



Tax Strategy

About us

Scottish Water Business Stream Limited is Scottish Water's licenced retail subsidiary, which supplies water and waste water services to business customers in Scotland and England.

Our aim is to be the water and waste water services supplier of choice for businesses, whilst complying with all relevant tax rules and requirements in the jurisdictions in which we operate.

Our approach to tax

Our tax policies and objectives, which are approved by our Board on an annual basis, ensure that we:

- Apply a low risk appetite in relation to tax, only engaging in reasonable tax planning aligned with our commercial activity.
- Commit to an open and transparent approach with HM Revenue and Customs, based on collaborative working.
- Maintain a robust governance and risk management framework in relation to tax planning and risk.

Our tax principles

Tax governance

- We comply with the Senior Accounting Officer ('SAO') requirements. We have systems and processes in place to ensure that all key tax issues are identified, that necessary tax expertise is utilised and a proportionate level of governance is applied to decision making.
- Our Corporate Finance function has responsibility for overseeing the tax affairs of the company, including the monitoring, managing, and where appropriate, the escalation of tax risk. We ensure that employees within this function hold appropriate qualifications in the management of tax affairs.
- We have a robust whistleblowing policy in place to allow employees and contractors to raise any concerns over potential tax evasion. Any allegations of the facilitation of tax evasion would be assessed and investigated through our Business Ethics Group.

Tax disclosure

- We understand the importance of accurate reporting to our stakeholders, and therefore seek to provide transparent disclosure of our tax affairs through our annual report.

Tax risk management

- Scottish Water Business Stream Limited is committed to complying with all applicable tax laws and applies a low risk appetite in relation to tax, only engaging in reasonable tax planning aligned with our commercial activity. We seek to:
 - Not enter into transactions that have a main purpose of gaining a tax advantage.
 - Nor make interpretations of tax law that are opposed to its original spirit.
- Consistent with the company's general risk management framework, any tax risks are assessed for the likelihood of occurrence and impact. We are committed to actively engaging with relevant authorities in order to actively manage any such risk.
- We have historically been categorised by HMRC as a low-risk business, and our Board of Directors is committed to ensuring that we always strive to maintain a low risk status.

Relationship with HM Revenue and Customs

- An important part of our tax strategy is our commitment to maintaining an open, transparent and collaborative approach to our dealings with HM Revenue and Customs.
- We engage with HMRC through our Customer Relationship Manager, and always ensure that our tax affairs are reported on a real time basis. In cases of interpretation or complexity, we seek to work proactively with HMRC to ensure that we pay the right amount of tax.
- In summary, Scottish Water Business Stream is committed to working collaboratively with tax authorities to achieve a low-risk business status.

We expect the above strategy, which applies for financial year ended 31 March 2025, to fully comply with the legislative requirements for 'Publication of Group Tax Strategies' for UK groups.