

# CHB London Branch- Tax Strategy

Reviewed in December, 2019

## 1. Introduction

As an overseas unit of Chang Hwa Commercial Bank, Ltd. (“the CHB”), one of the cornerstones of Taiwan’s banking system, London Branch (“the Branch”) is the CHB’s solo UK entity established in London. The Branch was founded in 1993 and our principal activities include corporate lending, dealing transactions and a few retail banking services.

The Branch regards this statement as complying with our duty under paragraph 22 of Schedule 19 of the Finance Act 2016. The Tax Strategy is approved by the CHB’s Board of Directors and will be reviewed annually. The following represents the principles apply to the Branch.

## 2. Tax governance

The Head Office of the CHB is ultimately responsible for the group tax strategy, tax policies and tax risk management. The Financial Management Division is the tax management unit of the CHB and reports regularly to the Board on the performance of tax management. With regard to UK tax affairs, day-to-day responsibility for the implementation and management is within the Branch. Four principles of tax governance are described as below.

- I. Compliance with tax regulation: The Branch ensures to understand UK tax regulations, adopts moderate approaches and conducts tax management in accordance with the regulations. Any decisions and daily business activities shall take into account the tax consequence and related tax risks.
- II. Information transparency: Tax related information shall be well kept, and proper disclosures are made according to regulations.
- III. Communication with tax authority: The Branch maintains an open and honest communication with HMRC and provides related documents to facilitate the communication.
- IV. Filing on time: The Branch calculates the taxes correctly and files tax returns no later than the statutory deadlines.

### 3. Tax risk management

The Branch manages the tax risks affecting our business whether internally or externally. The goal of our tax risk management is to comply with tax regulations and pay the correct amount of tax at the right time in the UK.

The Branch is a foreign bank overseas branch. Our business in the UK is relatively simple. Given the scale of the Branch, the complexity of the tax laws to the Branch is less than that to the large financial institutions. The Branch operates in an adequate tax control framework in order to identify key current and future risks associated with UK taxation. The General Manager oversees daily administration runs by the manager and staff. In case of uncertainty or complexity in relation to a tax risk, external advice will normally be obtained.

### 4. Tax planning

The Branch believes in the principle that any tax planning should be consistent with its purpose and value, and should pay the correct amount of tax. We will do our utmost best to ensure the existing and proposed transactions do not create unintended tax costs and are reasonably understood by the tax authority. Due to a conservative approach adopted by the Branch, we will not actively enforce large tax planning.

### 5. Relationship with HMRC

Cooperation with local tax authority is the best way to manage tax affairs. The Branch will unquestionably be transparent and proactive in all tax matters, and actively discuss with HMRC should any queries occurred.