



IPB Insurance CLG

Taxation Risk Management Policy

Policy Owner: Enda Devine, Finance Director (FD)

Date: July 2025

 Think before you print - every sheet of paper counts towards a greener planet

Our Mission

To build a **world class** business
that puts **you at the centre** of
our organisation and **society**
at the heart of our goals



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Version and Approval History

Date	Author / Policy Owner	Version	Approver	Description
14 July 2015	Enda Devine	1.01	N/a	Initial draft
29 July 2015	Enda Devine	1.02	ED	Updates to version 1.01
31 July 2015	Enda Devine	1.03	CB/	Updates to version 1.02 – (incorporates feedback from CB)
31 Aug 2015	Enda Devine	1.04	KPMG	Updates to version 1.03 – (incorporates feedback from I.A (KPMG))
2 Sep 2015	Enda Devine	1.05	CEO	Updates to version 1.04 – (incorporates feedback from SMT & EMT)
24 Sep 2015	Enda Devine	1.06	IPB Board	Updates to version 1.05 – (incorporates feedback from CEO)
19 Oct 2016	Colm Bryson	1.07	IPB Board	Annual Review and minor updates
20 Oct 2016	Enda Devine	1.07	IPB Board	Annual Review and minor updates
21 Sep 2017	Colm Bryson	1.08	IPB Board	Annual Review and minor updates
20 Sep 2019	Colm Bryson	1.09	IPB Board	Annual review and minor updates
11 Dec 2020	Colm Bryson	1.10	IPB Board	Annual review and minor updates
10 Dec 2021	Enda Devine	1.11	IPB Board	Annual review and minor updates
25 Jul 2024	Enda Devine	1.12	IPB Board	Annual review and date / version updates only
24 Jul 2025	Enda Devine	1.13	LT/ IPB BAC/ Board	Annual review and date / version updates only



1. Objective of Policy

The objective of IPB Insurance CLG ('IPB') ('the Company') is to pay the amount of tax legally due by it and to observe all applicable rules and regulations in the markets in which it operates whilst discharging our responsibility to Members to control tax costs. We are committed to engaging in open and constructive relationships with the relevant tax authorities and we aim to provide transparent and accessible communication to enable all stakeholders to understand our tax strategy.

2. Context

Tax conduct and principles

There is increased scrutiny from stakeholders who question whether businesses are contributing appropriately through the tax system to the societies where they operate. We believe that a sustainable, fair and effective tax system is in the interests of taxpayers and society at large.

We fully recognise the importance of our Environmental, Social, and Governance (ESG) responsibilities and economic impact on the communities in which we operate and our total economic contribution, including tax, can be a significant element of wealth creation for those communities. Our economic contribution includes jobs, investments, buying goods and services, dividends, knowledge and skill transfers. Our tax contributions include corporate income tax which includes corporation tax and dividend withholding tax arising on investment transactions, dividend withholding taxes arising where investment income is generated outside of Ireland, insurance levies and insurance fund contributions, VAT, payroll and other taxes we pay or collect on behalf of governments.

3. Our Commitment

The Company **pays tax in accordance with all relevant laws and regulations** in the territories in which we operate. In managing our tax affairs, we are guided by the following commitments:

- **Active and Responsible Tax Management:** We actively manage our tax affairs in a balanced way to support our business strategy and create sustainable value for our Members and customers. This means tax implications are considered in business decisions to achieve both compliance and efficiency.
- **Transparency and Cooperation with Authorities:** We maintain constructive, open relationships with tax authorities. We adhere to a policy of full disclosure on all tax matters, fostering trust and clarity in our communications with tax officials.
- **Commercial Substance and Fair Tax Practices:** We conduct business on sound commercial principles, considering tax as one of many business costs. Any tax planning we undertake is grounded in genuine commercial activity and a high degree of certainty. We will not engage in artificial transactions solely for tax benefits.
- **Integrity and Reputational Care:** We act with integrity and accountability in all tax matters. Tax initiatives are evaluated not only for financial outcomes but also for their alignment with our ESG commitments, our corporate reputation and brand values, and the legal and fiduciary



duties of our Directors and employees. In essence, we ensure our tax practices uphold the broader responsibilities we have to our stakeholders and society.

These commitments set the tone for how the company approaches taxation. The detailed principles and procedures in the rest of this Policy support and expand upon these overarching commitments.

4. Scope of this policy

For the purposes of this Policy, tax is defined as all financial charges or levies (direct and indirect) including levies, contributions to insurance funds, corporate income tax, VAT, payroll and other taxes applied by a Tax Authority.

This Policy applies to all Directors and employees who are involved in or whose actions impact the management of the Company's taxation affairs. This includes:

- The Board of Directors and Leadership Team
- Members of the Finance Team
- Any other employee that has responsibility for managing or supporting tax matters
- External Professional Tax Advisers and Auditors

Out of scope

The Company does not offer tax advice to customers or staff members. The Company's tax resources, and this Policy are focused on the Company's own tax obligations and risks, not those of external parties.

Consequences of Non-Compliance

Failure to manage tax risk properly could result in non-compliance with tax laws in jurisdictions where we operate. This might lead to Revenue Authority audits, sanctions, fines, or other regulatory penalties, as well as reputational damage. It is crucial that everyone covered by this Policy understands and follows it. Non-compliance with tax laws can have serious financial and legal consequences for the Company and could undermine stakeholder trust.



5. Governance and Roles in Tax Management

The governance structure of the company ensures effective management of taxation risks through clearly defined roles and responsibilities, summarised below:

Governance Framework

- **Board Oversight:** The Board of Directors approves and reviews the Company's Tax Risk Management Policy. They monitor compliance and oversee its effective implementation, supporting processes such as the annual formalisation of the Directors Compliance Statement as required by the Companies Act 2014.
- **Committees:** The Audit Committee monitors significant tax matters, including adherence to the Tax Risk Management Policy. The Risk Committee evaluates the Company's taxation risk appetite and ensures alignment with the risk appetite as outlined in the Risk Appetite Statement, which identifies tax risk as a "Minimised Risk Type."

Roles and Responsibilities

Role	Responsibilities
Board of Directors, Audit Committee and Risk Committee	The Board approves and annually reviews the Taxation Risk Management Policy, ensuring its effective implementation. The Audit Committee annually reviews and suggests any changes before submitting them for Board approval. The Risk Committee continuously monitors taxation risk management and recommends changes to risk appetite as needed.
Leadership Team	The Leadership Team provides oversight to the IPB Tax Risk Management policy and Tax Strategy by fostering a compliance culture, ensuring robust policies are developed and integrating tax considerations into business decisions.
Finance Director (FD)	Reviews and finalises taxation returns before submission; provides tax-related information to the Board and its Committees; ensures accurate tax messaging in the Annual & Stakeholder Report; oversees relationships with external tax advisors.
Head of Finance /Tax Function (in Finance Department)	Manages taxation risks proactively; liaises with external advisors for guidance across all taxation types; ensures compliance with Corporation tax, VAT, Payroll taxes, Levies, and Stamp Duties. Provides necessary inputs for tax returns; calculates charges for various non-corporation taxes; ensures timely and accurate preparation of tax packs; assists external advisors during reporting and queries.
Professional Tax Advisors	Provide strategic taxation advice; periodically review taxation compliance; liaise with tax authorities; prepare calculations for corporation and deferred taxes annually.

This streamlined framework integrates Board oversight, committee evaluations, and well-defined roles to minimise taxation risks while adhering to regulatory requirements.



Decision-Making and Risk Escalation

The Company categorise tax-related decisions by risk level, with increasing oversight for higher risk items (as illustrated by **Diagram 1** on page 8 in this Policy):

- **Low-Risk (Green):** Routine tax decisions or issues with low complexity and low impact. These are handled by the Tax Function and Head of Finance under standard procedures. Example: a straightforward VAT return filing that reconciles without issue.
- **Medium-Risk (Amber):** Situations of moderate complexity or impact. These require standard controls plus a *second opinion* (for instance, consulting with external tax advisors or even directly with the tax authority). The FD must be informed of medium-risk matters. Short-term reputational issues – something that might cause minor negative publicity for a short period – are treated at least as Medium-Risk regardless of monetary value. Example: uncertainty about the tax treatment of a novel transaction – The Finance Team would seek external advice and inform the FD.
- **High-Risk (Red):** Significant tax matters with high value at stake or high uncertainty. These require all Medium-Risk precautions **and** explicit approval from the Board of Directors. Long-term reputational issues (anything that could cause lasting damage to the Company's reputation or materially affect stakeholder trust) automatically fall into this category, no matter the financial amount involved. Example: a decision on whether to contest a large tax assessment in court – this would go to the Board for approval due to potential financial and reputational impact.
- **Short-term reputation issues (STR)** fall within the Medium-Risk area, regardless of the value. This is something that might appear in the press for a day or two.
- **LTR: Long-term reputation issues (LTR)** fall within the High-Risk area, regardless of the value. A LTR issue is something that might damage the Company's reputation, which for example could have an impact on customer loyalty.

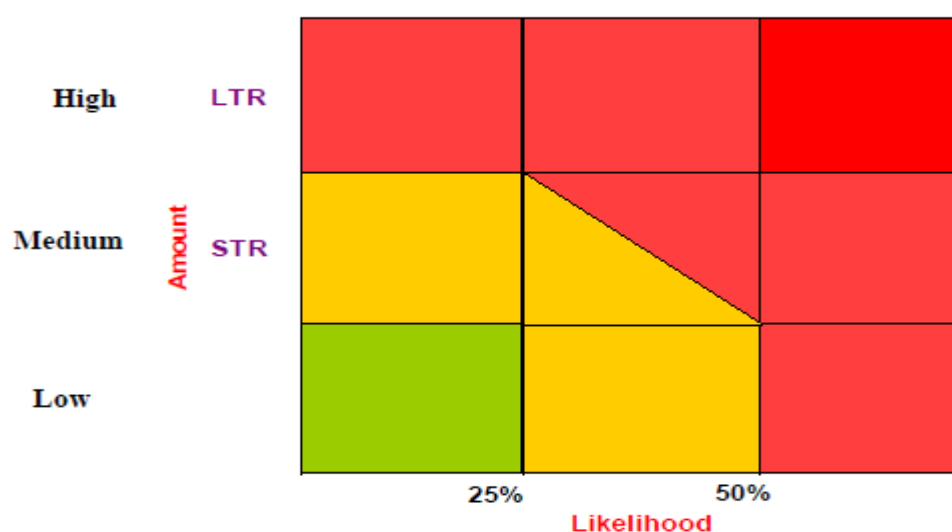
In assessing tax issues, we consider not just the immediate financial outcome but also the **potential for negative reputational impact**. Specific types of tax risk we evaluate include:

- **Financial/Legal Risk:** The risk of an aggressive or uncertain tax position being overturned by authorities, leading to additional tax, interest, and penalties.
- **Compliance Risk:** The risk of errors in tax filings or failures to meet filing/payment deadlines.
- **Operational Risk:** The risk that tax requirements are not identified or addressed in business processes or transactions, possibly due to lack of communication or foresight.
- **Planning Risk:** The risk that the expected tax outcome of a strategy or transaction is not achieved, or that it yields unintended costs. For example, a tax-saving measure might later be nullified by law changes or challenge, resulting in a higher tax cost than if we had not pursued the arrangement.

The Tax Function will escalate any medium or high-risk tax issue to the appropriate level of authority (FD or Board) in line with this framework. The goal is to ensure that decisions on significant tax matters are made with full awareness of the risks and with the involvement of the right stakeholders.



Diagram 1:



The amount, shown in the diagram above, will be determined by the FD after considering all relevant facts.

- The total amounts of taxation payable under the taxation type.
- The total amounts of taxation at risk.
- The turnover and pre-tax profits of the Company.

Likelihood refers to the probability of a contravention of tax code.

6. Tax Principles

The policy applies to all individuals identified in section 4 of this document, who must adhere to the following principles:

- **Compliance with Laws:** Ensure all tax laws and regulations are followed, tax returns filed accurately and timely, and taxes paid when due.
- **Tax Minimisation:** Seek legitimate tax savings using available reliefs and incentives, avoiding aggressive stances or arrangements lacking genuine commercial rationale.
- **Stakeholder Consideration:** Balance Member value and business benefits with responsibilities to tax authorities and the community, avoiding actions that harm reputation.
- **Knowledge and Training:** Commit to tax awareness and training, consulting experts when needed to ensure accurate understanding of tax laws.
- **Robust Systems and Controls:** Maintain effective systems to meet tax obligations, including accurate recording and proper documentation.
- **Diligence and Documentation:** Conduct thorough analysis and keep well-documented records that support tax positions and decisions.
- **Appropriate Decision Levels:** Escalate significant tax decisions to the FD or Board following governance guidelines.
- **Tax Authority Conduct:** Maintain professionalism and transparency in dealings with tax authorities, resolving issues respectfully and truthfully.



- **Record Management:** Retain tax-related records securely for required periods, ensuring compliance with legal obligations.
- **Ethical Conduct:** Follow the company's Business Code of Conduct and report concerns via proper channels. The Whistleblowing (Speak-Up) Policy is available for employees to address any issues after escalating them to the FD or Speak Up Advocates panel.

7. Irish Revenue Cooperative Compliance Framework (CCF)

Policy Statement: The Company is dedicated to maintaining the highest standards of tax compliance and transparency. In support of this commitment, at the time of preparation of this version of the policy, we are in the process of applying to participate in Revenue's Cooperative Compliance Framework (CCF), which fosters a trust-based and collaborative relationship between the Company and the Revenue Commissioners to promote proactive compliance and timely tax reporting.

Approach:

Dedicated Support and Communication:

- Engage proactively with Revenue's CCF team to address tax matters efficiently and effectively.
- Maintain open and transparent communication with Revenue, ensuring prompt resolution of compliance concerns or queries.

Real-Time Reporting:

- Establish and maintain systems for the accurate and timely reporting of tax-related information to Revenue.
- Ensure the submission of all required tax documentation and reports within specified timelines.

Compliance Reviews:

- Participate in scheduled compliance reviews conducted by Revenue under the CCF framework.
- Address identified tax risks or issues promptly and effectively, demonstrating a proactive approach to compliance.

Commitment to Transparency:

- Uphold principles of fairness and transparency by engaging in early issue disclosure and collaborative resolution practices.
- Reflect the Company's dedication to compliance through consistent and reliable tax reporting practices.

Benefits:

- Strengthen the working relationship with the Revenue Authorities through mutual respect and collaboration.
- Reduce administrative burdens by streamlining tax processes and minimising duplicative reporting.



- Enhance risk management by identifying and resolving tax issues early, ensuring greater certainty in the company's tax positions.

By participating in the CCF, the Company reinforces its commitment to fostering a cooperative and transparent relationship with tax authorities, ensuring the highest standards of compliance, and contributing to the integrity of the taxation system.

8. Business Partnering

Tax considerations are embedded in business decisions, with early involvement of the Tax Function to ensure compliance and tax efficiency. This approach includes:

- **Early Involvement:** Engage the Tax Function before finalising major initiatives, such as business acquisitions, restructures, significant transactions, or new systems affecting tax reporting.
- **Tax-Efficient Decision Making:** Evaluate commercial options to recommend compliant, tax-efficient approaches, while avoiding artificial arrangements.
- **Approval Process Integration:** The Finance department is consulted prior to submission of approval documents for major decisions, to ensure all tax implications for major decisions are included and to ensure decision – makers understand costs, benefits and obligations.
- **No Compromise on Compliance:** Ensure all business aims align with tax laws. Plans are adjusted if compliance concerns arise.
- **Accurate Tax Implementation:** Execute decisions to align with intended tax treatment, through clear documentation, training, and reflecting results in tax filings.
- **Risk Assessment for Significant Decisions:** Higher-risk tax issues are escalated to the FD or Board, with detailed assessments including transaction context, possible outcomes, financial impact, and mitigation steps.

This partnership ensures the company achieves its goals while optimising tax efficiency, maintaining compliance, and protecting its reputation.

9. Accurate Tax Reporting

Accurate tax reporting is essential for the company's risk management and transparency. The Tax Function, in collaboration with the Finance team and external advisors, ensures timely preparation and review of key reports.

- **IPB Monthly Financial Report (Tax Section):** Includes details on tax charges, provisions, and deferred tax balances. Reviewed by the FD and Head of Finance, this keeps the Leadership Team informed about variances or issues.
- **IPB Annual & Stakeholder Report (Tax Disclosures):** Comprehensive yearly disclosures covering total tax expense, deferred tax movements, and economic contributions. Prepared by the FD and Head of Finance with external advisors, reviewed by the Leadership Team, Audit Committee, and approved by the Board.



- **Corporation Tax Computation and Returns:** Prepared with external advisors, detailing taxable profit calculations and final liability. Reviewed by the FD before submission to Revenue Authorities.
- **Other Tax Reports:** Includes VAT, payroll taxes, insurance levy, and withholding tax filings, prepared by designated staff within Finance and overseen by the Tax Function.

For each report, clear roles are assigned, and multi-layer reviews ensure accuracy. Timely reporting supports compliance and stakeholder transparency while aligning with internal responsibilities.

10. Taxation calendar process and controls

The company operates a centralised **Taxation Calendar** and stringent control processes to make sure we fulfil all tax compliance obligations accurately and on time. Key elements of this process include:

- **Comprehensive Tax Calendar:** The Tax Function maintains a master calendar of all tax filing and payment due dates applicable to the company. This calendar covers every tax type, such as:
 - Monthly PAYE/PRSI/USC submissions,
 - Bi-monthly VAT returns (and the annual VAT information exchange if required),
 - Annual corporation tax returns and preliminary tax payment dates,
 - Industry-specific levies or contributions (e.g., insurance levy filings),
 - Any filing deadlines arising from tax elections or claims we need to make.

The calendar is updated whenever there are changes in deadlines or new obligations (for instance, if a new tax is introduced). It clearly assigns responsibility for each item and includes internal target dates ahead of the statutory deadlines.

- **Responsibility and Visibility:** Each tax return or payment has an **assigned owner** in the Tax Function. For example, one team member may be responsible for preparing VAT returns, while another handles payroll tax filings. The Tax Function leadership (Head of Finance) has oversight of these responsibilities and ensures backups are in place so that, if someone is on leave, the task is reassigned and completed. The calendar is visible to the Finance team and reviewed in regular Finance meetings to confirm that upcoming obligations are on track.
- **Standardised Processes:** For every recurring tax obligation, we have a documented **process and checklist**. For example, the VAT return process note outlines: when to download reports from the accounting system, how to reconcile sales and purchases, steps to verify the VAT control accounts, and how to file via the Revenue Authorities online system. These documents also highlight common risk areas (e.g., “check large invoices for correct VAT treatment”) to remind preparers and reviewers where mistakes might occur. Following these standardised procedures helps maintain consistency and reduces reliance on individual memory or expertise.
- **Internal Controls and Reviews:** Robust controls are in place to ensure accuracy and completeness:
 - **Preparation & Review:** One person prepares the draft return, and a second person reviews it. The reviewer checks calculations, compares the return against general ledger balances and prior periods, and confirms that any discrepancies are explained. This dual-control approach catches errors and ensures no single individual could commit a reporting misstatement without detection.



- **Reconciliations:** Key figures in tax returns are reconciled to our financial records. Payroll tax submissions are reconciled to payroll journals. These reconciliations are kept as part of the workpapers.
- **Sign-offs:** Every tax filing is approved by an appropriate level of management before submission. Routine monthly filings are approved by the Head of Finance, whereas the annual corporation tax return is approved by the FD. We document these approvals (e.g., via email or sign-off sheet). No return is filed without this sign-off.
- **Filing and Payment:** The Tax Function ensure that filings are submitted through the correct channels (usually electronically via the Revenue Online System (ROS)) and that payments are made in full by the due date. We typically aim to file a few days before the actual deadline as a safeguard. Payment instructions are scheduled in advance to avoid last-minute issues. After submission, copies of returns and payment receipts are saved to our tax records.
- **Monitoring and Reminders:** The tax calendar is actively monitored. Automated reminders are set for key dates. As a backstop, our external advisors often send courtesy reminders for major filings like the corporation tax return – these are cross-checked against our calendar to ensure nothing is overlooked. In weekly or bi-weekly Finance team meetings, upcoming deadlines are a standing agenda item during critical periods.
- **Adaptability:** If any change occurs (like a one-off transaction creating an additional filing requirement), the Tax Function will update the calendar and inform relevant personnel. We remain adaptable; for example, if a new reporting requirement were to apply to the company, we would incorporate that into our compliance processes promptly.
- **Audit Trail:** We maintain an organised archive of all submitted tax returns, supporting calculations, and evidence of review. This could be on a secure network drive. Each period's folder contains the return form/PDF, the detailed calculations, correspondence related to that return, and the sign-off. This documentation is crucial for internal audits and for any future tax authority audit.

By having a clear calendar and strong internal controls, the company significantly reduces the risk of missing a deadline or making a material error in a tax filing. This disciplined approach helps avoid penalties and interest, and it underpins our reputation as a compliant taxpayer.

11. Policy review and approval process

This Taxation Risk Management Policy is not a static document; it will be maintained to reflect the current processes, organisational structure, and regulatory environment. The process for reviewing and updating the Policy is as follows:

- **Updates for Process Changes:** If there is a change in our tax management process or new requirements arise (due to changes in law, introduction of new taxes, internal reorganisation, etc.), the Policy should be updated accordingly. Such changes should be captured in the Policy within a reasonable timeframe after the change is agreed and implemented. For example, if the company decides to centralise certain tax activities or implement a new tax technology tool, the Policy should be revised to describe the new process.
- **Annual Review:** The Policy will undergo a **formal review at least annually**. Typically, the FD (as the Policy Owner) will initiate this review, often in conjunction with the year-end process or in preparation for a Board or Audit Committee meeting. The review will consider:
 - Any legislative or regulatory changes in the past year that affect our tax governance or risk management.
 - Changes in the company's business (e.g., entering new markets or lines of business) that might require updates to our tax approach.



- Feedback from audits or assessments – if internal audit, external audit, or tax advisors have suggested improvements to our tax controls or strategy, these are evaluated for inclusion.
- The continuing relevance of the Policy’s contents – removing any obsolete references and adding any new best practices or requirements.
- **Drafting and Consultation:** The Tax Function will draft revisions to the Policy. Draft changes may be consulted with key stakeholders, such as members of the Finance team, the Audit Committee, or operational managers who frequently deal with tax issues, to gather input and ensure practicality.
- **Approval of Revisions:** Any material changes to this Policy must be approved at the appropriate level:
 - **Leadership Team:** The Leadership Team approves the Policy prior to the FD seeking Board approval.
 - **Board Approval:** The Board of Directors approves the initial issuance of the Policy and any significant revisions. This ensures top-level endorsement and accountability.
 - **Committee Endorsement:** The Audit Committee may review proposed changes in detail and recommend approval to the Board, especially if changes alter control structures or risk management approaches.
 - **Minor Updates:** If changes are minor (e.g., updating a job title or a minor procedural tweak), the Board delegate approval to the FD. Nonetheless, even minor changes should be communicated to the Board and ratified at the next meeting to maintain transparency.

Once approved, the new version number and date are recorded in the Version History table at the beginning of the Policy, along with a brief description of changes.

- **Communication and Distribution:** After approval, the updated Policy is distributed to all relevant parties. The Policy is also stored in an accessible location (on the Company’s intranet) where employees can reference it and published on the Company website (www.ipb.ie). It’s important that managers discuss the changes with their teams if the changes affect how work is done.
- **Training on Changes:** If the updates to the Policy are substantial, the Tax Function will organise training sessions or briefings.
- **Version Control and Document Management:** Each Policy iteration is saved with a unique version number and date. Old versions are archived for reference, showing historical compliance. The Version and Approval History table is updated with review dates and changes summaries, ensuring transparency and continuity, useful for personnel changes or regulator inquiries. By regularly reviewing and updating the Policy, the company ensures that its tax risk management approach remains aligned with current laws, regulations, and industry best practices. It also reinforces to all stakeholders that the company takes tax governance seriously and is committed to continuous improvement in this area.

12. Advice and guidance

Taxation is complex, and questions or uncertainties are natural. The Company fosters an environment encouraging employees to seek guidance for compliance and informed decisions. Here’s how to get help regarding this Policy or tax-related matters:



- **Line Manager:** Employees should first approach their immediate line manager for questions about this Policy or tax-related issues. Line managers can often address basic questions or determine if further expertise is needed.
- **Tax Function:** If unresolved, contact the Tax Function or FD for guidance. Early consultation “when in doubt, ask” prevents small uncertainties from becoming compliance problems.
- **External Advice:** For complex queries, the FDr may seek advice from external professionals. Employees should route such questions through the Tax Function rather than engaging advisors directly.
- **Dispute Resolution:** Differences on tax issues should be escalated. The FD will mediate discussions, consult the CEO or external advisors if necessary, and document final decisions.
- **Continuous Feedback:** Recurring questions inform Policy updates or training enhancements, improving the Company’s tax management overall.

The Company promotes open communication where employees feel comfortable seeking guidance without fear. Questions raised in good faith are integral to maintaining compliance. Effective tax risk management relies on these collective efforts.

13. Tax Risk Mitigation Strategies

Tax risk mitigation is a priority for the company, employing key strategies to ensure compliance and reduce risks.

- **Internal Audits:** Regular reviews of tax processes and compliance status identify discrepancies and improve efficiency, with findings reported to leadership.
- **External Advisors:** Engaging tax experts for independent reviews ensures best practices and adapts to changes in tax laws.
- **Internal Controls:** Robust systems like reconciliations and approvals prevent errors, with periodic updates and testing.
- **Continuous Monitoring:** Staying informed of tax developments globally and adapting processes to meet new requirements.
- **Training:** Ongoing education for staff involved in tax and finance minimises mistakes and keeps teams up to date. This training involves attending tax briefing sessions presented by our professional tax advisors and reviewing new guidance issued by the Revenue Authorities.
- **Documentation:** Transparent record-keeping supports tax positions and facilitates audits, reducing key-person risk.
- **Proactive Engagement:** Seeking rulings and making voluntary disclosures strengthens relationships with tax authorities and averts disputes.

This layered approach ensures the Company maintains compliance and safeguards its reputation.

14. Global Tax Policy Changes and the Company’s Response

Global tax policies are evolving rapidly, requiring the Company to stay informed and adaptable. Key initiatives include OECD's BEPS project, Pillar Two’s global minimum tax, digital services taxes, and treaty modifications.



- **Base Erosion and Profit Shifting (BEPS) Initiative:** The Company aligns with transparency rules like Country-by-Country reporting, interest limitation, hybrid mismatch rules, and treaty abuse prevention, ensuring compliance and substantiating its economic substance.
- **Pillar Two:** The 15% global minimum tax impacts large multinationals. While the Company is below the threshold, the initiative reduces profit-shifting incentives and aligns global tax norms, benefiting compliant models like the Company's.
- **Digital Services Taxes:** Though exempt, DSTs indirectly affect the Company through Investment portfolio companies. The Company monitors such developments and adjusts investment strategy if needed.
- **Tax Treaty Updates:** Changes such as the Principal Purpose Test and stricter documentation requirements are addressed by ensuring clear reasoning for transactions and maintaining robust paperwork.
- **Monitoring Developments:** The Company actively watches changes in key markets, including the US, Eurozone, UK, and emerging countries, adjusting investments based on tax impacts.

The Company remains compliant and proactive, adapting strategies to align with global tax changes while protecting its investments and reputation.



15. Glossary

Term	Definition
Allowance	A deduction or exemption allowed when computing taxable income, such as capital allowances. Deductions or exemptions are generally made in computing income taxes, inheritance and gift taxes and some forms of sales taxes.
Arm's Length Transaction	A fair transaction between unrelated parties A transaction among parties each of whom acts in his or her own best interest.
Assessment	The computation of tax due by either the taxpayer or the tax authority. Act of computing the tax due.
Avoidance	A term that is difficult to define but which is generally used to describe the arrangement of a taxpayer's affairs that is intended to reduce his tax liability and that although the arrangement could be strictly legal it is usually in contradiction with the intent of the law it purports to follow.
Benefits in Kind	Term which refers to earnings, usually from employment, other than in cash, as part of compensation for services rendered.
Capital Gain	Profit from selling assets, subject to Capital Gains Tax. A gain on the sale of a capital asset.
Consolidated Tax Return	A combined tax return in the name of the parent company filed by companies organized as a group.
Corporate Income Tax	Tax on company profits, with rates of 12.5% for trading income and 25% for non-trading income in Ireland. Income tax on the income of companies.
Effective Tax Rate	Total tax expense as a percentage of profit, reflecting adjustments beyond statutory rates. The rate at which a taxpayer would be taxed if his tax liability were taxed at a constant rate rather than progressively. This rate is computed by determining what percentage the taxpayer's tax liability is of his total taxable income.
Fiscal Year	Any 12-month period which is set for accounting purposes for an enterprise.
Indirect Tax	Tax imposed on certain transactions, goods or events. Examples include VAT, sales tax, excise duties, stamp duty, services tax, registration duty and transaction tax.
Marginal Rate of Tax	Tax rate applicable to the top slice or bracket of a taxpayer's income or other taxable income, where the relevant tax on such items is levied at progressive rates.
Payroll Tax	Includes PAYE, PRSI, and USC, deducted from wages and remitted to Revenue Authorities.
Property Tax	Taxes on property use, like commercial rates paid to local authorities.
Rates	Local taxes levied in Ireland are levied on the occupiers of real property on the basis of the annual rental value of the property.
Tax	The OECD working definition of a tax is a compulsory unrequited payment to the government.
Tax Authorities	The body responsible for administering the tax laws of a particular country or regional or local authority.
Tax Clearance Certificate	Document issued to a taxpayer by the tax authorities certifying that the taxpayer has either paid all taxes due or that he is not liable to any taxes. In certain countries, a tax clearance certificate must be produced before a person can leave the country.



Tax Credit	Allowance of deduction from or a direct offset against the amount of tax due as opposed to an offset against income.
Tax Planning	Arrangement of a person's business and /or private affairs to minimize tax liability.
Tax Threshold	Level (of income, capital, sales, etc.) at which tax commences to be levied.
Taxable Year	The period (usually 12 months) during which the tax liability of an individual or entity is calculated.
Taxpayer Identification Number	Taxpayers are given an identification number which must be used when filing a tax return and assessing taxes and for all other correspondence between the taxpayer and the tax authorities.
Underlying Tax	Tax which is charged on corporate income out of which dividends are paid, but which does not appear as a direct deduction or withholding from the dividend itself.
Value Added Tax (VAT)	Specific type of turnover tax levied at each stage in the production and distribution process. Although VAT ultimately bears on individual consumption of goods or services, liability for VAT is on the supplier of goods or services. VAT normally utilizes a system of tax credits to place the ultimate and real burden of the tax on the final consumer and to relieve the intermediaries of any final tax cost.
Withholding Tax	Tax on income imposed at source, i.e. a third party is charged with the task of deducting the tax from certain kinds of payments and remitting that amount to the government. Withholding taxes are found in practically all tax systems and are widely used in respect of dividends, interest, royalties and similar tax payments. The rates of withholding tax are frequently reduced by tax treaties.

This glossary clarifies terms for understanding the Policy. For further details, consult the Tax Function or applicable legislation.