



Aviva Tax Strategy

December 2022



As a multinational group and one of the UK's largest companies we play an important part in society through the taxes we pay. In 2020/21 we were the 8th largest corporate contributor of tax in the UK where we have paid £2.8bn in corporation tax in the last 10 years.

Our tax contribution is substantial and in 2021 our global tax contribution was £3.9bn, including £2.4bn in the UK.

More details on our Total Tax Contribution and taxes paid are published in the [Sustainability Report >](#)

Our Tax Strategy

Our tax policy is to pay the right amount of tax at the right time in each of the countries in which we operate.

We act with honesty and integrity, engaging with HMRC and other relevant tax authorities on a transparent and cooperative basis. We conduct our business dealings in accordance with both the letter and spirit of all tax law. Our core values underpin our approach to taxation.

We require all our businesses to comply with the tax laws in their markets and not enter into schemes or structures which result in an abusive tax result. When we undertake tax planning, we only do so in the context of wider business activity with a real and commercial basis, consistent with 'arm's length' transfer pricing principles.

This approach to tax compliance is consistent with the Group's appetite to manage its operational risk to as low a level as is commercially sensible, taking account of the financial impact and the value placed by the Group on maintaining a reputation for upholding the highest standard of corporate ethics.

With a low appetite for litigation, we prefer to seek clarity through timely discussion and prompt disclosure of all relevant information, to enable HMRC to form an accurate assessment of the tax implications of our activities. We provide all relevant information to enable the tax authorities to assess the current, future, and past tax risks.

We engage proactively in external developments on tax policy and engage with national governments, the EU, OECD, and others where appropriate.



Ensuring that we pay the right amount of tax in each country

We pay tax on the economic profits earned in each country in which we carry out business. Our policy requires that all transactions within the Group are undertaken on an arm's length basis. The amount of tax we pay and where we pay tax is therefore a consequence of where we create economic value from our commercial activities.

Cross border reinsurance

We have a UK resident reinsurance company, Aviva International Insurance Limited, which supports our strategic purpose by optimising capital and improving cash flow within the Group. The company has quota share reinsurance arrangements with fellow Aviva subsidiaries from the UK, Ireland and Canada.

Aviva also has a captive reinsurance company in Barbados, which supports the Canadian business. This was put in place to provide capital efficient pooling of risk in a traditional reinsurance location with a supportive regulatory regime and significant local experience. The company is now in run-off.

The terms of our reinsurance treaties are consistent with arm's length principles.

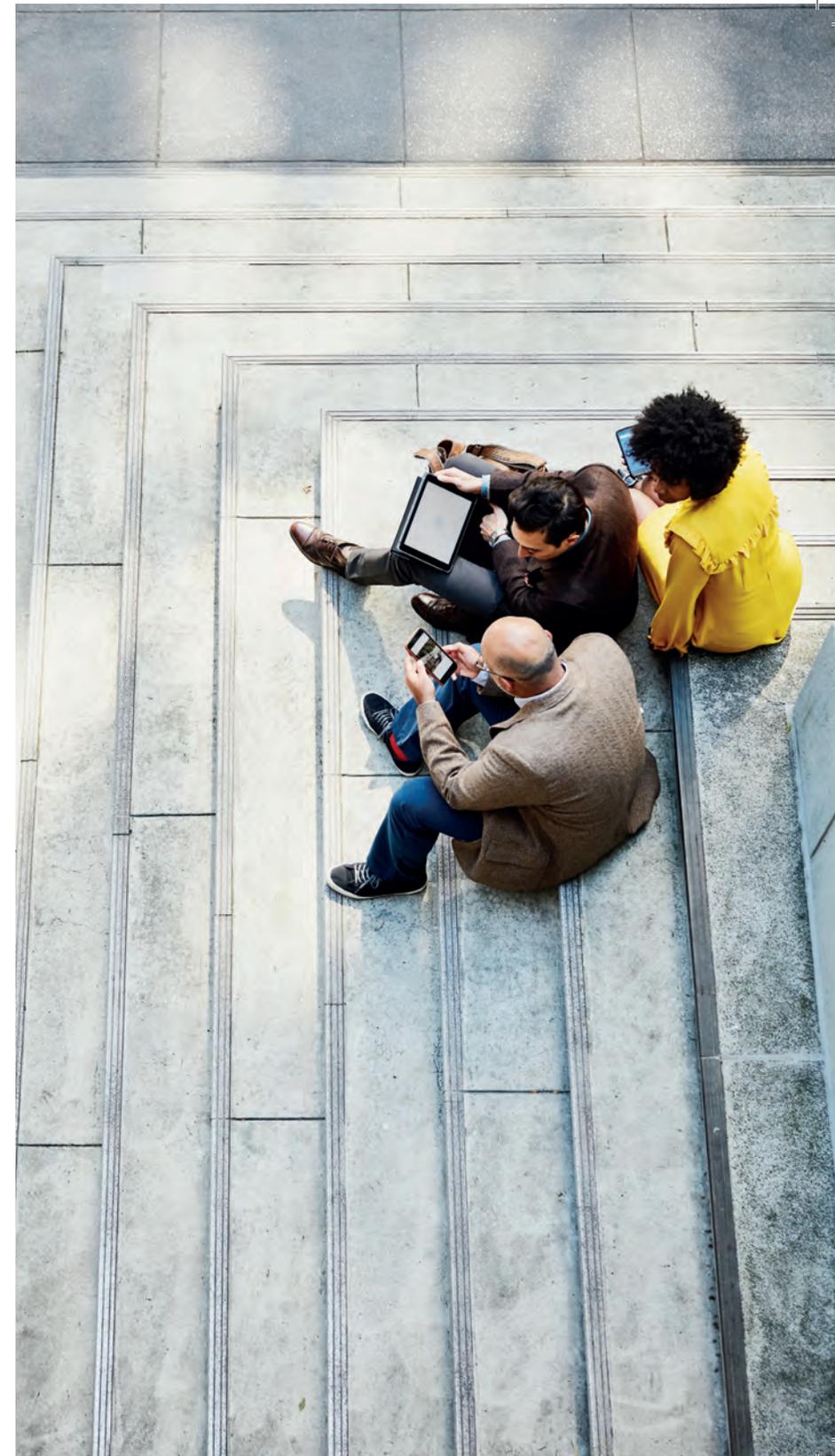
Offshore Investment Funds

As is common practice in the investment management industry, investment funds are structured to facilitate pooling of capital from different investors.

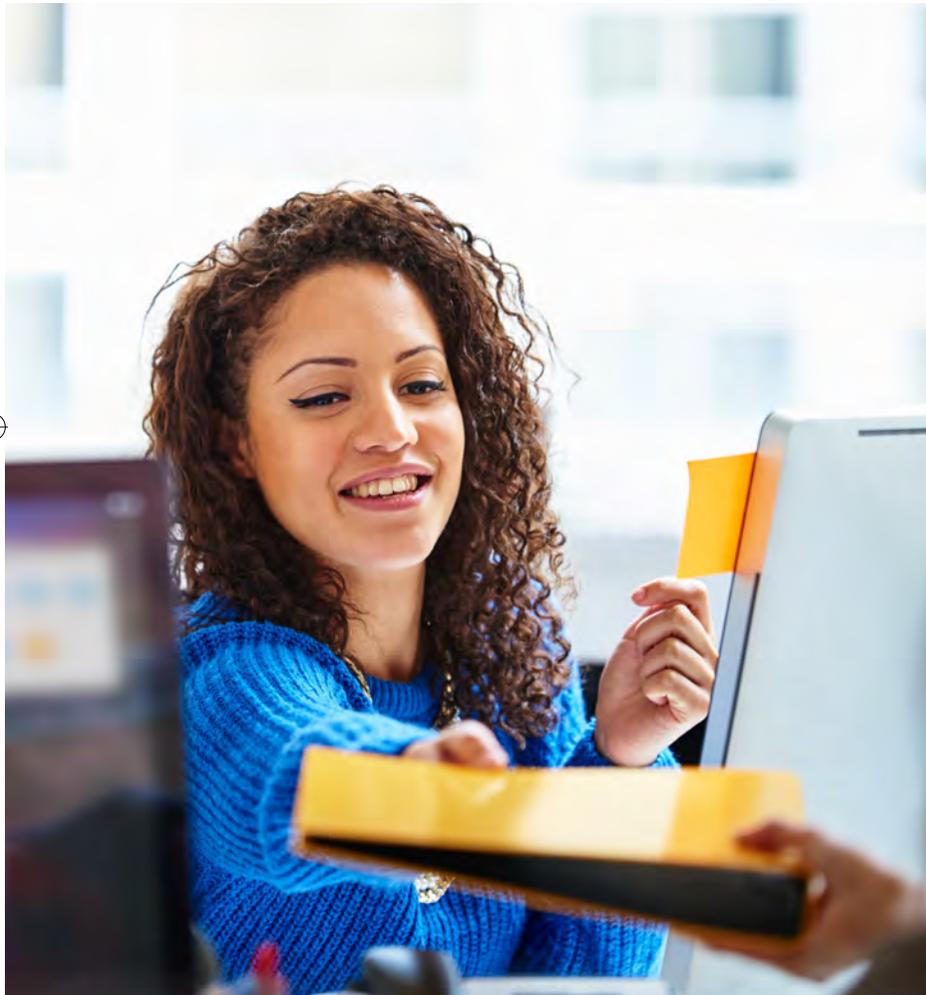
Market standard offshore investment fund vehicles are cost efficient and mitigate tax arising within the fund, ensuring that income and gains are predominantly taxed in the hands of the investor. This allows investors with different tax profiles (e.g. tax exempt UK pension funds) to pool capital without increasing the amount of tax they would otherwise pay.

Aviva Investors manages various investment fund vehicles which are resident in low tax jurisdictions, including Luxembourg, Guernsey and Jersey.

Annual reviews are carried out to ensure that appropriate prices have been used for services provided cross border. These prices are subject to regular benchmarking to external markets to ensure the prices charged are consistent with arm's length principles and that profits arising in each company reflect the activity undertaken by that business.



Managing our tax risks



All tax returns and correspondence are prepared and reviewed by qualified and trained staff, acting under appropriate delegated authorities. Where the Group outsources activities, the outsourcing partner must be able to meet all relevant tax compliance responsibilities.

We apply diligent professional judgement, and work closely with HMRC, to reach reasoned conclusions in compliance with tax law, accounting standards and other relevant obligations. External advice will be sought where the risk, complexity and size of the decision requires an opinion from a third party. We also consider the capability and capacity of our internal teams to assess the tax impact of a business proposal.

We ensure that decisions are made at an appropriate level and based on a documented assessment of the tax impact and risks involved.

The Tax Strategy is supported by the Tax Business Standard and our Operational Risk & Control Management (ORCM) framework, which include specific controls for managing and reporting on tax risks across Aviva Group. The controls cover a wide range of tax risks including meeting regulatory requirements, processing corporate transactions and dealing with our customers, suppliers and employees.

All our businesses are required to manage the tax risks in their jurisdiction, considering both proximate and long-term risks. Tax risks are reported to Group Tax and the Risk team on a timely basis and a tax risk register detailing both internal and external tax risks is discussed at Tax committees. Regular updates detailing the Group's tax position are provided to the Group Audit Committee (a subset of the Aviva PLC Board).

The management of Tax risks is overseen by the Risk and Audit functions.

The Tax Strategy is aligned with the Aviva Business Ethics code. It is owned by the Group Chief Financial Officer and is approved and overseen by the Board.

This document has been prepared and published in accordance with paragraph 16 (2), Schedule 19, Finance Act 2016, on behalf of Aviva plc and all UK tax resident companies in the Aviva plc group.

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