

The North of England Protecting and Indemnity Association Limited

UK Tax Strategy – Published 20 February 2018

The North of England Protecting and Indemnity Association Limited (“North”) present the UK tax strategy of the group pursuant to Sch 19, Part 2, paragraph 16 (2) of the Finance Act 2016.

This strategy applies to all of North’s UK companies and is reviewed annually. The Global Director (Finance) is responsible for management of the tax affairs of North.

This strategy applies from the date of publication until it is superseded. References to ‘UK taxation’ are to the taxes and duties in the UK which include:

- All corporate income taxes
- Indirect taxes (VAT, SDLT, IPT)
- Employment taxes (PAYE, NIC)
- Other applicable tax matters

The tax strategy is approved by the Global Director (Finance) and sets out the Group’s general tax arrangements as well as the policy and approach to tax risk management, attitude to tax planning and working with HMRC.

Guiding principles

North was established in the UK over 150 years ago and is a marine mutual liability insurer providing P&I, FD&D, war risks and ancillary insurance. As a leading member of the International Group of P&I Clubs (IG), North protects and promotes the interests of the international shipping industry.

As a mutual insurer, North is not taxed on underwriting income derived from insurance contracts written on a mutual basis. North’s fundamental business aims include continuing to operate as a mutual insurance organisation run for the benefit of its Members.

Risk management and governance arrangements

The day-to-day management of North’s UK tax affairs is principally undertaken by the finance department, although responsibility for certain employment tax matters rests with the human resources department.

Diligent professional care and judgement are employed to assess tax risks in order to arrive at well-reasoned conclusions on how the risks should be managed. External advisers are used to support the decision-making process as necessary.

Taxation risk is an operational risk and documented in the Group’s Risk Management Framework and Risk Registers, which are reviewed and approved by the Group Risk Committee and Board of Directors at least annually. The outsourced Internal Audit function perform reviews which consider the processes and controls in place to manage the Group’s taxation risks in accordance with the audit plan agreed with the Group Audit Committee.

Tax risk appetite and attitude to tax planning

North's appetite for tax risk is low. The Group will utilise tax reliefs and allowances available in the manner in which intended by HMRC and statute. North does not engage in artificial tax arrangements and ensures that outcomes are consistent with commercial realities. Aggressive tax planning is not proactively considered by the Group.

Relationship with HMRC

It is North's general policy to be transparent and proactive in all interactions with HMRC. All dealings with HMRC will be conducted in a collaborative, courteous and timely manner, with the aim to strive for early agreement on any disputed matters and to achieve certainty wherever possible.