

# Tax Strategy



**Essar Oil (UK) Limited T/A EET Fuels  
and its wholly owned subsidiaries  
for the financial period ending 31 March 2024**

**Issued September 2024**

## Introduction

Essar Oil (UK) Limited is publishing this tax strategy document in compliance with its duty under Paragraph 19(2) of Schedule 19 of the Finance Act 2016 in relation to sub-groups.

Whilst Essar Oil (UK) Limited is not the head of the UK sub-group, it is publishing a tax strategy in its own right as it has been delegated authority and responsibility for its own risk management, as set out in the accounts of the head of the UK sub-group, Essar Energy Limited. This strategy also covers Essar Midlands Limited, Essar Retail Ventures Limited, Infranorth Limited, EET Hydrogen Limited (formerly Stanlow Hydrogen Limited), EET H2 Power Limited and Stanlow Terminals Limited, the wholly owned subsidiaries of Essar Oil (UK) Limited, and Vertex Hydrogen Limited a 90/10 joint venture collectively referred to as the 'Essar Oil (UK) Limited sub-group' or 'sub-group'.

This document, approved by the Essar Oil (UK) Limited sub-group Board of Directors, sets out the sub-groups approach to managing its tax affairs and dealing with tax risks for its financial period ending 31 March 24.

This strategy document is made publicly available to all stakeholders and other interested parties in Essar Oil (UK) Limited sub-group through publication via the Essar Oil (UK) Limited official website ([www.essaroil.co.uk](http://www.essaroil.co.uk)). It will be reviewed annually by the in-house Tax Team with any subsequent amendments approved by the Board of Directors of the sub-group.

The Tax Team works closely with the business to ensure that:

- a) The tax strategy is followed by the business with clear lines of responsibility and accountability.
- b) The tax strategy is aligned to the overall approach to corporate governance and risk management of the Essar Oil (UK) Limited sub-group.
- c) The Essar Oil (UK) Limited sub-group pays the right amount of tax at the right time in line with tax laws and regulations.
- d) The Essar Oil (UK) Limited sub-group has a professional and constructive relationship with HM Revenue & Customs (HMRC) based on collaboration, transparency and mutual trust.

The Essar Oil (UK) Limited sub-group is committed to conduct its tax affairs in line with the following principles:

### 1) Compliance with tax laws

The Essar Oil (UK) Limited sub-group observes, complies and acts in accordance with all applicable tax laws, including relevant international standards such as the OECD guidelines, regulations, reporting and disclosure requirements for all transactions which it undertakes.

This is in line with the Code of Conduct for the Essar Oil (UK) Limited sub-group. All employees of the sub-group are expected to read, understand and follow the Code of Conduct. The Code of Conduct exists to support the vision that all day-to-day work will routinely follow high ethical standards of behaviour. Amongst other things, these high standards are there to ensure full compliance with all legislative obligations.

## 2) Tax governance and risk management

The management of the tax affairs of the Essar Oil (UK) Limited sub-group is complicated due to the highly taxed and heavily regulated nature of hydrocarbon oil products, the size (in revenue terms) of the organisation and its many functional areas, all of which create potential tax risks which could lead to the incorrect application of the tax rules or calculation of tax.

Responsibility and accountability for the tax affairs of the Essar Oil (UK) Limited sub-group ultimately rest with the Chief Financial Officer, also acting as the Senior Accounting Officer, although the day-to-day tax matters are delegated to the in house tax team under the formal Delegation of Authorities manual.

The Essar Oil (UK) Limited sub-group deploys a range of risk management processes and controls to manage and mitigate its tax risks in a timely, diligent and professional manner as follows:

- The formal Delegation of Authorities manual for the sub-group defines the employees which have responsibility and accountability for making business decisions to ensure that such decisions are taken at an appropriate level.
- Wide ranging work instructions setting out the policies, processes and controls which must be followed for transactions that have been implemented by the sub-group.
- The tax strategy and tax status of the Essar Oil (UK) Limited sub-group is reviewed and reported on a monthly basis as part of the Finance Team's monthly functional review, chaired by the Chief Executive Officer (or his delegate in accordance with delegation of authority). Any tax strategy and policy issues are assessed on a case by case basis by the Chief Financial Officer in conjunction with the Chief Executive Officer with assistance from the in house tax team.
- All key business decisions and/or business transactions (including potential transactions) are reviewed to identify and assess any potential tax risks and how to manage those tax risks, including seeking external professional advice where necessary.
- Essar Oil (UK) Limited sub-group engages tax advisory firms with the necessary skills and experience to partner with the business to provide advice, guidance and training on a case to case basis, to ensure that the interpretation of the related legislation is appropriate, meets its tax obligations and to provide assurance to HMRC that the sub-group has the capacity to fulfil its obligations.
- Related party transactions must be carried out in line with the arm's length principle. Any new related party transactions must also be approved as being acceptable and on arm's length terms by the Internal Audit team for the sub-group.
- A Tax Compliance Register is maintained by the Tax Department for the sub-group which summarises all tax reporting and payment requirements by deadline and requires confirmation from the Tax Team that all necessary filings and payments have been made on time.

Essar Oil (UK) Limited sub-group seeks to avoid uncertainty or exposure to risk on tax liabilities. However, due to the subjective nature of the interpretation of tax legislation, the business accepts that a degree of tax risk may exist despite having adequate processes and controls in place.

The Essar Oil (UK) Limited sub-group must balance the interest of its broader stakeholders including investors, business partners, employees, governments, tax authorities and communities in the jurisdictions in which it operates. The sub-group is committed to adhering to its Code of Conduct and Tax Policy and therefore considers the views and interests of relevant stakeholders in light of

this, following its internal processes to mitigate the risk of implementing actions which would impact on adherence to its policies.

### **3) Approach to decisions on tax**

The Essar Oil (UK) Limited sub-group seeks to pay the correct amount of tax that reflects the commercial transactions of the business. The commercial transactions of the sub-group are carried out in the most tax efficient manner possible whilst remaining compliant at all times with all applicable tax laws. This includes seeking to use tax incentives and tax reliefs to minimise the tax costs of conducting its business.

The Tax Team is involved in commercial decision making processes and provides input to ensure that the tax consequences are fully understood and reported accordingly.

The sub-group seeks certainty on the tax positions but tax law can, at times, be subject to interpretation. On occasions, advice is sought from accounting firms and law firms, as appropriate, in the following cases:

- To verify that the sub-group has interpreted tax law and its spirit correctly, particularly in any cases where the guidance is unclear.
- The sub-group does not consider that it has the necessary expert knowledge to assess the tax consequences of a particular transaction so external advice is required to support the decision making process.
- There is another corporate need for seeking a third party opinion e.g. a contractual requirement or part of a banking covenant requirement or the tax risk is assessed as being significant to the business so additional external advice is required to provide assurance.

### **4) Relationship with the Tax Authorities**

An important part of the tax strategy and policies of the Essar Oil (UK) Limited sub-group is the maintenance and development of a strong, proactive working relationship with HMRC. In particular, the sub-group takes into account the draft Framework for Co-Operative Compliance in the UK and is committed to:

- Maintaining its approval of having Authorised Economic Operator status.
- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion.
- Seek to resolve issues with HMRC in a timely manner and where disagreements arise, work with HMRC to resolve issues by agreement where possible.
- Be open and transparent about decision making, governance and tax planning.
- Interpret the relevant laws in a reasonable way and ensure transactions are structured consistently.
- Ensure that all interactions with HMRC are conducted in an open, transparent, collaborative and professional manner.

**Deepak Maheshwari**  
**Chief Executive Officer, Essar Oil (UK) Limited**



## Performing today - Transforming for tomorrow

### EET Fuels

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