



Morson Group

Tax Strategy

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Scope

The Ultimate Parent of the Group is GGM Holdings Ltd, a limited company registered in England and Wales. References to 'Board' and 'the Board' are to the Board of this company.

Morson Group is a global recruitment and design consultancy firm, with a particular focus on the technical engineering sector. Further information about the Morson Group can be found on our website.¹ The core business of the Group takes place in the UK (in 2020 over 93% of Group revenues derived from the UK) however it has subsidiaries and investments in several other countries, these are listed in the Group's accounts, available at Companies House.

This strategy applies equally to each member of the Morson Group in accordance with paragraphs 19 and 25 of Schedule 19 to the Finance Act 2016. In this strategy, references to Morson, the Morson Group or the Group refer to all subsidiary companies of the Ultimate Parent. The strategy has been published in accordance with paragraph 16(4) of the Schedule by being included on the Morson Group's external website.

This strategy is published on 22 December 2021, however it applies until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the above Schedule. References to 'tax', 'taxes' or 'taxation' are to UK taxation and to all corresponding worldwide taxes and similar duties in respect of which Morson has legal responsibilities.

1. <https://www.morson-group.com/our-brands>



Overview

- Morson is committed to compliance with all statutory obligations and associated disclosure to all relevant tax authorities.
- Tax compliance is closely managed by the Board, with support of the Group's in-house tax function and finance teams. The Group engages with professional advisors both in the UK and overseas to manage tax compliance appropriately and ensure all taxes are paid in full and on time.
- The Group takes its obligations under the provisions of the Criminal Finances Act 2017 (the 'CCO' rules) seriously:
 - Conducting an annual risk assessment
 - Setting out a formal policy governing the Group's position. This policy forms part of the induction pack given to new starters and has been circulated to senior staff. It is also being shared with key suppliers as part of new supplier contracts introduced during the year. The policy is available on request.
 - Further, the Group is in the process of introducing formal CCO training for key internal stakeholders. This is expected to be in place in Q1 2022.
- The Group has a low tax risk appetite and does not engage in tax planning schemes.
- The Group has an HMRC Customer Compliance Manager ("CCM") with whom it has a good and clear working relationship. The Group welcomes this contact and is pleased to work with HMRC in this manner.

Governance of Taxation

- Ultimate responsibility for Morson's tax affairs rests with the Board. The Senior Accounting Officer ("SAO") is a Board member.
- Individual Morson Group entities have appointed Directors, however these always include at least one member of the Board, and so there is Board oversight at all levels of the business into decision making and tax affairs. As such, the Board are appropriately placed to ensure that this tax strategy is considered at all levels of the business and in all major decisions.
- Day to day management of the Group's tax affairs is conducted by the Group Tax Manager, with support from heads of finance of the trading companies ('the Senior Finance Team'). The Group Tax Manager holds relevant tax qualifications and is considered to have the necessary expertise to identify and manage tax risks appropriately.
- The Senior Finance Team are experienced and have knowledge and expertise concerning the business, enabling them to support the Board and the Group Tax Manager in the governance of taxation.
- The Group is exposed to certain tax risks by nature of its industry sector, with recruitment and provision of temporary labour services an area which is frequently the subject of changes in tax legislation – the introduction of off payroll working regulations into the private sector being a key change during 2021, for example. This has been the case for many years and the Group holds much experience and understanding of its market. Clearly other more general legislative change is also notable such as employment and indirect taxes legislation.
- In order to manage the sector specific risks appropriately, the Board are assisted by a dedicated Compliance Director, who is responsible for ensuring that these changes are appropriately considered, evaluated, acted upon and communicated to internal and external stakeholders. The Compliance Director works closely with the business to monitor ongoing compliance and is assisted in this by the Group Tax Manager.
- As highlighted above, and in previous tax strategy statements, a notable change in legislation in 2021 was the extension of the off-payroll working regulations to the private sector. There has been significant Board and Compliance Director time devoted to this, As the Group will typically be the fee payer under the regulations the key concern was around end client engagement, as it is these end clients that will be required to make decisions as to status under the rules, and produce/issue determination statements. The introductions of the new rules were well managed by the business and new processes successfully implemented. While the impact on the industry is still uncertain, the tax risks have been well managed.

- The Compliance Director and the Group Tax Manager, with input from the Senior Finance Team have prepared a formal policy on the facilitation of tax evasion, in line with the CCO rules, which has been circulated to the business. This confirms the Group's zero-tolerance approach to tax evasion and the facilitation of tax evasion. The Group is committed to conducting all business in an honest and ethical manner and this commitment extends to compliance with both UK and non-UK tax regimes.
- Further, work has begun on introducing formal CCO training to key internal stakeholders within the Group. This is to be prepared and managed by an external training provider and will hopefully be in place by Q1 2022.
- Morson has a defined management structure with the Board being readily accessible to the Compliance Director, the Senior Finance Team and the Group Tax Manager.
- External tax advisors from well-known global professional firms are engaged by the Group on both an ongoing basis for certain compliance management functions and on an ad-hoc basis where particularly complex or technical issues are identified or where high value transactions take place, for instance with significant M&A activity.



Risk Management

- The Group Tax Manager and the Senior Finance Team have regular dialogue with the Board, covering all areas of tax. The Board take a proactive stance to tax risk management, focused on risk prevention; regular information flow is considered to be an important primary risk management strategy.
- The Group Tax Manager will be involved in all major business and corporate structuring changes in order to identify and manage tax consequences which may arise. Where the tax at stake is material, or the issues are complex or involve overseas jurisdictions, external advice is obtained.
- The Group engages with professional tax advisors in each jurisdiction in which it operates, including the UK. These advisors are appropriately qualified and have sufficient knowledge to advise the Group of its tax liabilities, and assist in making sure these liabilities are paid on time.
- The Group Tax Manager conducts a regular risk review, with input from the Senior Finance Team and Compliance Director. Areas of risk will be discussed with the Board and/or the Senior Finance Team. These discussions form part of the SAO sign-off process.
- The regular risk review is complemented with an annual review under the CCO rules. Any perceived risks identified will be discussed with the Board and appropriate steps suggested.
- The Group Tax Manager also has regular ongoing dialog with the SAO, the Compliance Director and the Senior Finance Team throughout the year.
- There is ongoing internal communications and training provided to the broader business on relevant areas of tax, as required.
- HMRC have issued updated business risk review guidance, known as 'BRR+'. A key tax risk management goal for the Group is obtaining and maintaining a low-risk rating under BRR+. The steps required to obtain this rating will necessarily involve strong governance and risk management, so this goal generates compliance benefits for the business.
- The UK formally left the EU on January 31st 2020. This represents a key tax risk area for many businesses, however there was minimal impact on the Group's tax position. As such, Brexit has had negligible impact on the Group's tax risk management.

Attitude Towards Tax Planning and Level of Risk

- The Group seeks to ensure that the appropriate amount of tax is paid, consistent with its legal obligations in each country in which it operates.
- The Group takes its obligations under the CCO rules very seriously. A breach of these rules by an employee of the Group would be considered gross misconduct potentially resulting in dismissal. The Group does not engage in tax evasion or the facilitation of tax evasion in any form.
- The Group does not undertake any complicated tax planning schemes or structures, nor does it participate in any schemes required to be disclosed to HMRC.
- When entering into commercial transactions, Morson will claim available tax incentives, reliefs and exemptions in the spirit of and in line with the tax legislation, for instance, R&D expenditure credits. The Group does not undertake tax planning otherwise than as part of genuine commercial transactions.

Dealings with HMRC

- The Group has a CCM at HMRC, who is assisted by their colleagues in specialist areas, with whom it has regular discussions concerning its tax affairs.
- The Group has agreed an email protocol with HMRC to enable the Group Tax manager and the Senior Finance Team to liaise with HMRC quickly and simply, avoiding the need for formal correspondence and expediting resolution to any queries.
- The Group seeks transparency and honesty in its dealings with HMRC, taking a pro-active attitude to keeping HMRC informed of key business developments. An example of this during the year was the CJRS scheme, where there was ongoing dialogue with HMRC.
- Morson also actively engages with HMRC on consultations which are relevant to its business.
- A Business Risk Review was carried out by HMRC under the new 'BRR+' regime in the 2020 period, concluding in the 2021 period. This was carried out as part of HMRC's regular cycle of tax compliance activity and was not in response to any particular concern. HMRC concluded that Morson was a low tax risk business.

This Tax Strategy Document was approved on 22 December 2021.

Paul Gilmour
Chief Financial Officer
On behalf of the Morson Group Board