

Tax Strategy

As at March 2025

INTRODUCTION

Capula Investment Management LLP (“CIM”) recognises that taxation revenue is important to the communities in which it operates. It also acknowledges an obligation to its own stakeholders to pay at the appropriate time the amount of tax correctly payable. CIM seeks to meet the law and intention (spirit) behind the tax law. In particular it will:

- Comply fully with the tax law in each country that it operates; and
- Not knowingly undertake tax arrangements that could have a negative impact on CIM, its members or management nor on the customers of CIM.

GOVERNANCE

Responsibility for the tax strategy (“Strategy”), the management of risk and the governance of tax compliance ultimately rests with CIM’s Management Committee and with its Board of Partners. Day to day responsibility is delegated to CIM’s Chief Administrative Officer (“CAO”). The size and complexity of CIM does not warrant having a full time in-house tax resource. The business therefore works with external specialists and seeks to create long term relationships with those specialists so that they are familiar with CIM’s affairs and its ethos towards tax and business risk.

The entity for which the Strategy has to be published is a UK limited liability partnership. A strategy that includes corporate entities owned by or associated with CIM is not required. However, where it is able to do so, CIM applies consistent principles to the tax affairs of each entity with which it is associated. CIM itself does not pay tax on its business profit; instead tax is paid by the members to whom profits are allocated. The partnership ensures that each member is notified of their share of taxable income and gains and of the obligation to report and pay tax as appropriate. The partnership does file tax returns so that HMRC is also aware of the information made available to members.

RISK MANAGEMENT

CIM is exposed to tax risks in terms of transactional or sales taxes such as VAT while its members are liable to taxation on the profits that it makes. These risks include:

- Reporting and compliance. This includes the risk of making incorrect or late returns to tax authorities, the failure to correctly make taxation elections or claims, or where systems and controls have not correctly supported the information included in returns.
- Reputation. The risk of taking or not taking action or decisions that harm its relationship with tax authorities or stakeholders including its members, employees, investors in the funds it manages and the general public.
- Transactional. The risk arising should CIM undertake a business transaction and either fail to consider the tax consequences or the implementation is not correctly carried out.

The CAO is tasked with identifying, monitoring and managing tax risks. Where it is considered advisable to do so, external advice is taken. Generally, this is where a situation is particularly complex or uncertain.

Once identified, tax risks are monitored by the CAO to ensure ongoing compliance. Monitoring involves frequent review of processes (for example, that the posting of accounting entries correctly categorises an item), and reviewing significant transactions or new types of transaction which potentially impose additional risk and, as such, would be subject to additional review. As tax law can be subject to interpretation such review may not be conclusive and an element of tax risk may reside within the business.

CIM retains an accountancy and tax firm to prepare annual member profit distribution statements, and annual financial accounts. CIM's financial accounts are audited by E&Y.

DEALINGS WITH HMRC

CIM has a customer relationship manager ("CRM") assigned to it by HMRC. The CRM is supported by specialists. CIM engages with HMRC to ensure that HMRC understands the operation of CIM, including all transactions and CIM's approach to its Strategy.

The CRM and CIM are also able to discuss key developments and transactions in order to agree the tax consequences of those transactions and/or their reporting. That does not mean that differences will not arise between the view of HMRC and CIM. CIM and its advisors will work with HMRC to resolve any difference in a constructive manner, with a view to early resolution.

CIM is not currently required to comply with any HMRC industry code of practice.

TAX PLANNING AND ADVICE

CIM recognises that it has a responsibility to allow its members to pay the appropriate amount of tax in the jurisdictions in which it operates. It also has a responsibility to its members, staff and customers to structure business arrangements in an efficient manner. This may involve using tax planning opportunities and tax reliefs where these are appropriate to its business and do not expose CIM to undue risk of harming relationships with tax authorities or governments in jurisdictions in which it operates.

CIM will take advice externally where it is considered appropriate or prudent to do so.

SUMMARY

CIM takes its tax obligations seriously and endeavours to be open and transparent in all of its dealings. CIM seeks to comply fully with all reporting obligations. CIM is also required to have reasonable procedures in place to prevent the criminal evasion of tax by third parties with whom it deals.

CIM does not support or tolerate tax evasion and seeks to enforce appropriate procedures and controls to prevent our staff or any person acting on behalf of CIM facilitating tax evasion.

This tax strategy applies to the year ended 31/03/2025. It applies to Capula Investment Management LLP and has been prepared in accordance with the requirements of the Finance Act 2016, section 161.