Total Tax Contribution and the wider economic impact

Surveying the 100 Group

The 100 Group

www.pwc.co.uk/100group

About the 100 Group

The 100 Group represents the views of the finance directors of FTSE 100, several large UK private companies and some UK operations of multinational groups. Our member companies represent the vast majority of the market capitalisation of the FTSE 100, collectively employing over 7% of the UK workforce, and in 2013 paid, or generated, taxes equivalent to 14% of total UK Government receipts. Our overall aim is to promote the competitiveness of the UK for UK businesses, particularly in the areas of tax, reporting, pensions, regulation, capital markets and corporate governance.

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Contents

Foreword

In last year's report we commented on how interest in tax and in how much companies pay, had reached unprecedented levels. It is safe to say that the last twelve months have seen these levels surpassed. There have been many more newspaper column inches written questioning the amount of corporation tax UK companies pay; headlines accusing leading businesses of avoiding their fair share of tax. This has been compounded by intense scrutiny from UK parliamentary committees together with increasing calls for more tax transparency and reform of the international tax system. This is leading to behavioural and regulatory changes and the potential for tax reporting to be significantly more onerous in the future.

The ability to demonstrate the contribution that business makes to the economy has therefore never been more relevant. Over the last nine years, this Total Tax Contribution survey has provided the information to do this, using the PwC framework which is simple and well understood. The tax numbers for the most recent period show the continuing importance of the 100 Group to the UK economy. But there is a wider picture to recognise and take notice of. Employment, investment and innovation are the life-blood of our economy. Without these, one of our richest national resources – people – cannot drive the growth and development of our economy in an increasingly competitive world.

This year, participants in the survey have provided some robust data around employment, capital investment, and research and development expenditure which represent a good first step in helping to quantify these additional elements. Members of the 100 Group see the payment of tax as central to their role in British national life. The UK government's policy is to balance the need to raise revenue with the need to encourage growth. UK tax policy, shared by successive governments, has been shaped by the desire to create a business environment that can be trusted and that encourages investment and rewards entrepreneurial activity that ensures the UK is seen as "open for business". Corporation tax has attracted a great deal of attention despite being only one of 25 taxes that companies pay. With this in mind, the survey this year has not only collected data which shows the results of changes to UK tax policy over recent years, most obviously the reduction in the main rate of corporation tax, it has also collected data on some of the most significant adjustments to accounting profits which explains why tax paid is not simply the tax rate applied to reported profits. Being able to demonstrate how the tax system works in practice has never been more important.

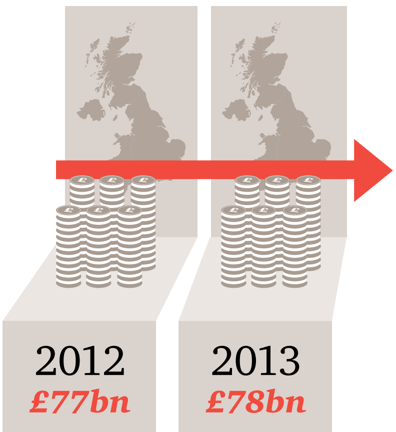
Thank you once again to all of the companies that have participated in this survey. This year we have achieved a further record participation (101 of the 114 companies invited). Your support is very much appreciated and we hope that you find the results both interesting and useful in helping to address some of the challenges which the tax debate will no doubt continue to present.

Andrew Bonfield **Andrew Packman**

Key findings from the 2013 survey

101

There was record participation in 2013 with 101 companies providing data.



£78bn

The Total Tax Contribution of the 100 Group to the UK economy has remained constant compared to last year.

The 100 Group also makes a substantial economic contribution through...

Capital investment

21.4%

of UK business investment

Research and development

31.1%

of UK business research and development spend

The UK tax system is designed to encourage investment by giving corporation tax deductions for capital spend, research and development and employment related costs.

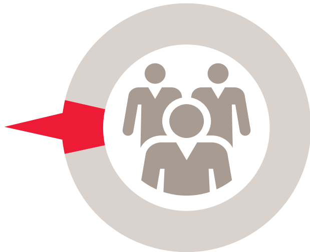
The profile of the taxes companies bear continues to move from corporation tax to labour and indirect taxes

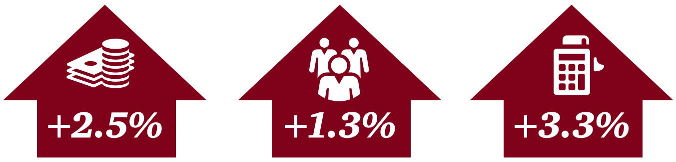
For every £1 of corporation tax, there is £2.86 of other business taxes. In 2012, this ratio was 1:2 and in 2005, 1:1.

The 100 Group employs...

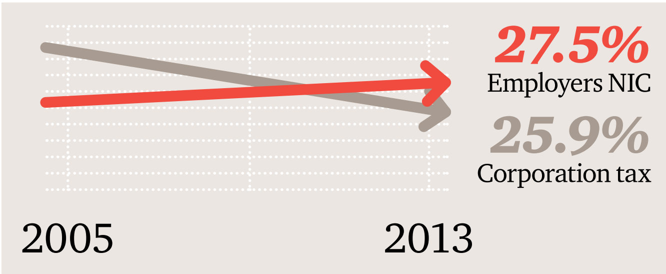
7.2%

of the UK workforce





Increases in the number of employees (1.3%) and wages (2.5%) have led to an increase in employment taxes borne and collected of 3.3%.



Taxes other than corporation tax have increased, driven by Employers NI, business rates and bank levy. Employers NI is now the largest tax borne by participants (27.5%) with corporation tax comprising 25.9% of taxes borne.

Executive Summary

The Total Tax Contribution (TTC) survey has been carried out every year since 2005 and helps to provide robust data to inform the debate over how much tax large corporates pay in the UK. The interest in tax paid by multinational corporations has intensified over the last twelve months and is likely to continue. It is perhaps no surprise then that a record number of companies participated in the 2013 Total Tax Contribution survey for the 100 Group with 101 companies providing data. In 2013, for the first time, we have also received robust data on the wider contribution made by the 100 Group membership to the UK economy. In an environment where the Government is seeking to make the UK "open for business" with a globally competitive corporation tax rate, it is important to understand the wider contribution from employment, capital investment and research and development.

2.1 million jobs

Employment taxes paid totalling **£24.8bn**

The 2013 survey is based on data received for companies' accounting periods ending in the year to 31 March 2013. This data adds to the extensive bank of data created over the previous eight years to allow an insight into trends over time. Changes in tax rates and regulations by successive governments, together with the economic cycle, are reflected in the results.

The survey started in 2005, before the recession took hold. The effect of the global economic crisis was seen in the 2008, 2009 and 2010 surveys. In the 2011, 2012 and 2013 surveys, the contribution has been stable, against a backdrop of continuing economic uncertainty, despite some signs of recovery.

The contribution of the 100 Group to the UK economy

The UK needs sustained economic growth that benefits everyone; consumers, employees, and their communities as well as shareholders and those who rely on the success of institutional investors. The 100 Group makes a substantial contribution to UK tax revenues. From the figures provided, we estimate a Total Tax Contribution for the entire membership of £78 billion, which is 14.1% of government receipts from all taxes for the whole of the UK. This total comprises £23bn in taxes borne (taxes which are a cost to the company) and £55bn in taxes collected (taxes which the company collects on behalf of Government).

Corporation tax is just 25.9% of taxes borne; for every £1 of corporation tax, there is a further £2.86 in other business taxes borne. For the first time this year, employers NI makes up a larger proportion of taxes borne than corporation tax.

The 100 Group companies are large employers, and we estimate that over 2.1m jobs (7.2% of the workforce) are supported by the 100 Group. Employment taxes are estimated as £24.8bn, the result of paying an average wage per employee of £31,286, and employment taxes per employee of £11,632. In addition, these companies support many jobs throughout their supply chains, often in small and medium enterprises, and it is important to stress that there is significant other economic activity which is not reflected in this data.

Sustained growth requires investment for the future and more than one fifth of the UK's total business investment can be attributed to 87 companies of the 100 Group that provided this data. Successive governments have pursued policies to improve investment in research and development in the UK and at £5.3bn, the Group's known investment exceeds 30% of the UK's total business research and development spend.

This wider contribution from employment, capital investment and research and development can interact with corporation tax paid. The rate of tax paid by companies differs from the statutory rate and for the first time we can estimate the impact of some key items. The survey data showed that pension contributions (a function of employment) reduced the rate of tax paid (on accounting profits) by 5.9%, capital allowances on investment by 9.4% (although offset by depreciation of 10.8%) and research and development spend reduced cash tax rate by 0.5%.

The evolving fiscal landscape in the UK

Over the last nine years, each survey has been conducted using a consistent methodology, the Total Tax Contribution framework, which allows us to analyse trends in taxes borne and collected over time. We're able to do this both in the short term, compared to 2012, and over the longer nine year period.

The Total Tax Contribution is broadly consistent compared to 2012 at £78bn (2012 £77bn). Taxes borne fell by 5.9%, driven by an anticipated fall in corporation tax, although this was partially offset by increases in business rates, employers NI and the bank levy. Taxes collected increased by 3.0%. There were increases in tax deducted at source, driven by PAYE on annuities paid by life insurers, net VAT and excise duties, driven by increased fuel duties.

Over the longer term, we're able to look at trends in taxes paid between 2005 and 2013. Taxes borne have increased by 11% since 2005; corporation tax fell over the period by 40% while other taxes borne rose 70%, driving the overall trend. This shift from an emphasis on corporation tax towards labour and indirect taxes has resulted in a profile for taxes borne in 2013 which is markedly different from 2005. Other business taxes were 50% of total taxes borne in 2005 but 74% in 2013, driven by movements in business rates, employers NI and irrecoverable VAT. By contrast, the profile of taxes collected is much more stable over the longer term, although the total contribution from taxes collected has increased by 24%.

The move from corporation tax to labour and indirect taxes is a trend seen at a global policy level. Findings from the 2014 *Paying Taxes* report shows that over the past nine years, the global trend was for a decline in the proportion of profit taxes while labour taxes and social contributions now represent the largest element of the average global Total Tax Rate.

The range of business taxes

There are 25 UK business taxes identified under the TTC Framework in 2013 compared to 24 in 2012. Corporation tax has fallen by 25.7% compared to 2012. 30% of the fall can be attributed to the decrease in rate in the survey period from 26% to 24%. 65% of the fall can be attributed to the oil and gas industry, where falling oil production, investment and increases in the cost base contributed to a fall in profits and in corporation tax paid. The remaining 5% is due to a more general decrease in profitability amongst survey participants. Employment taxes have grown in the year by 3.3%, driven by increases in the number of employees of 1.3% and increases in wages of 2.5%. Over the longer term, from 2009 to 2013, employment taxes have grown by 21%, as a result of changes to rates of income tax collected under PAYE and national insurance. Over this longer period, average wages have increased by 7% and the number of employees by 1%. Business rates have increased by 6.3% in 2013 amounting to 16% of Government receipts. There will be a Government review of the business rates system in 2017. Bank levy of £1.2bn was paid in the year, an increase of 59% compared to 2012 (reflecting the phasing of the levy) and 72% of total Government receipts of bank levy in the year. Green taxes are small for the 100 Group in the context of other taxes paid, amounting to 1.5% of taxes borne and 0.4% of taxes collected.

£78bn

*We estimate a Total Tax Contribution for the entire membership of £78 billion: **14.1%** of total government receipts*

Industry analysis

As in previous surveys, five industry sectors made a major contribution to the survey results. Together, the participating banks, insurance companies, oil and gas companies, telecoms and retailers represent only 34% of the number of companies taking part, but paid 69% of total taxes. In 2006, the banks and the oil and gas companies were the largest taxpayers. In 2013, the oil and gas sector is still the largest payer, with supplementary charge to corporation tax, petroleum revenue tax and fuel duties all contributing to the total. The banks are the next largest payers, where irrecoverable VAT and bank levy are particular sector taxes. The banks are followed closely by the retailers, where increases in NI and business rates contribute to the increasing total.

Perceptions of business

Survey participants gave their views on Government and public body policy initiatives. There was strong support for transparency with 73% agreeing that greater tax transparency from multinational companies is needed to inform the debate. There was strong approval for the CBI's code of conduct with 75% agreeing it would lead to greater understanding of tax policies. Respondents were split 50/50 over whether the OECD's Base Erosion and Profit Shifting initiative will lead to changes in the international tax system that create a more predictable environment for business and it will be interesting to see how this agenda develops in 2014.

Why is it important to know your Total Tax Contribution?

Survey participants provided information on how they use their Total Tax Contribution data. A marked increase was seen this year in the number of companies using their data to highlight the importance of other taxes internally, as well as briefing the Board. Externally, use of the data in analyst briefings and in PR/external relations more generally also showed a marked increase compared to last year.

Chapter 1: About the survey

Background

The UK economy continues slowly to recover from the depths of the world economic crisis with stronger data in the last few months. Some commentators view the international tax system as no longer fit for purpose, but there is recognition that unilateral change by any one territory would not be sufficient to match fiscal policy to the economic realities in the era of "the digital economy and New Normal". The UK Government has said that it is aiming to develop a tax system which supports growth, encourages competition, provides certainty and is considered to be basically "fair".[1] There is increasing awareness amongst some companies that greater transparency around their tax affairs may help stakeholders to understand the tax sytem.

In the past year, the country-by-country reporting agenda has gained momentum with the EU passing legislation which requires mandatory disclosures by extractive companies and certain financial institutions.[2] The potential to extend the regime to all big EU businesses is under consideration. At the same time, the OECD's Base Erosion and Profit Shifting (BEPS) programme includes proposals to prepare a template for companies to report to tax authorities the income and tax generated in each country in which they operate.

Meanwhile, voluntary disclosure of meaningful information about tax is increasing in the UK.[3] Companies are collecting their Total Tax Contribution data and considering whether public disclosure could better inform the debate and explain the impact that they have in the economies where they operate.

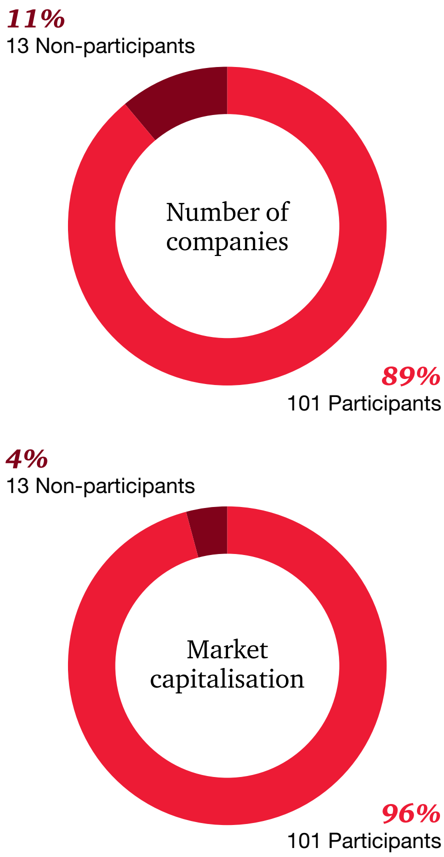
The Total Tax Contribution and wider economic impact survey is designed to gather quantitative information from companies to inform the debate about the UK fiscal landscape. The data collected by the survey is not available elsewhere and therefore provides a valuable resource for businesses, Government and other external stakeholders, as it illustrates how policy affects the contribution made by large businesses to the UK economy.

Participation

We're delighted that in the ninth year of our survey, 101 companies have participated in the survey. As Figure 1 illustrates, this represents 89% of the 100 Group by number of companies and 96% of the 100 Group by market capitalisation. A full list of companies invited to participate in the survey is included in Appendix I.[4]

Figure 1

101 companies provided data for the 2013 survey



[1] *Principles of Tax Policy*, HM Treasury Select Committee, 2011
[2] *Tax transparency and country-by-country reporting, an ever changing landscape*, PwC, October 2013
[3] *Tax transparency 2013, how companies are explaining their tax affairs*, PwC, December 2013
[4] This includes companies that have contributed data in all Total Tax Contribution surveys conducted for the 100 Group and have been members.

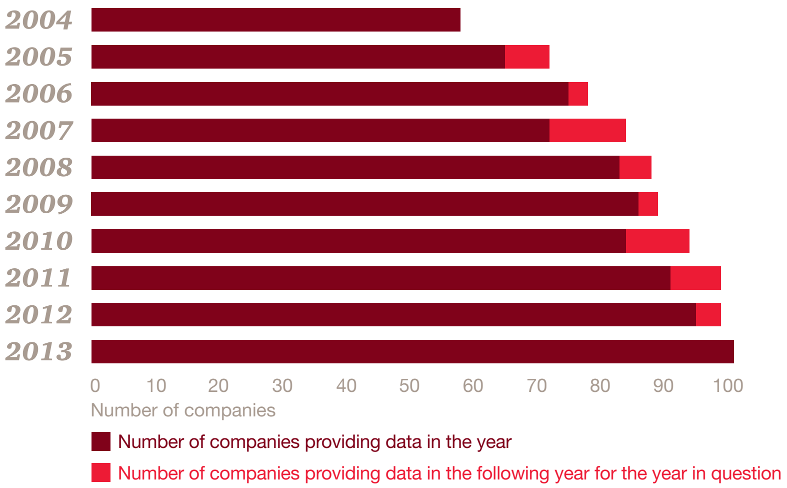
The growth of the survey, from 66 companies in 2005 to 101 in 2013, is testament to the value perceived by participants in knowing their own Total Tax Contribution, as well as the relevance to the report's wider readership of the 100 Group's total financial contribution to the UK Exchequer. Figure 2 shows how the number of participants has increased in each year of the survey

Our methodology

The survey collects data from participating members of the 100 Group using PwC's Total Tax Contribution methodology. We look at all of the taxes that a company pays and collects on behalf of government and include employment taxes, VAT and other taxes as well as corporation tax. The methodology looks at the total contribution but clearly distinguishes between taxes borne and taxes collected.

Figure 2

The number of participants in each year of the survey



The taxes borne by a company are those that represent a cost to the company and which are reflected in its financial results. Taxes collected are those which are generated by a company's operations, but do not impact on its results; the company generates the commercial activity giving rise to the taxes and then collects and administers them on behalf of HMRC.

We aggregate and anonymise the data provided by participants. We extrapolate the results in order to estimate the Total Tax Contribution for the membership of the 100 Group as a whole.

The 2013 survey is based on data collected from the 100 Group members for their accounting periods ending in the 12 months to 31 March 2013. 59% of the participants have a December year end, 22% have a March year end and the remaining companies have year ends spread throughout the survey period.

The data is not audited, validated or verified in any way, so PwC cannot give any undertakings as to the accuracy of the survey results.

This report

Taxes borne and collected by the 100 Group are still central to this report and the data collected since 2005 shows how the profile of taxes borne and collected has changed over time. The report is able to look at the trends over a volatile period from before the recession in the UK, to a period where the economy is beginning to grow again. It's also possible to focus on trends in the shorter term, comparing taxes paid in 2013 to those paid in 2012. These movements and trends provide useful insights into the changing drivers of the contribution of the 100 Group to the public finances.

In addition, the survey now collects data on the wider economic impact made by the 100 Group survey participants. Employment, capital investment and research and development spend all contribute to the wider UK economic contribution and an analysis of this contribution is included in the results. The interaction between this expenditure and the corporation tax system in the UK is also reviewed.

In view of the growing importance of taxes other than corporation tax, the report looks at some of these in more detail, including business rates, bank levy and green taxes, providing an analysis of the results in the context of some of the key industries that make up the 100 Group membership.

This section summarises the views of the survey participants which have been gathered in response to some perception based questions covering tax transparency, and other recent developments.

Chapter 2: The 100 Group's contribution to the UK economy in 2013

The UK needs sustained economic growth. A growth that benefits everyone: consumers, employees and their communities as well as shareholders and those who rely on the success of institutional investors.

The 100 Group's Total Tax Contribution demonstrates the direct contribution that some of the largest companies in the UK make to the public finances. But the economic impact of these businesses is broader than the taxes paid and generated. To capture this wider economic contribution our survey also collected data on employment, capital investment and research and development spend.

Total Tax Contribution in 2013

In this ninth survey, a record 101 companies provided data. After extrapolation to all members, the Total Tax Contribution for the 100 Group is estimated to be £78bn which is 14.1% of government receipts. This amount, broadly level with last year's study, reflects the continuing importance of these companies to the UK economy and Figure 3 sets out a summary of the 100 Group's fiscal contribution.

Figure 3

Total Tax Contribution of the 100 Group 2013

	Survey participants (£m)	Extrapolated to the 100 Group (£m)[5]	Percentage of Government receipts[6]
Corporation Tax	5,741	6,016[7]	
Other Taxes Borne	16,445	17,125	
Taxes borne	22,186	23,141	4.2%
Taxes collected	52,098	54,505	9.9%
Total Tax Contribution	**74,284**	**77,646**	**14.1%**

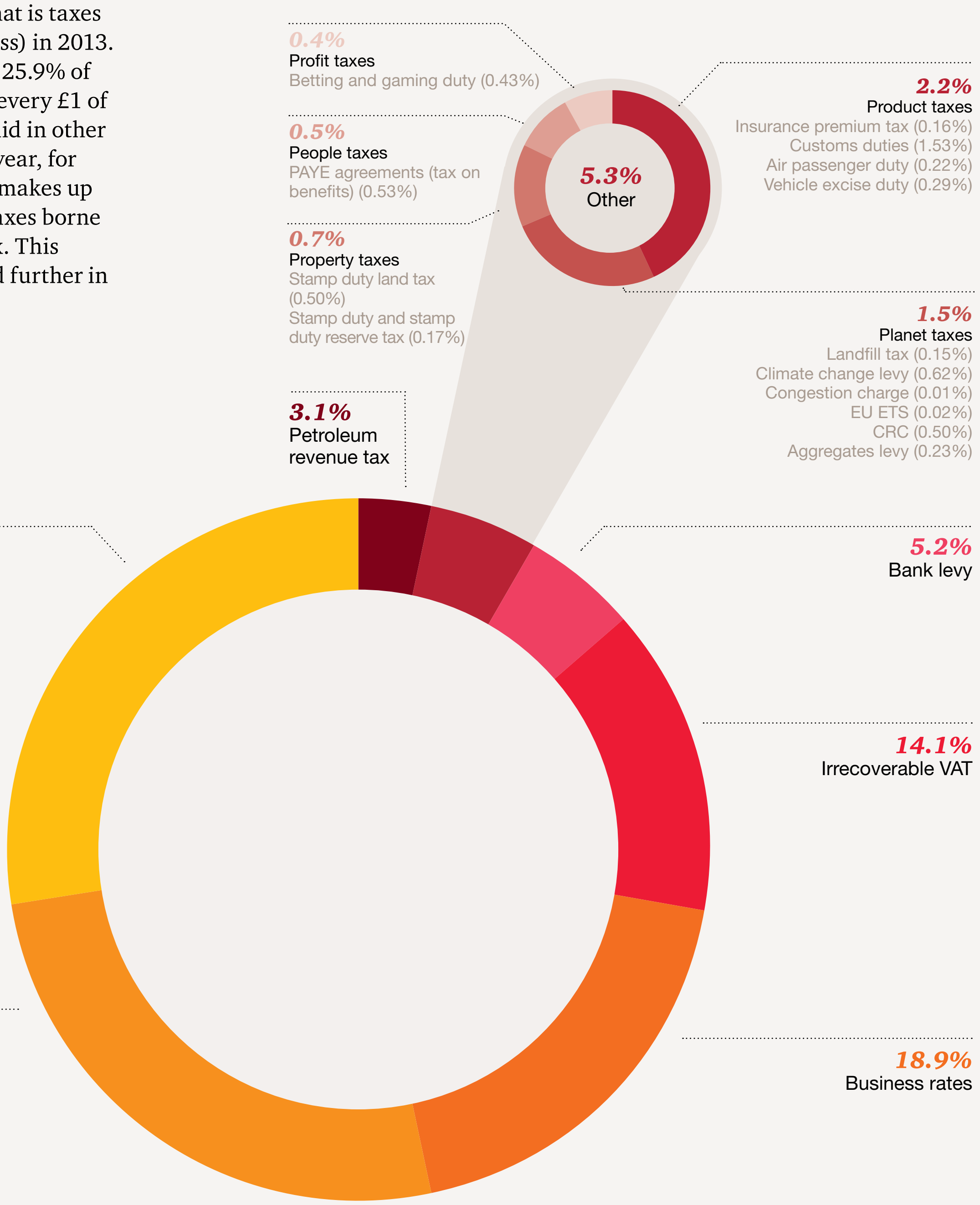
[5] Extrapolation has been carried out on a conservative basis using data on corporation tax from published accounts where available or data on revenues, and applying ratios from companies in the same industry sector.
[6] Source: The Office for Budget Responsibility (OBR) – Economic and fiscal outlook December 2013 supplementary tables 2.8 current receipts (on a cash basis)
[7] Extrapolated corporation tax payments (£6,016m are 14.9% of Government receipts of corporation tax)

Taxes borne

Using the Total Tax Contribution methodology, we have identified 21 UK business taxes borne (that is taxes that are a cost to the business) in 2013. Of these, corporation tax is 25.9% of the total (see figure 4). For every £1 of corporation tax, £2.86 is paid in other business taxes borne. This year, for the first time employers NI makes up a larger proportion of the taxes borne profile than corporation tax. This changing profile is explored further in chapter 3.

Figure 4

Taxes borne by percentage 2013

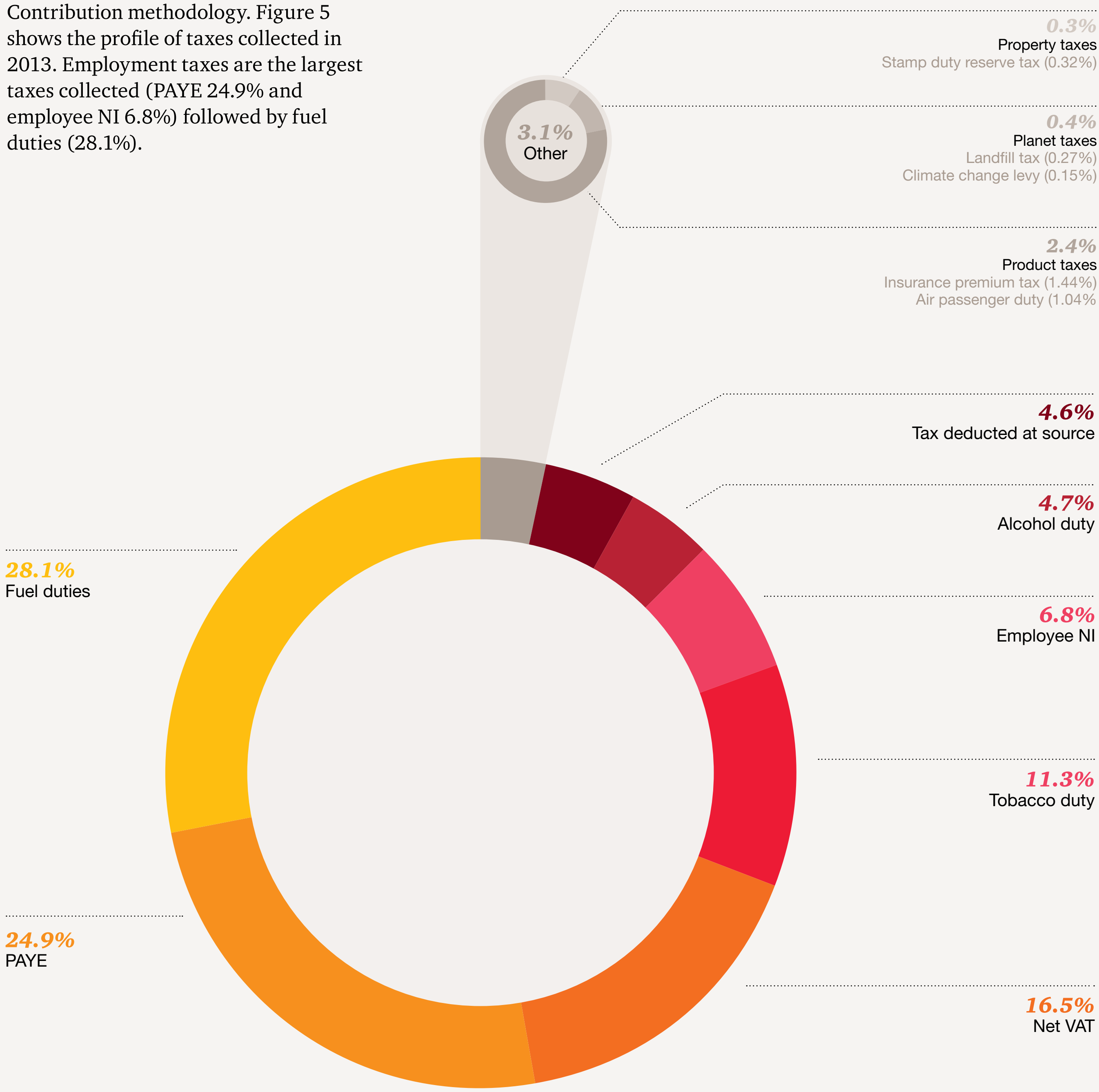


Taxes collected

There are 13 business taxes collected in the UK using the Total Tax Contribution methodology. Figure 5 shows the profile of taxes collected in 2013. Employment taxes are the largest taxes collected (PAYE 24.9% and employee NI 6.8%) followed by fuel duties (28.1%).

Figure 5

Taxes collected by percentage, 2013



The wider economic contribution of the 100 Group

Value Distributed

The Total Tax Contribution can be put in the context of value distributed by companies. Figure 6 shows the profile of value distributed by the 100 Group participants to employees in wages, to the Government in taxes, in financing and to shareholders or retained as profit for reinvestment. Almost 50% of the value distributed by 100 Group participants is in taxes and the next largest amount is in wages and salaries (31.8%). Net interest makes up 8.3% of value distributed, with the remaining profits after tax (10.1% of value) available for reinvestment in the company or distribution to shareholders as dividends.

This picture has changed compared to 2012 when taxes borne and collected amounted to 43.5% of the total. The main difference between the two years is the profit element, 10.1% in 2013 compared to 22.5% in 2012 reflecting the fall in profits in 2013.

Employment

As shown in the value distributed picture, a key way in which the 100 Group contributes to the wider economy is the employment it generates. Participants in the survey employed over 1.9m people, on a full-time equivalent basis. When extrapolated to include non-participating companies, we estimate that over 2.1m jobs are supported by the 100 Group (7.2% of the workforce)[8] and £24.8bn in employment taxes is contributed to the public finances (see figure 7).

Employees of the 100 Group's companies receive an average wage of £31,286 (2012: £30,149) which is higher than the average national wage of £27,000.[9] For each employee, an amount of £11,632 (2012: £11,419) is paid to the public finances, £3,042 in taxes borne and £8,590 in taxes collected.

Figure 6

Value distributed by the 100 Group participants

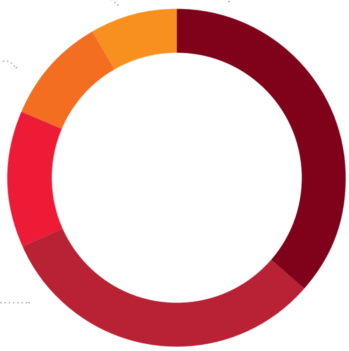


Figure 7

Extrapolated employment tax figures for the 100 Group as a percentage of Government receipts[10]

	Survey participants (£m)	Extrapolated to the 100 Group (£m)	Percentage of Government receipts[11]
PAYE borne and collected	13,075	14,150	9.5%
NIC borne and collected	9,651	10,679	10.2%
Total	**22,726**	**24,829**	**9.8%**

[8] Office for National Statistics, Labour market statistics, employment table
[9] *Annual survey of hours and earnings 2013* provisional results December 2013
[10] Source: The Office for Budget Responsibility (OBR) – *Economic and fiscal outlook alongside Budget 2013.* Table B.1.
[11] Calculation is extrapolated employment taxes as a percentage of Government receipts for income tax under PAYE and all NIC receipts

This reflects just the direct impact of the 100 Group companies' payroll. These companies support many jobs throughout their supply chains, often in small and medium size enterprises, and it is important to stress that there is significant other economic activity which is not reflected in this data. There is also a much wider impact on the UK economy when in addition to financial benefits, companies also provide other benefits to the people they employ, and these have a positive impact on livelihoods, wellbeing, health and education with knock-on effects in their communities.

Of the 24% of companies that provided details of their expenditure on training, we found that over £361m had been invested in staff development. Of the 47% who responded to our question about employment of new people we found that nearly 220,000 new employees were recruited in the period.

Capital investment

Sustained growth requires investment for the future and consideration of financial returns in the long-run. High quality plant and machinery can help productivity which in turn helps the economy to grow.

86% of the survey participants provided data regarding fixed asset investment during the period. More than one-fifth of the UK's total business investment can be attributed to the 87 companies of the 100 Group which provided this data; close to £27bn of capital expenditure was identified. See figure 8. As the level of capital expenditure at 21% is a multiple of employment (7.2%) this suggests significant employment generated in these companies' supply chains.

Research and development

Successive governments have pursued policies to improve investment in research and development in the UK. Tax incentives are seen as a key tool in attracting and retaining the enterprises which will drive the growth of the future.

60% of participants provided details of their research and development expenditure in the year. At £5.3bn, the 100 Group's known investment exceeds 30% of the UK's total business research and development spend and as expected, much of this is concentrated in a small number of sectors, particularly pharmaceuticals and aerospace. See figure 8.

The link between corporation tax and the wider economic contribution

The way corporation tax is calculated is often misunderstood. Contrary to some press coverage, it's not based on margins or sales revenues. It's a profits-based tax. Yet it's not a case of simply applying the standard rate of corporation tax (24% for the 2012/13 tax year) to the accounting profit.

Under UK law, many adjustments are made – additions or deductions to the accounting profits – to compute the taxable profits. There's a complex and sometimes counter-intuitive relationship between tax and other elements of economic contribution such as employment, capital expenditure and research and development.

The results from this year's survey offer some insight into the reasons why the corporation tax companies actually pay is different from some expectations. Companies were asked to provide information on three major adjustments; pension contributions, capital allowances and depreciation, and research and development expenditure.

Employment is one way in which companies make a broader contribution to the UK economy, as highlighted above. But with employment comes the need to provide pensions and the related costs.

Figure 8

Investment made by 100 Group companies in fixed assets and on research and development

	Percentage of participants providing data	Total (£m)	Percentage of the total UK amount
UK fixed assets additions	86%	26,693	21.4%[12]
R and D expenses	60%	5,325	31.1%[13]

[12] Business investment http://www.ons.gov.uk/ons/rel/bus-invest/business-investment/q3-2013-revised-results/stb-bi-q3-2013.html
[13] UK Gross Domestic Expenditure on Research and Development, 2012. http://www.ons.gov.uk/ons/rel/rdit1/bus-ent-res-and-dev/2012/stb-berd-2012.html

The accounting treatment and tax treatment of pension costs varies, with tax relief for pension costs being on a cash basis while the liability to the pension scheme is a liability shown on the balance sheet. As a consequence, pension contributions reduce taxable profits; survey participants' data shows that pension deductions reduced the cash tax rate by 5.9%.

Capital investment. Assets are depreciated at a different rate than the relief provided by capital allowances. The results for the survey participants in 2013 show that capital allowances for tax purposes were less than the depreciation recorded to calculate the accounting profit. While capital allowances reduced the cash tax rate by 9.4%, these were exceeded by the depreciation in the financial accounts (which has to be added back in the tax calculation) to give a net impact of 1.4%.

Research and development. The UK tax system is designed to provide a tax deduction for research and development expenditure, either in the form of 100% capital allowances or as an additional tax deduction. The survey participants providing this data showed that research and development expenditure reduced the cash tax rate by 0.5%.

"Virtually all taxes, such as income tax, employees' national insurance contributions and VAT depend on the successful operation of British business, including creating jobs, paying wages, supplying goods and services and processing transactions."

The CBI, Tax and British business: making the case

Chapter 3: The evolving fiscal landscape in the UK

In a rapidly changing world, governments seek to present sound fiscal management to give confidence to businesses. The 100 Group companies play an important role in supporting the UK economy through their fiscal and wider economic contribution. In an evolving fiscal landscape, the contribution of the 100 Group has continued.

Over the last nine years, each survey has been conducted using a consistent methodology, the Total Tax Contribution framework, which allows us to analyse trends in taxes borne and collected over time, looking at the most recent movements and over the longer term.

The most recent trends between 2012 and 2013

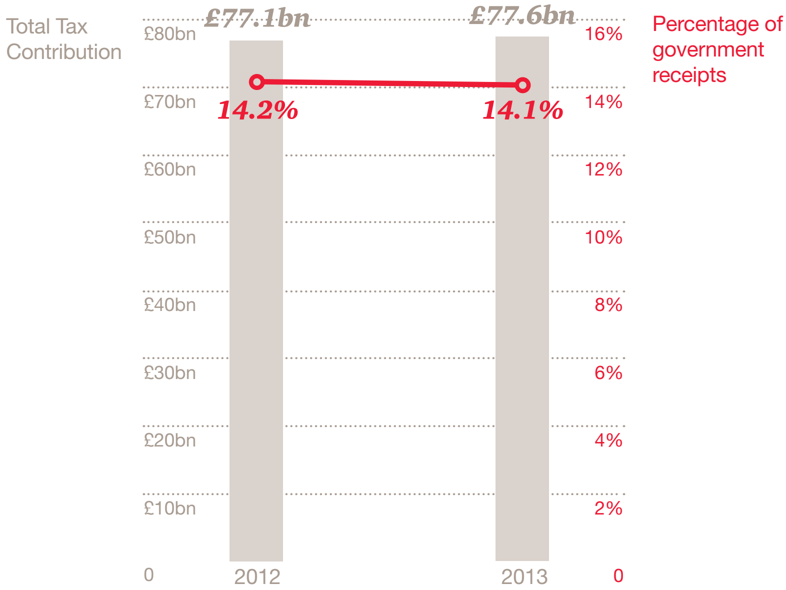
With the rate of corporation tax falling from 26% to 24%, stable rates for two of the largest taxes borne (irrecoverable VAT and employers NI), and two quarters of negative GDP growth in the year to 31 December 2012 (the relevant period for the majority of survey participants), it might have been expected that the Total Tax Contribution would fall. In fact, the Total Tax Contribution for 2013 has remained broadly constant when compared with the previous year as shown by figure 9.

This overall constant contribution is made up of a decrease in taxes borne and an increase in taxes collected. In order to understand the individual taxes driving these movements, we're able to look at the trends in the 86 companies that provided data for both years.

Figure 10 shows that taxes borne fell by 5.9%, driven by a fall in corporation tax, although this was partially offset by increases in business rates, employers NI and bank levy. Further details on the individual taxes are given in chapter 4.

Figure 9

The Total Tax Contribution of the 100 Group 2012 and 2013



The chart shows the trend in extrapolated Total Tax Contribution payments as an absolute number and as a percentage of Government receipts

Figure 10

Trends in taxes borne 2012-13

Tax	Trend as % of total
Corporation tax	-8.4%
Petroleum revenue tax	-0.1%
Business rates	1.0%
Employer NI	0.4%
Bank levy	1.9%
Irrecoverable VAT	-0.2%
Other taxes borne	-0.5%
Total taxes borne	**-5.9%**

Note: Based on companies taking part in both surveys

Taxes collected increased by 3.0% as shown in figure 11. There were increases in tax deducted at source, driven by PAYE on annuities paid by life insurers, net VAT and excise duties, driven by increases in fuel duties.

Trends between 2005 and 2013

From the Total Tax Contribution surveys there's an extensive bank of data on tax payments by the 100 Group companies over the last nine years. The application of a consistent methodology means that we're able to compare data for the companies that have participated in the survey for all nine years.

Taxes borne

Figure 12 shows the trend in corporation tax, other taxes borne and total taxes borne between 2005 and 2013, revealing a shift from emphasis on corporation tax towards labour and indirect taxes.

Overall, taxes borne have increased by 11% since 2005. Whilst corporation tax fell over the period by 40%, reflecting both falls in the tax rate and the recession, other taxes borne rose 70%, driving the overall trend. The volatility of corporation tax is starkly illustrated in figure 12. Having increased steadily until 2007, payments fell away sharply as the recession took hold from 2008. As profits recovered so too did the corporation tax payments. Lower corporation tax rates combined with falling profits have led to a renewed decline in 2012 and 2013.

Figure 11

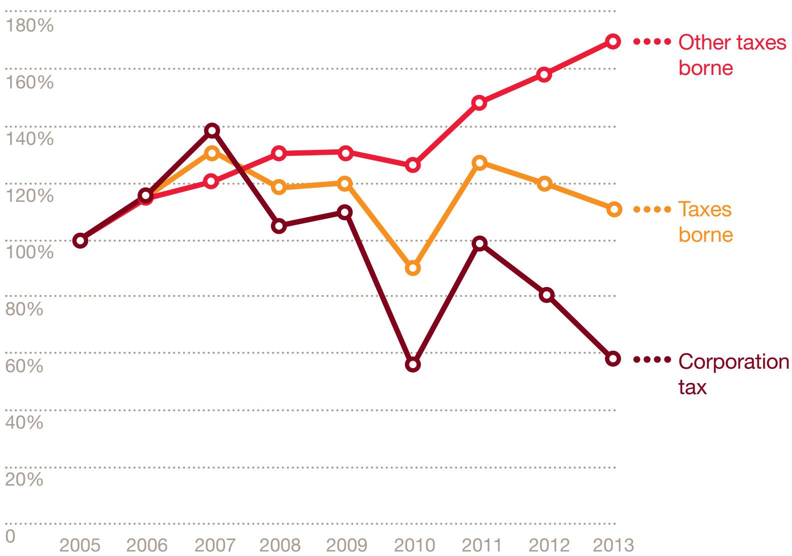
Trends in taxes collected 2012-13

	Trend as % of total
Tax deducted at source	0.3%
Excise duties	1.0%
Employees NI	0.2%
PAYE	0.6%
Net VAT	1.1%
Other taxes collected	-0.2%
Total taxes collected	**3.0%**

Based on companies taking part in both surveys

Figure 12

Trends in taxes borne, 2005-13



The chart shows the trend for companies taking part in all nine surveys using the 2005 survey figures as the base line.

Other taxes borne have been far less volatile and, apart from at the height of the recession, there has been a steady increase in other taxes borne. Changing rates of tax as a result of successive government policies have contributed to these trends and figure 13 shows how the rates of some of the major taxes borne have changed over this period.

How the trends have impacted the profile of taxes borne

The changing profile of taxes borne is shown in figure 14. Corporation tax, which accounted for 50% of total taxes borne in 2005, is now a much smaller proportion of the total tax borne being only 26%. Business rates have grown from 11% of total taxes borne in 2005 to 19% this year which we explore in further detail in chapter 4. Employers NI has risen from 20% to 28%, while the proportion accounted for by irrecoverable VAT has increased from 9% to 14% of total taxes borne, all of these changes being linked to changing rates.

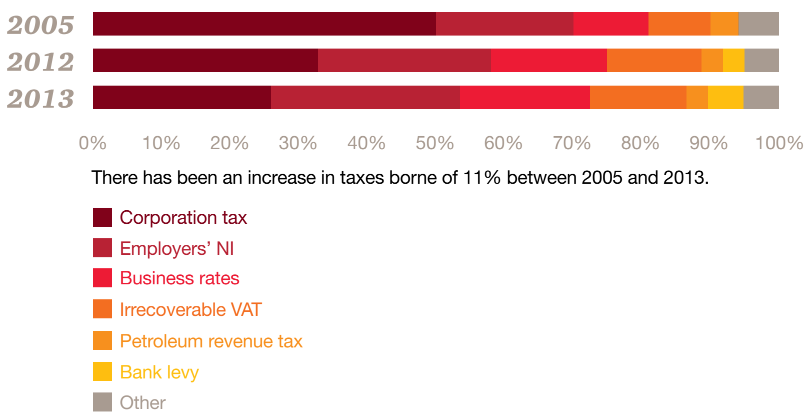
Figure 13

Change in rates of key taxes borne 2005-2013

		2004/5	2012/13	
Profit taxes	Corporation tax	30%	24%	Charged on taxable profits
People taxes	Employers NI	12.8%	13.8%	Rates apply above threshold
Property taxes	Bank Levy	-	0.088%	Rates apply to chargeable assets of banks
	Business rates	45.6	45.8	Multiplier charged on rateable value (standard)
Product taxes	VAT	17.5%	20%	Irrecoverable VAT incurred by partially exempt business
Planet taxes	Landfill tax	15	64	Charged on waste sent to landfill £ per tonne
	Climate change levy	0.43	0.509	Charged on purchase of electricity p per kwh

Figure 14

The changing profile of taxes borne in 2005 and 2013



There has been an increase in taxes borne of 11% between 2005 and 2013.

Taxes collected

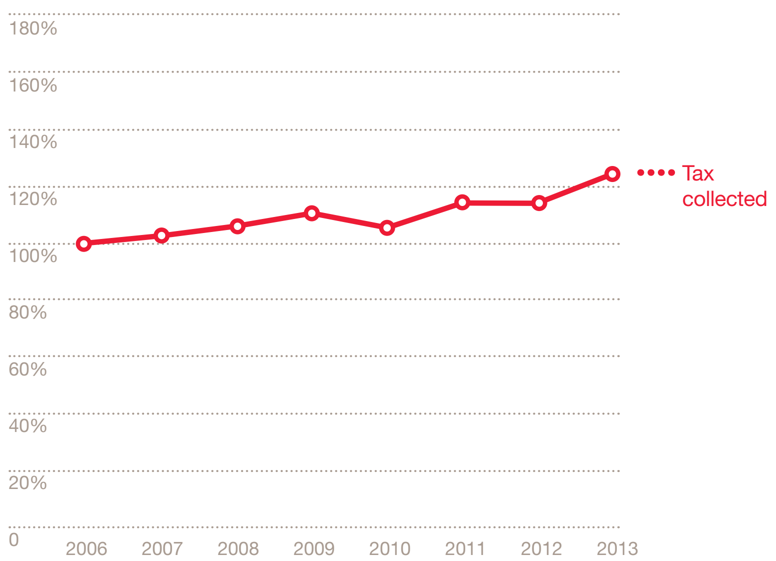
There has been an increase in taxes collected over the longer term. Since 2006, when data on taxes collected was first gathered, there has been an increase of 24% as shown in Figure 15.

How the trends have impacted the profile of taxes collected

The profile of taxes collected has changed less than taxes borne over the survey period as shown in figure 16. This demonstrates that there was a slight increase in income tax and employees NI reflecting the increase in rates for these taxes. These taxes represent a more stable source of Government revenue.

Figure 15

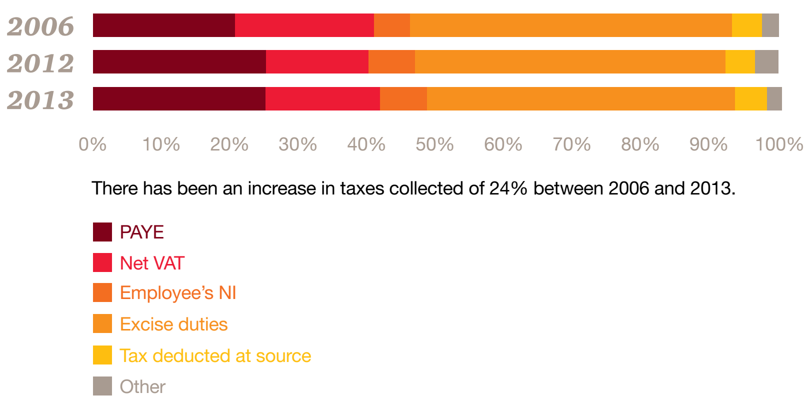
Trends in taxes collected, 2006-13



The chart shows the trend for companies taking part in all eight surveys since 2006 using 2006 survey figures as the baseline

Figure 16

The profile of taxes collected in 2006 and 2013

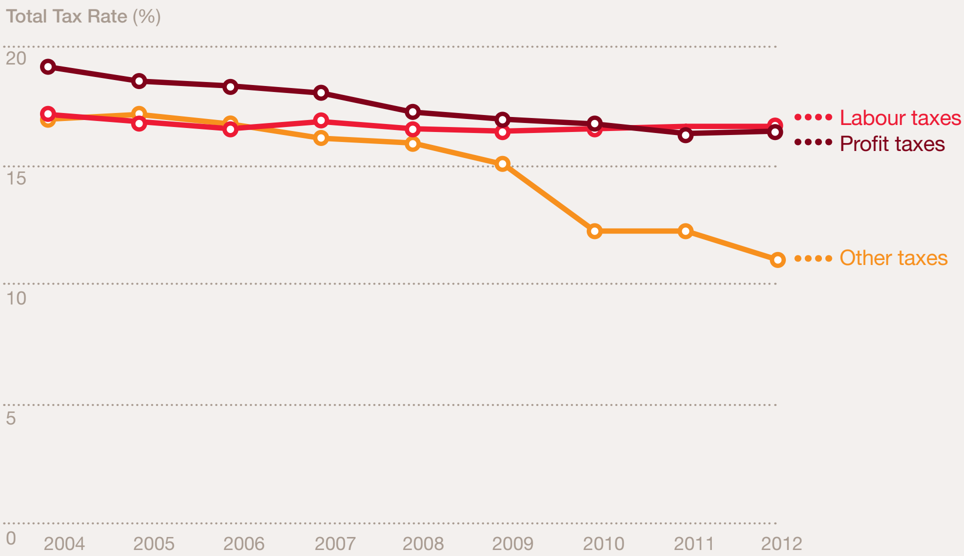


A shift from profit taxes to labour and indirect tax seen in global tax policy

There's evidence that the balance between profit taxes and other taxes is changing; not just in the UK but across the world. OECD statistics show a declining trend in the percentage of total tax revenues accounted for by taxes on income, profits and capital gains.[14] Findings from *Paying Taxes 2014*, prepared by PwC with the World Bank as part of the World Bank's *Doing Business* research programme also show that over the past nine years the global trend has been for the proportion of profit taxes making up the average total tax rate to have declined while the labour taxes and social contributions have been more stable and now represent the largest element of the Total Tax Rate for the study's case study company.[15]

Figure 17

The global trends in the individual types of tax in the Total Tax Rate from 2004 to 2012



Fiscal policy studies both in the UK (the Mirlees report) and abroad (the OECD) have indicated that corporate income taxes are among the least economically efficient type of tax. Policy makers must weigh the revenue-generating potential against the administrative and cost burden of the tax on business as well as impact on investment and economic growth.

[14] *Shifting the balance from direct to indirect taxes: bringing new challenge.* PwC
[15] *Paying Taxes: The global picture.* A comparison of tax systems in 189 economies worldwide. PwC and the World Bank

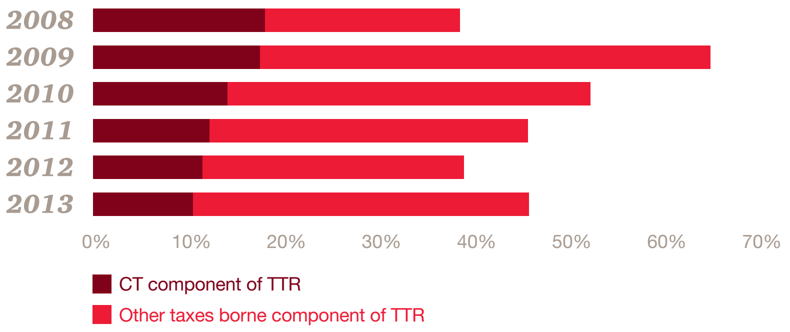
Trends in the Total Tax Rate

The average Total Tax Rate for the 100 Group companies for the year was 45.3%. The Total Tax Rate is a measure of the cost of all taxes borne in relation to UK profitability before all of those taxes. It's calculated by taking total taxes borne as a percentage of profit before total taxes borne.

The Total Tax Rate for the 100 Group has risen to 45.3%[16] in the 2013 survey. Figure 18 shows that the trend in the Total Tax Rate rose to a peak in 2009[17] when profits fell at the height of the recession and then fell back as the economy and profitability recovered. In 2013 taxes borne fell, but by proportionately less than the drop in profits and so the Total Tax Rate has risen since 2012.

Figure 18

Trends in the Total Tax Rate 2008-13

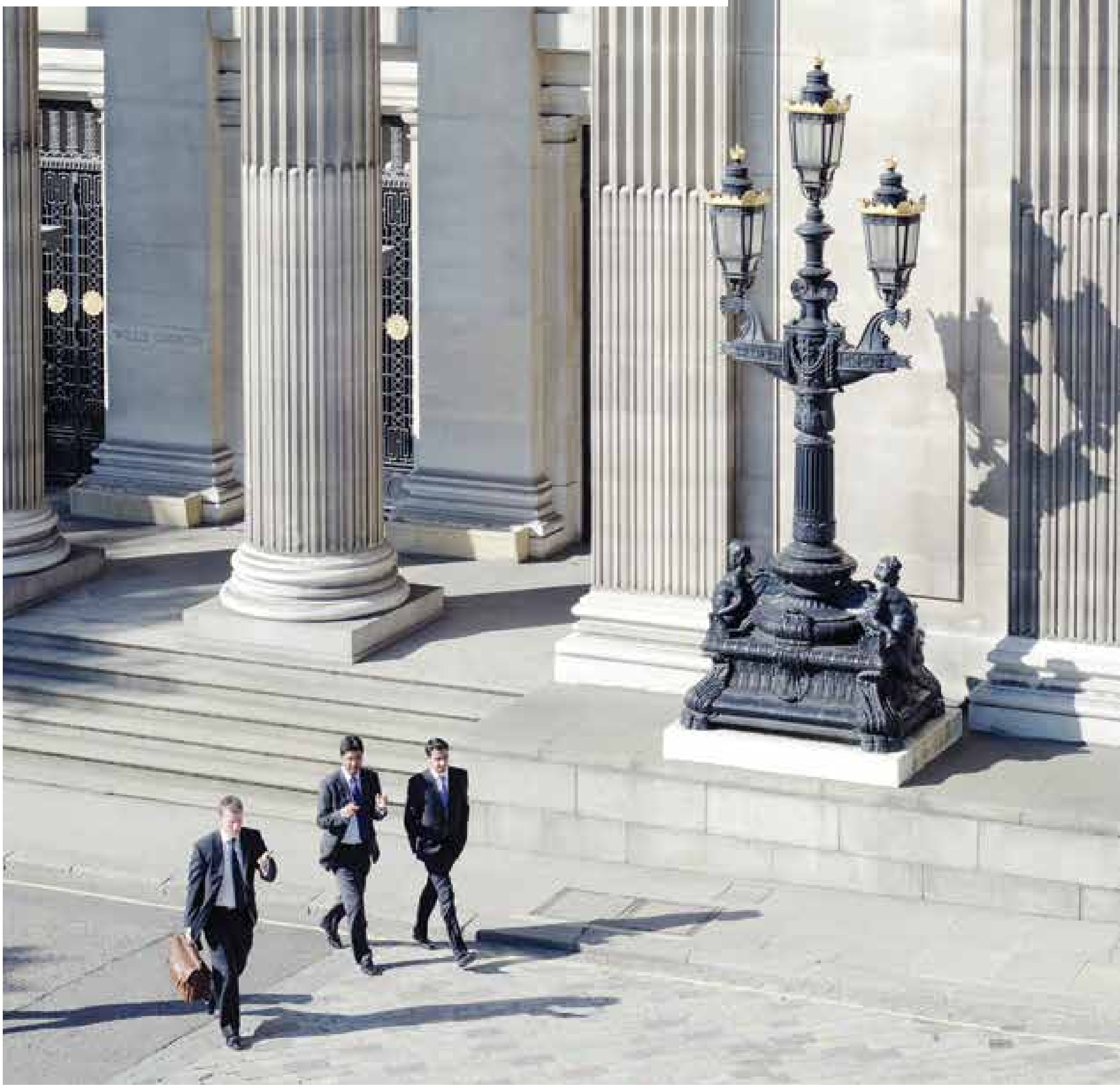


[16] Mean average. The range results in 2013 was 0.78% to 1374.8% and the mean average was 63.0%. One outlying result (over a 1000%) is excluded to give a trimmed mean average of 45.3%.

[17] The range of results in 2009 was 0.2% to 3,861.8% and the mean average was 146.6%. Two outlying results (0ver 1000%) are excluded to give a trimmed mean average of 64.4%.

"Growth-oriented tax systems seek not only to minimise the distortions of market signals by the tax system, but also to create as few obstacles as possible to investment, innovation, entrepreneurship and other drivers of economic growth. A growth-oriented tax reform would shift part of the tax burden from income to consumption and/or residential property"

Tax Policy Reform and Economic Growth,
OECD Tax Policy Studies No.20



Chapter 4: The range of business taxes

Whilst media and political attention continues to be heavily focused on corporation tax, companies bear and collect a much wider range of taxes. These are becoming increasingly important as a result of policies implemented by successive governments, and their public profile is increasing.

The number of taxes

While many people can identify and name the more common taxes, it is still perhaps a surprise that twenty five taxes were identified in 2013 using the Total Tax Contribution framework.

The EU Emissions trading scheme (EU ETS) and the Carbon Reduction Commitment have been included in the survey in 2013 following classification by HM Treasury in 2012 of these payments as environmental taxes.

Spotlight on corporation tax

There has been a high level of interest from media, Civil Society Organisations (CSOs) and parliamentary committees in corporation tax but it accounts for just 7.8% of the Total Tax Contribution of the 100 Group (see Figure 19).

The corporation tax paid by the 100 Group companies has fallen by 25.7% compared to 2012, almost completely due to the reduction in the rate of corporation tax (30% of the reduction) and lower oil and gas revenues (65% of the reduction).

The main rate of corporation tax was cut from 26% to 24% for 2012/13 as part of a longer-term policy commitment. The Chancellor has committed to further cuts which will bring the rate down to 20% from April 2015. So all other things being equal, it might be expected that the corporation tax contribution would fall from the levels seen in previous surveys. The rate reduction has accounted for 30% of the drop in corporation tax paid this year.

During 2013 the oil and gas industry experienced a fall in both oil production, investment[18] and the oil price while the underlying cost base increased. This reduced profits and consequently the corporation tax paid and this fall is seen in corporation tax payments coming through in published government figures (see Figure 27). This accounts for 65% of the fall in corporation tax for the 100 Group this year, emphasising the importance of this sector to the public finances.

In addition to the oil and gas industry, although less marked, there was a more general decrease in profitability amongst survey participants, accounting for 5% of the fall in corporation tax in 2013. On an average basis giving equal weight to each company, the total UK profits before tax for the 100 Group participants fell by 9.1% from those recorded in the 2012 study (see figure 20) and using the same average calculation, the fall in corporation tax was 10.5%.

Figure 19

Total Tax Contribution of the Hundred group by tax bases

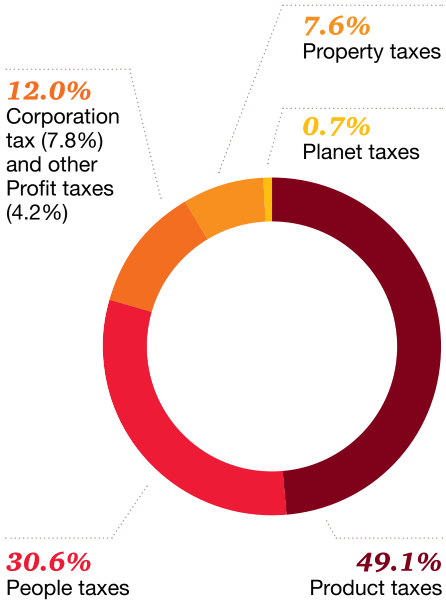
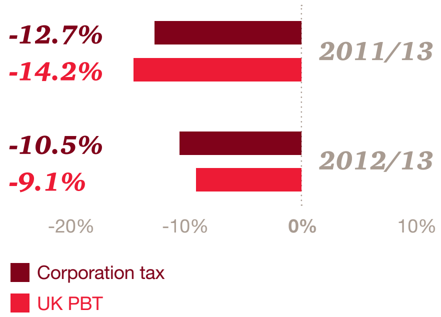


Figure 20

Trends in corporation tax and profits



The chart shows the average trend for companies providing both corporation tax and profits data.

[18] *Oil and Gas UK Economic report 2013*

Spotlight on employment taxes

As set out in chapter 2, employment is part of the wider contribution of the 100 Group and the survey data shows a growing contribution. There were increases in the number of employees (1.3%), wages (2.5%) and employment taxes (3.3%) compared to 2012 as shown in figure 21.

Wages and taxes per employee

The 100 Group employs highly skilled, well paid workers and, as in previous surveys, the average salary paid by the 100 Group companies exceeds the national average. The average salary in 2012/13, calculated by taking the total wages for the survey population and dividing it by the total number of employees within that population, was £31,286 compared to the national average of £27,000.

On average for each employee, an amount of £11,632 is paid in employment taxes to the public finances. This average, calculated by taking the total employment taxes for the survey population and dividing it by the number of employees within that population, is made up of £3,042 in taxes borne (employers NI and PAYE agreements) and £8,590 in taxes collected (income tax under PAYE and employee NI) as shown in figure 22.

Figure 21

Trend in employment statistics for the companies which provided data in 2012 and 2013

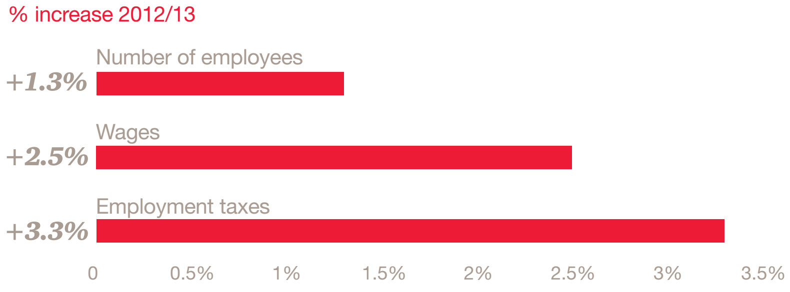


Figure 22

Wages and taxes per employee

Longer term employment trends

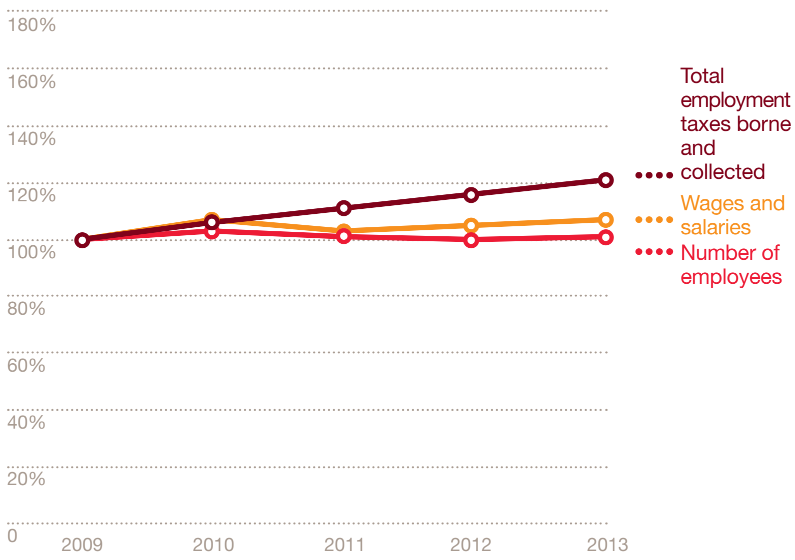
The creation and retention of UK jobs is a priority for Government as it strives for sustainable economic growth.

The employment trends for the 100 Group companies which have taken part in all five surveys since 2009 (see Figure 23) show that the number of employees has risen overall and is 1% higher than it was during the recession in 2009. The increase in wages and salaries over this period has exceeded this, rising by 7% over the five years. The total amount of employment taxes borne and collected by the 100 Group has increased by 21% over the same period, demonstrating the direct fiscal value generated by the job opportunities.

Underlying this increase in employment taxes are a number of incremental changes to employment tax rates and thresholds over the period. In 2010/11, an additional rate of income tax collected under PAYE was introduced, taxing income over £150,000 at 50%. In 2011/12 both employers and employees NI increased by one percentage point for employers and employees, counteracted in part by an increase in the primary and secondary thresholds.

Figure 23

Employment trends 2009-13



The chart shows the trend for companies providing data in all five studies using the 2009 survey figures as the base line.

Spotlight on business rates

The 100 Group participants' business and cumulo rates again rose against their prior year comparatives, increasing by 6.3% between 2012 and 2013. Figure 24 shows that this rise exceeded the growth in this tax in previous years. As shown in Figure 4, business rates remains the third largest tax borne.

Survey participants provided data amounting to 16% of Government receipts of business rates and 54% of the total is paid by retailers.

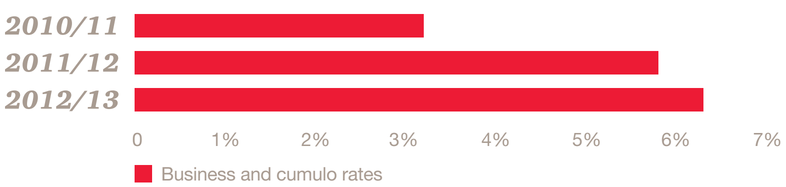
Business rates have been in the news recently as retailers, who have been responding to changing consumer behaviour and the impact of online shopping particularly feel the impact of this tax. Essentially a bricks and mortar tax, business rates were introduced before online business activity was envisaged. The Government has announced a review of the business rates system in 2017.

Spotlight on the bank levy

Bank levy of £1.2bn was reported by survey participants in 2013, an increase of 59% compared to 2012. The total amounts to 72% of total Government receipts in 2013. The bank levy has applied for all accounting periods ending after 1 January 2011 with the objective of encouraging institutions to move towards less risky funding profiles. The design of the levy is broadly based on proposals made to the G20 by the International Monetary Fund in their June 2010 report *"A fair and substantial contribution by the financial sector"*. Similar levies have been introduced in a number of other territories, including France, Germany and the Netherlands.

Figure 24

Trends in businesses and cumulo rates



> *"As one of the most open economies in the world, the UK has to work hard at retaining and attracting business as a source of both jobs and tax revenues. This has strong implications for the tax base, which includes not only corporation tax but all of the taxes that are driven from corporate activity."*
>
> Paying Taxes 2014: The global picture

This year's survey is the first year in which the full-impact of the bank levy is reflected along with the doubling from 0.044% for long-term liabilities to 0.088% for short-term liabilities.

HM Treasury have set an annual fixed revenue target in relation to the levy of £2.5bn. To date, government figures have shown that the yield from the levy has fallen below that target and the rate of the levy has been increased seven times since the original draft legislation was published.

During 2013 HMRC undertook a review of the design and implementation of the levy and changes to the detailed design of the levy are to be introduced in Finance Act 2014. Further regulatory change, in particular the implementation of the Capital Requirements Directive IV, the Banking Reform Bill, and the Recovery and Resolution Directive, will be monitored to identify whether any further changes to the levy may be required.

Figure 25

Environmental taxes borne

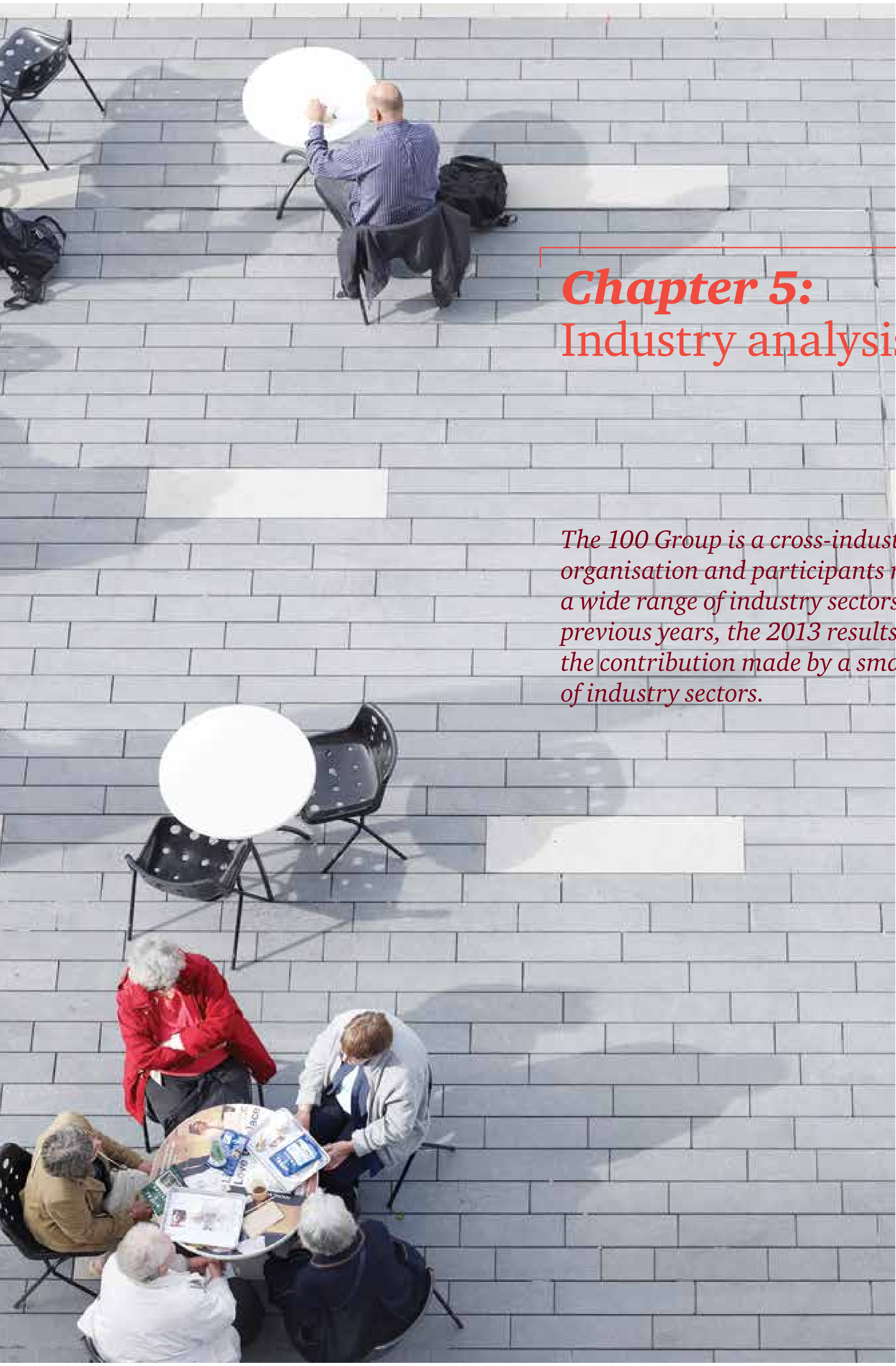
	Amount reported by 100 Group participants £m	% Government receipts of the tax
Landfill tax charged on waste disposed to landfill - which was raised for the survey period from £54 to £64 per tonne	33	3.0
Climate change levy on fuel and power used by businesses	138	19.8
Aggregates levy on freshly quarried rock, sand and gravel	50	17
EU Emissions Trading Scheme allowances to cover the carbon emissions of certain energy intensive industries	4	1.3
Carbon reduction commitment energy efficiency scheme to cover the carbon emissions of less energy intensive business	112	18.6
Carbon price support, the newest of the UK environmental taxes, which applies to fossil fuels used to generate electricity. This was introduced after the study period for this survey so does not yet feature in the tax contribution totals.		

Spotlight on green taxes

Environmental taxes are those taxes which are designed to help Governments achieve their environmental objectives and encourage a shift away from polluting or environmentally harmful activities. They make up just 1.5% of taxes borne and 0.4% of taxes collected reported by the 100 Group participants.

At their best, these taxes are clear and simple, where the consumer understands the amount of tax they are paying and where there is an available alternative behaviour to avoid the activity giving rise to the tax. Green taxes in the survey include those shown in Figure 25.

Environmental taxes are a small part of the total tax collected by the Government, but both the rate and number of taxes have increased significantly in recent years.



Chapter 5: Industry analysis

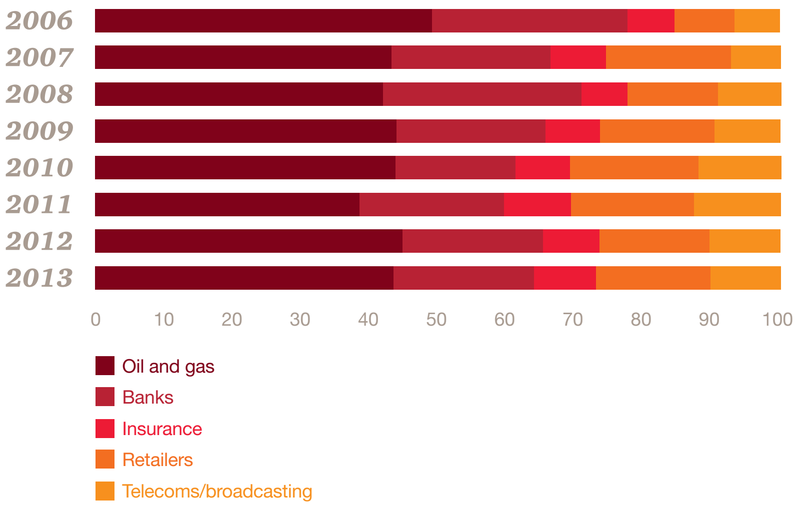
The 100 Group is a cross-industry sector organisation and participants represent a wide range of industry sectors. As in previous years, the 2013 results highlight the contribution made by a small number of industry sectors.

Figure 26 shows the relative Total Tax Contributions of the five largest sectors for each study over the past eight years.[19] Together, these industries make up 34% of the survey participants by number and contribute 69% of the total tax.

The largest contribution continues to be made by the oil and gas and banking sectors, accounting for 64.2% of the total contribution from the five sectors. Overall, however, the total from these two sectors has decreased over the period whilst the proportion contributed by retailers, insurers and telecoms has each increased.

Figure 26

How the Total Tax Contribution for key sectors has changed over time, 2006-13



The chart shows the percentage contribution to the survey results by sector for the years 2006 to 2013

[19] It is important to note that there are different numbers of participants in each sector and that the number of participants in a sector may vary also year by year

Oil and gas

Recent falls in taxes borne by the oil and gas industry have been offset by increases in taxes collected.

Taxes borne by the 100 Group oil and gas companies have fallen since last year. Corporation tax and the supplementary charge fell due to falls in levels of production, increased investment and an increase in costs (see Figure 28). This is symptomatic of the inevitable long-term decline in production levels as the oil and gas fields on the UK continental shelf fields mature.

The drop in corporation tax payments from the North Sea oil and gas industry is also reflected in the official government data, shown in figure 27.

Banks and insurance

Banks contribute 20.5% of the total from the five sectors and insurance companies contribute 9.0%. The contribution from these large financial services industries has increased compared to 2012 and is consistent with the findings in the sixth annual Total Tax Contribution study for the financial services sector which showed an estimated increase in the contribution from this sector between 2012 and 2013 of 3.2%.[22] Contributing to this increase is bank levy payments which have increased by 59% compared to last year, and increased corporation tax payments from life insurance companies.

Figure 27

Government receipts from corporation tax, by sector[20]

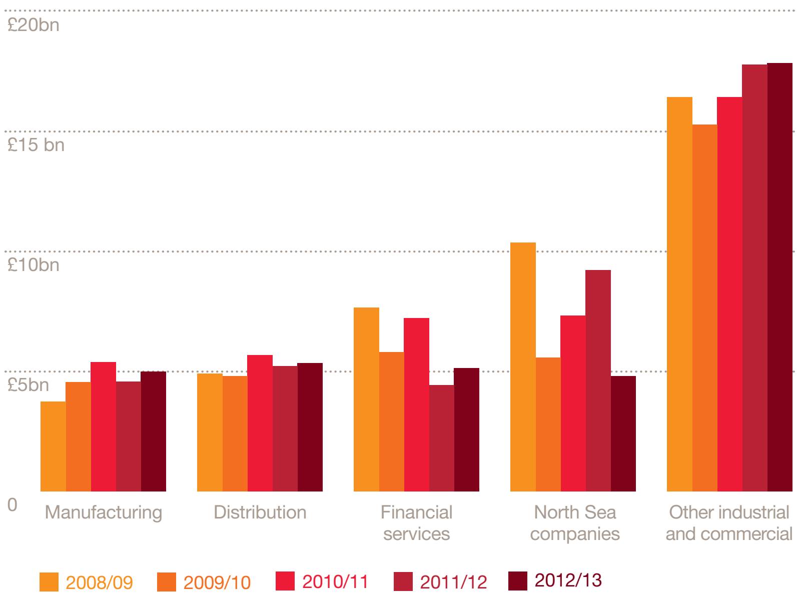
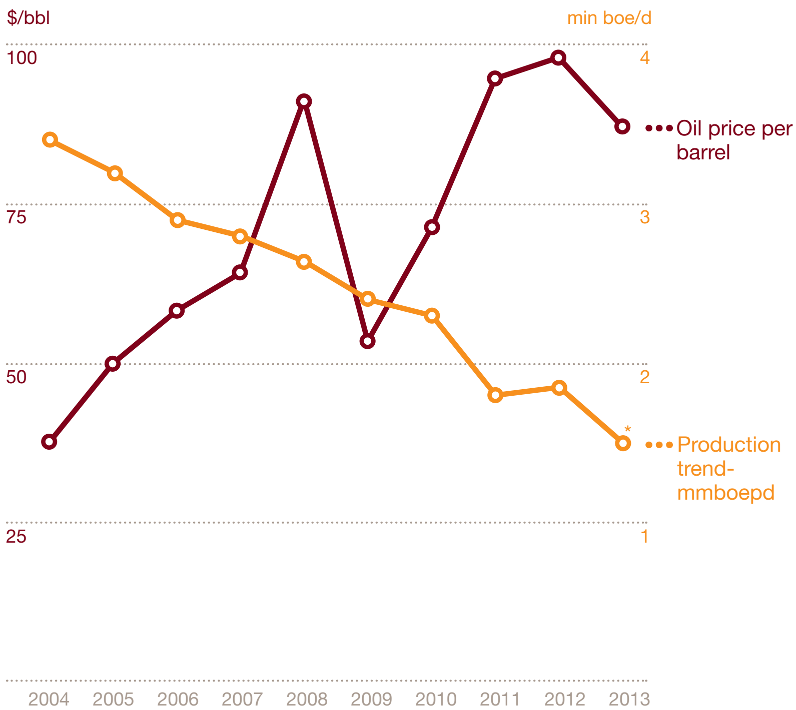


Figure 28

Oil price and production trends, 2004-13[21]



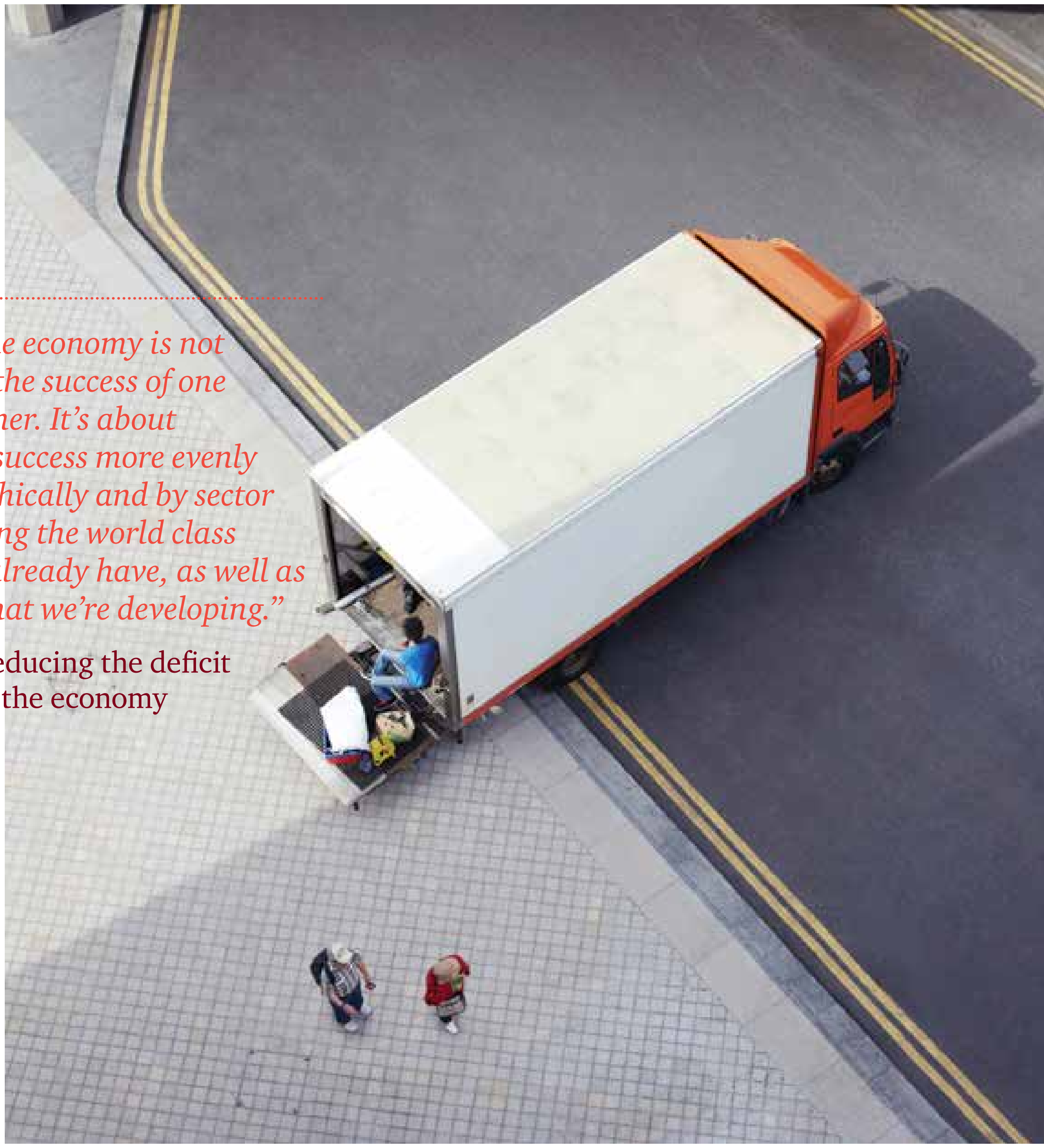
* 2013 forecast. www.bankofengland.co.uk

The chart shows trends in oil prices and production level

[20] HMRC National Statistics, Corporation Tax, Table T11.1
[21] Source: 2013 Oil and Gas UK activity survey
[22] http://www.cityoflondon.gov.uk/business/economic-research-and-information/research-publications/Documents/research-2013/total-tax-contribution-of-uk-financial-services-sixth-edition.pdf

Retail
The contribution of the retail sector is the third largest after oil and gas and banks. Business rates and employers NI are significant for this sector and with a large UK presence, a small number of companies make a substantial contribution.

Telecoms
Telecoms and broadcasting continue to be steady tax contributors. The sector is subject to cumulo rates on networks, a specific sector tax. The survey identifies "other payments to Government" which are not taxes since the payment results in a return of value to the company. The telecoms sector makes large other payments in licence fees and network payments.



"Rebalancing the economy is not about trading the success of one sector for another. It's about spreading our success more evenly – both geographically and by sector – and supporting the world class industries we already have, as well as the new ones that we're developing."

HM Treasury: Reducing the deficit and rebalancing the economy

Chapter 6: Business perceptions

As part of the survey the 100 Group companies were asked some subjective questions around their perception of some of the most recent policy initiatives and issues. Figure 29 summarises the responses.

The strongest perception from survey participants was 75% of them agreeing that the CBI's code of conduct will help lead to a better understanding by the public of company tax policies and an improvement in the level of trust. 73% agreed that greater tax transparency from multinational companies is needed to inform the debate on how much business contributes in taxes. We asked participants whether they think reducing the main rate of corporation tax will encourage investment in the UK, this year making the question specific to the respondent's company. The question had also been asked in the previous year's survey and agreement with this statement fell from over 70% to 57%.

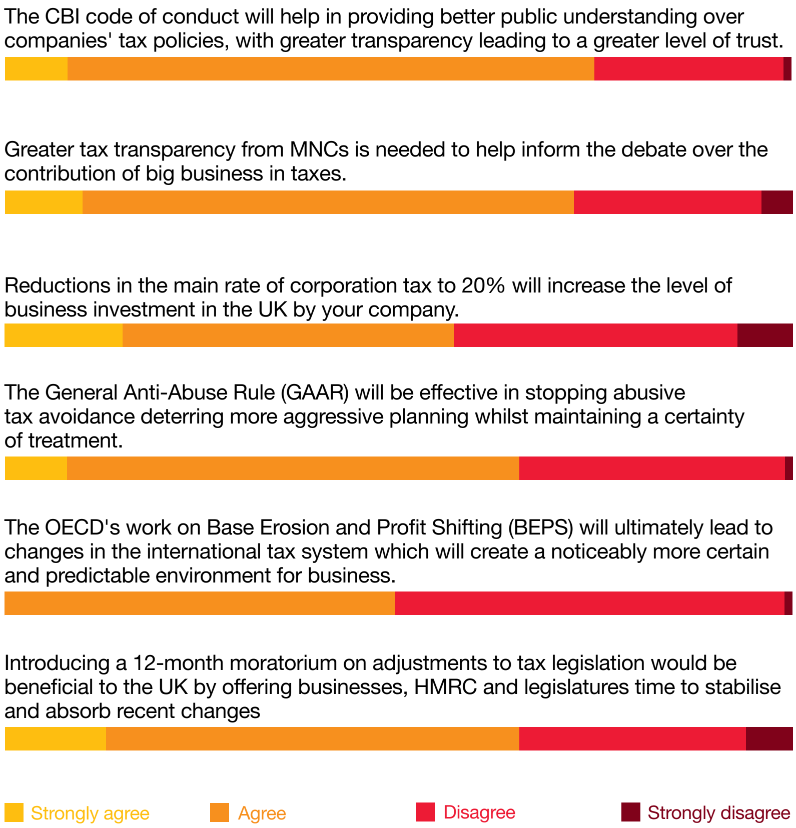
Interestingly, belief that the General Anti-Abuse Rule (GAAR) will be effective in counteracting "abusive tax avoidance schemes" has risen to 66%, perhaps due to greater clarity now available around how the rule will operate.

Respondents were split 50/50 as to whether the OECD's Base Erosion and Profit Shifting initiative will lead to changes in the international tax system creating a more predictable environment for business. No participants strongly agreed with the statement.

Based on a suggestion submitted in response to last year's survey, we asked if companies see a benefit in a 12-month moratorium on adjustments to tax legislation. The response was 66% approval for a measure that would allow time to stabilise and absorb the recent changes.

Figure 29

Business perceptions on tax policy issues and initiatives



Chapter 7: Why is it important to know your Total Tax Contribution?

Understanding their Total Tax Contribution can help companies make informed decisions, demonstrate a commitment to tax strategy and better manage tax risk. It can enhance tax transparency capabilities, both for internal and external communication messages. Together with social, economic and environmental factors, the tax contribution to public finances is an essential part of a business' total impact.

Each company participating in the survey receives an individual report on their Total Tax Contribution which details all of the taxes borne and collected and the wider contribution made. These reports benchmark payments and other indicators against other participating companies by size of payment as well as showing the individual taxes borne and collected profiles.

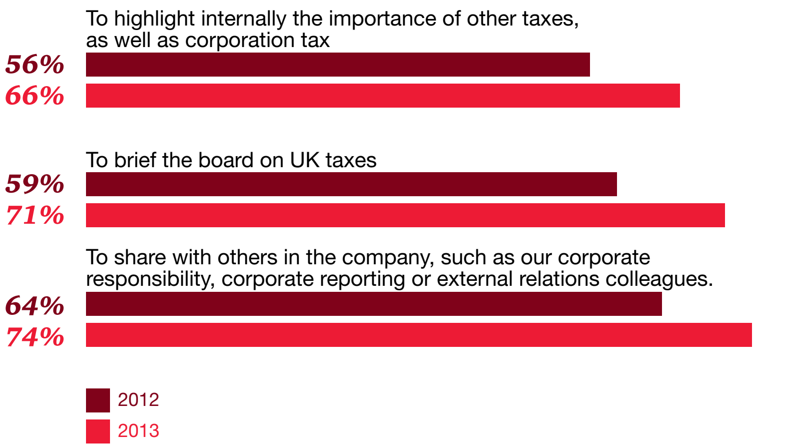
We ask the participants how this information is used in their businesses. The suggested uses can be classified into three main categories: tax function management, internal communications and external communications. Results suggest an increased use of Total Tax Contribution in internal communications and public or investor relations.

Internal communication

There's a clear increase in the use of individual company data for internal briefing purposes, as illustrated in Figure 30. This year, 71% of respondents used the information to brief their board and 74% to share with others in the company such as corporate and social responsibility and external relations. This concurs with the findings in Figure 32 that Total Tax Contribution data is being used more widely in external relations – it falls on the tax and finance departments to keep the external relations team appraised of the tax profile, should they wish to share messages with wider stakeholders.

Figure 30

Internal communications uses for Total Tax Contribution data



The chart shows the percentage of companies using their data as described

Tax function management

A common management purpose for Total Tax Contribution data remains its influence on tax strategy, planning and risk management. Figure 31 shows 35% of respondents gave this response. This is perhaps not surprising, given the severe consequences of failing to meet compliance obligations. 29% cite the data as being used in the management of the tax function – understanding the Total Tax Contribution profile can be a point-of-reference in ensuring key risk areas are appropriately staffed. The proportion of respondents regularly collecting this data internally has risen from 24% to 27% since last year's survey.

Figure 31

Tax management uses for Total Tax Contribution data

The chart shows the percentage of companies using their data as described

External communication

An interesting dichotomy emerges in the use of Total Tax Contribution data for external communication purposes, shown in Figure 32. Usage has fallen in engagement with more traditional tax stakeholders; discussion with HMRC has fallen 5% to 30%.

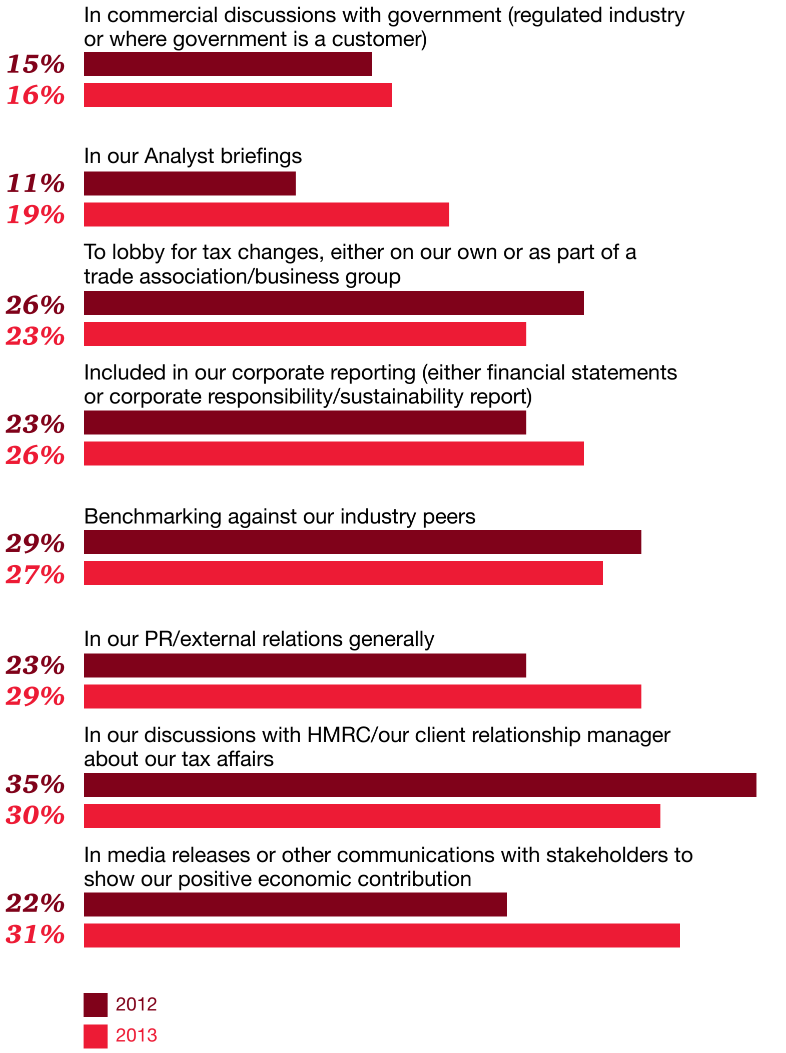
Conversely, the use of individual company data in media releases and to demonstrate positive economic contribution has risen from 22% to 31%. For more general public relations messaging the respondents' use has risen from 23% to 29%.

With increased interest in Total Tax Contribution, we're seeing companies reaching out to their international operations to gather data on all taxes borne and collected around the world. Some are coding the data extraction process into their systems to facilitate data collection in future years and others are seeking assurance over the data prior to use in external communications.

As the debate on country-by-country reporting in the EU and Base Erosion and Profit Shifting in the OECD continues, Total Tax Contribution can be a useful tool for communicating a company's total contribution in taxes and explaining tax affairs in a way that looks at all the taxes a company pays.

Figure 32

External communications uses for Total Tax Contribution data



The chart shows the percentage of companies using their data as described

Appendices

Appendix I: List of companies invited to participate in the 2013 survey

3i Group Plc
Aberdeen Asset Management Plc
Admiral Group Plc
Aggreko Plc
Alliance Boots
Alliance Trust Plc
Amec Plc
Anglo American Plc
Antofagasta Plc
ARM Holdings Plc
Associated British Foods Plc
AstraZeneca Plc
Aviva Plc
Babcock International Group Plc
BAE Systems
Balfour Beatty Plc
Barclays Plc
BG Group Plc
BP Plc
British Airways Plc
British American Tobacco Plc
British Broadcasting Corporation
British Land Company Plc
British Sky Broadcasting Plc (The)
BT Group Plc
Bunzl Plc
BUPA
Burberry Group Plc
Cable and Wireless Communications Plc
Cairn Energy Plc
Centrica Plc
Cobham Plc
Compass Group Plc
Croda International Plc
Daily Mail and General Trust Plc
Diageo Plc
Experian
ExxonMobil International Limited
G4S
GKN Plc
GlaxoSmithKline Plc
Greenergy International Ltd
Hammerson Plc
Hays Plc
Heathrow Airport Holdings Limited
Home Retail Group Plc
HSBC Holdings Plc
ICAP Plc
IMI Plc
Imperial Tobacco Group Plc
Inmarsat Group Plc
Intercontinental Hotels Group Plc
Intertek Group Plc
Intu Properties Plc
Invensys Plc
ITV Plc
J Sainsbury Plc
John Lewis Partnership
Johnson Matthey
Kingfisher Plc
Labrokes Plc
Land Securities Group Plc
Legal & General Group Plc
Lloyd’s of London
Lloyds Banking Group Plc
Marks & Spencer Plc
Meggitt Plc
Mitchells & Butler Plc
National Grid Plc
Nationwide Building Society
Next Group Plc
Old Mutual Plc
Pearson Plc
Pennon Group Plc
Petrofac Limited
Prudential Plc
Reckitt Benckiser Plc
Reed Elsevier Group Plc
Resolution Operations LLP
Rexam Plc
Rio Tinto Plc
Rolls-Royce Plc
Royal Bank of Scotland Group Plc (The)
Royal Dutch Shell Plc
Royal Mail Group Limited
RSA Insurance Group Plc
SABMiller Plc
Sage Group Plc (The)
Schroders Plc
Scottish & Southern Energy Plc
SEGRO Plc
Serco Plc
Severn Trent Plc
Shire Plc
Smith & Nephew Plc
Smiths Group Plc
Standard Chartered Bank
Standard Life
Tata Steel Limited
Tate & Lyle Plc
Tesco Plc
The Capita Group Plc
The Weir Group Plc
The Wellcome Trust
Tomkins Plc
Tullow Oil Plc
Unilever Plc
United Utilities Plc
Vodafone Group Plc
Whitbread Group Plc
Wm Morrison Supermarkets Plc
Wolseley Plc
Wood Group Plc
WPP Plc

Appendix II: List of taxes borne and collected in the UK

	Tax borne	Tax collected
Taxes on profits (profit taxes)		
Corporation tax	x	
Tax deducted at source		x
Petroleum revenue tax	x	
Betting and gaming duty	x	
Taxes on property (property taxes)		
Business rates and cumulo rates	x	
Stamp duty land tax	x	
Stamp duty	x	
Stamp duty reserve tax	x	x
Bank levy	x	
Taxes on employment (people taxes)		
Income tax under PAYE		x
PAYE agreements (tax on benefits)	x	
Employees' national insurance contributions		x
Employers' national insurance contributions	x	
Taxes on consumption (product taxes)		
Net VAT		x
Irrecoverable VAT	x	
Customs duties	x	
Fuel duties		x
Tobacco duty		x
Alcohol duty		x
Insurance premium tax	x	x
Air passenger duty	x	x
Vehicle excise duty	x	
Environmental taxes (planet taxes)		
Landfill tax	x	x
Congestion charge	x	
Climate change levy	x	x
Aggregates levy	x	
EU Emissions Trading Scheme ('EU ETS')	x	x
Carbon Reduction Commitment Energy Efficiency Scheme ('CRC')	x	

Appendix III: Taxes borne and collected by participants of the 2013 100 Group survey

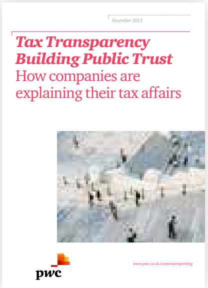
Taxes Borne	£s 2013	% of tax receipts
Taxes on profits (profit taxes)		
Corporation tax	5,741,257,968	14.5%
Petroleum revenue tax	680,188,952	40.0%
Betting and gaming duty	95,542,703	5.6%
Taxes on property (property taxes)		
Business rates and cumulo rates	4,184,173,915	16.0%
Stamp duty land tax	111,809,656	1.6%
Stamp duty reserve tax	36,661,002	1.7%
Bank levy	1,153,500,215	72.1%
Taxes on employment (people taxes)		
PAYE agreements (tax on benefits)	118,998,258	0.1%
Employers' national insurance contributions	6,110,361,150	5.8%
Taxes on consumption (product taxes)		
Irrecoverable VAT	3,125,592,733	2.7%
Customs duties	338,392,703	11.7%
Insurance premium tax	36,345,705	1.2%
Air passenger duty	48,894,479	1.7%
Vehicle excise duty	63,437,272	1.1%
Environmental taxes (planet taxes)		
Landfill tax	32,970,103	3.0%
Congestion charge	3,197,599	-
Climate change levy	138,323,873	19.8%
Aggregates levy	50,870,341	17.0%
EU Emissions Trading Scheme ('EU ETS')	4,043,383	1.3%
Carbon Reduction Commitment Energy Efficiency Scheme ('CRC')	111,503,571	18.6%
Total	**22,186,065,581**	

Taxes collected	£s 2013	% of tax receipts
Taxes on profits (profit taxes)		
Tax deducted at source	2,374,389,245	6.0%
Taxes on property (property taxes)		
Stamp duty reserve tax	166,245,879	7.6%
Taxes on employment (people taxes)		
Income tax under PAYE	12,956,284,744	9.8%
Employees' national insurance contributions	3,540,788,952	3.4%
Taxes on consumption (product taxes)		
Net VAT	8,604,839,904	7.5%
Fuel duties	14,637,919,271	55.0%
Tobacco duty	5,871,028,367	61.2%
Alcohol duty	2,437,305,230	24.1%
Insurance premium tax	752,119,432	25.1%
Air passenger duty	541,204,688	19.3%
Environmental taxes (planet taxes)		
Landfill tax	139,962,149	12.7%
Climate change levy	76,018,129	10.9%
Total	**52,098,105,990**	

Appendix IV: Tax Transparency and Total Tax Contribution publications

Total Tax Contribution of UK Financial Services – sixth edition

Published December 2013



Tax Transparency: How companies are explaining their tax affairs

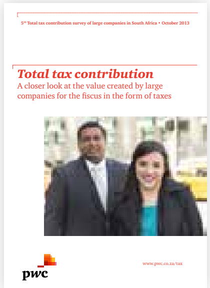
Published December 2013

Paying Taxes 2014: The global picture

Published jointly with the World Bank November 2013

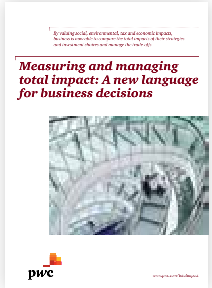
Tax transparency and country-by-country reporting: An overview and comparison of tax transparency

Published October 2013



Total Tax Contribution: South Africa

Published October 2013



Measuring and managing total impact: A new language for business decisions

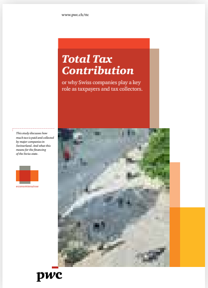
Published September 2013

Total Tax Contribution: Luxembourg

Published June 2013

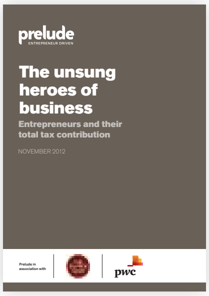
The contribution of retailers to the UK public finances

Published May 2013



Total Tax Contribution: Switzerland

Published April 2013



The unsung heroes of business: Entrepreneurs and their total tax contribution

Published November 2012

Corporate income tax – a global analysis

Published October 2012

To download or request a hard copy of any of the above publications, please visit www.pwc.co.uk/tax/total-tax-contribution

Appendix V: Key contacts

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