limited (UK)
- ▶ EY Global Delivery Services (UK) Limited (UK)
- ▶ EY GDS US Holding Company Limited (UK)
- ▶ Riverview Law Limited<sup>1</sup>
- ▶ EY Global Delivery Services India LLP (India)
- ▶ Ernst & Young Global Talent Hub (Dalian) Limited<sup>2</sup>
- ▶ EY GDS (CS) Philippines Inc (Philippines)
- ▶ EY GDS (CS) Poland Sp. z o. o. (Poland)
- ▶ EY GDS (CS) Argentina S.R.L. (Argentina)
- ▶ Pangea3 Legal Database Systems Private Limited (India)
- ▶ EY GDS CS Mexico, S.C (Mexico)
- ▶ EY GDS Mexico Holding, SA de CV (Mexico)
- ▶ EY GDS (CS) Lanka Private Limited (Sri Lanka)
- ▶ EY GDS (CS) Hungary Kft (Hungary)
- ▶ EY Global Delivery Services US LLC (US)
- ▶ Malaga Excellence and Technology S.L. (Spain)

1. In liquidation wef 1/3/24

2. Sold 22 April 2024

## EY | Building a better working world

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Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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