



Mizrahi Tefahot Bank Limited - UK Tax Strategy 2024

Introduction

Mizrahi Tefahot Bank Limited (the Bank) is Israel's third largest bank by assets and offers a complete range of commercial, domestic and personal banking services.

Mizrahi Tefahot is incorporated under the laws of the State of Israel and was established as a public company limited by shares in 1923. Mizrahi Tefahot's shares are traded on the Tel-Aviv Stock Exchange.

In the UK, Mizrahi Tefahot London Branch (we) has been operating since 1983. The Branch seeks to offer professional services to customers covering a range of banking facilities.

This document sets out the Branch's Tax Strategy as it relates to UK taxation for 2024 and satisfies the requirement to publish a tax strategy under UK legislation, specifically Schedule 19 of the Finance Act 2016. This Tax Strategy specifically applies to the Branch's operations in the UK.

Guiding principles

The Tax Strategy will be subject to annual review. The Branch has historically operated under the principles as set out below, and we are committed to the ongoing delivery of this Tax Strategy throughout the Branch's operations.

Our objectives are to:

- Comply with UK tax legislation in all aspects of our business operations
- Ensure that our systems and processes accurately record our tax obligations
- Only to utilize taxation arrangements that comply with the tax law and the UK Code of Practice on Taxation for Banks
- Maintain accurate archiving of transactions & documentation as required by HMRC

In 2022, Mizrahi Tefahot updated its Environmental, Social and Governance Report that sets out the Bank's commitment to demonstrating responsibility and how it is able to benefit both the wider community and the environment. This includes the Bank's commitment to the economic growth of jurisdictions in which it, including the Bank's commitment to pay relevant applicable taxes (see the report [here](#).)

Within this report, the Bank sets also sets out its Code of Ethics and the values by which it operates.

In managing its tax affairs in the UK, and as reflected in this report, the Branch, as part of the Bank, is committed to adhering to these values.

In addition, the Branch has adopted the HMRC Code of Practice on Taxation for Banks that seeks to promote tax compliance, and has been defined by the UK Government as an element of their "anti-avoidance strategy ... designed to change the attitudes and behaviours of banks towards avoidance". More information can be found on the UK Government's website [here](#).

We do not interpret tax laws in a way that we believe is contrary to the intention of the tax legislation, and we do not promote tax avoidance products to any of our customers.

Tax governance and risk management

HMRC's Code of Practice on Taxation for Banks requires banks to have strong governance around tax to maintain good internal controls over their tax affairs and to have clear lines of accountability within the bank.

The Branch's UK management team is ultimately accountable for how risk is managed in relation to UK taxation.

What are our tax risks?

1. Inaccuracies in the calculation of tax returns or payment of any tax liabilities, or in reporting obligations to relevant tax authorities
2. Inaccurate customer information for tax reporting
3. That regulation, tax law and advice received is not reflected in the Branch's day-to-day operations
4. That changes in business operations with a tax impact are not identified correctly

There are monthly meetings involving the UK management team and this includes discussion of all risk issues – including tax risk as documented in the Risk Register – with the UK management team being responsible for determining what actions should be taken to manage these risks to sustain business growth.

Day to day management of the Branch's UK tax operations, are within the remit of the Branch's Chief Financial Officer, who reports directly to the Branch General Manager. The Branch's Chief Financial Officer is registered as SMF2 (Chief Finance Function) under the Senior Managers Regime.

In this regard, the Chief Financial Officer of the Branch has a robust system of controls and processes in place to ensure risk is effectively managed in relation to UK tax operations. This includes various internal controls such as escalation and sign-off mechanisms in relation to tax payments and submission of tax returns, reconciliation checks to the underlying data and systems, and seeking external support from tax advisors if there is a need for technical tax advice and additional tax specialist resource.

The Branch's Tax Strategy extends to the products and services we offer our clients, and we have a zero tolerance for tax evasion in this regard. The Branch does not offer any tax advice to clients, and we have policies and procedures in place to prevent the facilitation of tax evasion, including the identification and, where relevant, reporting of beneficial owners of client entities.

Tax planning principles

We recognise that tax regulation can be open to interpretation and we seek advice from external advisors where any uncertainty exists. In addition, we will also seek support and advice from external tax advisors when responding to any tax claims, reliefs, incentives and exemptions to ensure we apply these legitimately and that they have been used as intended where the UK government has introduced them to encourage particular business behaviours.

Risk Management

In identifying and managing UK tax risk, we also ensure we maintain strong communication and coordination across all business and operational units in respect of tax issues, and that tax is considered as part of all significant strategic decisions at senior management level, both in the Branch in the UK and in the Bank in Israel as appropriate.

Our principles in regards to our relationships with HMRC

We seek to build and maintain a strong, collaborative and open relationship with HMRC. This aligns to our Code of Ethics on Transparency, and also the HMRC's Code of Practice on Taxation for Banks that encourages mutually open and transparent relationships between HMRC and banks.

This means we seek to maintain an open dialogue in the UK with HMRC as appropriate, and to update HMRC about commercial developments and events in our business should they impact UK taxation.

This also includes areas of any tax complexity in relation to our tax compliance or where there may be various interpretations of tax legislation.

Approved by the UK Management Committee on 19 December 2023