

The Norinchukin Bank London Branch - UK Tax Strategy

Period covering from 1 April 2019 to 31 March 2020

Introduction

The Norinchukin Bank (“the Bank”) is a co-operative Bank headquartered in Japan. The Bank plays a major role in Japanese society as a contributor to the development of the nation’s economy and as a supporter of the advancement of the agriculture, fisheries and forestry industry. It is one of Japan’s leading institutional investors.

The London Branch of the Bank (“the Branch”) is the only UK entity of the Bank. The Branch’s activities relate mainly to raising funds and sourcing liquidity for Head Office, lending to the UK and European operations and carrying out investment research activities on behalf of Head Office.

This tax strategy document outlines how the Branch manages its UK tax affairs.

Governance, risk management and compliance

The Bank is committed to conducting its tax affairs so as to fully comply with all applicable tax laws, rules, regulations and tax reporting disclosure requirements in all of the jurisdictions in which it operates. This involves disclosing all relevant facts and circumstances to the relevant tax authorities claiming reliefs and exemptions when they are available.

The Senior Management of the Branch, the most senior members of the Branch in the UK reporting to the Bank’s Head Office, is ultimately responsible for tax matters in the Branch and oversees the implementation of the Branch’s approach to managing tax risk. The Branch’s governance around tax matters follows formal procedures which are in line with other approved governance procedures implemented across the wider Bank. These ensure that all significant tax related decisions are subjected to review and approved by appropriately experienced people. When deemed appropriate, external advice will be obtained.

The management of the Branch’s tax affairs reflects the Bank’s Code of Ethics and the Branch’s tax policy and procedure manuals, which has been put in place to ensure sound management through compliance with laws and regulations. The Branch manages local UK tax laws and if there are wide-scale changes or complexities that impact the Group these are raised to Head Office. The Branch has taken steps to ensure all Senior Managers and employees in the Branch are fully aware of the importance of strict observance of laws and regulations (including applicable tax laws), and performance of their duties with integrity and fairness. The Branch is also a signatory of the “Code of Practice on Taxation for UK banks” and has adopted the principles contained therein into its Policy and Procedure Manual¹.

Tax Planning

¹ Adopted by the London branch in 2015 -

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488869/The_Code_of_Practice_on_Taxation_for_Banks_-_Annual_Report_2015.pdf

In arranging or structuring its commercial activities the Bank will consider, amongst other things, the tax laws of the countries in which it operates, with a view to maximising value on a sustainable basis for its cooperative members within the confines of the law. The Bank will only enter into tax planning that has commercial and economic substance and will not undertake any structuring that is contrived, artificial or based solely on tax merits. In certain cases where there is significant uncertainty or complexity in relation to a tax position, external advice is sought.

The level of tax risk that the Branch is prepared to accept

The Branch's approach to tax risk is integrated within its broader business risk management framework. The Branch is a straightforward business and currently it does not involve itself with complex tax structures. The tax environment and tax compliance regulations are constantly changing and can give rise to new tax risks. The Branch actively seeks to identify, evaluate and manage these risks.

Approach to dealing with HMRC

The Bank engages with tax authorities, including Her Majesty's Revenue and Customs (HMRC) in the UK, with honesty, fairness and in a spirit of transparency. The Branch is aware that co-operation, mutual respect and open dialogue with HMRC contributes to the efficient resolution of complex tax matters and ultimately creates a better functioning tax system. If there is a disagreement in interpretation of tax law in respect of any arrangements then the Branch will aim to resolve any disputed issues through transparent discussions with the relevant tax authorities.

This statement is intended to meet the requirements of Section 19 (2) of Schedule 19 of the 2016 Finance Act.

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