MTR Corporation UK - Tax Strategy

About us

MTR Corporation was established in 1975 as the Mass Transit Railway (MTR) Corporation, with a mission to construct and operate, under prudent commercial principles, an urban metro system to help meet Hong Kong's transport needs. Since then, the Group has grown significantly and today we are now the leading international railway operator with a presence in the UK, Sweden, Hong Kong, China Mainland and Australia.

MTR Corporation (UK) Limited is a wholly owned subsidiary of MTR Corporation Limited and is responsible for operations and business development activity across Europe and the Middle East.

Our success has been built on the creation of a clear vision and a set of values that guide us and our employees in the way we conduct ourselves and our business. We are committed to meeting the needs of the present, whilst not compromising the ability of future generations to meet their own needs. Delivering on this long-term commitment requires us to strike a balance between:

- our stakeholders' interests and expectations;
- future growth through effective management of human, financial and natural resources; and
- creating long-term value, through contributing positively to the communities we serve.

Our rail and property services are closely linked to the lives of the people and communities we serve.

Underpinning all the above is our sustainable financial model which allows us to provide reasonable returns to investors, while operating and achieving our goals in a responsible and sustainable manner.

Overall approach to managing our tax affairs

Our approach to tax is entirely aligned with the way that we do business. We want to enable future growth and meet our stakeholders' interests in a responsible and sustainable manner.

This means being efficient, so that business and tax outcomes are aligned and delivering this in a way that supports the communities we serve. We want to pay our fair share of tax and correctly account for our tax obligations in all the jurisdictions in which we operate. We are committed to living up to a high standard of business ethics and integrity. To foster an ethical culture in the workplace, all our staff are required to follow our MTR Code of Conduct.

Risk management and governance arrangements in relation to UK taxation

Our tax risk management and governance are embedded at an operational level in the way we do business. It is supported by advice, input and compliance delivery support from third party tax advisors as well as tax advisory support where we are undertaking business transactions (either in the UK or overseas) which might have some associated tax risks.

Our General Manager, Business Development (Europe & Middle East) oversees both our management and our operations, and reports to our International Business Development Management Committee, established by MTR Corporation in Hong Kong. He has oversight, management and operational responsibility for our UK and related international tax affairs and tax governance. The operations are supported by both our UK and Hong Kong teams.

We have developed an Enterprise Risk Management (ERM) Framework which is used to capture, assess and monitor ongoing risks of all types (including tax) to our business.

Attitude towards tax planning or structuring

We seek to be fully compliant with tax legislation and pay the right amount of tax in the countries in which we seek to operate.

Any tax planning or tax structuring is aligned with both our commercial objectives and the ethical standards that we have set ourselves. We engage third party tax advisers to provide us with technical advice and support, particularly where there is complexity or uncertainty around tax legislation. Our aim is to properly comply with our tax obligations and have greater certainty over tax outcomes as far as is possible.

We will not enter into arrangements which have no commercial substance, or where the main, or one of the main purposes is to achieve a tax advantage. We will also not undertake any transactions which would be subject to the Disclosure of Tax Avoidance Schemes regime (or equivalent where we are operating outside the UK), or which we believe HMRC, or other tax authorities might consider falls within the General Anti Avoidance Rule or equivalent.

Typically, our focus is on utilising legitimate tax reliefs or tax incentives in the way that governments intended.

Attitude to tax risk (so far as affecting UK taxation)

Judgements are often required in interpreting the differing tax rules which apply in all the countries in which we operate. Whilst our aim is to understand all our tax obligations and be in a position of full compliance, we do recognise that, given the scale and complexity of our international business, we cannot entirely eliminate tax risk from what we do.

For this reason, we regularly review our tax control environment and continue to take advice and seek support from third party tax advisors. We actively manage any tax risks that we identify. Our approach to tax governance underpins this.

Approach to working with HMRC/tax authorities

We seek to comply with our tax filings, tax reporting and tax payment obligations globally, and this approach means that we seek to foster a good working relationship with HMRC and other tax authorities. When we engage with them, we do so pro-actively to build an open and honest relationship which is based on mutual respect.

Our tax strategy defines our approach to managing our tax affairs. It has been approved by our UK Board of Directors overseeing UK led operations, is compliant with the requirements of para 19 (2) of Schedule 19, Finance Act 2016.

It is published by MTR Corporation (UK) Limited and covers all the operations of the global MTR group within the UK.