NEUBERGER | BERMAN

Neuberger Berman Tax Strategy

Neuberger Berman Europe Limited is a UK company that is part of a Multi-National Enterprise group that meets the OECD's Country by Country Reporting framework threshold and as such it is required to publish a Tax Strategy under Part 2 of Schedule 19 to the Finance Act 2016. Neuberger Berman Group LLC ("NB" or "NB Group") is an investment management business headquartered in the United States of America which complies with all relevant tax laws and regulations, and as a result pays an appropriate amount of tax, in all the countries in which it operates.

The NB Group is a multi-national group which operates in 26 countries and as such the NB Group is exposed to a variety of tax risks.

Tax compliance and reporting risks:

This is the risk associated with incorrect filings, late filings and the failure to make beneficial claims within the specified time period.

Transactional tax risks:

This is the risk associated with adverse tax consequences as a result of specific transactions which can include, but is not limited to, third party advice not being implemented correctly, specific filings not being made in a timely fashion and supporting documentation not being held on file.

Reputational risks:

This is the risk that any negative impression is pressed upon the NB Group stakeholders as a result of any tax planning or tax disclosure. The stakeholders that may be impacted from this are wide and can include clients, tax authorities and the general public.

Uncertainty across different jurisdictions tax regimes:

Changes in the UK, EU, APAC and US tax regimes and working practices with international tax regimes are constantly changing. Tax management across many jurisdictions can involve areas of uncertainty arising from tax practice to technical tax interpretation.

How NB Manages Tax Risks

Risk management & Governance

- The NB Group tax function is responsible for identifying, managing and monitoring tax risks in relation to the operations of the NB Group & NB Funds. The NB Group tax function engages with other internal functions, such as compliance, legal, risk, and operations, and when appropriate, engages external tax advisors to ensure that all relevant risks are identified and managed accordingly. The tax function at NB comprises of a number of qualified tax professionals based in the United States and the UK.
- The NB Group tax function briefs, on a regular basis, senior leaders on material tax issues, legislative changes and significant disputes.
- NB Group tax affairs are regularly reviewed by external auditors, by HM Revenue & Customs, and the Group UK tax compliance oversight framework includes an annual Senior Accounting Officer ("SAO") certification filing to HM Revenue & Customs to certify that NB has appropriate tax accounting arrangements throughout the relevant financial year where the conditions for SAO are met.
- The NB Group has effective internal controls and procedures regarding the prevention of the facilitation of tax evasion in order to comply with the Criminal Finances Act 2017.

Tax Planning

The NB Group has a low level of tolerance to tax risks and actively engages with stakeholders to reduce any such risk; the NB Group does not participate in tax planning that is considered to be aggressive.

The NB Group approach to tax planning is to ensure that the tax treatment complies with the applicable UK tax law, taking into account policy intent. The NB assessment of UK tax risk is carried out by qualified tax professionals, with external tax advice from professional services firms when appropriate; the NB Group also takes into account the views of it's independent auditors.

NB understands that it has a responsibility to pay an appropriate amount of tax in each of the jurisdictions that it operates in as well as a responsibility to its clients to structure their affairs in an efficient manner.

NB tax planning efforts focus on the structuring of activities based on existing tax laws with a view to maximizing value for NB stakeholders on a sustainable basis while taking into consideration legal, operational, commercial and reputational aspects.

Given the size and decentralized nature of NB operations, risks will inevitably arise periodically in relation to interpretation of complex tax arrangements. With guidance from NB tax advisors, NB always seek to identify, evaluate, monitor and manage these risks to ensure they remain in line with NB objectives. Where significant uncertainty or complexity relates to a particular situation, NB will escalate to business, legal, risk and finance teams.

Related Party Transactions

Where entities within the NB Group enter into a transaction, these transactions are carried out at arm's length in order to comply with OECD guidelines on Transfer Pricing.

Relationship with Tax Authorities

NBs in house tax team has a transparent and constructive relationship with tax authorities around the world and the NB Group applies its tax policies consistently across all jurisdictions where possible.