

MSP Underwriting Limited - Group UK Tax Strategy

Introduction

MSP Underwriting Limited and its subsidiary entities (which are listed at the end of this document) “MSP Group”, attach great importance to responsible and sustainable management of its business. An environment of strong corporate governance is embedded throughout the group’s policies, systems and controls. Our Code of Conduct binds our management and staff to engage in high standards of legal and ethical conduct. In terms of our attitude towards taxation, the MSP Group is a fair and reliable partner to its clients, its employees, its shareholders and all other external regulatory compliance parties (including HM Revenue & Customs (“HMRC”)). We are committed to acting in a prudent and responsible manner. We are an open, transparent and dependable taxpayer.

Our approach to risk management and governance arrangements in relation to taxation

As taxation is a key element of meeting our wider business objectives, the Directors of our UK entities provide leadership in respect of our approach to taxation. In addition, as our businesses are regulated in the UK by FCA, PRA and other regulatory bodies, and we also ensure that tax risk management is embedded into our working practices via our internal controls.

We have a robust process in place for identifying and addressing tax risks across all areas of our business. Finance personnel regularly attend technical updates on tax, as well as participating in regular meetings with tax advisors.

Our internal review system (and as appropriate, external assistance) supports the various Senior Accounting Officers in certifying to HMRC that we have appropriate tax accounting arrangements.

Additionally, all tax returns and other submissions to HMRC are checked and validated internally prior to submission (the exception being IPT which is outsourced to Lloyd’s (in line with the rest of the market)). We have appointed external tax advisors to complete a number of our tax returns, in addition to the general tax advice they provide.

We obtain advice from appropriately qualified external advisors on specialist UK and non-UK tax matters such as transfer pricing, indirect tax and employment tax matters which form part of our tax return processes and UK tax obligations. This supplements the skills of our own Finance team where appropriate. In addition, for all UK taxes we ensure adequate training is provided to help identify new and emerging risks.

Our tax structure is relatively straightforward, as all MSP Group Companies are domiciled and trade in the UK.

Tax risk appetite

As with our broader business risk appetite we have a low tolerance towards tax risk (across all taxes), and do not make use of tax planning which does not support genuine commercial activity. We seek to minimise the risk of a dispute with HMRC by being open and transparent about our tax affairs.

The tax consequences of significant transactions are considered by the management as part of its deliberations on the transactions in question. Wherever relevant we would also seek the opinion of external advisors to ensure that the tax impacts of any transactions are aligned to good corporate governance.

We manage our ongoing and future tax risk by liaising with our external tax advisors, entities in the UK, and HMRC to discuss significant current and recent transactions and to share details of any proposed significant transaction with them prior to implementation. In cases of significant uncertainty, we would seek advance clearance from HMRC.

Our approach towards our dealings with HMRC

We are committed to maintaining an open, transparent and collaborative approach to our dealings with the tax authorities. In the UK, we endeavor to engage with HMRC to discuss our tax affairs as and when required. Across all tax processes we ensure consistency in approach and reporting through coordination across all the different UK businesses.

We take care to ensure that our tax affairs are reported accurately. If we were to identify an error in a submitted tax return, we would seek to voluntarily disclose it, quantifying the effect of the error and paying any additional tax and interest that becomes due as a result.

In summary, the MSP Group is committed to ensuring it pays the right amount of tax in the UK and other territories and to working collaboratively with the relevant tax authorities e.g. HMRC.

Tax Evasion

MSP Underwriting Limited is committed to meeting the requirements of the Criminal Finances Act 2017 – Corporate Criminal Facilitation of Tax Evasion Offence. The Company has a zero tolerance towards the criminal facilitation of tax evasion.

Investigations into the UK tax offence will be carried out by HMRC and prosecutions will be brought by the Crown Prosecution Service (“CPS”). The foreign tax offence will be investigated by the SFO or National Crime Agency (“NCA”) and prosecutions will be brought by either the SFO or CPS. The penalties for this offence include unlimited criminal fines set at a minimum fine of 100% of the tax evaded with aggravating or mitigating factors taken into account. In addition, orders such as confiscation or serious crime prevention orders may be imposed upon perpetrators.

The SFO or CPS may agree to Deferred Prosecution Agreements (“DPA”) for a relevant body whereby prosecution is suspended on agreeing to certain conditions such as paying a financial penalty, strengthening weaknesses in compliance, or co-operation in the prosecution of a facilitator. Voluntary self-disclosure is encouraged and timely self-reporting is viewed as an indicator that a relevant body has reasonable procedures in place.

Companies in the MSP Group

The following legal entities form part of the MSP Group:

MSP Underwriting Limited, Beaufort Underwriting Agency Limited, Beaufort Dedicated No.1 Limited, Beaufort Dedicated No.2 Limited, Beaufort Dedicated No.3 Limited, Beaufort Dedicated No.4 Limited, Beaufort Dedicated No.5 Limited, Beaufort Dedicated No.6 Limited, and Beaufort Underwriting Services Limited.