

The D. E. Shaw Group UK Tax Strategy

Introduction

D. E. Shaw & Co. (U.K.), Ltd. (“DESCO Ltd.”) is a member of the D. E. Shaw group, a global investment and technology development firm headquartered in the United States.

This tax strategy (the “strategy”) sets out the D. E. Shaw group’s approach to UK taxation as it relates to DESCO Ltd. and D. E. Shaw & Co. (London), LLP, of which DESCO Ltd. is a member (together with DESCO Ltd, “DESCO UK”). Publication of this strategy is regarded as satisfying the statutory obligation under Para 16 (2), Schedule 19, of Finance Act 2016 for the financial year ended 31 March 2018.

Approach to risk management and governance arrangements in relation to UK taxation

The strategy is ultimately overseen by the D. E. Shaw group’s global management team and, in respect of DESCO UK, by the board of directors of DESCO Ltd. and the Management Committee of D. E. Shaw & Co. (London), LLP. The day to day management and implementation of the strategy is delegated to and coordinated by the Managing Director of the D. E. Shaw group’s Tax Department (based in the US), with assistance from associated personnel based in the UK, the US, and other global offices of the D. E. Shaw group.

The D. E. Shaw group manages its tax position in a way that:

- Protects the value of its businesses and investments, with tax being treated as any other cost to DESCO UK;
- Limits financial costs through the appropriate use of legitimate tax planning;
- Reduces the risk of errors through the maintenance of an infrastructure designed to manage the business and operational risks faced by a global investment management firm; and
- Complies with the relevant tax laws and acts with integrity in its dealings with tax authorities in all of the jurisdictions in which it operates and invests.

The Tax Department is responsible for the implementation of effective controls for all significant tax processes and operations, including through coordination with the D. E. Shaw group’s various departments, to ensure compliance with the firm’s tax obligations.

Attitude towards tax planning and risk

While the D. E. Shaw group aims to be efficient in its tax affairs, it recognises that it has a responsibility to pay an appropriate amount of tax in each of the key jurisdictions in which it operates. Accordingly, the D. E. Shaw group may utilise legitimate tax reliefs and alternatives offered under the laws of the countries in which it operates or invests. Further, any such tax planning must have the D. E. Shaw group’s wider commercial goals as its fundamental driver and the potential impacts of proposed transactions will be considered, including potential financial and reputational impacts on the D. E. Shaw group.

The D. E. Shaw group, including DESCO UK, does not use marketed tax avoidance schemes or conduct artificial tax planning.

DESCO UK accepts that tax risk is a function of its business activities and needs to be managed appropriately. The D. E. Shaw group manages such risks through the operation of policies and procedures designed to ensure that existing and emerging tax risks across all activities are identified, assessed, managed, and reported where appropriate to senior management.

Additionally, where appropriate, the D. E. Shaw group will obtain tax advice from external advisors that are experts in their respective fields to help ensure awareness of relevant tax risks and compliance with applicable rules.

The approach of the D. E. Shaw group towards its dealings with HMRC

The D. E. Shaw group, including DESCO UK, intends to have a professional and cooperative relationship with HMRC, and it endeavours to comply with all its tax compliance obligations and disclosure requirements. In the event a dispute arises, it will actively engage with HMRC to expedite an efficient resolution.

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