

Tax Strategy

About us

High Speed Two (HS2) Limited (HS2 Ltd) is a UK company limited by guarantee, wholly funded by the Secretary of State for Transport, represented by the Department for Transport (DfT). The Company has a single member: The Secretary of State for Transport and is classified as a non-departmental public body by the Cabinet Office.

We are tasked by the DfT to design, build and operate Britain's new high speed railway between London and the West Midlands. It will also integrate with services on the existing rail network.

Scope

This strategy applies to HS2 Ltd in accordance with paragraph 19 of Schedule 19 to the Finance Act 2016. This tax strategy was published on 28 May 2025 and we regard this publication as complying with its duty under paragraph 16(2) Schedule 19 FA 2016 in its financial year ending 31 March 2026.

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK taxation only. The Company will comply with HMRC rules when procuring goods or services from outside the UK.

Our approach to tax governance and tax risk management

Overall responsibility of our tax affairs including the application of our tax strategy is delegated to our Chief Financial Officer (CFO). The Financial Governance and Control team, which includes the tax function, carries out the day-to-day activities and consists of appropriately qualified and experienced tax professionals. This team provide regular updates to the Deputy Chief Financial Officer on tax matters affecting HS2 Ltd, who in turn provide appropriate updates to the Chief Financial Officer and Audit and Risk Assurance Committee (ARAC), a sub-committee of the HS2 Ltd Board. Any significant tax matters are escalated by ARAC to the HS2 Ltd Board and where appropriate, to the HS2-DfT Client Board.

Decisions on significant UK tax matters are taken against a board approved delegation framework and are supported by appropriate documentation. On significant matters we also seek advice from our external advisors, either 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.

We aim to be fully compliant with UK tax legislation and ensure that tax risks are identified and managed appropriately. Tax is managed proactively and responsibly to ensure we are compliant in all aspects of our day-to-day operations. We have clearly defined risk management procedures throughout the business, and any tax risks identified are managed within this process. Processes relating to different taxes are allocated to appropriate process owners, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact

them and changes to processes or controls are made when required. 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 CFO and the HS2 Ltd Board and its sub-committees where necessary.

Our attitude towards tax planning and level of risk

Tax is considered in all the significant commercial transactions we undertake. The tax function actively collaborates and consults with the relevant business teams, to ensure that timely taxation advice is considered and factored into our activities.

We claim the appropriate UK tax deductions, reliefs, credits, and exemptions available to us in accordance with UK taxation. We aim to comply with HM Treasury's tax guidance in the Managing Public Money document, including the provisions on tax planning.

The level of risk which HS2 Ltd accepts in relation to UK taxation is consistent with its overall objective of achieving certainty in the Company's tax affairs as described above and therefore HS2 Ltd has a low-risk appetite.

Our approach to dealing with HMRC

We aim to maintain a collaborative and open relationship with HMRC. This includes regular meetings, communications, and updates on developments in our business. We may also seek advance clearance from HMRC on significant or relevant tax matters so that we can reduce the risk of incorrect treatment for tax purposes.

We aim to respond promptly to any enquiries or requests for further information from HMRC to facilitate a prompt resolution of tax matters. For example, this may include facilitating meetings or providing documents such as our policies and procedures. If and where any inadvertent errors in submitted tax filings are identified, we will make full and timely disclosures to HMRC to resolve the matter.