

# Castle Water Ltd Group Tax Strategy

This UK Tax Strategy statement for Castle Water Ltd and its subsidiaries ('the Group') is regarded as satisfying the Group's requirement under paragraph 16 (2), Schedule 19 of the Finance Act 2016 for the year ending 31 March 2019.

## Our approach to tax

We shall manage our tax affairs responsibly and transparently and in a way that is compatible with the requirements for HMRC's 'low risk' classification by;

- being open and timely with HMRC about the management of all tax compliance risk
- raising significant compliance issues, uncertainties and/or irregularities with HMRC as they arise
- promptly providing full, accurate and helpful answers to HMRC queries
- providing appropriate resources to deal with all tax obligations
- maintaining clear accountabilities up to and including the Board for the management of tax compliance risk and tax planning.

## Compliance and government

The Group is committed to complying with both the letter and the spirit of all applicable tax legislation and adopts a low risk appetite to tax planning. This is consistent with the principles within the Group's published statement of "Our Ethics and Values".

The Group utilises only reputable accountancy and legal firms when external expertise is required to ensure that relevant legislation is correctly interpreted and complied with.

Appropriate tax disclosures are made in the annual report and accounts and to HMRC through timely and accurate returns.

Responsibility for setting and overseeing tax strategy rests with the Board of directors and is implemented primarily by the Finance department which the board ensures is adequately resourced with suitably qualified and experienced employees, led by the Chief Financial Officer (CFO), who is responsible for tax risk management, giving due consideration to the tax implications of major financial transactions, operational or system changes and changes in legislation. The CFO also fulfils the responsibility of being accountable to HMRC as Senior Accounting Officer, ensuring that appropriate systems and processes are in place to manage and monitor tax compliance.

## Attitude to tax planning

The Group adopts a low risk attitude to tax planning and only engages in reasonable tax planning aligned with its commercial and economic activity. It therefore utilises available reliefs (including capital allowances and R&D tax credits) to ensure that tax liabilities are no higher than is necessary, but does not participate in artificial structures or tax avoidance schemes.

## Relationship with HMRC

The Group maintains a strong and proactive relationship with HMRC, engaging in regular contact with its Customer Compliance Manager and operating in an open, transparent and collaborative manner.