

Tax Strategy for the Fiscal Year Commencing July 1, 2020

Introduction

We are committed to providing excellence in the work we publish, integrity and fair dealing with our customers, authors and ourselves, accountability for our performance and a sense of urgency to deliver on the promises we make. These are the values which drive our approach and our activities.

HBP in the United Kingdom

This document has been developed specifically to codify the Tax Policy for HBP in the United Kingdom, although it also reflects our approach to the topic more globally. HBP has one wholly owned subsidiary in the UK – Harvard Business School Publishing Europe Ltd. (“HBSPE”). Due to the size and scale of the HBSPE entity, we do not meet the threshold for the Senior Accounting Officer (SAO) obligations and therefore HBSPE does not have a dedicated HMRC Customer Compliance Manager (CCM.)

In this document, we set out HBP’s strategy for conducting its tax affairs and managing tax risk. HBP has undertaken a formal review of its key tax procedures and now publishes its tax strategy in accordance with measures contained in section 161 and Schedule 19 of the UK Finance Act 2016.

The strategy has been approved by the Board of HBP and will be reviewed annually.

HBP’s approach to risk management and governance arrangements

HBP’s policy is to comply with all relevant laws, rules, regulations, reporting and disclosure requirements and to pay the amounts of tax legally due when due. HBP manages its tax affairs in line with its core values (outlined in the introduction above.)

Tax risk management is fundamental to HBP. Tax matters are proactively managed by having a clear internal governance framework, together with business controls and processes. The Chief Financial Officer is responsible for management of HBP’s tax affairs as part of his overall responsibility for HBP’s financial operations and position. He is supported by HBP’s Director, Global Treasury. Tax compliance is monitored monthly as part of the monthly reporting cycle.

HBP follows a policy of continuous improvement and work is ongoing to identify and review key tax risks and to enhance tax systems and processes in support of HBP’s tax returns and compliance obligations. HBP works with several external advisors to help identify, and stay abreast of, ongoing changes in tax compliance and regulatory mandates. The impact of such changes, as well as potential risk issues are reported to HBP’s Chief Financial Officer. The Audit Committee of the HBP Board of Directors is updated quarterly. Internal systems, processes and controls are reviewed annually in coordination with the annual audit process.

Professional advice is obtained from suitably qualified external advisors where the tax treatment of specific items is uncertain. HBP's annual Corporation Tax returns for the USA entity are prepared by internal staff and reviewed by external advisors while tax returns for HBSPE are prepared by external advisers and subsequently reviewed in house. Tax returns to be filed in the United States are reviewed for accuracy and completeness by HBP's Controller. Returns for other countries are reviewed and approved by HBP's Director, Global Treasury. All returns are then reviewed and approved by the Chief Financial Officer before submission to the relevant tax authority.

The Audit Committee Chairman is consulted when required, and the Audit Committee reviews an annual report on the tax affairs of HBP. Any significant tax issues arising during the year are brought to the attention of the Audit Committee separately.

HBP's attitude towards tax planning

As a tax-exempt organization in the United States with for-profit subsidiaries in other jurisdictions, HBP works to ensure that all arrangements comply with current tax legislation and the need for underlying commercial substance. We do not use artificial arrangements but do seek to claim available reliefs and allowances where applicable such that we pay the right tax at the right time. Intercompany transactions are conducted on arm's length principles, in accordance with OECD guidelines.

We will seek the assistance of external advisers in the event of anticipated changes in business operations, where applicable, to remain informed of changes in tax regulation and to help ensure we remain compliant with all relevant laws and regulations and paying the correct amount of tax in accordance with those mandates. Our tax strategy is focused on risk management as distinct from tax planning.

The level of tax risk that HBP Group is prepared to accept

HBP is committed to full compliance with all relevant tax laws and to interpret tax laws in a manner that is consistent with their intention. Tax risk is considered as part of our broader enterprise-wide risk management processes and is overseen by the Board. HBP does not engage in aggressive tax planning schemes. Our commitment to operating with integrity, combined our approach to tax compliance results in a low level of tax risk for the Company.

Our policies and governance framework operate to ensure compliance with tax laws and regulations, both in the UK and worldwide, and to ensure that we identify and mitigate tax risks. Where uncertainty exists, we may seek appropriate external advice or engage directly with HMRC.

Members of the HBP community – whether employees, vendors, customers and other interested parties – are encouraged to share any questions or comments with HBP management by calling +1-617-783-7400 and asking for the HBP Compliance Officer.

HBP Group's approach toward its dealing with HMRC

In view of the small size of our UK entity, we do not have a CCM and our sole interaction with HMRC since incorporation has been through the filing of tax returns. We seek to ensure that our engagement with HMRC and all tax authorities is professional, open and honest, and undertaken in a spirit of cooperation. We aim to respond to information requests in a timely manner and ensure that access is given to all relevant information.