

2019/2020

Transparency reporting on the implementation of the PwC Netherlands Tax Strategy



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In September 2019, PwC Netherlands published its tax strategy. PwC 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”. Informing our stakeholders, clients and third parties with which we do business about our approach to tax is a vital part of our purpose to build trust in society, solve important problems and play our role in the further development of sustainable tax. In our view, being transparent about our approach to tax also includes being transparent about the progress of implementing our tax strategy. Through this transparency, we provide guidance in times of uncertainty and a rapidly changing tax environment. In this document, we describe how we implemented our tax strategy between September 2019 and June 2020.

Informing stakeholders, partners and employees

In this section, we explain how we have informed our stakeholders, partners and employees about the tax strategy of PwC NL.

Annual stakeholder dialogue

Throughout the year, we are in dialogue with our stakeholders to learn what they expect from us – including from our Tax & Legal practice – and how and what we can improve. We engage with our people, clients and society at large. The latter group includes representatives from NGOs, universities, political parties and professional associations. In our communications with the Dutch Tax Authorities, our tax strategy became part of the ongoing communication and both the Dutch Tax Authorities and PwC NL have referred to the tax strategy while addressing specific tax topics. In this regard, our tax strategy helps to substantiate our intentions and position. It is a point of reference for our dialogue.

Training programme for PwC NL partners and employees

With our partners we have extensively discussed our tax strategy and its implementation during partner meetings. We have informed our employees about our tax strategy and held sessions for our firm services departments to provide further clarification. To increase awareness and empower our employees to properly implement our tax strategy, we have embedded the training for our employees in our learning journey. Our Tax Policy Panel engaged with our employees in Town Hall meetings to discuss dilemmas and to highlight trends.

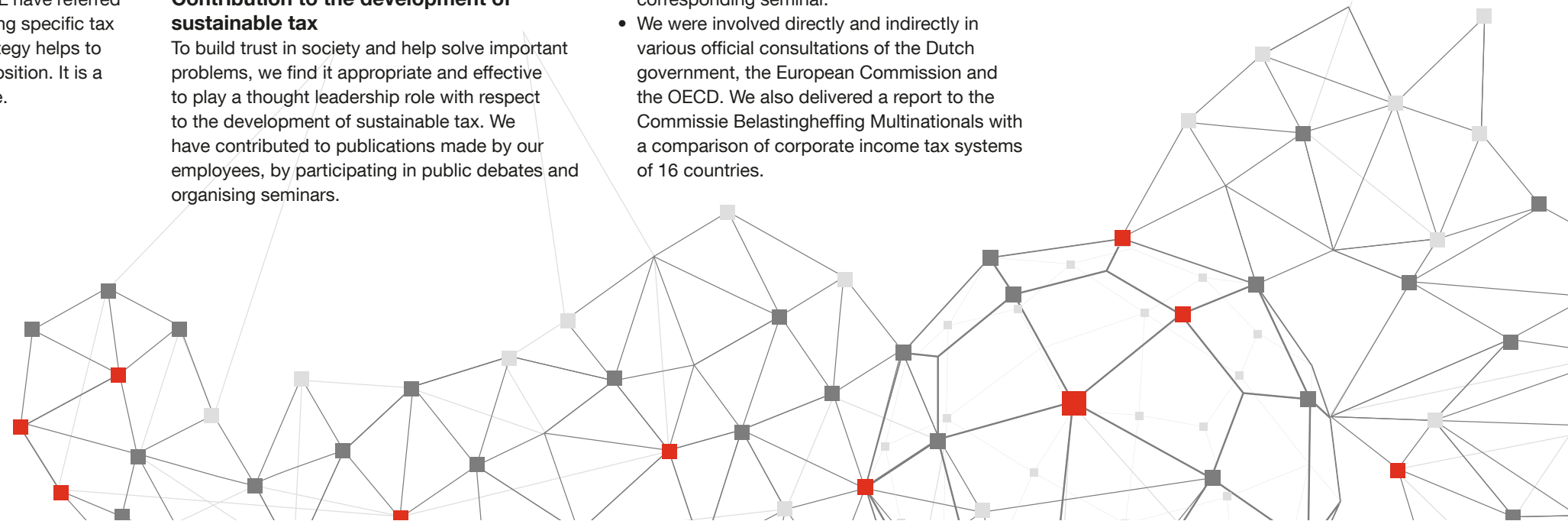
Contribution to the development of sustainable tax

To build trust in society and help solve important problems, we find it appropriate and effective to play a thought leadership role with respect to the development of sustainable tax. We have contributed to publications made by our employees, by participating in public debates and organising seminars.

In FY 2019/2020, we contributed as follows:

- We set up a COVID-19 helpdesk for SMEs, independent entrepreneurs, social enterprises and charity organisations to provide free guidance to those affected by the COVID-19 crisis. Many of the questions were tax related.
- We investigated the regulatory landscape on corporate governance in tax matters in countries around the world and examining steps that boards can take to ensure a sustainable approach to taxation ([Corporate tax governance](#) – Creating a sustainable tax approach in times of fundamental change).
- We assisted VBDO in the design and execution of their Tax Transparency Benchmark and corresponding seminar.
- We were involved directly and indirectly in various official consultations of the Dutch government, the European Commission and the OECD. We also delivered a report to the Commissie Belastingheffing Multinationals with a comparison of corporate income tax systems of 16 countries.

- We predict the future dynamics of the Dutch labour markets from the three perspectives that are foremost in shaping them: flexibility, technology and inequality, while describing the opportunities and threats for all stakeholders ([The Future of Work](#) – a wake-up call for people, organisations and government.);
- By means of the Green Deal Monitor, we inform businesses about the impact of new laws and regulations and proposals for such, provide data and insights, inspire businesses with best practices and fuel the debate on the dilemmas relating to the EU's Green Deal.



Our tax principles

Our tax principles apply to PwC NL, our tax services to clients and third parties with which we do business. All tax principles have been implemented by PwC NL in our processes and procedures. With respect to two of our tax principles there are two points we would like to emphasise.

Committing to our standards

Our tax filings have been submitted in a timely manner to the local tax authorities, taking into account that we declare profits and pay taxes where the economic activities occur. In FY 2019/2020, our tax professionals confirmed their compliance with PwC's global tax code of conduct.

Advising clients on tax matters

Our tax advice involves discussion of the wider considerations involved, as appropriate in the circumstances, including economic, commercial and reputational risks and consequences arising from the way stakeholders might view a particular course of action. We advise clients of appropriate options available to them under the law having regard to all the principles laid down in PwC's Global Tax Code of Conduct.

Our Dutch Tax Policy Panel is an effective instrument in achieving our purpose and enhancing quality in our tax and legal practice. Their analyses and conclusions on intended advice are based on our values, our tax strategy and the PwC Global Tax Code of Conduct. In the reporting period, the Dutch Tax Policy Panel also advised on the responsible use of COVID-19 relief measures by our clients.



Governance

Governance helps us to efficiently steer tax in line with our tax strategy, control identified tax risks and manage our tax approach. Below we have included information about consulting with our Partner Service Group and our Tax Control Framework.

Partner Service Group

Our Partner Service Group is to be consulted by all Partner B.V.s. We have designed a process, including controls, to ensure that the Partner Service Group will be sufficiently involved in Partner B.V.'s tax matters.

Tax Control Framework

As part of broader governance and risk management, our Tax Control Framework ('TCF') helps to manage our tax strategy and control tax. In this respect, we refer to page 64 and further of PwC Annual Report 2019/2020 for PwC NL's risk management. The risk appetite set for tax risks allows us to determine how much risk we want to take from a tax perspective.

Monitoring our tax controls is key to remaining in control of tax. Based on the results of our annual tax monitoring, our Tax Control

Framework is being continuously improved and was last updated in 2020. The PwC Internal Audit Department plays an important role in this periodic process. For the reporting period no material deficiencies have been detected. We reported our findings to the CFO/COO and we will report these to the Dutch Tax Authorities.

As part of the digitisation of our TCF, various technological applications are being used. This includes VAT Insights and LH Insights for monitoring, and MyFinance for our partners.

Implementation and monitoring

The progress of implementing our tax strategy is closely monitored and reported on a quarterly basis. The Designated Tax Partner has reported on a quarterly basis to our CFO.

The outcome of the quarterly reported monitoring of the progress of the implementation of our tax strategy and our business has not resulted in the need to update our PwC NL tax strategy during FY 2019/2020.



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