

# Tax Strategy 2025

Durham University (and UK subsidiaries)  
Financial Year ending 31st July 2025

## 1. Introduction

The University is an independent corporation established by Royal Charter and, by virtue of the educational nature of its objectives, is an exempt charity under Schedule 3 of the Charities Act 2011. It therefore qualifies as a Charitable Company under Part 11 of the Corporation Taxes Act 2010 and benefits from exemptions and reliefs from taxation in the UK.

In addition to its presence in the UK, the University has extensive and growing activities in other countries, however, it will be rare for the University to benefit from exemptions that exist in other overseas tax jurisdictions.

This tax strategy applies to the University of Durham and all its subsidiary companies in accordance with paragraph 19 of Schedule 19 to the Finance Act 2016. In this strategy, references to the “University” are to the University of Durham and its active UK subsidiaries.

This strategy has been published in accordance with paragraph 16(4) of Schedule 19 of the Finance Act 2016 by being made available on the University’s website. References to “UK Taxation” are to the taxes and duties set out in paragraph 15(1) of Schedule 19 of the Finance Act 2016, which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax and Stamp Duty Land Tax. References to “tax”, “taxes”, “taxation” are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which the University has legal responsibility.

Where taxation obligations exist, the University aims to observe and comply with all tax legislation relevant to the University and its subsidiaries, including the timely, accurate submission of returns and payment of all taxes due.

This strategy applies from the date of publication until it is superseded and reflects the strategy for the relevant financial year. It will be reviewed annually and updated accordingly in response to sector and legislative developments.

## 2. Policy principles

The University’s policy in conducting its tax affairs is aligned with its overall strategic plan.

The University is committed to conducting its tax affairs consistent with the following principles:

1. Compliance with relevant laws, rules, regulations, statutory reporting and disclosure requirements wherever the University operates.
2. Application of professional diligence and care in the proactive management of all risks associated with tax matters, achieving certainty of tax treatment wherever possible, and ensuring that governance and assurance procedures are appropriate.
3. Fostering of constructive, professional and transparent relationships with tax authorities, based on principles of integrity and collaboration.

4. Utilisation of available reliefs, exemptions and incentives in order to optimise the University's tax position in the conduct of its activities, with the exception of use for purposes which are knowingly contradictory to the intent of Parliament and the spirit of the relevant legislation. In circumstances where alternative interpretations or approaches might result in different tax outcomes the University will use its best judgement to determine the appropriate course of action.

### **3. Governance**

The Council is the University's governing body and is responsible for:

- approving corporate strategy and associated plans and budgets
- determining major business decisions and corporate policy
- the framework of governance management
- monitoring institutional and executive performance.

Council has effective overall responsibility for the tax strategy of the University. The Audit and Risk Committee has responsibility for overseeing the University's overall risk management and systems of internal control.

Executive responsibility for the management of the University's tax affairs rests with the Chief Financial Officer. The Director of Finance reports to the Chief Financial Officer and has day-to-day authority to manage the tax affairs of the University and oversee those of the subsidiary entities.

The University has a central tax team within the Finance Service and a payroll team within Human Resources and Organisation Development; both work with the aim of ensuring that all taxation obligations and risks are identified and managed appropriately.

### **4. Risk management**

Those within the tax and payroll teams act as business partners to staff in the Faculties, Colleges and Services across the wider University to provide advice on generally accepted best practice and keep abreast of changes in activity that may have tax implications. Tax implications of new activity are considered by the Finance Service as a routine part of the Integrated Planning Process, and additional support provided throughout the year as required. Advice is not provided on a personal level but focused on the implications to the Durham University e.g. whether VAT relief would be applicable and how to claim it, whether a special customs procedure is applicable, advice on the appropriate steps to consider global mobility.

The University's tax and payroll teams are staffed with appropriately qualified individuals who update their knowledge through CPD and participate in various taxation-, charity- and higher education-focused associations to maintain and develop their knowledge of taxation and changes in legislation, interpretation and best practice.

This knowledge is shared with colleagues within the Finance Service and those who make tax decisions across the organisation through internal training to highlight tax issues and treatments unique to the HE sector. Advice on taxation features on the Finance Service intranet pages, and a VAT helpline is provided to support University colleagues.

Finance and Procurement Services operates established internal control procedures and processes which are reflected within associated systems with the aim of ensuring that information and documents that underpin taxation returns and submissions are accurate and complete. Taxation returns and submissions are subject to appropriate levels of internal review prior to their submission.

If the tax treatment of specific transactions or other matters is uncertain or requires external consideration or confirmation or involves a specialist area of taxation for which the University's tax team does not have the necessary knowledge then the University seeks professional advice from suitably qualified, external advisors.

## **5. Relationship with tax authorities**

The University aims to have a constructive and transparent relationship with HMRC and other tax authorities wherever it operates around the world. All dealings with tax authorities will be conducted professionally, courteously and collaboratively: the University's aim is to meet all its statutory and legislative tax requirements.

The University's tax and payroll teams are committed to maintaining a good relationship with HMRC and benefit from having access to HMRC's team of higher education sector specialists. There is a commitment to minimise the University's risk profile with HMRC by demonstrating openness, competence and responsiveness and by the application of strong reliable governance, systems and controls so that the need for regular detailed review of the University's activities by HMRC is minimised. This includes seeking clarification from HMRC where there is doubt as to the correct tax treatment in a particular scenario.

This approach will be evidenced by the following:

- Engagement with HMRC in their Business Risk Review Process to discuss developments in the University's activities, current, future and retrospective tax risks, governance and interpretation of the law in respect of all relevant taxes
- Engagement in full, open and early dialogue with HMRC to discuss tax planning, strategy, risks and significant transactions where there is uncertainty about the correct or most appropriate tax treatment
- Where applicable, to make fair, accurate and timely disclosures as soon as reasonably practical after they are identified.

## **6. Criminal Finances Act 2017**

The University and its overseas operations are committed to preventing the facilitation of tax evasion by associated persons anywhere in the world. This is realised through the:

- development of reasonable procedures
- execution of due diligence and risk assessments in relation to relevant activities
- creation of awareness and a culture of compliance throughout the University.

The University operates to the highest legal and ethical standards and will not tolerate acts of criminal facilitation of tax evasion by its associates. Staff and other associates should abide by University policies at all times.