

Greater Gabbard Offshore Winds Limited UK Tax Strategy

This document outlines the responsibilities and conduct expected of Greater Gabbard Offshore Winds Limited (“GGOWL”) employees and associates when dealing with all tax matters for the Company. It has been formulated to support and help achieve the objectives of the GGOWL Tax Policy, and GGOWL regard its publication as complying with GGOWL’s duty under paragraph 16(2) of Schedule 19 of Finance Act 2016 for the year ended 31 March 2019.

These principles are approved by the GGOWL Board, and enforce the Company’s commitment to be regarded as a responsible tax payer.

GGOWL Tax Policy

GGOWL’s primary objective from a tax perspective is to be compliant with all tax legislation requirements. This includes making timely and accurate returns which reflect the Company’s fiscal obligation to Government whilst, at the same time, recognising all legislative concessions and reliefs.

GGOWL strives to minimise its total tax liability within the framework of legislative reliefs but does not take an aggressive stance in its interpretation of tax legislation. Its policy is to operate within both the letter and spirit of the law at all times, therefore GGOWL does not use artificial tax avoidance schemes or tax havens to reduce the Company’s tax liabilities.

Central to its Tax Policy is the maintenance and development of a strong working relationship with HMRC and other Treasury departments based on trust and cooperation. As a consequence GGOWL strives to be regarded as a low risk and responsible taxpayer.

Tax risk management and governance

Martin McEwen, SSE’s Head of Tax and GGOWL’s Senior Accounting Officer, has ultimate responsibility for tax within the Company and for ensuring compliance with GGOWL Tax Policy. The company is jointly owned by SSE Renewables Holdings (UK) Limited and Innogy Renewables UK Limited. Under a Management Services Deed, the day to day activities in relation to GGOWL’s tax affairs are carried out by SSE plc’s Tax Department. SSE’s Head of Tax, supported by a team of in-house specialists, has responsibility for managing all tax matters for GGOWL and fulfilling the Company’s tax compliance requirements.

GGOWL’s Senior Accounting Officer and SSE’s Tax Department consults with Innogy’s Tax Department to discuss key tax issues in order to manage tax risk. The tax implications of significant business transactions are evaluated, and areas where tax-related decisions are required to be taken are considered by those parties.

Regular risk reviews are undertaken to identify key tax risks and recommendations are made to allow improvements in processes and controls to be made. This proactive approach allows any risks to be identified and mitigated at an early stage.



Diligent professional care and judgement is applied when considering tax risks in line with GGOWL's overall approach to risk management. Tax risks identified are supported by strong technical positions which are well documented and clearly explain the conclusion and position reached.

Where appropriate, advisory and technical support from external tax, accounting and legal advisors is taken to resolve uncertainty or obtain assurance that a conclusion reached is reasonable.

Consistency and attitude to tax planning

GGOWL has an obligation to operate efficiently, and to maximise shareholder returns, through managing its total tax liability. Those considerations are, however, balanced out with GGOWL's duty to wider society to be a responsible corporate citizen. All tax decisions taken by GGOWL consider relevant laws, regulations and the commercial substance of any transaction.

The SSE Tax Department collaborates with the wider GGOWL business, to be kept fully informed and provide appropriate input into all significant business transactions. The SSE Tax Department provides an understanding of the tax consequences of key transactions from planning through to implementation to enable informed decisions. The most tax efficient approach will typically be recommended, whilst having regard to all relevant laws, regulations and the commercial substance of any transaction, and also ensuring that it is consistent with GGOWL's Tax Policy.

All tax planning undertaken by GGOWL must have a sound and genuine commercial rationale, and all business planning must take tax considerations into account. All tax planning must fully comply with GGOWL's Tax Policy.

Compliance

GGOWL's primary objective in relation to tax is that the Company operates in accordance with all relevant laws, rules and regulations at all times. Central to that is being open, honest and transparent in all correspondence with tax authorities and other regulatory bodies, ensuring full disclosure is provided.

Internal compliance procedures are followed to produce accurate and complete tax returns which are submitted on time, and also to ensure that GGOWL meets its Senior Accounting Officer obligations.

The SSE Tax Department works with the GGOWL Finance Team to obtain the necessary financial information and background to significant transactions to ensure tax conclusions and returns are based on full, relevant information.

The filing position taken on any significant or contentious items are supported by adequate documentation, together with reasoned conclusions based on the legislation in force at the time of filing. Advice is sought from GGOWL's external tax advisers, where it is considered necessary. Explanatory notes are added to GGOWL's tax computations to assist HMRC's understanding of the position.

Concessions and reliefs

Tax incentives will be utilised where appropriate to legitimately minimise GGOWL's tax liability in accordance with all applicable laws, rules and regulations.

Where there is any element of judgement in applying available incentives, professional judgement is applied, but an aggressive interpretation of the legislation is not adopted. This is in line with GGOWL's Tax Policy, that the Company complies with both the letter and spirit of the law.

Tax authority and regulator relations

The maintenance and development of a strong working relationship with HMRC should be based on trust and cooperation. GGOWL approaches that by proactively engaging with HMRC, to explain key business transactions, to minimise tax risk and provide understanding of the approach taken. GGOWL encourages open and collaborative relations with HMRC, and the provision of full information in a timely manner.

HMRC enquiries and uncertain tax positions

As would be expected for a company of its size, GGOWL is occasionally subject to tax audits and enquiries by HMRC. In addition, under Corporate Tax Self Assessment, GGOWL adopts a filing position on matters in its tax returns that may be large or complex, with the position then being discussed with HMRC after the tax returns have been filed. GGOWL engages proactively with HMRC on such matters with a view to resolving them as quickly as possible.

Where GGOWL considers there to be a risk that HMRC may disagree with its view, and that additional tax may become payable as a result, a provision is made in GGOWL's accounts for the potential tax liability, which is then released once the matter has been agreed with HMRC. Where the matter may potentially result in a tax saving, the benefit of that saving is not recognised until the matter has been substantially agreed with HMRC. GGOWL considers this to be in line with an overall prudent approach to its tax responsibilities.