

Banca Monte dei Paschi di Siena Spa
London Branch
Tax Strategy

Introduction

Banca Monte dei Paschi di Siena Spa is an Italy-based company engaged in the banking sector. It provides banking services.

The Bank operates in the UK via a branch. Its activities relate mainly to participation in leveraged / syndicated loans business in the London Market focusing on European based private companies, providing corporate banking services to the UK operations of (mostly but not limited to) Italy companies and to a lesser extent the provision of trade finance and treasury services.

This tax strategy document outlines how the London Branch of Banca Monte dei Paschi di Siena Spa (“the Branch”) manages its UK tax affairs. The Branch manages its tax affairs based on the following key principles:

- Compliance in full with all its tax obligations which involves paying the appropriate amount of tax in the right place at the right time;
- Arranging its commercial affairs in a tax efficient manner and only engaging in tax planning that supports genuine commercial activity;
- Adopting a conservative approach in managing tax related risks;
- Not promoting arrangements to other parties unless the bank is confident that the tax result of those arrangements is not contrary to the intentions of Parliament.

Tax Risk management & Governance

Overall responsibility for the Branch’s compliance with UK tax requirements and for the management of UK tax risks rests with the Branch General Manager, the most senior manager in the Branch. The Branch’s governance around tax matters follows formal procedures which are in line with other approved governance procedures implemented across the wider Bank.

All tax compliance arrangements are subject to both internal, and external review by advisors, along with further advice from advisors in respect of any law changes, changes of approach or tax authority enquiries.

The management of the Branch’s tax affairs reflects the Bank’s Code of Ethics which has been put in place to ensure sound management through compliance with laws and regulations. Local UK Tax laws are managed by the Branch and if there are wide-scale changes or complexities that impact the wider Group these are raised to Head Office.

The Branch has taken steps to ensure all Senior Managers and employees in the UK are fully aware of the importance of strict observance of laws and regulations, and performance of their duties with integrity and fairness. The London Branch is also a signatory of the “Code of Practice on Taxation for UK banks” and has adopted the principles contained therein.

Attitude to Tax Planning

In arranging or structuring its commercial activities the Branch will consider, amongst other things, the tax laws and practice in the UK, with a view to maximising value on a sustainable basis for its stakeholders within the confines of the law. The Branch will only enter into tax planning that has commercial and economic substance and will not undertake any structuring that is contrived or artificial or based solely on tax merits. In certain cases where there is significant uncertainty or complexity in relation to a tax position, external advice is sought.

The level of tax risk we are prepared to accept

The Branch's approach to tax risk is integrated within its broader business risk management framework. The Branch is a straightforward business and currently it does not involve itself with complex tax structures. The tax environment and tax compliance regulations are constantly changing and can give rise to new tax risks and the Branch actively seeks to identify, evaluate and manage these risks.

Approach to dealing with HMRC

The Bank engages with tax authorities, including HMRC in the UK, with honesty, fairness and in a spirit of transparency. If there is a disagreement in interpretation of tax law in respect of any arrangements then the Branch will aim to resolve any disputed issues through transparent discussions with the relevant tax authorities.

This statement is intended to meet the requirements of Section 19 (2) of Schedule 19 of the 2016 Finance Act.