



Elavon Financial Services

U.K. Tax Strategy Statement for
Publication

Introduction

This Statement summarises the arrangements and approach under which the U.S. Bancorp Group (“U.S. Bank Group” or “the Group”) addresses the management of tax in our U.K. businesses. This document has been drafted to ensure that it is in accordance with the requirements of the U.K. Finance Act 2016 to have a tax strategy publicly available. We regard this statement as complying with our publication duty under para 22 Schedule 19 of the Act.

The U.S. Bank Group, based in Minneapolis, operates the 5th largest commercial bank in the United States and maintains operations in a number of countries worldwide. In the U.K., the Group maintains 3 principal business units, carrying on payment services, corporate trust services and fund administration services respectively. These business units are operated through four entities in the U.K.¹.

During 2020, Elavon acquired Sage Pay (renamed Elavon Digital, trading as Opayo post-acquisition), a well-known and established payments gateway business in the U.K. and Ireland. This acquisition was part of the Group’s strategy to help its business customers grow as the global economy becomes more digital. This acquisition saw Elavon expand its market share in the payment services business in the U.K. and Ireland. During 2022, the assets and business of Elavon Digital Europe Limited and Elavon Digital GB Limited were transferred to the control of Elavon Financial Services DAC (U.K. Branch). Following this both entities entered liquidation procedures.

The Group places a high value on carrying on all aspects of its business with high ethical standards, going beyond any legal minimum, and regards its reputation as fundamental to its success.

Approach to tax governance and risk management

The Group company carrying on most of the Group’s business activity in the U.K. is Elavon Financial Services DAC (“EFS”). EFS is an Irish headquartered bank carrying on business

¹ These entities are Elavon Financial Services DAC (U.K. Branch), US Bank Trustees Ltd, US Bank Nominees Ltd and US Bank Global Corporate Trust Limited.

across Europe through a number of branches, including a U.K. branch.

EFS adopted H.M. Revenue & Customs (HMRC's) Code of Practice on Taxation for Banks in 2013 and has complied fully with its requirements. The Code requires banks operating in the U.K. to adopt best practices in tax management and not to promote or knowingly facilitate tax avoidance by other parties, including that banks should:

- adopt adequate governance to control the types of transactions they enter into
- not undertake tax planning that aims to achieve a tax result that is contrary to the intentions of Parliament
- comply fully with all their tax obligations; and
- maintain a transparent relationship with HMRC.

As a result of the nature of the three business activities carried on in the U.K., there are a broad range of U.K. tax payment and reporting obligations. The primary obligations for the U.K. entities fall under corporation tax, PAYE/NIC and VAT legislation.

Ultimate responsibility for compliance with U.K. tax law rests with the directors of the Group companies carrying on operations in the U.K.. Day-to-day responsibility for compliance is devolved to management through the companies' Chief Executive Officer. As a general principle, line management who exercise control over a particular activity are responsible for ensuring that all legal and regulatory obligations arising from that activity are identified and fulfilled, with support from specialist expertise where required.

The Group's approach is to apply appropriate levels of control and governance to U.K. tax matters, consistent with the approach it adopts to other matters involving compliance with the law and efficient financial and risk management. The Group seeks to ensure that management is enabled to fulfill all U.K. tax obligations and that tax management is subject to appropriate governance by maintaining a robust tax management framework, including:

- maintenance of appropriate levels of internal tax expertise and ongoing engagement of external U.K. tax advisers to identify, understand and fulfill all tax obligations;
- application of the Group's broader control framework to tax matters;

- direct reporting line of the Head of Tax to the Chief Financial Officer, together with a secondary reporting line to the U.S. Bank Group Director of Tax;
- ensuring that all material judgements on tax matters are taken by appropriate persons and are recorded fully to ensure consistent application.

Attitude to tax planning and tax risk appetite

The Group seeks to comply fully with all U.K. tax law while also refraining from engaging in any contrived or artificial tax planning arrangements.

While managing tax risks, the Group continually takes account of the importance of the reputation of our business with our customers (current and future), counterparties, employees, tax authorities, regulators and other stakeholders. We recognize that tax risks can arise from various factors, including changes in legislation, interpretation of tax laws and operational activities. Our objective is to maintain a low tax risk profile while ensuring compliance with all relevant tax legislation and regulations. Where any material part of U.K. tax law is identified as involving an element of uncertainty the Group's approach is to obtain external tax advice to inform the Group's position.

The Group has a zero tolerance for knowingly facilitating tax evasion. We actively support efforts to combat tax evasion, working with governments and international organisations, such as the OECD.

Approach to dealings with HMRC

In accordance with the Code of Practice on Taxation for Banks, the Group maintains a transparent relationship with HMRC. Across various interactions, EFS Tax Department's approach to dealing with HMRC is to be responsive, interactive, constructive and engaging. To the extent that an occasional difference of opinion might arise, EFS Tax Department's approach

would be to seek to resolve it with HMRC through constructive discussion of the relative merits of the arguments in favour of each side's position.

When the opportunity arises, we seek to update HMRC on relevant changes in the business and discuss tax issues of current relevance to the Group.

Overall, we see the maintenance of such a relationship with HMRC as an integral and important element of our approach to achieving high standards of compliance with U.K. tax law and sound management of all U.K. tax risk inherent in our businesses.

Elavon Financial Services DAC

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United Kingdom branch registered in England and Wales under the number BR009373.

Elavon Financial Services DAC, trading as Elavon Merchant Services, is authorised by Central Bank of Ireland and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority are available from us on request