

This schedule contains proposed modifications to the Special Conditions of Electricity Distribution Licences held by Distribution Network Operators.

Special Condition 9.8 Tax Reconciliation assurance statement

Introduction

- 9.8.1 This condition requires the licensee to send to the Authority an annual assurance statement in relation to the Tax Reconciliation template and sets out the form of that statement.

Part A: Assurance statement

- 9.8.2 The licensee must by 30 September~~31 July~~ of each Regulatory Year starting on or after 1 April 2025, send to the Authority an assurance statement, relating to Regulatory Year $t-2$ that:
- (a) has been approved by a resolution of the licensee's board of directors;
 - (b) is signed by a director of the licensee pursuant to the resolution in subparagraph (a); and
 - (c) is set out in the form prescribed in paragraph 9.8.3 or where paragraph 9.8.4 applies, in the form prescribed in paragraph 9.8.5.
- 9.8.3 Where this paragraph applies, the prescribed form for the assurance statement is as follows:
- "In accordance with the requirements of paragraph 9.8.2 of Special Condition 9.8 (Tax Reconciliation assurance statement), the directors of [licensee] ("the licensee") hereby certify that for the Regulatory Year [Regulatory Year $t-2$], in their opinion:
- (a) the values reported in the Tax Reconciliation template accurately reflect the adjustments captured in the reconciliation of the licensee's adjusted Actual Corporation Tax Liability as shown in the Company Tax Return (CT600) to the adjusted Calculated Tax Allowance;
 - (b) the Tax Reconciliation will be submitted to the Authority along with a copy of:
 - i. the most recent CT600 as submitted to His Majesty's Revenue and Customs;
 - ii. the most recently submitted Senior Accounting Officer (SAO2) certificate as per paragraph i.; and
 - iii. the published tax strategy;
 - (c) where appropriate, further information has also been provided to support and explain reconciling items in accordance with the RIIO-2 Regulatory Financial Performance Reporting RIGs;
 - (d) all adjustments made have been appropriately explained in the Tax Reconciliation supporting commentary; and

- (e) reconciling differences have been appropriately explained and any remaining, unexplained differences are considered immaterial, in aggregate."
- 9.8.4 Where the licensee anticipates a material, unexplained variance to arise in the Tax Reconciliation as described in Chapter 6 of the ED2 Price Control Financial Handbook it must submit the assurance statement in accordance with paragraph 9.8.5.
- 9.8.5 Where this paragraph applies, the prescribed form for the assurance statement is as follows:
- "In accordance with the requirements of paragraph 9.8.2 of Special Condition 9.8 (Tax Reconciliation assurance statement), the directors of [licensee] ("the licensee") hereby certify that for the Regulatory Year [Regulatory Year $t-2$], in their opinion:
- (a) The values reported in the Tax Reconciliation template have resulted in a material, unexplained variance in the reconciliation of the licensee's adjusted Actual Corporation Tax Liability as shown in the Company Tax Return (CT600) to the adjusted Calculated Tax Allowance;
 - (b) the Tax Reconciliation will be submitted to the Authority along with a copy of:
 - i. the most recent CT600 as submitted to His Majesty's Revenue and Customs;
 - ii. the most recently submitted Senior Accounting Officer (SAO2) certificate as per paragraph i; and
 - iii. the published tax strategy;
 - (c) where appropriate, further information has also been provided to support and explain reconciling items in accordance with the RIIO-2 Regulatory Financial Performance Reporting RIGs;
 - (d) adjustments made have been appropriately explained in the Tax Reconciliation supporting commentary, however there remain unexplained differences, which are considered material; and
 - (e) a notification to the Authority has been made in Writing under Chapter 6 of the ED2 Price Control Financial Handbook."