THE 100 GROUP

THE HUNDRED GROUP
OF FINANCE DIRECTORS

A collective voice for the development of UK-based business

2020 Total Tax Contribution survey for the 100 Group

Analysis of 100 Group data from 2019/20

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

December 2020

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Contents

About the 100 Group

The 100 Group of Finance Directors represents the view of the finance directors of FTSE 100 and several large UK private companies. Our member companies represent the vast majority of the market capitalisation of the FTSE 100 Index. Our aim is to contribute positively to the development of UK and international policy and practice on matters that affect our business, including taxation, financial reporting, corporate governance and capital market regulation. We believe that good fiscal and tax policy is grounded upon long-term stability, simplicity and consistency. Our members collectively employ 5.8% of the UK workforce and, in 2020, paid or generated taxes equivalent to 11.3% of total UK government receipts.

THE 100 GROUP

About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 155 countries with over 284,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.co.uk.

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Foreword

Welcome to the 16th annual PwC Total Tax Contribution (TTC) survey of the 100 Group. Based on analysis of data received from 97 of the largest companies in the UK, for the year to 31 March 2020, it shows that decreasing profitability and increasing taxes borne have resulted in the total tax rate increasing for the second successive year. The TTC was £84.1bn, a decrease of £0.6bn compared to last year, as a result of decreasing taxes collected.

The survey period largely precedes the coronavirus pandemic, but the economic context was one of slowing GDP growth and continuing political uncertainty. Profitability decreased for the companies in the survey and as a result, the total tax rate[1] has reached 47.9% in 2020, an increase of 6.6 percentage points compared to 2019 and the highest rate since 2010. Even so, 100 Group members continued to invest, with R&D expenditure and capital investment both increasing, on a like-for-like basis, in this year's survey.

While there has been an increase in taxes borne this year, driven by corporation tax and irrecoverable VAT, taxes collected have decreased as a result of falling fuel duties and tobacco duties. The survey shows that, despite challenging economic conditions, the tax contribution from large companies remains significant.

However, given the economic crisis caused by the Covid-19 pandemic, the tax contribution is likely to be significantly lower in next year's report. An expected decline in profitability will lead to lower corporation tax payments, while the severe drop in economic activity along with the impact of tax deferrals and business rates relief will affect the overall tax contribution.

The economic crisis caused by the coronavirus pandemic poses a significant challenge to governments around the world. Its effects are likely to be profound and long lasting. Economies are being reshaped by digitisation and shifting work patterns, which were underway prior to the pandemic but have accelerated as a result of it. Governments will be focused on repairing the public finances once the economic recovery is secured, and there will be pressure to raise taxes.

This presents an opportunity for broader tax reform to address the key challenges of today and tomorrow. While it's important that the tax system remains competitive, it should also provide the incentive structure to meet our net-zero emissions target and address challenges posed by greater digitisation and automation, intergenerational inequality and the demographic pressures of our ageing population.

Businesses make a significant contribution to the public finances, and the trend towards greater disclosure of their tax contribution is continuing. This year, the World Economic Forum International Business Council has developed an ESG reporting standard that includes the reporting of taxes borne as a core metric. The 100 Group has led the way with TTC reporting, with their sustained commitment to this report over 16 years and a number of 100 Group members choosing to disclose their TTC as part of their annual reporting.

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.

Andy Agg
Chair of the 100 Group Tax Committee

Andrew Packman
Total Tax Contribution and Tax Transparency leader, PwC UK

[1] Total Tax Rate (TTR) is the cost of all taxes borne as a percentage of profit before business taxes (PBBT)

Key findings

Despite weak economic growth and continuing political uncertainty, the Total Tax Contribution of the 100 Group was broadly stable in 2019/20

£84.1bn

11.3% of total government receipts

Taxes borne £26.9bn

Taxes collected £57.2bn

The Total Tax Rate - taxes borne as a share of commercial profit - for 100 Group companies has increased, as profits have fallen and taxes borne have increased

Taxes borne increased by 3.3% in 2019/2020

The 100 Group TTR increased to 47.9%

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

Taxes borne

Property taxes

Employment taxes

This shift in tax policy has particularly impacted

retailers

financial services

In 2019/20, retail and financial services account for 58.6% of total taxes borne

Despite challenging economic conditions, the tax contribution from large companies remains significant

3.3% Increase in taxes borne

driven by corporation tax and irrecoverable VAT

1.9% Decrease in taxes collected

Decreasing fuel duties

Decreasing tobacco duties

Almost half of 100 Group value distributed goes to the government in taxes borne and collected

Government

Taxes borne and collected

47.0% of 100 Group value distributed

31.6% of 100 Group value distributed

Employees

Wages and salaries

In 2019/20, for every £1 of corporation tax, businesses paid £2.89 in other business taxes

In 2005, this ratio was 1:1

Corporation tax

Business taxes

2019/20

The shift from profit taxes to other taxes borne provides a more stable source of revenue for the government.

Corporation tax

Business taxes

Business investment in the wider UK economy has slowed since 2016

Capital investment by the 100 Group has increased for the second consecutive year

£100bn

100 Group capital investment in the last four years

Increase in 100 Group capital investment in 2019/20

7.0%

Total Tax Contribution of the 100 Group in 2020

The Total Tax Contribution (TTC) of the 100 Group[2] in 2019/20 is estimated to be £84.1bn, which represents 11.3% of UK government receipts. It is the sixth consecutive year that the 100 Group TTC has been in excess of £80bn.

The 97 companies that participated in the 2020 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 11.3% of total government receipts for the year ended 31 March 2020 (figure 1). This comprises total taxes borne of £26.9bn and total taxes collected of £57.2bn. Within taxes borne, we estimate corporation tax payments of £6.9bn (11.3% of total corporation tax receipts). Employment taxes make up £26.2bn of the total tax contribution, 8.4% of government receipts of employment taxes.

Other business taxes paid (those borne and collected in addition to corporation tax), account for 91.8% of the TTC for the 2020 survey.

Figure 2 shows the profile of taxes borne paid by 100 Group companies in 2019/20. The largest tax borne was employer NICs, at 25.7% of total taxes borne (compared to 27.0% in 2018/19). Corporation tax is the second largest tax borne, at 25.5% (up from 24.3% in 2018/19). The third largest is business rates (19.0%) followed by irrecoverable VAT (15.2%).

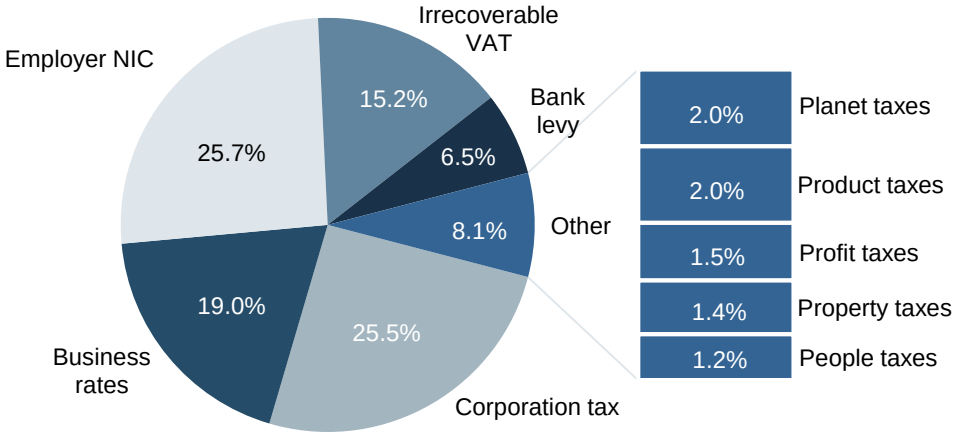
For every £1 of corporation tax, £2.89 is paid in other business taxes borne. In 2005, the ratio was 1:1.

Figure 1 – Total Tax Contribution of the 100 Group, 2019/20

	Survey participants (£m)	Extrapolated to the 100 Group (£m)[3]	Percentage of government receipts[4]
Corporation tax[5]	6,600	6,934	
Other taxes borne	19,072	19,947	
Taxes borne	25,672	26,881	
Taxes collected	55,072	57,176	
Total Tax Contribution	**80,744**	**84,057**	**11.3%**

Source: PwC analysis

Figure 2 – Taxes borne by percentage, 2019/20



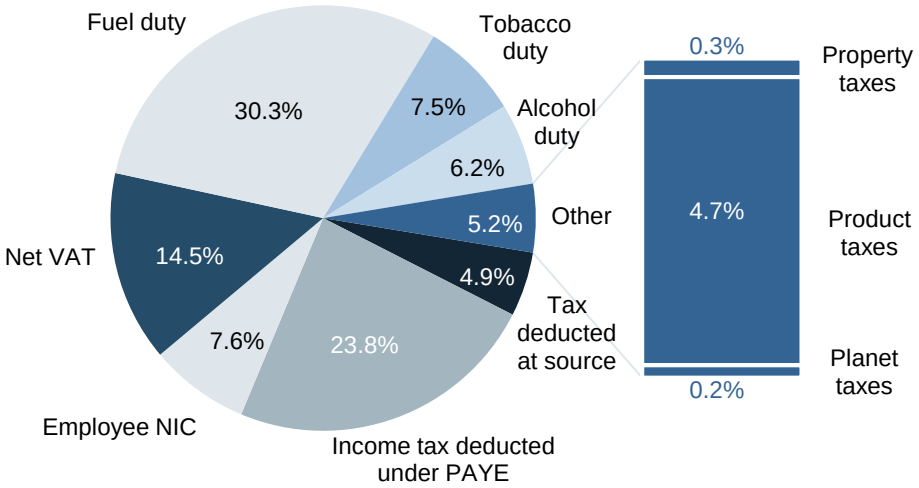
Source: PwC analysis. Note: see appendix 2 for an explanation of the five tax bases (profit, people, product, property and planet taxes).

[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] Office for Budget Responsibility (OBR) – Economic and fiscal outlook supplementary fiscal tables – March 2019. Table 2.8. Current receipts (on a cash basis).
[5] Extrapolated corporation tax payments are 11.3% of government receipts of corporation tax.

Figure 3 shows the profile of taxes collected by 100 Group companies in 2019/20. Employment taxes, at 31.4%, are the largest share of taxes collected (income tax deducted under PAYE: 23.8% and employee NIC: 7.6%) followed by fuel duties at 30.3% (figure 3). For every £1 of corporation tax borne by this group of companies, there is £8.34 of taxes collected.

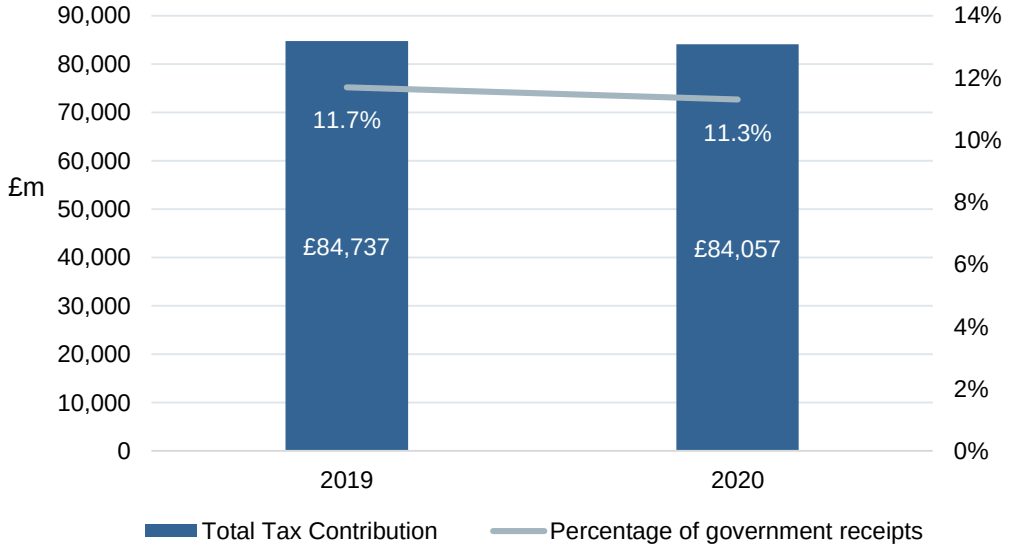
Taxes borne increased in this year's survey (see page 19 for the two-year trend analysis), but lower taxes collected resulted in the TTC of the 100 Group decreasing in 2019/20. The TTC in 2020 is £0.6bn lower than in 2019 (figure 4).

Figure 3 – Taxes collected by percentage, 2019/20



Source: PwC analysis

Figure 4 – Total Tax Contribution of the 100 Group, 2019 and 2020



Source: PwC analysis

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 28 business taxes in the UK under the TTC methodology[6] in 2020 (Appendix 2). Of these, there are 23 business taxes borne (including corporation tax) and 14 business taxes collected (some business taxes are able to be categorised as both borne and 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. PwC sense check the TTC data received from each company and may ask the participant to clarify and explain particular elements. Data was extrapolated to provide an estimate of the TTC of the entire 100 Group. The same methodology has been used since the survey began, allowing the results to be compared across 16 years of the survey.

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 16 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.

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

Value distributed

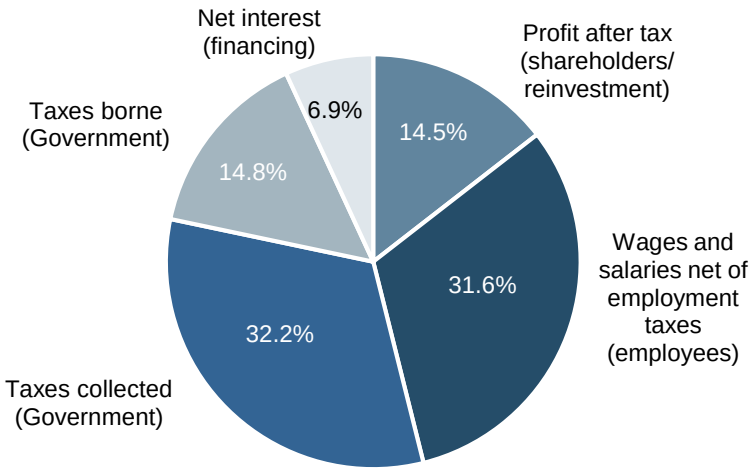
The Total Tax Contribution can be put into the context of value distributed[7] by companies. In 2019/20, the share of value going to the government in taxes is 47.0%, while 31.6% goes to employees in the form of wages and salaries.

Value is distributed to the government in taxes, to employees in wages and salaries, to creditors in interest payments, and in profits retained for reinvestment or 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 47.0% of the total (2019: 47.7%). Wages paid to employees are the second largest share of the value distributed, at 31.6%. Profits after tax (available to reinvest in the company or distribute to shareholders as dividends) account for 14.5% of the total (figure 5).

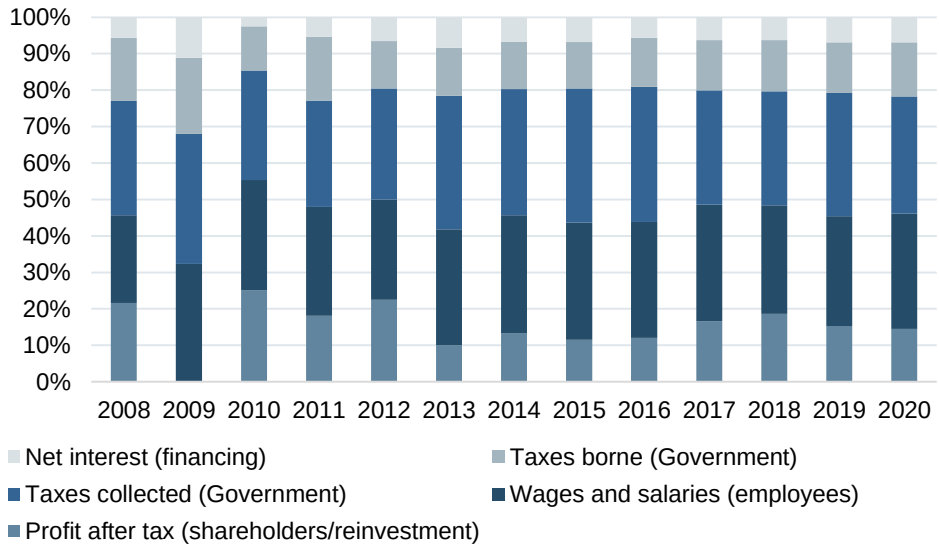
The trend in value distributed by the 100 Group (Figure 6), shows that the government has been the largest beneficiary of the value distributed every year of the survey. The trend also shows the impact of the financial crisis, marked by the 100 Group suffering an overall loss in 2009, before recovering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

Figure 5 – Value distributed by the 100 Group participants, 2019/20



Source: PwC analysis

Figure 6 – Profile of value distributed by the 100 Group participants, 2008 to 2020



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

[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.

The wider economic contribution – GVA and UK suppliers

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. Furthermore, those employed directly by the organisation, or indirectly by a supplier, spend their salaries in the wider economy (generating induced impacts).

To indicate the scale of this wider economic impact, the survey collects data on the number of UK suppliers that each company worked with over the 12 month survey period and additional data to allow us to estimate Gross Value Added (GVA).

On average, each company supported 5,449 UK suppliers[8] (figure 7), emphasising the considerable indirect impact that the 100 Group companies have on the wider UK economy.

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 £69,389[9], compared to an estimated GVA per employee of £60,221 in the UK economy as a whole[10] (figure 8).

Figure 7 – Number of UK suppliers supported by survey participants in 2019/20

	Percentage of participants providing data	Average number of UK suppliers
UK suppliers supported by each 100 Group company	64%	5,449[11]

Source: PwC analysis

Figure 8 – Gross Value Added per employee in 2019/20

	Average for the 100 Group of companies	UK GVA per employee
GVA per employee	£69,389	£60,221

Source: PwC analysis

[8] On a like-for-like analysis, there was a 4.2% decrease in the average number of UK suppliers compared to 2019.

[9] 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.

[10] GVA per employee for the UK was calculated using ONS data for Gross Value Added (average) at basic prices, divided by A01: Summary of labour market statistics https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/summaryoflabourmarketstatistics

[11] The median was 3,113; the trimmed mean was 3,992. 62 companies provided data.

The wider economic contribution – employment

The 100 Group employs 1.9 million people, paying an average wage of £37,486 and contributing employment taxes of £13,265 per employee on average.

The 100 Group companies are major employers – the survey participants employed 1.8 million people in 2020. Extrapolating this to the 100 Group, we estimate total employment of 1.9 million people (figure 9). This represents 5.8% of the total UK workforce. The average wage per employee is £37,486 (compared to the average national wage of £30,556[12]) with average employment taxes of £13,265 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 8.4% of total government receipts from employment taxes. Employment taxes are the largest element of total taxes borne and taxes collected. Employer NIC, at 25.7%, is the largest tax borne for participants, and income tax deducted under PAYE together with employee NIC account for 31.4% of taxes collected.

The survey results show that the participating companies paid a total of £24.3bn in employment taxes, including £7.0bn in employment taxes borne and £17.3bn in employment taxes collected (figure 10).

On a like-for-like basis, where companies have supplied data for employment taxes, wages and salaries, and total UK employees for the 2019 and 2020 surveys, the number of employees decreased by 2.1%, while wages and salaries increased by 1.2% and employment taxes increased by 0.6% (figure 11). The increase in employment taxes was slightly lower than the increase in wages and salaries, partly due to the above inflation increase to the Personal Allowance and the Higher Rate Threshold for income tax.

Figure 9 – Employment tax figures for the 100 Group in 2019/20

	Survey participants	Extrapolated to the 100 Group	Percentage of Government figures
Number of UK Employees	1.8m	1.9m	5.8%[13]
Total employment taxes	£24,255m	£26,157m	8.4%[14]

Source: PwC analysis

[12] Based on the median gross weekly earnings for full-time employees, Office for National Statistics (ONS) Employee earnings in the UK: 2020,3 November 2020

[13] ONS Employment by industry (Labour Force Survey), 10 November 2020

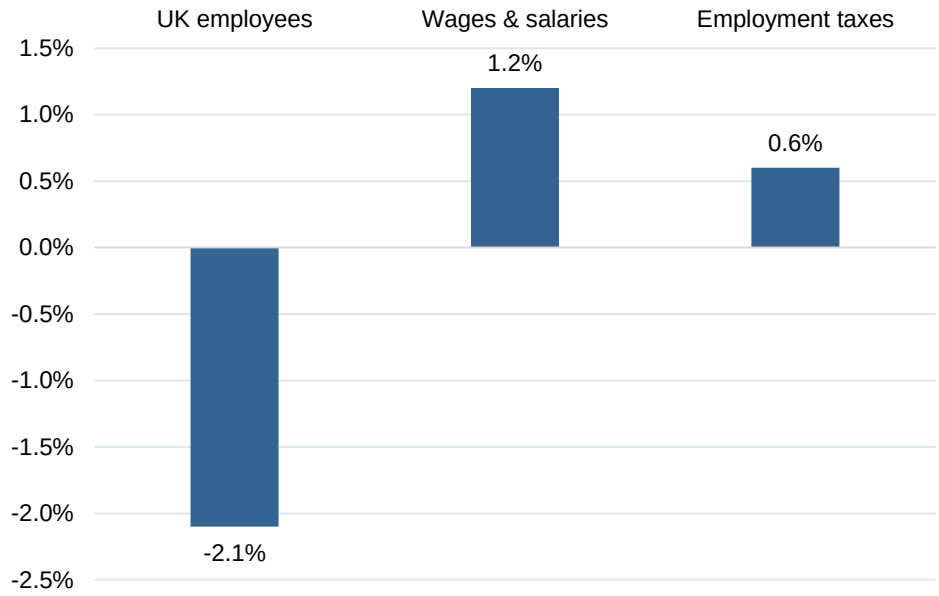
[14] The Office for Budget Responsibility (OBR) – Economic and fiscal outlook supplementary fiscal tables – March 2020. Table 2.8. Current receipts (on a cash basis).

Figure 10 – Employment tax figures for the survey participants in 2019/20

	£
Employment taxes borne	
Employer NIC	£6,648m
PAYE agreements (PSAs) (tax on benefits)	£121m
Net apprenticeship levy	£188m
Total employment taxes borne	**£6,957m**
Employment taxes collected	
Employee NIC	£4,187m
Income tax deducted under PAYE	£13,111m
Total employment taxes collected	**£17,298m**
Total employment taxes borne and collected	**£24,255m**

Source: PwC analysis

Figure 11 – Trends in number of UK employees, wages and salaries, and employment taxes, 2019 to 2020



Source: PwC analysis, based on 78 companies that provided data for the number of employees, wages and salaries and employment taxes in both the 2019 and 2020 surveys.

The wider economic contribution – capital investment, research & development

Business investment is an important contribution that large companies make to the UK economy. Both capital investment and R&D expenditure increased on a like-for-like basis in this year's survey.

The 100 Group makes a significant contribution to innovation and the fabric of the UK economy through capital investment and by funding research and development. 90% of the participating companies provided data showing that total investment in tangible fixed assets was £25.6bn, representing 11.3% of UK expenditure on business investment (figure 12). On a like-for-like basis, where we have company data for the 2019 and 2020 surveys, this represents an increase of 7.0%.

The survey participants also invested a total of £9.1bn in research and development, an increase of 2.7% compared to 2019 (figure 13).

Figure 12 – Investment made by 100 Group companies in fixed assets 2019/20

2020 Survey	Percentage of participants providing data	Total (£m)	Percentage of the total UK amount	Trend 2019-2020 on a like-for-like basis
UK fixed assets additions	90%	25,600	11.3%[15]	7.0%

Source: PwC analysis

Figure 13 – Investment made by 100 Group companies in research and development 2019/20

2020 Survey	Percentage of participants providing data	Total (£m)	Trend 2019-2020 on a like-for-like basis
R&D expenses	45%	9,071	2.7%

Source: PwC analysis

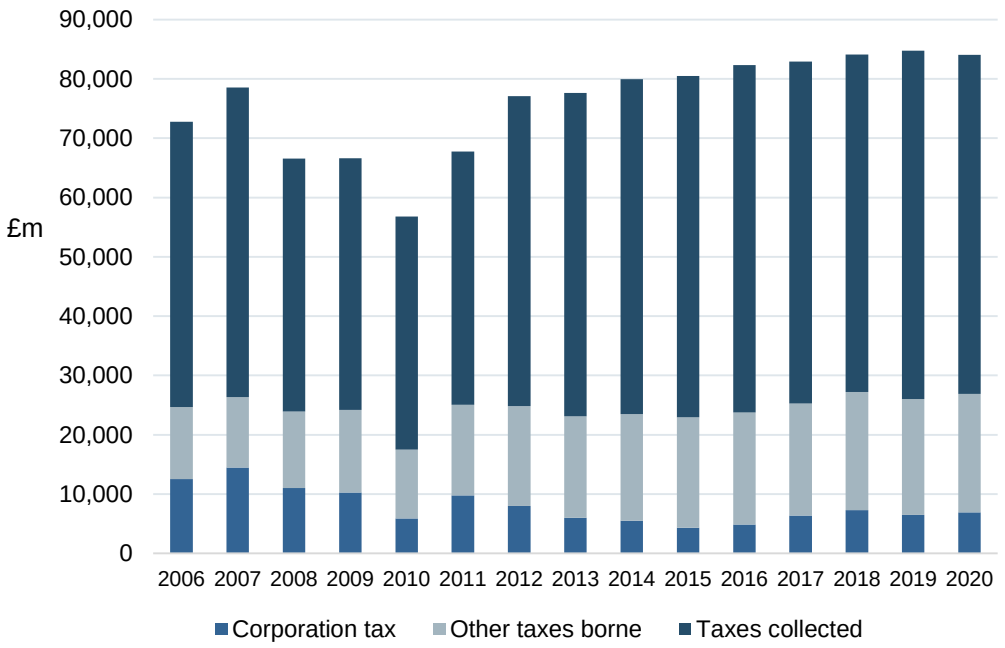
[15] ONS Gross Fixed Capital Formation: Business Investment: CP SA: £m, 12 November 2020

The changing profile of tax

The profile of taxes paid by large businesses has changed significantly over the 16 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 2020, they account for 74.5%.

Figure 14 shows the total tax contribution of the 100 Group since 2006, split between corporation tax, other taxes borne and taxes collected. The total contribution has been relatively stable over the last nine years, with the total reaching over £80bn over six consecutive years to 2020. However, a closer look at the profile of taxes shows considerable variation over the survey period.

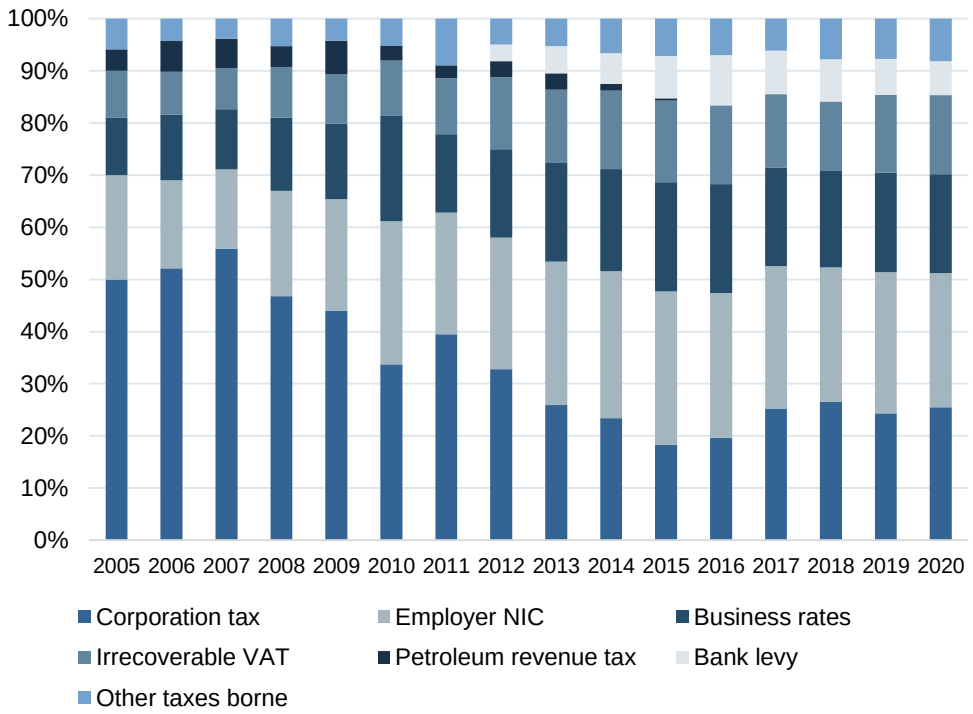
Figure 14 – Total Tax Contribution for the 100 Group, 2006 to 2020[16]



Source: PwC analysis

A major trend since the survey began has been the decreasing share of corporation tax compared to other business taxes. Figure 15 shows that, in 2005, 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, was for corporation tax to account for a declining share of taxes borne each 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 2020, with the exception of 2018.

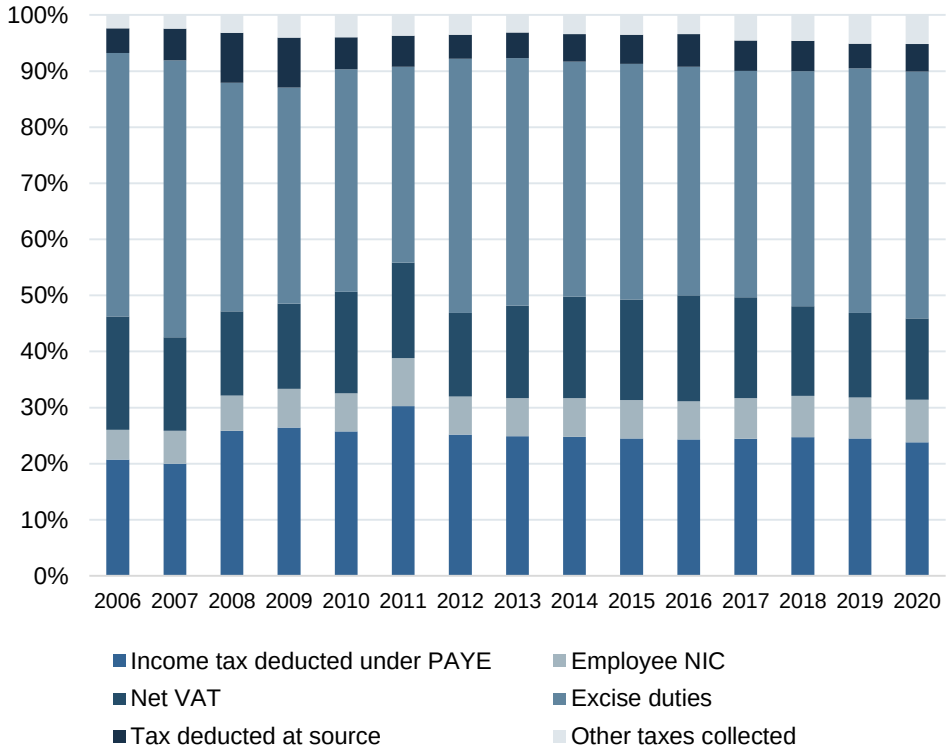
Figure 15 – Profile of taxes borne, 2005 to 2020



Source: PwC analysis

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

Figure 16 – Profile of taxes collected, 2006 to 2020



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 headline rate at 19%, corporation tax was the largest tax borne for 100 Group companies, after increasing for three consecutive years. This was largely a result of government legislation, particularly affecting the corporation tax paid by the banks in the survey. In particular, tighter loss relief legislation (companies were restricted in their ability to use carried forward losses to offset against taxable profits), 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. The key factors likely to be driving this trend are legislation that has broadened the tax base, measures to reduce avoidance, the increased attractiveness of the UK for international investment and growth in the number of individuals incorporating their businesses.

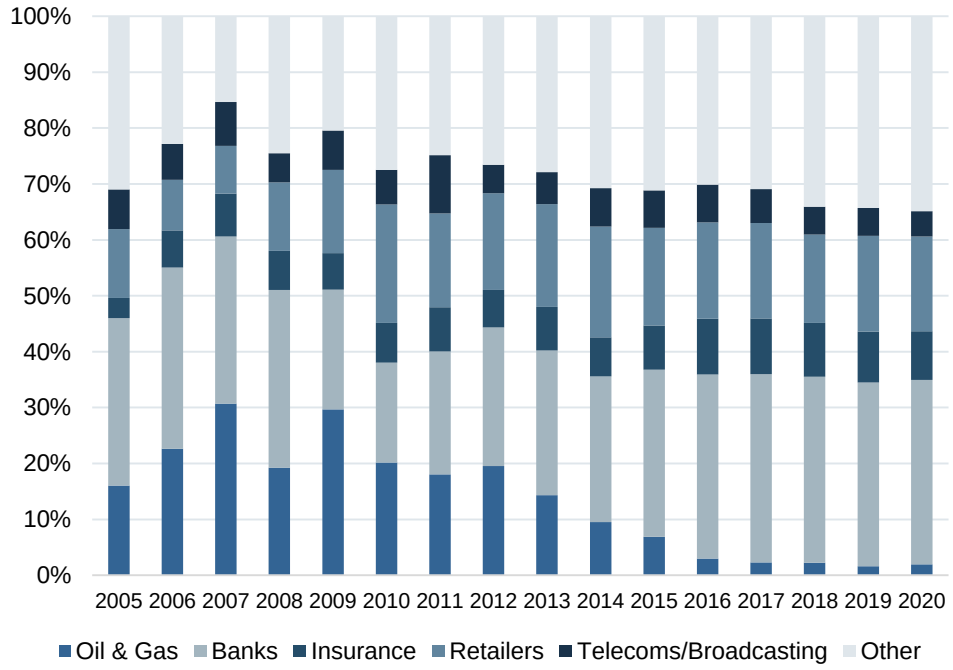
Figure 17 shows the contribution from all business taxes borne for the five largest sectors in the survey (note, there are different numbers of companies in each sector and the total contribution varies between the years).

The 2020 profile is broadly consistent with 2019, 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. It also demonstrates the significant contribution from the retail sector, which has increased over the survey period, averaging 17.7% of taxes borne since 2010.

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 in the UK (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 on page 22 – Total Tax Contribution 2006-2020 by sector).

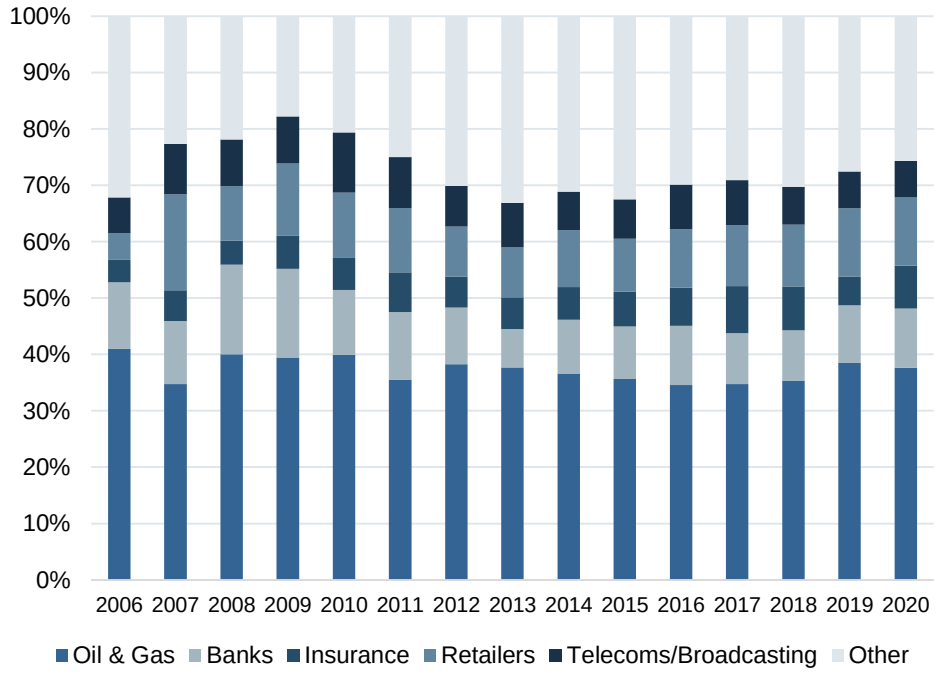
In contrast to the profile of taxes borne, the profile of taxes collected is notable for its stability since the financial crisis, both in terms of the profile by taxes and by sectors (figure 16 and 18). Excise duties account for the largest share of taxes collected at 44.0%, followed by 31.4% from employment taxes (income tax deducted under PAYE 23.8% and employee NIC 7.6%).

Figure 17 – Profile of taxes borne by sector, 2005 to 2020



Source: PwC analysis

Figure 18 – Profile of taxes collected by sector, 2006 to 2020



Source: PwC analysis

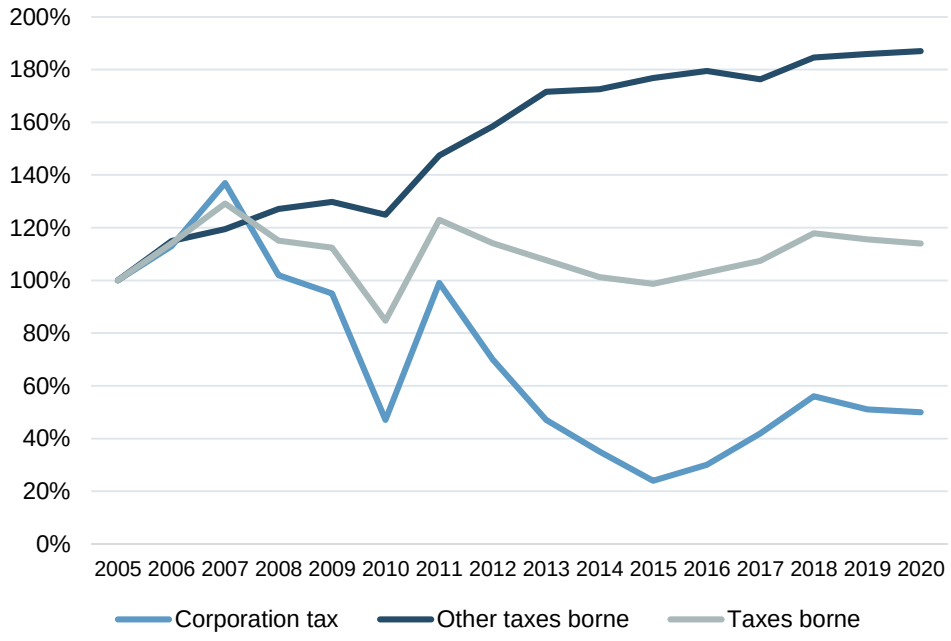
Over the last 16 years, the TTC survey has collected an extensive bank of data on tax payments by the 100 Group members, providing a unique insight into the changing profile of taxes paid by the largest UK companies. 27 companies have provided data in all the surveys we have undertaken. This enables 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 87.0% over the 16 year period, and corporation tax has decreased by 50.0%. However, the increase in other taxes borne has slowed since 2013, and there were three consecutive annual increases in corporation tax between 2016 and 2018.

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 2020 trends in taxes borne – corporation tax, other taxes borne and total taxes borne



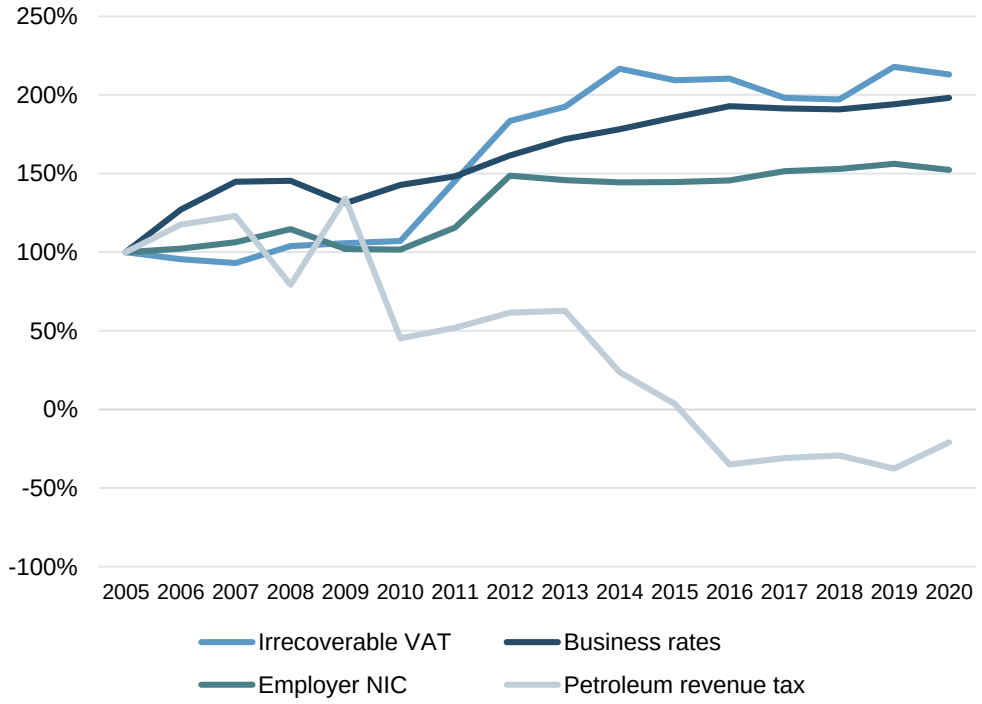
Source: PwC analysis

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 (PRT). 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 27 companies that have provided data for the entire survey period, irrecoverable VAT is more than twice 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], along with 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 have increased by 98.2% 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 52.2%, 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.

The decrease in PRT over the survey period is due to 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. Since 2016, PRT for the companies in the survey has been in an overall refund position.

Figure 20 – 2005 to 2020 trends in taxes borne – irrecoverable VAT, business rates, employer NIC, and petroleum revenue tax



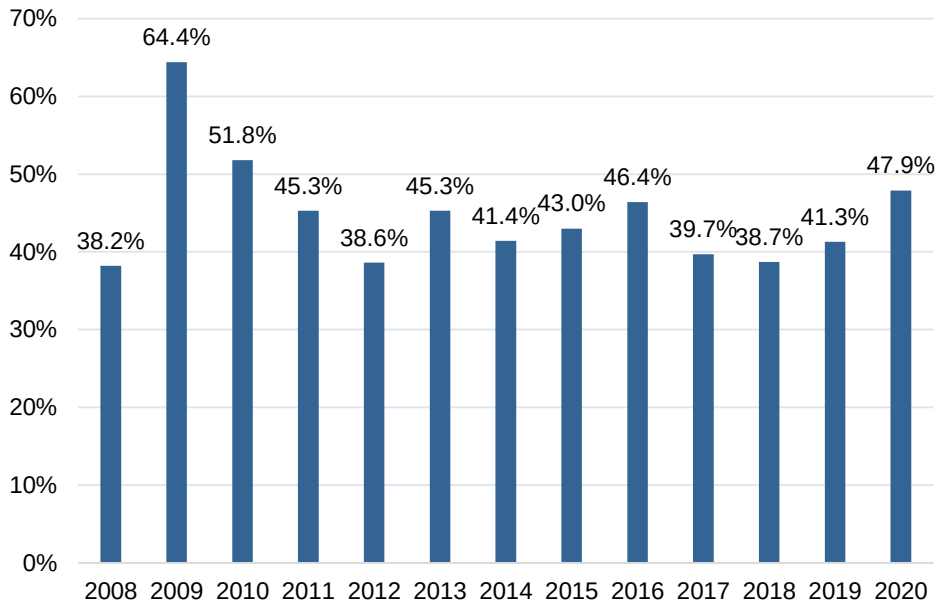
Source: PwC analysis

[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 2020 survey is 47.9%[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.

The TTR peaked in 2009 when profits fell at the height of the recession and then declined as the economy and profitability recovered. In 2020, the TTR increased for this group of companies, as profits have fallen and taxes borne have increased.

Figure 21 – Total Tax Rate, 2008-2020



Source: PwC analysis

[18] TTR overall average is 51.7% and the median is 38.2%

Trend in Total Tax Contribution between 2019 and 2020

The Total Tax Contribution of the 100 Group decreased by 0.3% on a like-for-like basis in the 2020 survey, driven by a 1.9% decrease in taxes collected, partially offset by increasing taxes borne.

91 companies provided data for both 2019 and 2020 surveys allowing us to analyse the trends on a like-for-like basis for these companies. Figure 22 shows the trend in TTC from 2019 to 2020, and the components of the total decrease comprising taxes borne and taxes collected.

Figure 22 – Trend in Total Tax Contribution, 2019 - 2020

Total Tax Contribution	Trend as % of total[19]
Taxes borne	1.0%
Taxes collected	-1.3%
Total Tax Contribution	**-0.3%**

Source: PwC analysis. Note: Figure 22 shows the overall TTC trend and the trends in taxes borne and taxes collected as a share of the total. The percentages do not correspond with Figures 23 and 25 which show the individual trends in taxes borne and taxes collected.

Taxes borne increased by 3.3%, with the banks, utilities and insurers driving the increase. Corporation tax was the main driver, accounting for 1.7 percentage points of the total increase in taxes borne (figure 23). The increase in corporation tax was primarily driven by the utilities companies in the survey. The decrease in bank levy was a result of decreasing rates (see figure 34).

The corporation tax increase was partly driven by the change to the quarterly instalment regime for large companies, which increased the number of payments that were due in 2019-20.

Figure 23 – Trend in taxes borne, 2019 – 2020

Tax borne	Trend as % of total taxes borne[20]
Corporation tax	1.7%
Irrecoverable VAT	0.7%
Petroleum revenue tax	0.7%
Employer NIC	0.1%
Business rates	0.1%
Bank levy	-0.3%
Other taxes borne	0.3%
Total taxes borne	**3.3%**

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

Figure 24 shows a breakdown of the 3.3% increase in taxes borne by sector (showing retail, banks, insurance and utilities), splitting out the impact of corporation tax and other business taxes borne.

Figure 24 – Trend in taxes borne (highlighting specific sectors), 2019 - 2020

	All sectors	Retail	Banks	Insurance	Utilities	Other sectors
Corporation tax	1.7%	0.2%	0.4%	0.4%	0.9%	-0.2%
Other business taxes	1.6%	-0.3%	0.6%	0.2%	0.0%	1.1%
Total taxes borne	**3.3%**	**-0.1%**	**1.0%**	**0.6%**	**0.9%**	**0.9%**

Source: PwC analysis. Note: Of the 97 participating companies there are 9 retailers, 6 banks, 8 insurers and 6 utilities.

Taxes collected decreased by 1.9%, with oil and gas and tobacco companies driving the decrease. Fuel duties accounted for 0.9 percentage points of the total decrease in taxes collected, while tobacco duties accounted for 0.7 percentage points. In total excise duties were 1.5 percentage points of the total decrease in taxes collected (figure 25).

Our two-year trend shows an increase in employee NIC (0.2 percentage points of the total), but a decrease in income tax deducted under PAYE (-0.3 percentage points). The employee NIC increase is partly driven by an uplift in the Upper Earnings Limit from £46,384 in 2018/19 to £50,024 in 2019/20, resulting in an additional £3,640 of income being taxed at the higher 12% rate rather than 2% for each employee affected. The income tax decrease is due to an above inflation increase to the Personal Allowance and Higher Rate Threshold in 2019/20.

Figure 25 – Trend in taxes collected, 2019 - 2020

Tax	Trend as % of total taxes collected
Excise duties	-1.5%
Net VAT	-0.5%
Income tax deducted under PAYE	-0.3%
Employee NIC	0.2%
Tax deducted at source	0.1%
Other taxes collected	0.1%
Total taxes collected	-1.9%

Source: PwC analysis

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 (on page 22) shows the trend in TTC from 2006 to 2020 for the five largest 100 Group industry sectors. The trend shows a marked decrease in contribution from the oil and gas sector, from over a third of the total in 2006 (34.7%) to just over a quarter in 2020 (26.3%).

The contribution from the financial services sector, a quarter of the total in 2006, fell to below 20% in the aftermath of the financial crisis (19.6% in 2010). From 2016 the financial services share of TTC has accounted for a quarter of the total (25.2% in 2020).

The contribution from the retailers has fluctuated over the survey period, from a low of 6.2% in 2006 to a high of 14.5% in 2010. At 13.8% the retail share of TTC in 2020 is the highest since 2011.

Figure 27 (on page 22) shows the impact of corporation tax, employer NIC, business and cumulo rates, irrecoverable VAT and bank levy, on different sectors. For retailers, and telecoms and utilities, business rates make up 46.5% and 30.4% of their taxes borne respectively. For banks and insurers, irrecoverable VAT makes up 32.8% and 36.2% of their taxes borne respectively. Bank levy accounts for 26.0% of taxes borne for participating banks. For the oil and gas sector, 50.7% of their taxes borne contribution comes from employer national insurance contributions.

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 25 for further analysis).

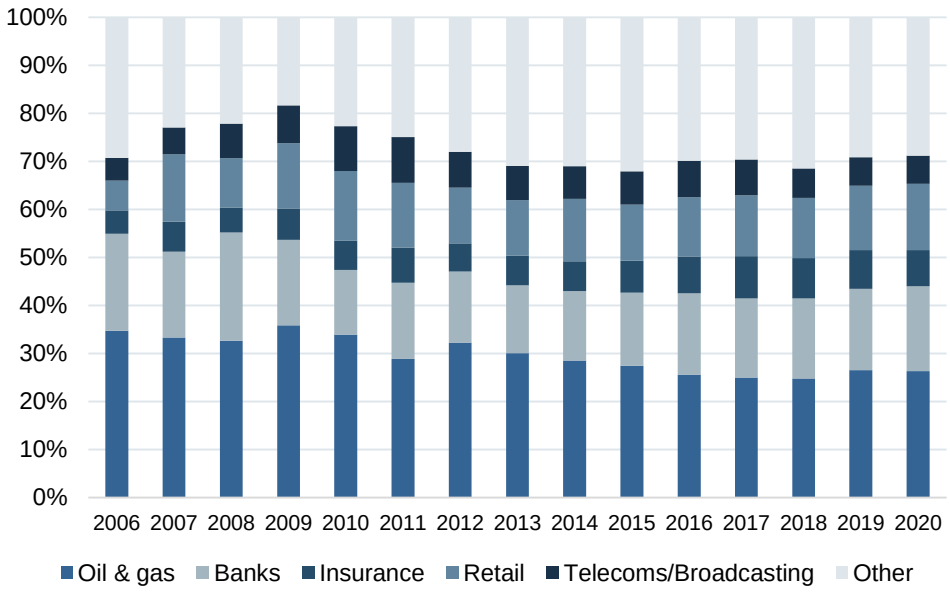
Irrecoverable VAT

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 27 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 28 for further analysis).

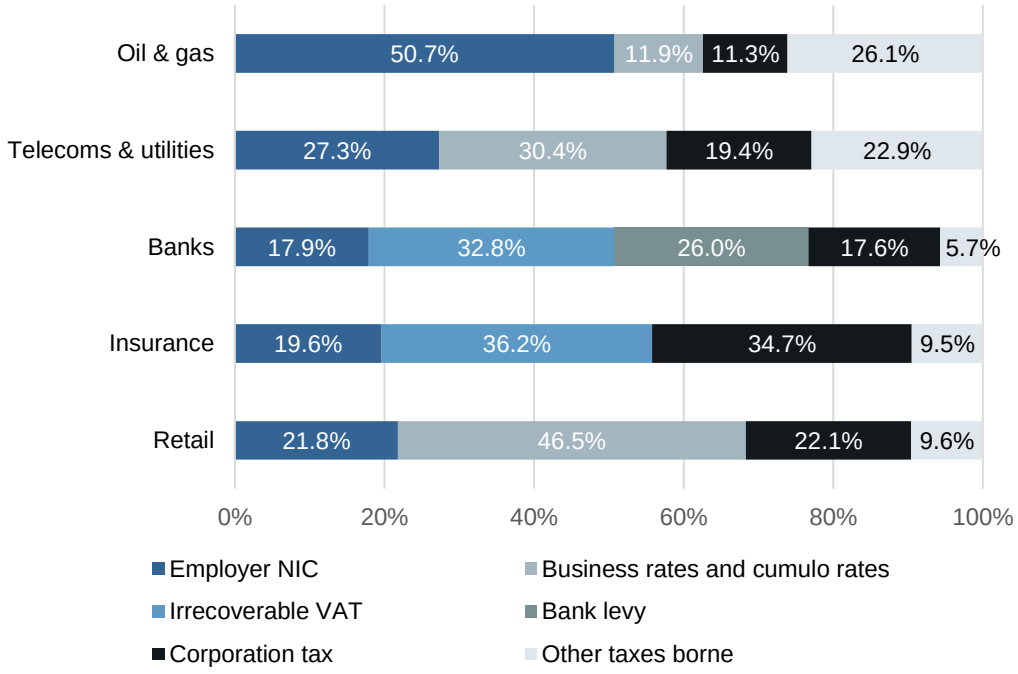
Figure 26 – Total Tax Contribution 2006-2020 by sector



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

Figure 27 – Sector taxes borne, 2020



Source: PwC analysis

Corporation tax

In 2019/20, we estimate that the 100 Group members paid £6.9bn in corporation tax, representing 11.3% of total UK government corporation tax receipts. Corporation tax represents 25.5% of total taxes borne in the 2020 survey (figure 3). For every £1 of the corporation tax, the 100 Group companies paid another £2.89 in other taxes borne, and £8.34 in taxes collected.

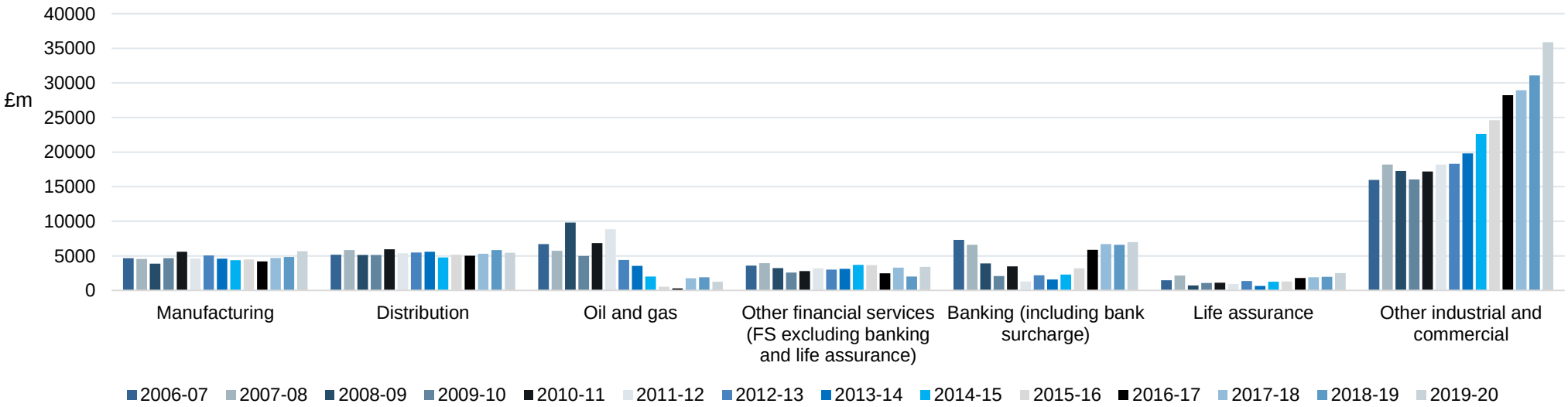
The total corporation tax paid by 100 Group companies increased in 2019/20. The increase was in part driven by a change in the timing of quarterly instalments for the largest companies, introduced by HMRC from 1 April 2019[21]. As a result of the change, a corporation tax instalment that would have been due in the 2020/21 financial year was paid in the 2019/20 financial year. 23% of the companies in this year's survey were affected by the change (those with a 31 March year end).

Corporation tax increased by 6.8%, on a like-for-like basis, compared to last year's report, primarily driven by the utilities, followed by banks and insurers. Corporation tax increased despite a decrease in profits, as a result of the change to the timing of quarterly instalments.

Figure 29 compares the two-year trend in profits and corporation tax on a like-for-like basis, where companies provided both profit and corporation tax data for the 2019 and 2020 surveys. For these 79 companies, profits decreased by 17.5% overall, while corporation tax increased by 6.2%.

Figure 28 shows the trend in government receipts from corporation tax by sector. It reveals considerable growth from 'other industrial and commercial' over the last seven 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.

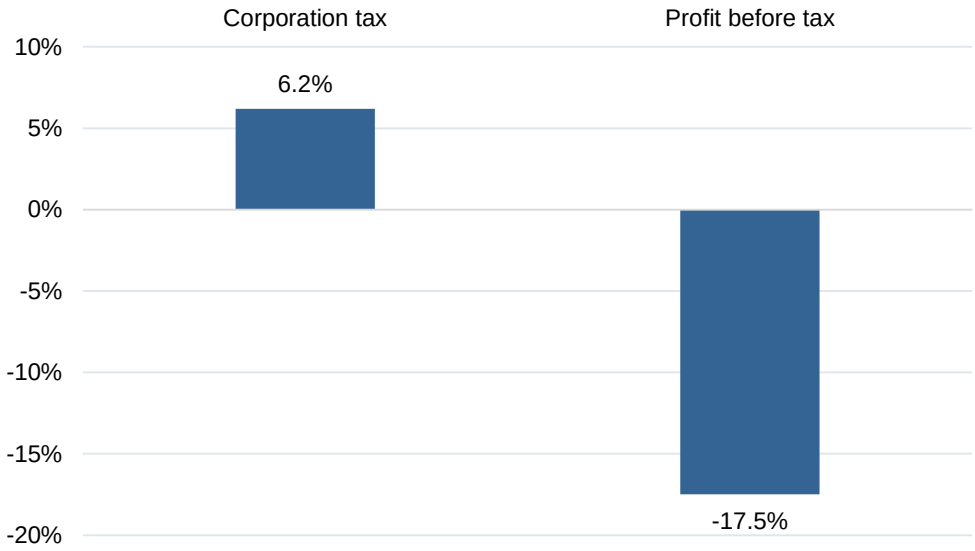
Figure 28 – Government receipts from corporation tax by sector, 2007 – 2020[22]



Source: HMRC

[21] HMRC Corporation Tax: instalment payments by very large companies
[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, 2019/20



Source: PwC analysis, based on the overall average for companies providing both profit and corporation tax data for both 2019 and 2020 surveys.

Business rates

Business rates are the third largest tax borne for participating companies in 2019/20. 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 46.5% 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 (figure 31). 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).

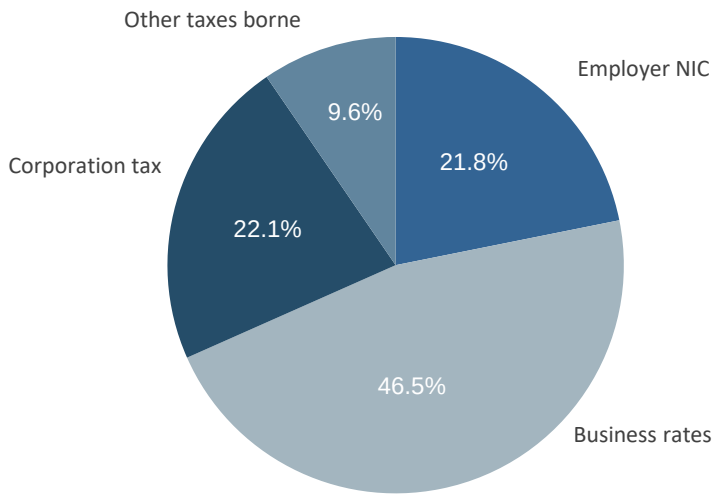
In 2019/20, survey participants paid a total of £4.9bn in business rates, representing 15.5% of the government's business rates receipts. At 19.0%, business rates are the third largest tax borne for participating companies in 2020.

The amount paid in business rates has increased by 98% 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.

45.7% of all business rates paid by the 100 Group participants in 2019/20 were paid by retailers. On average, 46.5% 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. 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. The policy aim is for local authorities to retain 100 per cent of revenue from business rates, along with some flexibility over setting the rates. There have been calls for reform to business rates and HM Treasury has recently called for evidence as it looks at the impact of the tax, particularly on retailers.

Figure 30 – Taxes borne by retailers on an average basis, 2019/20



Source: PwC analysis

Figure 31 – Business rates multipliers from 2005 to 2021

Financial year	England[23]	City of London[24]
2020/21	51.2	52.0
2019/20	50.4	51.0
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/services/business-rates/how-your-bill-is-calculated

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.

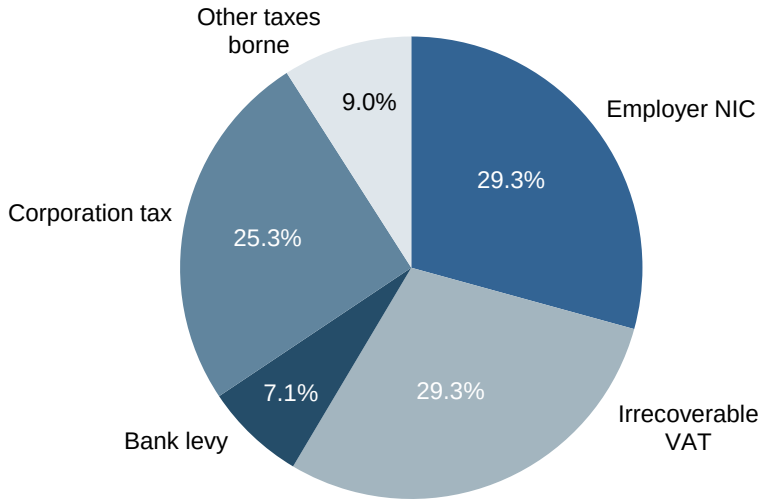
Irrecoverable VAT was the fourth largest tax payment for the study participants accounting for 15.2% of total taxes borne. Irrecoverable VAT arises when input VAT is incurred by a VAT business that makes exempt supplies. When a business supplies goods and services it generally charges VAT, and offsets 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 £3.9bn in irrecoverable VAT. Of this total, financial services companies paid £3.6bn. On average, it accounts for 29.3% of taxes borne by financial services companies that participated in this year's survey (figure 32).

Irrecoverable VAT has more than doubled (increased by 113%) 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, 2019/20



Source: PwC analysis

Bank levy

The banking sector is, by definition, the only sector that bears the bank levy. In 2019/20 it is the second largest tax borne by the banks in the survey, after irrecoverable VAT.

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 on page 29).

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].

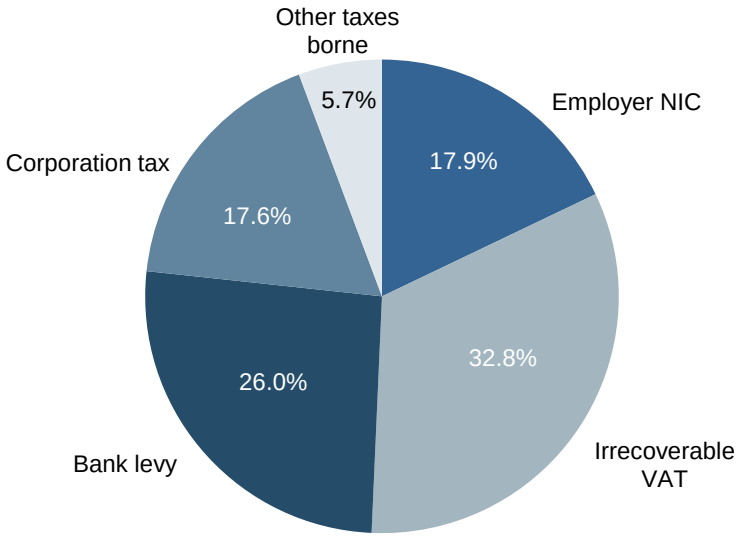
In 2019/20, the government received £2.5bn in bank levy from the banking sector[27]. Banks participating in this year's survey paid bank levy of £1.7bn, representing 68% of the government's total bank levy receipts. This total makes up 6.5% of the total taxes borne by the 100 Group (figure 3 – taxes borne by percentage in 2019/20) – the fifth largest tax borne.

Survey data shows that the bank levy has decreased by 3.7% since 2019, on a like-for-like basis. 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 on page 29, banks pay, on average, 26.0% of their taxes borne in bank levy.

[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: 2020, https://www.gov.uk/government/statistics/paye-and-corporate-tax-receipts-from-the-banking-sector-2020

Figure 33 –Taxes borne by banks on an average basis, 2019/20



Source: PwC analysis

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

Looking forward

The coronavirus pandemic of 2020 will have a substantial impact on next year's TTC survey and is likely to have a long term impact on our economy and future fiscal policy.

While the coronavirus pandemic largely predated this survey, its impact will be clearly seen in the 2021 survey. The UK suffered a sharp drop in economic output in the first half of 2020 as the nation went into a protracted period of lockdown restrictions, and the recovery has been muted and irregular as a result of the difficulty in containing the virus.

The economic impact has been severe and is likely to have long-term consequences. Almost one-third of all eligible jobs (9.6 million) were furloughed for at least part of the period between March and June 2020[29], with younger people most affected. Younger generations have also been severely affected by disruption to education.

The events of 2020 will have a substantial impact on next year's TTC results for the 100 Group. An expected decline in profitability will lead to lower corporation tax payments, while the severe drop in economic activity along with emergency tax legislation will have an impact on taxes on production and property in particular. A range of financial support measures and tax legislation were introduced in March 2020 to counter the economic impact of the pandemic and to protect jobs. The most significant tax policy introduced was the business rates relief for retail, leisure and hospitality sectors, at an estimated cost of £10bn[30]. This policy alone is likely to have a material impact on the 100 Group TTC in the year to 31 March 2021.

Other legislation introduced in March 2020 included government-backed loans, cash grants for businesses, tax deferrals and the Coronavirus Job Retention Scheme (CJRS). Next year's survey will collect data on the use of the CJRS and will include analysis of the benefit received by companies that used the scheme.

Beyond the immediate challenge of the economic impact of the pandemic, governments and policymakers will need to address long-term trends that have been accelerated by the crisis. Economies are being reshaped by digitisation and shifting work patterns. This brings the taxation of the digital economy into sharper focus and raises concerns over the sustainability of business rates as a reliable source of tax revenue.

Governments will be focused on repairing the public finances once the economic recovery is secured, and there will be pressure to increase taxes. This comes at a time when many economies around the world have set ambitious carbon emissions targets, so we could see greater focus on environmental taxes in the coming years. One consequence of the transition to electric vehicles will be a decline in fuel duties. Currently making up 4% of total tax receipts (£28bn), policymakers need to set out a plan for what taxes will replace this revenue in the future and how the transition will be managed.

Next year's survey period also includes the end of the Brexit transition period. As of 1 January 2021, the UK will have a new trading relationship with the EU. As this report is published the details of the new relationship are unknown, but it is likely to have some impact on the tax contribution of large businesses.

29 https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/articles/coronaviruscovid19in10charts/2020-09-24
30 https://www.gov.uk/government/news/business-to-receive-almost-10-billion-in-rates-relief

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.

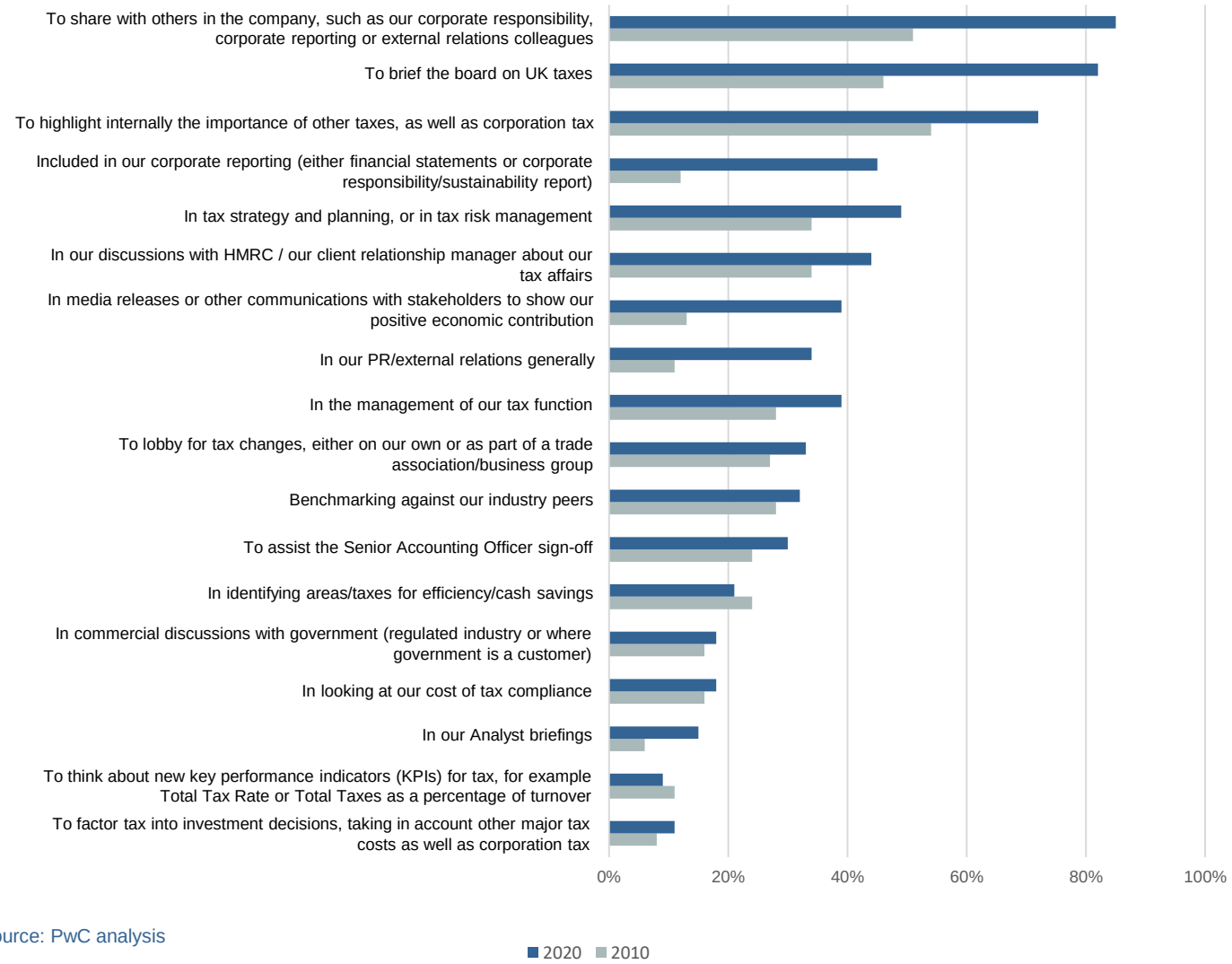
The survey asked participants how they use their TTC data. Figure 35 displays the responses provided in 2020.

- 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.
- 82% of companies use their TTC data to brief the board on UK taxes.
- 45% 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 2020, use of TTC data in corporate reporting (either financial statements or corporate responsibility/sustainability report) has increased by 26 percentage points since 2010.

This year, we also saw increases in the number of companies using their TTC data in the management of their tax function (39%), and in benchmarking against industry peers (32%).

Figure 35 – How companies use their TTC data



Source: PwC analysis

Participation in the 16th survey

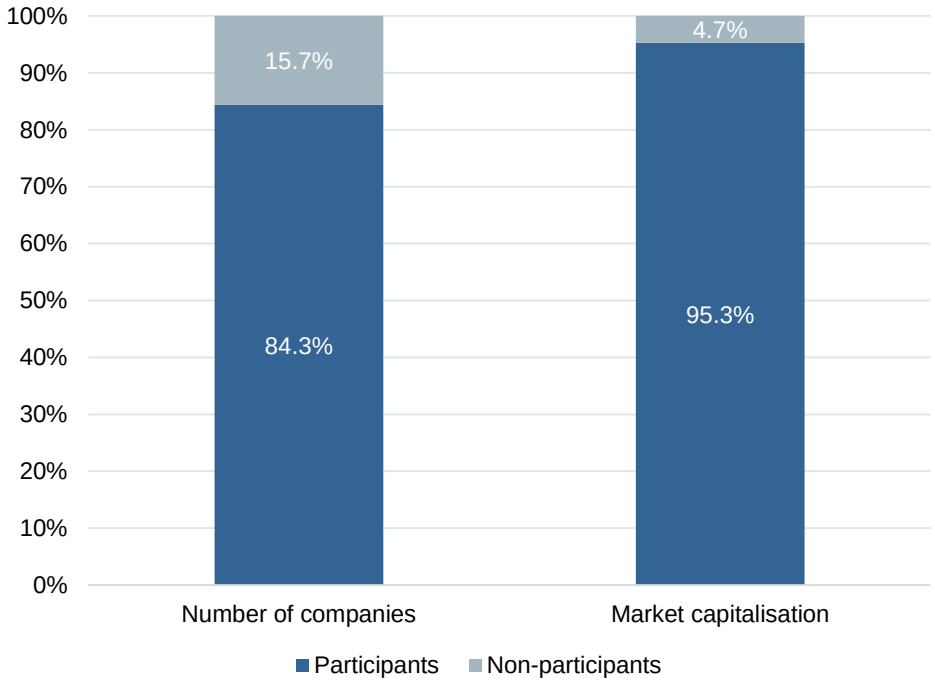
The survey continues to be well supported by the 100 Group – 97 companies provided data in 2020, representing 95.3% of market capitalisation (figure 36).

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 business to the UK public finances.

The 2020 survey is based on data collected from the 100 Group members for their accounting periods ended in the 12 months to 31 March 2020. 59% of participants have a December year end, 23% 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 2020 Total Tax Contribution survey is included in Appendix 1[31].

Figure 36 – 97 companies provided data for the 2020 survey



Source: PwC analysis

[31] 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 2020 survey

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

	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	×	
Soft drinks industry levy		×
Import VAT collected		×
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 many countries around the world. Since taxes have different names in different countries, we identified five tax bases under which taxes borne and collected can be categorised, which we call “the five Ps”:

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).

1

People taxes

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

2

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.

3

Property taxes

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

4

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.

5

Appendix 3 – Taxes borne and collected by participants of the 2020 100 Group survey

Taxes borne	£ 2019/20
Taxes on profits (profit taxes)	
Corporation tax	6,599,705,033
Petroleum revenue tax	-211,245,692
Betting and gaming duty	399,941,430

Taxes borne	
Taxes on property (property taxes)	
Business and cumulo rates	4,905,951,875
Stamp duty land tax	234,433,013
Stamp duty and stamp duty reserve tax	125,488,505
Bank levy	1,680,289,380

Taxes borne	
Taxes on employment (people taxes)	
PAYE agreements (tax on benefits)	120,894,686
Employer national insurance contributions	6,648,266,456
Net apprenticeship levy	188,493,150

Taxes borne	
Taxes on consumption (product taxes)	
Irrecoverable VAT	3,932,103,324
Insurance premium tax	52,207,118
Customs duty	360,515,322
Air passenger duty	23,754,408
Vehicle excise duty	99,712,776

Taxes borne	£ 2019/20
Environmental taxes (planet taxes)	
Landfill tax	113,152,955
Aggregates levy	497,486
EU ETS	76,403,696
Carbon reduction commitment	50,089,170
Climate change levy	266,721,306
Congestion charge	4,405,069
Total tax borne	**25,671,780,466**

Taxes collected	£ 2019/20
Taxes on profits (profit taxes)	
Tax deducted at source	2,689,519,652

Taxes collected	
Taxes on property (property taxes)	
Stamp duty reserve tax	175,023,833

Taxes collected	
Taxes on employment (people taxes)	
Income tax deducted under PAYE	13,111,373,440
Employee national insurance contributions	4,186,805,325

Taxes collected	
Taxes on consumption (product taxes)	
Net VAT	7,985,011,484
Insurance premium tax	1,753,298,076
Fuel duty	16,692,450,289
Tobacco duty	4,117,420,516
Alcohol duty	3,397,213,123
Air passenger duty	783,443,919
Soft drinks industry levy	15,918,217
Customs duty collected	3,002,284
Import VAT collected	41,088,671

Taxes collected	£ 2019/20
Environmental taxes (planet taxes)	
EU ETS	16,737
Climate change levy	119,975,953
Total tax collected	**55,071,561,519**

Appendix 4 – Key contacts

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