

CATALYST HOUSING LIMITED TAX STRATEGY

This document sets out for Catalyst Housing Limited and its subsidiaries (Catalyst), the general tax arrangements, as well as the policy and approach to tax risk management, attitude to tax planning and working with HMRC.

Catalyst complies with its duty under Section 161 and Paragraph 16(2) Schedule 19 of Finance Act 2016.

INTRODUCTION

Established from roots in Ealing and Kensington Catalyst has grown into one of the leading housing associations in London and the Home Counties. Catalyst employed over 1,000 people and houses around 65,000 people in more than 37,000 homes. In 2019, Aldwyck merged with Catalyst Housing Limited and in April 2021 Rosebery Housing Association became a subsidiary of Catalyst.

Catalyst generates the majority of its income from social housing lettings and other social housing activities such as shared ownership sales and the provision of related services. It also generates income from non-social housing lettings including commercial rent. Turnover from non-social housing activities relates primarily to open market property sales, which are developed and sold by its subsidiary companies. Non-social housing activities are carried out in order to provide more to the group's charitable beneficiaries.

Catalyst Housing Limited is recognised by HMRC as a charity for tax purposes (an exempt charity) and therefore benefits from tax exemption on certain sources of income and gains, providing such income and gains are applied for charitable purposes only. The non-charitable companies in the Catalyst Group are subject to UK corporation tax on their activities.

TAX PLANNING

Catalyst is committed in its obligation to pay the right amount of UK tax in accordance with the legislative provisions and guidance issued by HMRC, but also seeks to be efficient with its tax affairs. The Catalyst appetite for tax risk is low.

The Catalyst key principles in relation to taxation are:

- Observing all applicable laws, rules and regulations to meet our tax compliance, payment, and reporting responsibilities
- A positive, proactive and transparent engagement with all tax authorities
- Applying diligent and professional standards of care.

The parent entity Catalyst Housing Limited, as a Registered Provider of affordable housing, has particular taxation attributes and constraints that require it to structure its operations in a particular manner. The following are examples of how Catalyst will operate to address its tax profile; this list is not exhaustive:

- Catalyst will carry out development activities in a separate legal entity
- Catalyst will utilise Gift Aid relief wherever possible



- Catalyst will ensure that all trading activities are carried out in non-charitable subsidiary entities to ensure, where appropriate, that its obligations as a Charitable social landlord are met.

Catalyst will ensure that all available tax reliefs are claimed in order to maximise the funds available to invest in the provision of affordable housing for existing or new customers. However, Catalyst will not seek to engage in any tax schemes or uncommon tax planning arrangements.

Tax legislation can be very complex and Catalyst will take professional tax and legal advice where appropriate, and maintain appropriate internal controls to reduce tax risks. Tax features on the Catalyst Risk Register and the Board will manage this risk by approving all significant changes and transactions that impact tax.

GOVERNANCE AND TAX RISK MANAGEMENT

The Executive Director of Finance has overall responsibility for the management of the tax affairs of Catalyst. He is responsible for the submission of accurate tax returns on a timely basis, as required. The day to day management of the Catalyst tax affairs is provided by the in-house team who hold accounting qualifications, and sit within the Catalyst central finance function that reports to the Director of Financial Services and the Director of Corporate Finance.

Catalyst recognises that eliminating tax risks entirely is impossible, therefore the entity seeks to reduce the level of tax risk arising from its operations as far is practically reasonable by implementing various internal tools for the business functions to follow.

Processes, activities and transactions in relation to different taxes, and the controls relating to them, are reviewed by the appropriate specialist within the Finance team. These key risks are monitored for changes in business and legislation, and processes and controls are updated accordingly.

By regularly reviewing its tax affairs and tax risk management procedures, Catalyst ensures that its tax strategy continues to be aligned with its overall business strategy and governance framework.

WORKING WITH HMRC

Catalyst is committed to continuing the transparent, collaborative and positive working relationship it has with HMRC, and values the on-going dialogue it has with its Customer Compliance Manager which allows it to keep HMRC aware, at an early stage, of significant transactions and/or changes in the business which may have significant tax implications.

Catalyst takes a proactive approach in the event that any inadvertent errors in respect of tax matters are identified, ensuring they are disclosed to HMRC as soon as is reasonably practicable.