

# JUPITER

2020 GROUP TAX STRATEGY

JUPITER FUND MANAGEMENT PLC



# CONTENTS

02 OUR TAX STRATEGY

03 GOVERNANCE AND MANAGEMENT OF TAX RISK

05 HOW WE MANAGE OUR TAX AFFAIRS

06 TAXES WE PAY

07 TAXES JUPITER COLLECTS IN THE UK

08 WHERE JUPITER PAYS TAX

09 OUR GROUP TAX STRATEGY AS APPLIED TO OUR FUNDS

10 TAX IN THE FINANCIAL STATEMENTS

We seek to manage our tax affairs in a straightforward manner, “paying what we owe” at the right time in order to comply with our tax obligations worldwide. Our corporate structure and operating model ensure that our tax affairs are easy to explain and transparent to the tax authorities.

This tax strategy applies to all companies within the Jupiter Fund Management plc group (“Group”) and other relationships with our clients. We regard the publication of this strategy as complying with our duty under paragraph 16(2) of Schedule 19 of the Finance Act 2016 to publish the Group tax strategy in each current financial year.

This Group tax strategy was approved by the Jupiter Fund Management Plc Board on 21 May 2020.

# OUR TAX STRATEGY

In seeking to manage our tax affairs in a straightforward manner, we are committed to act with integrity in all global tax matters. Implementing our strategy in this manner ensures that we are able to pay what we owe at the right time in order to comply with our worldwide tax obligations.

This tax strategy is approved annually by the Board and is shared with HM Revenue & Customs (“HMRC”) in line with our commitment to conduct our relationship with tax authorities in an open and transparent manner. We ensure this tax strategy, and the procedures and controls which underpin our approach, are appropriate, monitored and fully implemented.

Responsibility for the tax strategy, governance framework and management of tax risk ultimately resides with the Chief Financial Officer (CFO). Day to day responsibility for each of these areas sits with the Head of Tax.

## PAYING WHAT WE OWE

▶ Tax legislation is complex and often dynamic when there are multiple jurisdictions involved. Where there is a potential lack of certainty of interpretation, we follow the generally understood interpretation.

## GENERALLY UNDERSTOOD INTERPRETATION

▶ This is the commonly accepted view of a piece of tax law across the tax community, being tax advisors, tax payers and tax authorities.

## PAYING AT THE RIGHT TIME

▶ We adhere to the statutory payment deadlines to the fullest extent possible, however where uncertain or tight time frames exist we endeavour to make pre payments if appropriate to minimise timing failures.

# GOVERNANCE AND MANAGEMENT OF TAX RISK

	TAX COMPLIANCE AND REPORTING RISKS	TRANSACTIONAL RISK	REPUTATIONAL RISK
<b>Definition</b>	Tax compliance and reporting risks cover risks associated with compliance failures such as submission of late or inaccurate returns, the failure to submit claims and elections on time or where finance or operational systems and processes are not sufficiently robust to support tax compliance and reporting requirements.	Transactional risks arise where transactions are carried out with external parties or within the Jupiter Group or actions are taken without appropriate or sufficient consideration of the potential tax consequences of the transaction or, where advice has been taken, it is not correctly implemented.	Reputational risk looks beyond financial risks to the wider impact tax risk may have on our relationships with our stakeholders, including shareholders, clients, tax authorities and the general public. It encompasses the potential loss of financial capital, social capital or market share from damage to the Group's reputation. An event which may be small in financial terms may have a big impact on a group's reputation due to external pressure from society.
<b>Risk appetite</b>	We have no appetite for these risks and maintain a control environment as such. However, we do recognise that from time to time human error will occur and therefore have a reasonable tolerance for this.	We have no appetite for adopting an aggressive tax position that is deemed to be greatly contentious. Nor do we wish to expose ourselves to material unexpected tax charges.	We are proud of our reputation both domestically and internationally. We believe we make a positive contribution to society and have no appetite to taint our reputation.
<b>Management of risk</b>	We manage these risks by maintaining an appropriate control environment with secondary reviews and completeness checks where appropriate.	Group Tax have an active role in the approval process of transactions.	Our tax strategy underpins our management of reputational risk.

# GOVERNANCE AND MANAGEMENT OF TAX RISK CONTINUED

The tax strategy aligns to the Group risk and control framework in such a way as to ensure that key risk areas are monitored and material risks minimised. Monitoring of key tax risks and issues is performed on an ongoing basis. If there is a material issue, matters are escalated to the CFO and if necessary, further to the Board's Audit and Risk Committee. This framework is reviewed annually by the Audit and Risk Committee and the Group Tax Strategy is approved annually by the Board of Jupiter Fund Management plc.

Part of this tax risk management process is that there are controls residing across the business. Management of respective areas are charged with monitoring specific tax risks relevant to their areas. In addition, Group Risk and Group Internal Audit have oversight of those controls relating to key tax risks.

Group Tax consists of a team of tax professionals based in the London office. We work closely with HMRC, industry and policy steering bodies to ensure we are at the forefront of new tax requirements and applicable legislative changes.

In addition to oversight of Group tax risk the team perform the following:

- ▶ **provide advice on tax related issues in the business;**
- ▶ **undertake or manage global tax filings for the Group and funds;**
- ▶ **manage relationships with tax authorities;**
- ▶ **manage outsourced tax providers; and**
- ▶ **assist with tax and financial reporting.**

Group Tax undertake appropriate levels of continuing professional development each year to assist with identification of external factors and risks relating to tax.

From time to time it is appropriate to engage with tax authorities to discuss risks and resolve issues. The subjective nature of global tax legislation means that it is often not possible to mitigate all known tax risks. As a result, at any given time, the Group may be exposed to financial and reputational risks arising from its tax affairs.

# HOW WE MANAGE OUR TAX AFFAIRS

## ATTITUDE OF THE GROUP TO TAX PLANNING

We recognise that we have a responsibility to pay an appropriate amount of tax, commensurate with our economic activity, in each of the jurisdictions in which we operate. We balance this responsibility with the obligation we have to our shareholders to structure our affairs in an efficient manner. Our corporate structure and operating model ensure that our tax affairs are transparent to the tax authorities.

We do not interpret tax laws in a way that we believe is contrary to their intention, and we do not participate in tax avoidance products. We follow the terms of the UK's Double Taxation Treaties and relevant OECD guidelines for international tax matters.

Remuneration packages for employees are structured so that the Group reasonably believes that the proper amounts of tax and social security contributions are paid on remuneration.

Occasionally we may assess that tax efficiencies can be achieved, but this will only be pursued where:

- ▶ **The proposal is aligned with the Group's operational or business objectives.**
- ▶ **This does not carry significant reputational risk or significant risk of damaging our relationship with the tax authorities in the countries we operate.**
- ▶ **The proposal is aligned with the policy objectives of the government which introduced the incentive.**

External advice is typically sought in relation to tax planning or areas of complexity and uncertainty to support the Group in complying with its tax strategy.

## TAX COMPLIANCE AND RELATIONSHIP WITH HMRC AND OVERSEAS TAX AUTHORITIES

We seek to comply with our tax filings, reporting and tax payment obligations in all jurisdictions, paying what we owe at the right time. We maintain an open and transparent relationship with the tax authorities in the jurisdictions in which we operate. In the UK, we adhere to the HMRC Framework of Co-operative Compliance and we liaise closely with HMRC to ensure they are aware of all significant transactions in the Group and that their view of those transactions is understood. We remain committed to conducting our tax affairs in this way.

Occasionally, it is possible that our views and/or those of our advisors on appropriate tax treatment may differ from those of the tax authorities. If such circumstances arise we will work proactively and constructively with that tax authority involved with the aim to achieve a swift resolution. Most of the time such disagreements are resolved quickly through constructive dialogue. However, it may be necessary in some cases to proceed to litigate in order to clarify the correct interpretation of the law.

We support initiatives to improve international transparency on taxation matters, including the OECD measures on transfer pricing and automatic exchange of information. We do not tolerate tax evasion, nor do we tolerate the facilitation of tax evasion by any person(s) acting on the Group's behalf. We have appropriate procedures in place to support our policy towards the prevention of the facilitation of tax evasion.

## LEVEL OF RISK IN RELATION TO UK TAXATION THAT THE GROUP IS PREPARED TO ACCEPT

The Group's tax risk appetite requires that, where the tax law is unclear or subject to interpretation, we will seek external advice. The Group will only proceed on its proposed tax treatment if after a robust risk assessment the approach is consistent with the Group's tax strategy and the Group's approach to risk more broadly.

Where new businesses are acquired by the Group, these are brought in line with the wider Group tax strategy in a short a timeframe as possible.

In the rare circumstances where the business is subject to a force majeure, such as the Covid-19 pandemic, we would continue wherever feasible to maintain our tax strategy. However, we accept that in unprecedented and unpredictable times, tax filing and tax payment failures may occur. We may elect to utilise tax payment and filing extensions where these are available if it mitigates such risks.

# TAXES WE PAY

At Jupiter we adhere to the ethos we pay what we owe, at the right time. Below we highlight the key tax contributions that the Group makes.

The main jurisdiction in which we pay tax is the UK.

## TAXES JUPITER PAYS

### UK CORPORATION TAX AND OVERSEAS CORPORATE INCOME TAXES

▶ The group pays corporate tax on taxable profits as computed under the relevant laws of the jurisdictions in which we operate or have a taxable presence.

### EMPLOYERS' NIC AND OTHER

▶ Jupiter employs approximately 475 employees in the UK and pays Employers' NICs upon their salaries. Additionally, where Jupiter provides non-specific, non-monetary benefits to employees, the firm bears the cost of the tax on this. We also pay our share of the Apprenticeship Levy.

### BUSINESS RATES AND INSURANCE PREMIUM TAX

▶ Business rates are paid in respect of the Jupiter London office and is levied by the local borough in which the office is located. Insurance Premium Tax is suffered on insurance premia the group purchases, such as life assurance for employees and standard insurance associated with running a business.

### VAT

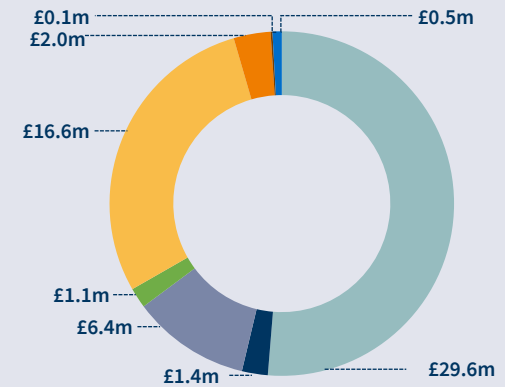
▶ The group incurs VAT and other sales taxes on goods and services that it purchases. We suffer irrecoverable VAT in most jurisdictions because most of our services are exempt from VAT, therefore we are unable to recover most of the VAT Jupiter incurs.

## 2019 PER ANNUAL REPORT

- UK Corporation Tax cash tax estimate
- Overseas corporate taxes
- Irrecoverable UK VAT
- Irrecoverable overseas VAT
- Employers' NIC
- Business rates, stamp duties
- Other
- Insurance Premium Tax

£57.7m

TOTAL IN 2019

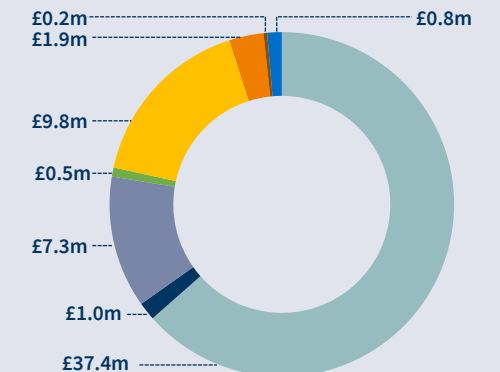


## 2018 PER ANNUAL REPORT

- UK Corporation Tax cash tax estimate
- Overseas corporate taxes
- Irrecoverable UK VAT
- Irrecoverable overseas VAT
- Employers' NIC
- Business rates, stamp duties
- Other
- Insurance Premium Tax

£58.9m

TOTAL IN 2018



# TAXES JUPITER COLLECTS IN THE UK

## TAXES JUPITER COLLECTS IN THE UK

### PAYE AND VAT

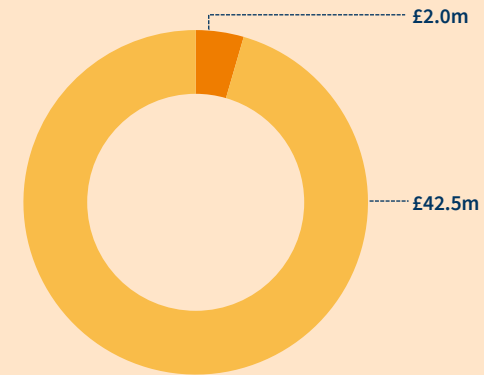
▶ Jupiter also collects taxes on behalf of HM Revenue & Customs in the UK and other countries in which we operate, helping to ensure the Treasury receives taxes it is owed. The main contributor to this is employees' PAYE (income tax and NICs).

### 2019

- VAT charged to clients
- Employees' PAYE

£44.5m

TOTAL IN 2019

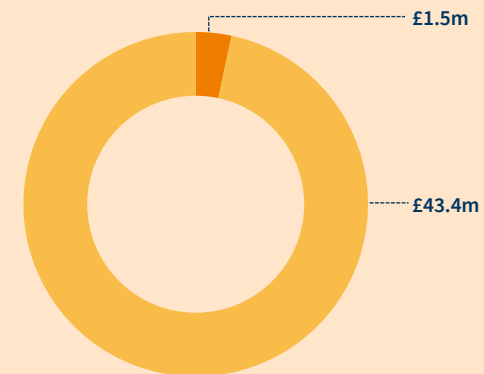


### 2018

- VAT charged to clients
- Employee's PAYE

£44.9m

TOTAL IN 2018





# WHERE JUPITER PAYS CORPORATE TAX

Jupiter seeks to pay taxes in the countries we operate, in a consistent and fair manner. As seen in the table below, taxes paid are consistent with AUM generated in that country and employees in that location. Jupiter pays 96% of its corporate taxes in the UK relating to economic drivers in that country. Fund managers are primarily located in the UK, with sales team and supporting staff employed in overseas jurisdictions in 2019.

Actual tax paid represents the sterling equivalent of cash tax payments made in 2019, which may differ from amounts recognised in the financial statement due to timing differences.

JURISDICTION	ACTIVITY	REVENUE £'000	PROFIT BEFORE TAX £'000	2018 ACTUAL TAX PAID £'000
United Kingdom	Fund management, distribution, management company	379,260	149,999	33,000
Ireland <sup>1</sup>	Fund management	421	401	0
Germany	Distribution	4,057	403	971
Sweden	Distribution	1,472	846	230
Italy <sup>2</sup>	Distribution	2,183	406	0
Spain	Distribution	1,488	146	109
Netherlands	Distribution	406	34	10
Switzerland	Distribution	1,661	109	59
Austria	Distribution	769	68	25
Singapore	Distribution	1,484	198	41
Hong Kong <sup>3</sup>	Distribution	4,032	314	0
Luxembourg <sup>4</sup>	Management company	20,858	2,857	0

**Note:**

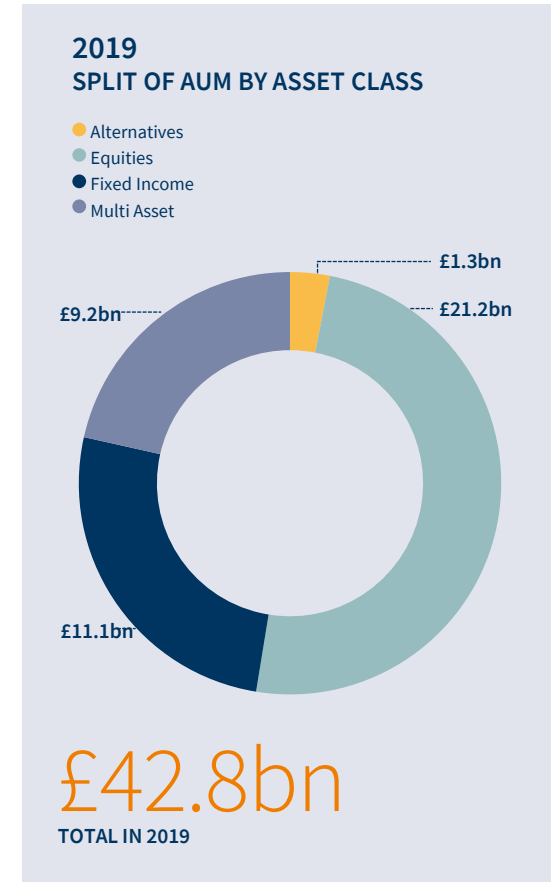
1. 2019 was the first year of trading, hence no tax payments were due in advance.
2. Due to preparations for Brexit a new legal branch was opened, which is treated as a brand new branch for the purposes of tax payments and no advance tax payments were required.
3. Payments that were due in 2019 were paid early in 2018. Also, due to political instability in Hong Kong, tax assessments that should have been received in 2019 were received in 2020.
4. 2019 was the first year of receiving income, hence no tax payments were due in advance.

# OUR GROUP TAX STRATEGY AS APPLIED TO OUR FUNDS

Our funds manage a broad investment portfolio on behalf of our investors. Fund look through tax treatment is recognised in many tax regimes throughout the world and we do not manage our funds with the intention to reduce taxes that are paid by our investors.

Our funds are subject to tax and capital returns in various jurisdictions around the world. In most circumstances the taxes paid will be similar to what the tax would have been if our investors had invested directly in the underlying assets.

In common with the asset management industry, our funds are resident in the UK and Luxembourg, and we manage a funds related entity in Mauritius. These jurisdictions are established centres for asset management businesses and because they have either zero or transparent tax regimes with special rules for collective investment vehicles, basing funds in these jurisdictions will in most cases ensure our investors are taxed only once, where the investor is resident. We comply with all investor tax disclosure requirements for the funds we manage.



# TAX IN THE FINANCIAL STATEMENTS

## TOTAL TAX

The financial statements disclose the Group's tax expense each year. The Group's total tax expense for 2019 was marginally below the UK statutory rate of 19%. This can be seen in the tax reconciliation on page 116 of the annual report, which is reproduced below:

FACTORS AFFECTING TAX EXPENSE FOR THE YEAR	2019 £m	2018 £m
Profit before taxation	151.0	179.2
Taxation at the standard corporation tax rate (2019: 19 per cent, 2017: 19.25 per cent)	28.7	34.1
Non-taxable (income) / expenditure	0.2	0.7
Other permanent differences	(0.6)	1.0
Adjustments in respect of prior years	(0.8)	0.2
Effect of differences in overseas tax rates	0.7	0.2
<b>Total tax expense</b>	<b>28.2</b>	<b>36.2</b>

## NON TAXABLE EXPENDITURE AND OTHER PERMANENT DIFFERENCES

These are items where tax authorities do not permit deductions as they do not deem them necessary for the business to incur in order to operate. Also included in this item is the impact of share based payments where there is no corresponding deferred tax unwind.

## ADJUSTMENTS IN RESPECT OF PRIOR PERIODS

During the year tax charges accrued in the accounts are based on estimates. These are refined after the year has finished. These differences are then booked in the following year.

## OVERSEAS TAX RATES

Where the Group operates in overseas jurisdictions and the tax rate is higher than that of the UK's this increases the Group's tax charge.

## DEFERRED TAX

Total tax is made up of two constituent part in the accounts. Current tax is an estimate of the cash tax payable in that period and deferred tax is an accounting concept which prevents differences in accounting and tax rules causing spikes in the effective tax rate.