Tax Strategy Statement
in respect of the year ended 31 December 2024
Published 26th November 2024

1. Tax Strategy Statement

This statement sets out our strategy in relation to all UK taxes and applies to all of the group's entities[1]. It has been published in accordance with our obligations under Finance Act 2016 Schedule 19, paragraph 16.

2. Introduction

Firmus Energy networks, as a core NI infrastructure business with an enduring and central role to play in the Northern Ireland energy market, comprises a gas distribution business as well as a supply business up until the disposal of that business on 1 November 2024. It is one of three gas distribution networks operating in Northern Ireland. Since its establishment in 2005, Firmus Energy has invested in developing its network which now comprises over 2,000km, delivering natural gas to over 65,000 customers across 35 towns and villages. As the largest gas supply business in Northern Ireland by consumption, it served over 110,000 customers until the disposal of that business. We are committed to bringing the benefits of gas to as many properties as possible across our licenced area and continuing to promote and develop the gas network in Northern Ireland. Firmus Energy networks will play a key role in the transition of Northern Ireland to Net Zero.

Firmus Energy networks is committed to operating responsibly in all its interactions. We pay and collect taxes on behalf of HMRC across the spectrum of UK taxes and we are committed to being a responsible and compliant taxpayer.

This Tax Strategy has been approved by the Firmus Energy networks Board for the year ended 31 December 2024.

3. Our tax strategy

i. Our approach to tax governance and risk management

Our Finance Director, supported by the finance team, is responsible for developing the tax strategy and putting appropriate arrangements in place to ensure we are compliant with our tax obligations. Oversight is provided by the Board.

Given the complexity of tax rules and their changing nature we ensure that the team keep up to date with professional development in tax and related areas, as well as being able to access professional advice as required. We aim to be fully compliant with UK tax legislation and ensure that tax risks are identified and managed appropriately. On significant matters we seek external advice from our advisers, whether because of the complexity of UK tax rules or uncertainty as to their application to our business, and as part of an open and transparent approach we also engage with HMRC in these instances.

[1] This strategy covers all UK entities:
DEKA Energy Associates Limited, DEKA Energy Enterprises Limited, Firmus Energy (Distribution) Limited, and Firmus Energy (Supply) Limited. Firmus Energy (Supply) Limited left the group on 1 November 2024 but is included in the Tax Strategy as required by Finance Act 2009 Schedule 46 Paragraph 15 (4).

We have clearly defined risk management procedures throughout the business and any tax risks identified are managed within this process. We categorise risks based on the likelihood of occurrence together with their likely financial and reputational impact and this allows for escalation of tax risks as appropriate to the Board where necessary. We ensure that risk registers are maintained and updated for new and existing tax risks on a regular basis and report these through the wider risk management procedure.

ii. Our approach towards tax planning

We seek to ensure that our business grows and develops in a tax-efficient manner, and in doing this we act responsibly.

As a responsible taxpayer we claim the appropriate UK tax deductions, reliefs, credits and exemptions available to us in accordance with UK tax legislation. We do not engage in artificial tax planning that gives a result that is contrary to the intention of parliament. In relation to our responsibilities under Criminal Finances Act 2017, firmus has a zero-tolerance approach to evasion and the facilitation of evasion by any party working for or behalf of the business.

Our finance team collaborates with our wider business, to be kept fully informed and provide appropriate input into all significant business transactions. It also 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, while having regard to all relevant laws, regulations and the commercial substance of any transaction.

We will seek advice where necessary to support decisions and ensure full compliance.

iii. Level of risk in relation to UK taxation which we are prepared to accept

firmus energy's appetite for tax risk is low.

We manage our tax affairs efficiently and in compliance with relevant legislation and guidance. We view tax risk holistically and ensure that potential reputational impacts with HMRC, the Utility Regulator, and customers are assessed together with the potential economic position in arriving at our assessment of risk.

iv. Our approach to dealing with HMRC

Our relationship with HMRC is very important to us. We aim for a constructive relationship with HMRC, sharing information on the business and tax issues in an open and timely manner. We aim to minimise uncertainty and disputes with HMRC and therefore proactively engage with HMRC where appropriate.

We seek to ensure tax is paid when due and returns are filed on a timely basis, supported by our processes and systems as well as our staff with the relevant skills and knowledge. If any errors are identified, we aim to disclose these to HMRC as soon as practicable and settle any tax liabilities which

may arise as a result. We seek to conduct our tax affairs and liaise with HMRC in a spirit of co-operative compliance.