2016 Total Tax Contribution survey for the 100 Group

A major contribution – and from different sectors

December 2016

The 100 Group

pwc

www.pwc.co.uk/totaltaxcontribution

About the 100 Group

The 100 Group represents the finance directors of the FTSE 100, several large UK private companies and some UK operations of multinational groups. The member companies represent the majority of the market capitalisation of the FTSE 100, collectively employing 6.6% of the UK workforce, and in 2016 paid, or generated, taxes equivalent to 13.3% 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.

About PwC

PwC firms help organisations and individuals create the value they're looking for. We're a network of firms in 157 countries with more than 208,000 people who are committed to delivering quality in assurance, tax and advisory services. Tell us what matters to you and find out more by visiting us at www.pwc.co.uk.

Table of contents

Foreword

Welcome to the twelfth annual PwC Total Tax Contribution (TTC) survey of the 100 Group. This report presents the analysis of data received from 100 companies, highlighting the TTC and wider economic contribution for 2016[1], along with the trend analysis over the twelve years of the survey.

This TTC survey goes beyond the tax contribution of big businesses, and analyses the wider contribution made by the largest UK companies. The UK economy profits from a wide range of direct and indirect benefits generated by this group of companies: they account for a considerable proportion of total UK capital investment and R&D spending; they employ 6.6% of the total UK workforce, paying an average wage 18% higher than the national average; and their activity supports a wide range of UK suppliers, many of which are SMEs. The continued investment and related economic stimulus generated by their activities is considerable.

As the 2016 TTC survey is published, the tax contributions of the largest companies continue to be headline news on a regular basis. Tough economic conditions prevailing since the financial crisis have resulted in a continued focus on government budget discipline and public scrutiny as to whether companies and individuals are paying a fair share of tax. The institutional response, to increase transparency in tax arrangements, has also been gathering pace in recent years.

This year there have been further developments in country-by-country reporting (CbCR) along with the UK requirement for large businesses to publish their UK tax strategy. CbCR under the Organisation for Economic Co-operation and Development's (OECD) BEPS initiative requires large multinational groups operating within OECD member countries to disclose their corporate income tax payments, and some other financial information, to tax authorities. The European Commission has put forward a proposal to make CbCR disclosures public and, although just a proposal at this stage, some companies are already considering the impact of public disclosure.

A key challenge around public CbC reporting is the narrow focus on corporate income tax and other profit related taxes. This provides an incomplete picture of the full extent of taxes that companies pay, as this report demonstrates. Some companies are concerned that such public disclosures will fail to provide the clarity around tax contributions that government institutions and a range of other stakeholders are seeking, and are looking at making voluntary disclosures to explain the full extent of their tax contribution.

Since the last survey, we have also had an historic vote for the UK to leave the European Union, along with greater political uncertainty elsewhere. The Brexit outcome highlighted the lack of trust in big business but this survey shows the positive contribution that large businesses make to the UK economy, through employment, investment and R&D, along with the contribution to the public finances.

[1] *Data was collected for accounting periods ending in the year to 31 March 2016*

There are clear challenges ahead, but change also brings opportunity. From a tax perspective, depending on the negotiated relationship with the EU, there may be greater freedom in the future to use tax to help different groups of people, regions and industries. This year's survey highlights the importance of financial services to the UK economy and recognises a sectoral shift in the profile of taxes borne, with the tax contribution of the financial services sector increasing over the past six years as the contribution from the oil and gas sector has declined.

A wider public debate about the tax system is to be welcomed, but it is crucial that the debate is well-informed and based on reliable data. The 100 Group TTC survey aims to contribute to this debate with data collected over a twelve year period, based on the PwC TTC framework that is simple and well understood. We hope that enriching the public narrative with robust data can help to build trust, inform constructive debate and contribute to sound policymaking. The survey, supported by at least one hundred companies in each of the last four years, provides comprehensive analysis of the tax, and wider economic contribution, of the largest UK companies.

We thank the participating companies for continuing to support the survey and encourage business leaders and other stakeholders to engage with the tax agenda in the future.

Andrew Bonfield

The 100 Group, Chairman

Andrew Packman

PwC, Total Tax Contribution and Tax Transparency leader

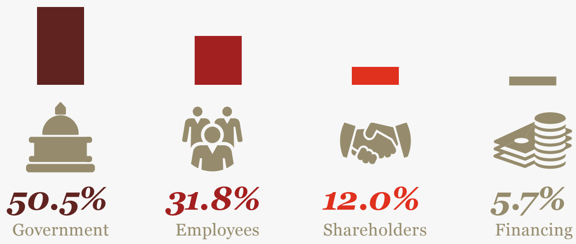
Key findings

TTC of the 100 Group increased in 2016

The Total Tax Contribution of the 100 Group was £82.3bn, up from £80.5bn in 2015. This includes both taxes borne of £23.7bn and taxes collected of £58.6bn, and represents 13.3% of total government receipts.

Government continues to be the largest beneficiary of the value distributed

Over half of the value distributed by 100 Group participants is to government in taxes (50.5%). Employees of the 100 Group are the second largest beneficiary (31.8%), followed by profit available for shareholders or for reinvestment (12.0%), while providers of finance receive the remaining 5.7%.

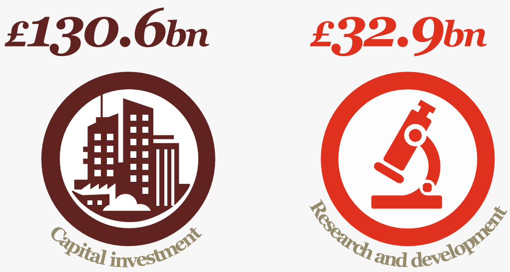


The 100 Group companies are major employers

We estimate the 100 Group employed 2.1 million people, representing 6.6% of the total UK workforce, paid an average wage of £33,220 (the national average is £28,200) and contributed employment taxes of £12,135 per employee on average.

The contribution goes beyond tax

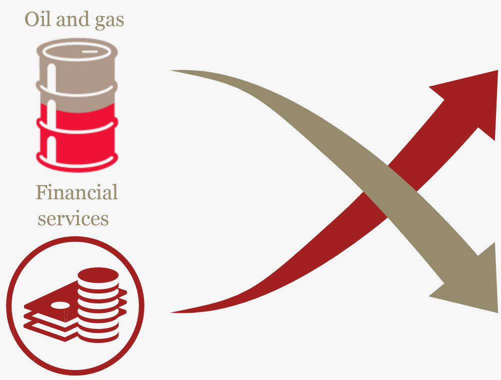
Over the last five years, survey participants have spent £130.6bn on capital investment and £32.9bn on research and development.



Evidence of a sectoral shift in the taxation of the 100 Group

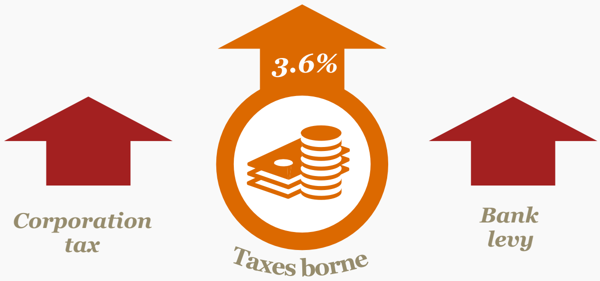
The impact of tax policy varies by industry sector. Business rates are the largest tax for retailers, and a significant tax for telecoms and utilities. Bank levy is the largest tax for banks, and irrecoverable VAT continues to be a substantial tax for insurers.

The proportion of taxes borne by industry sector continues the recent trend away from oil and gas companies and towards the financial services sector.



Taxes borne increased by 3.6% from 2015 to 2016

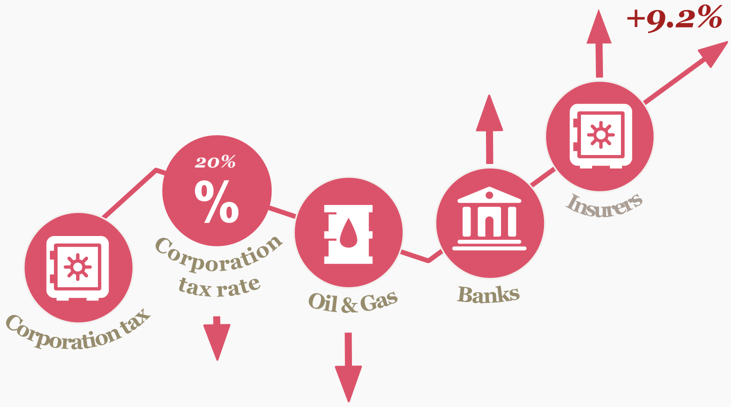
The increase was largely driven by corporation tax and bank levy. Employers' NIC remains the largest tax borne, followed by business rates.



Greater contribution from corporation tax despite the lower rate

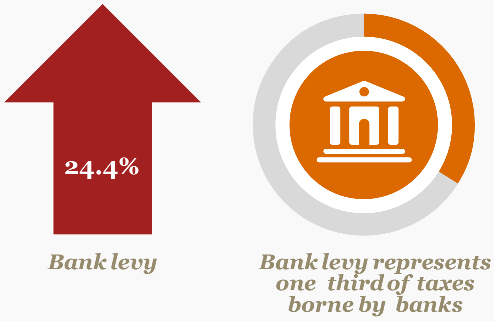
Corporation tax continues to be the third largest tax borne, after employers' NIC and business rates. The contribution from corporation tax has increased by 9.2% from the previous year, despite the statutory rate being at its lowest level since the survey began 12 years ago.

Banks (up by 66%) and insurance companies (109%) are driving the increase in corporation tax. The banks have been affected by legislative changes and the tax payments of insurance companies reflect buoyant gilt and bond markets.



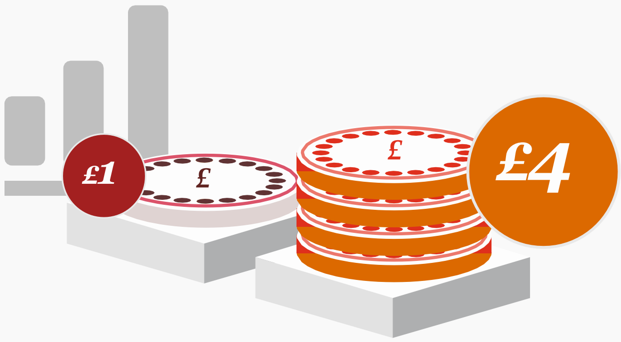
Greater contribution from bank levy

The contribution from the banking sector increased further due to rising bank levy rates contributing to an increase of 24.4% in bank levy from the previous year.



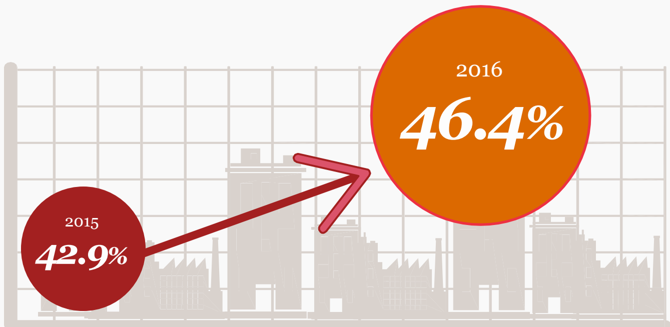
Companies contribute more than corporation tax to the public finances

For every £1 of corporation tax, there was another £4 in other business taxes borne by 100 Group companies.



Total Tax Rate has increased by 3.5 percentage points

This measure of the total tax burden has increased to 46.4% from 42.9% as a result of an increase in taxes borne.



Total Tax Contribution of the 100 Group in 2016

The 100 Group[2] makes a significant contribution to the UK tax revenues. We estimate the 2016 Total Tax Contribution of the 100 Group to be £82.3bn, £1.8bn higher than in 2015. This is £3.7bn higher than the pre-financial crisis total of £78.6bn in 2007.

The one hundred companies that participated in the 2016 survey provided data on taxes paid totalling £80.7bn. After extrapolation[3] to all 100 Group members, the TTC is estimated to be £82.3bn, which represents 13.3% of government receipts for the year ending 31 March 2016 (figure 1). We estimate that this comprises total taxes borne of £23.7bn and total taxes collected of £58.6bn. Within taxes borne, we estimate corporation tax of £4.9bn, 11.0% of government corporation tax receipts and employment taxes of £25.4bn, 9.8% of government receipts of employment taxes.

Other business taxes paid, other than corporation tax, account for 94% of the TTC in 2016. However, there is often little visibility of these other business taxes borne and collected, and public debate often fails to recognise the full picture.

The TTC in 2016 is £1.8bn higher than in 2015, and represents a similar share of government receipts, 13.3% in 2016 compared to 13.4% in 2015 (figure 3). This reflects the continued importance of the 100 Group companies to the UK Exchequer.

The largest taxes borne continue to be employers' NIC (27.7% of total taxes borne), business rates (20.9%), and corporation tax (19.7%) (figure 2).

The estimated £4.9bn of corporation tax represents a 12.1% increase from 2015, despite the statutory rate falling from 21% to 20%, its lowest level since the survey began 12 years ago. For every £1 of corporation tax, £3.96 is paid in other business taxes borne. In 2015, this ratio was £1 of corporation tax to £4.46 of other business taxes borne. In 2005, the ratio was 1:1.

Employment taxes are the largest share of taxes collected (PAYE 24.3% and employees' NIC 6.8%) followed by fuel duties 26.6% (figure 4). For every £1 of corporation tax borne by this group of companies, there is £12.44 of taxes collected.

The TTC surveys for the 100 Group use the PwC TTC methodology, which looks at taxes borne and taxes collected whilst clearly distinguishing between the two. Taxes borne by a company are those that represent a cost to the company and are reflected in its financial results, e.g. corporation tax, employers' NIC and business rates, etc.

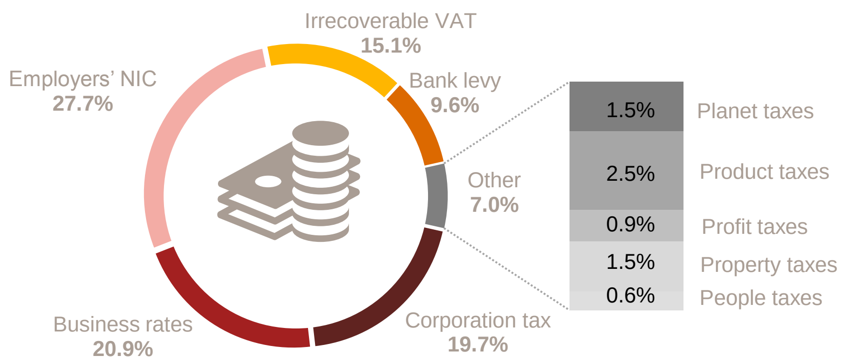
Figure 1 – Total Tax Contribution of the 100 Group 2016

	Survey participants (£m)	Extrapolated to the 100 Group (£m)[3]	Percentage of UK government receipts[4]
Corporation tax[5]	4,641	4,867	
Other taxes borne	18,380	18,878	
Taxes borne	23,021	23,745	
Taxes collected	57,712	58,587	
Total Tax Contribution	**80,733**	**82,332**	**13.3%**

Source: PwC analysis

2 *This includes all companies that have contributed data in TTC surveys conducted for the 100 Group and are members or have been members.*
3 *Extrapolation has been carried out on a conservative basis using data on UK corporation tax from published accounts where available or data on UK revenues, and applying ratios from companies in the same industry sector.*
4 *The Office for Budget Responsibility (OBR) - Economic and fiscal outlook supplementary fiscal tables – Nov 2016. Table 2.8. Current receipts (on a cash basis).*
5 *Extrapolated corporation tax payments are 11.0% of government receipts of corporation tax.*

Figure 2 – Taxes borne by percentage 2016



Source: PwC analysis, chart excludes negative values.

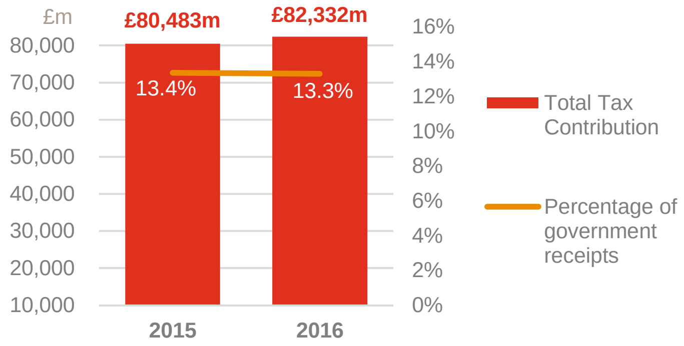
Taxes collected are those which are generated by a company's operations, and are not a tax cost to the company, e.g. income tax deducted under PAYE and net VAT, etc. The company generates the commercial activity that give rise to the taxes and then collects and administers them on behalf of HMRC.

We have identified twenty six business taxes in the UK under the TTC methodology[6] in 2016 (Appendix 2). Of these, there are twenty two business taxes borne (including corporation tax) and thirteen business taxes collected.

The survey collects data from 100 Group members on all of their UK tax payments. PwC has anonymised and aggregated this data to produce the survey results. PwC has not verified, validated or audited the data and cannot give any undertakings as to the accuracy of the survey results in that respect. Data was extrapolated to provide an estimate of the TTC of the entire 100 Group. All twelve TTC surveys with the 100 Group use the same methodology which enables the results to be compared.

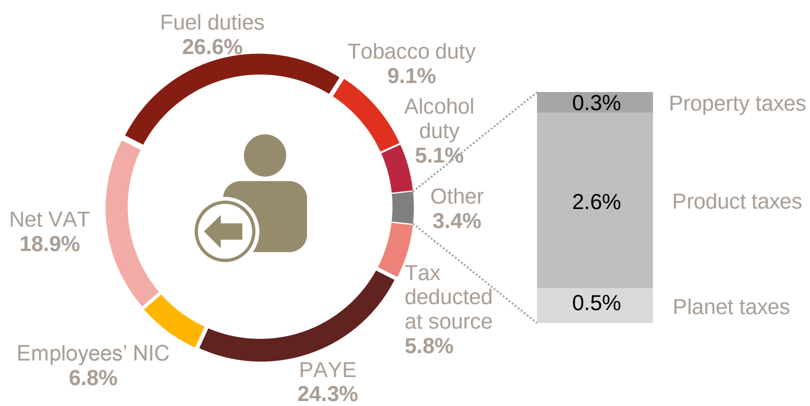
This report focuses on the contribution made in taxes borne, taxes collected, and the wider economic contribution. It analyses the trend over the last twelve months and also the last twelve years, highlighting the changing tax profile and how changing economic conditions and legislation have impacted these trends. It also takes a look at how companies are using their TTC data and their views on tax transparency initiatives and the current UK tax regime.

Figure 3 – Total Tax Contribution of the 100 Group 2015 and 2016



Source: PwC analysis

Figure 4 – Taxes collected by percentage 2016



Source: PwC analysis

Note: see Appendix 2 for an explanation of the five tax bases (profit, people, product, property and planet taxes).

6 *http://www.pwc.com/m1/en/tax/documents/2016/total-tax-contribution-framework-july-2016.pdf*

Value distributed

The Total Tax Contribution can be put into the context of value distributed[7] by companies.

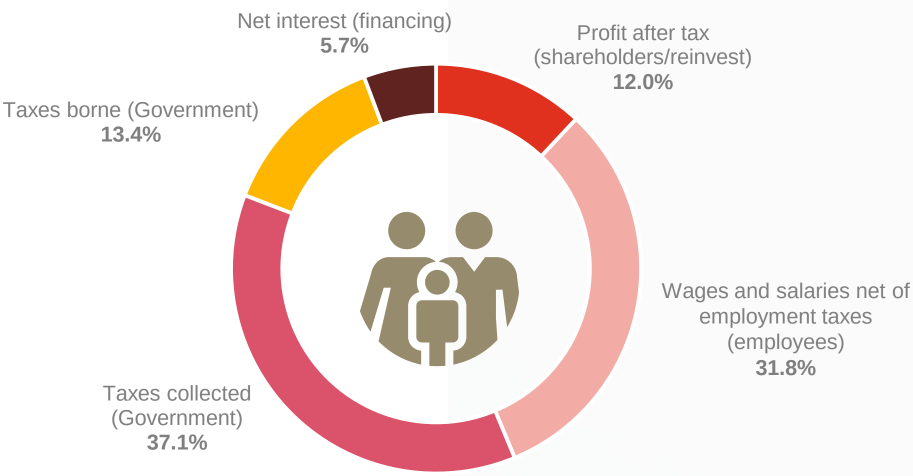
Value is distributed to the government in taxes, to employees in wages, to creditors in the form of interest on financing, and is retained in the business for reinvestment or is distributed to shareholders. With the information gathered through the study, we are able to put the TTC in the context of value distributed by the companies that have provided this data.

The survey results show that the government remains the largest beneficiary of the value distributed by the 100 Group participants, at 50.5%.

Wages paid to employees are the second largest share of the value distributed, at 31.8%. Profits after tax (available for reinvestment in the company or distribution to shareholders as dividends) account for 12.0% of the total (figure 5).

The trend in value distributed has been relatively stable over the last four years, with the government consistently receiving around half of the value generated by the 100 Group (figure 6). Prior to 2013 there is a slightly more volatile trend, with the 100 Group companies reporting an overall loss in 2009 due to the financial crisis, with a recovery in 2010.

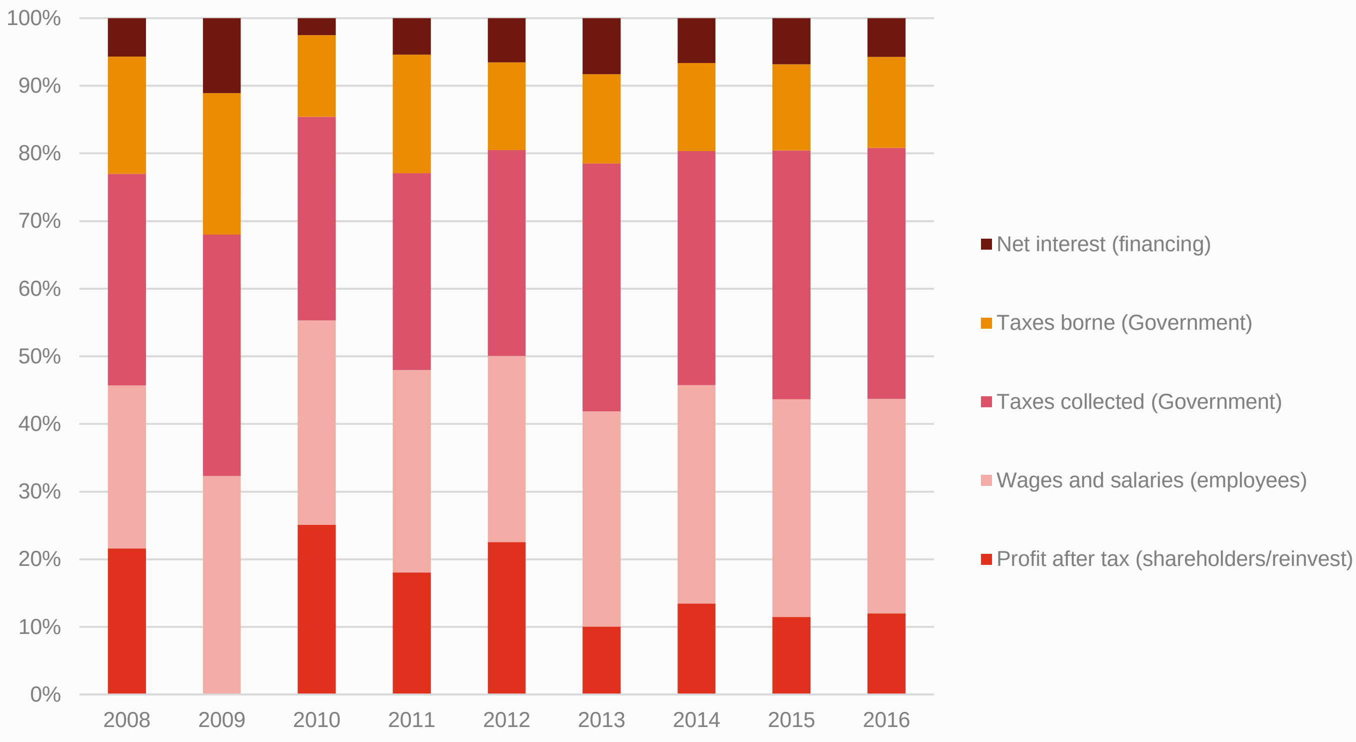
Figure 5 – Value distributed by the 100 Group participants 2016



Source: PwC analysis

[7] *Value distributed includes taxes and other costs funded from profits, profits retained or distributed to shareholders plus taxes generated from the business activity and collected on behalf of government.*

Figure 6 – Profile of value distributed by the 100 Group participants 2008 to 2016



Source: PwC analysis, limited data prior to 2008 for all data points in chart

The wider economic contribution - employment

In addition to the significant contribution made to the public finances through their Total Tax Contribution, the 100 Group companies also contribute to the UK economy in a wider context. The TTC survey collects additional data to measure the wider economic contribution.

The 100 Group companies are major employers – the survey participants employed 1.9 million people in 2016. Extrapolating this to the 100 Group, we estimate total employment of 2.1 million people (figure 7). This is the same as the extrapolated figure in 2015 and represents 6.6% of the total UK workforce. The average wage per employee is £33,220 (compared to the average national wage of £28,200[8]) with average employment taxes of £12,135 paid per employee. The average salary and employment tax per employee are calculated by taking the totals for the survey population and dividing by the total number of employees. The 100 Group employs highly skilled, well paid workers and the average salary exceeds the national average, emphasising the contribution that the 100 Group makes through employment.

The 100 Group paid a total of £25.4bn in employment taxes borne and collected (extrapolated), which accounts for 9.8% of total government receipts from employment taxes. Employment taxes are the largest element of total taxes borne and taxes collected. Employers' NIC is the largest tax borne for participants, and income tax deducted under PAYE and employees' NIC account for over 30% of taxes collected.

The survey results show that the participating companies paid a total of £25.0bn in employment taxes, including £6.7bn in employment taxes borne and £18.3bn in employment taxes collected (figure 8).

On a like-for-like basis, where companies have supplied data for employment taxes, wages and number of employees for both 2015 and 2016, the number of employees fell by 0.9%, while employment taxes and wages have both increased (figure 9). The increase in wages and salaries was driven by a combination of factors – the increase in the national wage rate over the year along with some redundancy payments, in particular in the banking sector. The latter is partly driving the fall in employee numbers.

Figure 7 – Employment tax figures for the 100 Group 2016

	Survey participants	Extrapolated to the 100 Group	Percentage of UK government figure
Number of UK employees	1.9m	2.1m	6.6%[9]
Total employment taxes	£24,989m	£25,360m	9.8%[10]

Source: PwC analysis

[8] *Annual Survey of Hours and Earnings, 2016 Provisional Results: http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2016provisionalresults/pdf*

[9] *Office for National Statistics (ONS) - UK Labour Market: May 2016. Release date 18 May 2016*

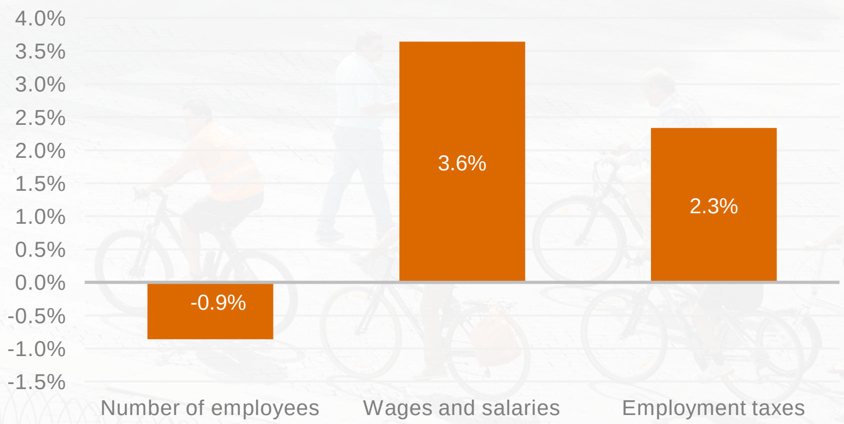
[10] *The Office for Budget Responsibility (OBR) - Economic and fiscal outlook supplementary fiscal tables – November 2016. Table 2.8. Current receipts (on a cash basis).*

Figure 8 – Employment tax figures for the survey participants 2016

Employment taxes borne	
Employers' NIC	£6,535m
PAYE agreements (PSAs) (tax on benefits)	£136m
Total employment taxes borne	£6,671m
Employment taxes collected	
Employees' NIC	£4,001m
Income tax deducted under PAYE	£14,317m
Total employment taxes collected	£18,318m
Total employment taxes borne and collected	£24,989m

Source: PwC analysis

Figure 9 – Trends in number of employees, wages and salaries, and employment taxes 2015 to 2016



Source: PwC analysis, based on 80 companies that provided data for the number of employees, wages and salaries and employment taxes in 2015 and 2016. Some redundancy payments are included in wages and salaries.

The wider economic contribution – capital investment, research & development

Business investment is an important contribution the 100 Group companies make to the UK economy. Over the last five years, survey participants have spent £130.6bn on capital investment and £32.9bn on research and development.

The 100 Group companies make a significant contribution to innovation and the fabric of the UK economy through capital investment and research and development expenditure. In addition, their activities generate substantial direct and indirect benefits within the wider economy, for example, by generating demand through supporting suppliers and supply chain SMEs. As an indication, some of the largest companies work with over two thousand UK based suppliers, over half being SMEs.

91% of participant companies provided data relating to their investment in fixed assets, and 55% provided data relating to research and development expenditure in this year's survey.

The participants invested a total of £25.9bn in tangible fixed assets in the accounting periods ending in the year to 31 March 2016, representing over 14.5% of UK expenditure on business capital investment[11] (figure 10). On a like-for-like basis, where we have company data for both 2015 and 2016, this represents a decrease of 12.4% compared to last year. The decrease is driven by a reduction in expenditure from the oil and gas, retailers, and real estate sectors.

The survey participants also invested a total of £8.4bn in research and development, an increase of 2.1% compared to 2015 (figure 11). The two year trend in research and development spending has largely been driven up by the pharmaceutical sector, with falls in the oil and gas and banking sectors.

To put the 100 Group's economic contribution in the context of the wider UK economy, this year's survey requested company data relating to Gross Value Added (GVA), a measure of the economic value added of a company. At a national level, economic activity is commonly measured by GDP which is regarded as one of the most reliable economic indicators. The contribution made to GDP at a company level is measured by GVA.

The 2016 survey asked for data from the Annual Business Survey (ABS - a survey carried out by the Office of National Statistics) to enable us to calculate the GVA for each company. However, not all 100 Group members had completed an ABS, and others had difficulty in retrieving this data. For next year's survey we hope to be able to access the necessary official data directly to enable us to generate GVA for the 100 Group companies.

[11] *http://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/businessinvestment*

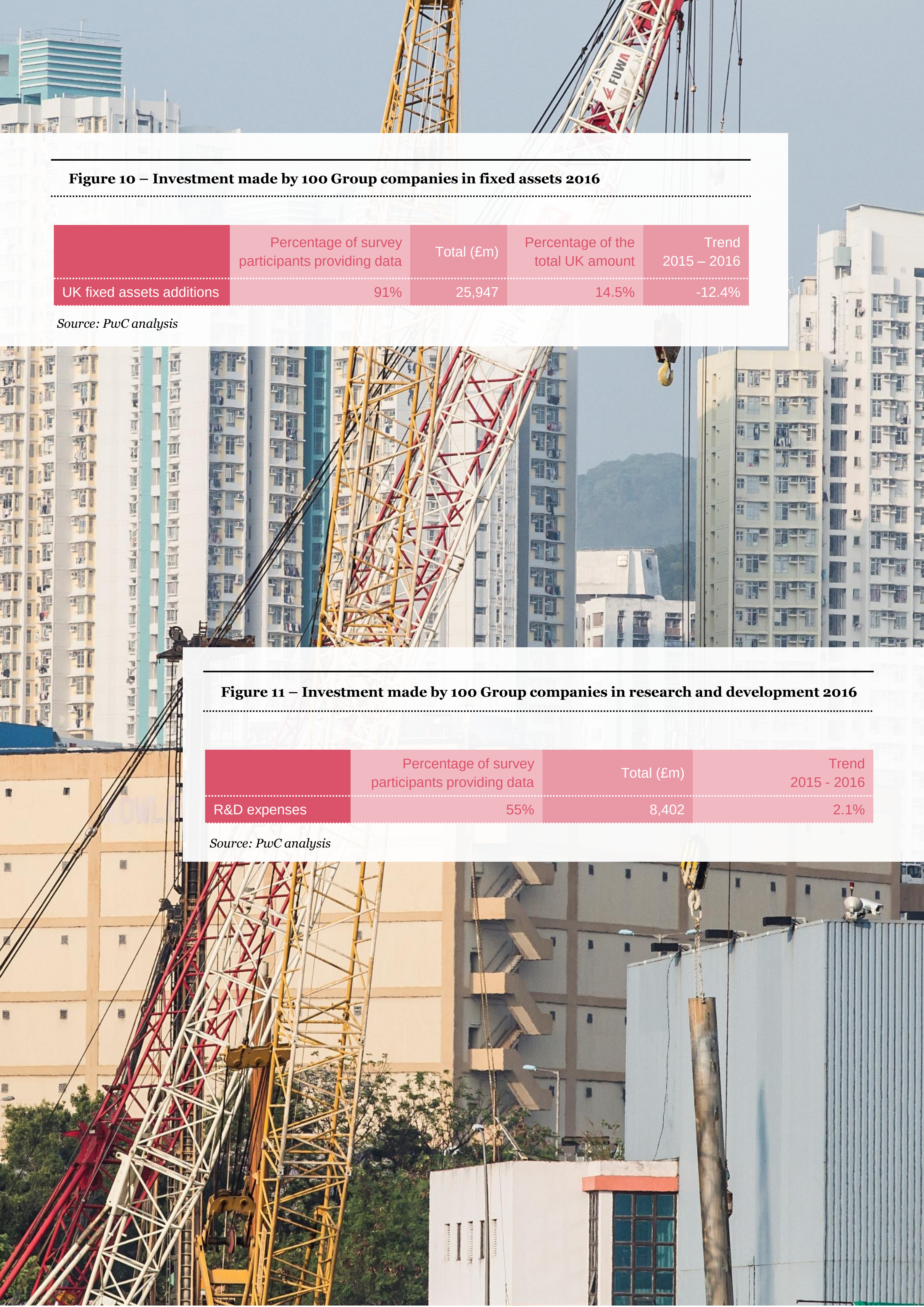


Figure 10 – Investment made by 100 Group companies in fixed assets 2016

	Percentage of survey participants providing data	Total (£m)	Percentage of the total UK amount	Trend 2015 – 2016
UK fixed assets additions	91%	25,947	14.5%	-12.4%

Source: PwC analysis

Figure 11 – Investment made by 100 Group companies in research and development 2016

	Percentage of survey participants providing data	Total (£m)	Trend 2015 - 2016
R&D expenses	55%	8,402	2.1%

Source: PwC analysis

The changing profile of tax

2016 saw an increase in taxes borne of 3.6%, driven mainly by increases in corporation tax and bank levy. Our trend analysis across the twelve years of the survey indicates a sectoral shift in the proportion of taxes borne by industry sector, with the contribution from oil and gas companies declining and financial services contributing a greater share.

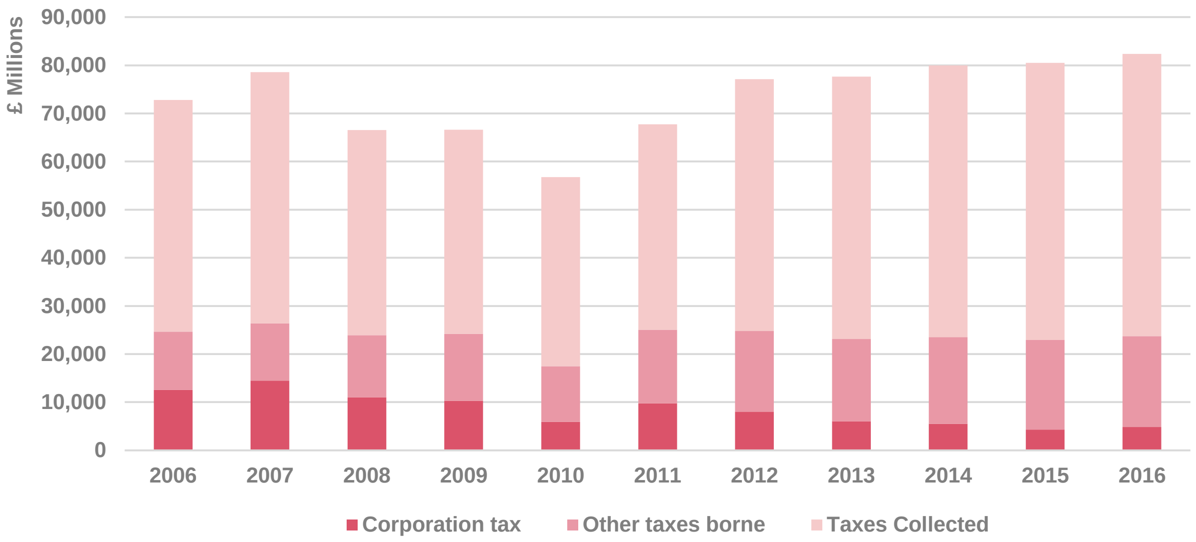
The twelve years of the survey reveal two interesting trends in relation to the profile of taxes borne. Firstly, the change in the ratio of corporation tax to other taxes borne, and secondly, the changing proportion of taxes borne by industry sector.

The contribution made to total taxes borne by taxes other than corporation tax is greater in 2016 than in 2006 (figure 12). Despite seeing an increase in corporation tax for the first time since 2011, corporation tax accounts for 20% of total taxes borne in 2016, compared to 50% of the total when the survey began.

This changing profile for the 100 Group suggests that tax revenues contributed by this group of companies have become materially less dependent on corporation tax. There has been a consistent trend away from a tax based on profits to taxes based on people, production and property.

The share of total taxes borne that arises from employers' NIC has increased over the survey period, becoming the largest tax borne in 2013 (figure 13). Business rates, irrecoverable VAT and bank levy all account for increasing proportions of total taxes borne over the survey period, with business rates being the second largest tax borne over the last two years. However, there is considerable variation in the taxes borne by each industry sector. In 2016 business rates remain the largest tax paid by retailers, and a significant tax for telecoms and utilities, bank levy is the largest tax for banks, and irrecoverable VAT continues to be a substantial tax for insurers (see later section: The impact of other business taxes on different sectors).

Figure 12 – Total Tax Contribution for the 100 Group 2006 to 2016



Source: PwC analysis

[12] *The chart is based on extrapolated data from each survey.*

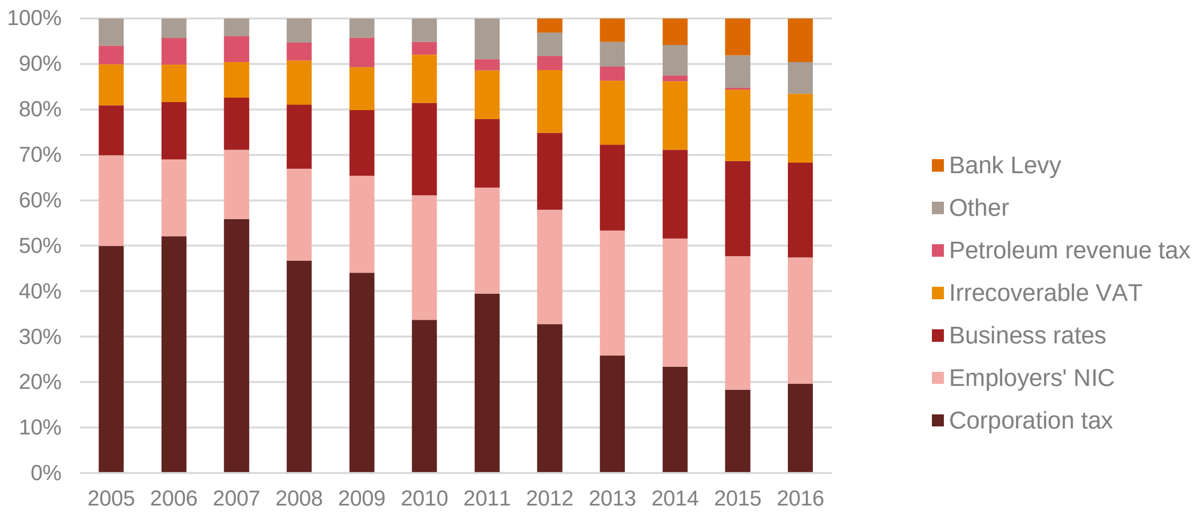
At £18.9bn (extrapolated), other taxes borne (taxes borne excluding corporation tax) in the 2016 survey, are at the highest level since the survey began. This is £7.0bn higher than the pre-financial crisis level of £11.9bn in 2007 and more than double the amount paid in the first survey in 2005. Taxes collected have also increased since the survey began and, at £58.6bn, are now at their highest level. This is £6.4bn higher than before the financial crisis in 2007.

The second key trend – the sectoral shift in the taxation of the 100 group – is shown in figure 15. It shows the profile of taxes borne for the five largest sectors, based on data provided by twenty companies that have participated in all surveys (note, there are different numbers of companies in each sector and the total varies between the years – the chart shows the proportions represented by the five sectors).

The contribution from taxes borne by oil and gas companies has shown a downward trend over the last five years, as North Sea production levels fell along with the collapse in oil price after 2014. 2016 shows the smallest contribution of taxes borne from the sector since the survey began.

Conversely, after contracting sharply in 2009 and 2010 following the financial crisis, the contribution from the banks has increased each year and in 2016 the sector made its largest contribution since the survey began. Adding to this picture is increasing contribution of the insurers over the previous three years, the share of total taxes borne from the financial services sector has increased by 8.7 percentage points since 2015 and by 28.8 percentage points since 2010.

Figure 13 – Profile of taxes borne 2005 to 2016



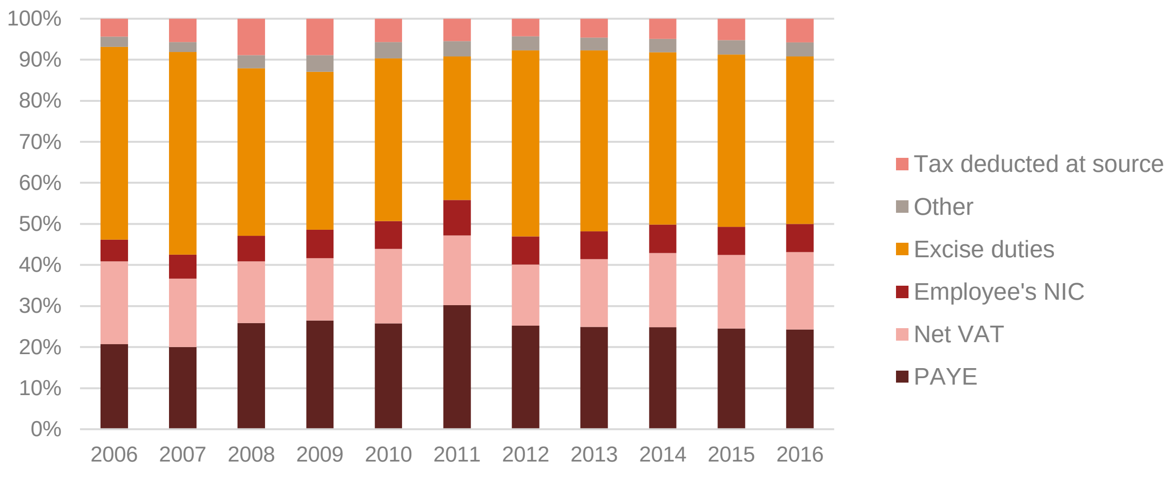
Source: PwC analysis

The sectoral trend is emphasised when analysing the trend between 2015 and 2016. The 3.6% increase in taxes borne was largely driven by increases in corporation tax (up 9.2% from 2015, driven by the banks and insurers) and bank levy (up by 24.4%). For the banks, the increase in corporation tax is a reflection of legislative changes in the survey period – restriction of loss relief and deductibility of compensation payments – whereas the tax payments of insurers reflect the performance of investment assets, in particular buoyant gilt and bond markets. The rise in bank levy was a result of rate increases (see figure 33 in section on bank levy).

However, when taxes collected are added to the sectoral analysis, the continued importance of the oil and gas sector is evident, particularly as a consequence of fuel duties, which are levied when petroleum products are sold into the UK market (figure 16). Although on a downward trend since 2012, the oil and gas sector continues to account for more than a quarter of the overall TTC of the 100 Group (figure 24 – Total Tax Contribution 2006 to 2015 by sector).

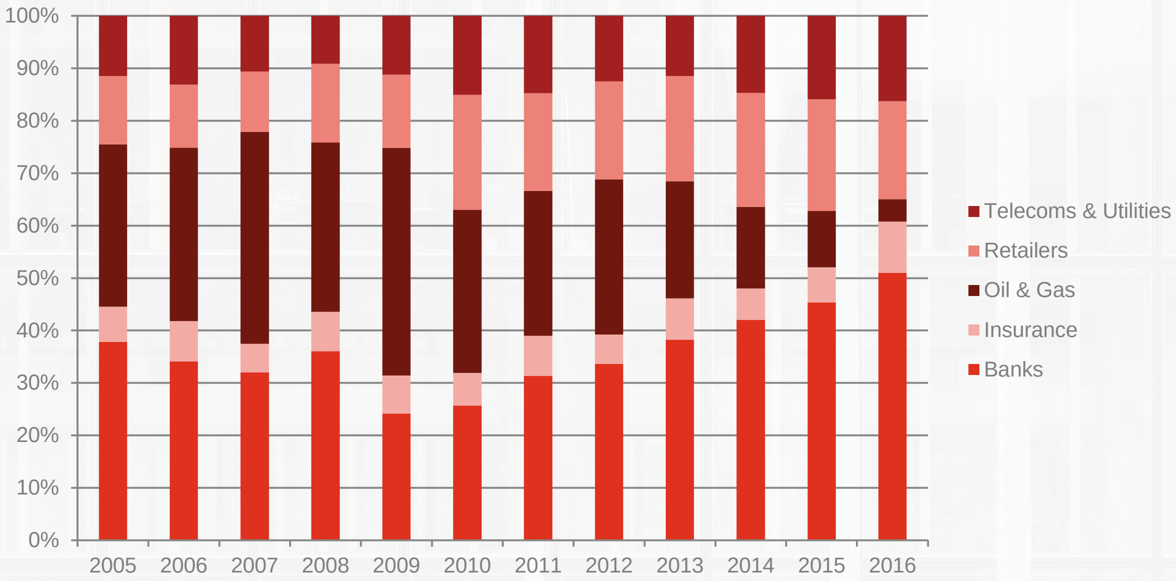
In contrast to the profile of taxes borne, the profile of taxes collected is notable for its stability over the last five years, both in terms of the proportions of taxes collected and relative sector contributions (figure 14 and 16). Excise duties account for the largest share of taxes collected at 40.8%, followed by 31.1% from employment taxes (income tax deducted under PAYE 24.3% and employees' NIC 6.8%).

Figure 14 – Profile of taxes collected 2006 to 2016



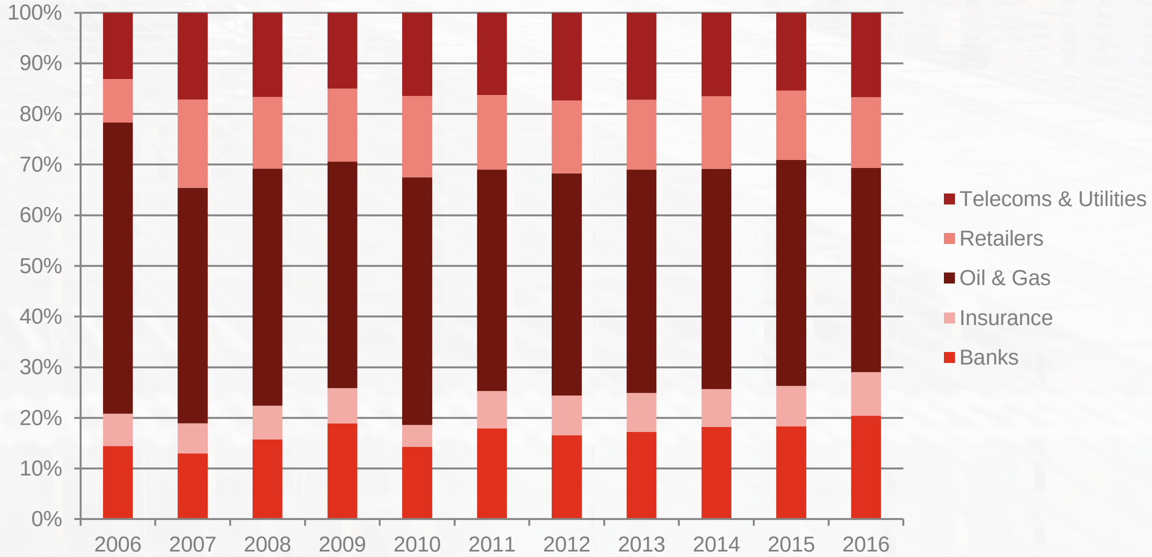
Source: PwC analysis, no data on taxes collected in 2005

Figure 15 – Profile of taxes borne by sector 2005 to 2016



Source: PwC analysis, there are different numbers of companies in each sector and the total varies between years – the chart shows the proportions represented by the five sectors

Figure 16 – Profile of taxes collected by sector 2006 to 2016



Source: PwC analysis, there are different numbers of companies in each sector and the total varies between years – the chart shows the proportions represented by the five sectors

Over the last twelve years, the TTC survey has collected an extensive bank of data on tax payments by the 100 Group members. Thirty three companies have provided data in all the surveys we have undertaken. This enables us to look at the trends in their results on a like-for-like basis.

The amount of tax paid by the largest companies continues to attract a high level of interest from the public and the media and remains a hot political topic. The public debate overwhelmingly focuses on corporation tax, with very little recognition of the other business taxes paid or how the profile of taxes paid has changed over time. Enriching the public narrative with robust data so that the tax system is better understood can help to build trust, inform constructive debate and contribute to policymaking.

This survey intends to encourage a more evidence-based debate. With twelve years of robust data, including thirty three companies providing data for each year, the survey provides a comprehensive analysis of the tax contribution of the largest UK companies.

The survey results clearly show why an appreciation of the full range of taxes that make up the tax contribution from big business is necessary. Figure 17 splits taxes borne into corporation tax and other taxes borne to show how the contribution from those different elements, along with total taxes borne, has changed over time. Two interesting observations are clear from the trends: while corporation tax has fallen, amounts of other business taxes borne have increased, and contributions from other business taxes borne have been less volatile over the survey period.

Corporation tax paid has been on a downward trend over the survey period due to a number of factors. These include the falling statutory rate of corporation tax from 2008 to 2015, but also reduced contributions from the oil and gas sector due to lower oil prices and production levels, from the retailers due to challenging economic conditions, and from the financial services sector, mainly due to brought forward losses. Together these factors contributed to this trend from 2010 to 2015.

In 2016 the downward trend has been halted following a greater contribution from the financial services sector, largely due to legislative changes affecting the banks and strong performance of investment assets affecting the insurers.

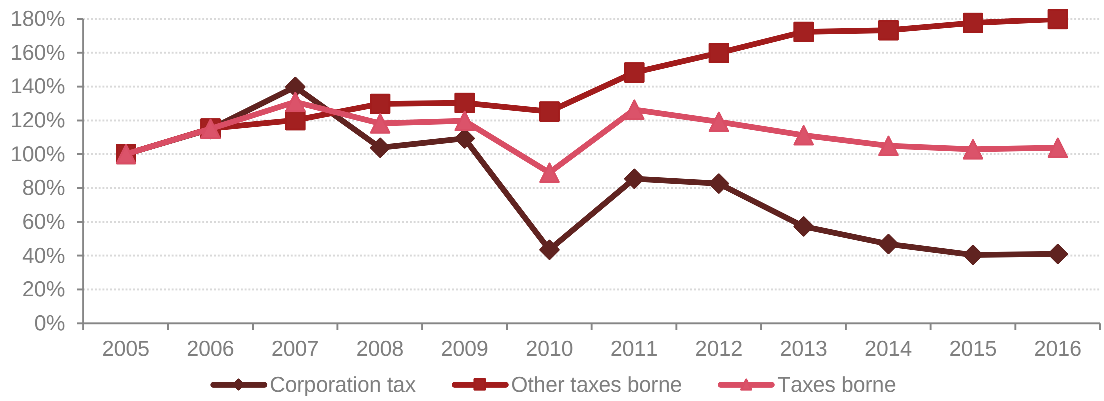
On top of these factors impacting the corporation tax trend, figure 17 also reveals the impact of the financial crisis, most noticeably in the 2010 survey. It demonstrates that other business taxes borne, which are not so dependent on profit, are less volatile, and consequently have provided a more stable source of revenue for the government. Other taxes borne have increased by 79.9% over the 12 year period showing the shift in emphasis from corporation tax. Changing rates of tax as a result of successive government policies have contributed to these trends.

Figure 18 looks at the trend in other taxes borne in greater detail, splitting out the largest taxes that make up this category: employers' NIC, business rates, irrecoverable VAT and petroleum revenue tax. Irrecoverable VAT arises when input VAT cannot be reclaimed by companies that make exempt supplies, as is the case for the financial services sector. For the thirty three companies that have provided data for the entire survey period, irrecoverable VAT has more than doubled.

This has largely been driven by the increase in the rate of VAT to 20% in 2011, changes in the EU VAT system in 2010[13], and legislative and case law changes for the financial services sector. In addition, a trend for the financial services sector to outsource more of its activities resulted in increased input VAT.

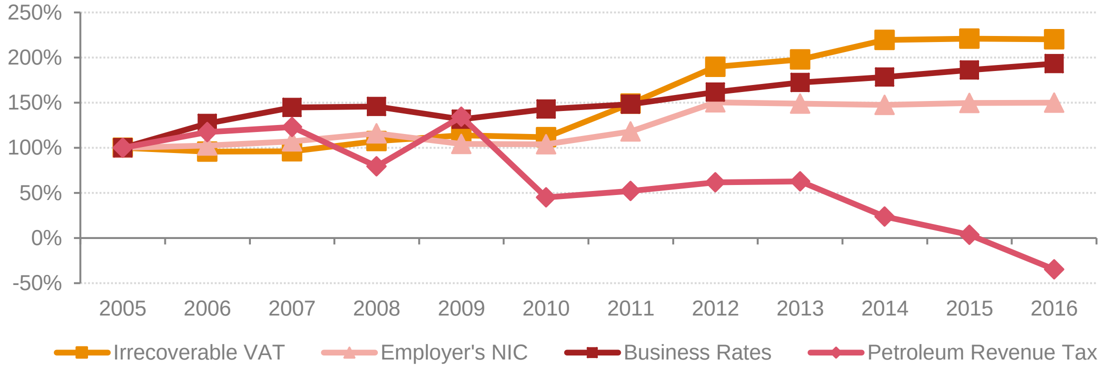
Business rates increased by 93.5%, driven by increasing multipliers (see business rates section for more details), rateable values and growth in the retail sector. Employers' National Insurance contributions increased by 49.9%, a result of increased rates in 2011 and increasing wages.

Figure 17 – Trends in taxes borne: corporation tax, other taxes borne and total taxes borne 2005 to 2016



Source: PwC analysis

Figure 18 – Trends in taxes borne: irrecoverable VAT, business rates, employers' NIC, and PRT 2005 to 2016



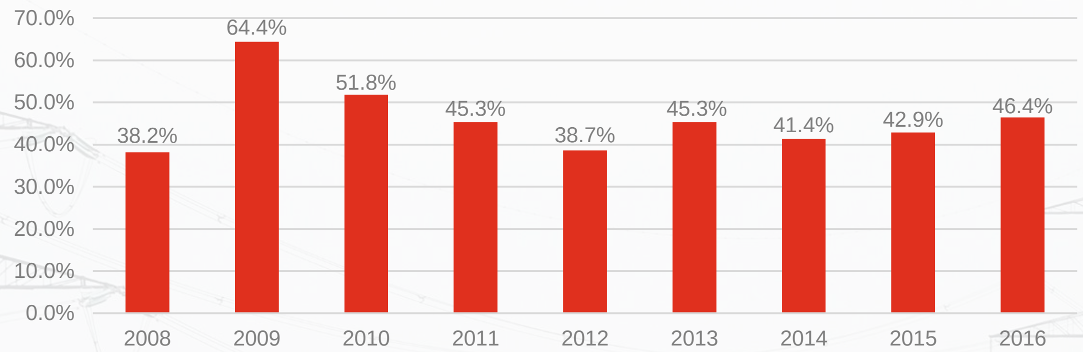
Source: PwC analysis

[13]http://ec.europa.eu/taxation_customs/business/vat/eu-vat-rules-topic/where-tax_en

The mean average Total Tax Rate (TTR) for 100 Group members participating in the 2016 survey is 46.4%, as shown in figure 19 (the overall average is 51.6% and the median is 35.8%). The TTR is a measure of the cost of taxes borne in relation to profit. It is calculated for total taxes borne (corporation tax plus all other taxes borne) as a percentage of profit before total taxes borne.

The TTR peaked in 2009 when profits fell at the height of the recession and then declined as the economy and profitability recovered. In 2016, the TTR increased as a result of an increase in taxes borne, explained above, and relatively stable profitability.

Figure 19 – Total Tax Rate 2008 to 2016



Source: PwC analysis

Trend in Total Tax Contribution between 2015 and 2016

Since 2015, the Total Tax Contribution of the 100 Group has increased, on a like-for-like basis, by 3.2%. Both taxes borne and taxes collected by companies in the 100 Group increased this year.

Ninety one companies provided data for both 2015 and 2016 surveys allowing us to analyse the trends on a like-for-like basis for these companies. The components of the overall increase in TTC of 3.2% are an increase of 1.1% in taxes borne and 2.1% in taxes collected (figure 20).

Taxes borne increased by 3.6% from 2015. The largest elements of this increase comprised of corporation tax (1.8%), and bank levy (2.0%) as shown in figure 21. Business rates contributed to 0.8% of the total increase in taxes borne, continuing the trend in increasing contributions from business rates that we have witnessed throughout the survey period.

The reduction in Petroleum Revenue Tax (PRT) is a result of a combination of falling profitability, and older oil fields to which this tax still applies (those that received development consent before 16 March 1993) reaching maturity.

Figure 22 shows that the increase in corporation tax from the 100 Group, despite the drop in the statutory corporation tax rate (from 21% to 20%), was a result of increased contributions from the banking and insurance sectors. The 3.8% increase in other business taxes borne can largely be attributed to the increase in bank levy, while the 1.3% increase within other sectors emphasises the significance of business rates, employers' NIC and irrecoverable VAT.

Taxes collected increased by 3.0% from 2015. The elements of this increase comprised taxes deducted at source and excise duty receipts from fuel duties, along with increases in net VAT and PAYE (figure 23). The increase in tax deducted at source via PAYE was driven by insurance companies paying pension benefits to their customers. This was following pension changes in April 2015 which provide greater freedom for individuals over the age of 55 to draw benefits from their defined contribution pension plans.

Figure 20 – Trend in Total Tax Contribution 2015 to 2016[14]

	Trend as % of total
Taxes borne	1.1%
Taxes collected	2.1%
Total tax contribution	3.2%

Source: PwC analysis

Figure 21 – Trend in taxes borne 2015 to 2016[15]

	Trend as % of total taxes borne
Corporation tax	1.8%
Petroleum revenue tax	-2.0%
Business rates	0.8%
Employers' NIC	0.5%
Bank levy	2.0%
Irrecoverable VAT	0.4%
Other taxes borne	0.1%
Total taxes borne	3.6%

Source: PwC analysis

14 *Movement shown as a percentage of Total Tax Contribution*

15 *Movement shown as a percentage of taxes borne*

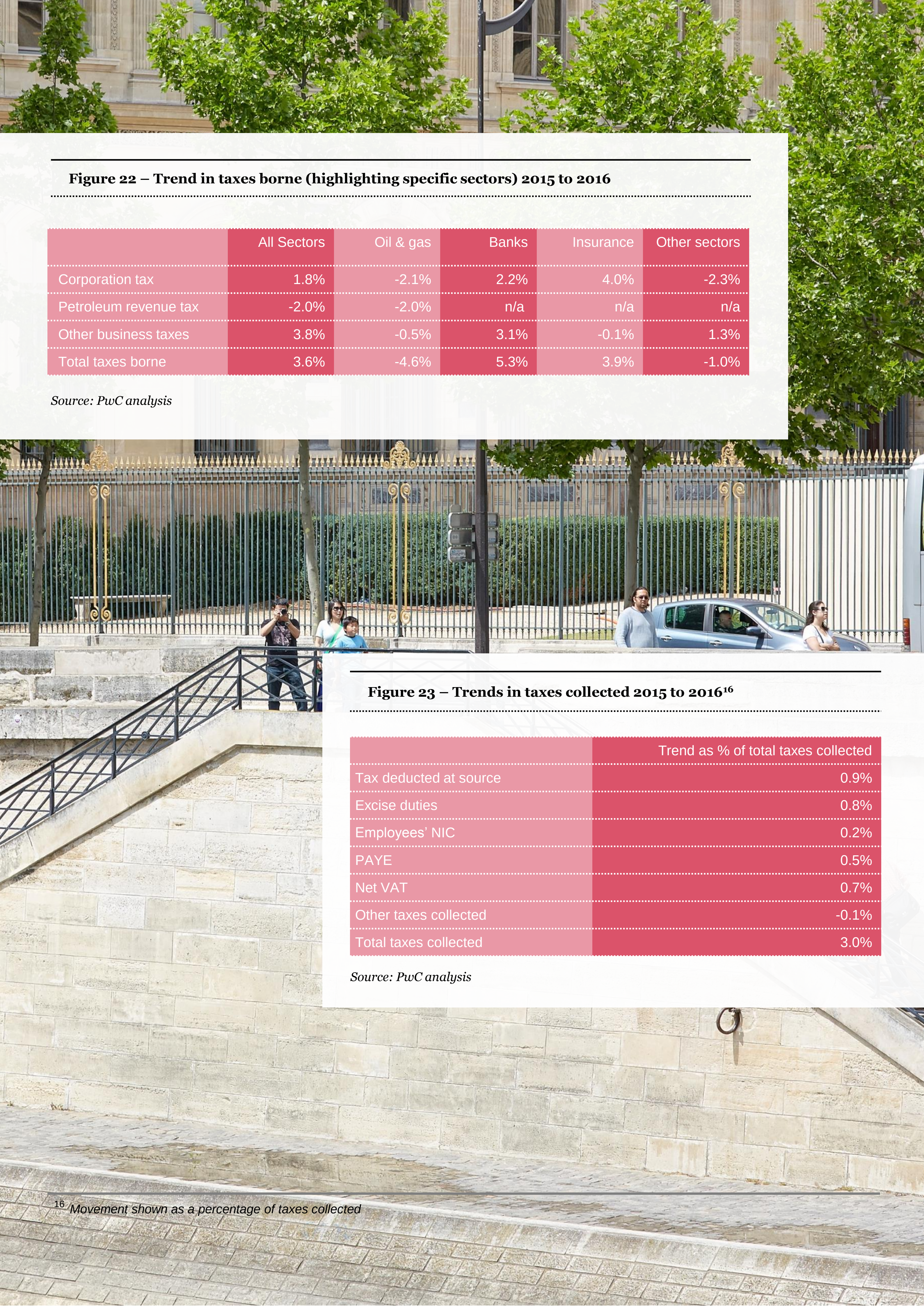


Figure 22 – Trend in taxes borne (highlighting specific sectors) 2015 to 2016

	All Sectors	Oil & gas	Banks	Insurance	Other sectors
Corporation tax	1.8%	-2.1%	2.2%	4.0%	-2.3%
Petroleum revenue tax	-2.0%	-2.0%	n/a	n/a	n/a
Other business taxes	3.8%	-0.5%	3.1%	-0.1%	1.3%
Total taxes borne	3.6%	-4.6%	5.3%	3.9%	-1.0%

Source: PwC analysis

Figure 23 – Trends in taxes collected 2015 to 2016[16]

	Trend as % of total taxes collected
Tax deducted at source	0.9%
Excise duties	0.8%
Employees' NIC	0.2%
PAYE	0.5%
Net VAT	0.7%
Other taxes collected	-0.1%
Total taxes collected	3.0%

Source: PwC analysis

[16] *Movement shown as a percentage of taxes collected*

The impact of other business taxes on different sectors

The 100 Group is a cross-industry sector organisation and participants in the 2016 TTC survey represent a wide range of industry sectors. Five industries have made a major contribution to the survey since 2006.

The survey highlights four significant other taxes borne (other than corporation tax) that impact the 100 Group: employers' NIC, business and cumulo rates, irrecoverable VAT and bank levy, explained below.

Figure 24 shows the trend in TTC from 2006 to 2016 for the five largest 100 Group industry sectors, based on data provided by twenty companies that have participated in all surveys. The trend shows a decrease in contribution from the oil and gas sector, from 47.0% in 2006 to 28.8% in 2016.

The contribution from the financial services sector (banks and insurers) also shows a clear trend, increasing by 16.1 percentage points since 2010, to account for 39.2% of the share in TTC from these sectors in 2016.

Figure 25 shows the impact, on different sectors, of corporation tax, employers' NIC, business and cumulo rates, irrecoverable VAT and bank levy. Other taxes are included in the 'other taxes' category. For retailers, and telecoms and utilities, business rates make up 48.7% and 31.4% of their taxes borne respectively. For banks and insurers, irrecoverable VAT makes up 29.4% and 27.1% of their taxes borne respectively. Bank levy accounts for 34.1% of taxes borne for participating banks. For the oil and gas sector, 55.5% of their taxes borne comes from employers' NIC.

Employers' NIC

Employers' National Insurance Contributions are part of the cost of employment and are paid for each employee at a rate of 13.8% of salary above a certain threshold.

Business and cumulo rates

Business rates are paid on ownership of property based on the rateable value of the property and a specific multiplier. Cumulo rates are business rates paid on network assets (e.g. pipelines) (see later chapter for further analysis).

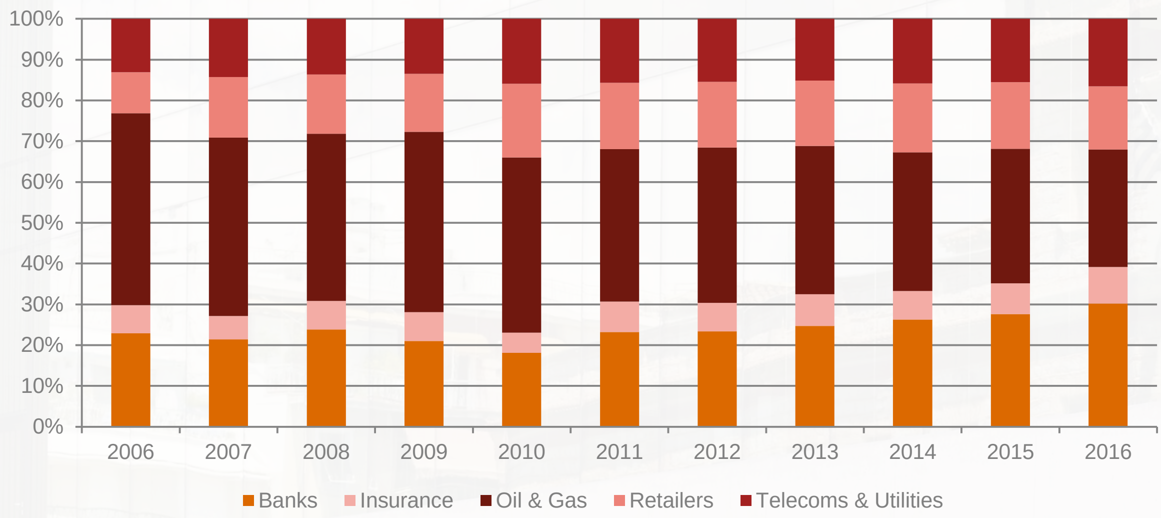
Irrecoverable VAT

Irrecoverable VAT is input VAT that is a cost to a business when related sales are exempt, as is the case for many transactions in the financial services sector (see later chapter for further analysis).

Bank levy

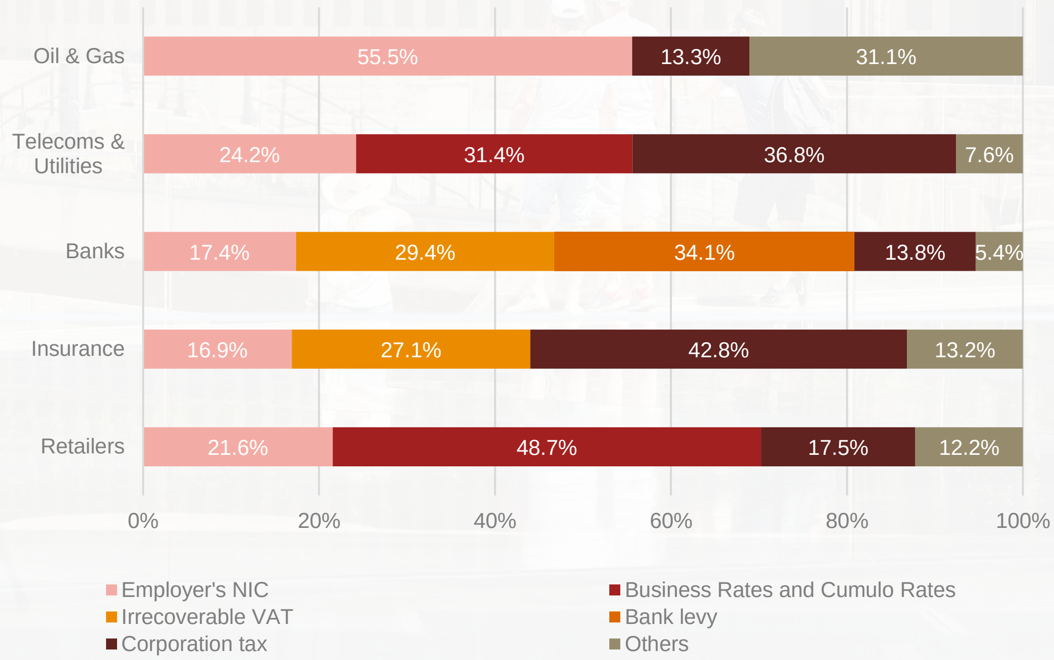
Introduced in 2011, the bank levy is an annual tax on the balance sheet equity and liabilities of banks. The rate from April 2015 increased to its highest rate of 0.210% on short term and 0.105% on long term chargeable equity or liabilities, and started to fall from January 2016 (see later chapter for further analysis).

Figure 24 – Trend in Total Tax Contribution for the five largest sectors 2006 to 2016



Source: PwC analysis, there are different numbers of companies in each sector and the total varies between years – the chart shows the proportions represented by the five sectors

Figure 25 – Sector taxes borne 2016



Source: PwC analysis

Corporation tax

In 2016, we estimate that the 100 Group members paid £4.9bn in corporation tax, representing 11.0% of total UK government receipts from corporation tax. Corporation tax represents 19.7% of total taxes borne in the 2016 survey. For every £1 of the corporation tax, the 100 Group companies paid another £3.96 in other tax borne, and £12.44 in taxes collected.

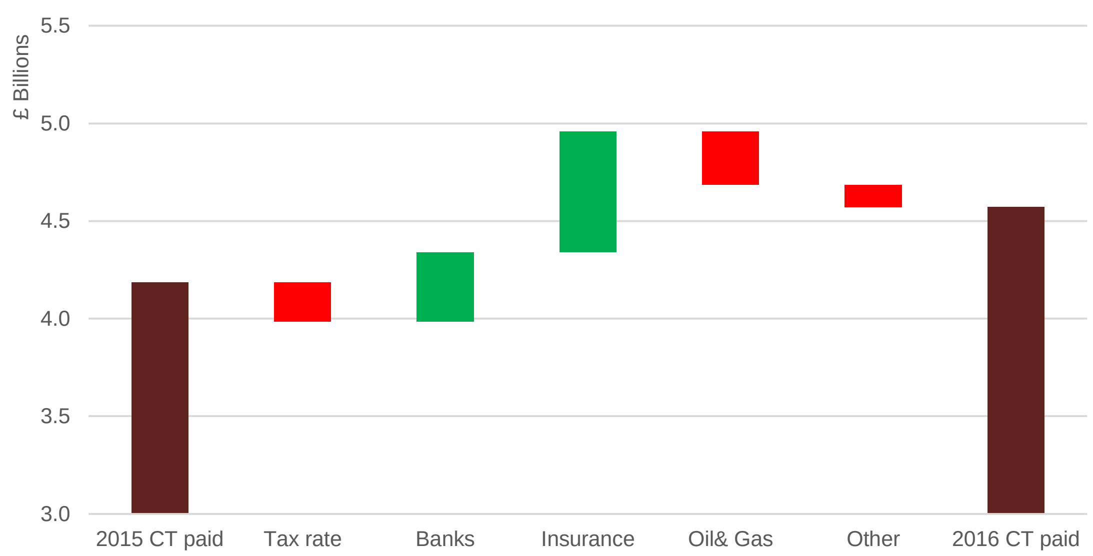
Corporation tax has increased by 9.2% for the 100 Group companies taking part in both the 2015 and 2016 surveys, despite a reduction in the statutory rate from 21% to 20%. Figure 26 shows the factors contributing to this increase since the 2015 survey, with the elements contributing to a reduction in corporation tax paid displayed as red bars, and the elements driving the increase in green. The increase was largely driven by the financial services sector: banks were impacted by legislative changes in the survey period – restriction of loss relief and deductibility of compensation payments – whereas corporation tax payments of insurers reflect the performance of investment assets, in particular buoyant gilt and bond markets.

Other sectors, notably oil and gas, recorded a decrease in corporation tax payments in the 2016 survey period. The oil and gas sector has been experiencing low production levels, high operating costs and lower oil prices, which has impacted profitability in recent years.

Corporation tax payments for oil and gas companies that participated in the survey in both 2015 and 2016 decreased by 41.1%. Government data reveals that total corporation tax receipts from the North Sea fell by 74.1% (figure 27).

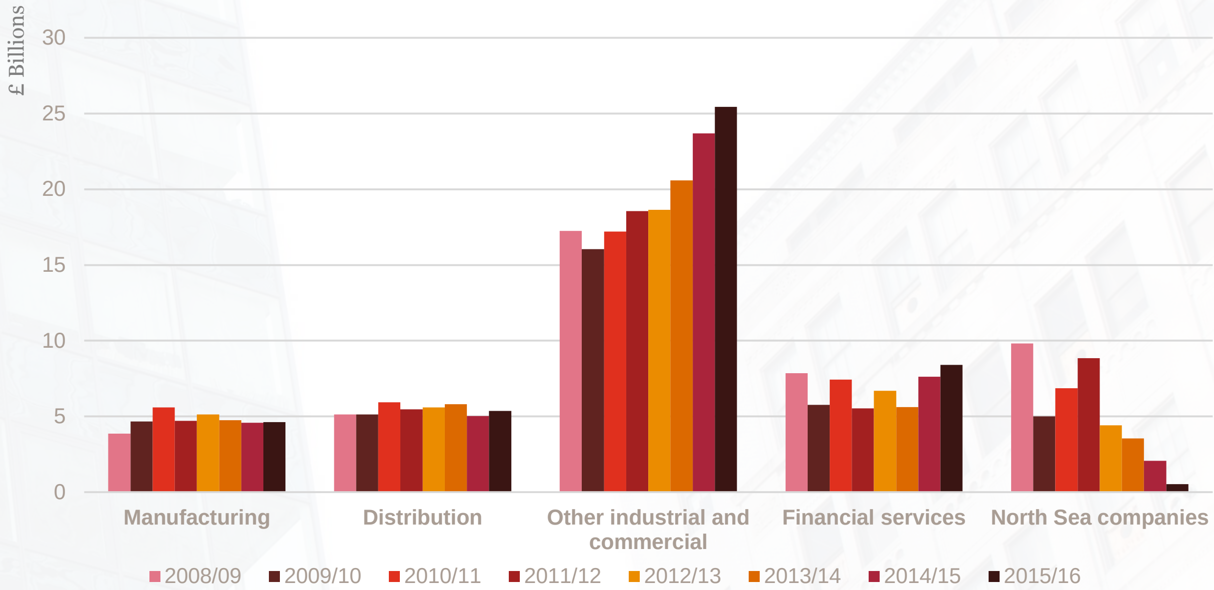
Comparing profit and corporation tax trends on a like-for-like basis, where companies provided both profit data and corporation tax data for both 2015 and 2016, revealed increasing corporation tax receipts despite broadly stable profits in 2016 (figure 28).

Figure 26 – Analysis of corporation tax trend from 2015 to 2016



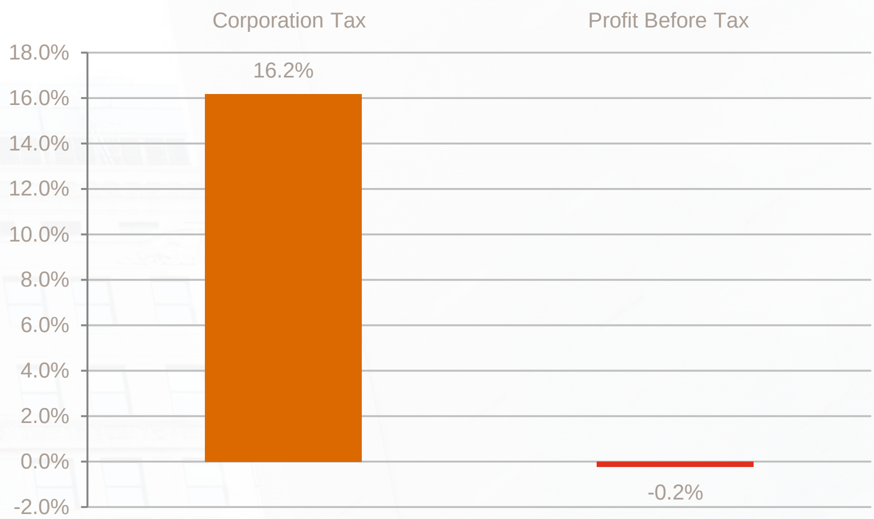
Source: PwC analysis

Figure 27 – Government receipts from corporation tax by sector[17]



Source: HMRC

Figure 28 – Movement of corporation tax and profit before tax on a like-for-like basis 2015 to 2016



Source: PwC analysis, based on the average result for companies providing both profit and corporation tax data for both years

[17] HMRC T11.1A Corporation Tax, Bank Levy and Bank Surcharge net receipts 1999-00 to 2015-16

Business rates

Business rates are the second largest tax borne for the second consecutive year. They are charged on rateable property and are not linked to a company's profitability. Business rates impact heavily on the retailers who are members of the 100 Group, accounting for 48.7% of their total taxes borne.

Business rates are charged on the occupation of non-domestic property, including shops, offices, warehouses, factories, pubs and holiday rental homes or guest houses. The tax is paid on the occupation of property based on the rateable value of the property (set by the Valuation Office Agency) and a specific multiplier set by central and devolved governments. Business rates includes cumulo rates which are non-domestic rates paid on rateable network assets by utility and telecom companies (e.g. pipelines and cables).

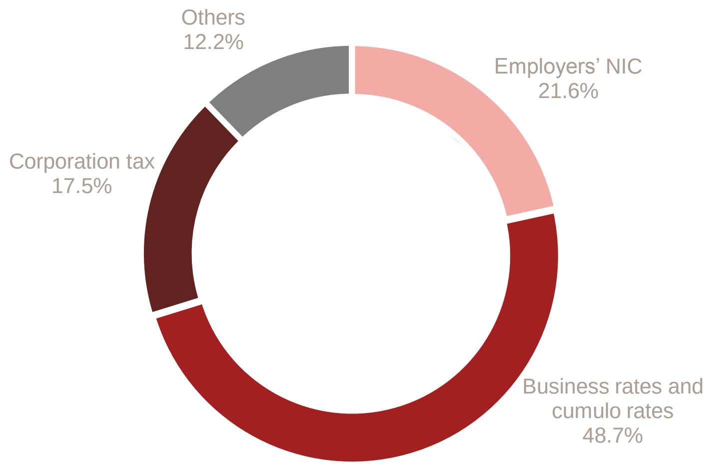
In 2016, survey participants paid a total of £4.8bn in business rates, representing 16.5% of the UK government's business rates receipts. For the second consecutive year, business rates are the second largest tax borne after employers' NIC, accounting for 20.9% of taxes borne paid by the 100 Group companies.

The amount paid in business rates has increased by 3.9% since 2015 (on a like-for-like basis), driven partly by an increase in the multipliers. It has increased by 93% since the survey began in 2005, driven by a combination of an increase in the multipliers (see figure 30) and in rateable property value as well as the general growth in business property owned by participating companies over the survey period.

47% of all business rates paid by the 100 Group participants were paid by retailers. On average, 48.7% of taxes borne by 100 Group retailers are business rates (figure 29).

Property taxes are a particular area of focus when it comes to the proposals to decentralise fiscal powers within the UK. By 2020, local authorities are expected to be able to retain 100 per cent of revenue from business rates, along with some flexibility over setting the rates. Since 1990, business rates have been set by central government, and revenues transferred back from local to central government. Since 2013, local government has been able to retain 50 per cent of business rates revenue.

Figure 29 – Taxes borne by retailers on an average basis 2016



Source: PwC analysis

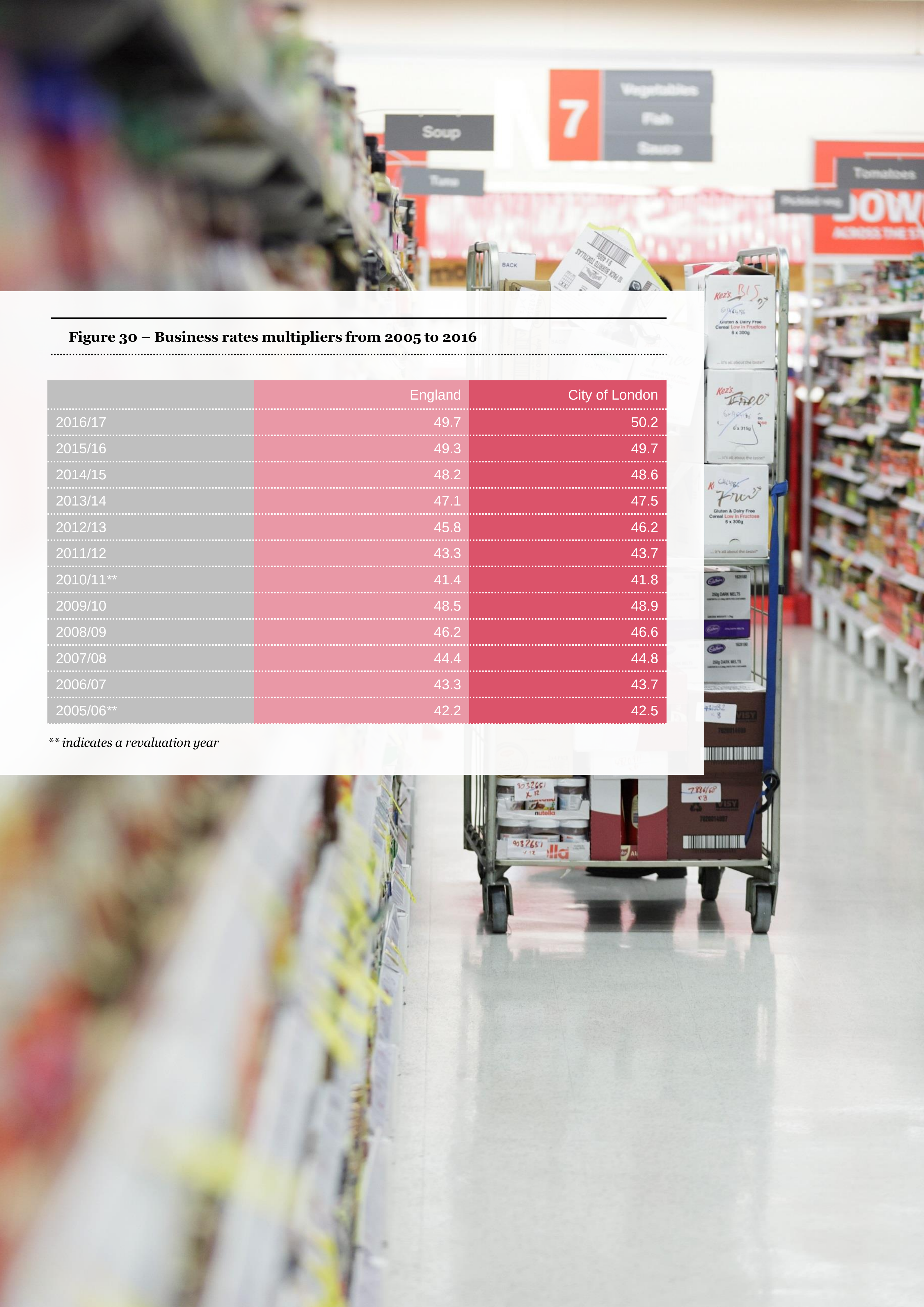


Figure 30 – Business rates multipliers from 2005 to 2016

	England	City of London
2016/17	49.7	50.2
2015/16	49.3	49.7
2014/15	48.2	48.6
2013/14	47.1	47.5
2012/13	45.8	46.2
2011/12	43.3	43.7
2010/11**	41.4	41.8
2009/10	48.5	48.9
2008/09	46.2	46.6
2007/08	44.4	44.8
2006/07	43.3	43.7
2005/06**	42.2	42.5

*** indicates a revaluation year*

Irrecoverable VAT

Irrecoverable VAT is a significant tax for financial service companies. However, it's a tax that is not well understood, and as a consequence it attracts little recognition as a contribution made by the financial services sector.

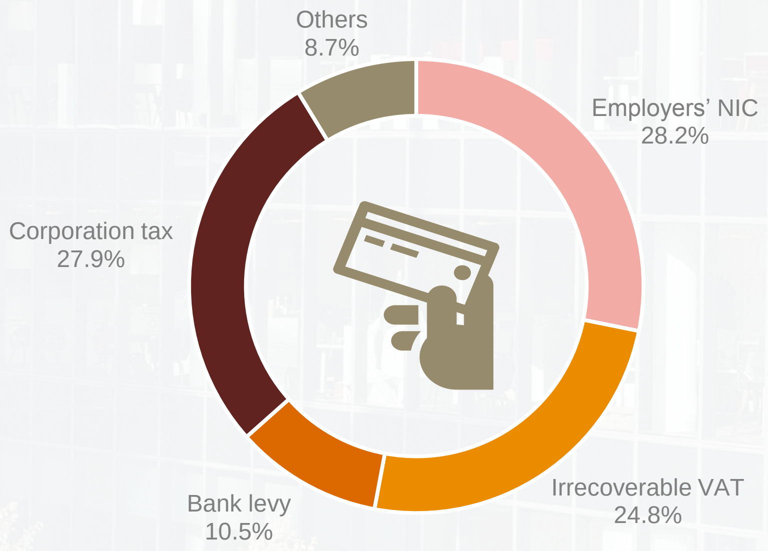
Irrecoverable VAT was the fourth largest tax payment for the study participants accounting for 15.1% of total taxes borne. Irrecoverable VAT arises when input VAT is incurred by a VAT business that makes exempt supplies. When a business supplies goods and services it generally charges VAT, and offsets any VAT it has incurred on purchases used to run the business (input VAT). Where a company's products or services are exempt, VAT is not charged to customers and the company cannot recover its input VAT. This input VAT is known as irrecoverable VAT.

Survey participants paid a total of £3.5bn in irrecoverable VAT. Of this total, financial services companies paid £3.0bn. On average, it accounts for 24.8% of taxes borne by financial services companies that participated in this year's survey (figure 31).

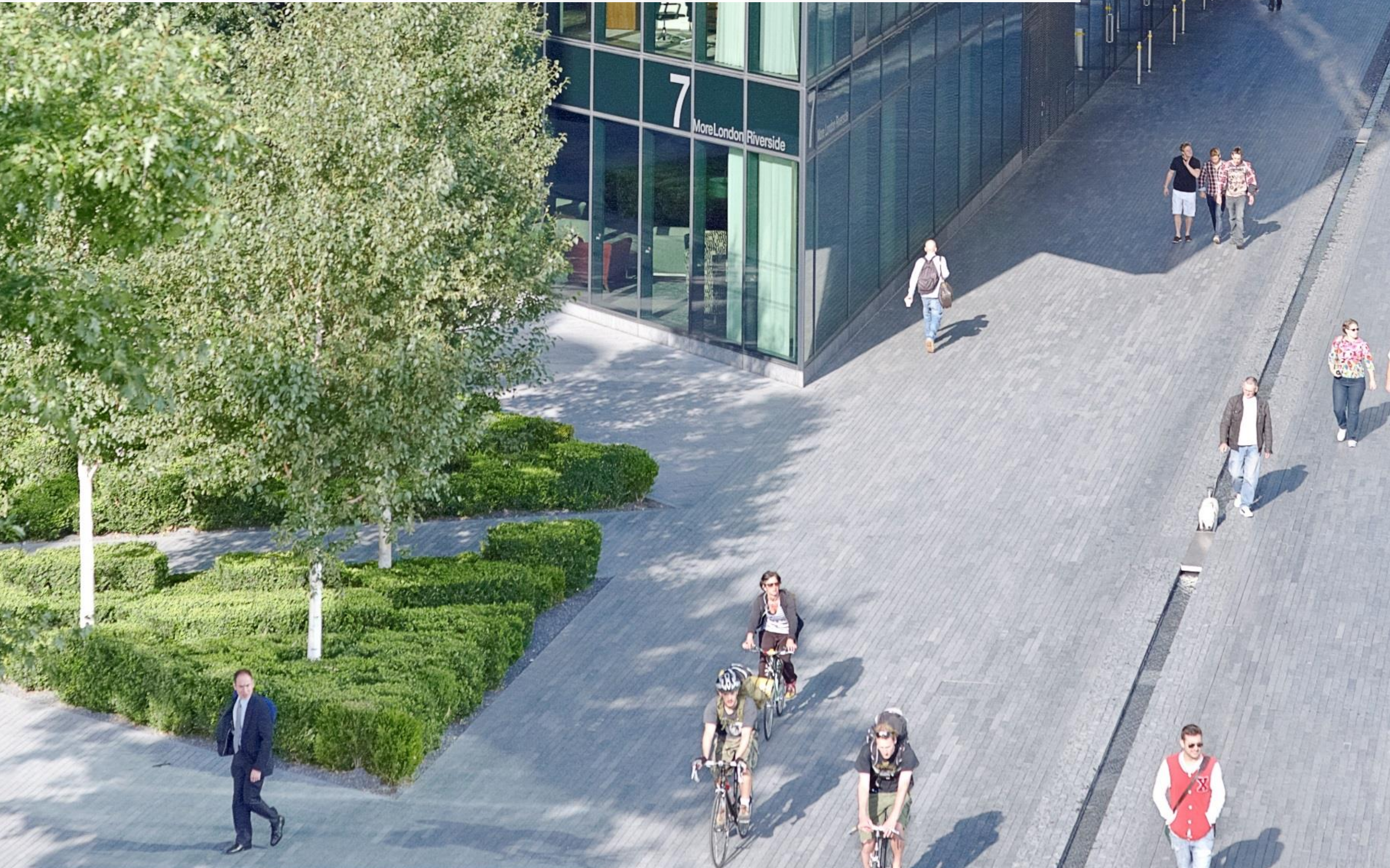
Irrecoverable VAT has more than doubled (increased by 121%) since 2005. The increase in irrecoverable VAT is partly driven by legislative changes – the rate of VAT increased in 2010 from 15.0% to 17.5% and again in 2011 to 20.0%.

There have also been other factors that have contributed to the increase in irrecoverable VAT for the financial services sector. In 2010, there were changes in the EU VAT system, which, taken with legislative or case law changes in the financial services sector, resulted in increased input VAT. There has also been increasing investment in information technology and infrastructure throughout the sector, a drive towards outsourcing administrative business functions and a move towards employing more contractors following the financial crisis, all of which increase the cost base and level of input VAT.

Figure 31 – Taxes borne by financial services companies on an average basis 2016



Source: PwC analysis



Bank levy

The banking sector is the only sector that bears the bank levy. In 2016 it overtook irrecoverable VAT to become the largest tax borne by banks in the survey.

The bank levy, introduced in 2011, is an annual tax on the balance sheet equity and liabilities of banks. The rate of the levy increased every year up until 2015, in an attempt to meet the dual objectives of encouraging the banking sector to move towards more stable sources of funding and of raising a set amount of revenue[18]. The levy is currently applied to the worldwide balance sheet of a UK headquartered bank, but only to the UK balance sheet of a foreign headquartered bank.

The rate increase in April 2015 took the bank levy to its highest rate of 0.210% on short term and 0.105% on long term chargeable equity or liabilities, and from January 2016 the rates were reduced to 0.180% and 0.090%. Rates will gradually decrease each calendar year up until 2021 when 0.10% will be applied to short term liabilities and 0.05% to long term liabilities (figure 33). The fixed revenue target for bank levy receipts will be removed.

From January 2021, the scope of the bank levy will be restricted to UK operations.

This is particularly relevant for UK-headquartered banks where the bank levy currently applies to the global consolidated balance sheet.

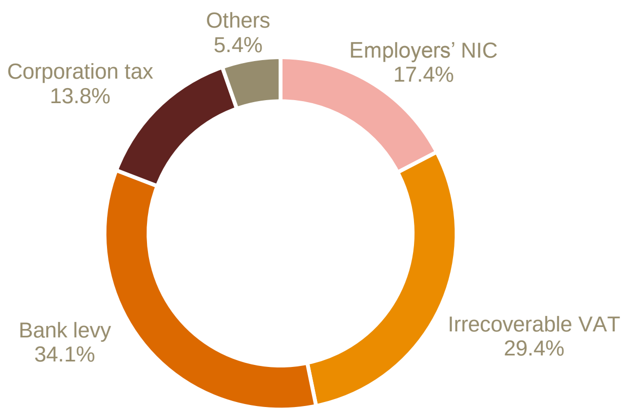
The recent changes to the bank levy regime were introduced alongside a new banking specific tax based on profits, the bank surcharge tax[19]. The UK government's stated intention is to balance the burden on the banking sector between a balance sheet and a profits-based tax.

In 2016, the government received £3.4bn in bank levy from the banking sector. Banks participating in this year's survey paid bank levy of £2.2bn, representing 64.7% of the UK government's total bank levy receipts. This total makes up 9.6% of the total taxes borne by the 100 Group (figure 2 – taxes borne by percentage in 2016) – the fifth largest tax borne.

Survey data shows that the bank levy increased by 24.4% since 2015 and 203.3% since 2012. The trends are dependent on increases in the levy rate as well as the underlying equity or liability values.

The banking sector is the only industry subject to this levy. As shown in figure 32, banks pay, on average, 34.1% of their taxes borne in bank levy. It has replaced irrecoverable VAT as the largest tax borne by this sector.

Figure 32 – Taxes borne by banks on an average basis 2016

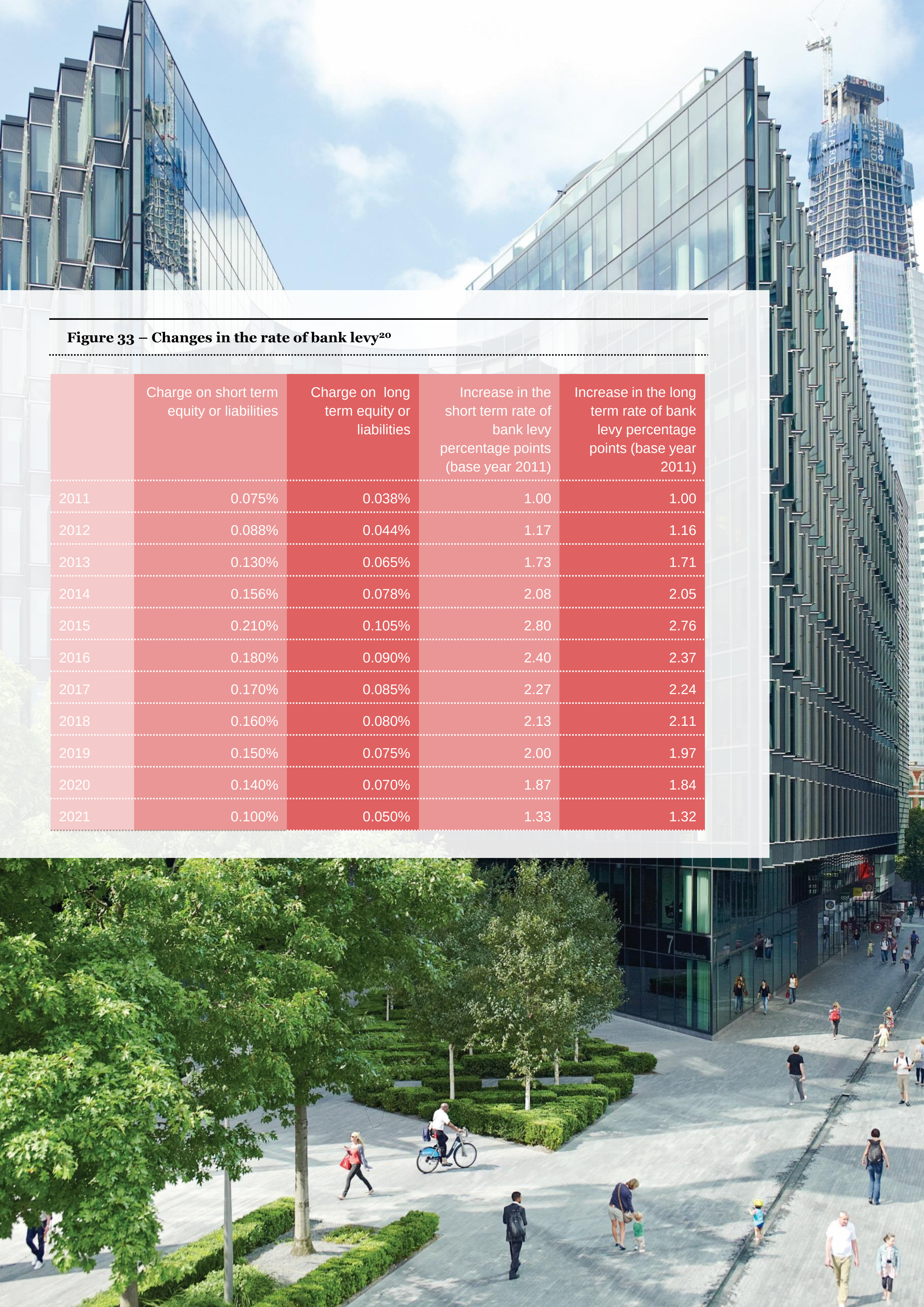


Source: PwC analysis

[18] *https://www.gov.uk/government/news/government-introduces-bank-levy*
[19] *https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/470307/TIIN_Bank_Profits_Surcharge.pdf*
[20] *https://www.gov.uk/government/publications/bank-levy-rate-reduction/bank-levy-rate-reduction*

Figure 33 – Changes in the rate of bank levy[20]

	Charge on short term equity or liabilities	Charge on long term equity or liabilities	Increase in the short term rate of bank levy percentage points (base year 2011)	Increase in the long term rate of bank levy percentage points (base year 2011)
2011	0.075%	0.038%	1.00	1.00
2012	0.088%	0.044%	1.17	1.16
2013	0.130%	0.065%	1.73	1.71
2014	0.156%	0.078%	2.08	2.05
2015	0.210%	0.105%	2.80	2.76
2016	0.180%	0.090%	2.40	2.37
2017	0.170%	0.085%	2.27	2.24
2018	0.160%	0.080%	2.13	2.11
2019	0.150%	0.075%	2.00	1.97
2020	0.140%	0.070%	1.87	1.84
2021	0.100%	0.050%	1.33	1.32



Looking forward

Eight years on from the financial crisis, global growth remains weak and political uncertainty continues to create challenging conditions for business. As the government prepares for Brexit negotiations, there are risks, but also opportunities – the UK's changing relationship with Europe provides a unique chance to take a fresh look at the UK tax system.

Since the 2015 survey, the political environment has changed considerably. It's a fascinating time, but an uncertain one for businesses. Five months on, the vote to leave the EU has not had a major negative effect on the UK economy, and economic projections published immediately after the Brexit vote are largely being revised upwards. But these are uncertain times, with concerns over the impact on future trading relations, business investment and consumer spending.

Amongst the uncertainty, the UK's departure from the EU presents a unique opportunity to take a fresh look at the tax system. Depending on the negotiated relationship with the EU, there may be greater freedom in the future to use tax to help different groups of people, regions and industries. This could provide fresh impetus to the devolution agenda and the decentralisation of fiscal powers.

In this changing environment, the UK government will be looking to attract and retain investment while continuing to safeguard the public finances. In the 2016 Autumn Statement, Chancellor Philip Hammond announced the government's decision to abandon its commitment to balance the budget by 2020, allowing for greater fiscal stimulus to counter the expected slowdown, and confirmed that the statutory rate of corporation tax will fall to 17% from April 2020.

Along with the falling headline rate of corporation tax, other legislative changes may impact the profile of TTC in the coming years. For the banks, the profile of tax contributions will change. After reaching their peak in 2015, bank levy rates will fall, year on year, until 2021. This is expected to be offset by increasing contributions from the banking sector, due to the corporation tax surcharge that came into effect in January 2016, along with loss restriction and the non-deductibility of compensation payments legislation.

We also expect to see a variety of factors affecting the tax contribution from the oil and gas sector in the coming years. Capital investment within the UK oil and gas sector is on a downward trend from a high of £14.8bn in 2014, so there should be an upturn in the tax contribution as capital allowances decline, although this may be partly offset by decommissioning expenditure, losses and the reduction in the rate of supplementary charge and PRT.

More generally, the UK will be implementing anti-hybrid rules from January 2017, along with rules restricting interest deductibility in April 2017. It will be interesting to see, over the next few years, how the combination of the impact of Brexit, the performance of the economy and legislative changes impact the tax contribution of the largest UK businesses.

Business perceptions

Companies participating in the 100 Group survey were asked to give their view on aspects of current government fiscal policy as part of the 2016 survey.

Large businesses are experiencing unprecedented interest in the tax payments that they make and the tax strategies and policies they adopt, while government policy attempts to balance the drive towards greater regulation and oversight with an "Open for Business" agenda. This year the survey included some questions to assess business perceptions on BEPs, country by country (CbC) reporting and tax transparency. Figure 34 summaries the key responses.

84% of participants agreed that greater tax transparency from multi-national companies (MNCs) is needed to help inform the debate around the tax contribution of big business. However, of the 84%, only 49% thought that public reporting of profits and tax paid by country will provide meaningful information to inform the debate, and 66% were concerned about the cost of preparing CbC reports.

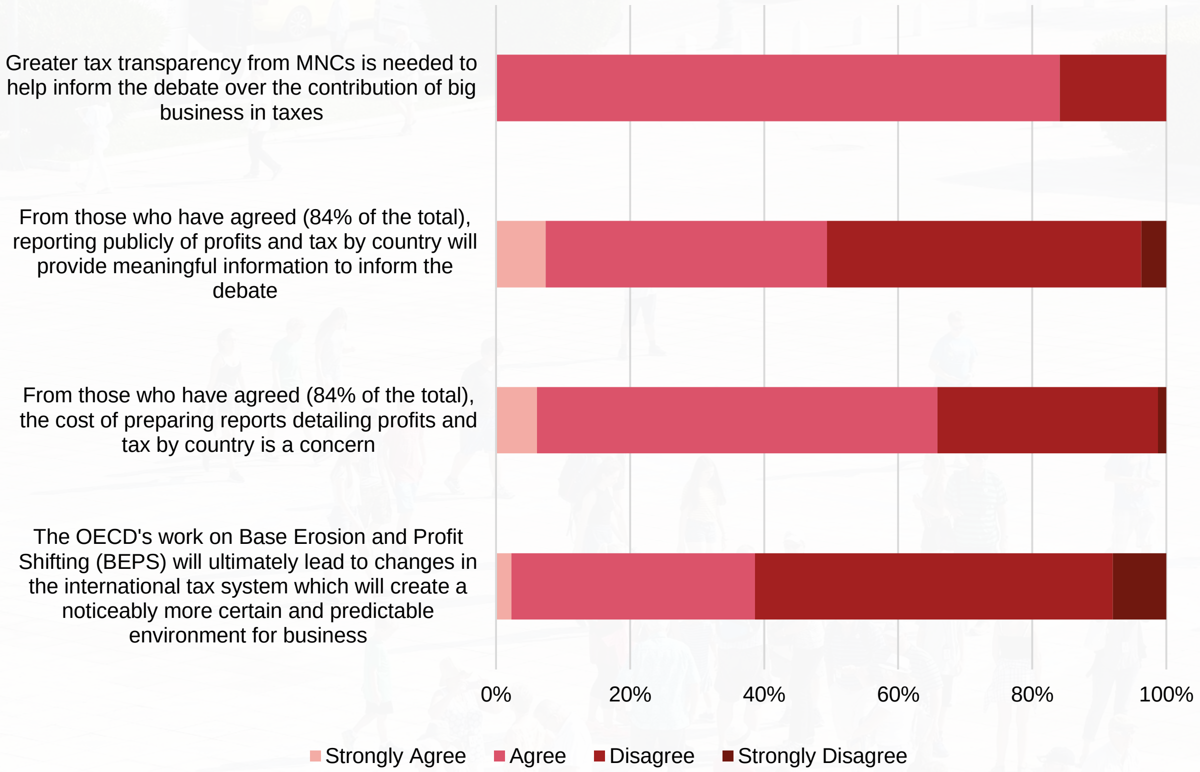
Many of the largest UK companies are considering how increased transparency around their tax affairs and all of the taxes that they pay could better explain the impact that they have in the economies where they operate. Looking at 2015 year ends, thirty seven companies in the FTSE100 disclosed details of their TTC[21].

However, there continues to be uncertainty around whether the OECD's Base Erosion and Profit Shifting (BEPS) initiative will add clarity for businesses. 61% of the participants think the initiative will fail to lead to changes in the international tax system that will create a more predictable environment for business.

We also asked Heads of Tax to give their views on a range of statements relating to tax strategy and tax systems. Over 90% confirmed that the executive board is actively involved in determining the businesses tax strategy, and acknowledged the reputational risk relating to their approach to tax and tax transparency. 90% thought that a stable tax system is more important than low rates of tax, and 72% considered that a reduction in the overall burden of tax administration would be as beneficial as reducing the rates of tax.

[21] *Building Public Trust Through Tax Reporting: Tax transparency to whom and for what purpose?*

Figure 34 – Companies' views on tax transparency and BEPs



Source: PwC analysis

How companies use their TTC data

Each participant in the 100 Group TTC survey receives an individual company report on their Total Tax Contribution that details all of the taxes borne, taxes collected and the wider economic contribution they made in the survey period. The report provides details of the participants' tax profile, puts their data in the context of their economic footprint and provides high level benchmarking.

The survey asked participants how they use their TTC data. Figure 35 displays the responses provided by the 2016 survey participants.

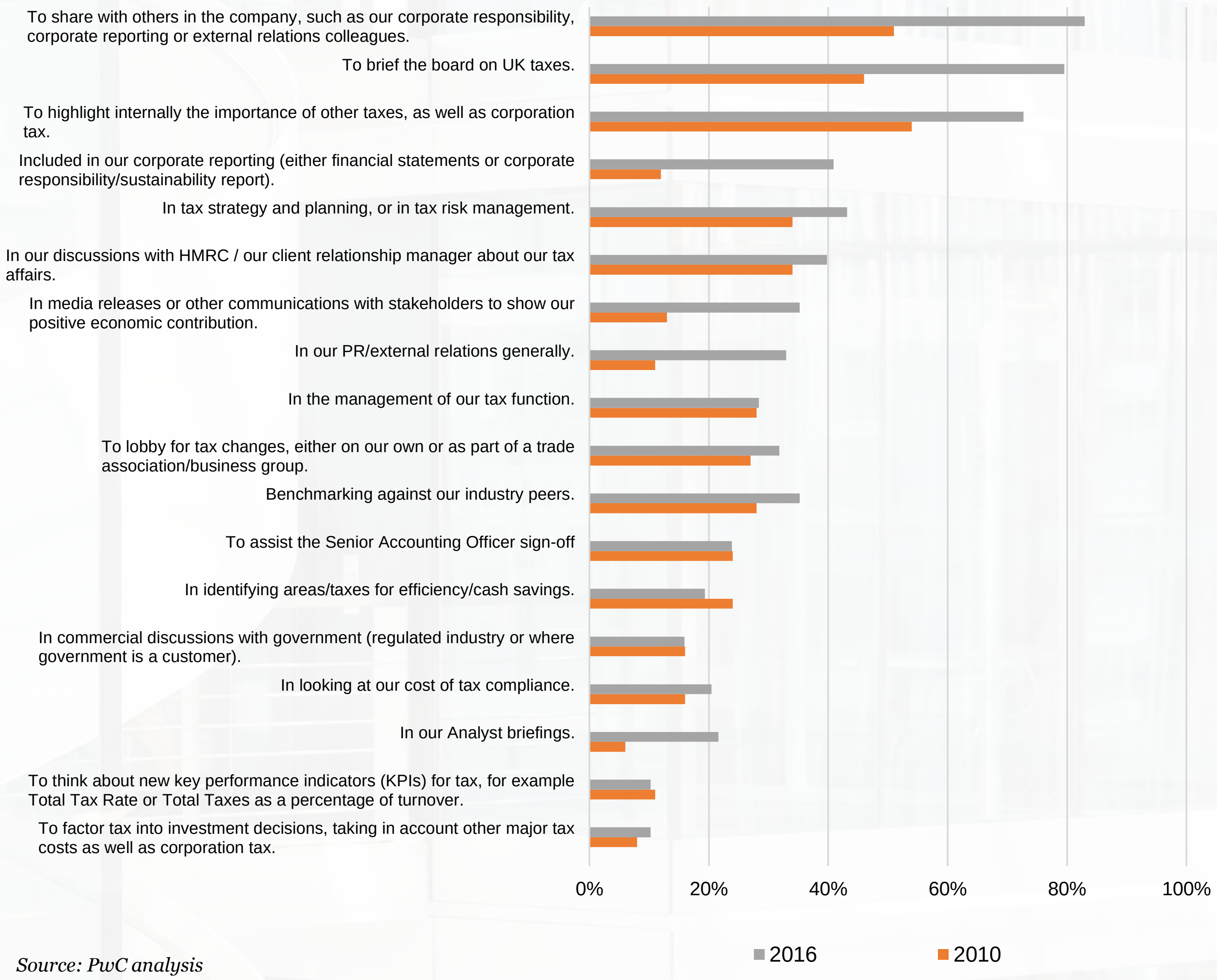
- 83% of companies use their TTC data to share with others in the company, such as their corporate responsibility, corporate reporting or external relations colleagues.
- 79% of companies use their TTC data to brief the board on UK taxes.
- 72% of companies use their TTC data to highlight their Total Tax Contribution internally.

The use of TTC data falls into three broad categories: for internal communications, for external communications and for internal management. While the most popular use of TTC continues to be for internal communication, both in 2010 and 2016, use of TTC data in corporate reporting (either financial statements or corporate responsibility/ sustainability report) has increased by 29.4 percentage points since 2010. This year, we also saw increases in the number of companies using their TTC data to brief the board on UK taxes (up to 79.3% of participants), in their tax strategy and planning, or in risk management (42.5%), discussions with HMRC (39.1%) and for benchmarking against industry peers (34.5%).

Compared to 2010, companies using TTC data in media releases or other communications with stakeholders to show their positive economic contribution have increased by 21.5 percentage points. In the same period, companies using the data in PR/external relations rose by 21.2 percentage points.

TTC data has also increasingly been used in analyst briefings. In 2010, 6% of companies were using their data for this purpose. Six years later, this had increased to 21.8% of participants. A clear reflection of the current environment and how TTC is reaching a broader audience and informing deeper understanding and decision making.

Figure 35 – How companies use their TTC data



Source: PwC analysis

Participation in the twelfth survey

The survey continues to be well supported by the 100 Group –100 companies provided data in 2016 (the fourth consecutive year we have received data from 100 or more companies), representing 97.6% of market capitalisation (figure 36).

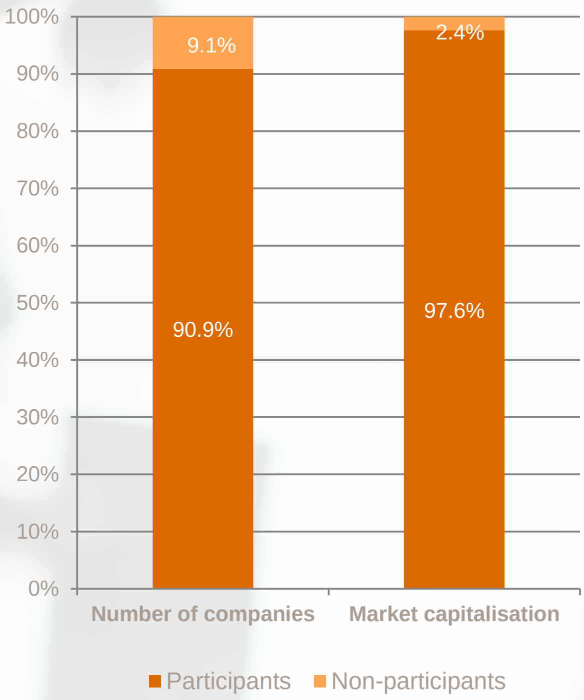
The Total Tax Contribution (TTC) survey is designed to collect robust data on all taxes that companies pay. TTC data is quantitative data on actual taxes paid and helps to inform the debate about the UK fiscal landscape, demonstrating how fiscal policy impacts the contribution made by large businesses to the UK public finances.

The 2016 survey is based on data collected from the 100 Group members for their accounting periods ending in the 12 months to 31 March 2016. 58% of participants have a December year end, 17% have a March year end and the remaining companies have other year ends spread throughout the survey period.

The TTC surveys have always been well supported by the 100 Group members since the survey started in 2005 (figure 37). Increasing interest in the survey results has led to improving participation over the survey period. 2016 is the fourth consecutive year that one hundred or more companies have participated.

Many companies have indicated that they find the results useful for both internal and external communication. A full list of all companies invited to participate in the 2016 Total Tax Contribution survey is included in Appendix 1 .

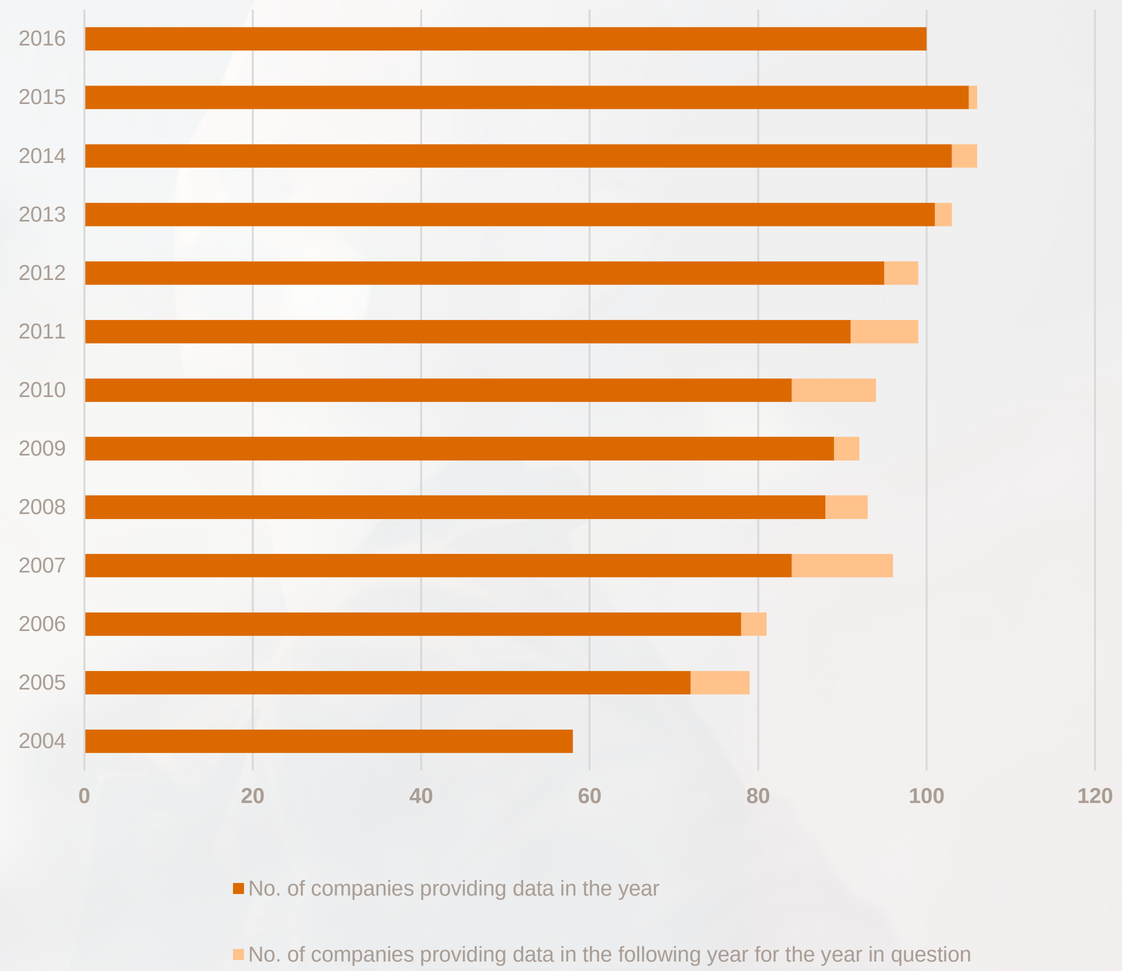
Figure 36 – 100 companies provided data for the 2016 survey



Source: PwC analysis

[22]This includes all companies that have contributed data in TTC surveys conducted for the 100 Group and are members or have been members.

Figure 37 – The number of participants in each year of survey



Source: PwC analysis

Appendices

Appendix 1 – List of companies invited to participate in the 2016 survey

1 3i Group Plc
2 Aberdeen Asset Management Plc
3 Admiral Group Plc
4 Aggreko Plc
5 Alliance Boots
6 Alliance Trust Plc
7 Amec Foster Wheeler Plc
8 Anglo American Plc
9 Antofagasta Plc
10 ARM Holdings Plc
11 Associated British Foods Plc
12 AstraZeneca Plc
13 Aviva Plc
14 Babcock International Group Plc
15 BAE Systems Plc
16 Balfour Beatty Plc
17 Barclays Plc
18 Barratt Developments Plc
19 Berkeley Group Holdings Plc
20 BG Group Plc
21 BP Plc
22 British Airways Plc
23 British American Tobacco Plc
24 British Broadcasting Corporation
25 British Land Company Plc, The
26 British Sky Broadcasting Plc
27 BT Group Plc
28 Bunzl Plc
29 BUPA
30 Burberry Group Plc
31 Cairn Energy Plc
32 Capita Plc
33 Centrica Plc
34 Coca Cola HBC AG
35 Compass Group Plc
36 Daily Mail and General Trust Plc
37 Diageo Plc
38 Direct Line Group
39 Dixons Carphone Plc
40 Experian Plc
41 ExxonMobil
42 G4S Plc
43 GKN Plc
44 GlaxoSmithKline Plc
45 Greenergy International Ltd
46 Hammerson Plc
47 Hargreaves Lansdown
48 Heathrow Airport Holdings Limited
49 Home Retail Group Plc
50 HSBC Holdings Plc
51 ICAP Plc
52 IMI Plc
53 Imperial Tobacco Group Plc
54 Inmarsat Plc
55 Intercontinental Hotels Group Plc
56 Intertek Group Plc
57 Intu Properties Plc
58 ITV Plc
59 J Sainsbury Plc
60 John Lewis Partnership
61 John Wood Group Plc
62 Johnson Matthey Plc
63 Kingfisher Plc
64 Ladbrokes Plc
65 Land Securities Group Plc
66 Legal and General Group Plc
67 Lloyds Banking Group Plc
68 Marks & Spencer Plc
69 Meggitt Plc
70 Mitchells & Butlers Plc
71 National Grid Plc
72 Nationwide Building Society
73 Next Group Plc
74 Old Mutual Plc
75 Pearson Plc
76 Pennon Group Plc
77 Persimmon Plc
78 Prudential Plc
79 Reckitt Benckiser Group Plc
80 RELX Group
81 Rexam Plc
82 Rio Tinto Plc
83 Rolls-Royce Holdings Plc
84 Royal Bank of Scotland
85 Royal Dutch Shell Plc
86 Royal Mail Plc
87 RSA Insurance Group Plc
88 SABMiller Plc
89 Schroders Plc
90 SSE Plc
91 Segro Plc
92 Severn Trent Plc
93 Shire Plc
94 Smith & Nephew Plc
95 Smiths Group Plc
96 St. James's Place
97 Standard Chartered Plc
98 Standard Life Plc
99 Tesco Plc
100 The Weir Group
101 Travis Perkins
102 Tullow Oil Plc
103 Unilever Plc
104 United Utilities Group Plc
105 Vodafone Group Plc
106 Wellcome Trust, The
107 Whitbread Group Plc
108 Wm Morrison Supermarkets Plc
109 Wolseley Plc
110 WPP Plc

Appendix 2 – List of taxes borne and collected in the UK

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

The five tax bases

Total Tax Contribution has been used by companies in different countries. Since taxes have different names in different countries, we identified five tax bases under which taxes borne and collected can be categorised - 'the five Ps' as we have called them.

Profit taxes

These include taxes on company profits that are borne (such as corporate income tax) and collected (such as withholding tax on payments to third parties).

People taxes

Taxes on employment, both borne and collected (including income tax and social security payments).

Product taxes

Indirect taxes on the production and consumption of goods and services, including VAT and sales tax, customs duties, insurance premium tax and alcohol and tobacco duties.

Property taxes

Taxes on the ownership, sale, transfer or occupation of property.

Planet taxes

Taxes and duties levied on the supply, use or consumption of goods and services that are considered to be harmful to the environment, including vehicle excise duties.

Appendix 3 - Taxes borne and collected by participants of the 2016 100 Group survey

Taxes borne	£ 2016
Taxes on profits (profit taxes)	
Corporation tax	4,640,938,489
Petroleum revenue tax	-335,582,825
Betting and gaming duty	217,844,170
Taxes on property (property taxes)	
Business rates	4,815,895,739
Stamp duty land tax	312,848,973
Stamp duty and stamp duty reserve tax	61,748,533
Bank levy	2,200,943,285
Taxes on employment (people taxes)	
PAYE agreements (tax on benefits)	135,888,609
Employers' National Insurance Contributions	6,535,048,777
Taxes on consumption (product taxes)	
Irrecoverable VAT	3,520,528,235
Insurance premium tax	35,151,987
Customs duties	431,003,582
Air passenger duty	29,068,983
Vehicle excise duty	65,808,964
Environmental taxes (planet taxes)	
Landfill tax	15,544,586
Aggregates levy	79,639
EU ETS	28,849,147
Carbon Reduction Commitment	150,795,927
Climate change levy	155,345,640
Congestion charge	3,463,340
Total tax borne	**23,021,213,780**

Taxes collected	£ 2016
Taxes on profits (profit taxes)	
Tax deducted at source	3,318,764,023
Taxes on property (property taxes)	
Stamp duty reserve tax	175,647,747
Taxes on employment (people taxes)	
PAYE	14,317,046,808
Employees' National Insurance Contributions	4,000,763,606
Taxes on consumption (product taxes)	
Net VAT	10,592,311,469
Insurance premium tax	978,358,348
Fuel duties	15,253,329,853
Tobacco duty	5,230,136,485
Alcohol duty	2,898,865,063
Air passenger duty	649,398,401
Environmental taxes (planet taxes)	
Landfill tax	165,611,764
Climate change levy	131,916,222
Total tax collected	**57,712,149,788**

Appendix 4 - Key contacts

Andrew Packman
E: andrew.packman@uk.pwc.com
T: +44 (0) 1895 522 104

Neville Howlett
E: neville.p.howlett@uk.pwc.com
T: +44 (0) 20 7212 7964

Janet Kerr
E: janet.kerr@uk.pwc.com
T: +44 (0)20 7804 7134

John Davies
E: john.davies@uk.pwc.com
T: +44 (0) 20 7212 5096

John Kagiri
E: kagiri.john@uk.pwc.com
T: +44(0) 2072 122932

Thanks are due to the following people who helped in the preparation of this report:

Design
Jack Clay

Notes

www.pwc.co.uk/totaltaxcontribution