

Tax strategy report

This strategy is prepared by Civitas Social Housing Limited (CSH) and sets out its approach and that of all its subsidiaries (the Group) to managing the tax affairs of the Group.

This strategy has been approved by the Board of Directors of Civitas Social Housing Limited.

This strategy complies with paragraph 19 of Schedule 19 of Finance Act 2016. It relates to the financial period ended 31 December 2024.

The Group has Real Estate Investment Trust (REIT) status, a widely understood and cost-effective way to invest in UK property. As a result of REIT status, the shareholders are taxed on Property Income Distributions (PID) from investment property according to their own tax status.

Investment property income and gains in CSH are exempt from corporation tax. CSH must pay out at least 90% of underlying taxable profits to shareholders as dividends, subject to withholding tax where applicable. CSH remains subject to corporation tax on any residual income as well as other UK taxes including, but not limited to, Value Added Tax, employer taxes and Stamp Duty and Land Tax.

The Group takes its statutory and legal obligations extremely seriously. In line with this, our overarching principles are:

- To ensure that the right amount of tax is paid at the right time.
- To effectively administer all taxes and duties reducing the level of risk.
- To arrange the Group's affairs in a tax efficient manner, within both the letter and the spirit of relevant legislation.

Tax governance

- The Group maintains compliance with all relevant statutory and legal obligations by identifying and mitigating tax risks through a structured governance framework.
- The Group tax function is outsourced where necessary to suitably qualified and experienced providers.
- The Group's outsourced tax function works closely with the business to ensure that our internal controls and processes are robust. Tests are carried out to identify ineffective or inefficient controls and improvements are implemented as required which are reviewed and signed off by the Group's Senior Accounting Officer.
- Regular reports will be provided to the Board on any significant tax issues or developments affecting the Group.

- With delegated authority from the Board of Directors, ultimate responsibility for tax rests with the Group's Senior Accounting Officer.

Relationship with HMRC:

- The Group encourages and maintains a transparent and constructive working relationship with HMRC in relation to all current, future and retrospective tax matters.
- Both the Group and its advisers actively work in partnership with HMRC to ensure that the Group meets all relevant statutory and legal obligations.
- Where errors arise, it is our policy to disclose these to HMRC and to also ensure that appropriate remedial action is undertaken to systems and processes.
- Where appropriate, we will seek HMRC's formal or informal clearance on notified tax issues.

Tax planning:

- Any tax planning being considered is reviewed in the light of the Group's obligations as a responsible UK taxpayer
- The Group structures transactions in a way that aligns with commercial and economic activity. We do not undertake transactions which do not align with our commercial activity and whose sole purpose is to reduce tax.
- Any non-routine tax arrangements will be reported to the Board in compliance with this policy. Independent professional advice is sought where there are any areas of material uncertainty to ensure compliance with all relevant statutory and legal obligations.
- In addition, and in line with our approach to business Ethics and Integrity, we have zero tolerance for any form of tax evasion or facilitation of tax evasion. This policy applies to all associated persons of the Group, in accordance with the UK rules on the corporate criminal offence for failing to prevent the facilitation of tax evasion.

Tax risk management:

- The tax strategy protects shareholder value in terms of the overall tax burden and cash flows. At the same time, the business is aware of its obligations to other stakeholders and acts in a manner consistent with the Group's obligations as a responsible UK taxpayer.
- In line with our overall policy, the Group has a low tax risk appetite and is committed to maintaining its REIT status.

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