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# Tax strategy

PwC NL



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# Introduction

This document sets out the tax strategy of PwC Netherlands, as well as the implications of this tax strategy for our relationships with clients and third parties with which we do business. We inform our stakeholders, clients and third parties with which we do business regarding our approach, as we consider this to be a vital part of our purpose to build trust in society and solve important problems and our role in the further development of sustainable tax. The views presented in this tax strategy are those of the Dutch PwC firm.





# Who we are and what we do

We, PwC Netherlands (“NL”), are a member of a global network of PwC member firms in 158 countries with more than 250,000 people. We have a workforce of more than 5,000 people. We are committed to delivering quality in assurance, tax and advisory services. Please visit [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

## Our purpose and values<sup>1</sup>

Our purpose is to build trust in society and solve important problems. A prerequisite for living up to this purpose is that we incorporate the views of the world outside PwC into our service delivery and the way we operate. Our values are in line with this aim and help us to become purpose-led and values-driven.

These values are:

- **Act with integrity:** speak up for what is right and act as if your personal reputation were at stake.
- **Make a difference:** we create impact through our actions and we respond with agility to the ever-changing environment in which we operate.
- **Care:** we make the effort to understand every individual and what matters to them, recognise the value that each person contributes and help others to grow and work in ways that bring out their best.
- **Reimagine the possible:** we dare to challenge the status quo and try new things.
- **Work together:** we collaborate and share relationships, ideas and knowledge beyond boundaries.

## Culture

Our purpose and values are shaping the behaviour of our people and are defining the culture of PwC. We want this culture to be externally focused, with societal involvement and responsibility being the norm.

## Strategy

Our purpose defines our ‘why’, the reason for our existence. Our values are the ‘how’ and our strategic choices describe the firm that we wish to become.

Our vision consists of four strategic choices.

- **Being a leader in building and sustaining trust-based institutions.**

We aspire to enhance trust in organisations. That is because we contribute to their operating effectiveness, the reliability of their financial and non-financial information and their transparency.

- **Being a multi-nodal organisation.**

We aspire to be an organisation that operates locally, regionally and globally, and shares knowledge through and across our global network.

- **Being a professional services network delivering client service all the way from strategy through execution.**

We aim to support our clients from the moment they formulate their strategies through to their implementation and execution. We are convinced that, with all the competencies and specialisms we have in house, this is the best way for us to provide added value.

- **Being a technology enabled innovator.**

With the help of technology and in collaboration with technology partners, we aim to improve our services and delivery and create a culture that encourages innovation.

Our approach to tax as described in this tax strategy, is constructed in the context of these four strategic choices.

We aim to contribute to the UN Sustainable Development Goals (“SDGs”). We have integrated SDGs 8, 10, 12 and 16 in our strategy<sup>2</sup>.

## International context<sup>3</sup>

PwC NL is part of a global network of separate and independent member firms operating locally in countries around the world. PwC firms are members of PricewaterhouseCoopers International Limited and have a right to use the PricewaterhouseCoopers name. Members of the PwC network share knowledge, skills and resources.

Furthermore, we work closely with the PwC member firms in Germany, Austria, Belgium, Turkey and Switzerland within the ‘PwC Europe’ collaboration.<sup>4</sup>

1 <https://www.pwc.nl/en/onze-organisatie/pwc-in-the-netherlands.html>

2 <https://www.pwc.nl/en/onze-organisatie/corporate-responsibility/our-circular-ambition.html>

3 <https://www.pwc.nl/en/onze-organisatie/pwc-in-the-netherlands.html>

4 <https://www.pwc.nl/nl/onze-organisatie/pwc-europe.html>



# Scope

We have documented our tax strategy for the following three categories.

## **PwC NL**

In scope is PwC NL. PwC in the Netherlands consists of Coöperatie PricewaterhouseCoopers Nederland U.A. including its members (the private limited liability companies owned by the professional practitioners (“Partner B.V.s”)), Holding PricewaterhouseCoopers Nederland B.V., PricewaterhouseCoopers B.V. and their subsidiaries, referred to hereafter both jointly and individually as “PwC NL”. The professional practitioner with whose Partner B.V., Coöperatie PricewaterhouseCoopers Nederland U.A. and Holding PricewaterhouseCoopers Nederland B.V. concluded an association agreement, is authorised to use the title ‘partner’ vis a vis third parties. For the scope of this strategy, PwC NL also includes partners.

All our people have to act in line with this tax strategy.

As member of the global PwC network, PwC NL participates in business initiatives of the PwC network. This may result in the incorporation of PwC network entities in the Netherlands in which PwC NL holds an interest. For the purpose of this strategy, we consider these entities to be part of PwC NL.

## **Our tax services**

In scope are tax services provided by PwC NL to its clients via its partners and employees.

## **Third parties with which we do business**

In scope are entities, including their employees and subcontractors, or individuals sub-contracted to work for or with PwC NL or that provide goods or services to PwC NL.





# Our tax principles

For our behaviour related to tax, we have defined our tax principles. These are based on:

- Our purpose and values (<https://www.pwc.nl/en/onze-organisatie/pwc-in-the-netherlands.html>);
- Our business strategy (<https://www.pwc.nl/nl/assets/documents/pwc-annual-report-2017-2018.pdf>);
- Our Global Code of Conduct (<https://www.pwc.com/gx/en/about/ethics-business-conduct/code-of-conduct.html>);
- Our Global Tax Code of Conduct (<https://www.pwc.com/gx/en/services/tax/code-of-conduct.html>);
- Our corporate responsibility agenda (<https://www.pwc.nl/nl/onze-organisatie/jaarbericht2018.html>);
- Our stakeholder views (<https://www.pwc.nl/nl/assets/documents/pwc-annual-report-2017-2018.pdf>);
- Recommendations of PwC NL's Tax Policy Panel;
- The Dutch Association of Tax Advisers code of conduct (<https://www.nob.net/file/98339/download?token=GH-bZgy5A>);
- The Dutch Corporate Governance Code (<https://www.mccg.nl/download/?id=3367>).

Our tax principles are applicable to (i) PwC NL, (ii) our tax services to clients and (iii) third parties with which we do business.

## 1. Tax principles relating to PwC NL

We have defined the following tax principles for PwC NL.

### a. Committing to our standards

We are responsible taxpayers and pay tax where we operate: we declare profits and pay taxes where the economic activities occur. We manage all our relevant tax filings, domestic and foreign, with accuracy, in good faith, and on time.

We act in accordance with the law and with regulatory requirements. We follow applicable technical standards and comply with professional standards of integrity and objectivity. We abide by the principles of our Global Tax Code of Conduct.

### b. Specific circumstances where the Board of Management decides on PwC NL's tax behaviour

There may be specific circumstances not foreseen in this tax strategy or that require additional attention, where the Dutch Board of Management decides on the actual tax behaviour of PwC NL.

### c. Contribution to the development of sustainable tax

In line with our purpose to build trust in society and solve important problems, we contribute to the development of sustainable tax through thought leadership publications, participating in public debates, and organising and participating in seminars. We always do so with the public interest in mind. This is in line with SDG 16<sup>5</sup>, which we embraced and incorporated in our strategy.

### d. Behaviour of our tax professionals is in line with PwC's Global Tax Code of Conduct and professional groups' codes of conduct

Our tax professionals behave in line with our Global Tax Code of Conduct and the relevant professional group's code of conduct.

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5 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

## **2. Tax principles relating to our tax services provided to our clients**

We have defined the following tax principles relating to our tax services, from strategy through execution, provided to our clients.

### **a. Our clients intend to comply with their legal and regulatory obligations in relation to taxation and we expect our clients to provide information and documents that we require**

PwC NL only serves clients that we are competent to serve, who value our service and who demonstrate high standards of legitimacy and integrity in their business and financial activities. We therefore satisfy ourselves that clients intend to comply with their legal and regulatory obligations in relation to taxation. We expect our clients to provide us with all information and documents that we require for proper and timely execution of our tax services.

### **b. When advising our clients on tax matters, we consider laws and regulations, our codes of conduct and the client's strategy**

With respect to advising our clients on tax matters, it is our mission to be an advisor of the future. In this respect, we advise our clients on tax matters based on (i) laws and regulations, (ii) PwC's Global Code of Conduct, (iii) PwC's Global Tax Code of Conduct and (iv) the client's strategy. We actively incorporate our own opinions and those of our clients' stakeholders into our advice.

### **c. We comply with rules on independence and conflicts of interest when providing services to our clients**

We safeguard independence and address potential conflicts of interest. Any potential conflicts of interest or independence issues are identified before we accept or commence work on a new client or engagement and throughout the course of an engagement. We have proper procedures in place to ensure that potential conflicts of interest or independence issues are timely identified and addressed.

## **3. Third Party Code of Conduct for third parties with which we do business**

PwC's Third Party Code of Conduct explains the minimum standards of integrity and business conduct PwC expects of the third parties with which it does business. PwC NL expects third parties to require the same levels of integrity and business conduct from their employees or subcontractors of third parties and anyone outside their organisation engaged to provide services for or with PwC NL.<sup>6</sup>

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6 <https://www.pwc.com/gx/en/about-pwc/assets/3rd-party-code-of-conduct.pdf>



# Governance

As part of our broader governance within PwC NL, we have designed and implemented specific governance for tax.<sup>7</sup> Where applicable, PwC NL voluntarily applies the Dutch Corporate Governance Code.

## **Roles and responsibilities PwC NL's tax affairs**

The management of PwC NL's tax affairs requires good governance. The responsibility of the Board of Management of Holding PricewaterhouseCoopers Nederland B.V. for our tax affairs is managed through the portfolio of the CFO in the Board of Management. Our CFO delegates the day-to-day management of our tax affairs to our Designated Tax Partner. Our Designated Tax Partner is authorised to make decisions and sign filings and other documents in relation to the tax affairs of PwC NL. The Designated Tax Partner reports to the CFO on a quarterly basis.

The Designated Tax Partner is supported by the Partner Service Group if activities relate to the partners and Partner B.V.s and by the in-house Tax Director concerning corporate affairs.

The Board of Management decides how the actual tax behaviour of PwC NL should be executed. Holding PricewaterhouseCoopers Nederland B.V.'s Supervisory Board supervises the Board of Management. The Membership Council represents the collective interests of the Partner B.V.s.

## **Partner Service Group has to be consulted by PwC NL's partners**

Partner B.V.s and partners have to consult the Partner Service Group regarding their tax affairs. The Partner Service Group prepares the partners' tax compliance and supports and monitors partners. If required, the Partner Service Group can discuss questions, trends and suspected incidents with the chairman and CFO in the Board of Management and the Designated Tax Partner. The Partner Service Group reports directly to the CFO in the Board of Management.

## **Tax Control Framework**

To act upon our tax principles, PwC NL has designed and implemented a Tax Control Framework that relates to PwC NL's tax affairs (corporate income tax, value added tax and wage taxes). PwC NL's Tax Director is responsible for the Tax Control Framework and the continuous improvement, at least annually, of this framework and for compliance with laws and regulations. The framework is designed to identify tax risks (financial, regulatory and reputational) and design and implement controls associated with such risks. The Tax Department monitors a correct and effective application of the tax controls. PwC NL's Internal Audit Department performs the annual monitoring of the Tax Control Framework. The outcome and follow-up are discussed with PwC NL's Tax Director and the report is shared with the Board of Management. PwC NL has entered into a cooperative compliance agreement ('horizontal monitoring') with the Dutch Tax Authorities.

## **Use of our Tax Policy Panel when advising clients on tax matters**

PwC NL is one of the PwC firms that has established a Tax Policy Panel. The Tax Policy Panel is comprised of senior partners and subject matter experts who determine whether a potential tax project or advice position fits with our brand values and our Global Tax Code of Conduct.

## **Code of Conduct Reporting & Whistleblowing Procedure**

We recognise that on occasion incidents may occur which we will inevitably deal with. PwC NL therefore has a Code of Conduct Reporting & Whistleblowing Procedure. The purpose of the procedure is to enable incidents or suspected incidents of business wrongdoing to be raised safely within PwC NL and to be handled properly, so that suitable measures may be taken in a timely manner. The procedure applies to partners, our people and third parties. More information is available on our website.

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<sup>7</sup> <https://www.pwc.nl/nl/onze-organisatie/pwc-in-nederland/governance.html>



# Transparency and reporting

## Walk the talk

As it is our purpose to build trust in society and solve important problems, being transparent in the way we approach tax is important. As such, this tax strategy is published on our external website [www.pwc.nl](http://www.pwc.nl). By doing so, we inform our stakeholders on our tax approach and how it is aligned with our business strategy and corporate responsibility agenda.

## Reporting externally regarding the execution of PwC NL's tax strategy

We will periodically report on the execution of our tax strategy, including our stakeholder dialogue, tax risk management, and results of the application of our tax principles. We will take into account internationally accepted standards and guidance.



# Relationship with our stakeholders

## Annual stakeholder dialogue

Our purpose of building trust in society and solving important problems requires us to truly understand what society expects of us. We therefore maintain a proactive and continuous dialogue with our stakeholders, and we use their input to evaluate and recalibrate our strategy including our approach to tax.

Our stakeholder group is broader than the portfolio of our clients and our people, and the societal environment in which we operate has become increasingly important to our strategy. That is why our ongoing dialogue includes supervisory authorities, interest groups, politicians and educational and other societal organisations.

We request our stakeholders on an annual basis to indicate the themes that are relevant to them and those that are relevant for the long-term value creation of PwC.<sup>8</sup> We have taken this stakeholder input into account in our approach to tax and defining this tax strategy. Examples of stakeholder input are integrity, our role in the public tax debate and transparency.

## Open and constructive engagement with Dutch tax authorities

We engage openly and constructively with the Dutch tax authorities on matters relating to our PwC NL tax affairs, including our approach to tax as laid down in this tax strategy. In this respect, we also work together with the Dutch tax authorities. We share information about our commercial developments or transactions with the Dutch tax authorities, particularly where there are complex tax treatments. Where necessary, we seek clearance from the Dutch tax authorities on uncertain tax positions if they relate to our tax affairs.

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8 <https://www.pwc.nl/nl/onze-organisatie/jaarbericht2018.html>



# Implementation

## **Implementation and monitoring of this tax strategy**

In the digitalised organisation we aspire to become, we use technology-enabled solutions in our approach to tax. Technology is therefore an important element for tax data management and high on the agenda for the further development of our Tax Control Framework.

Processes will be designed and implemented to monitor the implementation of this strategy. In this light, PwC NL's Tax Control Framework will be updated on a continuous basis, if and where necessary.

## **Training programme for PwC NL partners and employees**

To strengthen adherence to our tax strategy, training for our partners and employees will be updated to integrate the PwC NL tax strategy.

## **Approval and maintenance of this strategy**

This tax strategy has been approved by the Dutch Board of Management and will enter into force on 27 September 2019. The tax strategy is subject to periodic review by our Dutch Board of Management and will be updated if necessary to continuously reflect our purpose, values, regulations, international tax standards and other relevant developments in society.



