

Aster Group – Tax Strategy for the financial year to 31 March 2024

1. Introduction

Aster Group is a housing provider formed by six large scale voluntary transfers (LSVTs) through the merger of Aster Communities and Synergy Housing Limited in 2013. The Group has benefitted from the addition of homes through its subsequent mergers with East Boro Housing Trust Limited, Central & Cecil Housing Trust and Enham Trust.

Aster employs over 1,600 people owns and manages over 36,000 properties across the south of England and London.

Our corporate strategy is shaped to help us deliver our vision that ‘Everyone has a home’ and is a shared set of objectives and goals that as a business we’ll work together to achieve. Supported by three strategic themes our approach is underpinned by a set of enablers which will deliver our future and focus on transformation, growth and financial strength and sustainability.

The main source of revenue for the Group is through the provision of affordable housing services and from first tranche sales from the Group’s shared ownership development. Revenue is further supported by both social and non-social housing support services, including the provision of care services. As a result, the Group’s activities include commercial trading activities as well as charitable activities. The revenue generated by the Group is used to enable better lives, to provide safety and security through a range of housing and services including the provision of safe, well-maintained homes and modern reliable customer services.

The Group uses the profit it generates to invest in and support the development and provision of more homes.

All profits generated by the Group are reinvested back into the business with no dividends paid.

2. Scope and aim

This strategy sets out Aster Group’s strategic and operational approach to tax risk management.

The taxes covered by this strategy are Value Added Tax, Stamp Duty (Stamp Duty Land Tax), Employment Taxes (including Pay As You Earn and National Insurance Contributions), Corporation Tax and Construction Industry Scheme. References to tax in this document can mean any of the potential taxes the Group are exposed to. The definition of tax risk can cover any financial liability, known or unknown, agreed or in dispute, and either historical or future.

The strategy complements our corporate aims, promoting and embedding the highest standards of accountability, integrity and probity, and to set the appropriate policies and internal controls to support decision making.

This strategy is relevant for the entire Aster Group. Due to the changing, complex and specific nature of taxation, this strategy will be revisited at least on an annual basis, or whenever there is a significant change in tax legislation.

3. Tax planning

Aster Group is committed to full compliance with all statutory obligations and full disclosure to tax authorities. Our aim is to comply with all aspects of UK tax legislation and work towards paying the

right amount of tax at the right time. We seek to do so by acting with integrity and harnessing robust governance controls that are embedded into the organisation.

Within the Group there are registered providers as well as other charitable entities. It is in the best interests of the Group to pursue activities that contribute, both directly or indirectly, towards the primary purpose and charitable objectives of Aster Group.

The Aster Group manages tax costs through taking advantage of available tax exemptions and incentives in the manner intended by the tax authorities and legislation to minimise the tax burden and support the Group's charitable objectives. The Aster Group does not engage in tax planning that is not aligned to meeting its charitable purposes.

Activities undertaken within Aster Group that contribute to its charitable purpose (or an investment – either capital or revenue) are afforded full exemption from Corporation Tax. Activities that are non-charitable are taxable and, these activities should be undertaken in non-charitable subsidiaries of Aster Group.

Aster Group will engage in efficient tax planning that supports the business. We will not engage in any tax planning that may harm its reputation or is inconsistent with the underlying commercial rationale of any transaction nor will we be party to the artificial tax arrangements of a customer, supplier, or other third party. For the sake of clarity, tax planning is a legitimate activity but tax evasion is not and constitutes a form of criminal fraud, which the Group has not and will never partake in.

Aster Group will conduct transactions between group members on an arm's length basis.

Where there is any uncertainty as to the tax treatment of a particular transaction, the Group seek advice from a suitably qualified external adviser and only proceed based on the response received.

4. Tax roles and governance

The ultimate decision-making responsibility for Aster Group's tax position remains with the Board of Directors. The Chief Financial Officer owns the Tax Strategy that is approved by the Group Treasury and Finance Committee. The strategy is implemented through the consistent application and maintenance of policies and procedures. These are applicable across the Group.

The Tax Strategy will be reviewed annually by the Finance Director - Group (Senior Accounting Officer), as well as external advisors when it is deemed necessary, for approval by the Group Treasury and Finance Committee to ensure:

- The proper control and management of tax risk;
- The tax position is optimised; and
- The tax charge is correctly stated in the statutory accounts and tax returns

The Assistant Director - Financial Operations & Management Accounting, Group Financial Controller and Head of Payroll & Pensions are responsible for the day-to-day management of the Tax Strategy and implementing it throughout the business.

The Tax Strategy will then be communicated throughout the business appropriately.

Our approach and strategy are reviewed annually and were last approved in December 2023.

Our Tax Strategy complies with the UK legislation of the Finance Act 2016 Schedule 19.

5. Risk Management

The Aster Group identifies, assesses and manages tax risks. There are processes and controls in place to ensure that the Aster Group's tax liabilities are calculated accurately in all material respects.

Tax risk is managed through a risk register which is maintained and monitored for existing and any new arising tax risks. Through these practices we make sure reasonable steps are taken to ensure appropriate tax accounting arrangements are in place, as specified under the Senior Accounting Officer (SAO) regime. External advisors are called upon to assist with transactions.

When reviewing the tax risks associated with a commercial decision, consideration is given to:

5.1 Transactional risks

The Aster Group ensures that the risks are properly assessed, and transactions are signed off by the Chief Financial Officer. Advice will be taken from external advisors for complex transactions with significant tax risk. All significant transactions are subject to approval by the relevant board, panel or committee, being either:

- Group Investment and Asset Panel
- Group Treasury and Finance Committee
- Group Audit and Risk Committee
- Executive Board
- Overlap Board.

5.2 Operational risks

The Aster Group manages the risks of applying UK tax legislation to routine everyday business operations. Controls and processes are in place to mitigate operational risks.

5.3 Compliance risks

Risks associated with meeting tax compliance obligations will be managed by ensuring the processes are based on up-to-date knowledge and proper and efficient use of technology. The Aster Group uses external software where required to meet HM Revenue and Customs' (HMRC) online filing requirements.

5.4 Management risks

Aster Group will ensure that those charged with managing tax risks have the skills and ability to do so. External advisors are also consulted regularly.

5.5 Reputational risks

Consideration will always be given prior to any tax planning commencing that may expose Aster Group to reputational damage. The Group's corporate and social responsibilities are taken into account when assessing tax initiatives and the Group does not undertake tax planning that would harm its reputation.

6. Transparency

Aster Group will always adopt an open and collaborative approach to communicating with HMRC. We will engage with HRMC at the earliest opportunity to resolve disputes and to achieve early agreement and certainty.

All matters with HMRC will be addressed through timely, compliant, and transparent discussions, we will ensure that we do not expose the Group to any reputation damage or hinder our working relationship with the tax authorities.

7. Tax compliance and reporting

The Aster Group complies with all relevant laws, rules, regulations, reporting and disclosure requirements. In order to comply with its filing and reporting obligations, the Group will ensure that it has appropriate systems and robust controls in place to provide timely, complete and accurate information to HMRC and will maintain all records and documentation required by law.

Reviews are carried out within the team to reduce the risk of errors. External advisors are engaged to assist and review where required.

The Aster Group endeavours to ensure all returns are submitted on time and all tax payments are calculated accurately and are made on a timely basis.

Approved by the Group Treasury and Finance Committee on 19 December 2023.

END