

# UK Tax Strategy

---

## Objective

The Tax Strategy sets out how UK taxation is managed for the UK members of the Arthur J Gallagher & Co group collectively known as the Gallagher UK Group.

The Gallagher Way is the foundation of the global Arthur J Gallagher Group culture and the tax strategy is based upon those shared values. In recognition of this culture the global group has, for the last seven years, been an Ethisphere Institutes “World’s Most Ethical Company” underscoring our commitment to ethical business standards and practices.

It is important to ensure that effective tax management is maintained consistently across the Gallagher UK Group. Tax does and will have a potential impact on the Group's results and governance must be effective. The Group pays and collects Corporation Tax, Income Tax, National Insurance, Stamp Duty, Value Added Tax and other taxes.

This strategy has been considered by the Boards of Arthur J Gallagher Holdings (UK) Limited, Gallagher Benefits Services Holdings Limited and Gallagher Bassett International Limited on behalf of the Gallagher UK Group and approved as meeting the requirements of the Group in managing tax and related governance and the requirements of HM Revenue and Customs.

There are three key areas which the Tax Strategy clarifies:

- Governance and risk management applying to UK taxation
- Tax planning policy and acceptable level of risk in relation to UK tax
- Relationships with tax authorities

## Governance and risk management applying to UK taxation

The Gallagher UK Group has appropriate governance in place as follows:

- The Boards of Arthur J Gallagher Holdings (UK) Limited, Gallagher Benefits Services Holdings Limited and Gallagher Bassett International Limited have ultimate responsibility for taxation – both management and compliance
- The Boards members with direct responsibility for taxation are the Chief Financial Officers and Finance Directors
- The Chief Financial Officers and Finance Directors have delegated operational responsibility to the UK Tax Director

- The UK Tax Director reports to the Chief Financial Officers and Finance Directors on the Gallagher UK Group's tax position and risks throughout the year and, where required, this is elevated to the Boards for consideration and sign-off
- Annually, prior to approval by the Boards, the UK Tax Director presents the Tax Strategy to the Audit Committee of Arthur J Gallagher Holdings (UK) Limited
- Gallagher UK Group has a tax department which comprises appropriately qualified individuals

For risk management the key elements are:

- Gallagher UK Group tax department are responsible for compliance with UK legislative reporting requirements and have the required knowledge and training
- Appropriate controls and processes have been developed for UK taxes
- These controls and processes are owned by the tax department. To ensure these remain appropriate changes to operations and guiding legislation are monitored to ensure necessary changes are identified and implemented
- The tax procedures are reviewed and measured periodically by Internal Audit to ensure the correct controls and policies are in place to manage the Group's Tax Risk
- Ongoing training is identified and carried out, both in the tax team and wider business, to ensure that relevant individuals have the knowledge and ability to manage tax risks
- Additional advice or guidance is sought externally, where appropriate, to supplement the controls above.

## **Tax planning policy and acceptable level of risk in relation to UK tax**

The Group's commercial and business transactions define our approach to tax planning that may be undertaken. Ensuring effective communication takes place at the planning stage of any proposed transaction means that tax risks inherent in transactions are effectively managed.

The Group will only engage in responsible tax planning where, after analysis, it is deemed appropriate to pursue.

The UK Tax Director will understand the tax risks inherent in current and future commercial transactions. In considering these transactions the following parameters are used in the assessment of tax planning. Gallagher UK Group will use these parameters to determine whether tax risks arising on adoption of any particular tax planning is acceptable or not.

- Commercial and economic purpose – transactions must have a commercial purpose
- Reputation impact – the planning should have no or limited impact if details were in the public domain. The Group has a low appetite for risk and does not undertake aggressive tax planning
- Ability to utilise tax reliefs and incentives available in line with both the letter and spirit of the legislation enacted
- Where there are complex transactions being proposed or there are areas of technical uncertainty appropriate external advice will be sought to support the position taken.

- Authority to implement – all tax planning ideas are authorised by the Chief Financial Officers and Finance Directors. Where the planning is not “routine”, and may be subject to challenge by tax authorities, approval to undertake the planning will be from the Audit Committee.

## Relationships with tax authorities

Gallagher UK Group maintains a transparent and professional relationship with the tax authorities that the Group has contact with.

The key elements of this relationship are:

- Ensuring that all required tax returns are submitted on time and any liabilities arising are settled
- Frequent dialogue with tax authorities to share information on commercial transactions, ongoing governance and tax planning
- Seek to resolve issues in a timely manner
- Where differences do arise work collaboratively to resolve by agreement where possible
- Ensure that in the event of any inadvertent errors arising, full disclosure will be made to HMRC.

Arthur J Gallagher Holdings (UK) Limited, Gallagher Benefits Services Holdings Limited and Gallagher Bassett International Limited regard the publication of the information set out above as complying with the duty under Part 2 of Schedule 19, Finance Act 2016 (duty to publish a tax strategy) in the financial year to 31 December 2018.