

British Business Bank plc – Tax Strategy - Financial year ending 31 March 2021

Scope

The British Business Bank Plc (“the Bank”) is a 100% Government owned, but independently managed development bank. The Bank’s mission is to help drive economic growth by making finance markets work effectively for smaller businesses – wherever they are in the UK and wherever they are on their business journey – enabling them to prosper and grow.

The Bank activities generate a variety of taxes. We pay corporate tax, stamp duties, employment and VAT that can only be partially recovered. In addition, we collect taxes on employees.

This tax strategy applies to the British Business Bank Plc and all members of its Group (where the Bank has a direct or indirect holding of over 50% of ordinary share capital) and has been published in accordance with paragraph 16(2) of schedule 19 of the Finance Act 2016.

Tax Principles

The Bank is committed to managing its tax affairs in a way that is compliant with all regulation, does not compromise its reputation and meets shareholder and wider government expectations and requirements in respect of taxation matters. The Board’s objectives on managing tax are to:

- Adopt adequate governance to control the types of transactions that it enters into;
- Not undertake tax planning that aims to achieve a tax result contrary to the intentions of Parliament. Before the Bank makes investments in structures that engage in tax planning it ensures that this has not been undertaken to achieve a tax result contrary to the intentions of Parliament;
- Comply fully with all its tax obligations; and
- Maintain an open, professional and transparent relationship with HMRC.

Risk Appetite

As a Government-owned development bank, the Bank has a very low appetite for tax risk. This means that tax risk is subject to active monitoring and appropriate controls as taking tax risk is not consistent with the Bank’s aim to act in accordance with the highest public sector and industry standards.

Tax risk management

We follow the Bank’s risk management system for managing tax risk. This means that we identify, assess and manage tax risks from our business transactions, account for them appropriately and implement and monitor controls over them.

Where there is significant uncertainty or complexity in relation to a tax risk, we may seek advice from external experts. This gives us the confidence that our tax returns are appropriate. We proactively seek to identify, evaluate, manage and monitor UK tax risks to ensure our financial exposure is well understood and is within a level that we consider acceptable.

Ultimate responsibility for tax risk resides with the Board and our governance ensures that suitably employed people are involved in decisions related to tax. The Chief Finance Officer (“CFO”) and Senior Accounting Officer is responsible for ensuring that the Bank implements policies and procedures to enable the Bank to manage its tax affairs in a way that is compliant with regulation. Any tax risks and uncertainties are escalated to the Board or our senior executive management team (“ExCo”).

Attitude towards tax planning

The Bank complies with the principles of HMT’s “Managing Public Money”. This means that it will not engage in, or connive at, tax evasion, tax avoidance or tax planning.

We will not structure any transactions in a way that would have tax results that are inconsistent with the economic substance of the business arrangements being undertaken. The Bank carries out appropriate due diligence on any transaction or investment structure, and if there is any uncertainty external advice will be sought as necessary to fully understand the correct tax implications.

Relationship with HM Revenue and Customs (HMRC)

The Bank seeks to maintain a relationship with HMRC which is transparent, constructive and based on mutual trust. Where there is uncertainty in the application of tax law, the Bank will engage with HMRC in order to minimise any tax risk and ensure HMRC has all the relevant information in order to assess the tax position of the Bank. The Bank endeavors to ensure that:

- All taxes are correctly calculated in accordance with the law and paid when due; and
- Statutory tax returns for all taxes are filed correctly, contain accurate information and be filed on a timely basis.

Subsidiary companies

The subsidiaries covered by this Tax Strategy are as follows:

- BBB Patient Capital Holdings Limited
- British Business Financial Services Limited
- British Business Finance Limited
- British Business Investments Limited
- British Patient Capital Limited
- The Start-Up Loans Company
- British Business Aspire Holdco Limited
- Capital for Enterprise Limited
- Capital for Enterprise Fund Managers Limited
- Capital for Enterprise (GP) Limited

Approved by the Board

4th March 2021