Responsible Tax Policy

Revised. May, 2018
Shinhan Financial Group is well aware that compliance with tax laws and responsible tax payment in a transparent manner beyond compliance with laws are important factors in contributions to the national finance, enhancement of shareholder value, maximization of the interests of stakeholders, and the basic conditions for the long-term growth of the company. Shinhan Financial Group established and operates documented policy standards and procedures regarding tax principles, policy and disclosure while pursuing a cooperative and constructive relationship with tax authorities to faithfully carry out the tax policy. Shinhan Financial Group pays taxes transparently and discloses relevant information according to the following principles:

1. Tax Principles
- We comply with domestic and overseas tax laws along with related regulations as well as lawfully fulfilling our tax liabilities.
- We calculate the value of transactions between group affiliates according to the arm’s length principle (*)
- We do not support other group affiliates inappropriately or allow other group affiliates to receive such support.
- We do not take advantage of tax structures or tax havens for the purpose of avoiding taxes.

(*) Arm’s length principle: the global principle that transfer prices shall be established based on analysis of pricing in comparable transactions between two or more unrelated parties dealing at arm’s length

2. Effective tax rate
In Korea, the details of corporation tax are disclosed in a responsible way through audit reports in the Data Analysis, Retrieval and Transfer System of the Financial Supervisory Service (Darifss.or.kr). Disclosed information includes the following:
- Corporation tax accounting standards
- Details of deferred tax assets and liabilities
- Details of temporary differences
- Details of corporate tax expenses and information on tax rates

In addition, we disclose information on revenues and taxes paid in different countries and the differences between the effective tax rates and statutory tax rates of corporation taxes. The reasons for such differences have been disclosed in our annual sustainability report and audit report.