

SOCAR Trading (UK) Limited

Tax Strategy - 2025

In accordance with Schedule 19 of the Finance Act 2016, SOCAR Trading (UK) Limited (the “Company”) is publishing its tax strategy for the year ending 31 December 2025.

The Company has a strong commitment to ethical business practices across all its activities and compliance with tax legislation, tax management and tax payment are included in this commitment.

The Company’s overall tax strategy is to:

- Follow all applicable laws and regulations relating to its tax affairs.
- Maintain an open and honest relationship with all tax authorities.
- Apply diligence and care in its management of the processes and procedures relating to all tax matters and activities.
- Make all appropriate tax returns and tax payments on a timely basis.
- Use available tax reliefs and incentives in a manner which is consistent with the intent of the legislation.
- Comply with appropriate tax risk processes and ensure there is Board oversight into this compliance.

Risk management and governance arrangements

Managing a company’s tax affairs can be a complex process that can involve a number of functional areas of the business and as such there will inevitably be risks of error or omission within those processes which may result in the incorrect application of tax rules or calculation of tax returns. Eliminating tax risks entirely is impossible and, accordingly, the Company’s approach towards the level of control required over the processes intended to reduce tax risk is driven by the likelihood of occurrence and scale of impact of each tax risk.

Identified tax risks are assessed on a case by case basis, allowing the Company to arrive at well-reasoned and prudent conclusions on how each individual tax risk should be managed. Where there is uncertainty as to how tax law or regulation should be applied, external advice may be sought to support the Company’s decision making process.

In reviewing the tax risks associated with a tax action or decision the following would be considered:

- the legal and fiduciary duties of directors and employees,
- compliance with the group Code of Conduct, which requires employees to adhere to high ethical standards of doing business transparently and honestly and maintain compliance with laws and other rules and regulations, as well as related policies,
- the maintenance of corporate reputation, having particular regard to the principles embodied in the Code of Conduct,
- the tax benefits and impact on the Company’s reported results comparative to the potential financial costs involved, including the risk of penalties and interest,
- the wider consequences of potential disagreement with tax authorities, and any possible impact on relationships with them.

The Company’s tax affairs are managed by tax and financial control personnel employed by the Company and its immediate parent company; these individuals report to the immediate parent company’s Chief Financial Officer.

Tax planning

Tax incentives and exemptions are sometimes implemented by governments and fiscal authorities in order to support investment, employment and economic development. Where they exist we seek to apply them in the manner intended.

The Company undertakes tax planning as part of its overall business strategy. Professional advice is sought when considered necessary and the extent of such advice being determined driven by its assessment of the tax risks involved.

The Company does not undertake aggressive tax planning, the sole purpose of which would be to obtain a tax advantage.

Attitude towards risk

The Company has a low threshold with respect to tax risk and the Board considers compliance with tax legislation as crucial to managing tax risks and there are processes in place to ensure tax compliance is considered as part of the Company's decision making process and that tax risk is minimised.

The Company has relationships with professional advisers that allow it to seek expert advice on specialist areas of tax. The Company's approach is to ensure is compliant with tax legislation and understands its responsibilities with regards to tax, rather than looking for ways to aggressively avoid payment of tax.

The Board is conscious of the reputational damage that can be caused through poor management of tax risk and sees strong internal processes and a good relationship with the Company's professional advisors as the most effective way to manage this reputational risk.

Relationship with HM Revenue & Customs (HMRC)

The Company is committed to the principles of openness and transparency in its approach to dealing with HMRC and is committed to:

- 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, should disagreements arise, work with HMRC to resolve issues by agreement where possible.
- Be open and transparent about decision-making, governance and tax planning.
- Reasonably believe that transactions are structured to give a tax result which is not inconsistent with the economic consequences (unless specific legislation anticipates that result), nor contrary to the intentions of Parliament.
- Interpret the relevant laws in a reasonable way, and ensure transactions are structured consistently.
- Ensure all dealings with HMRC are conducted in an open, collaborative and professional manner.

The Company employs the services of professional tax advisers to act as its agents, and in a number of cases they liaise with HMRC on the Company's behalf.