

**Tax Strategy for the year ended  
31 March 2024**

**Scottish Rail Holdings Limited  
and its subsidiary entities**

(as set out in Appendix A)



**SRH**



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## 1. Introduction

This document sets out the tax policy for Scottish Rail Holdings Limited ('SRH') and its subsidiary companies (together 'the Group') and their approach to conducting their UK tax affairs and dealing with UK tax risk. By making this document available the Group is fulfilling its obligations under Schedule 19 of the Finance Act 2016.

SRH is a government owned entity set up by the Scottish Ministers, acting through Transport Scotland, to fulfil the Scottish Ministers' requirements under Section 30 of the Railways Act 1993 to maintain the continuity of passenger rail services if a rail franchise is terminated. It acts as a holding company for Transport Scotland's train operating companies. SRH has 2 wholly owned subsidiaries, comprising of the Group's main trading companies Scotrail Trains Limited (SRT) and Caledonian Sleeper Limited (CSL).

This document will be reviewed periodically by the Group finance team and any amendments will be approved by the Board of SRH. It is effective from the year ended 31 March 2024 and will remain effective until any amendments are approved by the Board, but it will be formally reviewed and approved at least on an annual basis.

## 2. Tax Policy

The Group is committed to conducting its tax affairs in a manner consistent with the following objectives:

- Complying with the tax planning and tax avoidance principles set out in the Scottish Public Finance Manual ('SPFM');
- Complying with all relevant laws, rules, regulations, reporting and disclosure requirements;
- Ensuring that the UK tax strategy is at all times consistent with the Group's overall strategy and risk;
- Applying professional diligence and care in the management of risks associated with tax matters;
- Maintaining open communications with HMRC; and



- Claiming legitimate tax reliefs in line with the manner intended by the legislation.

### **3. Managing Tax Risks**

The Board of SRH is ultimately responsible for the UK tax strategy and tax risk management of the Group.

The Group's main subsidiaries, SRT and CSL, each have their own separate Board and Audit and Risk Committee.

The Audit and Risk Committees for the Group and the above-named subsidiary Companies consider risk, including those relating to tax, at each meeting and is updated as to the risk and internal audit activities that have been performed during the period.

SRT and CSL each have a Finance Director (or equivalent) who is responsible for ensuring their company has appropriate accounting policies in place.

Tax risks are considered at frequent intervals by both the finance team and the Board of each active Company in the Group. This includes looking at both existing risks and any new risks.

Professional care and judgement are employed to assess and manage tax risks. External advice is sought from professional advisers on tax issues to support the decision-making process.

The oversight from the Group finance department and Board includes the following aims from a tax perspective:

- submitting all UK tax returns on a timely basis;
- paying the appropriate amount of tax on time;
- maintaining accounting arrangements that are robust;
- ensuring tax processes are appropriately resourced; and
- making fair, accurate disclosure in correspondence, returns and responding to queries and information requests in a timely fashion.



#### **4. Tax Planning Approach**

The Group aims to maintain a conservative approach to tax and will not engage in artificial transactions to reduce the amount of tax payable.

The Group's sole shareholder is the Scottish Ministers and there are no other external shareholders. As there is minimal conflict between how funds are split between Government departments there is no motivation for the Group to engage in any sophisticated or complex planning which would be motivated by reducing tax liabilities. Moreover, the Group focuses on being compliant with all applicable tax legislation, policies and procedures.

In addition, as part of the Group's framework agreement with the Scottish Ministers, acting through Transport Scotland, the Group adheres to the tax planning and tax avoidance principles set out in the SPFM, which specifically prevents the Group participating in any tax evasion, tax avoidance or tax planning.

#### **5. Working with HMRC**

The Group deals with HMRC in an open, honest and transparent manner including in relation to considering current, future and retrospective tax risks across all taxes.



## **Appendix A**

Scottish Rail Holdings Limited has the following subsidiary companies:

- Scotrail Trains Limited
- Caledonian Sleeper Limited