CQS (UK) LLP Tax Strategy

Background and scope

CQS (UK) LLP (the “**Partnership**”) is a UK based asset management firm which provides discretionary investment management and investment advisory services to investment funds established in a number of jurisdictions. The Partnership is authorised and regulated by the Financial Conduct Authority.

This Tax Strategy document covers the Partnership and its approach to UK taxation.

In this document ‘tax’ refers to corporation tax, income tax (including tax withheld via PAYE), National Insurance Contributions (‘**NICs’**), VAT, stamp duty and stamp duty land tax. As the Partnership is a limited liability partnership it should be noted that tax on the Partnership’s profits is not shown in its financial statements as corporation tax; income tax and NICs on its profits are solely the liability of, and are payable by, its partners. As a result, the overall tax liability in relation to the Partnership’s profits is greater than as reported in the Partnership’s statutory financial statements.

The Partnership regards the publication of this Tax Strategy as compliant with the duty under paragraph 25 of Schedule 19 of the Finance Act 2016 for the Partnership to publish a Tax Strategy in the financial year ending 31 March 2025. This Tax Strategy continues to apply until it is superseded.

This Tax Strategy was approved by the Management Committee of the Partnership on 26 March 2025.

The approach of the Partnership to tax risk management and governance arrangements

The London based tax team of the Partnership (“**CQS Tax**”) has day-to-day responsibility for managing the Partnership’s tax risk and ensuring that its tax compliance obligations are met. The team is headed by the Finance Director. Overall responsibility for the Partnership’s tax risk management lies with its Operating Committee, which ensures that an appropriate risk management framework is in place, and aligns tax strategy to that of the wider group.

The Partnership’s tax risks can be separated into the following categories:

1. Compliance and reporting risk – submitting late or inaccurate returns, failing to make claims for any tax concessions or reliefs on time and having inadequate systems and processes in place to support compliance and reporting obligations
2. Transactional risk – where transactions are carried out without sufficient consideration of the tax consequences or where, following consideration of the tax consequences, there is ineffective implementation such that the tax consequences are not realised as expected
3. Reputational risk – where tax risks could have an adverse impact on the relationships with stakeholders and clients.

The Partnership takes a zero tolerance approach to tax evasion and the facilitation of tax evasion. To ensure that this approach is respected by all of the Partnership’s employees and partners, there is a firm wide policy regarding the failure to prevent facilitation of tax evasion (the “**CCO Policy**”).

As part of the CCO Policy, where tax evasion risks are identified in dealings with associated persons, for example complex tax planning structures, these must be notified to CQS Tax, and the Partnership’s legal and compliance team where applicable for evaluation and further diligence to seek guidance on appropriate action or to seek comfort that arrangements are in place for sound, commercial reasons.

The CCO Policy provides that, although the tax aspects of a transaction are important, transactions should always be implemented in accordance with applicable law and regulation, market practice and, where appropriate, third party professional advice.

The attitude of the Partnership towards tax planning

The Partnership recognises that it has a responsibility to pay an appropriate amount of tax in each of the jurisdictions in which it operates. This responsibility is balanced with the obligations to stakeholders and to investors in managed investment funds, to structure affairs in an efficient manner.

The Partnership does not interpret tax laws in a way that is believed to be contrary to their intention and does not participate in tax avoidance products.

The Partnership seeks external advice in respect of significant transactions and in cases of areas of complexity or uncertainty, in particular with respect to:

- Large, one-off transactions to ensure that confidence is obtained in respect of the expected tax consequences;
- Areas where CQS Tax has insufficient expertise; and
- Areas where CQS Tax does not have sufficient certainty over the application of relevant legislation and requires a second opinion to confirm that the conclusions reached are appropriate and correct.

The Partnership also consults with HMRC prior to undertaking any significant transactions within, or changes to, its business.

The level of tax risk that the Partnership is prepared to accept

The Partnership's tax risk appetite requires that, where tax law is uncertain, the Partnership's adopted tax position is at least more likely than not to be allowable under applicable tax laws.

As described above, where there are significant areas of uncertainty or significant transactions are contemplated, external advice is sought to support the approach taken. Significant transactions within, or changes to, the business are reviewed and approved by the Operating Committee of the Partnership.

The approach of the Partnership towards its dealings with HMRC

The Partnership works proactively and openly with HMRC and its Customer Compliance Manager.

The Partnership is also committed to making appropriate disclosure of all relevant tax issues through the submission of tax returns and by complying with all relevant legal disclosure and approval requirements. All information provided to HMRC is clearly presented and responses to any HMRC information requests are made in full and in a timely manner.

Legislation: FA 2016 Sch 19

Guidance: https://www.gov.uk/guidance/large-businesses-publish-your-tax-strategy