THE 100 GROUP

THE HUNDRED GROUP
OF FINANCE DIRECTORS

A collective voice for the development of UK-based business

2022 Total Tax Contribution survey for the 100 Group

Analysis of 100 Group data from 2021/22

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

December 2022

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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 2022, paid or generated taxes equivalent to 9.9% 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 327,000 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 18th annual PwC Total Tax Contribution (TTC) survey of the 100 Group. Based on analysis of data received from 95 of the largest companies in the UK, it shows how the tax and wider contribution from these companies was affected over two years of the COVID-19 pandemic. Following last year's 7.8% decrease in TTC, this year's report shows a partial recovery in the second year of the pandemic, with TTC increasing by 5.2%, reaching £81.5bn. Along with the increase in taxes borne and collected, there were significant increases in capital investment and R&D expenditure in 2021/22, demonstrating the resilience of large businesses in challenging times.

The survey period, covering financial years ending in the year to 31 March 2022, coincides with the second year of the pandemic. The period includes for many companies the three months of national lockdown at the beginning of 2021, along with continuing social distancing measures and remote working throughout the year. However, greater economic activity throughout 2021/22, together with an increase in profits and the unwinding of the business rates relief and VAT deferrals introduced in 2020, drove an increase in taxes borne and collected.

With the pandemic having such a significant impact on the survey over the last two years, we have included three-year trend analysis to show how the 2022 survey compares to the survey in 2020 (the year prior to the pandemic). It shows that the TTC in 2021/22 is yet to return to its pre-pandemic level. Fuel duty, net VAT and business rates drove an 8.2% decrease in TTC in 2020/21, while the TTC recovered by 5.4% in 2021/22, driven by increases in net VAT, corporation tax and fuel duty.

The contribution of these large companies extends beyond taxes paid and collected. Capital investment contracted significantly in the first year of the pandemic (-21.1%), reflecting the difficulty associated with large projects, but bounced back considerably in 2021/22, increasing by 38.6%. Conversely, research and development expenditure has continued to increase throughout the pandemic (increasing by 15.4% in 2020/21 and 7.7% in 2021/22). With £25.8bn in capital investment and £10.9bn of R&D in 2022, the economic impact of 100 Group companies is significant and far reaching. When also taking into account the 1.9 million jobs, with an average wage that is 13% higher than the national average, the 100 Group has a significant impact on the development of key skills and the associated growth in productivity.

The economic context over the last two surveys which continues as this report is released in December 2022 has been marked by a series of global economic challenges and significant uncertainty. The unprecedented economic shock caused by COVID-19 was followed by supply chain disruption, rising inflation and the energy crisis. The resulting cost of living crisis is putting significant pressure on people and businesses across the country, but with the public finances already stretched from supporting the economy during the pandemic and the energy crisis, further fiscal tightening was announced at the recent Autumn Statement.

Meeting the twin goals of fostering economic growth and repairing the public finances in this context is clearly a challenge. Businesses will be encouraged by the government's commitment to the research and development budget and big infrastructure projects, while the increase in capital investment in this survey suggests that the super deduction announced in 2021 has supported investment decisions. With the rate of corporation tax increasing from 19% to 25% in April 2023, the super deduction, applying to qualifying plant and machinery between 1 April 2021 to 31 March 2023, was intended to remove the incentive to delay business investment until the introduction of the higher rate.

This year we have also seen notable developments in OECD Pillar 2 reforms along with movement towards greater public tax disclosures. The EU and Australia are introducing public country-by-country reporting, while the EU Corporate Sustainability Reporting Directive, expanding the scope of non-financial reporting obligations, is also due for implementation in 2024.

Once again, we thank the participating companies for continuing to support the survey and encourage business leaders and other stakeholders to continue to engage with the tax agenda in the future.

Andy Agg
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 in 2021/22.

9.9%
of total government receipts

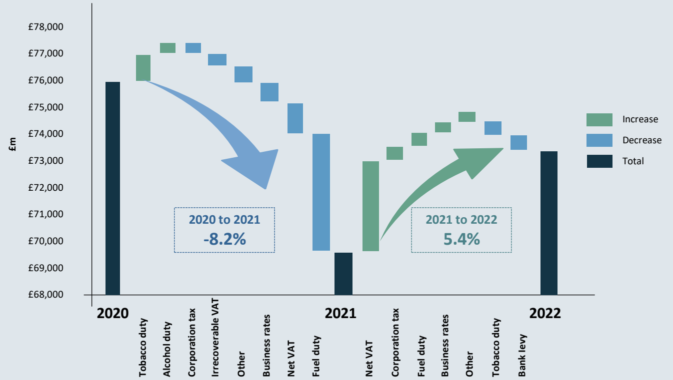
Total Tax Contribution of

£81.5bn

£26.0bn
of taxes borne

£55.5bn
of taxes collected

Analysing the impact of the COVID-19 pandemic.
The TTC of the 100 Group decreased by 3.3%* over the two years impacted by the pandemic. The decrease in the first year was driven by fuel duty, net VAT and business rates, while the increase in the second year was driven by net VAT, corporation tax and fuel duty.



The 100 Group continued to invest during the pandemic.
Following a 21.1% decrease in 2020/21, capital investment increased by 38.6% in 2021/22 and is now above pre-Covid levels (£25.8bn).

2020
21.1%
decrease
2021

2022
38.6%
increase
2021

Total 100 Group
Capital Investment
£25.8bn

100 Group R&D expenditure increased for the second consecutive year.
Following a 15.4% increase in 2020/21, research and development expenditure increased by 7.7% in 2021/22 (reaching £10.9bn).

2021
15.4%
increase
2020

2022
7.7%
increase
2021

Total 100 Group
R&D expenditure
£10.9bn

* The trend analysis over the two years impacted by the COVID-19 pandemic is based on data from 85 companies that participated in each of the last three years of the survey (2020 to 2022)

Total Tax Contribution of the 100 Group in 2022

The Total Tax Contribution (TTC) of the 100 Group[1] in 2021/22 is estimated to be £81.5bn, which represents 9.9% of UK government receipts.

The 95 companies that participated in the 2022 survey provided data on their taxes borne and collected, totalling £78.2bn. After extrapolation to all 100 Group members, the TTC is estimated to be £81.5bn, which represents 9.9% of total government receipts for the year ended 31 March 2022 (figure 1). This comprises total taxes borne of £26.0bn and total taxes collected of £55.5bn. Within taxes borne, we estimate corporation tax payments of £8.3bn (12.8% of total corporation tax receipts). Employment taxes make up £24.4bn of the total tax contribution, 7.0% of government receipts of employment taxes.

Other business taxes (those borne and collected in addition to corporation tax), account for 90.1% of the TTC for the 2022 survey.

Figure 2 shows the profile of taxes borne by 100 Group companies in 2021/22. The largest tax borne was corporation tax, at 32.2% of total taxes borne (compared to 27.0% in 2020/21). Employer NICs is the second largest tax borne, at 25.1% of total taxes borne (compared to 26.6% in 2020/21). The third largest is business rates (17.0%) followed by irrecoverable VAT (13.8%).

For every £1 of corporation tax, £2.09 is paid in other business taxes borne. In 2005, the ratio was 1:1.

Figure 1 – Total Tax Contribution of the 100 Group, 2021/22

	Survey participants (£m)	Extrapolated to the 100 Group (£m)[2]	Percentage of government receipts[3]
Corporation tax[4]	8,033	8,265	
Other taxes borne	16,784	17,776	
Taxes borne	24,816	26,041	
Taxes collected	53,388	55,491	
Total Tax Contribution	**78,204**	**81,532**	**9.9%**

Source: PwC analysis

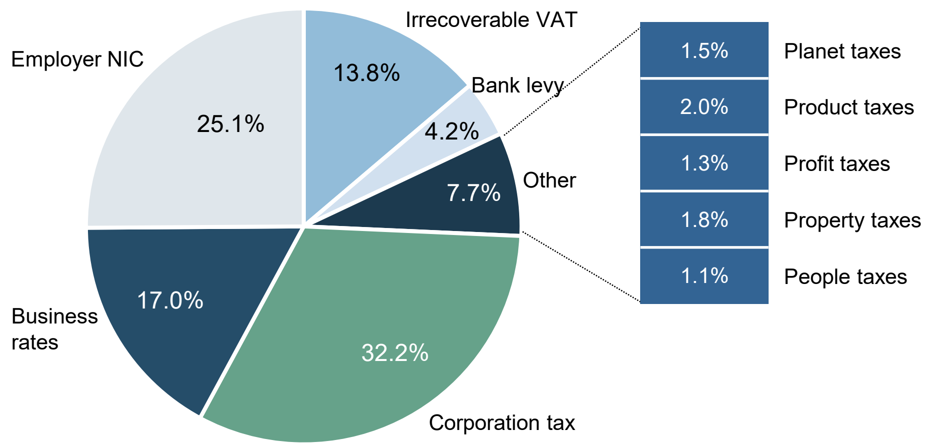
[1] This includes all companies that have contributed data in TTC surveys conducted for the 100 Group and are members or have been members.

[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 – November 2022. Table 2.9. Current receipts (on a cash basis).

[4] Extrapolated corporation tax payments are 12.8% of government receipts of corporation tax.

Figure 2 – Taxes borne by percentage, 2021/22



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

Total Tax Contribution of the 100 Group in 2022

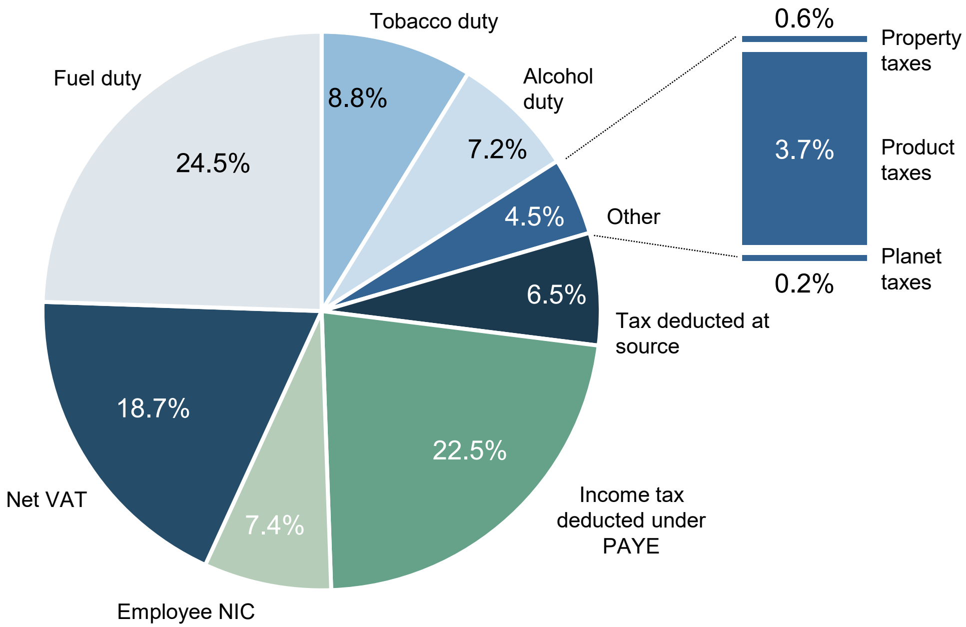
The Total Tax Contribution (TTC) of the 100 Group in 2021/22 is estimated to be £81.5bn, which represents 9.9% of UK government receipts.

Figure 3 shows the profile of taxes collected by 100 Group companies in 2021/22. Employment taxes, at 29.9%, are the largest share of taxes collected (income tax deducted under PAYE: 22.5% and employee NIC: 7.4%) followed by fuel duties at 24.5% (figure 3).

For every £1 of corporation tax borne by this group of companies, there is £6.65 of taxes collected.

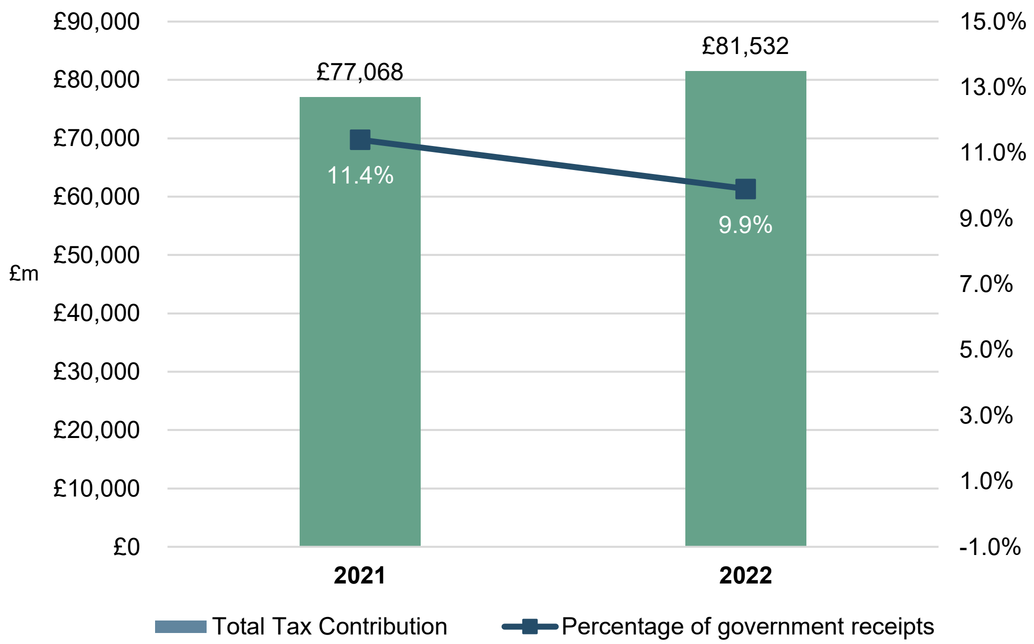
Both taxes borne and taxes collected increased in this year's survey, by 1.2% and 7.1% respectively, (see page 19 for the two-year trend analysis). The TTC in 2022 is £4.5bn higher than in 2021, but represents a decreasing share of total government receipts (figure 4). Government receipts increased by 21.7% in 2021/22, driven by VAT and employment taxes. VAT increased by 54.6% as a result of the VAT deferral scheme coming to an end[5], the partial reversal of the 2020 rate cut for hospitality and leisure[6] along with greater demand in 2021/22. Employment taxes increased by 11.8% due to wage growth and the end of the Coronavirus Job Retention Scheme (furlough) which closed on 30 September 2021.

Figure 3 – Taxes collected by percentage, 2021/22



Source: Survey data

Figure 4 – Total Tax Contribution of the 100 Group, 2021 and 2022



Source: PwC analysis

5 Businesses that deferred VAT payments due between 20 March and 30 June 2020 were able to pay in full by 31 March 2021 or join the online VAT deferral scheme to spread payments of deferred VAT over instalments.

6 In July 2020, VAT was temporarily reduced from 20% to 5% for the hospitality, hotel and leisure sectors. From 1 October 2021, the VAT rate increased to 12.5% until 31 March 2022.

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, employers' 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[7] in 2022 (Appendix 2). Categorising these as either taxes borne or collected, there are 23 taxes borne (including corporation tax) and 14 taxes collected. Some taxes in the framework may be categorised as either borne or collected depending on the specific circumstances.

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 18 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 18 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.

[7] https://www.pwc.com/gx/en/services/tax/publications/total-tax-contribution-framework.html

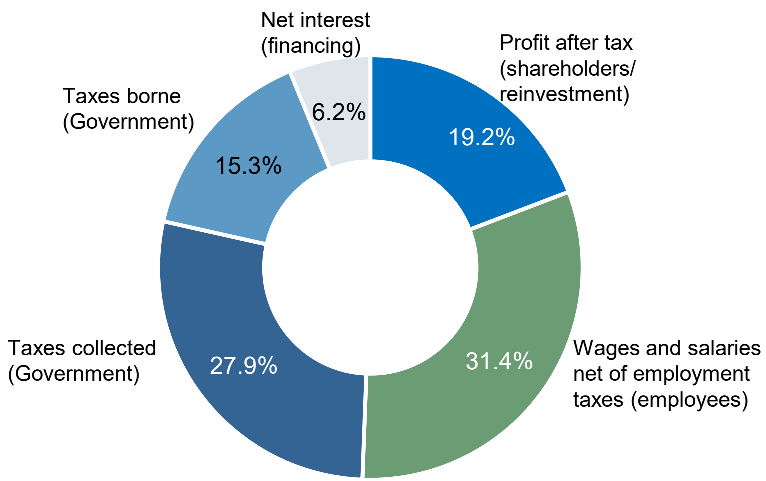
Value distributed

The Total Tax Contribution can be put into the context of value distributed[8] by companies. Over the two years impacted by the pandemic, more than 40% of the value distributed went to the government in taxes borne and collected, while over 30% went 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 two years impacted by the pandemic resulted in significant swings in profitability. At 2.9%, profit after tax in 2020/21 was at the lowest level since the financial crisis. Profits recovered considerably in 2021/22, reaching 30.6% of value distributed. To show the value distributed by the 100 Group over the two years of the pandemic, figure 5 displays 2021 and 2022 in a single pie chart. The government is the largest beneficiary of the value distributed by the 100 Group participants, at 43.2% of the total. Wages and salaries (net of employment taxes) paid to employees are the second largest share of the value distributed, at 31.4%. Profit after tax (available to reinvest in the company or distribute to shareholders as dividends) accounts for 19.2% of the total.

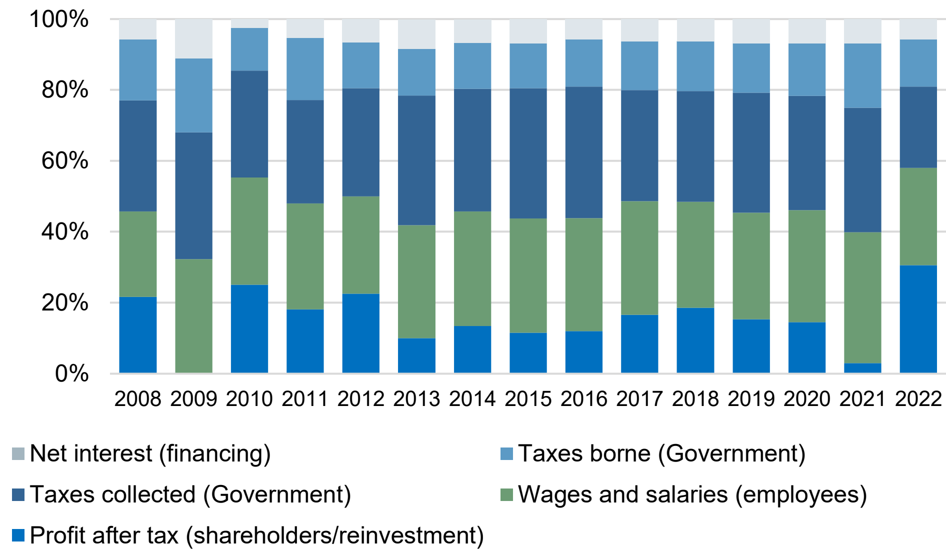
Figure 5 – Value distributed by the 100 Group participants, 2021-2022



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, 2008 to 2022



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

[8] 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 the 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 5,568 UK suppliers[9] (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[10] for the 100 Group companies is £83,334, compared to an estimated GVA per employee of £64,534 in the UK economy as a whole[11] (figure 8).

Figure 7 – Number of UK suppliers supported by survey participants in 2021/22

	Percentage of participants providing data	Average number of UK suppliers
UK suppliers supported by each 100 Group company	64%	5,568

Source: PwC analysis

Figure 8 – Gross Value Added per employee in 2021/22

	Average for the 100 Group of companies	UK GVA per employee
GVA per employee	£83,334	£64,534

Source: PwC analysis

[9] On a like-for-like analysis, there was a 0.4% decrease in the average number of UK suppliers compared to 2021.

[10] 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.

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

The wider economic contribution – Employment

The 100 Group employs 1.9 million people, paying an average wage of £37,514 and contributing employment taxes of £12,903 per employee on average.

The 100 Group companies are major employers – the survey participants employed 1.7 million people in 2022. 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 £37,514 (compared to the average national wage of £33,000) with average employment taxes of £12,903 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 survey results show that the participating companies paid a total of £22.5bn in employment taxes, including £6.5bn in employment taxes borne and £15.9bn in employment taxes collected (figure 10). Extrapolating to the 100 Group, we estimate a total of £24.4bn in employment taxes borne and collected, which accounts for 7.0% of total government receipts from employment taxes.

Employment taxes are the second largest element of total taxes borne and taxes collected. Employer NIC, at 25.1%, is the second largest tax borne for participants, and income tax deducted under PAYE together with employee NIC account for 29.9% of taxes collected.

On a like-for-like basis, where companies have supplied data for employment taxes, wages and salaries, and total UK employees for the 2021 and 2022 surveys, the number of employees decreased by 0.9%, wages and salaries increased by 2.6% and employment taxes increased by 0.7% (figure 11). The increase in wages and salaries was greater than employment taxes, due to higher bonuses in 2021/22 for which the associated taxes will be included in the 2022/23 survey.

Figure 9 – Employment tax figures for the 100 Group in 2021/22

	Survey participants	Extrapolated to the 100 Group	Percentage of Government figures
Number of UK Employees	1.7m	1.9m	5.8%[13]
Total employment taxes	£22,493m	£24,446m	7.0%[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: 2022 16 November 2022
[13] ONS Employment by industry (Labour Force Survey), 15 November 2022
[14] The Office for Budget Responsibility (OBR) Economic and fiscal outlook supplementary fiscal tables November 2022. Table 2.9. Current receipts (on a cash basis).

The wider economic contribution – Employment

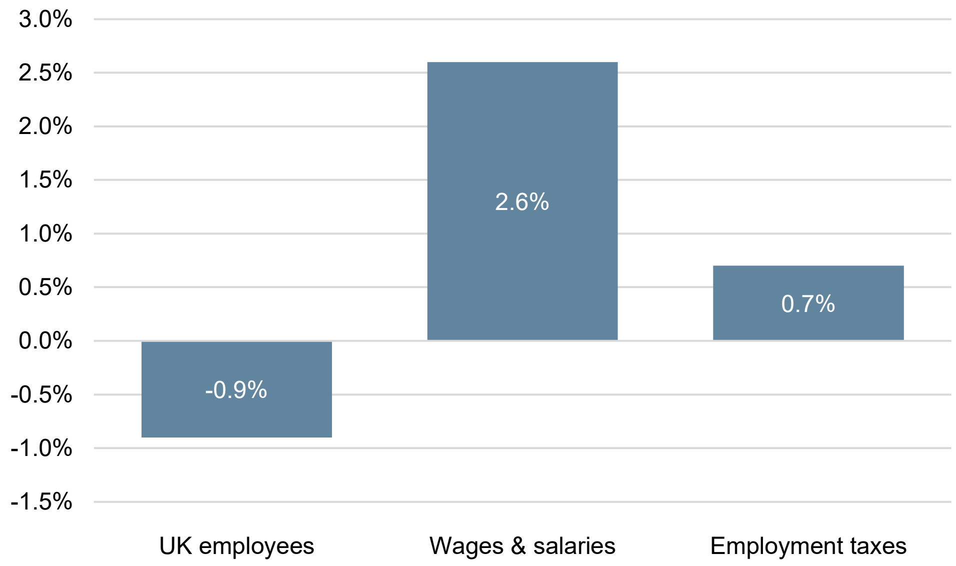
The 100 Group employs 1.9 million people, paying an average wage of £37,514 and contributing employment taxes of £12,903 per employee on average.

Figure 10 – Employment tax borne and collected by the survey participants in 2021/22

	Total (survey participants) £
Employment taxes borne	
Employer NIC	£6,279m
PAYE agreements (PSAs) (tax on benefits)	£91m
Net apprenticeship levy	£173m
Total employment taxes borne	**£6,543m**
Employment taxes collected	
Employee NIC	£3,945m
Income tax deducted under PAYE	£12,004m
Total employment taxes collected	**£15,949m**
Total employment taxes borne and collected	**£22,493m**

Source: Survey data

Figure 11 – Trends in number of UK employees, wages and salaries, and employment taxes, 2021 to 2022



Source: PwC analysis, based on 75 companies that provided data for the number of employees, wages and salaries and employment taxes in both the 2021 and 2022 surveys.

The wider economic contribution – capital investment, research and development

Business investment is an important contribution that large companies make to the UK economy. Capital investment saw an increase of 38.4% in 2021/22, bouncing back from the Covid-19 decline in 2020/21. There was also an increase in research and development expenditure, for the second consecutive year.

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. 87% of the participating companies provided data showing that total investment in tangible fixed assets was £25.8bn, representing 12.3% of UK expenditure on business investment (figure 12). On a like-for-like basis, where we have company data for the 2021 and 2022 surveys, this represents an increase of 38.4%, driven by the utilities and real estate companies.

In this year's survey, companies were able to make use of the 'super deduction' announced in the March 2021 Budget, allowing companies to deduct 130% of qualifying capital investment from 1 April 2021 until 31 March 2023. The more generous allowances were introduced at the same time as it was announced that the rate of corporation tax would rise from 19% to 25% in April 2023. The intention of the super-deduction was to remove any incentive to delay business investment until the introduction of the higher rate. At a total estimated cost of £24 billion between 2020-21 and 2023-24, the policy was expected to increase business investment by an additional 10% over the period[15].

The survey participants also invested a total of £10.9bn in research and development (R&D), an increase of 7.9% compared to 2021 (figure 13), driven by the pharmaceutical companies.

Figure 12 – Investment made by 100 Group companies in fixed assets 2021/22

2022 survey	Percentage of participants providing data	Total (£m)	Percentage of the total UK amount	Trend 2021 – 2022 on a like-for-like basis
UK fixed assets additions	88%	25,757	12.3%[16]	38.4%

Source: PwC analysis

Figure 13 – Investment made by 100 Group companies in research and development 2021/22

2022 survey	Percentage of participants providing data	Total (£m)	Trend 2021-2022 on a like-for-like basis
R&D expenses	51%	10,871	7.9%

Source: PwC analysis

[15] OBR Supplementary forecast information release: Capital allowances super-deduction costing, 17 February 2022

[16] ONS Gross Fixed Capital Formation: Business Investment: CP SA: £m, 11 November 2022

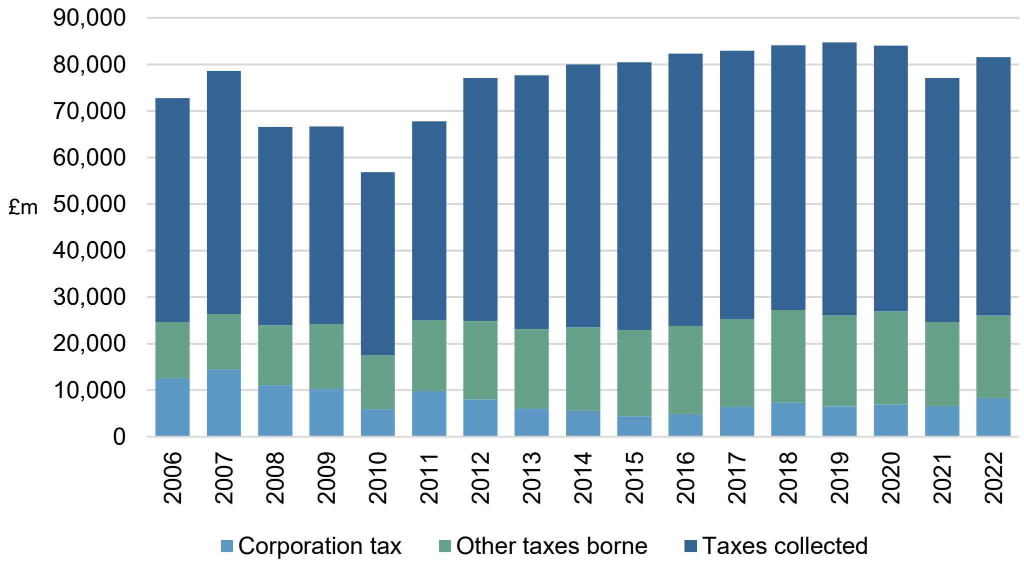
The changing profile of tax

The profile of taxes paid by large businesses has changed significantly over the 18 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 2022, they account for 68.5%.

Figure 14 shows the total tax contribution of the 100 Group since 2006, split between corporation tax, other taxes borne and taxes collected. Prior to the pandemic, the total contribution had been relatively stable over a nine year period, reaching over £80bn for six consecutive years to 2019/20. In 2021, the total contribution dropped to its lowest level for ten years as a result of the COVID-19 pandemic, while 2022 shows a partial recovery. Figure 14 also shows the impact of the financial crisis between 2008 and 2011.

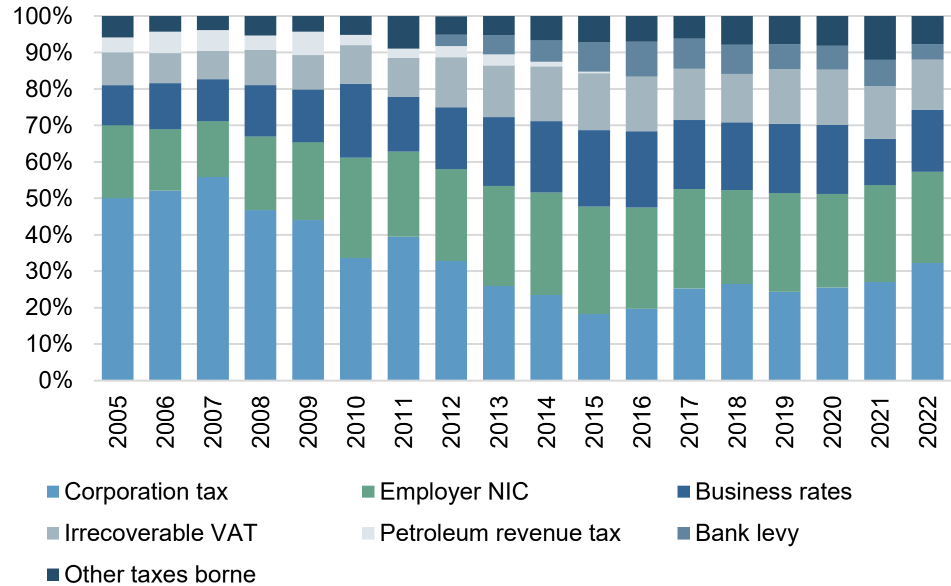
A major trend since the survey began has been the decreasing share of corporation tax compared to other business taxes. Figure 15 shows that, in 2005, corporation tax accounted for 50.0% of taxes borne, increasing to 55.9% in 2007 just before the financial crisis. The trend from 2007 to 2015, with the 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 14 – Total Tax Contribution for the 100 Group, 2006 to 2022[17]



Source: PwC analysis

Figure 15 – Profile of taxes borne, 2005 to 2022



Source: Survey data

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

The changing profile of tax

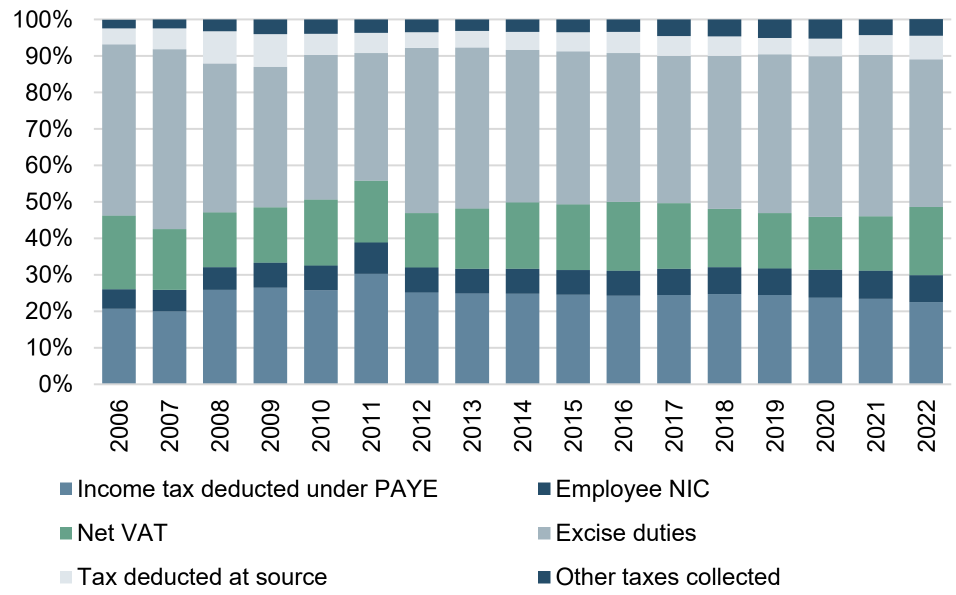
The profile of taxes paid by large businesses has changed significantly over the 18 years of the survey, as a result of changes to tax policy and economic conditions. The most pronounced change has been a shift from corporation tax towards other business taxes, such as business rates, employer NIC and irrecoverable VAT. In 2005, other business taxes were 50.0% of taxes borne. In 2022, they account for 68.5%.

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 and in 2020/21 due to the COVID-19 pandemic. 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. The corporation tax rate is set to increase to 25% from April 2023, the first increase since the survey began. The impact of the higher rate will be seen in the 2024 survey.

However, the headline rate is not the only factor that affects corporation tax receipts. In 2018, with the 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. This included 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 bank profits. Tighter loss relief legislation applied to other industry sectors from April 2017, with 50% of taxable profits eligible to be offset by carried forward losses. Legislation restricting corporate interest deductions was also introduced from April 2017. In 2022, corporation tax continues to be the largest tax borne by 100 Group companies.

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 sector (figure 16 and 18). Excise duties account for the largest share of taxes collected at 40.5%, followed by 29.9% from employment taxes (income tax deducted under PAYE 22.5% and employee NIC 7.4%).

Figure 16 – Profile of taxes collected, 2006 to 2022



Source: Survey data

The changing profile of tax

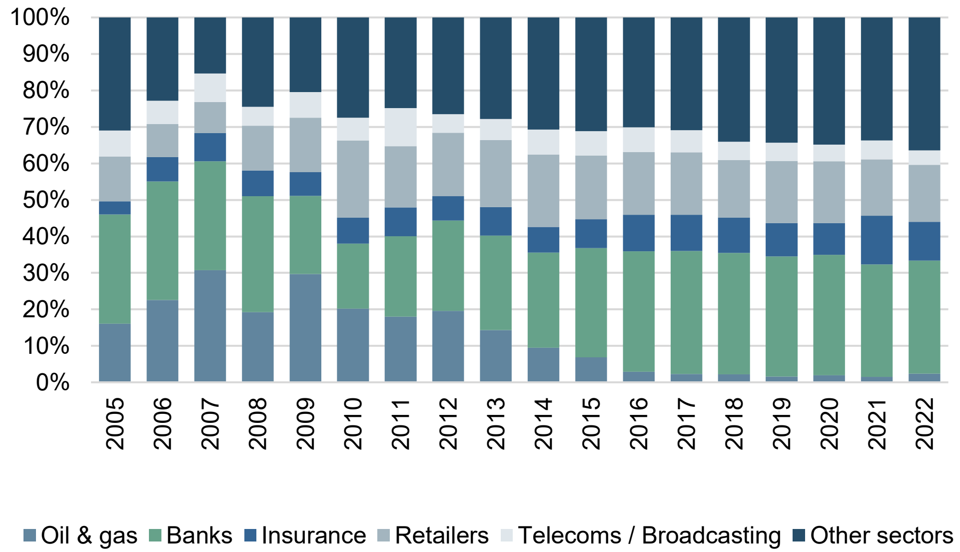
The profile of taxes paid by large businesses has changed significantly over the 18 years of the survey, as a result of changes to tax policy and economic conditions. The most pronounced change has been a shift from corporation tax towards other business taxes, such as business rates, employer NIC and irrecoverable VAT. In 2005, other business taxes were 50.0% of taxes borne. In 2022, they account for 68.5%.

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 profile over the survey period shows the trend away from oil and gas companies, towards a greater reliance on financial services (45.9% of total taxes borne in 2022). It also demonstrates the significant contribution from the retail sector, which has averaged 17.4% of taxes borne since 2010. The 2022 profile shows a significant decrease from the insurers, following a significant increase in the prior year (13.4% of the total in 2020/21; 10.6% of the total in 2021/22).

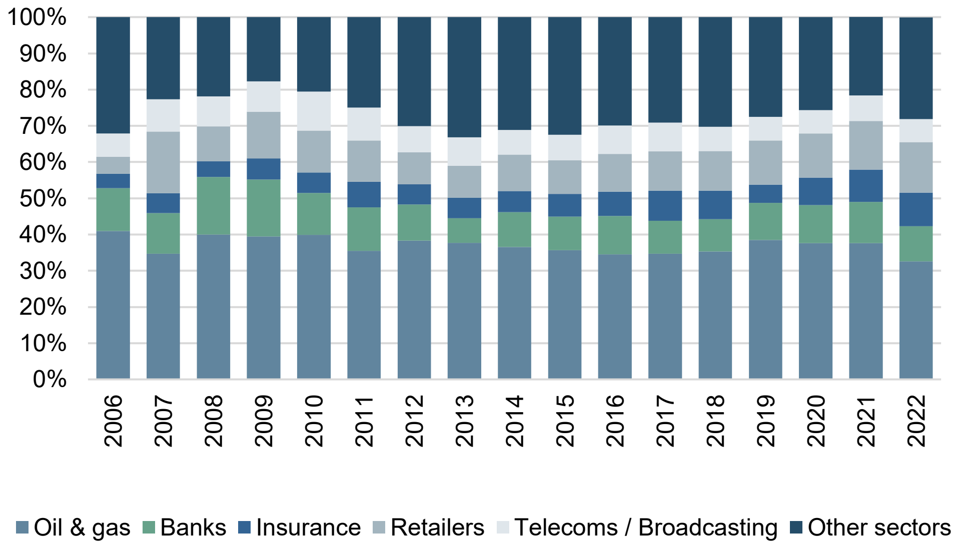
When taxes collected are added to the sectoral analysis, the continued importance of the oil and gas sector is evident, particularly as a consequence of fuel duties, which are levied when petroleum products are sold in the UK (figure 18). The share of taxes collected from the sector increased in 2022, from 30.0% to 32.6%, as a result of the increase in excise duties collected in the year after the pandemic significantly reduced demand in 2020/21. As a consequence, the total tax contribution of the oil and gas sector increased to 23.1% of (figure 26).

Figure 17 – Profile of taxes borne by sector, 2005 to 2022



Source: PwC analysis

Figure 18 – Profile of taxes collected by sector, 2006 to 2022



Source: PwC analysis

The changing profile of tax

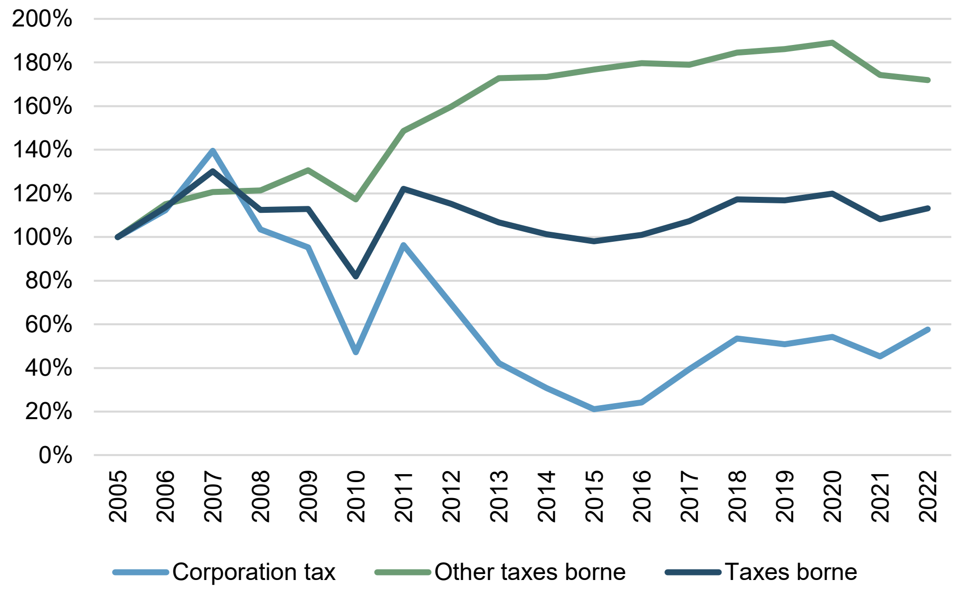
Over the last 18 years, the TTC survey has collected an extensive bank of data on tax payments by the 100 Group members, providing a unique insight into the changing profile of taxes paid by the largest UK companies. 27 companies have provided data in all the surveys we have undertaken. This enables us to look at long-term trends on a like-for-like basis.

Figure 19 displays taxes borne by these 27 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 71.9% since the survey began in 2005, while corporation tax has decreased by 42.4%. There was a decrease in corporation tax and other taxes borne in 2020/21, in the first year of the pandemic. Corporation tax increased in 2021/22, while there was a slight decrease in other taxes borne.

Figure 19 also shows 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 2022 trends in taxes borne - corporation tax, other taxes borne and total taxes borne



Source: PwC analysis

The changing profile of tax

Over the last 18 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 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 companies that have provided data for the entire survey period, irrecoverable VAT in 2022 is 90.0% higher than in 2005.

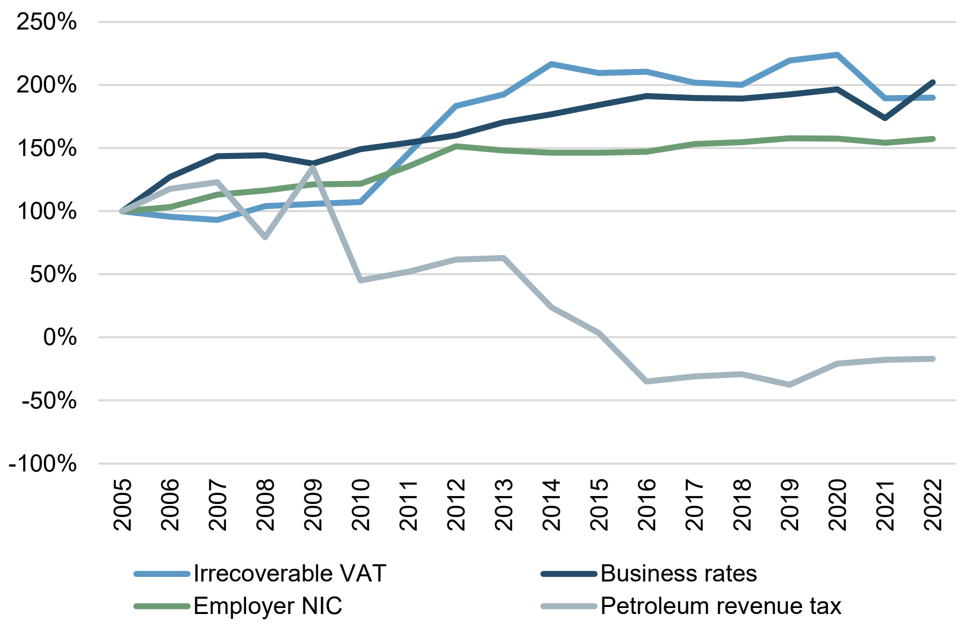
Irrecoverable VAT was at more than twice the 2005 level between 2014 and 2020. The significant increase between 2010 and 2014 was largely driven by the increase in the rate of VAT to 20% in 2011, changes in the EU VAT system in 2010[18], and legislative and case law changes for the financial services sector. In addition, a trend for the financial services sector to outsource more of its activities, increasing the cost base, the associated input VAT, and so the amount of VAT that cannot be recovered. Since 2020, the decrease in irrecoverable VAT is due to lower expenditure incurred by the financial services sector and higher VAT recovery rates following the UK's departure from the European Union.

Business rates are at twice the level they were in 2005, following a sharp decline in 2021 due to the rates relief for the retail, leisure and hospitality sectors in the first year of the pandemic. The prior increase across the survey period was driven by increasing multipliers (see section on business rates for more detail) and rateable values.

Employer national insurance contributions for these 27 companies have increased by 57.2% over the survey period 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 2022 trends in taxes borne - irrecoverable VAT, business rates, employer NIC, and petroleum revenue tax



Source: PwC analysis

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

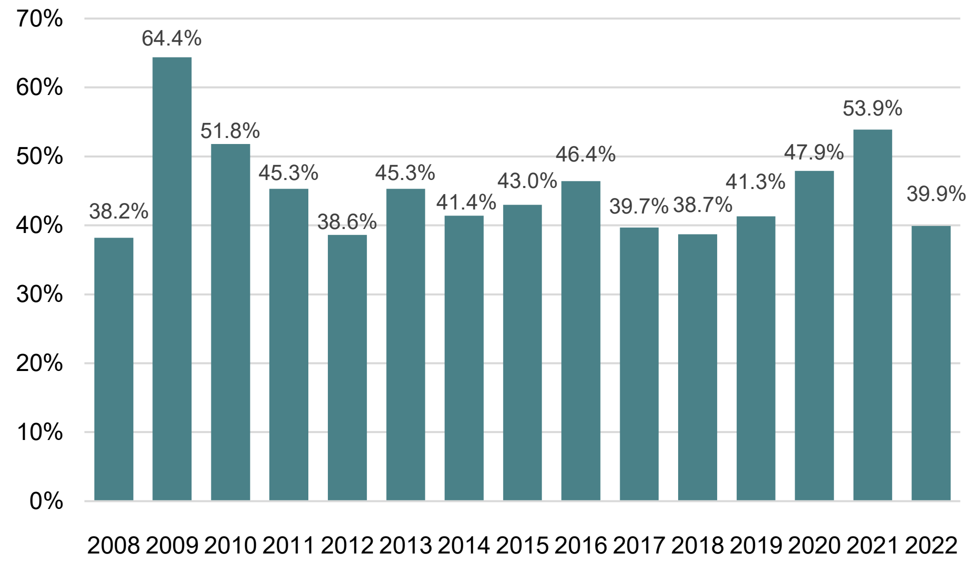
Total Tax Rate

The Total Tax Rate (TTR) is a measure of the cost of all taxes borne in relation to UK commercial profit. In 2022 the average TTR for the survey participants is 39.9%.

The average Total Tax Rate (TTR) for 100 Group members participating in the 2022 survey is 39.9%[19] (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 2022, the TTR decreased by 14.0 percentage points, as profits increased at a greater rate than taxes borne in the second year of the pandemic.

Figure 21 – Total Tax Rate, 2008-2022



Source: PwC analysis

[19] TTR overall average is 36.5% and the median is 32.2%

Trend in Total Tax Contribution between 2021 and 2022

Both taxes borne and taxes collected by the 100 Group increased in the 2022 survey by 1.2% and 7.1% respectively.

90 companies provided data for both 2021 and 2022 surveys allowing us to analyse the trends on a like-for-like basis for these companies. Figure 22 shows the trend in TTC from 2021 to 2022, and the components of the total increase comprising taxes borne and taxes collected.

Figure 22 – Trend in Total Tax Contribution, 2021 - 2022

Total tax contribution	Trend as % of total	Trend as % of total[20]
Taxes borne	1.2%	0.4%
Taxes collected	7.1%	4.8%
Total tax contribution	**5.2%**	**5.2%**

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.

Taxes borne increased by 1.2% in 2022, with corporation tax and business rates the main drivers (figure 23). Corporation tax accounted for 2.3 percentage points of the total increase in taxes borne, due to the increase in profits. Business rates accounted for 1.6 percentage points of the total increase, as the government's business rate relief for retail, hospitality and leisure industries came to an end. The overall increase in taxes borne was partially offset by bank levy (2.8 percentage points of the total), due to the reduction in bank levy scope for UK headquartered banks from the 1st of January 2021. Since its introduction in 2011, the levy had applied to the global consolidated balance sheet of UK-headquartered banks, but only to the UK balance sheet of a foreign-headquartered bank. From January 2021, the bank levy applied to the UK balance sheet for all banks.

Figure 23 – Trend in taxes borne, 2021 - 2022

Tax borne	Trend as % of total taxes borne[21]
Corporation tax	2.3%
Business and cumulo rates	1.6%
Other taxes borne	0.3%
Employer NIC	-0.1%
Irrecoverable VAT	-0.1%
Bank levy	-2.8%
Total taxes borne	**1.2%**

Source: PwC analysis

[20] Movement shown as a proportion of increase in total tax contribution
[21] Movement shown as a proportion decrease in taxes borne

Trend in Total Tax Contribution between 2021 and 2022

Both taxes borne and taxes collected by the 100 Group increased in the 2022 survey by 1.2% and 7.1% respectively.

Figure 24 shows a breakdown of the 1.2% increase in taxes borne by sector (showing retail, banks, insurance and utilities), splitting out the impact of corporation tax and other business taxes borne. The banks, retailers and utilities drove the increase in taxes borne. Insurance was the only major sector for which taxes borne decreased in 2022, driven by a decrease in corporation tax. Corporation tax increased significantly for the insurers in last year's survey.

Figure 24 – Trend in taxes borne (highlighting specific sectors), 2021 - 2022

	All sectors	Retail	Banks	Insurance	Utilities	Other sectors
Corporation tax	2.3%	0.2%	5.6%	-5.4%	0.9%	1.0%
Other business taxes	-1.1%	1.3%	-3.5%	0.1%	0.5%	0.5%
Total taxes borne	**1.2%**	**1.5%**	**2.1%**	**-5.3%**	**1.4%**	**1.5%**

Source: PwC analysis. Note: Of the 95 participating companies there are 8 retailers, 6 banks, 9 insurers and 6 utilities.

Taxes collected increased by 7.1% in 2022, largely driven by net VAT and fuel duties, and partially offset by a decrease in tobacco duties (figure 25). Net VAT accounted for 6.5 percentage points of the total increase in taxes collected, driven largely by oil & gas, retail and utilities sectors. Net VAT increased in 2021/22 as a result of the VAT deferral scheme coming to an end, the partial reversal of the 2020 rate cut for hospitality and leisure, and increased demand in the second year of the pandemic. Fuel duty was the second largest driver (1.0 percentage points of the total) following a recovery in demand due to fewer months of national lockdown and travel restrictions in 2021-22 compared to 2020-21. These increases were partially offset by a decrease in tobacco duties collected in the year (1.1 percentage points of the total). Tobacco duties had increased significantly in 2020/21.

Figure 25 – Trend in taxes collected, 2021 - 2022

Tax	Trend as % of total taxes collected
Net VAT	6.5%
Fuel duties	1.0%
Other taxes collected	0.8%
Income tax deducted under PAYE	0.0%
Employee NIC	-0.1%
Tobacco duties	-1.1%
Total taxes collected	**7.1%**

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 shows the profile of TTC from 2006 to 2022 for the five largest 100 Group industry sectors. The chart shows a marked decrease in contribution from the oil and gas sector, from over a third of the total in 2006 (34.7%) to 23.1% in 2022.

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 was again a quarter of the total, and in 2022 it reached 26.2% of TTC.

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 14.4% the retail share of TTC in 2022 is the highest since 2010.

Figure 27 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 50.7% and 42.4% of their taxes borne respectively. For banks and insurers, irrecoverable VAT makes up 29.9% and 21.6% of their taxes borne respectively. Bank levy accounts for 13.7% of taxes borne for participating banks. For the oil and gas sector, 38.5% of their taxes borne contribution in 2022 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.

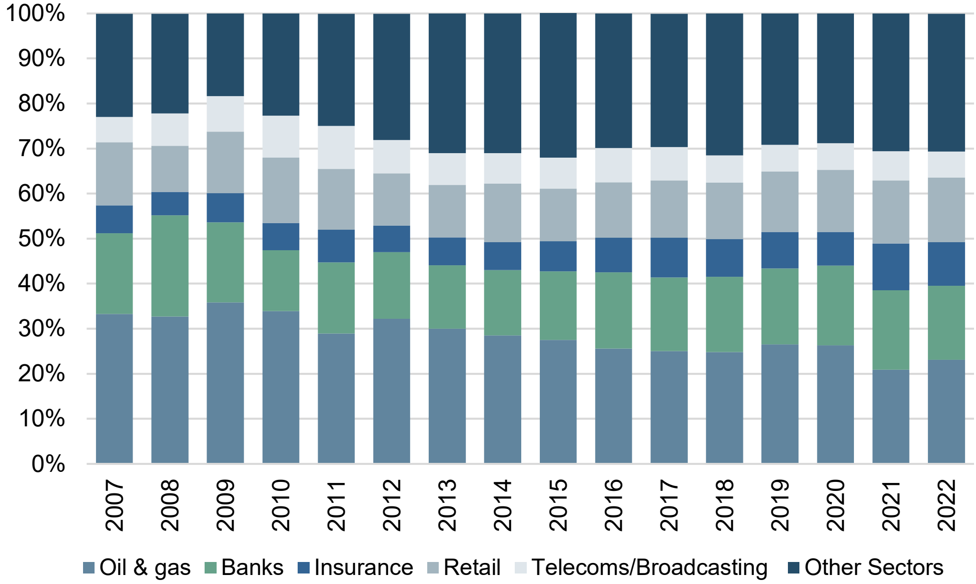
Bank levy

The bank levy, introduced in 2011, is an annual tax on the balance sheet equity and liabilities of banks. The rate reached its highest level (0.210% on short term and 0.105% on long term chargeable equity or liabilities) in 2015, and started to fall from January 2016. From 2021 onwards, 0.10% is applied to short term chargeable equity and liabilities and 0.05% to long term chargeable equity and liabilities (figure 34). See page 28 for further 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.

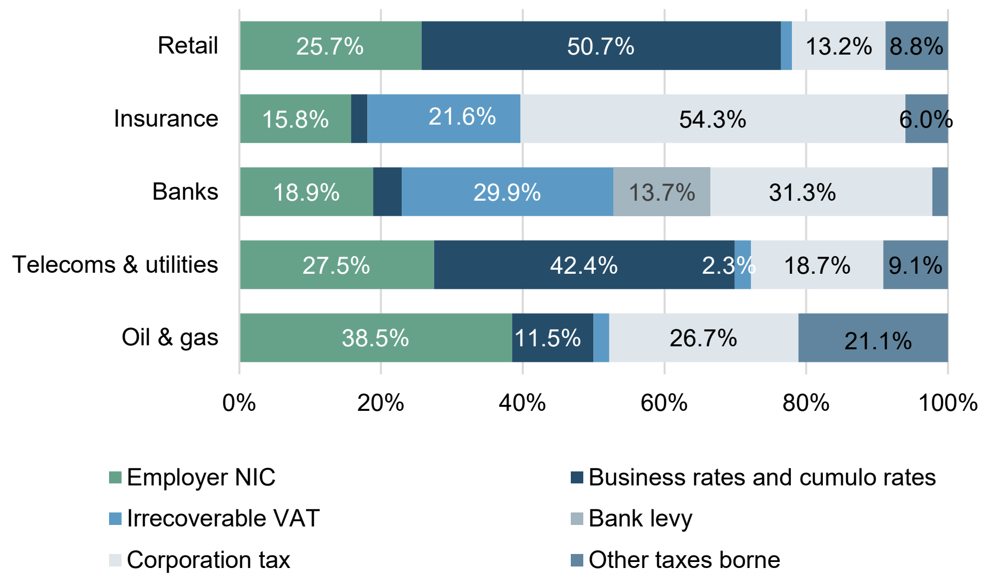
Figure 26 – Total Tax Contribution 2006-2022 by sector



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 2022



Source: PwC analysis

Corporation tax

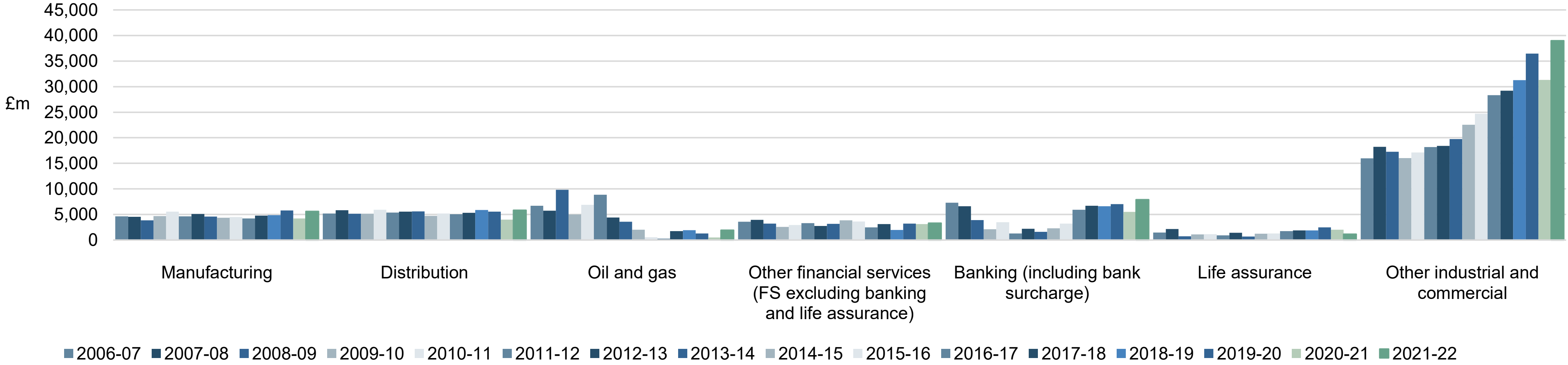
In 2021/22, we estimate that the 100 Group members paid £8.3bn in corporation tax, representing 12.8% of total UK government corporation tax receipts. Corporation tax represents 32.2% of total taxes borne in the 2022 survey (figure 2). For every £1 of the corporation tax, the 100 Group companies paid another £2.09 in other taxes borne, and £6.65 in taxes collected.

The total corporation tax paid by 100 Group companies increased in 2021/22 as profits increased following the sharp drop in 2020-21 as a result of the COVID-19 crisis.

Corporation tax increased by 8.6%, on a like-for-like basis, compared to last year's report, primarily driven by the banks following the unwinding of pandemic-related provisions to cover potential losses in 2020/21 . Extrapolated corporation tax payments for the 100 Group are 12.8% of total government corporation tax receipts, compared to 12.6% in last year's survey.

Figure 28 shows the trend in government receipts from corporation tax by sector. It shows that corporation tax receipts increased in 2021/22 for each of the sectors in the chart. On an economy level there was a 27.7% increase in government corporation tax receipts in 2021/22.

Figure 28 – Government receipts from corporation tax by sector, 2007 – 2022[22]



Source: HMRC

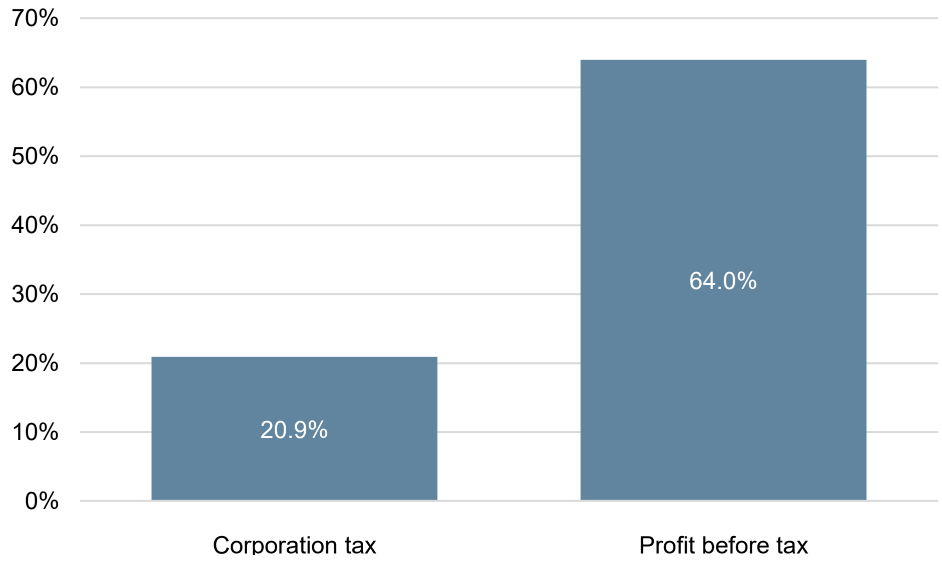
[22] HMRC: https://www.gov.uk/government/statistics/corporation-tax-statistics-2022
Note: there is no government corporation tax data available for retailers.

Corporation tax

In 2021/22, we estimate that the 100 Group members paid £8.3bn in corporation tax, representing 12.8% of total UK government corporation tax receipts. Corporation tax represents 32.2% of total taxes borne in the 2022 survey (figure 2). For every £1 of the corporation tax, the 100 Group companies paid another £2.09 in other taxes borne, and £6.65 in taxes collected.

Figure 29 compares the two-year trend in profits and corporation tax on a like-for-like basis, where companies provided both profit before tax and corporation tax data for the 2021 and 2022 surveys. For these 82 companies, profits increased by 64.0%, while corporation tax increased by 20.9%. The lower proportionate increase in corporation tax compared to profits is largely attributable to the utilisation of losses brought forward.

Figure 29 – Movement of corporation tax and profit before tax on a like-for-like basis, 2021 - 2022



Source: PwC analysis, based on the average, on a trim mean basis, for the 82 companies providing both profit and corporation tax data for both 2021 and 2022 surveys.

Business rates

Business rates are the fourth largest tax borne for participating companies in 2021/22. 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 50.7% 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; non-domestic rates paid on rateable network assets by utility and telecom companies (e.g. pipelines and cables).

In 2021/22, survey participants paid a total of £4.3bn in business rates, representing 16.6% of the government's business rates receipts. Business rates are the third largest tax borne for participating companies in 2022 (17.0%).

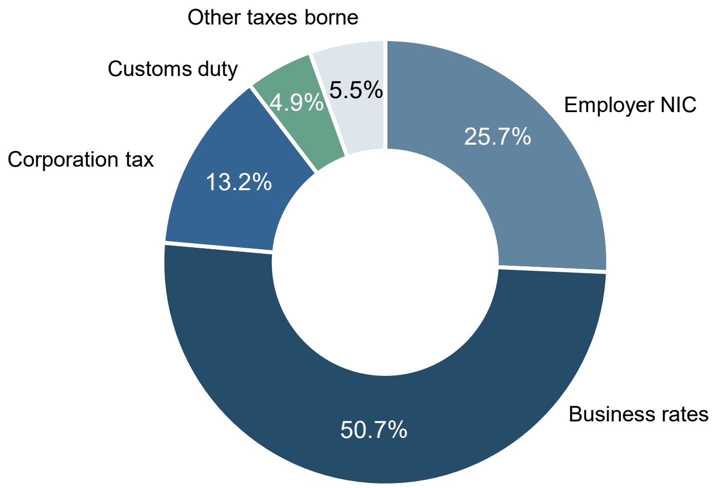
The total business rates paid by 100 Group companies increased by 9.4% in 2021/22, following the decrease in the first year of the pandemic due to the business rates relief for the retail, leisure and hospitality sectors.

Business rates paid by the 27 companies that have participated every year of the survey have increased by 102.1% since the survey began in 2005. This is due to a combination of increasing multipliers and rateable property values, as well as the general growth in business property owned by participating companies over the survey period.

46.1% of all business rates paid by the 100 Group participants in 2021/22 were paid by retailers. On average, 50.7% 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, 2021/22



Source: PwC analysis

Business rates

Business rates are the fourth largest tax borne for participating companies in 2021/22. 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 50.7% of total taxes borne.

Figure 31 – Business rates multipliers from 2005 to 2023

Financial year	England[23]	City of London[24]
2022/23	51.2	52.4
2021/22	51.2	52.4
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 13.8% 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.

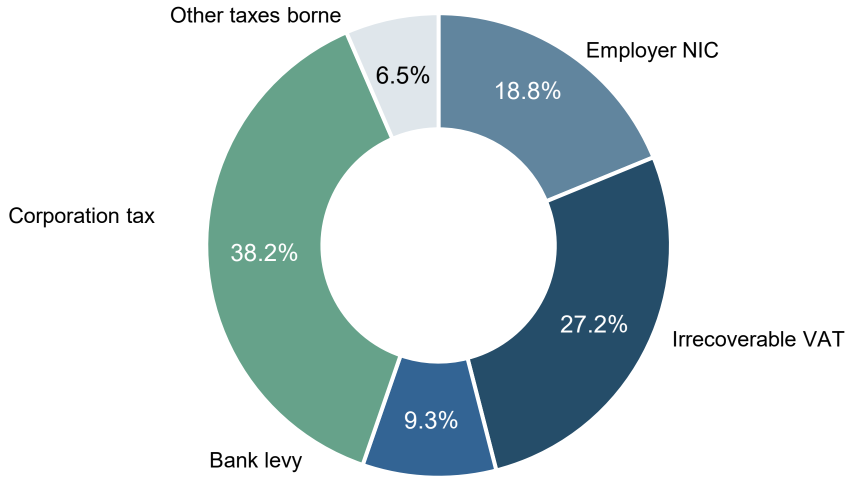
Survey participants paid a total of £3.5bn in irrecoverable VAT. Of this total, financial services companies paid £3.1bn. On average, it accounts for 27.2% of taxes borne by financial services companies that participated in this year's survey (figure 32).

In 2022, irrecoverable VAT decreased for the financial services companies, reflecting lower expenditure incurred by the sector and higher VAT recovery rates following the UK's departure from the European Union[25].

Irrecoverable VAT paid by the 27 companies that have participated every year of the survey has increased by 90.0% since the survey began in 2005. The increase has been largely 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, 2021/22



Source: PwC analysis

[25] The Brexit transition period ended on 31 December 2020 when the UK formally left the EU customs union and single market. From 1 January 2021 VAT rules allowed for input VAT credits for the majority of exempt trades entered into with EU based counterparties that were previously only available for trades with non EU counterparties. This has led to an increase in VAT recovery rates for the FS sector.

Bank levy

The banking sector is, by definition, the only sector that bears the bank levy. In 2021/22 it was the fourth largest tax borne by the 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[26]. From January 2016 the rates decreased each calendar year following the introduction of the bank surcharge. The government's stated intention was to balance the burden on the banking sector between a balance sheet and a profits-based tax[27].

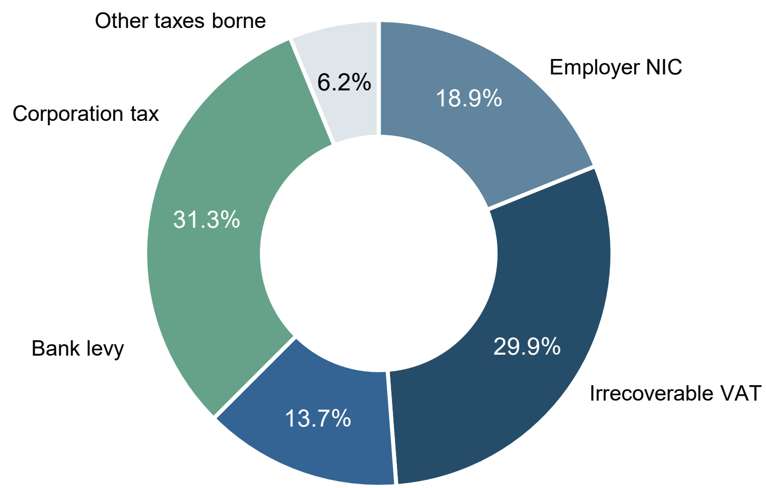
Since 2021, a rate of 0.10% applied to short term chargeable equity and liabilities and 0.05% to long term chargeable equity and liabilities (figure 34). The levy initially applied to the global consolidated balance sheet of UK headquartered banks, but only to the UK balance sheet of a foreign headquartered bank. From 1 January 2021, the bank levy scope was reduced to apply to the UK balance sheet for all banks.

In 2021/22, the government received £1.5bn in bank levy from the banking sector[28]. Banks participating in this year's survey paid bank levy of £1.1bn, representing 68.8% of the government's total bank levy receipts. This total makes up 4.2% of the total taxes borne by the 100 Group (figure 2 – taxes borne by percentage in 2021/22) – the fifth largest tax borne.

Survey data shows that the bank levy has decreased by 37.0% since 2021, on a like-for-like basis. This is largely driven by the change in bank levy scope and the reduction in levy rates.

The banking sector is the only industry subject to this levy. As shown in figure 33, banks pay, on average, 13.7% of their taxes borne in bank levy.

Figure 33 –Taxes borne by banks on an average basis, 2021/22



Source: PwC analysis

[26] https://www.gov.uk/government/news/government-introduces-bank-levy
[27] www.gov.uk/government/uploads/system/uploads/attachment_data/file/470307/TIIN_Bank_Profits_Surcharge.pdf
[28] PAYE and Corporate Tax receipts from the banking sector: 2022, https://www.gov.uk/government/statistics/paye-and-corporate-tax-receipts-from-the-banking-sector-2022/paye-and-corporate-tax-receipts-from-the-banking-sector-2022

Bank levy

The banking sector is, by definition, the only sector that bears the bank levy. In 2021/22 it was the fourth largest tax borne by the banks in the survey.

Figure 34 – Changes in the rate of bank levy[29]

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%	0.000	0.000
2012	0.088%	0.044%	0.013	0.006
2013	0.130%	0.065%	0.055	0.027
2014	0.156%	0.078%	0.081	0.040
2015	0.210%	0.105%	0.135	0.067
2016	0.180%	0.090%	0.105	0.052
2017	0.170%	0.085%	0.095	0.047
2018	0.160%	0.080%	0.085	0.042
2019	0.150%	0.075%	0.075	0.037
2020	0.140%	0.070%	0.065	0.032
2021	0.100%	0.050%	0.025	0.012
2022	0.100%	0.050%	0.025	0.012

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

Looking forward

As we look forward to next year's survey, we expect to see the emergence from the COVID-19 pandemic to be reflected in the TTC data. However, expectations for the year to March 2023 will be modest given the various global challenges in the wake of the pandemic, including supply chain disruption, the energy crisis, rising inflation and the cost of living crisis. The 2023 survey will also see the impact of legislative changes that were introduced to repair the public finances following the pandemic, along with measures to address the cost of living crisis.

The key legislative changes that will have an impact on next year's survey include the 1.25 percentage point increase to employer and employee national insurance contributions, which was in place for seven months in 2022. The rate rise was effective from April 2022, but was reversed in November 2022. The rise in corporation tax, from 19% to 25%, will be introduced from April 2023, and will therefore have an impact on the 2024 survey.

In 2022 there were also targeted announcements to tax the excess profits of energy companies, in response to the exceptionally high energy prices and the government spending required to protect households and businesses. The energy profits levy[30], announced in May 2022 and legislated for in July 2022, is a temporary 25% levy on ring fence profits of oil and gas companies. This new levy is in addition to the ring fence corporation tax (charged at 30%) and the supplementary charge (charged at 10%). It was announced at the Autumn Statement of 2022 that the energy profits levy would increase from 25% to 35% from 1 January 2023 and would apply to 31 March 2028. The investment allowance was also reduced from 80% to 29%.

At the Autumn Statement the Chancellor also announced a new electricity generator levy[31]. From 1 January 2023 to 31 March 2028, electricity generators will be subject to a 45% levy on their excess profits. We can expect both of these new levies to have some impact on the 2023 survey.

[30] https://www.gov.uk/government/publications/changes-to-the-energy-oil-and-gas-profits-levy
[31] https://www.gov.uk/government/publications/electricity-generator-levy-technical-note

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.

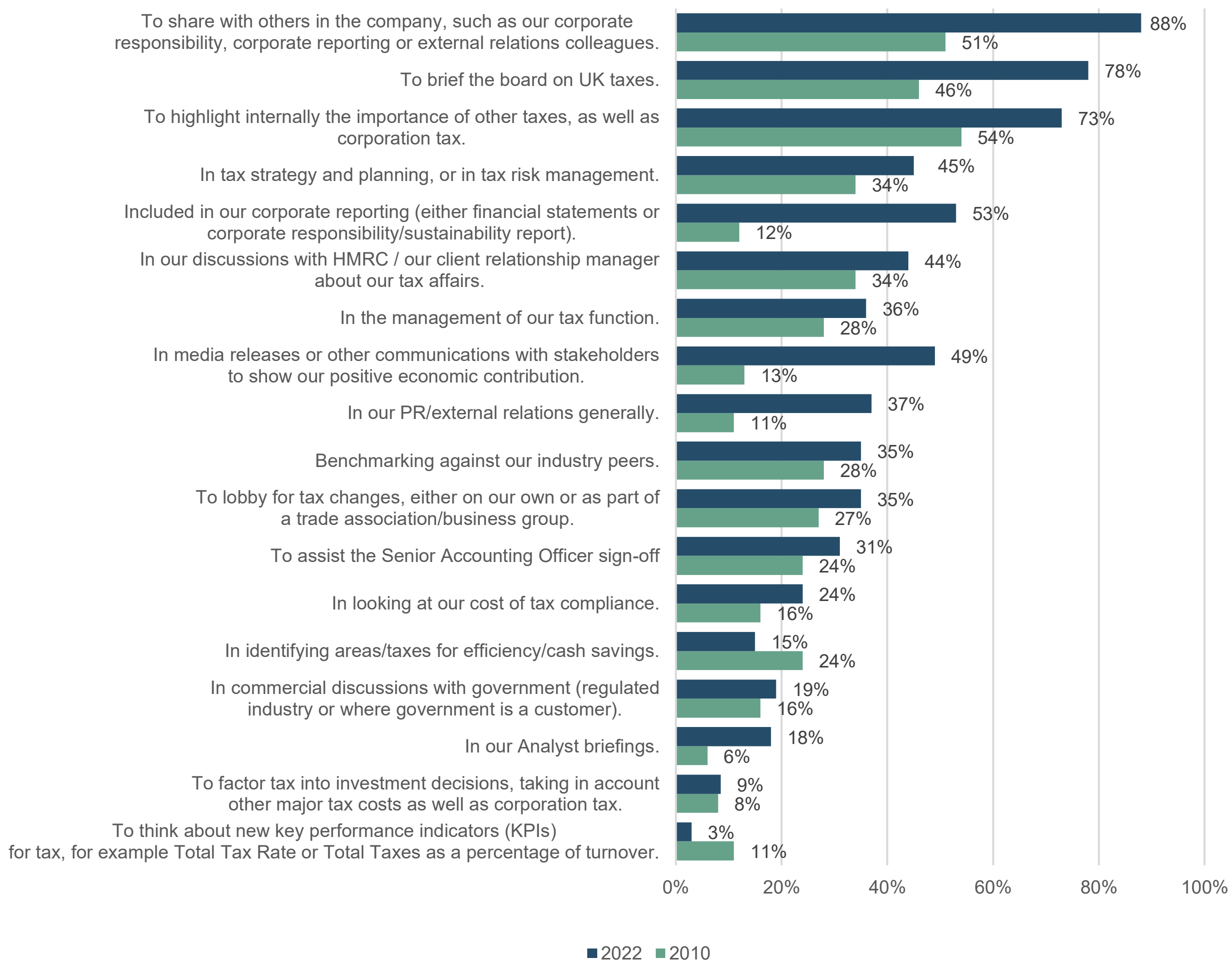
The survey asked participants how they use their TTC data. Figure 35 displays the responses provided in 2022.

- 88% of companies use their TTC data to share with others in the company, such as their corporate responsibility, corporate reporting or external relations colleagues.
- 78% of companies use their TTC data to brief the board on UK taxes.
- 53% 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 2022, use of TTC data in corporate reporting (either financial statements or corporate responsibility/sustainability report) has increased by 41 percentage points since 2010.

This year, we saw increases in the number of companies including TTC data in corporate reporting (53%), in PR and external relations (37%) and in media releases (48%).

Figure 35 – How companies use their TTC data



Source: PwC analysis

Participation in the 18th survey

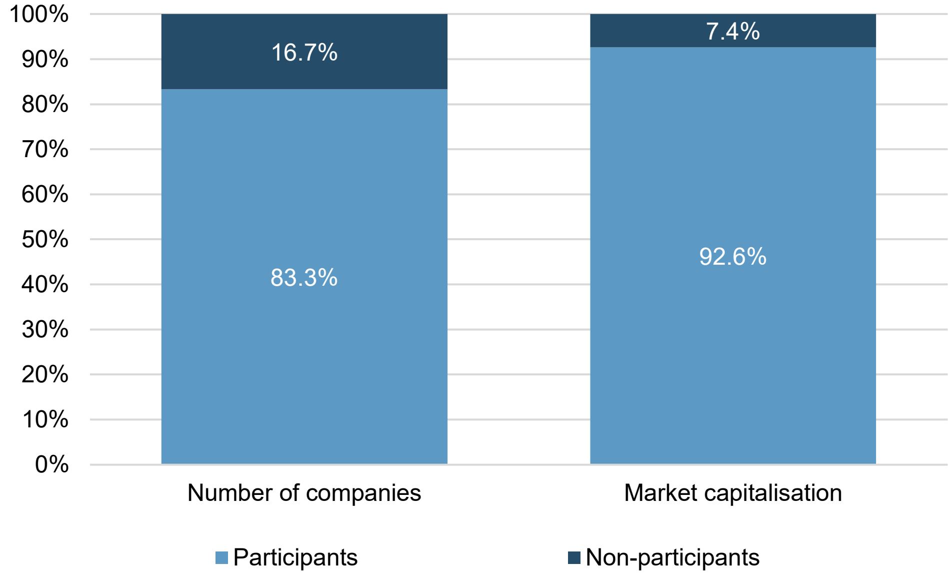
The survey continues to be well supported by the 100 Group – 95 companies provided data in 2022, representing 92.6% of market capitalisation (figure 36).

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

The 2022 survey is based on data collected from the 100 Group members for their accounting periods ending in the 12 months to 31 March 2022. 55% of participants have a December year end, 16% 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 2022 Total Tax Contribution survey is included in Appendix 1[32].

Figure 36 – 95 companies provided data for the 2022 survey



Source: PwC analysis

[32]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 2022 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. B&M European Value Retail
11. Babcock International Group PLC
12. BAE Systems plc
13. Balfour Beatty plc
14. Barclays Group
15. Barratt Developments plc
16. BHP
17. BP plc
18. British Airways Group
19. British American Tobacco
20. British Broadcasting Corporation
21. BT GROUP
22. Bunzl plc
23. Bupa
24. Burberry Group plc
25. Capricorn Energy plc
26. Capita plc
27. Centrica plc
28. Coca-Cola HBC Northern Ireland Limited
29. Compass Group plc
30. ConvaTec
31. Croda International Plc
32. Daily Mail and General Trust plc
33. Diageo plc
34. Direct Line Group
35. Dixons Carphone plc
36. DS Smith
37. Entain plc
38. Experian plc
39. ExxonMobil
40. FGP Topco Limited
41. G4S plc
42. GlaxoSmithKline plc
43. Greenergy Fuels Holdings Limited
44. Halma plc
45. Hammerson plc
46. Hargreaves Lansdown
47. HSBC Holdings plc
48. IMI plc
49. Imperial Brands plc
50. Informa plc
51. Inmarsat plc
52. InterContinental Hotels Group plc
53. Intermediate Capital Group
54. Intertek Group plc
55. ITV plc
56. J Sainsbury plc
57. John Lewis Partnership
58. John Wood Group plc
59. JD Sports Fashion
60. Johnson Matthey plc
61. Kingfisher plc
62. Land Securities Group plc
63. Legal & General
64. Lloyds Banking Group
65. London Stock Exchange Group
66. M&G plc
67. Marks and Spencer Group plc
68. Meggitt plc
69. Merlin Entertainments plc
70. Mitchells & Butlers plc
71. National Grid plc
72. Nationwide Building Society
73. NatWest Group
74. Next plc
75. Ocado Group
76. Pearson plc
77. Pennon Group plc
78. Persimmon Group
79. Phoenix Group Holdings
80. Prudential
81. Reckitt Benckiser plc
82. RELX plc
83. Rightmove
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. Abrdn plc
100. Taylor Wimpey plc
101. Tesco plc
102. The Berkeley Group Holdings plc
103. The British Land Company plc
104. Travis Perkins plc
105. Tullow Oil plc
106. Unilever
107. United Utilities Group plc
108. Vodafone Group plc
109. Weir Group
110. Wellcome Trust
111. Whitbread plc
112. Wm Morrison Supermarkets plc
113. Wolseley Limited (Ferguson)
114. 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	×	

	Tax borne	Tax collected
Taxes on property (property taxes)		
Business rates and cumulo rates	×	
Stamp duty land tax	×	
Stamp duty	×	
Stamp duty reserve tax	×	×
Bank levy	×	

	Tax borne	Tax collected
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	×	×
Tobacco duty		×
Alcohol duty		×
Insurance premium tax	×	×
Air passenger duty	×	×
Vehicle excise duty	×	
Soft drinks industry levy		×
Digital services tax	×	

	Tax borne	Tax collected
Environmental taxes (planet taxes)		
Fuel duty		×
Landfill tax	×	×
Congestion charge	×	
Climate change levy	×	×
Aggregates levy	×	
UK Emissions Trading Scheme (‘UK ETS')	×	×

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

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).

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 2022 100 Group survey

Taxes borne	£ 2021/22
Taxes on profits (profit taxes)	
Corporation tax	8,032,520,860
Betting & gaming duty	317,626,373
Petroleum revenue tax	-169,768,404

Taxes borne	
Taxes on employment (people taxes)	
Employer NIC	6,279,432,842
Net apprenticeship levy	173,267,473
PAYE settlements	90,522,261

Taxes borne	
Taxes on property (property taxes)	
Business and cumulo rates	4,253,727,509
Bank levy	1,055,877,247
Stamp duty land tax	324,216,707
Stamp duty and stamp duty reserve tax	126,519,241

Taxes borne	
Taxes on consumption (product taxes)	
Irrecoverable VAT	3,450,857,382
Customs duty	315,463,844
Vehicle excise duty	97,590,467
Insurance premium tax	74,861,689
Air passenger duty	2,313,695

Taxes borne	£ 2021/22
Environmental taxes (planet taxes)	
Climate change levy and carbon price support	239,765,549
UK ETS	136,942,339
Landfill tax	8,037,181
Congestion charge	5,217,148
Aggregates levy	1,180,926
Total tax borne	**24,816,172,329**

Appendix 3 – Taxes borne and collected by participants of the 2022 100 Group survey

Taxes collected	£ 2021/22
Taxes on profits (profit taxes)	
Tax deducted at source	3,440,920,242

Taxes collected	
Taxes on employment (people taxes)	
Income tax deducted under PAYE	12,004,477,865
Employee NIC	3,945,355,869

Taxes collected	
Taxes on property (property taxes)	
Stamp duty reserve tax	300,904,655

Taxes collected	
Taxes on consumption (product taxes)	
Net VAT	10,085,121,613
Tobacco duty	4,713,010,118
Alcohol duty	3,825,371,384
Insurance premium tax	1,902,552,663
Soft drinks industry levy	13,026,804
Customs duty	15,494,836
Air passenger duty	14,000

Taxes collected	£ 2021/22
Environmental taxes (planet taxes)	
Fuel duty	13,051,189,099
Climate change levy and carbon price support	89,416,031
UK ETS	981,720
Total tax collected	**53,387,836,899**

Appendix 4 – Key contacts

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