

Renaissance Capital

Renaissance Capital
UK Tax Strategy - 2023

Background

Renaissance Capital in the United Kingdom comprises the following Renaissance Capital Group entities tax resident in the UK (“Renaissance Capital UK”):

- Renaissance Capital Limited (regulated by the FCA);
- Renaissance Capital (UK) Holdings Limited (a non-regulated holding company);
- Renaissance Capital Services Limited (a non-regulated holding company) and
- RCL Nominees Ltd (the nominee holder of clients’ securities for Renaissance Capital Limited)

The above-mentioned entities (except for RCL Nominees Ltd) are wholly owned subsidiaries of Renaissance Financial Holdings Limited (“RFHL”), a private limited liability company which is domiciled and tax-resident in Cyprus.

RCL Nominees Ltd is a subsidiary of Renaissance Capital Limited.

Renaissance Capital UK forms part of the Renaissance Capital Group which comprises the group of companies held by RFHL. Renaissance Capital Group is owned by the Onexim Group.

This tax strategy covers the operations of the Renaissance Capital Group in the UK and is published in accordance with Schedule 19 of the Finance Act 2016. Renaissance Capital UK is committed to being a responsible taxpayer in the UK.

Renaissance Capital UK engages in cash equity and fixed income trading (primarily as an agent), provides investment banking advisory services, and holds certain Renaissance Capital Group subsidiaries. Income is generated mainly from trading income from clients, from holding limited listed proprietary positions and from investment banking fees. This business model has a simple product structure. Renaissance Capital UK does not enter into complex, tax driven arrangements but rather enters into transactions with clear economic benefit and a clear business rationale. New product lines require consideration of taxation implications before they are introduced.

Renaissance Capital UK has a Conduct Risk Policy that has a “zero tolerance approach” to the “intentional or reckless violation by an employee of the firm’s policies and procedures or of applicable laws and regulations” and requires the “highest standards of ethics and professionalism, observing both the actual letter of the law, rule and regulation as well as their spirit”.

Governance and the management of tax risks

Renaissance Capital UK manages tax risk in a similar way to other operational risks. The Board of Directors, Audit & Risk Committee and Senior Management take the lead in setting principles and monitoring performance. However, the Board of Directors has ultimate responsibility for the management of the tax affairs of Renaissance Capital UK.

The UK Finance Team (working with local reputable, professional tax advisers) is responsible for delivery and reporting.

The UK Finance Team is led by the Head of Finance, who reports to the Company CEO.

The principles guiding the approach to tax risk in the UK are set out below and are under constant review:

- Renaissance Capital UK will manage its tax affairs to ensure compliance with both the letter and spirit of relevant tax legislation and will not engage in aggressive tax planning;
- Renaissance Capital UK will not support or condone tax evasion whether by the UK tax resident entities, their employees or persons acting on their behalf, customers or counterparties;
- Renaissance Capital UK will maintain a good reputation and good relationships with the UK tax authorities, HMRC.

Any tax risk identified is reported to Senior Management, the Board of Directors and Audit & Risk Committee (depending on the nature and scale of the risk) and the resolution will be reported until closure. The UK Finance Team reports all material tax risks up the chain and so adopts a prudent “better safe than sorry” approach.

Attitude towards tax planning

Renaissance Capital UK only engages in tax planning that supports genuine commercial activity and seeks to pay an appropriate amount of tax in the UK.

Taxes paid on remuneration are material to the business. The remuneration packages of Renaissance Capital UK are structured so that the correct amounts of tax and social security contributions are paid in the UK.

Renaissance Capital UK supports initiatives to improve international transparency on taxation matters, including OECD measures on Country-by-Country Reporting (which it undertakes as part of a relevant group) and the Automatic Exchange of Information global standard. Renaissance Capital UK also complies with cross-border tax avoidance arrangement disclosure rules devised by the OECD (known as the mandatory disclosure rules, or MDR), whereby a reporting obligation is mandated for certain prescribed arrangements and structures which could facilitate tax evasion. The UK Finance Team has ongoing consultative relationships with reputable advisors for the provision of tax compliance support and general advice. The majority of communications relate to tax compliance and advice on new reporting requirements. The UK Finance Team seeks to involve external advisors in tax questions/tax issues/tax filings/new business lines adopting a consultative and conservative approach.

Acceptable level of risk

Renaissance Capital UK has a conservative appetite for tax risk. This is driven by the recognition that the reputational risk of taxation issues would have a negative impact on relationships with stakeholders (clients, counterparties, tax authorities, regulators and the general public) that might detrimentally affect the performance and value of the business.

This limited scale and scope of business, together with procedures and controls implemented by the UK Finance Team (working with local professional, reputable tax advisers), seeks to ensure that tax risk is kept at a low level. The status of tax compliance is regularly reported to the Audit & Risk Committee and the Board of Directors by the UK Finance Team.

Relationship with UK Tax Authorities

Renaissance Capital UK seeks to have an open, transparent and cooperative relationship with HMRC, in particular:

- We strive to have an open and constructive relationship with HMRC.
- We may seek clarification from external advisors when new tax law is introduced and/or concerning complex tax law. If necessary, we will seek clarification from HMRC.
- We make full and prompt disclosures where required.
- We aim to meet all statutory deadlines.
- We aim to comply with our tax filing, tax reporting and tax payment obligations accurately and on time.
- We are available to address HMRC queries accurately and promptly as and when required.

This Tax Strategy was approved by the Senior Management, Audit & Risk Committee and Board of Directors of Renaissance Capital UK in December 2023.