

Transport for London Tax Strategy

Transport for London (TfL) has adopted the following set of tax principles which it believes illustrate good practice in the area of tax management and tax transparency, takes into consideration its public purpose and balances the interests of its stakeholders.

The TfL Tax Strategy is reviewed and approved on an annual basis.

Background

TfL is a statutory corporation established by Section 154 of the Greater London Authority (GLA) Act 1999. It is a functional body of the GLA, and reports to the Mayor of London. The legal structure of TfL is complex and comprises:

- The Corporation, which is treated like a local authority for tax purposes. It is exempt from corporation tax, and is a Section 33 body, which entitles it to recover VAT incurred on costs relating to its non-business activities; and
- Transport Trading Limited and its trading subsidiaries, which are assessable to corporation tax and VAT in accordance with current legislation.

Our approach to tax risk management and governance

TfL has controls and procedures in place to manage tax risks, and strives to ensure these remain effective and up to date. These controls and processes are documented and reviewed annually during the Senior Accounting Officer sign-off process.

TfL is committed to meeting all legal requirements and aims to comply with the spirit as well as the letter of the law. TfL completes all tax returns and makes all tax payments in an accurate and timely manner.

TfL will engage external tax specialists, where it is appropriate to do so, to ensure a high level of tax compliance.

Attitude to tax planning and tax risk

TfL will claim such reliefs and incentives as it is properly entitled to, and will take reasonable steps to minimise its tax liabilities, where it is appropriate and responsible to do so.

TfL has a low risk appetite in relation to tax matters and does not use artificial tax structures or undertake transactions whose sole purpose is to create an abusive tax result. When evaluating tax planning the organisation's reputation and corporate and social responsibilities are always considered.

Relationships with tax authorities

TfL is transparent about its approach to tax and discusses the interpretation of tax legislation with HMRC, in real-time, particularly where the tax treatment is unclear. HMRC are kept up to date regarding major changes or transactions within the business, so that any potential tax risks can be addressed at an early stage.

TfL wants to develop strong, mutually respectful relationships with HMRC.

Transport Trading Limited and its subsidiaries have been awarded a 'low risk' tax rating by HMRC.

Simon Kilonback
Chief Finance Officer
Transport for London

Published on 16 March 2018 to comply with Finance Act 2016 Schedule 19.