

The Boards of the BB Energy UK Group companies, BBE Power Ltd. and BB Energy Trading Ltd. (“UK Group”), are responsible for ensuring that the tax obligations of the UK Group are understood, complied with and managed appropriately. Fulfilling its tax obligations and maintaining a transparent and cooperative relationship with HMRC is integral to the UK Group’s Tax Strategy.

Tax strategy

This tax strategy document sets out our approach to managing the UK Group’s own tax affairs.

It is compliant with the requirements of Schedule 19 of Finance Act 2016 and it relates to the year ended 31 December 2017.

This tax strategy document is published by BB Energy UK Group companies, BBE Power Ltd. and BB Energy Trading Ltd.

The approach of the UK Group to risk management and governance arrangements in relation to UK taxation

Responsibility for the tax strategy, the supporting governance framework and management of tax risk ultimately sits with the Board of Directors of the UK Group. Day-to-day responsibility for each of these areas sits with the UK Head of Accounts.

The UK Group’s tax strategy aligns to the UK Group’s wider risk management policy. Key risks and issues in relation to tax are escalated to and considered by the UK Head of Accounts on a regular basis.

The UK Group is exposed to a variety of tax risks as follows:

- Tax compliance and reporting risks
 - Risks associated with compliance failures such as submission of late or inaccurate returns, the failure to submit claims and elections on time or where systems and processes are not sufficiently robust to support tax compliance and reporting requirements.
- Transactional risks
 - Risks associated with undertaking transactions without appropriate consideration of the potential tax consequences.
- Reputational risks
 - Non-financial tax risks that may have an impact on the UK Group’s relationships with shareholders, clients, tax authorities and other stakeholders.

The UK Group aims to manage tax risk in a similar way to any area of operational risk and is supported by oversight functions, including the Board of Directors and the UK Head of Accounts.

The subjective nature of tax legislation means that it is often not possible to mitigate all known tax risks. As a result, at any given time, the UK Group may be exposed to financial and reputational risks arising from its tax affairs however there are processes and controls in place to manage our tax risks and we regularly engage with external advisors and HMRC.

The attitude of the BB Energy Group towards tax planning (so far as affecting UK taxation)

The BB Energy Group is committed to complying with the UK tax laws and regulations and the group believes it has a responsibility to pay an appropriate amount of tax in the UK. The BB Energy Group aims to balance this with its responsibility to its shareholders to structure its affairs in an efficient manner whilst considering incentives and reliefs offered by the UK Government to all taxpayers.

The BB Energy Group regularly engages external professional firms to assist in understanding and complying with tax obligations in several countries including the UK.

The level of risk in relation to UK taxation that the UK Group is prepared to accept

The UK Group's tax risk appetite is low. The UK Group seeks to minimize as much tax risk as possible to ensure a clear and supportable tax position.

The approach of the UK Group towards its dealings with HMRC

The UK Group seeks to comply with its tax filing, tax reporting and tax payment obligations in the UK. The Head of Accounts is required to foster good relationships with HMRC, in particular the Head of Accounts will:

- Pro-actively maintain an open, transparent and honest relationship with HMRC with the aim of minimizing the risk of challenge, dispute or damage to its credibility;
- Where appropriate, engage with HMRC to disclose and resolve issues, risks and uncertain tax positions.