

# Tax Strategy 2021

Helaba Group  
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## 1 Preamble

### 1.1 Objectives of this Document

This document describes the Tax Strategy of Helaba Landesbank Hessen-Thüringen Girozentrale Anstalt des öffentlichen Rechts (legal entity under public law) ("Helaba"), with its objectives, guidelines and the resulting measures.

The Tax Strategy is annually approved by the Helaba Board of Managing Directors and published. The Tax Strategy is embedded in the Business Strategy as well as in the Overall Risk Strategy of Helaba. It thus constitutes a binding guideline for the enterprises belonging to the Helaba Group, which are bound to observe the Business Strategy. The regular review of the Tax Strategy for necessary updates as well as the further development of the document follows the same procedure used for the Business Strategy.

The Tax Strategy document serves as the basis for tax-related presentations/disclosures of Helaba in the relationship with third parties, for instance the "Code of Conduct" for the branch office in the UK.

The measure for safeguarding the strategic tax objectives are based on an efficient governance and organisation of the tax function in the Bank, clear rules and regulations governing tasks and responsibilities and a highly efficient internal control system for taxes.

### 1.2 Fundamental Conditions

In view of the public service nature of its tasks, the generation of profit is not the only objective of Helaba when performing its business activities. General public law matters, which also include the safeguarding of a lawful taxation, are taken into consideration accordingly in the business decisions.

Moreover, it is observed that increasing transparency and documentation requirements as well as heightened public awareness of the subject of 'tax' in general require the reorientation of the tax function in enterprises. The issue is no longer to just fulfil the declaratory obligations of the enterprise. Rather, it is necessary to manage tax risks comprehensively and actively at all levels, to raise awareness among the colleagues in the business units for compliance with tax matters, to provide information that is relevant for decision-making regarding the tax positions to general management, and to carry out an active risk management for taxes.

Against this backdrop, Helaba is obligated to reflect and take into account the safeguarding of the fiscal obligations and corresponding measures as an integral part of its Business Strategy.

Fundamental conditions for the Tax Strategy in the international context are primarily contained in the recommendations of the OECD („A Framework for a Voluntary Code of Conduct for Banks and Revenue Bodies“). In addition, for the London Branch of Helaba, it is necessary to publish a Tax Strategy annually, in accordance with the guidelines and Code of Practice for the Taxation of Banks of the British tax authority (Her Majesty's Revenue and Customs - HMRC). Helaba regards this publication of the Tax Strategy as complying with its duties under paragraph 22(2) and 23 of Schedule 19, Finance Act 2016 in the UK for the financial year ending 31 December 2021 (UK Tax Strategy). Should similar requirements apply at other locations of Helaba, Helaba will amend the Tax Strategy accordingly and, if required, make further enhancements to it.

## 2 Objectives of the Tax Strategy

The objective of the Tax Strategy is to ensure that Helaba and its subsidiaries comply with their fiscal obligations in full and in a timely manner. This includes the obligatory compliance with the tax laws and provisions. Operational as well as reputational risks should be avoided as much as possible in the handling of the tax function.

## 3 Contents of the Tax Strategy

### 3.1 Corporate Culture / Attitude towards Managing Tax Risk Levels

Helaba implements its Tax Strategy with the knowledge that the fulfilment of all operational fiscal obligations constitutes a central entrepreneurial task, the responsibility for which is assumed bank-wide, i.e. in all organisational units of the Group. Strict compliance with tax legislation is a key requirement for its business activities in all German and foreign locations.

### 3.2 Principle of Sustainability / Attitude towards Tax Planning

As regards the business activities of Helaba, the principle applies that tax decisions and measures must be legally permissible and that these are, to the best of the Bank's knowledge and belief, also legitimate and justifiable with regard to public perception and the reputation of Helaba. Artificial tax planning without substance and without a business basis will not be applied by Helaba and its foreign branch offices (i.e. in the U.S., UK, France or Sweden).

In the case of intragroup transactions and services, the allocation of profit or loss shall correspond to the respective value-added contribution. For the determination of transfer prices between the companies belonging to the Group and/or branch offices of Helaba and for the support of the foreign subsidiaries with capital resources, transfer prices that are in conformity with the market have to be used; the dealing at arm's-length principle applies.

### 3.3 Tax Compliance in Proprietary Business

Within the scope of the legal requirements, it is in general possible to benefit from tax incentives and tax-induced arrangements, if corresponding fiscal regulations and provisions so permit in the performance of transactions of the Bank or its group companies that are not purely driven by tax considerations.

In contrast, Helaba does not employ "aggressive"<sup>1</sup>, i.e. purely tax-induced arrangements lacking business substance. A purely tax-induced arrangement exists, when a transaction is performed solely for fiscal reasons and there are no economic reasons and reasons to be considered under foreign fiscal law for its execution.

### 3.4 Tax Compliance in Customer Business

Helaba refrains from abusive tax-related transactions also in its business with customers; it does not support or provide consulting for relevant structuring and purely tax-induced arrangements. All products of Helaba shall comply with tax provisions in such a way as to ensure due and proper taxation, without questioning the customers' own responsibility for duly and properly complying with their fiscal obligations, e.g. their mandatory disclosure requirements.

<sup>1</sup> See OECD (2015), Erläuterungen und Maßnahmen OECD/G20 Projekt Gewinnverkürzung und Gewinnverlagerung (Base-Erosion-and-profit-shifting, BEPS), [www.oecd.org/tax/beps-explanatory-statement-2015.pdf](http://www.oecd.org/tax/beps-explanatory-statement-2015.pdf).

### 3.5 Cooperation with the fiscal Authorities on the basis of Trust

Through open and constructive cooperation with authorities and legislative bodies as well as international organisations, the interests of the Bank and its customers and those of public authorities and tax authorities are served.

Helaba strives for cooperation with German and all foreign tax authorities and other public bodies and corporations based on trust and respect. This applies, inter alia, with regard to present, future and past tax risks, tax events and the interpretation of laws.

Helaba supports the opinion held by the Organisation for Economic Cooperation and Development (OECD), namely that the fiscal authorities and taxpayers likewise benefit from increased transparency in the fiscal procedures, in particular by fulfilling the various Mandatory Disclosure Requirements.

## 4 Types of Taxes

The Tax Strategy applies as a general requirement to all types of national and foreign taxes and tax returns as well as tax declarations and other fiscal legal obligations. In this connection, the major types of taxes that are relevant for Helaba and legal obligations include, but are not limited to

- income taxes (e.g. corporate income tax)
- value added tax /VAT or Sales Tax
- wage tax or payroll tax
- withholding tax
- transfer prices for the allocation of income in the international taxation context
- pertinent foreign tax laws (EU or third country)

The Strategy applies to the assessment of all bank products, to all business activities and to the entire risk management. Insofar as national provisions of other countries provide for stricter requirements concerning Tax Compliance than these guidelines, such stricter national provisions apply.

## 5 Implementation of the Tax Strategy

### 5.1 Scope of Application

The rules and regulations laid down in this Tax Strategy apply to Helaba, including its foreign locations integrated in Helaba's Tax Compliance Management System.

In particular, this Tax Strategy is directed to the department heads and employees in all divisions and departments, which perform fiscal tasks and assume fiscal obligations. In addition to the Taxes Department, these are primarily employees of the departments which are responsible for tax decisions and tax-relevant processes or which are involved in tax processes or provide information, documents and data for tax processes.

### 5.2 Obligation on the part of the Subsidiaries

For subsidiaries, in which Helaba holds a majority share (voting rights), the corporate bodies and persons legally responsible for these enterprises themselves are obliged to take appropriate precautions and measures, which ensure that the fiscal obligations of these enterprises are fulfilled.

In this connection, the subsidiaries of Helaba are obligated to comply with the objectives and principles of this present Tax Strategy. For these enterprises, obligations exist to consult with and provide information to the Taxes Department of Helaba, depending on whether they belong to the tax entity, or not. Irrespective of the above, the obligation to comply with tax provisions and the Tax Strategy of Helaba is incumbent upon the legal representatives of these enterprises. This also includes appropriate own fiscal risk management measures.

### 5.3 Obligation in the case of Equity Interests

For affiliated/associated companies in which Helaba does not hold a majority share (voting rights), the Bank strives to achieve, within the scope of existing possibilities, an as far-reaching analogous application of the contents of the Tax Strategy as possible, or the safeguarding of the fiscal compliance requirements shall be ensured in any other appropriate manner.

### 5.4 Establishment of a Tax Compliance Management System

An efficient Tax Compliance Management System ensures the implementation of the Tax Strategy of Helaba and the monitoring of associated risks in relation to its taxation in any German and foreign branch offices. The Tax Compliance Management System (TCMS) of Helaba systematically works toward safeguarding the knowledge of fiscal obligations of Helaba that are required for business operations and that corresponding measures for the performance of the fiscal obligations are derived from it. By means of the controls that are established in the comprehensive operational banking processes and the management of fiscal risks, compliance with such obligations is monitored and continuously improved upon. The TCMS takes the applicable fiscal requirements into account and maps these according to the organisational and the business model of Helaba. It is intended to have the TCMS and its efficiency certified. The TCMS is based on the Internal Control System of Helaba and does not only refer to the fiscal core processes but also to the tax-relevant upstream processes that have been identified under risk aspects.

## 6 Tax Risk Management (Tax Compliance Governance)

In the fiscal risk management and in the pertinent tax compliance systems, tasks have to be performed at Helaba and its foreign branch offices, which are based on the "Three Lines-of-Defence Model".

First-Line-Tasks in this context are all those duties that relate to the processing of tasks in the tax-relevant matters. This includes, but is not limited to, the collection of data for the various tax returns, the posting of tax-relevant business transactions and the pertinent direct control tasks. Second Line-Tasks are tasks that are performing the independent review of the First-Line-Tasks. The Third Line-of-Defence-Tasks are performed by Internal Audit.

Where necessary and appropriate, Helaba obtains external tax advice, especially to ensure compliance with local tax laws in the submission of tax returns for Helaba.

The following types of units at Helaba and its subsidiaries are typically involved in the implementation of the Tax Strategy and thus elements of the control functions:

- the Taxes Department and other units or functions in Germany and in the foreign branch offices entrusted with the submission of tax returns;
- the units carrying out the operating activities leading to postings and the units posting the business transactions or the units entrusted with the collection of reports (data) for tax returns;
- units entrusted with the passing on of information concerning transactions or matters, which are relevant for the tax position and tax reporting requirements of Helaba;

- units entrusted with the passing on of information or the assessment of conformity with the Strategy concerning transactions or matters, which are relevant for the tax position of customers.

The allocation of First-Line- and Second-Line-Tasks to organisational units and functions for the core processes focusing on the submission of tax returns is laid down in the central and local process descriptions of the divisions and in a risk control matrix maintained centrally in the Taxes Department. Monitoring activities within the Group are performed by means of corresponding reports by the subsidiaries to Helaba.

As regards the passing on of information on transactions or matters relevant for taxes, all organisational units of the Bank that report directly to the Board of Managing Directors shall appoint "Tax Compliance Coordinators". The flow of information concerning amendments of tax laws or other changes in the fundamental conditions will be routed from the Taxes Department to the other units of Helaba or of the Group. Vice versa, these Tax Compliance Coordinators are responsible for informing the Taxes Department of transactions and matters relating to relevant tax issues.