HWFisher

Provision of a Global Tax Review to

Londonist DMC LTD

SEPTEMBER 2024

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DEPEND ON OURS.

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1. Executive Summary

We are delighted to have the opportunity to submit our proposal for the provision of a Global Tax Review (GTR). The following pages set out the services contained with the GTR, our suggested timetable and our fees. Below we include a summary of the reasons why we believe we are well-placed to deliver the relationship you want.

Why appoint us?

- **Our significant depth of experience.** We have several clients involved in the student accommodation sector. Therefore, we have experience as well as the depth of knowledge to ensure that we meet your needs.

- **Our experienced team ensuring delivery on time.** We have a dedicated tax compliance team for both corporation tax and VAT; they will ensure that we deliver everything on time and to a high quality.

- **Our desire to share ideas and suggestions.** We will use our knowledge to add value through our relationship. We strongly believe in not overloading our clients with information but prioritise our advice so that it is relevant to individual clients' needs. We will meet regularly during the GTR process, and our fees include a post implementation review 6 months after implementation date to ensure that the proposed structure operates as intended.

- **Our tax compliance approach is focused on mitigating your tax exposure and managing your tax risk.** You can be assured that we will always raise any issues we identify with you but will do so based on having developed a strong working relationship making resolving them much easier.

Our approach encompasses building excellent relationships across the organisation and maintaining those relationships through regular open communication which is aimed at adding value and avoiding any surprises.

Do let us know if any questions arise on reading this proposal and we very much hope that we have the opportunity to work with you.

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2. The Global Tax Review

The purpose of the GTR is to address tax inefficiencies in the current operating structure and negate where possible such inefficiencies. The current inefficiencies are primarily indirect tax driven around the application of the VAT reverse charge and partial exemption. The GTR will address the following areas:

- **Corporation Tax Structuring including location**: Ensuring the most tax-efficient corporate structure and utilisation of existing tax losses from the Covid period of trading;

- **VAT**: Addressing VAT-related issues such as partial exemption, the VAT reverse charge and registration/compliance matters;

- **High Salary Earners Regimes**: Considering regimes applicable to high salary earners and domicile issues;

- **Profit Share Regimes for Key Personnel**: Exploring the benefits of profit-sharing arrangements for key personnel and ensuring existing agreements are replicated; and

- **Transfer Pricing:** consideration of the need for a transfer pricing report or similar.

The core areas to the GTR are:

- Indirect Taxes
- Corporate Taxes
- Personal Taxation

Indirect Taxes

As part of the GTR, the focus from an indirect tax perspective will involve:

- Establishing the correct geographical location for the conducting of the primary business to ensure that both primary VAT costs are suitably negated in whole or in part;

- Ensuring that supplies are contractually made in the correct direction to assist in mitigating the above;

- Where the activities of Londonist DMC are changed that such activities, bar supplies to students who will bear the VAT cost, are supplies that are not considered land related services for VAT and are therefore, outside the scope of UK VAT with entitlement to recover VAT on costs;

- Liability of all intended supplies within the GTR are determined and detailed in a liability matrix;

- All VAT registration obligations globally are considered, and the liability of supplies noted within the aforementioned matrix; and

- All potential risks are documented.

Corporates Taxes

The GTR will consider the following issues:

- Benefits/drawbacks of using a Holding co to hold surplus cash?

- Benefits/drawbacks of using of a Double lease structure to protect the lease asset?

- Central management and control tax risk of UK shareholder/directors;

- Overview of relevant aspects of ATED, Corporation tax, withholding taxes and SDLT;

- Loans to shareholder (s.455) overview;

- Transfer pricing risks and when relevant;

- UK and overseas tax administration.

Personal Taxation

In this tax area, the GTR will cover:

- Consideration of anti-avoidance provisions which would treat the structure as transparent for the shareholder if owned through a non-UK entity. To include:
    - Whether or not a new non-UK company should be owned via a UK company.
    - Whether or not the structure should be different if the shareholder went non-UK resident.

- Drafting instructions for Counsel to confirm the analysis on the anti-avoidance provisions.

- An overview on UK tax residence and the maximum number of days that could be spent in the UK if the shareholder wanted to go non-UK resident.

Other Issues

The GTR will also seek to address the following issues:

- The potential for external investment and how that would sit with any proposed structure;
- How any proposed structure impact on existing or potential entities in China, Greece or Turkey;
- Interaction of any proposed structure with existing or potential JVs;
- Interaction of any proposed structure with existing or potential SPVs; and
- The UK audit position post any the implementation of any proposed structure.

Tax Counsel

Prior to implementation of the structure, tax counsel will undertake will review and provide a written opinion on its merit and any areas of concern. Such an opinion is included in the fees noted below.

Timetable

	2024	2025
Planning	Oct-Dec	
Tax Counsel Sign-off		Jan
Implementation		Feb-Apr
Review		Oct

The above timetable is simply indicative and will be discussed in detail with you to ensure it meets your needs and accords with the work pattern and regulatory requirements of the group.

3. Our fees

Our proposed fee for the GTR shall be as follows:

- A fixed fee of £80,000 plus 3% compliance surcharge plus VAT. Our fee will include tax counsel costs and any tax advice required overseas that is within the scope of the GTR. Our fees do not include any costs to set up any new entities or any legal costs to review/amend any existing contracts or similar or draft any new contracts etc.

- Any work not within the scope of the GTR will be charged on a time spent basis. Our current charge out rates per hour are as follows:

    - Partner £650
    - Director £450-550
    - Manager £250 -375
    - Assistant Manager and below £75-£190

These fees are subject to our compliance surcharge of 3% in accordance with our standard policy, disbursements as noted above and VAT at the prevailing standard rate.

- Our fees shall be billed as follows:

    £20,000 on commencement;
    £40,000 at 31 December 2024; and
    £20,000 at 30 April 2025

4. Your Team

We are pleased to propose the following team to work with you. Our partners and staff will invest as much of their time as necessary to do the best job for you. We are a partner-led firm and you will be assured of significant partner input.



Gerry Myton, Partner & Head of Indirect Tax

Gerry leads our indirect taxation team and specialise in not only VAT but also duty matters.

He began his career with Her Majesty's Customs and Excise before moving into positions within UK Top 40 accountancy firms, and has been operating at Partner level for over 15 years.

Gerry is a specialist in a range of business sectors, notably retail, property and construction, international supply chains, e-commerce and import/export. He has extensive experience assisting companies in navigating the complexities of VAT with particular emphasis on companies setting up and trading in the UK and from the UK into Europe. He is skilled at mitigating VAT liabilities and identifying cash-saving opportunities from all stages of business development, from initial registration to business restructuring and trading internationally.



Andrew Tall, Partner

Andrew is an FCA and CTA chartered accountant with more than 25 years' experience offering Corporation Tax services to a range of clients, from micro-companies and non-resident landlords to large multinational groups. He has assisted with tax compliance, tax advisory, capital allowance reviews, R&D and RDEC claims, relief for intangible fixed assets, and tax due diligence exercises.

Andrew also advises clients from owner-managed businesses on areas such as tax clearances, group restructuring, business sales and pre-sales planning, generational planning, as well as profit extraction, incorporation and disincorporation, and entrepreneur's relief.

Before joining HW Fisher, Andrew was a Corporation Tax Partner at Greenback Alan LLP for six years, and prior to that, held senior manager roles at Simmons Gainsford LLP and Mazars LLP.

Alongside his day-to-day practice, Andrew volunteers for the ICAEW where he sits on the SME Business Tax committee, as well as the Compliance and Interventions committee of the Tax Faculty.



Sam Dewes, Partner

Sam acts for a range of UK and international clients, including high net worth individuals, trusts and estates.

He assists clients on a range of tax matters such as moving to or from the UK; succession planning; land and property; and investment in UK businesses.

In 2018 Sam was made a Fellow of the Chartered Institute of Tax following the submission of his thesis.

He has written articles for Tax Adviser, Taxation Magazine and STEP Journal.