Guardian Media Group
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This tax strategy applies across the Guardian Media Group. This document, approved by the Executive Board of Guardian Media Group plc sets out the Group's approach to conducting its tax affairs and dealing with tax risks for the year ended 31 March 2019. Guardian Media Group regards the publication of this tax strategy as complying with the duty under paragraph 16(2) of Schedule 19 of the Finance Act 2016.

About Guardian Media Group

Guardian Media Group is one of the UK's leading media organisations. We exist to support quality, independent and liberal journalism. Our core business is Guardian News & Media, one of the world's leading news publishing organisations.

The parent company of the Group is The Scott Trust Ltd, a UK tax resident company, which was established to secure the financial and editorial independence of the Guardian in perpetuity.

The Group has business operations in the UK, US and Australia. All companies in the Group are incorporated in these countries, hold all of the Group's assets and are fully subject to prevailing tax laws and regulations.

The Group also has an endowment fund which exists solely to support and fund our journalism. The endowment fund consists of diversified medium and long term focused investments managed by a number of specialist fund managers. The investments include global and emerging markets equity, fixed income, hedge funds and private equity and venture capital funds. Whilst the investments are a mixture of UK and non-UK assets, they are all held by UK tax resident companies in the Group which are fully subject to UK tax laws and regulations on all of the income and realised gains arising from all of the investments held.

Our values

CP Scott, the famous Manchester Guardian editor, outlined the paper's principles in his celebrated centenary leader on May 5, 1921. The much-quoted article is still used to explain the values of the present-day newspaper, Trust and Group. The values he described are: honesty; cleanness (today interpreted as integrity); courage; fairness; and a sense of duty to the reader and the community.

Group strategy and results

The Group has continued to implement its strategy to build deeper relationships with our audience based on their trust in our high quality independent journalism which reflects our editorial purpose and our mission.

The financial target of the three year plan set out in 2016 was for GMG's news and media business (GNM) to break even at EBITDA level before exceptional items by April 2019 in order to provide a sustainable future for the Guardian. This target has been achieved with GNM delivering an EBITDA of £0.8 million in 2018-19.

For the year ending 31 March 2019 the Group reported revenues of £224.5m, up 3% on the previous year with growth in reader revenues, growth in digital advertising revenues and international growth more than offsetting declines in newsstand sales and print advertising revenues.

The Guardian is supported by the Scott Trust Endowment Fund. The value of the fund and other cash holdings stands at £1.01 bn. (2018: £1.01bn). The value of these holdings reflects cash being transferred from the Endowment Fund to meet operational cash outflows of GNM, offset by the underlying growth in investments.

Our tax position in the year-ended 31 March 2019

The Group is committed to reporting on its tax position in a transparent manner and makes extensive disclosures relating to tax in its annual financial statements. An abridged version of the disclosures for the year-ended 31 March 2019 detailing the corporation tax position of the Group is included as an Appendix to this document.

The Group's business operations in the UK, US and Australia have historically been loss making. These historic losses were legitimately used to offset taxable profits and gains that arose in the year which meant that the Group paid no Corporation Tax in the year ended 31 March 2019.

The Group collects and pays indirect and payroll taxes in the countries in which it operates. In 2019, the Group collected and paid £42.9 million of income taxes and social security associated with its employees.

Guardian Media Group Tax strategy

Our tax strategy

Our tax strategy seeks to enable and support the Group's business strategy by managing tax risks and costs in a manner consistent with The Scott Trust values.

Our tax strategy consists of four key principles:

1. We manage our tax affairs in a manner consistent with the values of The Scott Trust and the organisation's purpose to secure the financial and editorial independence of the Guardian in perpetuity and to support journalistic freedom and liberal values.
2. We seek to act lawfully and with integrity when managing our tax affairs by paying and collecting tax in accordance with all relevant laws and regulations in the countries in which we operate. If we discover instances of non-compliance we seek to resolve them with the appropriate tax authority.
3. We only engage in reasonable and sustainable tax planning that is aligned with commercial and economic activity. This means:

- We do not enter into artificial tax arrangements;
- We only respond to tax incentives and exemptions in the manner in which they were intended; and
- All transactions between Group companies are carried out on an arms-length basis.

4. We are open and transparent with tax authorities and provide all relevant and reasonable information that is necessary for them to fully understand our tax affairs.

Our approach to governance arrangements and risk management

Governance arrangements

The Guardian Media Group plc Board approves the Group's tax strategy. From an operational perspective, the Audit Committee, made up primarily of independent non-executive directors, is considered to be the supervisory body for all Group tax activities and monitors on-going compliance with the tax strategy.

The head of tax is responsible for ensuring that appropriate procedures and guidelines are established, and suitable training and education provided to support the four strategic principles detailed above.

The head of tax meets regularly with the Chief Financial Officer to discuss tax matters as they arise including the impact of the introduction of new tax legislation on the group, the tax implications of changes to the group's operations and the outcomes of tax risk management reviews.

The head of tax reports at least annually to the Audit Committee on the tax position of the group and the on-going adherence to the tax strategy.

Risk management

Tax risks can arise as a result of changes in tax legislation and changes to the Group's underlying operating model, systems and processes. The head of tax is responsible for ensuring that the Group's tax position and tax risk management procedures are regularly reviewed to enable the appropriate management of tax risk.

The tax function actively assesses and monitors UK tax risk throughout the year by maintaining a detailed tax risk register, which documents the processes and controls implemented to mitigate the risks. The tax risk register is reviewed regularly during the year to ensure its completeness and to check the effectiveness of the processes and controls. The outcomes of the reviews are discussed with the Chief Financial Officer and, where issues are identified, new processes and controls are designed and implemented.

The level of risk in relation to UK taxation that we are prepared to accept

The Group has a low appetite for tax risk and manages its tax affairs accordingly. Whilst standardised, acceptable levels of tax risk are not formally documented or quantified, tax risk is primarily managed with the aim of complying with all relevant laws and regulations and preventing and reducing tax disputes and uncertainty.

This is achieved by maintaining documented policies and procedures in relation to tax risk management and maintaining open and constructive relationships with tax authorities.

Our attitude towards tax planning

Our attitude to tax planning is governed by the four key strategic principles detailed above in the 'Our tax strategy' section. The Group may engage in tax planning in order to manage its tax costs and an assessment of the appropriateness of doing so is made against all four principles to ensure they are adhered to.

External tax advice is taken from time to time where clarification of the tax implications of the Group's activities is required.

Our approach towards our dealings with HMRC

A constructive relationship with HMRC is important in the operation of the Group's tax strategy.

We engage in an open and transparent way with HMRC to allow them to fully understand our tax affairs. Where appropriate we engage with them on a timely basis and seek advance clearance, either formally or informally, on the tax implications of a transaction or a change to our business.

We have a track record of pro-actively bringing tax issues in our business to the attention of HMRC and collaboratively working with them to resolve these as quickly as possible.

Criminal Finances Act 2017

We ensure suitable policies and procedures are in place to prevent or minimise the risk of our employees, agents, suppliers or other third parties associated with us facilitating tax evasion as reflected in the Criminal Finances Act 2017.

We will undertake, and periodically refresh, a risk-based assessment of our business activities to identify such risks and ensure procedures are adequate. We will communicate the policy and ensure adequate training is provided.

Appendix

Abridged tax disclosures in the Guardian Media Group plc financial statements for the year ended 31 March 2019

The following abridged disclosures detail the corporate tax position of the Guardian Media Group for the year ended 31 March 2019.The full tax disclosures including those relating to deferred tax can be found in the Guardian Media Group plc consolidated financial statements for the year ended 31 March 2019.

1. Corporate tax charge	2019 (£ m)
Corporate tax charge	
Corporate tax charged in the income statement:	0.2
Corporate tax charge	**0.2**

2. Factors affecting corporate tax charge for the year	2019 (£ m)
The tax charge on the profit before tax for the period is lower than thestandard rate of corporation tax in the UK of 19%	
The adjustments which increase and decrease the tax charge are reconciled below:	
Profit before tax	30.8
Tax on profit calculated at standard rate of 19.0%	5.9
Adjustments increasing the corporate tax charge in the year:	
Expenses not deductible for tax purposes	1.6
Foreign taxes paid	0.2
Losses not utilised in the year	0.4
Depreciation in excess of capital allowances	0.1
Adjustments decreasing the corporate tax charge in the year:	
Utilised tax losses in the year	(2.0)
Short term timing differences on accounting provisions	(1.2)
Decrease in tax charge on investments at fair value through profit or loss	(4.7)
Tax relief on pension contributions	(0.1)
Total corporate tax charge	**0.2**

Details of items increasing and reducing the corporate tax charge for the year

Expenses not deductible for tax purposes

Some expenses by their very nature are entirely appropriate charges for inclusion in these financial statements but are not allowed as a deduction against taxable income when calculating the tax liability. Examples of such expenditure are certain legal expenses and depreciation charged on assets that do not qualify for capital allowances.

Foreign taxes paid

The majority of the Group's activities are performed and taxed in the UK. However certain local taxes are incurred by the Group's activities in overseas territories.

Losses not utilised in the year

The Group has incurred losses in the year which have not been utilised in the year. These losses are carried forward to be utilised against future profits earned by the group.

Depreciation in excess of capital allowances

The accounting treatment of expenditure on fixed assets differs from the tax treatment. For accounting purposes an annual rate of depreciation is applied to the cost of the assets over their useful economic life. Tax relief is not available on the depreciation. Instead, capital allowances are available to be claimed on certain fixed assets as a tax relief provided in law. The depreciation charge was greater than the value of the capital allowances claimed and therefore contributed to an increase in the corporate tax charge in the year.

Utilised tax losses arising in the period

The Group has utilised historic losses and losses arising on the liquidation of Group companies to offset profits and gains recognised in the income statement whichhas resulted in a decrease in the corporate tax charge in the year.

Short term timing differences on accounting provisions

Short term timing differences arise on items such as certain provisions because the treatment of these items is different for tax and accounting purposes. The group is entitled to claim a tax deduction on the commercial utilisation of these provisions but not on the accounting entries that create the provisions. This timing difference has resulted in a decrease in the corporate tax charge in the year.

Decrease in tax charge on investments at fair value through profit or loss

The accounting treatment of investments at fair value through profit or loss differs from the tax treatment. For tax purposes, the group is required by law to ignore the accounting transactions and instead perform a separate calculation of the taxable profit or loss when the assets are disposed of. The group is also required by law to disregard for tax purposes the accounting transactions associated with derivatives entered into relating to the investments at fair value through profit or loss. The disregarded transactions are subsequently brought into account for tax purposes when the underlying assets are disposed of. The resulting timing differences result in a deferred tax liability which represents the future net tax due on the disposal of the assets based on their valuation at the balance sheet date.

Tax relief on pension contributions

The Group is entitled to claim a tax deduction for the payment of contributions into its pension schemes which has resulted in a decrease in the corporate tax charge in the year.