Tax, plain and simple.

Tax Report 2026

United Utilities

Water for the North West

About United Utilities Group PLC

United Utilities Group PLC is a UK listed and headquartered company responsible for water and wastewater services in the North West of England.

We deliver 1.8 billion litres of water a day to around 8 million people and businesses in the North West, as well as taking away and treating the wastewater. Keeping the region flowing relies on a vast behind the scenes operation, involving hundreds of reservoirs, treatment works and pumping stations, thousands of kilometres of water pipes and sewers, and a workforce of nearly 7,000 colleagues.

Our purpose is to provide great water for a stronger, greener and healthier North West. It drives us to deliver our services in an environmentally sustainable, economically beneficial and socially responsible manner. It is the reason we exist and it challenges us to look after the interests of the stakeholders with whom we interact by continually improving our performance and creating value.

We can make the North West:

Stronger – by helping customers in vulnerable situations, investing in local communities across the region, and supporting thousands of jobs and the economy, providing resilience in a changing world.

Greener – by protecting and enhancing urban and rural environments, and adapting to the challenges of climate change, allowing people, wildlife and nature to thrive, making the North West a better place to live now and for the future.

Healthier – by providing great-quality drinking water and safely removing and recycling used water for around eight million people in the North West, while providing excellent customer service and a great place to work.

We are committed to delivering on our purpose, and our approach to tax plays a vital role in supporting this for all of our stakeholders.

Purpose of this report

The purpose of this report is to provide further information to complement the tax disclosures made in our financial statements as well as our tax policy – which is published here on our website.

We want to provide our stakeholders with transparency and clarity regarding our approach to tax, how much tax we pay and how we ensure that we pay a fair amount of tax at the right time. As a proud recipient of the Fair Tax Mark, paying a fair amount of tax is core to our approach to tax and key to helping support the communities that we serve across the North West.

Foreword

This year is the first year of our transformational investment plan, running from 2025 to 2030. Through our BIG North West upgrade, we are delivering the step change that customers want to see, bringing the largest investment in infrastructure that our region has seen for decades, to build a stronger, greener and healthier North West.

Our colleagues and suppliers are making great progress, with a ramp up in capital expenditure creating jobs and bringing economic growth to the region.

We are focused on delivering this investment efficiently and on time, and our county-based approach is enabling increased transparency and helping us to address the specific needs, priorities and opportunities in each of these unique communities.

Environmental improvement is one of the biggest drivers of this investment and we are delivering significant enhancements, including industry-leading investment in storm overflows to reduce spills, targeting zero serious pollution incidents, and reducing carbon emissions.

Our approach to taxation sits at the heart of how we operate as a responsible business. We remain committed to paying the right amount of tax, at the right time in line with both the letter and spirit of UK tax law. The taxes we contribute play a vital role in sustaining the public services and infrastructure that underpin our economy and society – from healthcare and education to the transport and environmental systems on which our communities depend.

By maintaining a transparent and responsible approach to tax, we aim to support the long-term resilience of the regions we serve. This is an important part of our broader commitment to sustainability: not only delivering reliable, high-quality water services, but also acting with integrity, supporting public trust, and contributing positively to the communities around us.

Our contribution to public finances in 2026 was around £290 million (£257 million in 2025), and, as in previous years, this document is intended to clearly explain how this tax is made up and provide more details around our approach to tax.

In addition to the tax disclosure within our main, statutory Annual Report, we continue to also publish this separate annual tax report.

In producing this report, we want to reach as many stakeholders as possible. The main body of the report presents a summary, but more detail can be found by following the READ MORE links. We have also included a glossary of key terms used.

Our report addresses three key themes:

1 **How much tax do we pay?**

2 **How do we ensure we pay the right amount of tax at the right time?**

2 **How do we ensure our tax affairs are transparent?**

As recognition of our commitment to tax transparency, we are delighted to continue to be awarded the Fair Tax Mark, having been only the second FTSE 100 company to receive the accreditation back in 2019.

Fair Tax® accredited

We hope you find this year's tax report useful and informative.

Phil Aspin
Chief Financial Officer

Contents

How much tax do we pay?

We are a UK business, and we pay many different taxes that arise from our operations. READ MORE #7

In 2026, this amounted to £290 million of taxes on property, employment taxes and environmental taxes, as well as licence and regulatory fees. This is broken down on the following pages.

As in the last year, we did not have a corporate tax bill this year. This is mainly due to the impact of 'full expensing' which accelerates tax relief for investment into certain plant and machinery. Full expensing was permanently introduced by UK Government in 2023 and so will continue to apply in future years.

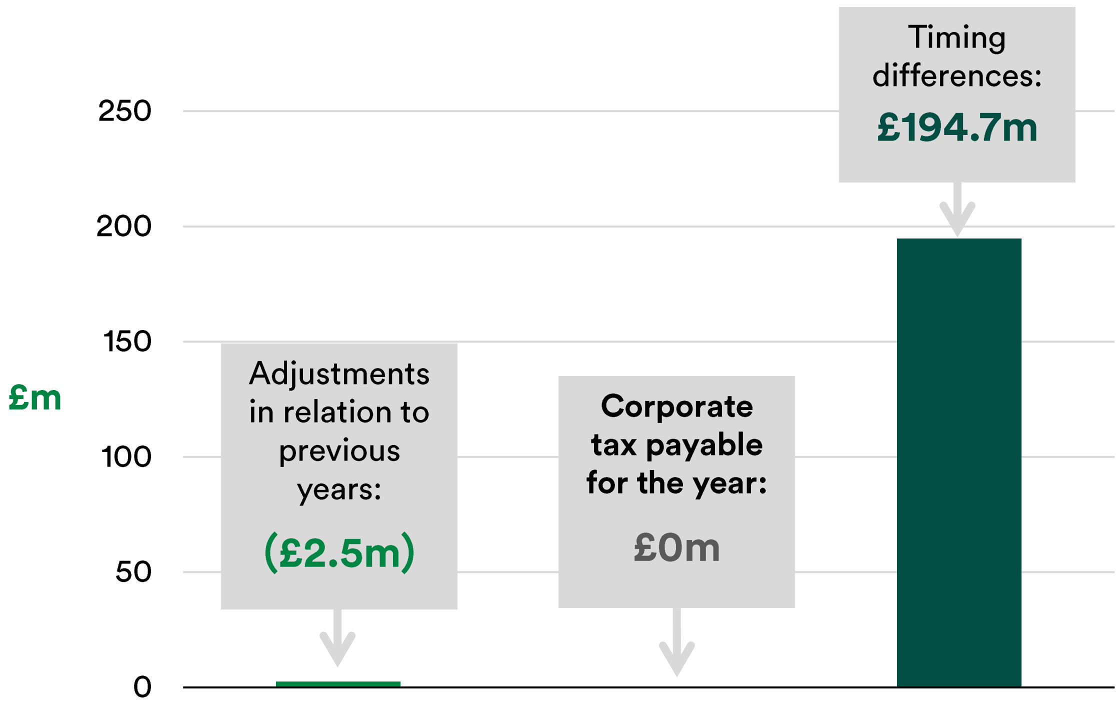
Business rates	Corporation tax	Employment taxes	Environmental taxes/ other duties	Regulatory service fees
£94m	**£0m**	**Company £45m** **Employees £80m**	**£14m**	**£57m**
Business rates are chargeable on all non-domestic property unless subject to a relief. To deliver our services, we have 56,000 hectares of land, 165 reservoirs, 86 water treatment works, 584 wastewater treatment works and many support buildings.	The corporation tax paid is nil due to accelerated tax relief on capital investment available under the full expensing rules.	We have nearly 7,000 employees and we support thousands of jobs via our supply chain, making us one of the biggest employers in the North West.	Our energy strategy is to use less and generate more renewable energy. We are subject to a number of taxes on our carbon footprint and the energy we use, including carbon emissions tax, climate change levy and fuel duty. As part of providing water and wastewater services, we produce waste such as sludge, excavated materials and general office waste. We are committed to managing this in a sustainable way, with around 2% of our waste going to landfill which is subject to the landfill tax.	We hold licences with the Environment Agency that permit us to abstract water from the natural environment – we treat this and supply drinking water to seven million people in the North West every day. We also hold permits with the Environment Agency to enable us to discharge treated water back into the environment in a controlled manner.

TOTAL: £290m

How much tax do we pay?

While we pay taxes across our operations as detailed in the previous pages, this is reflected differently in our financial statements. The other taxes we have paid in the year, such as business rates, employment taxes and licences/regulatory fees, are included in our general costs of operating the business within the financial statements and aren't shown in the tax disclosures. The specific tax disclosures show a tax charge on our profits for 2025/26 of £192.2 million. This is shown in note 7 to our financial statements.

This is made up as follows:



Adjustments in relation to previous years

Each year we estimate the tax we will be due to pay in our financial statements. We then make adjustments in later years when we know the exact amount of tax due.

Corporate tax payable for the year

No cash tax liability is due for this year due to the impact of the full expensing introduced by the UK Government, which granted accelerated tax relief on certain plant and machinery.

Timing differences

These reflect amounts of tax that may be payable to HMRC in the future – for example, where tax relief has been received earlier than it would through the financial statements. There is more detail in our financial statements, but these timing differences mainly relate to our capital investment.

How do we ensure we pay the right amount of tax at the right time?

We have a formal set of tax policies and objectives that are approved by the board of directors on an annual basis and have been fully complied with for many years, including 2026. They cover three main pillars:

We do not engage in aggressive or abusive tax avoidance; we adopt a low-risk approach to tax and act within the letter and spirit of the law.

READ MORE #1

We have a specialist tax team that monitors delivery against the tax policies and objectives, working with colleagues to ensure we have a sustainable approach to tax risk management.

READ MORE #3

We maintain a robust governance and risk management framework to ensure our tax policies are applied throughout the group.

READ MORE #2

We are subject to detailed regulation in terms of price and performance. More than 98% of group revenue comes from this regulated business.

READ MORE #5

We are committed to open, transparent and professional relationships with all relevant tax authorities based on mutual trust and collaborative working.

READ MORE #4

We monitor and claim relevant tax incentives and reliefs.

READ MORE #6

How do we ensure our tax affairs are transparent?

We engage proactively and collaborate openly

Transparency starts well before the publication of reports. We engage actively to help shape the policy and regulatory framework within which we operate, covering customer, economic (including tax) and environmental factors. These require balancing and consideration over a short, medium and long-term horizon.

At a sector level, we engage on tax matters and our Head of Tax is a member of a number of groups, including co-chair of the direct tax group of Water UK, the industry-wide body.

We consult regularly and share information in real time

HMRC (tax) and VOA (business rates) oversee our tax affairs.

We are committed to an open, transparent and professional relationship with HMRC and VOA based on mutual trust and collaborative working.

We have regular dialogue with HMRC, with update calls taking place at least quarterly.

We disclose what we believe is required and our stakeholders wish to see

We recognise many stakeholders turn first to our Annual Report for the information they need to decide whether to invest in, lend to, partner with, or work for our company.

Our Annual Report is fully aligned with applicable regulations and includes enhanced disclosure of our tax charge and factors affecting it. Our website discloses our tax policy.

We reflect on what we've heard and adapt our disclosures

Tax transparency is constantly evolving.

This report is one example of where we have monitored trends in transparency and acted on best practice to disclose more than required and to do so in a meaningful way.

For example, some stakeholders wish to understand how tax interacts with the detailed regulatory environment within which we operate. So, we have disclosed additional details here:

READ MORE #5

READ MORE #1

We recognise that tax is more than a financial obligation – it is a vital contribution to the societies in which we operate. Paying our fair share supports public services, infrastructure and our communities.

It is a subject that goes beyond just the tax team, with a tax strategy approved by the board that is promoted across the business to ensure that all of our people act consistently with our agreed values and objectives.

We only engage in reasonable tax management. In other words, we ensure that commercial activities and transactions are structured tax efficiently in compliance with what we consider to be both the letter and the spirit of the law. Our directors have a duty to promote the success of the company and that includes not paying more tax than a company is obliged to do.

What does that actually mean?

An example would be when we're planning a major capital investment programme: in considering the various commercial options, we are mindful of the different rates of tax allowances that may be available for each option.

We do, therefore, claim reliefs, such as allowances in relation to our capital spend, in line with UK legislation. These allowances are designed to encourage infrastructure investment and are particularly relevant in capital-intensive sectors like water.

Our strategy sets out our approach to tax and to deliver it we have a framework to ensure that its values are embedded in everything that we do.

Risk framework

Consistent with the group's general risk management framework, all tax risks are assessed for the likelihood of occurrence and the financial or reputational impact on the group and its objectives, should the event occur. As a consequence of the sector's five-year regulatory cycle, in any given period, the key tax risk is likely to be the introduction of unexpected legislative or tax practice changes which lead to increased cash outflow which has not been reflected in the current regulatory settlement.

The group is committed to engaging with relevant authorities to manage any such risk. We proactively lobby, both at a company and an industry level where appropriate, to minimise the impact of any proposed changes in tax law or HMRC practice which could materially impact on the group.

Governance framework

We have a clear governance framework in place to ensure that our tax affairs are managed responsibly and in line with the law. This governance process is the basis by which we ensure our tax returns are right and can be traced right through the group's accounting systems and processes. We are required to certify on an annual basis that we've taken reasonable steps to ensure that our tax accounting arrangements are fit for purpose, and this is managed via the involvement of our specialist tax team.

In addition, we regularly review our tax controls and processes to make sure they remain effective and up to date. Our goal is to pay the right amount of tax at the right time.

Our specialist tax team has the job of delivering the tax strategy agreed by the board.

With an overarching strategy agreed by the board and a strong risk framework established to support that, both require monitoring by people well equipped to understand the tax risks and how to manage them.

Ultimately, our CFO is responsible for tax governance with oversight from the board. He is our Senior Accounting Officer and, as such, is required to certify on an annual basis that each relevant company in the group has taken reasonable steps to ensure that its tax accounting arrangements are fit for purpose for all major tax-related risk areas.

The CFO is supported by a specialist team of tax professionals with more than 60 years of tax experience within the water sector. Led by the Head of Tax, the team includes people with specific responsibilities for different taxes, such as corporation tax, employment taxes and VAT.

The Head of Tax has day-to-day responsibility for managing the group's tax affairs and engages regularly with colleagues to ensure tax risk is proactively managed. For example, she speaks regularly with the legal team to ensure that tax is always considered for the many transactions and projects they are involved with.

The team engages with both external advisers and HMRC to obtain additional advice and certainty with the aim of ensuring that any residual risk is typically low. The tax team are members of Water UK, keeping track of key sector-wide tax issues and leading the industry's collective response.

All significant tax issues are reported to the board regularly. They have agreed the strategy and take a keen interest in ensuring it is faithfully applied.

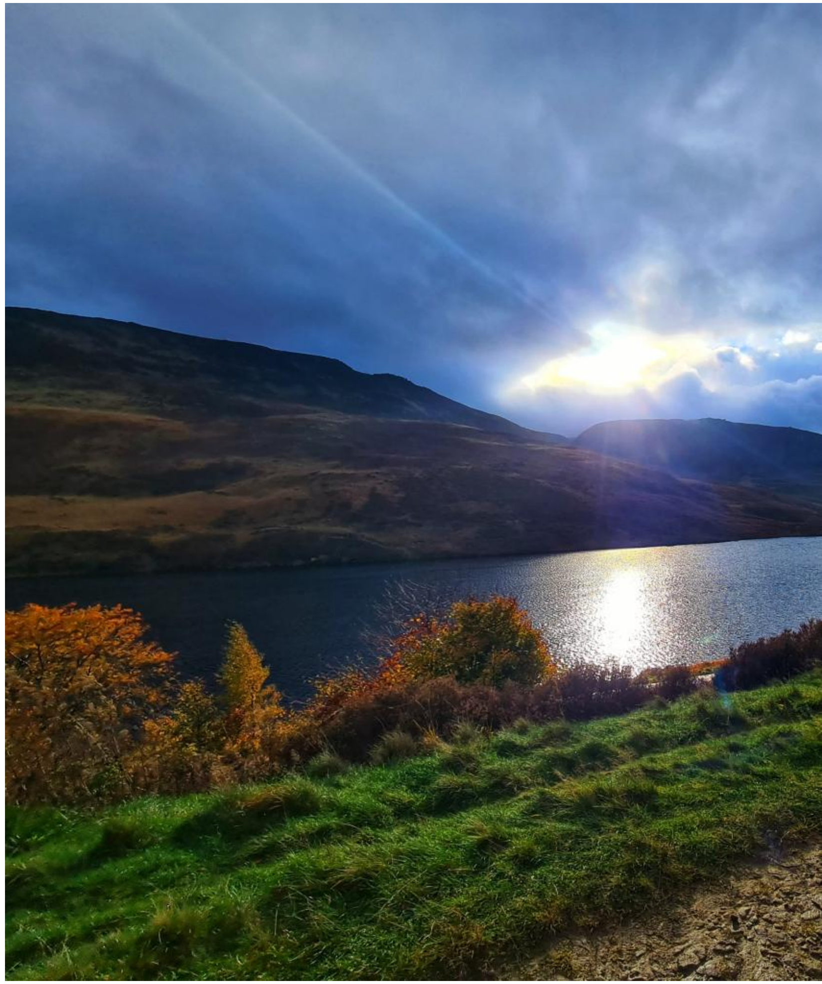
We develop strong, professional relationships with the key authorities who monitor our compliance with relevant rules and regulations.

HMRC

We maintain a constructive and transparent relationship with HMRC, grounded in principles of openness, early engagement, and full compliance. Throughout the year, we have engaged collaboratively with HMRC on a range of matters, including business developments, interpretative issues, and areas of judgement, sharing relevant information in a timely and proactive manner. This approach supports mutual understanding and enables efficient resolution of queries, reducing uncertainty for both parties. Where appropriate, we have sought clearances and guidance to ensure our tax positions align with both the letter and intent of UK tax legislation. We remain committed to cooperative compliance and to fostering a professional, respectful dialogue with HMRC.

Valuation Office Agency (VOA)

Our single largest tax outflow is business rates, for which we paid around £94 million for 2026. We maintain a professional and co-operative relationship with the Valuation Office Agency (VOA) in respect of our business rates obligations. We engage constructively where required, including in relation to property valuations, factual updates, and any queries arising from rating assessments. We provide accurate information to support the VOA's valuation process and seek to resolve any matters efficiently through open and transparent dialogue. Where appropriate, we challenge assessments through established processes, ensuring they are evidence-based and aligned with the relevant legislation. Our approach reflects a commitment to compliance and to maintaining a respectful and collaborative engagement with the VOA.



READ MORE #5

Ofwat's primary duties include protecting consumers' interests, by promoting effective competition wherever appropriate, and making sure that the company properly carries out its statutory functions and can finance carrying out these functions – in particular through securing reasonable returns on capital.

How is it determined whether our strategy and tax forecasting is fair?

By submitting a robust, balanced plan to Ofwat prior to the start of each five-year regulatory period, our aim is to agree a regulatory contract that allows for the best overall outcomes for customers, shareholders and the environment.

Ofwat scrutinises and challenges these business plans, and sets the five-year price, service and incentive package. This becomes the regulatory contract that company performance is measured against. It ensures all interactions between the regulatory entities and the group are undertaken at arm's length.

What does that mean for tax?

As part of that plan, we provide detailed tax calculations which are independently reviewed by Ofwat. As Ofwat sees all the different regulated water companies' tax calculations, not only are the details closely scrutinised against our wider financial plan and best assumptions, they are benchmarked across the whole industry.

Detailed work is undertaken on an annual basis and reviewed by the regulator to assess how we are performing against the contract. Given the regulatory contract is set five years in advance, we use our best estimates but sometimes changes outside of our control can occur.

For example, in the 2021 Chancellor's Budget, the UK's headline corporation tax rate was increased from 19% to 25% cent from 2024 onwards as well as the introduction of enhanced capital allowances rates.

Recognising that these matters are outside of management's control, the impact of changes to tax rates and capital allowances, in so far as they impact the agreed base plan position, are now passed back to customers under the terms of the current five-year regulatory contract which began in 2025/26.

Tax is a cost of doing business and just like any other, it needs to be planned for, budgeted and managed efficiently so that we pay our fair share.

Our group's overall effective tax rate on underlying profits will typically broadly match the UK headline rate, currently at 25%. However, the actual effective cash tax rate may fluctuate from the headline UK rate year by year due to the way statutory tax relief works for items such as capital investment, R&D and financing:

An important element of the group's tax liability position is tax allowances on our capital spend. We spent around £1.7 billion on capital items in 2026, so any changes to the allowances can significantly affect our tax bill. From 1 April 2023, full expensing was introduced, giving accelerated relief on capital investment. This has been announced as a permanent measure and is expected to apply to a significant amount of our infrastructure spend.

We are a sector leader in terms of innovation and continue to invest to make our processes and operations more efficient. We claim available enhanced tax reliefs on this expenditure where applicable.

These tax deductions are achieved as a result of statutory reliefs, or utilising tax incentives which have been explicitly put in place by successive governments precisely to encourage such investment in infrastructure and innovation. The impact of our existing capital allowances claims is set out in our detailed tax disclosures.

We are a UK group, and our funding comes from non-related parties. We have not been negatively impacted by the tax deductibility of interest rules, which are generally targeted at groups that have a disproportionate amount of debt in the UK as compared with their overall group position. Our interest costs remain deductible in the UK. Managing our financial position is complex and the movement on unrealised profits and losses on our debt and derivatives portfolio can be significant. The tax treatment of some of this follows the accounts and for others is based on specific tax rules. As such, the impact can be volatile, but all profits and losses remain subject to tax in the UK.

The group is committed to paying its fair share of tax and this includes a commitment not to use tax havens for tax avoidance purposes.

We are a UK business, headquartered in the North West, with all historical legacy overseas operations having been sold or dissolved.

Our head office address is:

Haweswater House, Lingley Mere Business Park, Lingley Green Avenue, Great Sankey, Warrington, WA5 3LP.

Our only remaining nominal overseas investment is a 1% interest in an Indian trading company, Mahindra Water Utilities Limited. Due to our nominal holding, this company is not a subsidiary, joint venture or associate of the group. We received dividend income of £6,500 in the year and this income will have been subject to Indian tax at above the UK rate. The registered address of this entity is also the place of incorporation and profits are declared where the economic substance arises.

Glossary

Business rates
Set by the Government and collected by local authorities, these are the means by which those who occupy non-domestic property contribute towards the cost of local services.

Capital allowances
The tax equivalent of accounting depreciation, allowing a company to obtain tax relief on tangible capital expenditure at rates and over periods of time set within the tax legislation.

CFO: Chief Financial Officer
Our Chief Financial Officer is the board member responsible for managing the financial risks of the group.

Corporation tax
Tax levied on the profits of a company.

Effective tax rate
The tax charged as a percentage of the accounting profits.

Employment taxes
Everyone who earns income or works in the UK is typically liable to pay UK income tax and social security. This term covers all forms of employer's and employees' liabilities.

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Environment Agency
A public body set up to protect and improve the environment.

Environmental taxes/other duties
These are designed to internalize environmental costs and provide economic incentives for people and businesses to promote ecologically sustainable activities.

Headline tax rate
The prevailing rate for UK companies (currently 25%).

HMRC: His Majesty's Revenue and Customs
A non-ministerial department of the UK Government responsible for the collection of taxes.

Ofwat
The Water Services Regulation Authority, or Ofwat, is the body responsible for economic regulation of the privatised water and sewerage industry in England and Wales.

R&D: Research and development
Applying innovation to develop a new service/product or to improve an existing service/product.

Related parties
Any business, partnership, limited liability company or other entity in which the company, a parent or a subsidiary holds a substantial ownership interest, directly or indirectly.

SAO: Senior Accounting Officer
Responsible for personally certifying that their companies' systems are fit for the purpose of reporting taxes.

Stakeholder
Anyone who is affected by our business in one way or another.

Statutory tax relief
This is tax relief that is required, permitted or enacted by statute and which reduces the amount of tax owed by a taxpayer.

Tax liability
The total amount of tax owed by a company to HMRC.

VAT: Value Added Tax
A consumption tax placed on a product whenever value is added at each stage of the supply chain, from production to the point of sale.

VOA: Valuation Office Agency
An agency of His Majesty's Revenue and Customs. It values properties for the purpose of council tax and business rates in England and Wales.

Water UK
The sector organisation that engages with companies and regulators to ensure customers receive high quality tap water at a reasonable price and that our environment is protected and improved.

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Registered in England and Wales
Registered number 6559020

Water for the North West