

## **DB UK Tax Strategy for the year ended 31 December 2020**

**Publication date: December 2020**

This tax strategy was published in December 2020 and DB regards this publication as complying with its duty under paragraph 16(2) Schedule 19 FA 2016 in its financial year ended 31 December 2020. This strategy remains in place throughout 2021.

### **Background**

Deutsche Bahn AG ('DB'), is based in Berlin and was founded in 1994. It is one of the world's leading mobility and logistics companies, operating in more than 130 countries. The group employs more than 330,000 employees and across Europe more than 12 million passenger journeys are made every day in buses and trains operated by DB's passenger transport division. Around 250 million tons of freight are transported via rail and more than 100 million shipments carried via land transport annually in the group's European transport and logistics division alone. Around 1.3 million tons of air freight and more than 2.2 million TEU of ocean freight are carried by DB's worldwide networks.

DB recognises that taxes allow governments to fund essential public expenditure, and the taxes which DB's activities generate are a key part of how DB contributes to society.

This strategy sets out DB's approach to UK tax. In particular it summarises how DB manages risk in relation to tax; its dealings with tax authorities, and its governing principles relating to tax planning and relationships with professional advisors. This strategy sets out the principles of DB in relation to UK tax and the responsibilities for implementing these throughout the business.

### **Scope of our Tax Strategy**

This strategy applies to the DB companies in the UK listed below. It applies to the compliance, payment and reporting of all taxes borne and collected by those companies, the principal ones being corporate income, indirect and employment taxes. This strategy applies until it is superseded and adheres to the overarching principles in place across the DB Group.

### **Aim**

As a responsible business DB is committed to:

- Being a responsible tax payer, being straightforward and transparent in relation to all tax matters;
- Paying tax in accordance with all relevant laws and regulations in the territories where it operates;
- Managing its tax affairs in such a way as to deliver the right amount of tax, in the right place and at the right time;
- Taking a zero-tolerance approach to tax evasion and the facilitation of tax evasion; and
- Operating with integrity, honesty and fairness.

These principles are reflected in DB's relationships with tax authorities, including HMRC. In addition to operating with integrity, DB seeks to be proactive with tax authorities to ensure the efficient resolution of any issues arising, wherever possible and appropriate.

## **Governance, Assurance and Tax Risk Management**

The CFO (or equivalent) of each DB business unit operating in the UK is responsible for the management of the tax affairs of their business unit, supported by internal DB Tax specialists.

The scale and complexity of DB's business and the volume of transactions impacting tax means that tax risks inevitably arise.

DB seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care and control is applied in relation to all processes which could materially affect its compliance with its tax obligations. Systems, processes and controls are in place to ensure that DB has robust and appropriate tax accounting arrangements as part of DB's Senior Accounting Officer procedures.

DB only tolerates tax risk where the position adopted in a tax return is likely to be accepted by the local tax authorities.

There are, from time to time, situations where it is appropriate for DB to engage the services of suitably qualified professional tax advisors. This typically happens when there is uncertainty as to how the relevant tax law should be applied. Any such professional advisors are expected to respect the underlying principles of this Tax Strategy.

Any tax risks identified are evaluated and managed by the internal DB Tax specialists, working with local senior management teams.

### **Approach to tax planning**

DB uses available tax incentives, reliefs and exemptions in line with tax legislation, provided that this is aligned with DB's commercial objectives. DB does not undertake tax structuring which has no commercial purpose and which leads to legally unintended tax advantages or where tax structuring might harm DB's corporate or social responsibilities, reputation and brand. DB's intention is to ensure that its transactions and the tax implications arising from them reflect the commercial reality of each situation.

### **Relationships with tax authorities**

An important part of DB's tax strategy is the maintenance and development of strong, transparent and constructive working relationships with local tax authorities (including HMRC). This is effected through various means including:

- Regular meetings and communications in respect of developments in DB's business activities, tax risks and interpretation of law in relation to all relevant taxes;
- Making fair, accurate and timely disclosures in tax returns and correspondence;
- Seeking to resolve issues on a timely basis; and
- Generally ensuring that all interactions with tax authorities are conducted in an open, collaborative and professional manner.

## **Approval**

This tax strategy was approved for publication during December 2020

Members of the DB UK Group covered by this tax strategy:

DB CARGO (UK) HOLDINGS LTD  
DB CARGO (UK) LTD  
DB CARGO COMPONENTS LTD  
DB CARGO INFORMATION SERVICES LTD  
DB CARGO INTERNATIONAL LTD  
DB CARGO MAINTENANCE LTD  
DB CARGO SERVICES LTD  
DB SYSTEL UK LTD  
ENGINEERING SUPPORT GROUP LTD  
LOCOMOTIVE 6667 LTD  
NEW LOCOMOTIVE FINANCE LTD  
RAIL EXPRESS SYSTEMS LTD  
RAIL TERMINAL SERVICES LTD  
RAILWAY APPROVALS LTD  
REDHEAD FREIGHT LTD  
REDHEAD HOLDINGS LTD  
SCHENKER LTD  
SCHENKER-BTL LTD (DISSOLVED 08/01/2019)