

1. Introduction

1.1. Purpose & overview

The purpose of the Tax Risk Management Framework (the Framework) is to outline the approved procedures in respect of all tax related

- Massey University's tax risk appetite;
- How sources of tax risk will be identified;
- How tax risks will be assessed and responded to;
- How processes and controls will be established to combat tax risk; and
- How the risk identification procedure is monitored at different levels of the organisation so that action can be taken where appropriate.

2. Tax at Massey University

2.1. Tax profile

Massey University (

This will primarily be measured through the number and quantum of late return filings or payments and any resulting financial penalties or interest imposed by tax authorities.

Foreign Tax Risk

Objective:

Massey University, through its foreign subsidiary(ies) and through foreign ventures, may operate in certain high-risk foreign environments. Accordingly, it will ensure that particular care is taken in relation to complying with its foreign tax obligations.

When considering the taxation impacts of new transactions and/or ventures (such as in a new foreign jurisdiction or the presence of staff in a new overseas location) external advice should generally be sought to ensure the foreign tax risks (if any) are well understood and can be appropriately managed. This should be the case where external tax advisor assistance has not previously been sought for transactions of a similar nature, and/or other tax policies and precedents are not available as a guide to the tax impacts.

This includes, particularly, in relation to matters such as compliance with foreign payroll taxes and tax withholding obligations that may arise in a new jurisdiction (such as in relation to GST, or its foreign equivalents), to ensure that these will be complied with correctly and will not adversely impact on Tax Reputation Risk for Massey University in New Zealand or overseas. Compliance with personal taxation liabilities for Massey staff travelling to overseas jurisdictions remains the responsibility of the individual, not Massey.

This will primarily be measured through the quantum of financial penalties and interest imposed by overseas tax authorities.

2.5. Identification of tax risks

Tax risks set out in 2.3 will be identified with reference to their likelihood and impact. Ongoing risk identification will happen continuously, and monitoring of risks identified (as well as consideration of the appropriateness of the risk management process itself) will be carried out in accordance with the steps set out in section 4.

2.6. Relationship with Inland Revenue

Massey University will maintain an open and transparent relationship with Inland Revenue on any applicable tax matters, including in response to any requests for information, risk reviews and/or audits.

Massey University should have a professional and constructive dialogue during any discussions or correspondence with Inland Revenue. As part of this, Massey University

Reporting lines and responsibilities

There will be clear reporting lines established within the Group to enable transparent reporting on all tax matters within Massey University and ultimately by the CFO to the FAC.

In particular, there will be appropriate and timely sharing of information between Massey University Group entities and the CFO, for example in relation to new ventures under consideration, to ensure tax risks

All tax compliance obligations are subject to the preparation and sign-off procedures outlined in section 3 of this policy document.

External tax specialists will be utilised for sign-off and advice as outlined in section 3.3 above.

Clear tax policies and process documentation to guide Management and Massey University staff responsible for key tax compliance tasks, as to compliance with both New Zealand and overseas tax laws, will be maintained.

Tax compliance: meeting tax filing and payment deadlines

Management will maintain a clear and defined plan for upcoming tax return filing and payment obligations. A priority of Management should be the filing of tax returns and the payment of tax liabilities by their respective due dates in New Zealand and all overseas jurisdictions where such obligations arise.

Internal controls

Controls should be in place to ensure Massey University employees who have a role in the tax compliance function have the skills and knowledge required to adequately perform their roles as outlined within this policy.

Responsibilities in relation to specific tax types and compliance processes will be documented to ensure clarity of responsibilities and reporting lines.

Regular systems reviews and tax health checks

Management should undertake an independent review of T accounting and transactions systems on a regular basis to ensure that the systems are correctly accounting for the relevant operational tax types, including GST, FBT, employment-related taxes and withholding taxes.

A goal of reviewing each of these operational tax types at least once every five years should be pursued. Reviews should also be considered following a major system change (including changes to system providers or adoption of new technology platforms). The results of the reviews will be communicated to the FAC as part of the routine tax reporting.

This review should be undertaken in a way to demonstrate to Inland Revenue that the correct

In its dealings with Inland Revenue all Massey University staff are expected to act with integrity, honesty and transparency. In the event of an Inland Revenue (or other tax authority) dispute (including a tax audit or risk review), Management must notify the FAC as part of its regular tax reporting.

Where an Inland Revenue dispute arises, external tax advisors should be engaged to assist with the response.

Voluntary disclosures

Where an error in a tax calculation that relates to a prior period has been identified, a voluntary disclosure will be filed where the potential tax shortfall is estimated to be significant.

Where a material error in a tax calculation or tax return filed with a tax authority has been discovered, it should be considered whether external tax advisors should be engaged to assist in mitigating any risks relating to this.

Other tax authority communications

Any other correspondence, documentation or communications in relation to, an Inland Revenue (or other tax authority) dispute or miscalculated tax position, will be prepared depending on the specific risks and shortfalls identified.

External tax specialists will also be engaged depending on the specific risk and shortfalls of the particular circumstances in accordance with section 3.3 above.

Massey University will endeavour to prevent/mitigate any potential tax risks in the first instance, rather than attempting to minimise the potential damage.

4.6. Overseas tax risk management

The principles outlined in this tax risk management policy will apply equally to the management of offshore tax risks that Massey University faces, including for its foreign subsidiaries or other foreign operating entities.

Responsibilities for foreign tax compliance

Foreign tax obligations within group entities rest with the respective Boards.

Having regard to the complexity and dynamic nature of international tax obligations, to ensure effective compliance, Management is expected to engage external tax advisor/specialist assistance.

Tax controls and procedures

Massey University will ensure that its foreign tax compliance obligations and procedures are independently reviewed periodically unless external advisors are engaged to help meet these obligations.