

## Introduction

CNG (Group) Ltd and its subsidiaries, together ("CNG") provide gas and electric exclusively to business customers across the UK. Ours are services with a difference; we put the customer at the heart of everything we do, creating a uniquely transparent, fair and enjoyable utility service experience. We're growing every day, but our focus on the quality of our offering and the standards of service we deliver remain consistent – we want to be exemplary, not just in our industry, but in business as a whole.

## Overview

We are committed to a tax strategy that is open, honest and compliant - in line with our company values; this document sets ours out and is compliant with Schedule 19 of the Finance Act 2016.

As a large group with significant involvement in our local community, we recognise the importance of being transparent regarding the taxes we pay. We are dedicated to ensuring our customers, brokers, partners and employees have a positive experience in all communication with us and we place huge importance on doing the right thing by all of our stakeholders.

Our tax contribution goes far beyond the corporate tax paid by the Group on its profit. As a large employer, we pay a significant amount of payroll taxes, in addition to operating as a collector of taxes through the PAYE, VAT, CIS and CCL systems.

CNG has an exceptionally strong focus on corporate responsibility and we see effective administration and payment of taxation as a key responsibility of our business.

Our overall tax strategy is to:

- Meet all legal requirements and to make all appropriate tax returns and tax payments.
- Consider the tax impact in major or complex business decisions, for example acquisitions.
- Operate in an environment where we consider tax in the context of our reputation and brand – responsibly and with transparency.
- Comply with appropriate tax risk processes and ensure there is oversight by the Board of Directors into this compliance.

## Risk Management and Governance Arrangements

We want our tax affairs to be transparent and compliant with tax legislation. Our internal structure is set up to ensure:

- The Board of Directors understands the importance of tax compliance and how it is achieved.
- There is regular, consistent communication between the Board of Directors and those individuals tasked with the operation of our finance function regarding the way our business manages its tax risk.
- The business portrays a positive view towards tax compliance and the importance of meeting our obligations.

Our Board of Directors is accountable for reviewing how we meet our tax obligations, whether this is seeking external advice, investing in training for our staff or managing our

relationship with tax authorities. This approach is reviewed regularly to ensure this remains the most effective way of managing our tax obligations.

## **Tax Planning**

We undertake tax planning as part of our overall business strategy. Our approach is only to undertake tax planning that is aligned with the economic activity of the Group and is in accordance with the intention of parliament. We seek professional advice on a case by case basis with the depth of such advice being driven by our assessment of the risk presented by each opportunity.

In line with our company values, we do not undertake aggressive tax planning to try gain any kind of tax advantage. We understand that we have a responsibility to minimise our tax risk and our exposure to negative publicity through non-compliance.

## **Attitude towards Risk**

The Board of Directors sees compliance with tax legislation as key to managing tax risk.

CNG is subject to the Senior Accounting Officer requirements to ensure it has taken reasonable steps to establish and maintain tax accounting arrangements that enable the tax liabilities of companies within the Group to be calculated accurately in all material respects. CNG follows HMRC guidance to ensure its obligations are met.

Tax legislation is often complex and subject to interpretation. Consequently, if uncertainty arises in relation to a complex tax position, CNG minimises the level of risk either through discussion with HMRC or by seeking expert, independent advice.

We understand the importance of tax in the wider context of business decisions and have processes in place to ensure tax is considered as part of our decision-making process.

We have strong relationships with professional advisers that allow us to seek expert advice on specialist areas of tax. Our approach is to ensure we are compliant and understand our responsibilities with regards to tax, rather than looking for ways to aggressively avoid the payment of tax.

The Board of Directors is conscious of the negative publicity attracted by ineffective tax management and sees the Group's company values, strong internal processes and a good relationship with HMRC and our professional advisers as the best way to manage reputational risk.

## **Relationship with HMRC**

CNG seeks to adopt an open, cooperative and professional working relationship with HMRC. We endeavour to work proactively with HMRC to seek to resolve all issues by agreement where possible.

We employ the services of professional tax advisers to act as our agents and in a number of cases liaise with HMRC on our behalf. This is seen by the Board of Directors as a way to ensure we maintain an open, honest and long-term relationship with HMRC, thus reducing our tax risk.

C J England  
Senior Accounting Officer for the CNG Group

