

United Kingdom Taxation

1. Introduction

Rabobank Group is subject to taxation in the United Kingdom through a branch of Coöperative Rabobank UA and a network of wholly-owned UK subsidiaries, including DLL Leasing Ltd and several majority-owned joint venture companies.

The UK's Finance Act 2016 introduced a requirement for qualifying groups to publish their tax strategies online. In their strategies, groups are required to set out, in relation to all aspects of UK Taxation, their approach to risk management and governance, their attitude towards tax planning and the level of tax risk they are prepared to accept as well as their approach to dealing with HM Revenue & Customs ('HMRC'). The following paragraphs are issued in satisfaction of the applicable requirements for 2017 and for future periods of account. The Rabobank Group tax policy statement¹ applies to its activities within the scope of UK Taxation as to all other jurisdictions in which the group is active. The UK Tax Strategy should, therefore, be read in the context of the global policy to which it is an adjunct.

Rabobank was an early adopter of HMRC's Code of Practice on Taxation for Banks which was introduced in 2009. Under the Code of Practice, banks undertake to (1) adopt adequate governance to control the types of transactions they enter into; (2) not undertake tax planning that aims to achieve a tax result that is contrary to the intentions of Parliament; (3) comply fully with all their tax obligations and (4) maintain a transparent relationship with HMRC.

2. Risk management and governance arrangements in respect of UK taxation

The senior financial officers of the respective Rabobank businesses and entities operating in the UK are responsible for ensuring that the group's tax policies are applied to matters pertaining to UK taxation. The relevant individuals are ex officio members of the senior management committees and boards of directors of the UK businesses and legal entities.

They are assisted in the performance of the appropriate duties by Rabobank Group Tax which is mandated by the Executive Board to have responsibility for all tax matters within the Rabobank Group. Group Tax is fully represented on all relevant internal committees in the UK to ensure that business decisions and transactions are in accordance with the group's tax policies as applied to UK taxation matters. The six key principles described in the Group Tax policy statement (transparency, integrity, professionalism, sustainability, full compliance and a high ethical standard) are applied to the Group's position in respect of UK Tax.

¹ <https://www.rabobank.com/en/images/rabobank-tax-policy-statement-annual-report-2016.pdf>

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3. Tax Planning

Rabobank Group's attitude to UK tax planning is congruent with the organisation's global standard: any tax planning must not artificially lower tax liabilities; it must be in support of genuine commercial activity and not give a tax result that is contrary to the intentions of Parliament.

4. UK Tax Risk Profile

Rabobank Group's policy is to be fully compliant with tax law in every jurisdiction in which it operates or in which it otherwise has a nexus. This encompasses the UK.

This compliance extends to adherence to the spirit and purpose of the legislation as defined by reference to the intentions of the legislature as described above, as well as to principles derived from fiscal jurisprudence.

In addition, as the Rabobank Group tax policy statement makes clear, there is a policy of zero tolerance towards employees as such being knowingly involved in the evasion of taxes, as facilitators or otherwise.

5. HMRC

Rabobank Group's policy is to maintain a transparent and constructive relationship with HMRC in relation to current, future and past risks. In practice, this necessitates: engaging with HMRC in a cooperative and professional manner in all interactions; fully disclosing significant uncertainties in relation to tax matters; seeking to resolve issues before returns are filed wherever practicable; working collaboratively to achieve early resolution and certainty and disclosing any errors that may come to light as soon as practicable.