



Mizrahi Tefahot Bank Limited - UK Tax Strategy

Introduction

Mizrahi Tefahot Bank Limited ('Mizrahi Tefahot') 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 ('the Branch') has been operating for over three decades. 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 2021 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 operations within the Mizrahi Tefahot Group.

Guiding principles

The Tax Strategy will be subject to annual review. We have 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.

In 2021, Mizrahi Tefahot updated its Corporate Social Responsibility report that sets out the Bank's commitment to demonstrating responsibility and how we are able to benefit both the wider community and the environment. This includes our commitment to the economic growth of jurisdictions in which the Bank operates, including our commitment to pay relevant applicable taxes (see the report [here](#)).

Within our Corporate Social Responsibility report, we set out our Bank's Code of Ethics and the values by which our Bank operates. These are:

1. Credibility
2. Loyalty to Customers
3. Human Dignity
4. Excellence, Professionalism and Service Orientation
5. Commitment to the Bank
6. Fairness
7. Transparency
8. Social and Community Responsibilities

In managing our tax affairs in the UK, and as reflected in this report, we are 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](#).

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.

Our UK management team is ultimately accountable for how risk is managed in relation to UK taxation. There are monthly meetings involving the UK management team and this includes discussion of all risk issues – including tax risk – with the UK management team being responsible for determining what actions should be taken to manage these risks.

Day to day management of the Branch's UK tax operations, including relating to Mizrahi Tefahot's UK tax compliance and tax reporting obligations, are within the remit of the Branch's Chief Financial Officer, who reports directly to the Branch General Manager. The Chief Financial Officer is registered as SMF2 (Chief Finance Function) under the Senior Managers Regime (PRA and FCA).

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.

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 both in the UK and in the Head Office (Israel) as appropriate through the Branch's Risk Register document and existing Tax Policy.

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.

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.

Our principles in regards to our relationships with HMRC

We seek to build and maintain strong collaborative and open relationships 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 9 December 2020