The Depository Trust & Clearing Corporation
UK Tax Strategy

Pursuant to paragraph 16, Schedule 19, of the UK Finance Act 2016, The Depository Trust & Clearing Corporation (DTCC) publishes this annual statement on behalf of its UK subsidiaries for the year ended December 31, 2019.

This document sets out DTCC’s UK strategic tax policy. We are committed to the following key principles in conducting our tax affairs:

- We comply with and fulfill our statutory obligations as required by the tax laws of the jurisdictions in which we operate.
- We align our tax strategy with DTCC’s overall business strategy and in consideration of DTCC’s corporate governance and risk management policies.
- We apply professional diligence and care in managing tax matters.
- We use available permitted incentives and reliefs to achieve the most tax efficient outcome.
- We do not undertake purely artificial transactions to obtain a tax benefit; all of our transactions must have a business purpose or commercial rationale.

Risk Management and Governance

DTCC’s chief financial officer is accountable for managing tax risk and adhering to corporate governance requirements. These responsibilities are overseen day-to-day by the global tax team, with support from the UK financial reporting and accounting team.

Our tax strategy aligns with DTCC’s wider risk management framework. As and when required, significant risks and issues related to tax are escalated to DTCC’s management committee and relevant board committees.

The global tax team proactively manages tax risks in compliance with the tax laws in the jurisdictions in which we operate. We maintain internal policies and procedures to support our tax control framework and employ professionals that are experienced in identifying and managing tax risk. We also engage external advisors, as needed, and attend professional training.
Tax Planning

In structuring our business operations, we adhere to UK tax laws, amongst other considerations, with a view to sustainably minimising our tax liabilities. Any tax planning undertaken will have commercial and economic substance and be in consideration of the potential impact on our reputation and broader organizational goals. DTCC will not execute any arrangements that are contrived or artificial. We may seek external advice and guidance on complex tax laws or matters as necessary.

Tax risk

As we do for all other business risks, we identify, assess, manage, and monitor tax issues in accordance with our global risk management policy. We do not take any tax positions that may cause reputational risk or damage our relationship with HMRC or other tax authorities.

Given the scale of our business and volume of tax obligations, risks will inevitably arise related to tax law interpretation and the nature of our compliance arrangements. Where tax law is unclear or open to interpretation, DTCC requires that its adopted tax position is a conservative one with a low risk approach.

DTCC aligns its transfer pricing policy with the Organisation for Economic Co-operation and Development (OECD) guidelines and the guidelines of the jurisdictions in which DTCC operates. DTCC applies the arm’s length standard when remunerating the parties in intercompany transactions. We seek professional opinions and advice from independent external advisors, as needed.

Relationship with Her Majesty’s Revenue & Customs (HMRC)

We are committed to open and transparent relationships with tax authorities.

Should they arise, we will work with HMRC with honesty, integrity, respect, fairness, and work collaboratively to resolve disputes and obtain certainty.

Should they arise, we will respond to HMRC’s information requests in a timely manner and with full and open disclosure of relevant information.