THE 100 GROUP

A collective voice for the development of UK-based business

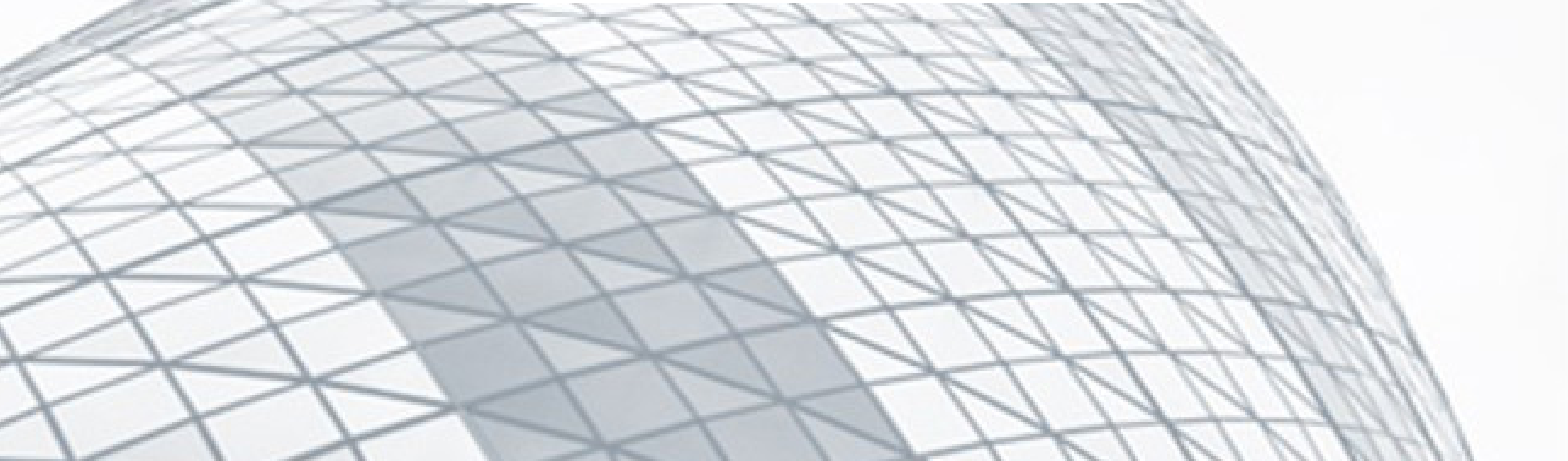
THE HUNDRED GROUP
OF FINANCE DIRECTORS

2018 Total Tax Contribution survey for the 100 Group

Eight years of increasing tax contributions

December 2018

A report prepared by PwC for the 100 Group of Finance Directors



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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. Our member companies represent the vast majority of the market capitalisation of the FTSE 100, collectively employing 6.3% of the UK workforce, and in 2018 paid, or generated, taxes equivalent to 12.3% 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 158 countries with more than 250,000 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.

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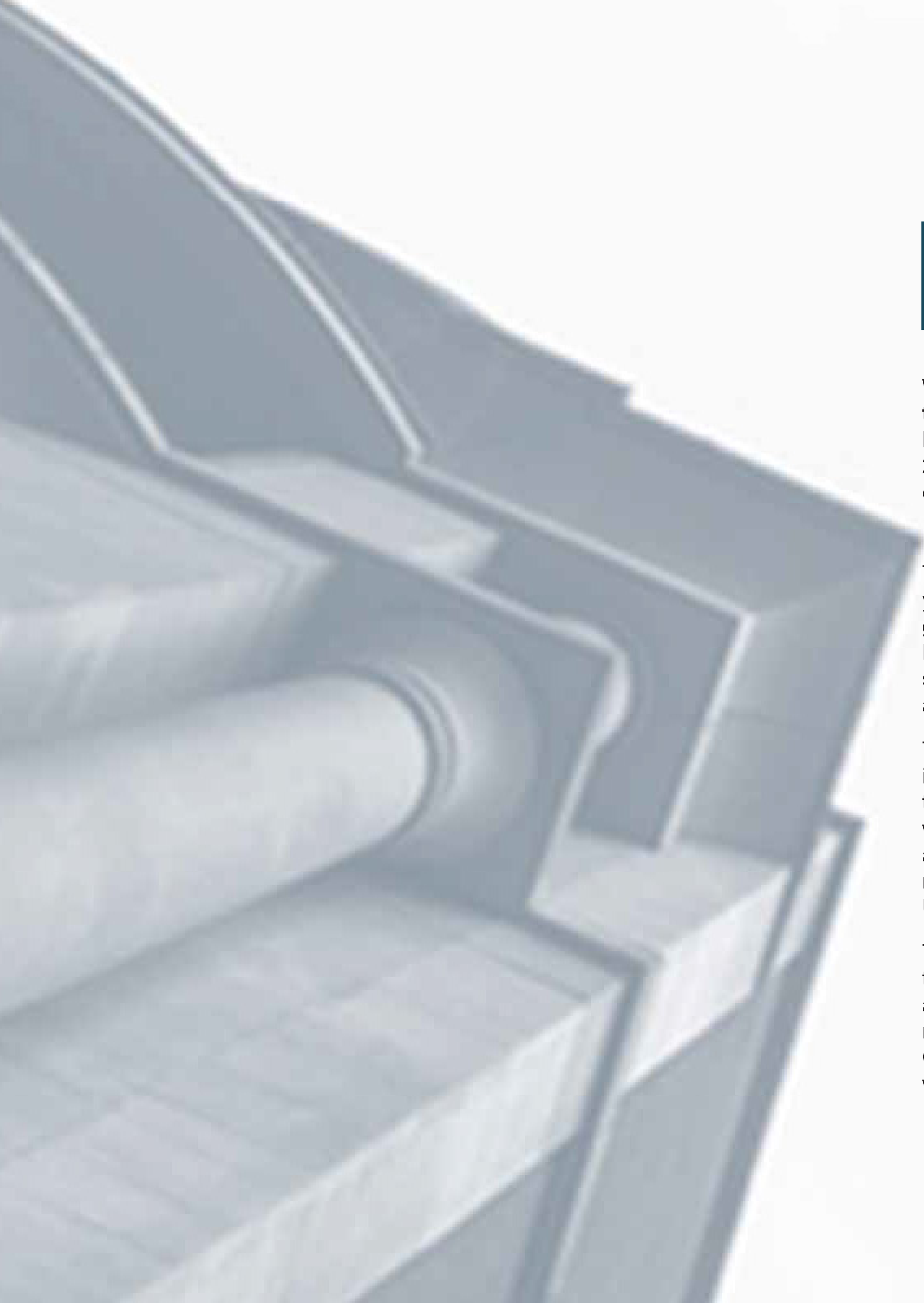


Foreword

Welcome to the fourteenth annual PwC Total Tax Contribution (TTC) survey of the 100 Group. This report presents the analysis of data received from 97 of the largest companies in the UK, highlighting the tax and economic contribution for 2018, along with trend analysis over the past fourteen years showing the impact of economic factors and legislative changes over this period.

The survey analysed the total taxes paid by 100 Group companies in their financial years ended in the year to 31 March 2018. This was a period of slowing economic growth and investment, marked by uncertainty following the UK's vote to leave the EU. Despite this context, the survey shows that the 100 Group continued to invest substantial sums in both physical capital and research and development activities, and drive growth in government tax receipts in 2017-18.

The total tax contribution of the 100 Group increased for the eighth consecutive year in 2018, reaching £84.1bn (12.3% of total government receipts). Our analysis shows that the £1.2bn increase was driven largely by increasing corporation tax payments, with corporation tax being the largest tax borne for the first time since 2012. In addition, 100 Group companies continue to invest in the UK, with £10.3bn spent on research and development and £25.6bn on capital investment in 2018 (13.3% of total UK business investment).

The consistency of the tax and wider economic contribution, even through uncertain times, demonstrates why large companies that are able compete on a global level, are a key part of a successful mixed economy. These companies support a significant number of well paid jobs, both directly and indirectly through their UK supply chains. Collectively, the 100 Group employ over two million people in the UK (6.3% of the UK workforce) and account for 9.2% of total UK employment taxes.

This series of reports also reveal the effect of policy decisions that have shifted the burden of taxation away from profit taxes, towards other business taxes based on property and employment. These policy decisions have had an uneven impact. Sectors of the economy with lower profit margins and a reliance on significant levels of property and employment have seen their tax burden rise as a result of this policy trend.

This is a time of significant social and economic change; policymakers need to consider what response is needed to sustain healthy public finances. Rapid digitisation of the economy, changing patterns of work, together with demographic changes presents clear challenges. Firstly, how tax policy will adapt to emerging business models that are less reliant on people and property, and where the link between value creation and the end customer is less direct. And second, how to sustain the public finances when faced with a significant shift in demographics along with the rising costs of caring for an ageing population.

To build trust in the system, there needs to be engagement with a wide range of stakeholders, and consideration of how to address inequalities in society. With technological disruption reaching into all areas of the economy, access to education and training will become increasingly vital to a well-functioning economy. Business drives the economy, and business leaders must be a part of the dialogue, recognising that the needs of society are closely linked with the needs of businesses.

Trust in 'big business' has been damaged recently and the 100 Group recognises the importance of explaining that it is a collection of responsible corporate citizens making a positive contribution to the UK. Looking at the profits made in the UK by the 100 Group:

- 45% of the value distributed going to the UK government in various taxes;
- 30% went to employees in wages and salaries;
- 6% was used to pay interest;
- leaving 19% to reinvest in the various businesses and pay dividends to shareholders.

We understand that there is a concern as to whether companies are paying a "fair share" of tax. Paying tax is a key contribution of business to society, and this report demonstrates the continuing strong contribution made by the 100 Group.

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.

Chris O'Shea
Chair of the 100 Group
Tax Committee

Andrew Packman
PwC, Total Tax Contribution and
Tax Transparency leader

Key findings

The Total Tax Contribution of the 100 Group increased for the eighth consecutive year in 2018

Total Tax Contribution

£84.1bn

12.3% of total government receipts

Taxes borne	Taxes collected
£27.2bn	£56.9bn

The 100 Group continues to support the UK economy through a period of uncertainty

Employment:

2million

6.3% of the total UK workforce, accounting for 9.2% of all UK employment tax receipts.

Employment taxes:

£12,855

Average employment taxes paid per employee.

Capital investment:

£25.6bn

Survey participants spent £25.6bn on capital investment in 2018, 13.3% of total UK business investment

R&D expediture:

£10.3bn

Survey participants spent £10.3bn on research and development in 2018

The increase in Total Tax Contribution was largely due to an increase in corporation tax...

Increase in corporation tax

15.8%

...driven by a range of industry sectors.

Insurers
Oil & gas
Retailers
Real Estate
Banks

Retailers and financial services companies have been particularly impacted by recent changes to tax policy

2018

In 2018, retail and FS account for

58.7%

of total taxes borne

“The trend in taxes borne since the survey began reveals a shift from profit taxes towards other business taxes based on property and employment.”

Property
Employment

Total Tax Contribution of the 100 Group in 2018

The 100 Group[1] continues to make a significant contribution to UK tax revenues. We estimate the Total Tax Contribution (TTC) of the 100 Group to be £84.1bn in 2018. This is £1.2bn higher than in 2017, and the eighth consecutive year that the TTC has increased.

The ninety-seven companies that participated in the 2018 survey provided data on taxes paid totalling £80.7bn. After extrapolation to all 100 Group members, the TTC is estimated to be £84.1bn, which represents 12.3% of total government receipts for the year ending 31 March 2018 (figure 1). This comprises total taxes borne of £27.2bn and total taxes collected of £56.9bn. Within taxes borne, we estimate corporation tax of £7.3bn, 13.0% of government corporation tax receipts and employment taxes of £26.2bn, 9.2% of government receipts of employment taxes.

Other business taxes paid, (those borne and collected in addition to corporation tax), account for 91.3% of the TTC for the 2018 survey. However, there is often little visibility of these other business taxes borne and collected, and public debate can at times fail to recognise the full picture.

Figure 3 shows taxes borne by percentage in 2018. Corporation tax has become the largest tax borne in 2018, for the first time since 2012 (26.5% of total taxes borne compared to 25.2% in 2017). Employer national insurance contributions (NIC) is now the second largest (25.8% compared to 27.3% in 2017), and business rates remained the third largest tax borne (18.5% compared to 18.9% in 2017) (figure 3). For every £1 of corporation tax, £2.77 is paid in other business taxes borne. In 2017, this ratio was £1 of corporation tax to £2.91 of other business taxes borne. In 2005, the ratio was 1:1.

Employment taxes, at 32.1%, are the largest share of taxes collected (income tax deducted under PAYE: 24.7% and employee NIC: 7.4%) followed by fuel duty at 28.4% (figure 4). For every £1 of corporation tax borne by this group of companies, there is £7.96 of taxes collected.

The TTC in 2018 is £1.2bn higher than in 2017, but represents a falling share of government receipts: 12.3% in 2018 compared to 12.6% in 2017 (figure 2). This is due to strong growth in government receipts (up 4.4% in 2017-18), driven largely by increases in NICs, followed by strong growth in VAT and corporation tax receipts.

The NIC increase reflects growth in total UK employment (which has also driven growth in income tax receipts) along with the move away from public sector service companies and tighter salary sacrifice restrictions.

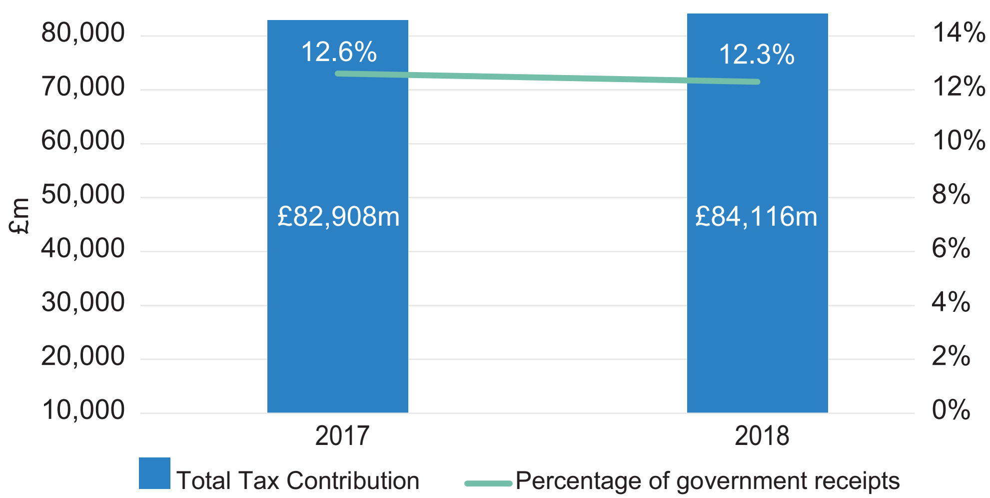
The increase in corporation tax at an economy level reflects sustained levels of stronger profitability, the impact of loss-relief restriction (restricted to 25% of taxable profits for banks and 50% for all other sectors), along with continued growth in incorporation. The increase in VAT reflects strong consumer spending within the UK economy.

Figure 1 – Total Tax Contribution of the 100 Group 2018

	Survey participants (£m)	Extrapolated to the 100 Group (£m)[2]	Percentage of government receipts[3]
Corporation tax[4]	6,942	7,302	
Other taxes borne	18,784	19,936	
Taxes borne	25,726	27,238	
Taxes collected	54,953	56,878	
Total Tax Contribution	**80,679**	**84,116**	**12.3%**

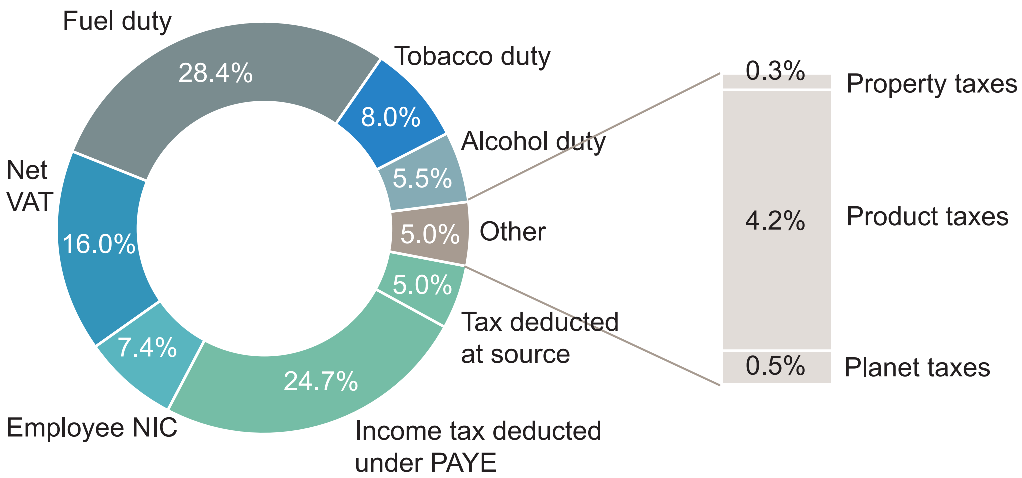
1 This includes all companies that have contributed data in TTC surveys conducted for the 100 Group and are members or have been members.
2 Extrapolation has been carried out on a conservative basis using data on UK corporation tax from published accounts where available or data on UK revenues, and applying ratios from companies in the same industry sector.
3 Office for Budget Responsibility (OBR) – Economic and fiscal outlook supplementary fiscal tables – October 2018. Table 2.8. Current receipts (on a cash basis).
4 Extrapolated corporation tax payments are 13.0% of government receipts of corporation tax.

Figure 2 – Total Tax Contribution of the 100 Group 2017 and 2018



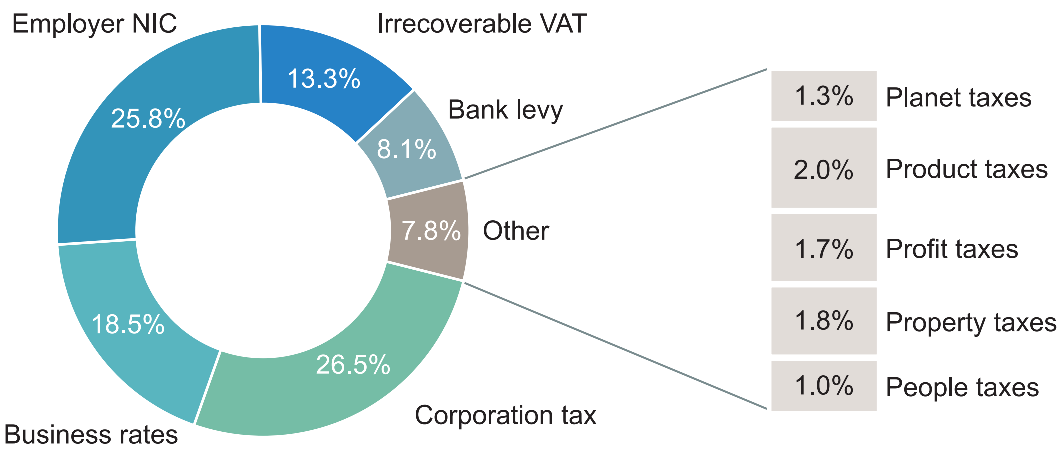
Source: PwC analysis

Figure 4 – Taxes collected by percentage, 2018



Source: PwC analysis

Figure 3 – Taxes borne by percentage, 2018



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

TTC Methodology

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, employer NIC and business rates, etc.

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

We have identified twenty-seven business taxes in the UK under the TTC methodology in 2018 (Appendix 2). Of these, there are twenty-three business taxes borne (including corporation tax) and thirteen business taxes collected.

There was a new tax included in the 2018 survey – the apprenticeship levy – which was introduced in April 2017. This was categorised as a tax borne, and we requested data on payments made to the government as well as payments received by companies to fund apprenticeships. We have used the net apprenticeship levy figure in the TTC analysis.

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 fourteen 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 fourteen 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.

[5] http://www.pwc.com/m1/en/tax/documents/2016/total-tax-contribution-framework-july-2016.pdf

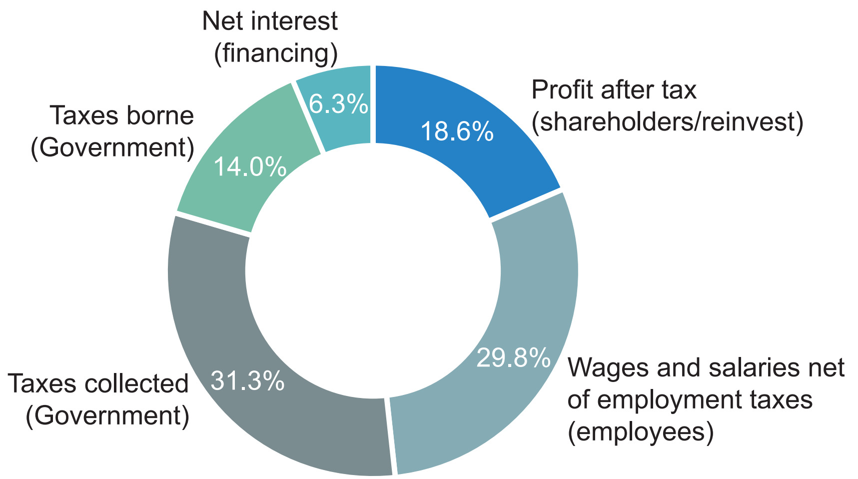
Value distributed

The Total Tax Contribution can be put into the context of value distributed[6] by companies. The share of value going to the government in taxes has increased in 2018 to 45.3%.

Value is distributed to the government in taxes, to employees in wages and salaries, to creditors in interest payments, and profit is distributed to shareholders or retained in the business for reinvestment. 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 45.3% (2017: 45.1%). Wages paid to employees are the second largest share of the value distributed, at 29.8%. Profits after tax (available to reinvest in the company or distribute to shareholders as dividends) account for 18.6% of the total (figure 5).

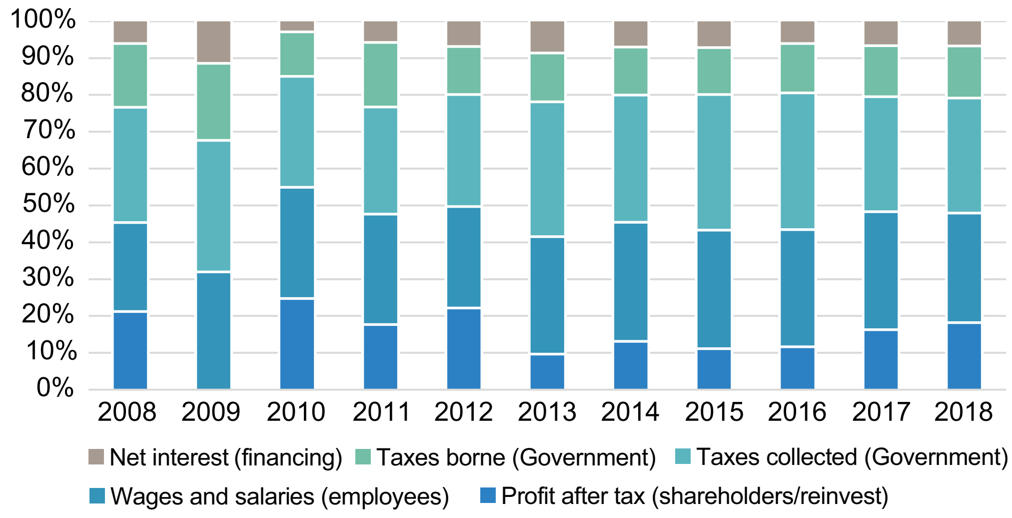
Figure 5 – Value distributed by the 100 Group participants, 2018



Source: PwC analysis

The trend in value distributed by the 100 Group (Figure 6), shows that the government has been the largest beneficiary of the value distributed every year of the survey. The trend also shows the impact of the financial crisis, marked by the 100 Group suffering an overall loss in 2009, before recovering in 2010.

Figure 6 – Profile of value distributed by the 100 Group participants, 2008 to 2018



Source: PwC analysis. Note: limited data prior to 2008 to generate value distributed

6 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.

The wider economic contribution – GVA and UK suppliers

In addition to the significant contribution made to the public finances, the 100 Group also contribute to the UK economy in many other ways. The survey asked participating companies for the number of UK suppliers they work with, and collected additional data to measure Gross Value Added (GVA).

The 100 Group companies play a major part in the UK economy. They supply the goods, services and infrastructure we rely upon, whilst providing employment to 6.3% of the UK workforce. The contribution these large companies make to society extends beyond the value of goods and services produced, taxes paid and jobs created (direct impacts). There are significant indirect impacts, with further value and additional jobs supported through purchasing from UK suppliers. Those employed directly by the organisation, or indirectly by a supplier, will spend their salaries in the wider economy (generating induced impacts).

On top of this, the 100 Group companies invest significantly in the fabric of the UK economy through capital investment and stimulate innovation through R&D expenditure, which is vital for the UK economy to achieve longer-term improvements in productivity.

The survey asked participating companies for the number of UK suppliers they work with, and 66% provided data. On average, each participating company supported 5,112 UK suppliers[7] (figure 7), emphasising the considerable indirect impact that the 100 Group companies have on the wider UK economy.

The survey also collects additional data to estimate the Gross Value Added (GVA) of the 100 Group. GVA is a measure of the value of goods and services produced, and is used to calculate GDP. We estimate that the average GVA per employee for the 100 Group companies is £80,000[8], compared to an estimated GVA per employee of £57,268 in the UK economy as a whole[9] (figure 8).

Figure 7 – Number of UK suppliers supported by survey participants in 2018

	Percentage of participants providing data	Average number of UK suppliers
UK suppliers supported by each 100 Group company	66%	5,112[10]

Source: PwC analysis

Figure 8 – Gross Value Added per employee in 2018

	Average for the 100 Group of companies	UK GVA per employee
GVA per employee	£80,000[11]	£57,268

Source: PwC analysis

7 On a like-for-like analysis, there was a 2.7% decrease in the average number of UK suppliers compared to 2017.
8 GVA was calculated using the income approach, defined as the sum of profit before tax, wages and salaries, employers' social contributions, depreciation, amortisation, and taxes incurred as a result of engaging in production.
9 GVA per employee for the UK was calculated using ONS data for Gross Value Added (average) at basic prices, divided by ONS data on the number of people in work to March 2018 (UK labour market: May 2018 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/may2018).
10 The median was 2,958; the trimmed mean was 3,706.
11 Average GVA per employee has been calculated on an overall basis.

The wider economic contribution – employment

The 100 Group employs two million people, paying an average wage of £37,425 and contributing employment taxes of £12,855 per employee on average.

The 100 Group companies are major employers – the survey participants employed 1.9 million people in 2018. Extrapolating this to the 100 Group, we estimate total employment of 2.0 million people (figure 9). This represents 6.3% of the total UK workforce. The average wage per employee is £37,425 (compared to the average national wage of £29,588[12]) with average employment taxes of £12,855 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 £26.2bn in employment taxes borne and collected (extrapolated), which accounts for 9.2% of total government receipts from employment taxes. Employment taxes are the largest element of total taxes borne and taxes collected. Employer NIC, at 25.8%, is the second largest tax borne for participants, and income tax deducted under PAYE together with employee NIC account for 32.1% of taxes collected.

The survey results show that the participating companies paid a total of £24.7bn in employment taxes, including £7.0bn in employment taxes borne and £17.7bn in employment taxes collected (figure 10).

On a like-for-like basis, where companies have supplied data for employment taxes, wages and salaries, and number of employees for both 2017 and 2018, the number of employees fell by 0.7%, while wages and salaries and employment taxes have both increased, by 2.3% and 3.7% respectively (figure 11). The increase in wages and salaries was driven by growth in earnings at an economy level over the year. The fall in employee numbers was largely driven by the retailers, along with the banks.

Figure 9 – Employment tax figures for the 100 Group in 2018

	Survey participants	Extrapolated to the 100 Group	Percentage of government figure
Number of UK employees	1.9m	2.0m	6.3%[13]
Total employment taxes	£24,662m	£26,168m	9.2%[14]

Source: PwC analysis

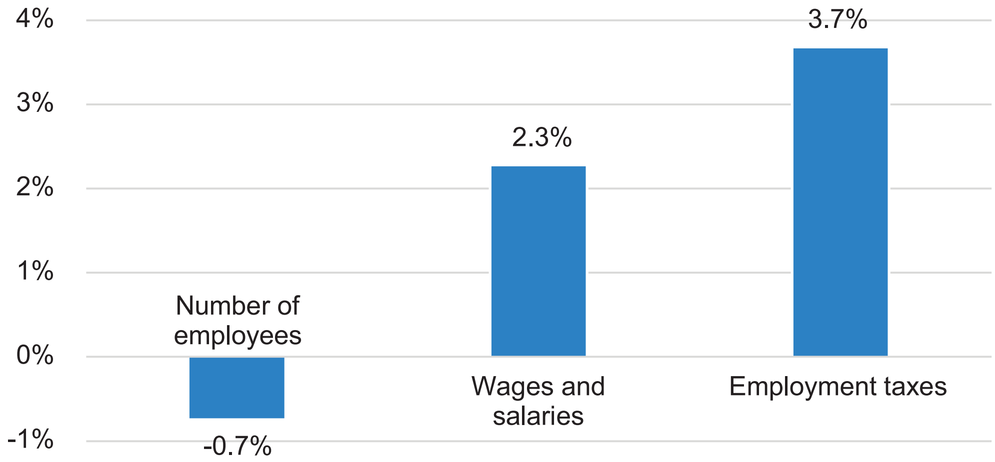
Figure 10 – Employment tax figures for the survey participants in 2018

Employment taxes borne	
Employer NIC	£6,717m
PAYE agreements (PSAs) (tax on benefits)	£120m
Apprenticeship levy	£170m
Total employment taxes borne	**£7,007m**
Employment taxes collected	
Employee NIC	£4,074m
Income tax deducted under PAYE	£13,581m
Total employment taxes collected	**£17,655m**
Total employment taxes borne and collected	**£24,662m**

Source: PwC analysis

12 Based on the median gross weekly earnings for full-time employees, ONS Employee earnings in the UK: 2018 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earning-sandworkinghours/bulletins/annualsurveyofhoursandearnings/2018.
13 Office for National Statistics (ONS) – UK Labour Market: May 2018. Release date 15 May 2018.
14 The Office for Budget Responsibility (OBR) – Economic and fiscal outlook supplementary fiscal tables – October 2018. Table 2.8. Current receipts (on a cash basis).

Figure 11 – Trends in number of employees, wages and salaries, and employment taxes, 2017 to 2018



Source: PwC analysis, based on 73 companies that provided data for the number of employees, wages and salaries and employment taxes in 2017 and 2018

The wider economic contribution – capital investment, research & development

Business investment is an important contribution that large companies make to the UK economy. The 100 Group continues to invest a significant share of business investment and drive growth in R&D expenditure.

The 100 Group make a significant contribution to innovation and the fabric of the UK economy through capital investment and research and development expenditure. 95% of the participating companies invested a total of £25.6bn in tangible fixed assets, representing 13.3% of UK expenditure on business capital investment (figure 12). On a like-for-like basis, where we have company data for both 2017 and 2018, this represents a decrease of 4.5%.

The survey participants also invested a total of £10.3bn in research and development, an increase of 13.7% compared to 2017 (figure 13). The two year trend in research and development spending has largely been driven up by companies in the pharmaceutical sector, followed by the banks.

Figure 12 – Investment made by 100 Group companies in fixed assets 2018

2018 survey	Percentage of participants providing data	Total (£m)	Percentage of the total UK amount	Trend 2017 – 2018 on a like-for-like basis
UK fixed assets additions	95%	£25,552	13.3%[15]	-4.5%

Source: PwC analysis

Figure 13 – Investment made by 100 Group companies in research and development 2018

2018 survey	Percentage of participants providing data	Total (£m)	Trend 2017 – 2018 on a like-for-like basis
R&D expenses	52%	£10,323	+13.7%

Source: PwC analysis

15 http://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/businessinvestment.

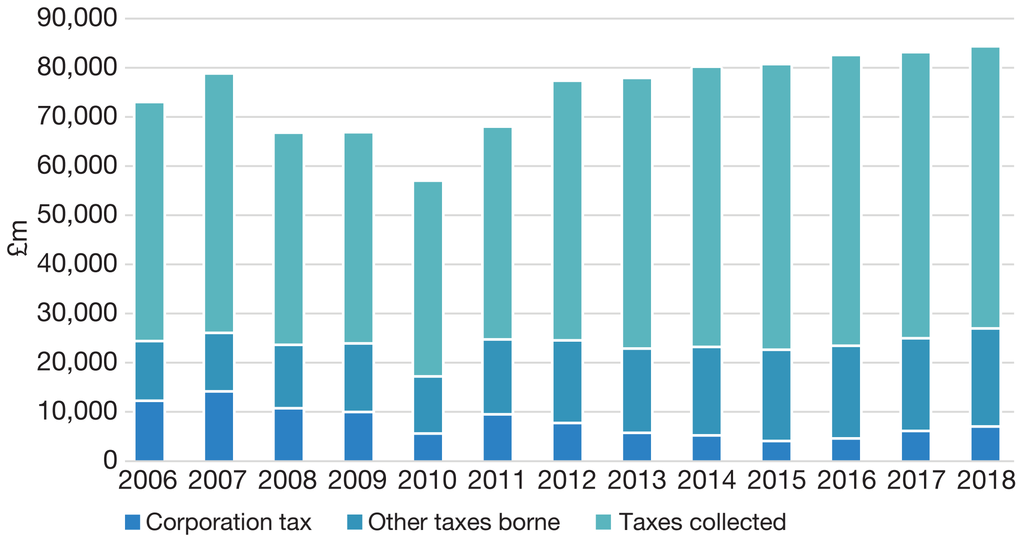
The changing profile of tax

The profile of taxes paid by large businesses has changed significantly over the fourteen years of the survey, as a result of changes to tax policy and economic conditions. The most pronounced change has been a shift from corporation tax towards other business taxes, such as business rates, employer NIC and irrecoverable VAT. In 2005, other business taxes were 50.0% of taxes borne. In 2018, they account for 73.5%.

The TTC of the 100 Group increased for the eighth consecutive year in 2018, reaching £84.1bn (figure 14). Looking at the profile of TTC split between corporation tax, other taxes borne and taxes collected over the entire survey period, a major trend since the global financial crisis has been the decreasing share of corporation tax compared to other business taxes.

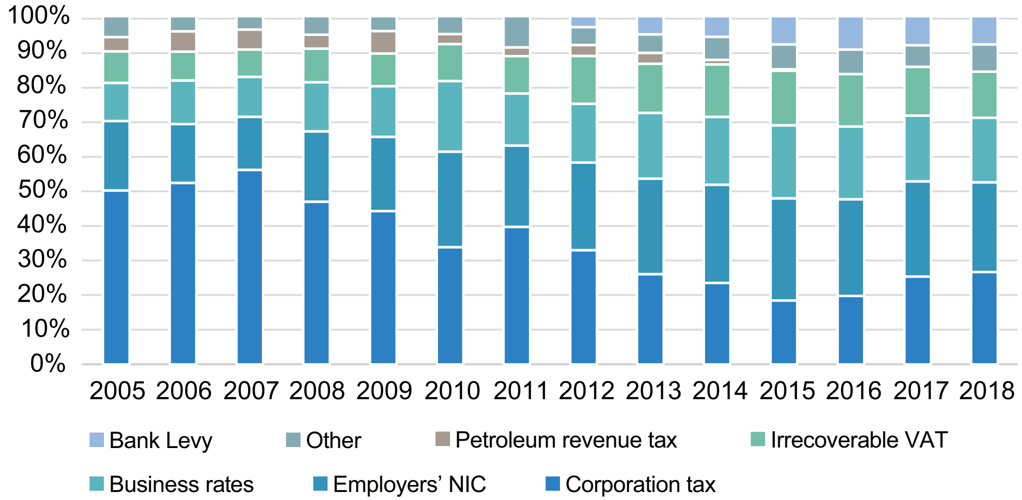
Figure 15 shows that, in 2005 when the survey began, corporation tax accounted for 50.0% of taxes borne, increasing to 55.9% in 2007 just before the financial crisis. The trend from 2007 to 2015, with the exception of 2011, has been for corporation tax to account for a declining share of taxes borne year on year, while the contribution from other business taxes has increased. The share of taxes borne from employer NIC, for example, has increased over the survey period, becoming the largest tax borne between 2013 and 2017.

Figure 14 – Total Tax Contribution for the 100 Group, 2006 to 2018[16]



Source: PwC analysis

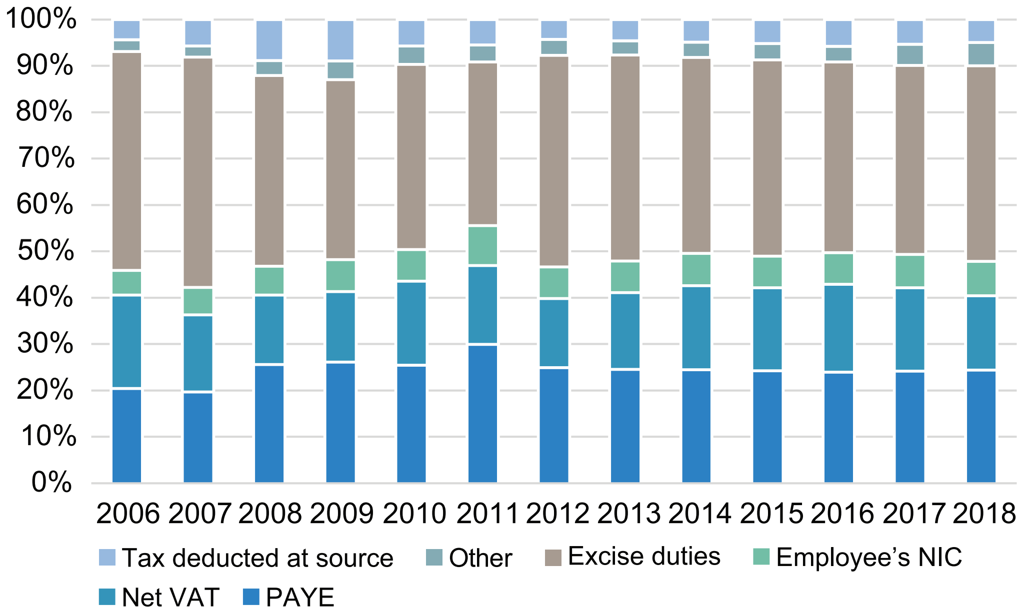
Figure 15 – Profile of taxes borne, 2005 to 2018



Source: PwC analysis

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

Figure 16 – Profile of taxes collected, 2006 to 2018



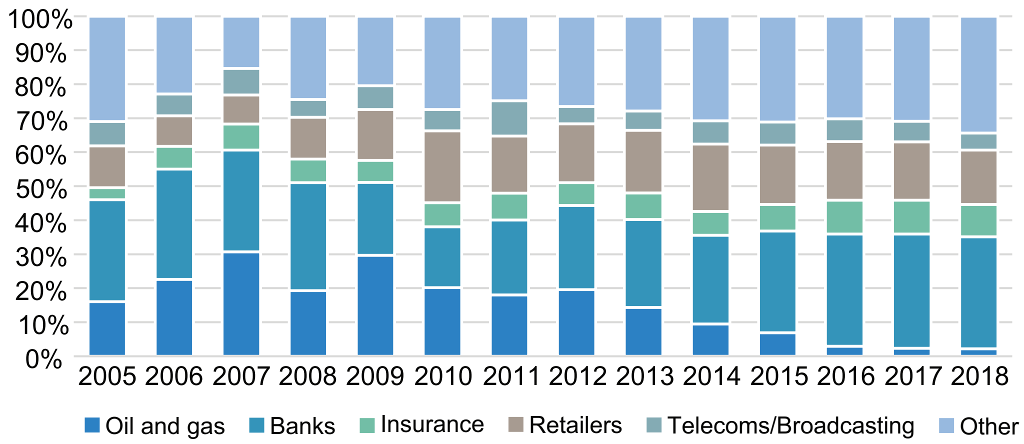
Source: PwC analysis

There are a range of factors influencing the changing profile, including variations in profitability relating to different sectors within this group of companies, and depressed profitability on the whole in the aftermath of the financial crisis. However, a major driver for the falling share of corporation tax between 2007 and 2015 has been the reduction in the headline rate. The rate of corporation tax, at 30% when the survey began, was reduced to 28% in 2008. This was the first change to the headline rate in ten years, and was followed by a further reduction to 26% in 2011, and then a series of cuts taking the headline rate down to 19% from 1 April 2017.

However, the headline rate is not the only factor that determines corporation tax receipts. In 2018, with the corporation tax rate at its lowest level since the survey began, we have seen the third consecutive increase in corporation tax paid by 100 Group members. Government legislation has had a clear impact on the corporation tax paid by the banks in the survey, with tighter loss relief legislation (companies are able to use carried forward losses to offset only 25% of taxable profits, down from 50%), non-deductibility of compensation payments, and the introduction of the bank surcharge in January 2016, imposing an additional 8% surcharge on the profits of banking companies. Tighter loss relief legislation also applied to other industry sectors, from April 2017, with 50% of taxable profits eligible to be offset by carried forward losses.

At a UK economy level, there has also been growth in corporation tax receipts, despite the reduction in the headline rate. Some key factors are likely to be driving this trend: legislation that has broadened the tax base along with measures to reduce avoidance, along with growth in the number of companies or in individuals incorporating.

Figure 17 – Profile of taxes borne by sector, 2005 to 2018



Source: PwC analysis

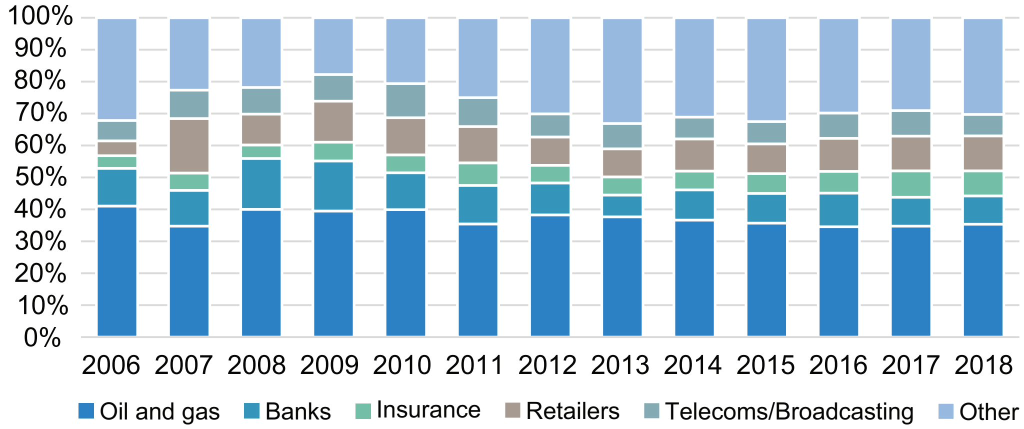
Looking at the contribution from all business taxes borne, figure 17 shows the profile for the five largest sectors (note, there are different numbers of companies in each sector and the total contribution varies between the years).

The 2018 profile is broadly consistent with 2017, while the profile over the survey period shows the recent trend away from oil and gas companies, and towards a greater reliance on financial services.

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 18). Although on a downward trend since 2012 the sector continues to account for a quarter of the overall TTC of the 100 Group (figure 26 – Total Tax Contribution 2006-2018 by sector).

In contrast to the profile of taxes borne, the profile of taxes collected is notable for its stability over the last six years, both in terms of the profile by taxes and by sectors (figure 16 and 18). Excise duties account for the largest share of taxes collected at 41.9%, followed by 32.1% from employment taxes (income tax deducted under PAYE 24.7% and employee NIC 7.4%).

Figure 18 – Profile of taxes collected by sector, 2006 to 2018



Source: PwC analysis

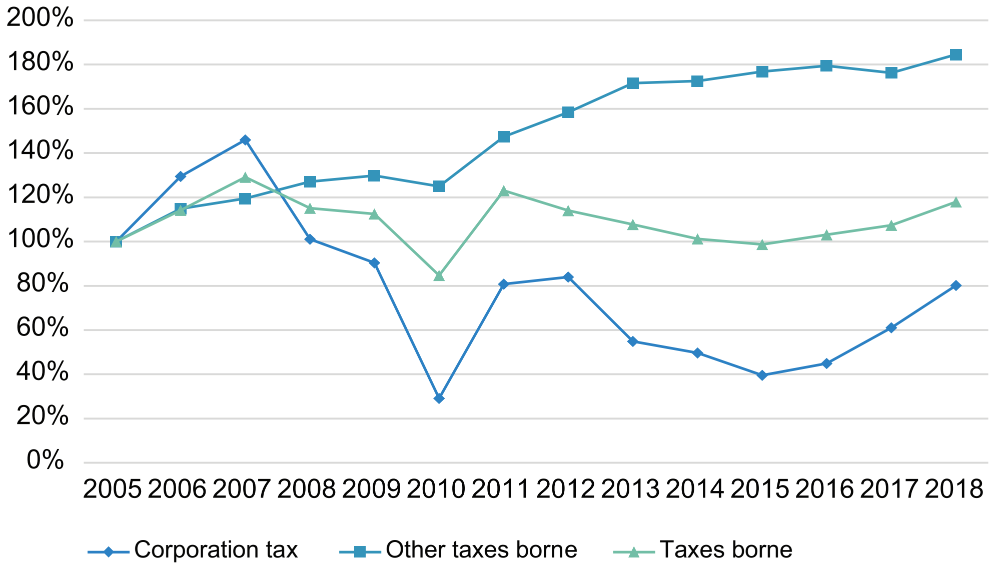
Over the last fourteen years, the TTC survey has collected an extensive bank of data on tax payments by the 100 Group members, giving us a unique insight into the changing profile of taxes paid by the largest UK companies. Twenty-seven companies have provided data in all the surveys we have undertaken. This enables us to look at long-term trends on a like-for-like basis.

Figure 19 displays taxes borne by these companies split 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. The broad trend over the survey period has been for decreasing corporation tax contributions since 2007 to be offset by increasing contributions from other business taxes borne. Other taxes borne have increased by 84.6% over the fourteen year period, and corporation tax has decreased by 19.8%.

However, the increase in other taxes borne has slowed since 2013, while 2018 has seen the third consecutive annual increase in corporation tax.

Figure 19 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. However, the shift away from profit taxes towards taxes based on people, production and property can have a greater impact on sectors that have lower profit margins and require a large workforce, such as retailers.

Figure 19 – 2005 to 2018 trends in taxes borne – corporation tax, other taxes borne and total taxes borne

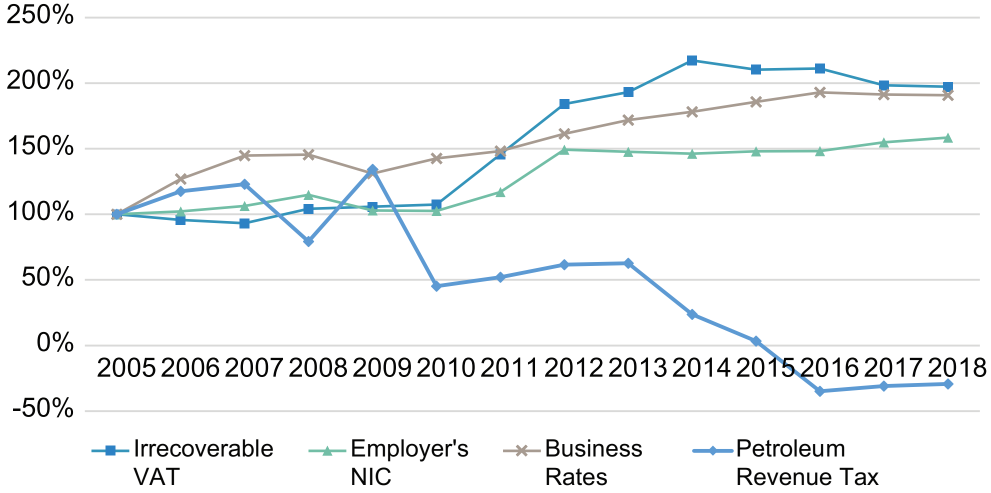


Source: PwC analysis

Figure 20 looks at the trend in other taxes borne in greater detail, splitting out the largest taxes from this category over the survey period: employer NIC, business rates, irrecoverable VAT and petroleum revenue tax. Irrecoverable VAT arises when input VAT cannot be reclaimed by companies that provide services or products that are exempt from VAT, as is the case for the financial services sector. For the twenty-seven companies that have provided data for the entire survey period, irrecoverable VAT is close to double the level it was in 2005. 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[17], 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 has increased by 90.9% since the survey began, driven by increasing multipliers (see section on business rates for more detail) and rateable values. Employer national insurance contributions increased by 58.5%, as a result of increased rates in 2011 and increasing wages over the survey period, including the impact of the national living wage in April 2016.

Figure 20 – 2005 to 2018 trends in taxes borne – irrecoverable VAT, business rates, employer NIC, and PRT



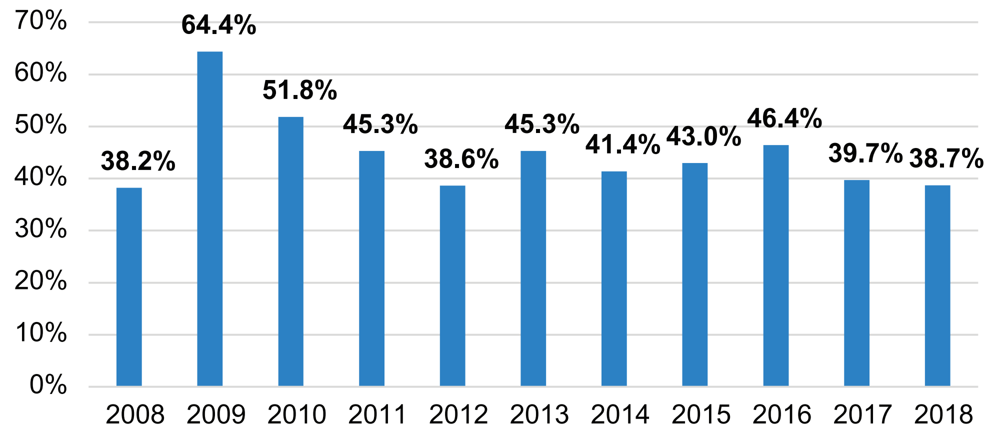
Source: PwC analysis

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

The average Total Tax Rate (TTR) for 100 Group members participating in the 2018 survey is 38.7%[18] (figure 21). 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. When comparing TTRs on a like-for-like basis, where we are able to calculate a company's TTR for both 2017 and 2018, the 2018 TTR remained broadly level compared to 2017.

The TTR peaked in 2009 when profits fell at the height of the recession and then declined as the economy and profitability recovered. In 2018, the TTR decreased for this group of companies, as a result of increasing profits.

Figure 21 – Total Tax Rate, 2008-2018



Source: PwC analysis

[18] TTR overall average is 42.5% and the median is 30.6%.

Trend in Total Tax Contribution between 2017 and 2018

In 2018, the Total Tax Contribution of the 100 Group increased by 1.2%, driven by a 6.9% increase in taxes borne, largely driven by corporation tax, partially offset by a 1.2% decrease in taxes collected.

Eighty-eight companies provided data for both 2017 and 2018 surveys allowing us to analyse the trends on a like-for-like basis for these companies. Figure 22 shows the trend in TTC from 2017 to 2018, and the components of the total increase comprising taxes borne and taxes collected.

The 6.9% increase in taxes borne was largely driven by corporation tax, accounting for 4.0 percentage points of the total increase, and employer NIC at 0.9 percentage points of the total increase (figure 23). The increase in corporation tax was primarily driven by the insurance, oil & gas, retail, real estate and banking sectors, and was due to a combination of factors. The reduction in rate of corporation tax from 20% to 19%, the bank surcharge (a full year of receipts this year, compared to half a year of receipts in 2017), loss restriction and increasing profitability in the 100 Group all contributed to the trend. The drop in corporation tax as a result of the rate reduction was largely offset by the increase in bank surcharge in the year and the impact of the loss restriction. The remaining increase in corporation tax was driven by the increase in profitability in the 100 Group as a whole.

Figure 22 – Trend in Total Tax Contribution, 2017-2018

Total Tax Contribution	Trend as % of total[19]
Taxes borne	2.0%
Taxes collected	-0.8%
Total Tax Contribution	**1.2%**

Source: PwC analysis

Figure 23 – Trend in taxes borne, 2017-2018

Tax borne	Trend as % of total taxes borne[20]
Corporation tax	4.0%
Business rates	0.4%
Employer NIC	0.9%
Bank levy	0.2%
Irrecoverable VAT	0.2%
Other taxes borne	1.2%
Total taxes borne	**6.9%**

Source: PwC analysis

[19] Movement shown as a proportion of increase in Total Tax Contribution.
[20] Movement shown as a proportion of increase in taxes borne.

Figure 24 shows a breakdown of the 6.9% increase in taxes borne by retail, banks, insurance and oil & gas (the sectors that were the largest drivers of the increase), splitting out the impact of corporation tax. Both the banks and the insurers accounted for 1.5 percentage points of the increase in taxes borne. The insurers accounted for the largest share of the corporation tax increase (1.2 percentage points of the 4.0% increase) as a result of buoyant gilt and bond markets, driving profitability in the sector.

Figure 24 – Trend in taxes borne (highlighting specific sectors), 2017-2018

	All Sectors	Retail	Banks	Insurance	Oil & Gas	Other Sectors
Corporation Tax	4.0%	0.6%	0.6%	1.2%	0.8%	0.8%
Other Business Taxes	2.9%	0.1%	0.9%	0.3%	0.3%	1.3%
Total Taxes Borne	6.9%	0.7%	1.5%	1.5%	1.1%	2.1%

Source: PwC analysis. Note: Of the 97 participating companies there are 8 retailers, 6 banks, 7 insurers and 6 oil & gas companies

The 1.2% decrease in taxes collected was driven by decreases in net VAT (-1.5 percentage points of the total) and tax deducted at source (-0.6 percentage points of the total), partially offset by an increase in fuel duty and insurance premium tax collected (0.5 and 0.4 percentage points of the total movement respectively) (figure 25). The decrease in net VAT was largely driven by the aerospace and oil and gas sectors. For some sectors, this is a result of decreasing output VAT, whereas for others, business restructuring has had an impact. The decrease in tax deducted at source was driven by the banks, following the removal of the obligation on banks to deduct tax at source from account interest. The increase in IPT follows the standard rate increase in 2017[21].

Figure 25 – Trend in taxes collected, 2017-2018

Tax	Trend as % of total taxes collected
Tax deducted at source	-0.6%
Excise duties	0.4%
Employee NIC	0.2%
Income tax deducted under PAYE	-0.1%
Net VAT	-1.5%
Insurance premium tax	0.4%
Other taxes collected	0.0%
Total taxes collected	**-1.2%**

Source: PwC analysis

[21] The standard rate of insurance premium tax increased from 6.0% to 9.5% on 1 November 2015, and to 10.0% from 1 October 2016 (the period analysed by this study). It increased to 12.0% on 1 June 2017. www.gov.uk/government/publications/rates-and-allowances-insurance-premium-tax/insurance-premium-tax-rates.

The impact of other business taxes on different sectors

The 100 Group is a cross-industry sector organisation. The TTC surveys show how the impact of tax policy varies by industry sector, and how the trends in contribution have changed since 2006.

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

Figure 26 shows the trend in TTC from 2006 to 2018 for the five largest 100 Group industry sectors. The trend shows a marked decrease in contribution from the oil and gas sector, from 34.7% in 2006 to 24.8% in 2018, while the contribution from the financial services sector has increased by 5.5 percentage points since 2010, to account for 25.1% of TTC.

Figure 27 shows the impact, on different sectors, of corporation tax, employer NIC, business and cumulo rates, irrecoverable VAT and bank levy. Other taxes borne are included in the 'other taxes' category. For retailers, and telecoms and utilities, business rates make up 47.4% and 39.3% of their taxes borne respectively. For banks and insurers, irrecoverable VAT makes up 26.7% and 27.6% of their taxes borne respectively. Bank levy accounts for 31.0% of taxes borne for participating banks. For the oil and gas sector, 37.4% of their taxes borne contribution comes from corporation tax.

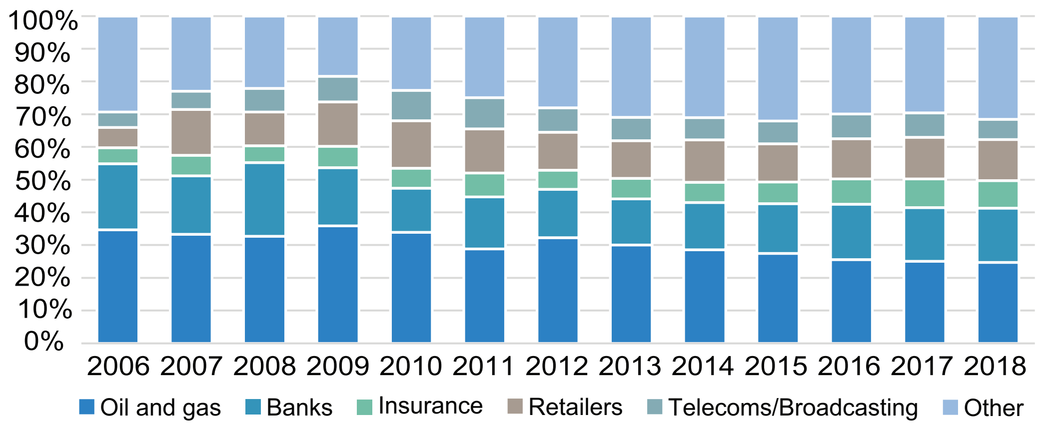
Employer national insurance contributions

Employer NIC 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 page 28 for further analysis).

Figure 26 – Total Tax Contribution 2006-2018 by sector



Note: there are different numbers of companies in each sector and the total contribution varies between the years – the chart shows the proportions represented by each sector

Source: PwC analysis

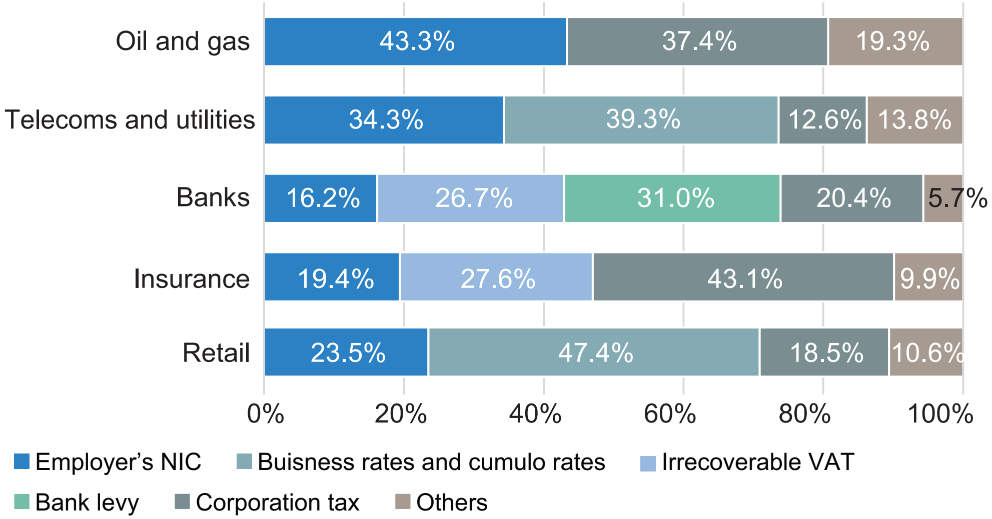
Irrecoverable VAT

This 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 page 30 for further analysis).

Bank levy

The bank levy, introduced in 2011, 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 page 31 for further analysis).

Figure 27 – Sector taxes borne 2018



Source: PwC analysis

Corporation tax

Corporation tax paid by the 100 Group has increased for the third consecutive year. In 2018, we estimate that the 100 Group members paid £7.3bn in corporation tax, representing 13.0% of total UK government corporation tax receipts. Corporation tax represents 26.5% of total taxes borne in the 2018 survey (figure 3). For every £1 of the corporation tax, the 100 Group companies paid another £2.77 in other taxes borne, and £7.96 in taxes collected.

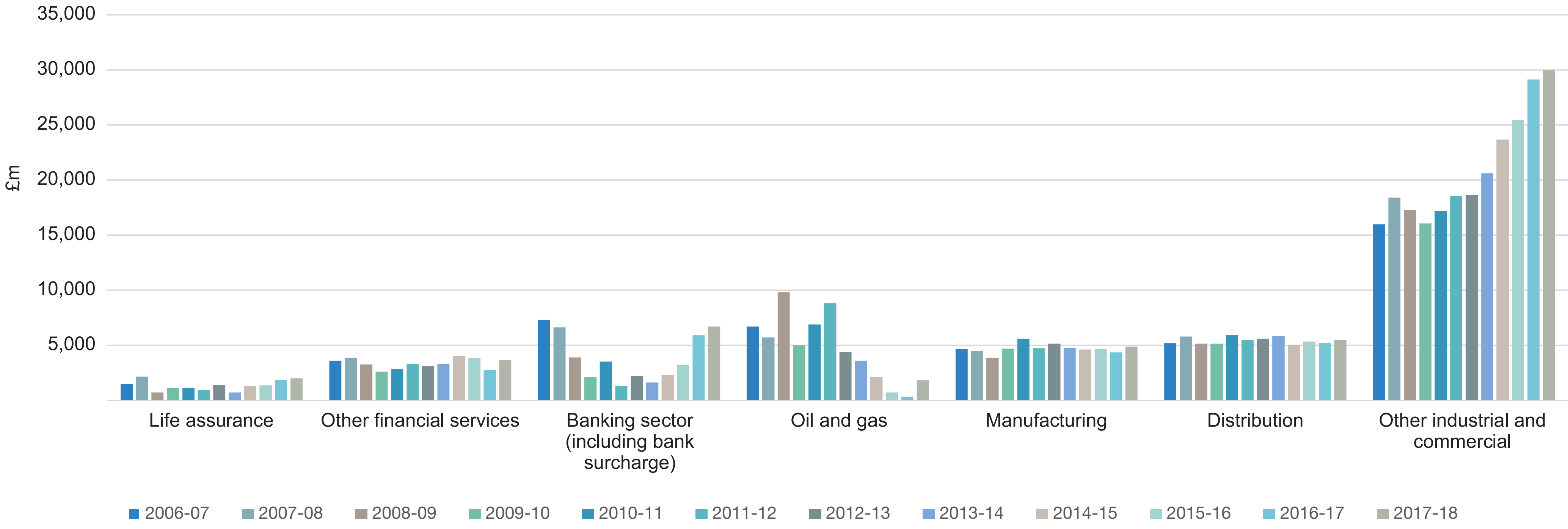
Corporation tax has increased by 15.8% for the 100 Group companies taking part in both the 2017 and 2018 surveys. The increase was largely driven by the insurers, along with oil & gas, retail, real estate and banks. The increasing contribution from insurance companies was due to profitability growth, following an increase in bond and gilt prices in the period after the vote to leave the EU.

Comparing profit and corporation tax trends for all participating companies, on a like-for-like basis, where companies provided both profit data and corporation tax data for both 2017 and 2018, revealed strong growth in profitability and corporation tax in 2018 (figure 29).

However, there were a range of factors, in addition to growth in profits, that contributed to the trend in overall corporation tax paid by the 100 Group in 2018. The corporation tax rate decreased from 20% to 19%, there was a full year of bank surcharge receipts in the 2018 survey, and loss relief legislation was extended to all industry sectors and was tightened to 25% for the banks. The drop in corporation tax as a result of the rate reduction was largely offset by the increase in bank surcharge in the year and the impact of the loss restriction. The remaining increase in corporation tax was driven by the increase in profitability in the 100 Group as a whole.

In 2018, we estimate that the 100 Group members paid £7.3bn in corporation tax, 13.0% of total UK government corporation tax receipts. This represents a growing share of government corporation tax receipts (up from 12.6% in 2017), despite strong growth in government corporation tax receipts in 2017-18. Figure 28 shows the trend in government receipts from corporation tax by sector, revealing considerable growth from 'other industrial and commercial' over the last five years. Within this category, the construction sector and professional, scientific and technical sector have contributed significantly to this growth, potentially as a result of increasing incorporation within these industries.

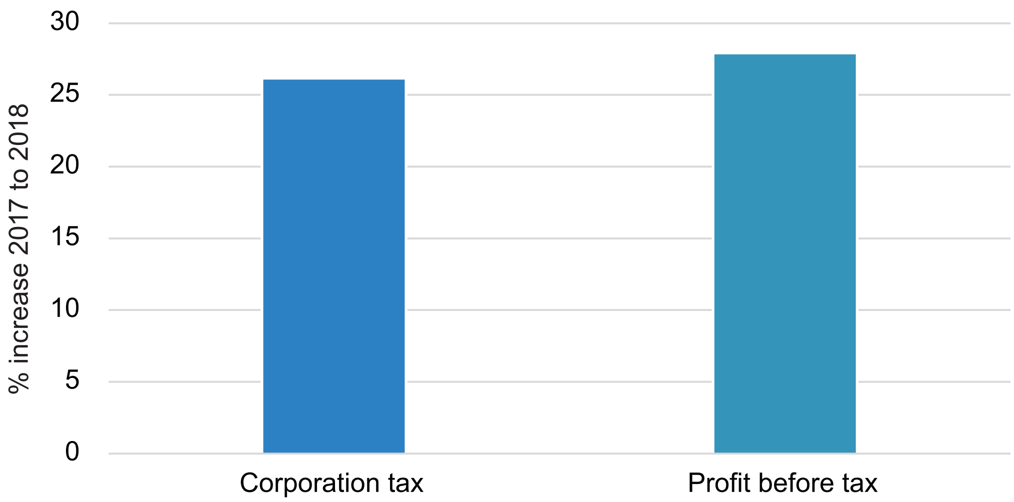
Figure 28 – Government receipts from corporation tax by sector, 2007 – 2018[22]



Source: HMRC

22 There is no government corporation tax data available for retailers.

Figure 29 – Movement of corporation tax and profit before tax on a like-for-like basis, 2017 – 2018



Source: PwC analysis, based on the average result for companies providing both profit and corporation tax data for both 2017 and 2018

Business rates

Business rates are the third largest tax borne for participating companies in 2018. They are charged on rateable property and are not linked to a company's profitability. Business rates impact heavily on the retailers in the survey, accounting for 47.4% of 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 (VOA)) and a specific multiplier set by central and devolved governments. Business rates include cumulo rates which are non-domestic rates paid on rateable network assets by utility and telecom companies (e.g. pipelines and cables).

In 2018, survey participants paid a total of £4.8bn in business rates, representing 15.7% of the government's business rates receipts. At 18.5%, business rates are the third largest tax borne for participating companies in 2018.

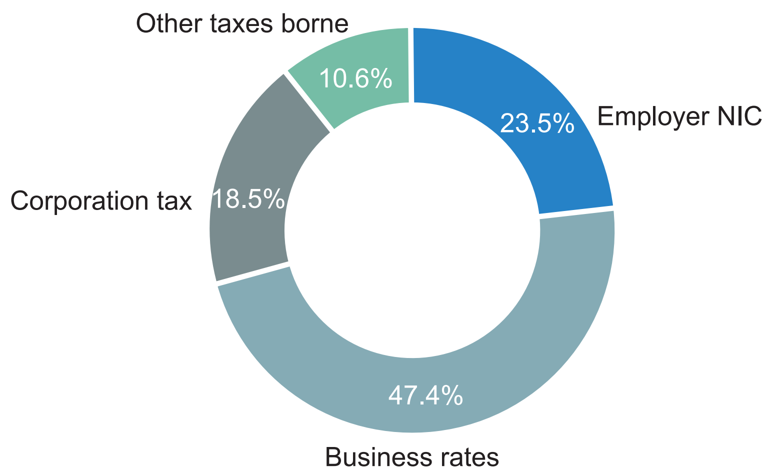
On a like-for-like basis, analysing companies that have provided data in 2017 and 2018, the amount paid in business rates has increased by 2.3% since 2017. There was a revaluation of business rates carried out in 2017, revising rateable values and multipliers (figure 31).

The amount paid in business rates has increased by 91% since the survey began in 2005, driven by a combination of an increase in the multipliers and in rateable property value, as well as the general growth in business property owned by participating companies over the survey period.

45.2% of all business rates paid by the 100 Group participants in 2018 were paid by retailers. On average, 47.4% of taxes borne by 100 Group retailers are business rates (figure 30).

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 30 – taxes borne by retailers on an average basis, 2018



Source: PwC analysis

Figure 31 – Business rates multipliers from 2005 to 2018

Financial year	England[23]	City of London[24]
2018/19	49.3	49.8
2017/18**	47.9	48.4
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**		

23 https://www.gov.uk/calculate-your-business-rates.
24 https://www.cityoflondon.gov.uk/business/business-rates/Pages/how-your-bill-is-calculated.aspx.

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.

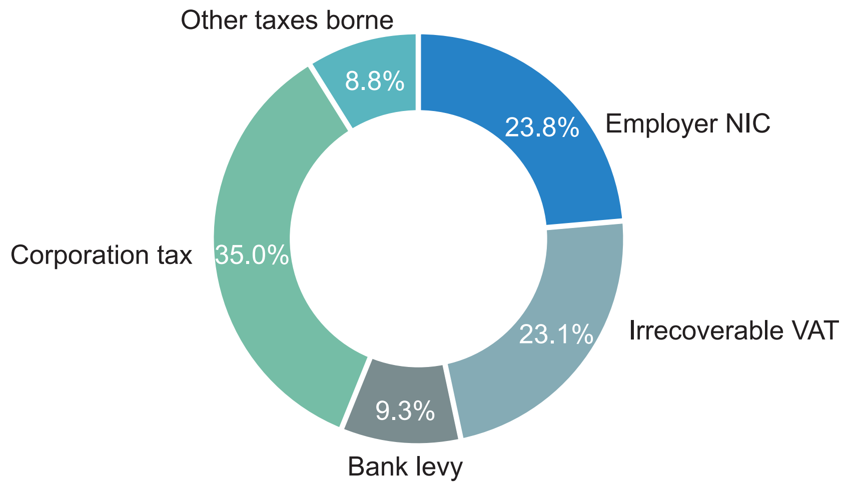
Irrecoverable VAT was the fourth largest tax payment for the study participants accounting for 13.3% of total taxes borne. Irrecoverable VAT arises when input VAT is incurred by a VAT business that makes exempt supplies. When a business supplies goods and services it generally charges VAT, and offsets 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 £3.1bn. On average, it accounts for 23.1% of taxes borne by financial services companies that participated in this year's survey (figure 32).

Irrecoverable VAT has almost doubled (increased by 97.2%) 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 added to the burden of irrecoverable VAT in 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 32 – Taxes borne by financial services companies on an average basis, 2018



Source: PwC analysis

Bank levy

The banking sector is, by definition, the only sector that bears the bank levy. In 2018, it is 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[25]. 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 34).

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.

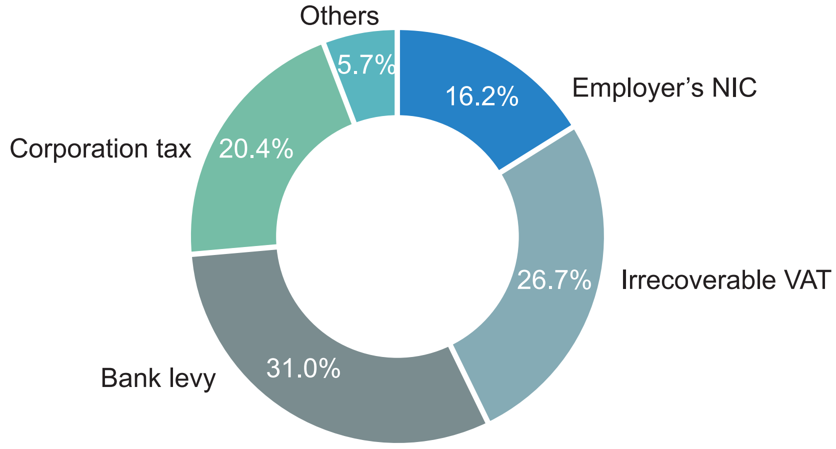
The recent changes to the bank levy regime were introduced alongside a new banking specific tax based on profits, the bank surcharge tax. The government's stated intention is to balance the burden on the banking sector between a balance sheet and a profits-based tax[26].

In 2018, the government received £2.8bn in bank levy from the banking sector[27]. Banks participating in this year's survey paid bank levy of £2.1bn, representing 75.0% of the government's total bank levy receipts. This total makes up 8.1% of the total taxes borne by the 100 Group (figure 3 – taxes borne by percentage in 2018) – the fifth largest tax borne.

Survey data shows that the bank levy increased by 2.5% since 2017 despite a reduction in rates, but has increased 188.7% since 2012. The trends are dependent on changes to the levy rates as well as the underlying equity or liability values.

The banking sector is the only industry subject to this levy. As shown in figure 33, banks pay, on average, 31.0% of their taxes borne in bank levy.

Figure 33 –Taxes borne by banks on an average basis, 2018



Source: PwC analysis

25 https://www.gov.uk/government/news/government-introduces-bank-levy.
26 www.gov.uk/government/uploads/system/uploads/attachment_data/file/470307/TIIN_Bank_Profits_Surcharge.pdf.
27 PAYE and Corporate Tax receipts from the banking sector: 2018, https://www.gov.uk/government/statistics/paye-and-corporate-tax-receipts-from-the-banking-sector-2018.

Figure 34 – Changes in the rate of bank levy[28]

Financial year	Charge on short term equity or liabilities	Charge on long term equity or liabilities	Change in the short term rate of bank levy percentage points (base year 2011)	Change 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

[28] https://www.gov.uk/government/publications/bank-levy-rate-reduction/bank-levy-rate-reduction.

Business perceptions & looking forward

Companies participating in the 100 Group survey were asked to give their view on aspects of government fiscal policy as part of the 2018 survey.

Large businesses continue to experience 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. We continue to assess business perceptions on country-by-country (CbC) reporting and tax transparency via the TTC survey. Figure 35 summaries the key responses.

79% of participants agreed that greater tax transparency from multi-national companies (MNCs) is needed to help inform the debate around the tax contribution of large businesses.

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 2017 year ends, thirty-seven companies in the FTSE100 disclosed details of their TTC[29].

This year, we also asked Heads of Tax from 100 Group members to give their views on the sustainability of UK tax revenues, given challenges posed by an ageing population, technological disruption and the digitisation of the economy.

Specifically, we asked whether emerging technologies will impact business models, jobs and, ultimately, the tax contribution of participating companies. 64% believe that technological disruption will have an impact on their business, while 26% thought their business would not be affected and 10% were unsure. However it's perhaps too soon to predict whether this will have a significant impact on overall tax contribution– of those 64% that believe there will be disruption, 43% were unsure as to whether it would have an impact on tax contribution, while 35% believe there will be an impact and 22% do not expect their tax contribution to be impacted.

In response to significant reforms being made to tax systems around the world in recent years, most notably the recent US tax reform, we asked whether Heads of Tax expected greater harmonisation of the global tax system or increasing tax competition. Eighty-two survey participants responded, with 50% expecting greater harmonisation and 32% expecting increasing competition, while 18% were unsure.

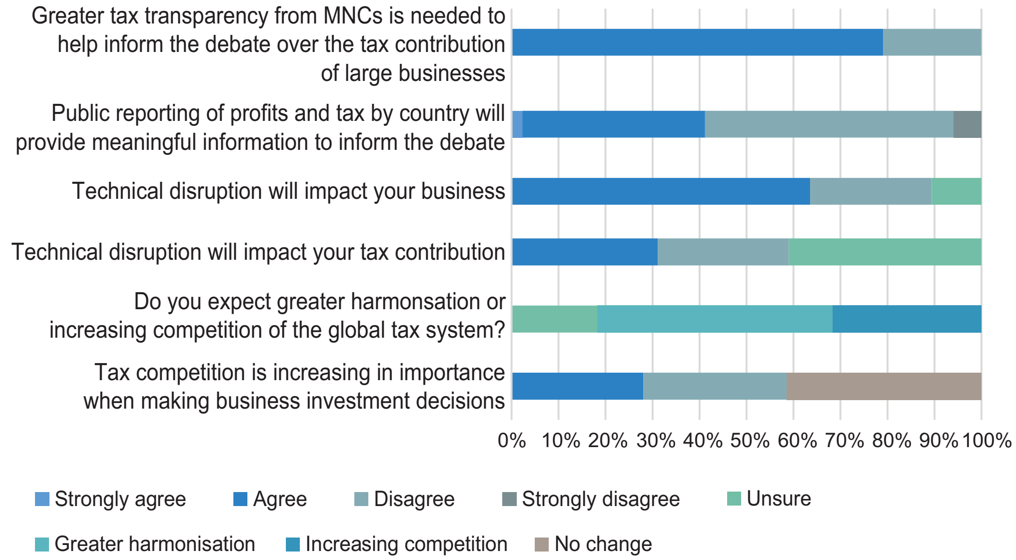
As we look ahead, legislative changes and Brexit are expected to have some impact on the tax contribution of large businesses. The rate of corporation tax is due to be reduced to 17% in 2020 (although the banks will continue to pay an additional 8% surcharge). The rate of bank levy will continue to fall each year to 2021 (see page 30), and from 2021, the scope of the levy, which currently applies to the global consolidated balance sheet of a UK-headquartered bank, but only to the UK balance sheet of a foreign-headquartered bank, will be reformed so as to apply to just the UK operations of all banks.

29 https://www.pwc.co.uk/ftse100reporting.

There remains considerable uncertainty around the UK's future relationship with the EU. With the UK set to leave the EU on 29 March 2019, and the terms of the withdrawal agreement and future relationship yet to be agreed, it is difficult to predict the potential impact on business taxation. However, official government impact assessments predict slowing economic growth as a result of all Brexit scenarios, and so there is certainly the potential for future tax contributions to be affected.

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.

Figure 35 – Companies' view on tax transparency, technical disruption and tax competition



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.

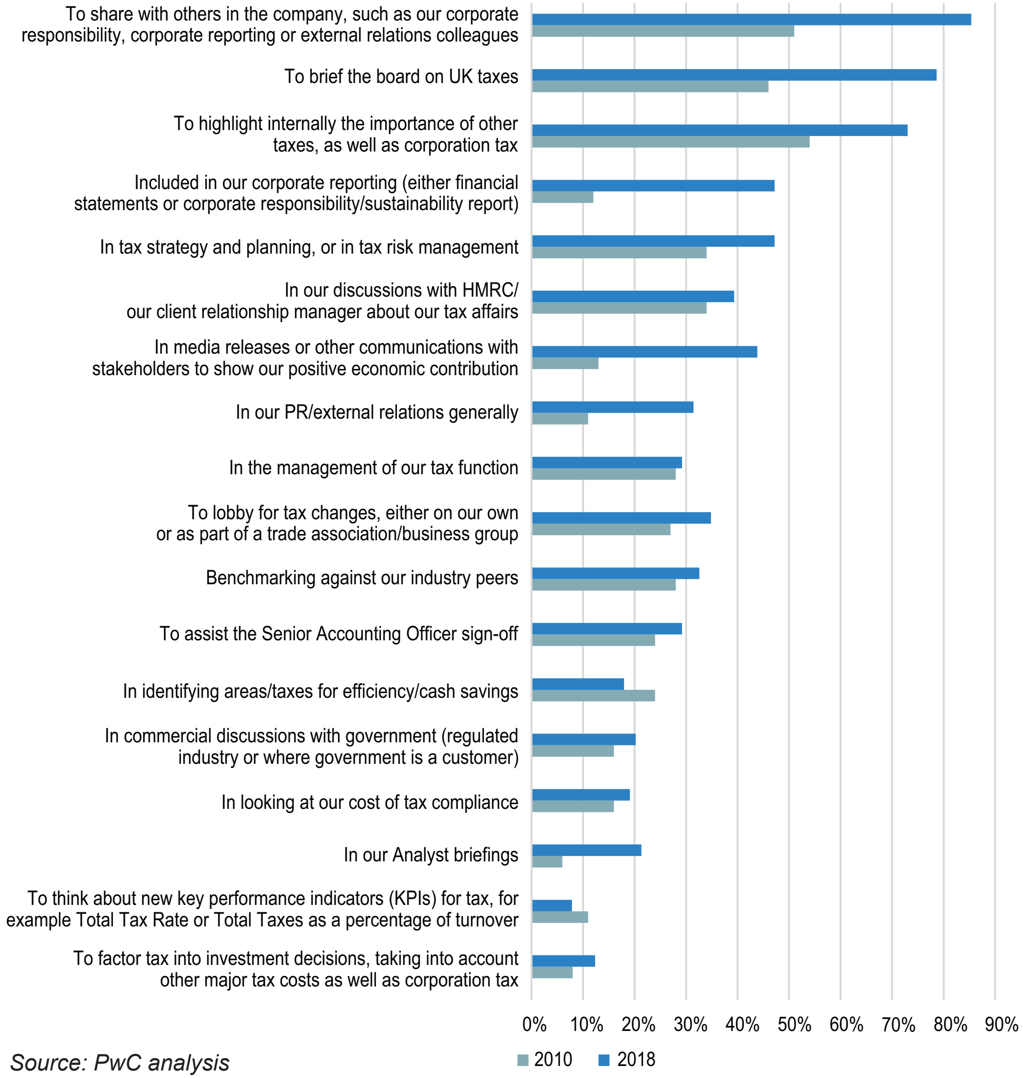
The survey asked participants how they use their TTC data. Figure 36 displays the responses provided by the 2018 survey participants.

- 85% 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.
- 47% of companies use their TTC data in corporate reporting, in tax strategy and planning, or in tax risk management.

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 2018, use of TTC data in corporate reporting (either financial statements or corporate responsibility/sustainability report) has increased by 34 percentage points since 2010.

This year, we also saw increases in the number of companies using their TTC data in their tax strategy and planning, or in risk management (47%), in media releases or other communications with stakeholder (44%), in benchmarking against peers (33%) and in analyst briefings (21%).

Figure 36 – How companies use their TTC data



Source: PwC analysis

Participation in the fourteenth survey

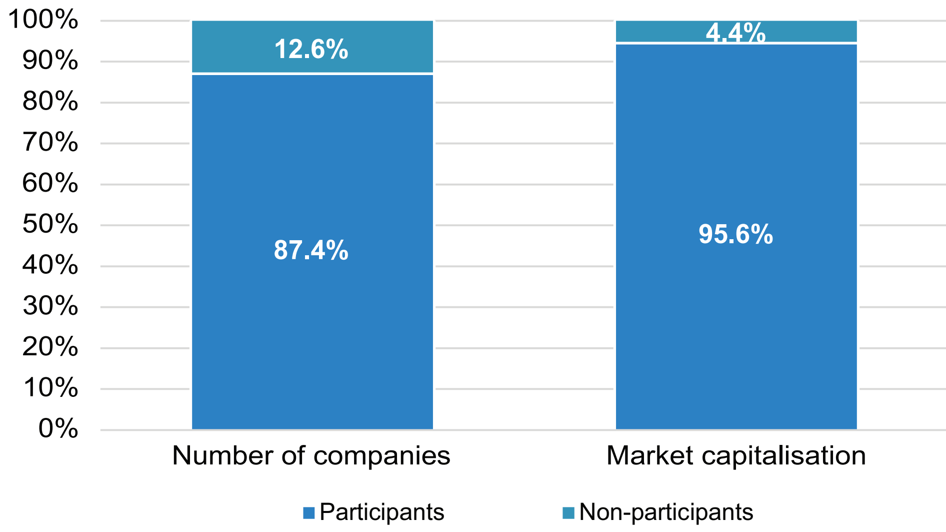
The survey continues to be well supported by the 100 Group –97 companies provided data in 2018, representing 95.6% of market capitalisation (figure 37).

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 business to the UK public finances.

The 2018 survey is based on data collected from the 100 Group members for their accounting periods ending in the 12 months to 31 March 2018. 48% of participants have a December year end, 15% have a March year end and the remaining companies have other year ends spread throughout the survey period.

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 2018 Total Tax Contribution survey is included in Appendix 1[30].

Figure 37 – 97 companies provided data for the 2018 survey



Source: PwC analysis

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

Appendix 1
List of companies invited to participate in the 2018 survey

1. 3i Group plc
2. Admiral Group Plc
3. Aggreko Plc
4. Alliance Boots
5. Anglo American plc
6. Ashtead Group
7. Associated British Foods plc
8. AstraZeneca PLC
9. Aviva plc
10. BAE Systems plc
11. Balfour Beatty plc
12. Barclays Group
13. Barratt Developments plc
14. BHP Billiton
15. BP plc
16. British Airways Group
17. British American Tobacco
18. British Broadcasting Corporation
19. BT GROUP
20. Bunzl plc
21. Bupa
22. Burberry Group plc
23. Cairn Energy plc
24. Capita plc
25. Centrica plc
26. Coca-Cola HBC Northern Ireland Limited
27. Compass Group plc
28. ConvaTec
29. Croda International Plc
30. Diageo plc
31. Direct Line Group
32. Dixons Carphone plc
33. DS Smith
34. Experian plc
35. ExxonMobil
36. Ferguson plc
37. FGP Topco Limited (Heathrow Airport Holdings Limited)
38. G4S plc
39. GlaxoSmithKline plc
40. Greenergy Fuels Holdings Limited
41. Halma
42. Hammerson plc
43. Hargreaves Lansdown
44. HSBC
45. IMI plc
46. Imperial Brands plc
47. Informa plc
48. Inmarsat
49. InterContinental Hotels Group plc
50. Intertek Group plc
51. intu properties plc
52. ITV plc
53. J Sainsbury plc
54. John Lewis Partnership
55. Johnson Matthey plc
56. Kingfisher plc
57. Ladbrokes Coral Group plc
58. Land Securities Group plc
59. Legal & General
60. Lloyds Banking Group
61. Marks and Spencer Group plc
62. Mediclinic International
63. Meggitt plc
64. Melrose Industries plc
65. Merlin Entertainments plc
66. Micro Focus
67. Mitchells & Butlers plc
68. National Grid plc
69. Nationwide Building Society
70. NEX Group plc
71. Old Mutual
72. PaddyPowerBetfair
73. Pearson plc
74. Pennon Group plc
75. Persimmon Group
76. Prudential plc
77. Reckitt Benckiser plc
78. RELX plc
79. Rentokil Initial
80. Rio Tinto plc
81. Rolls-Royce Holdings plc
82. Royal Dutch Shell plc
83. Royal Mail plc
84. RSA Insurance Group plc
85. Sage Group
86. Schroders plc
87. SEGRO plc
88. Severn Trent Water Limited
89. Shire Pharmaceuticals
90. Sky plc
91. Smith & Nephew plc
92. Smiths Group plc
93. SSE plc
94. St James's Place plc
95. Standard Chartered plc
96. Standard Life plc
97. Tesco plc
98. The Berkeley Group Holdings plc
99. The British Land Company plc
100. The Royal Bank of Scotland Group plc
101. Travis Perkins plc
102. Tullow Oil plc
103. Unilever
104. United Utilities Group plc
105. Vodafone Group plc
106. Wellcome Trust
107. Whitbread plc
108. Wm Morrison Supermarkets plc
109. Worldpay Group plc
110. WPP Group 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)	×	
Employee national insurance contributions		×
Employer national insurance contributions	×	
Apprenticeship levy	×	

	Tax borne	Tax collected
Taxes on consumption (product taxes)		
Net VAT		×
Irrecoverable VAT	×	
Customs duty	×	
Fuel duty		×
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 2018 100 Group survey

Taxes borne	£ 2018
Taxes on profits (profit taxes)	
Corporation tax	6,941,885,421
Petroleum revenue tax	-296,787,837
Betting and gaming duty	389,203,985

Taxes on property (property taxes)	
Business and cumulo rates	4,809,046,082
Stamp duty land tax	273,330,768
Stamp duty and stamp duty reserve tax	188,302,509
Bank levy	2,094,889,068

Taxes on employment (people taxes)	
PAYE agreements (tax on benefits)	120,197,359
Employer national insurance contributions	6,716,784,447
Net apprenticeship levy	170,164,801

Taxes on consumption (product taxes)	
Irrecoverable VAT	3,462,657,779
Insurance premium tax	50,820,660
Customs duty	374,052,647
Air passenger duty	27,372,379
Vehicle excise duty	76,438,343

Taxes borne	£ 2018
Environmental taxes (planet taxes)	
Landfill tax	17,023,570
Aggregates levy	417,979
EU ETS	24,027,809
Carbon reduction commitment	97,353,660
Climate change levy	184,868,212
Congestion charge	4,290,376
Total tax borne	**25,726,340,018**

Taxes collected	£ 2018
Taxes on profits (profit taxes)	
Tax deducted at source	2,746,533,415
Taxes on property (property taxes)	
Stamp duty reserve tax	147,200,694
Taxes on employment (people taxes)	
PAYE	13,581,448,853
Employee national insurance contributions	4,074,049,291
Taxes on consumption (product taxes)	
Net VAT	8,804,068,515
Insurance premium tax	1,605,947,923
Fuel duty	15,613,550,032
Tobacco duty	4,408,703,698
Alcohol duty	2,997,957,538
Air passenger duty	682,362,880
Environmental taxes (planet taxes)	
Landfill tax	127,416,287
Climate change levy	163,396,745
Total tax collected	**54,952,970,871**

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Notes

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