Ethical Property Tax Policy

Ethical Property is committed to paying all the taxes that we owe in accordance with the spirit of all tax laws that apply to our operations. We believe that paying our taxes in this way is the clearest indication we can give of being responsible participants in society. We will fulfil our commitment to paying the appropriate taxes that we owe by seeking to pay the right amount of tax, in the right place, and at the right time. We aim to do this by ensuring that we report our tax affairs in ways that reflect the economic reality of the transactions that we undertake during the course of our business.

We will not seek to use those options made available in tax law, or the allowances and reliefs that it provides, in ways that are contrary to the spirit of the law. Nor will we undertake specific transactions with the sole or main aim of securing tax advantages that would otherwise not be available to us based on the reality of the trade that we undertake. Ethical Property will never undertake transactions that would require notification to HM Revenue & Customs under the Disclosure of Tax Avoidance Schemes Regulations, or participate in any arrangement to which it might be reasonably anticipated that the UK's General Anti-Abuse Rule might apply.

We believe tax havens undermine the UK's tax system. We aim not to trade with customers and suppliers located in places considered to be tax havens, but if some customers and suppliers are genuinely located in places considered to be tax havens, we will not make use of those places to secure a tax advantage; nor will we take advantage of the secrecy that many such jurisdictions provide for transactions recorded within them. Our accounts will be prepared in compliance with this policy and will seek to provide all the information that users, including HM Revenue & Customs, might need to properly appraise our tax position.

Clarification of tax in Financial Statements for the year ended 30 September 2020

Corporation tax was not payable for the year ended 30 September 2020 as the business made a taxable loss. This was also the case for the year ended 30 September 2019.

Note 7 and 17 have been updated to improve the clarity of the financial statements.

Note 7 – Taxation

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on (loss)/profit for the year	-	-
Over provision of UK corporation tax in prior period	(11)	-
Total current tax	(11)	-
Deferred tax		
Origination and reversal of timing differences	63	151
Total deferred tax	63	151
Total tax on profit on ordinary activities	52	151
Reconciliation of tax charge		
The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:		
(Loss)/profit before taxation	(3,374)	1,275
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	(641)	242
Tax effect of expenses that are not deductible in determining taxable profit	6	14
Tax effect of income not taxable in determining taxable profit	-	(40)
Adjustments in respect of prior years	-	133
Temporary timing differences arising from investment property revaluations and depreciation	557	(12)
Under/(over) provided in prior years	10	-
Capital allowances for the year	(153)	(337)
Effect of capital gain/(loss)	(6)	-
Losses not recognised in deferred tax	216	-
Current taxation charge for the year	(11)	-
Deferred tax origination and reversal of timing differences (see below)	63	151
Taxation charge for the year	52	151

As at 30 September 2020, the company had property tax losses of £2,914,338 and non-trade loan relationship deficits of £3,528,225 available to carry forward against income arising in future years.

Deferred tax timing differences mainly arise from temporary differences between the carrying amount and tax base of investment properties, investments, and computer equipment and fixtures.

Note 17 – Deferred taxation

In the prior year, included in debtors was a provision for deferred tax. It resulted from the revaluation of investment property and was forecast to be offset against future profits within the next five years.

Due to the uncertainty of future profits, this provision was written back to the statement of comprehensive income.

	2020 £'000	2019 £'000
Deferred tax asset	-	63