

# ● Tax Strategy

2020



## Overview



Sova Capital Limited (“SCL” or the “Firm”) is an FCA authorised and regulated investment services company based in London with a focus on prime services, research, securities sales and trading, financing, direct and reverse repurchase agreements and public capital markets financing. SCL strives to create value for its clients whilst upholding the highest standards and integrity and respecting all the laws and regulations of the countries and markets in which it operates. SCL is regulated by the Financial Conduct Authority and is a member of the London Stock Exchange.

This document sets out the Firm’s approach in relation to UK taxation, which was approved by the Board of Directors of the SCL (the “Board”), in respect of the financial year ended 31 December 2020.

## Approach to risk management and governance arrangements



The Board is responsible for SCL’s operational, strategic and financial performance, as well as its conduct. The Board is at all times responsible for the overall governance of the Firm, ensuring that senior management act in a manner which is consistent with the strategic plan of the Firm.

SCL’s Board therefore has ultimate responsibility for SCL’s tax affairs. Day-to-day responsibility has been delegated to the Tax, Finance and HR functions, who are responsible between them for ensuring compliance with SCL’s various UK tax requirements. Tax risk is also considered as part of the Firm’s wider approach to risk management with those responsible for tax represented on the Risk Management Committee, when necessary.

SCL has a low risk appetite for any tax risk and is proactive in ensuring compliance with applicable UK tax legislation, both for SCL and its clients. Tax risk is continually assessed and monitored by appropriately qualified in-house tax specialists, with professional advice obtained from qualified external advisors where the tax treatment of specific items is uncertain.

## Attitude towards tax planning



SCL has a duty to its shareholders to manage its business in an efficient manner. In operating its tax risk management and tax governance framework, SCL has a low appetite towards tax risk. SCL aims to comply with all of its tax obligations, both within the letter and spirit of the legislation, and seeks to pay the right amount of taxes at the right time in all jurisdictions in which it operates. External advisors are engaged to support the Firm's UK tax compliance obligations and to keep the UK team up to date with the latest tax developments, providing compliance and advisory support as required.

SCL will only undertake activity where there is a genuine commercial motive. In doing so, SCL conducts its business in accordance with the letter and spirit of the tax law, benefitting from reliefs and incentives as intended by the legislation.

## Level of risk that the Firm is prepared to accept



SCL has a low tax risk appetite and does not engage in aggressive tax planning. SCL manages tax risk through its governance framework, consisting of procedures and controls designed to monitor, identify, assess and escalate risk where necessary.

SCL has no tolerance for allowing clients or counterparts to use its services to evade tax. SCL aims to comply with all UK tax laws in order to prevent the facilitation of tax evasion or fraud.

## Approach towards dealing with HMRC



SCL is committed to the following principles in its dealings with HMRC:

- To promote a professional, open, and trusted relationship.
- To respond to queries from HMRC in a timely manner, keeping HMRC informed of progress.
- To seek to resolve issues or uncertainties prior to filing of tax returns, or obtain advice from HMRC in relation to areas of tax uncertainty in relation to material transactions where appropriate.
- To make fair, accurate and timely disclosures in filings and correspondence with HMRC.

*The publication of this statement is regarded as satisfying SCL's statutory obligation under Para 16(2), Schedule 19, Finance Act 2016.*