



B Lab Statement on Freeths LLP's B Corp Certification

B Lab's independent Standards Advisory Council has rendered the following decision and guidance regarding eligibility for B Corp Certification for companies providing tax advisory services:

"Companies in the tax advisory industry are eligible for B Corp Certification if they are able to confirm that their tax philosophy, used to provide services and recommendations to clients, aligns with the company specific principles listed in B Lab's framework, specifically, 1) the tax advice provided appropriately reflects the actual amount of income generated by the client over time; and, 2) the tax advice provided to a client for a jurisdiction appropriately reflects the actual operations of the client in that jurisdiction."

Freeths LLP is required to disclose a summary of how it complies with the above requirements as a part of its B Corp Certification. For more information on the review process, please refer to B Lab's position statement on Companies that Provide Tax Advisory Services and B Corp Certification [here](#).

Summary of Company

Freeths LLP is a full-service law firm located in the UK. Freeths LLP's tax department, which contributes approximately 2.5% to its annual revenue, provides tax services to both individual and corporate clients on tax issues and related planning. The Firm advises clients on personal taxation (e.g. income tax, capital gains, inheritance tax) and corporate tax issues (e.g. corporation tax, VAT). The nature of the tax advisory services provided is mostly related to the Firm's other advisory and transactional services, particularly in relation to corporate mergers, acquisitions and company restructuring, as well as property transactions. Freeths determines the fees to be charged to clients for tax advisory services based on the estimated time required to be dedicated to a particular issue/set of issues. Estimates are calculated based on the relevant fee earners' hourly charge out rates. Freeths does not base its fees for tax advisory services on the function of the revenue, nor on a percentage of the tax to be saved. Freeths clients include a broad mix of both individuals (including HNWIs) and corporates (including local companies, SMEs and MNEs).

Freeths LLP Policies and Practices

In alignment with the requirements and principles stated in B Lab's position statement for companies that provide tax advisory services, Freeths has a philosophy statement for the tax advice that they provide to their clients and their own engagement with governments and tax regulators, which has been shared with all their employees. The philosophy statement reads as follows:



“Freeths LLP is proud of our status as a Certified B Corp. As part of that commitment and in recognition of the role that taxes play in contributing to a healthy society, we use our professional judgment to provide advice regarding tax positions with multiple potential interpretations that accurately reflects the income and operations of the client in each jurisdiction for which the client seeks our advice based on the details of the client’s income and operations provided to us, and do not advise clients to take a position unless we believe it has at least a reasonable basis for being sustained by applicable tax authorities. If a client takes a tax position despite our advice to the contrary, we reserve the right to stop work for and terminate such client. In accordance with this tax philosophy, we engage with government and tax authorities on a collaborative basis and limit our advocacy activities with such authorities to work for specific clients in need of regulatory compliance assistance. We maintain compliance with this policy through regular training of our employees and partners, internal policies on conduct, engagement documentation with our clients, and client retention reviews.”

Freeths is subject to the [Solicitors' Regulation Authority \(SRA\) Code of Conduct](#) and related policies. Under such regulations, those bound by the SRA Code of Conduct must act with integrity at all times and uphold the rule of law. SRA's guidance has made it clear that under the SRA Code of Conduct, it would not be acceptable for a firm like Freeths that is subject to the Code to provide advice that results in aggressive tax avoidance. Freeths also provides training to all staff regarding anti-money laundering and the Criminal Finance Act to ensure all staff are aware of their legal and regulatory obligations. The firm operates a formal whistleblowing procedure to provide a mechanism for staff and partners to raise any concerns they may have in this regard.

The SRA sets out clear regulations for dealing with conflicts of interest with which Freeths must comply. Thorough checks are undertaken internally before engaging a client, and a conflicts committee exists to ensure this is undertaken and in case of any doubt individual cases are referred to the SRA.

The UK Government takes a firm stance on tax avoidance, and continues to introduce provisions to tackle tax avoidance and tax evasion. As such, the regulatory position to counter tax avoidance is extremely strong, and HM Revenue and Customs has a range of powers at its disposal to help tackle such avoidance. A number of the provisions are currently in force in the UK to tackle tax avoidance and non-compliance, including the General Anti-Abuse Rule, Accelerated Payment and Follower Notices and the Disclosure of Tax Avoidance Scheme (DOTAS). There are penalties for serial avoiders who persistently enter into tax avoidance schemes that are defeated (STAR), and for those who enable tax avoidance. Freeths has not faced any litigation or penalties from any government agency in relation to its tax advisory services.

Freeths does not involve itself with, nor does it take a public position on, lobbying for reforming and developing tax legislation.