



## **B Lab Statement on Kreston Reeves 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."*

Kreston Reeves 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**

Kreston Reeves LLP is a consultancy firm located in London, Kent and Sussex, in the UK. The firm provides services such as accounts and outsourcing, audit and assurance, business advisory, corporate finance, forensic accounting and valuations, legal services, online accounting, restructuring and transformation, taxation, and wealth management. Kreston Reeves LLP's tax department, which contributes to 23% of its annual revenue, provides expert taxation services that range from corporate tax, international tax, making tax digital, personal tax, tax investigations, trusts and estates, VAT, and duty. In terms of fees, the Firm charges its clients according to the most appropriate metric after consulting with the client - this can be on an hourly rate, a fixed fee, and very occasionally a % of tax saved. Predominantly an hourly rate is used. Kreston Reeves LLP's clients include Small and Medium-sized Enterprises, High Net Worth Individuals, not-for-profit organizations, and large enterprises. Clients also include UK subsidiaries and other operations of overseas parents, and UK groups with overseas activities.

## **Kreston Reeves LLP's Policies and Practices**

In alignment with the requirements and principles stated in B Lab's position statement for companies that provide tax advisory services, Kreston Reeves LLP 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:

*"Kreston Reeves LLP is proud of its 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.*

*Tax legislation can, in some situations, be open to different interpretations. We do not advise clients to adopt a tax treatment or reporting position unless we believe it has at least a reasonable basis for being accepted by applicable tax authorities. If a client takes a tax position that we do not believe is supportable we reserve the right to stop acting for that client.*

*In accordance with this tax philosophy, we engage with tax authorities on a collaborative basis. We will advocate for clients where they are subject to enquiries or investigation to ensure that their case is fairly handled, as well as helping clients to make appropriate disclosure where there have been historic tax irregularities. We maintain compliance with this policy through regular training of teams, internal policies, file reviews, the terms of our engagement and seeking client feedback."*

Kreston Reeves LLP fully adopts the 'Professional Conduct in Relation to Taxation' ('PCRT') guidelines issued by the Chartered Institute of Tax (CIOT) and the Firm's Governing Body, the Institute of Chartered Accountants in England and Wales (ICAEW).

The company is bounded by the ICAEW's ethical guidelines. The [ICAEW Code of Ethics](#) is based on the 'International Code of Ethics for Professional Accountants (including International Independence Standards)'. The Code sets out fundamental principles of ethics for professional accountants, reflecting the profession's recognition of its public interest responsibility. These principles establish the standard of behaviour expected of a professional accountant. The fundamental principles are integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

The [Professional Conduct in Relation to Taxation \(PCRT\)](#) clearly sets out that members must not create, encourage or promote tax planning arrangements or structures that: i) set out to achieve results that are contrary to the clear intention of Parliament in enacting relevant legislation; and/or ii) are highly artificial or highly contrived and seek to exploit shortcomings within the relevant legislation.

All tax advice that could be seen to be contentious is reviewed by a partner of the firm. The firm does not promote or support any aggressive tax avoidance schemes.

The vast majority of the Firm's tax advisory services are for businesses operating in, or individuals living in, the UK. Kreston Reeves LLP does not provide advice in relation to overseas tax matters, except for in respect of the interaction of overseas taxes with UK taxes. Therefore,



operations in low tax jurisdictions are not within the scope of our advice. However, the UK has many anti-avoidance measures that relate to such issues (including Country by Country Reporting, Transfer Pricing, Transfer of Assets Abroad, capital gains tax on closely held overseas companies, profit fragmentation, controlled foreign companies, anti-hybrid). Our relevant team members are fully trained in identifying such matters and ensuring that our clients are tax compliant. Any advice we provide directly in respect of low tax jurisdiction operations is very small by value and number and will be for commercial rather than tax reasons.

The company is bounded by our Institute with regards to conflicts of interest and take steps to mitigate these when identified. This primarily relates to our restructuring services and auditing. We have relevant safeguards in place when onboarding new clients through our 'Know Your Client' process, and these are reviewed at least annually (or when there is a separate assignment) to ensure continuous monitoring of potential conflicts.

In the UK, tax advisors do not have to be qualified although there are steps being taken to address this. As above, the firm is governed by ethical guidelines through the ICAEW and has not faced litigation or penalties from Government agencies for its tax advisory services.

The company is not proactively involved in lobbying nor advocacy related to tax legislation. When the firm is approached to contribute to a consultation, it provides advice in line with its tax philosophy, that is, that taxpayers' tax liabilities by jurisdiction should accurately reflect their income and operations in each jurisdiction.