



Total Tax Contribution

A study of the largest companies
headquartered in Europe: third edition

www.ebtforum.org

December 2021

A publication prepared for the
European Business Tax Forum by

EBTF | European
Business
Tax
Forum



pwc



About the EBTF

The European Business Tax Forum ("EBTF") is the leading body of European companies dedicated to raising the standards of the public debate around the tax position, tax behaviour and tax contribution to the society by large companies. The EBTF welcomes the public tax debate and aims at enabling a more balanced dialogue through undertaking research and publishing reports that provide objective (tax) data and information and discussing these publications with relevant stakeholders. Member companies are based in the European Union ("EU"), the European Free Trade Association ("EFTA") and the United Kingdom ("UK") and share a common belief in responsible tax practices and tax transparency. To find out more, please visit us at www.ebtforum.org.

About PwC

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 156 countries with over 295,000 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.com.

Foreword

Welcome to the EBTF's third annual edition of the study of the Total Tax Contribution (TTC) of large multinational enterprises (MNEs) based in the EU, EFTA and the UK.

Data has never been more important and more central to the workings of the world than it is now. We now have access to more information than at any time in history and, when used correctly, that data and the right analytics help us better understand the world, the risks and the opportunities.

And yet, the lessons of the last few years have taught us that data can be and often is misrepresented. Public and private debate is all too often skewed by personal bias or political intent; the prevailing narrative very often overtaking fact and leading to bad policy and lost economic growth.

At the EBTF we believe that good, robust and relevant data is critical to raising the bar around the public tax debate. The information we enclose in this report shows the huge contribution that 55 of the biggest European companies make to the public finances. Add into this the wider economic impact through employment, investment and increasingly leadership in Environmental, Social and Governance (ESG) and it is clear that MNEs have a key part to play in supporting the rebuild of government's tax receipts and economic fortunes.

During 2021 much has been made of the Base Erosion and Profit Shifting Base Erosion and Profit Shifting (BEPS) 2.0 proposals to introduce a global minimum tax rate of 15%. The success in achieving near global consensus in supporting this move is impressive and clearly demonstrates a strong global desire to ensure that MNEs pay their fair share of

tax wherever they operate. It is, however, difficult to balance certain public statements of intent around BEPS 2.0 with the reality of existing MNE tax contributions. Not all companies are in a race to the bottom when it comes to tax. The companies partaking in this study, for instance, pay an average total tax rate of 43.8%. For many companies now, tax is firmly ensconced as part of the sustainability agenda and the importance of making a fair and just contribution is recognised at the highest levels of governance.

Transparency around tax contributions and the role of tax within ESG are increasingly within focus. As with previous years, we have included an analysis of taxes paid between different types, including "planet taxes" (broadly taxes on consumption harmful to the environment). Disappointingly perhaps, our data shows a low real increase in such taxes in 2020. Unfortunately, this is less down to a move away from polluting activities and more a result of lack of momentum in the kind of green tax shift that could and perhaps should be such a key part in meeting global environmental obligations.

As ever, no discussion of tax transparency is complete without consideration given to country-by-country reporting (CbCR). With public CbCR being introduced in the EU at the latest from 2024, we believe it is important to be able to critically assess the relative value created from the huge amount of work that will be required by policy makers and companies to comply with these requirements. For our participants, corporate income tax (CIT) represents approximately 18.7% of their TTC, a material but not unique amount. To enable proper discussion of this matter, we will be releasing a follow up publication in 2022 looking on a stand-alone basis at CbCR. We are delighted that this year's study has seen an increase in

participants to 55 companies, from the 46 that participated last year. We have also been able to add further depth by including worldwide rather than just European data for those companies that were able to provide figures. My sincere thanks go to each of the participating companies who are so valuable in making a meaningful contribution to the wider tax debate.

Thanks to you for reading this, I do hope you enjoy the insights and are able to draw your own conclusions around the implications on future tax policy. I remain optimistic that our rigorous focus on robust data can help shape public tax policy towards areas of greatest global benefit and need.



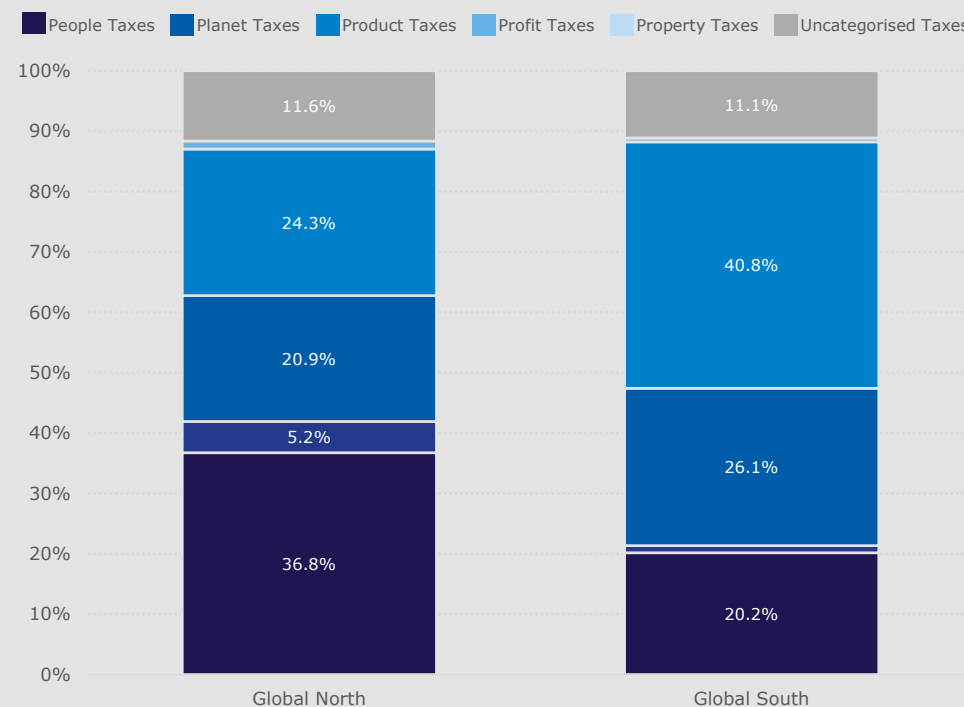
Michael Ludlow
Chair of the EBTF



Key results

1. The role of MNEs has taken centre stage as the world focuses its attention on the 2021 United Nations Climate Change Conference (COP26) while governments try to mitigate the effects of the COVID-19 pandemic. The focus on Environmental, Social and Governance (ESG) continues to increase, with a view that tax – and more specifically tax transparency – has an important role to play in the just transition towards a more equitable and sustainable future.
2. In the EU, latest estimates show that Gross Domestic Product (GDP) has decreased 5.9%¹ and the TTC of the largest companies headquartered in Europe participating in this study reflects that decline (-2.8% on a like-for-like basis). While the reduction in tax payments is smaller than the reduction in GDP, the position is distorted by the reduction in sales of petrol as people stayed at home in 2020. Removing the oil and gas sector, TTC increased by 5.9% compared to 2019. This is a clear indication of the resilience and important contribution of large companies while supporting livelihood and sustaining employment (number of employees increased by 1.0%, wages and salaries by 6.6%; excluding oil and gas sector it would be 1.8% and 7.8%, respectively, on a like-for-like basis).
3. The EBTF released, for the first-time, TTC data beyond the European² footprint of the study participants. The global TTC data of the largest companies headquartered in Europe shows the reliance on profit taxes in developing economies, while employment taxes take a much higher proportion of the overall total tax contribution in developed countries.

We hope that, as more companies join this initiative, more meaningful insights can be provided so that the EBTF can continue to inform the public tax debate.



Emerging economies are represented as the Global South while developed economies are represented as the Global North in the chart above. There is a clear distinction between people and profit taxes in each region.

1 Eurostat, available at <https://ec.europa.eu/eurostat/databrowser/view/tec00115/default/table?lang=en>.

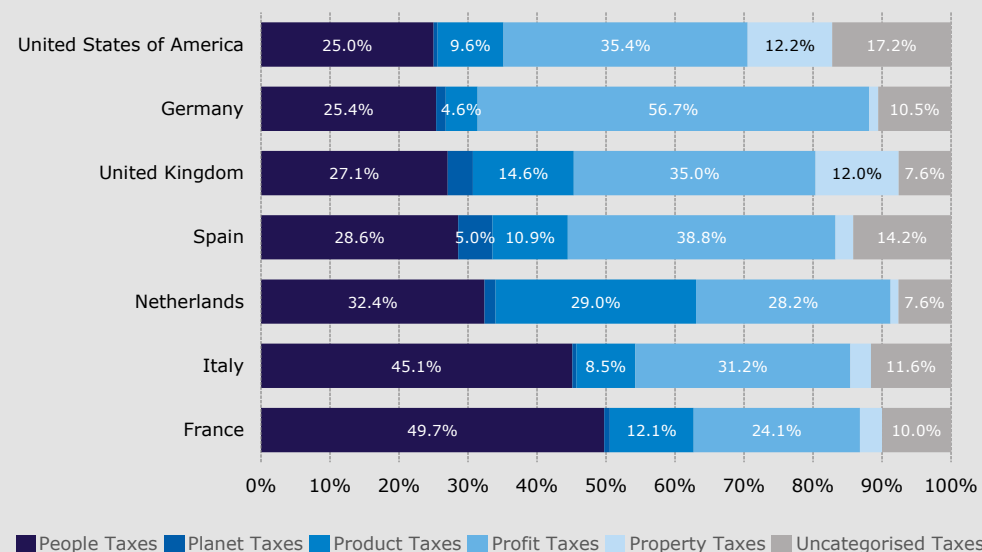
2 For the purposes of this study, 'Europe' or 'European' are defined as the 27 member states of the EU, the EFTA and the UK. For the full list of countries, please refer to Appendix D.

An overview of the results

Global Total Tax Contribution

1. Despite the challenging year, participation in the study increased to **55** – 9 more companies if compared to last year – showing continued support of MNEs to contribute to the broader tax transparency debate.
2. The global TTC of 55 of the largest companies headquartered in Europe was **€355.7bn** in 2020, comprising **€119.5bn** in taxes borne and **€236.2bn** in taxes collected.
3. The global TTC represents more than the annual tax receipts in the Netherlands (€321.4bn) or Norway, Slovakia and Poland combined (€123.4bn, €32.4bn and €191.7bn, respectively) in 2020³.
4. These companies generated employment for **3.5m** people⁴. Average employment taxes per person totalled **€22,754**.
5. CIT is proportionally a small part of companies' contribution: for every €1 of CIT, these companies bear **€1.21** in other taxes and collect **€4.36** taxes for governments.
6. Governments are the largest beneficiary of stakeholder share by study participants, representing almost half of the total at **49.3%**. Stakeholder share also comprises amounts distributed to employees in wages of **29.8%** and to shareholders in dividends or retained in the business for reinvestment of **20.9%**.

7. The data collected from the 55 participants also included data of at least 30 of them relating to seven countries: Germany, the Netherlands, Spain, France, Italy, the UK and the United States of America (USA). It is, therefore, possible to **provide more meaningful insights** at a country level:

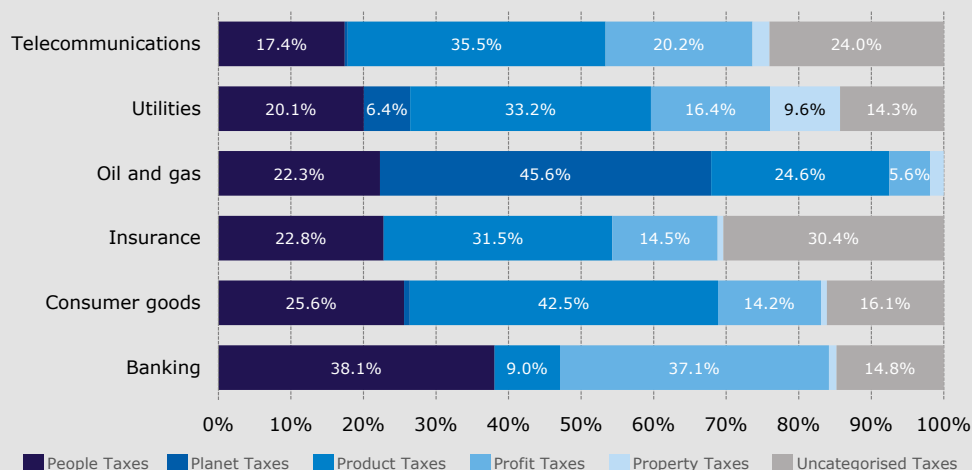


France is the country with the highest share of employment taxes as a percentage of total taxes borne by the employer (49.7%).

The country picture varies depending on the mix of sectors of the companies in each country. 56.7% of the total taxes borne in Germany by study participants are, on average, profit taxes. This is a reflection of the high number of participants in the banking sector providing data for this country.

3 Eurostat, 'Main national accounts tax aggregates', available at https://ec.europa.eu/eurostat/databrowser/view/gov_10a_taxag/default/table?lang=en.

4 Number of full-time equivalent of employees provided by the study participants.



In these seven countries, employment taxes in the banking sector represents nearly the same proportion as profit taxes as a share of TTC (38.1% and 37.1%, respectively), which reflects the high salaries paid in the sector.

Oil and gas companies pay and collect nearly half of their TTC (45.6%) in planet taxes in the form of fuel excise duties.

42.5% of the TTC of consumer goods companies are product taxes. A clear reflection of the relevance of indirect taxes (e.g. VAT and other turnover taxes) for the sector.

31.5% of the profile of the TTC of insurance companies correspond to product taxes. This is due to the collection of insurance premium taxes.

European Total Tax Contribution

1. Considering the 32 countries in Europe, the TTC of the 55 companies is **€233.8bn**, comprising **€67.3bn** in taxes borne and **€166.5bn** in taxes collected. This is higher than the EU and EFTA 2020 budgets combined (€172.5n)⁵.
2. The TTC represents **3.2%**⁶ of the combined tax revenues of the 27 member states of the EU, the 4 countries part of the EFTA and the UK; or **€442**⁷ for every person living in these countries.
3. The TTC decreased **2.8%**⁸ if compared to last year's study, largely as a result of the decrease in fuel excise duties collected.
4. Removing the oil and gas sector, TTC increased by **5.9%**, comprising a **0.9%** increase in taxes borne and a **5.0%** increase in taxes collected.
5. Study participants generate employment for **1.9m** people – 0.9% of the European workforce. Average employment taxes per person totalled **€28,067**.
6. CIT is proportionally a small part of companies' contribution: for every €1 of CIT, these companies bear **€1.90** in other taxes and collect **€7.16** taxes for governments.

5 2020 Budgets available at <https://www.consilium.europa.eu/en/policies/the-eu-budget/eu-annual-budget/2020-budget/>; and <https://www.efta.int/About-EFTA/news/EFTA-Council-adopts-budget-2020-516251#:~:text=On%2012%20December%2C%20the%20ninth,to%20approximately%20CHF%2023.7%20million>.

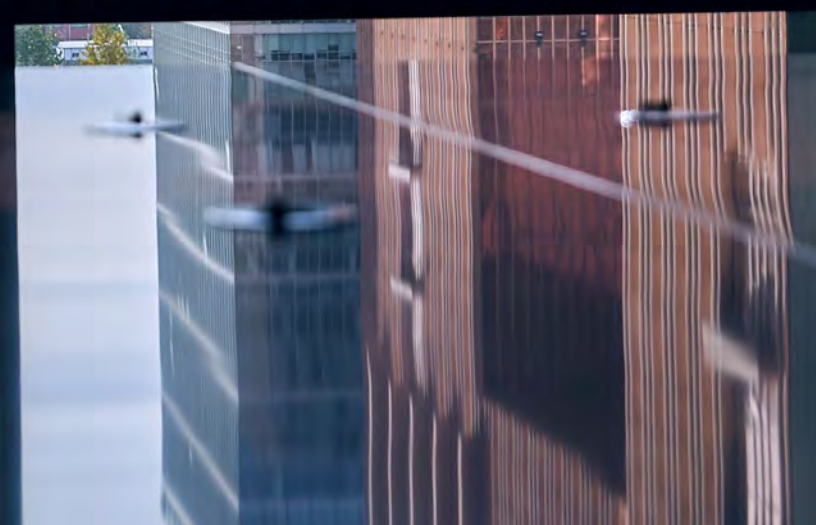
6 2019 total tax revenues, available at https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Tax_revenue_statistics#In_2019.2C_tax_revenue_in_absolute_terms_increased_in_all_EU_Member_States and <https://data.worldbank.org/indicator/GC.TAX.TOTL.CN?locations=IS>.

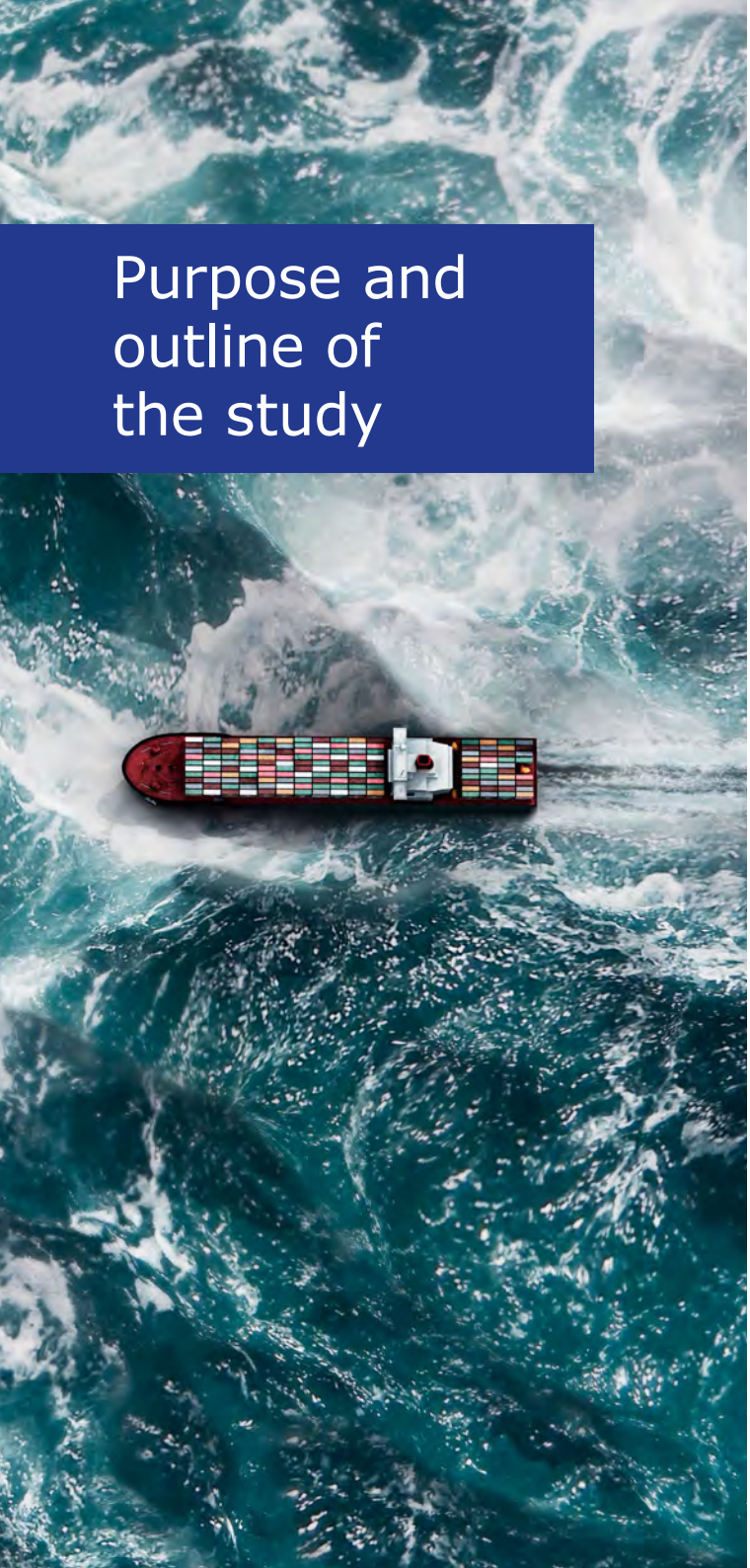
7 Eurostat, available at https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Population_and_population_change_statistics.

8 Comparison between 2019 and 2020 on a like-for-like basis which only considers those companies participating in both years and, for each company, only those countries where TTC data was also available in both years of the study.

Contents

An overview of the results	5	A focus on the planet tax base and other payments to government	25
Purpose and outline of the study	9	Planet taxes	25
External environment and the context for the study	9	Other payments to government	25
An outline of the Total Tax Contribution framework	10	Putting the data in the context of economic indicators	26
The scope of the study	10	Total Tax Rate	26
Confidentiality of data	10	Taxes borne and collected as a percentage of turnover	26
Total Tax Contribution of the largest companies headquartered in Europe	11	Taxes borne and collected as components of stakeholder share	27
Global Total Tax Contribution	11	A focus on seven countries	28
European Total Tax Contribution	11	Conclusion	31
Putting the figures into context	12	Appendix A – List of European Business Tax Forum members	33
The five tax bases	13	Appendix B – Data collected by study participants, analysed by the five tax bases	34
Taxes borne and collected	14	Appendix C – Total Tax Contribution Framework – Common issues and approach taken	35
The profile of taxes borne	14	What do we mean by Total Tax Contribution?	35
The profile of taxes collected	15	Cash payments	35
Trends in Total Tax Contribution between 2019 and 2020 (Europe only)	16	What is a tax?	35
A focus on the profit tax base	18	The distinction between a tax borne and a tax collected	36
Corporate income tax	18	Treatment of excise duty	36
Profit taxes collected	20	Treatment of fuel duty	36
A focus on the people tax base	21	Treatment of VAT	36
Social security contributions	21	Other payments to government	36
Personal income tax	21	Appendix D – Countries included in the Global and European analyses	37
Cost of employment	21	Appendix E – Total Tax Rate example calculation	39
A focus on the property tax base	23	Appendix F – Index of abbreviations	40
A focus on the product tax base	24		





Purpose and outline of the study

Introduction and study results

A focus on the five tax bases

Other key tax ratios

A focus on seven economies and conclusion

External environment and the context for the study

The capacity to collect, process and draw relevant conclusions from data obtained from different sources is vital to developing effective policy. This is particularly true as the world responds to major challenges such as climate change and the COVID-19 pandemic; now more than ever governments need access to robust data to effect change.

In this context, the tax transparency landscape continues to evolve rapidly. Recent developments in this area include the paper from the International Business Council (IBC) of the World Economic (WEF) Forum, which included TTC as a tax metric for sustainability reporting⁹. The Global Reporting Initiative (GRI) also released a tax standard, GRI 207-Tax in 2019. One of the requirements of the new standard is CbCR.

Within the EU, a new public CbCR directive was passed in a vote by the European Parliament on 11 November 2021 and published in the Official Journal of the European Union on 1 December 2021. MNEs with global revenues over €750m will be required to disclose country-by-country data for their operations in EU member states. Publication will be

required (at the latest) for the first financial year (FY) starting on or after 22 June 2024. For an MNE with a 31 December year end, publication will be required by 31 December 2026 for FY25 data¹⁰.

As governments in Europe strive to balance the need to raise revenues with the desire for a tax regime that attracts and retains companies and encourages them to grow, a broad range of stakeholders is taking a keener interest in the role and function of large companies in society and their impact on the environment and society, asking whether they are paying their 'fair share of tax'. Large companies pay many taxes in addition to CIT, but there is little visibility over these other business taxes. Therefore, to collect evidence-based data to help inform relevant stakeholders, the EBTF led the way in the assessment of the TTC of large companies headquartered in Europe¹¹.

The purpose of the study is to contribute to a robust database, collected in accordance with an established framework, to raise awareness and aid understanding of the contribution of large companies in taxes around the world.

9 International Business Council, 'Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation', available at: <https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation>.

10 It is possible that EU member states could transpose the directive in a shorter time, and, thus, that it could be effective earlier. But, if transposition does not occur ahead of the mandated timeline, companies can expect that the additional disclosure requirements will become applicable in mid-2024, that they will apply to accounting periods beginning after that date, and that disclosure will first be required in the latter part of 2025 (or, more likely, 2026 for those with a 31 December accounting year-end). For more information: <https://www.pwc.com/gx/en/tax/newsletters/tax-policy-bulletin/assets/pwc-european-parliament-votes-to-pass-public-cbcr.pdf>.

11 The TTC of a company combines CIT and other relevant business taxes. It draws a distinction between business taxes borne by the company itself and business taxes collected on behalf of governments from employees, customers, etc.

An outline of the Total Tax Contribution framework

The EBTF has enlisted PwC to work with companies to help with the identification, extraction, and analysis of the TTC data due to their experience of having developed the TTC framework. This framework is straightforward in concept, not tax technical and therefore relatively easy for stakeholders, some of whom may have limited knowledge of tax complexities, to understand. It is a universal framework that can be applied to any tax regime. By focusing on cash payments, TTC provides a measure of companies' contributions to government tax revenues. Many companies use the TTC framework as a means of communicating their contribution to the public finances.

PwC worked with large companies and other stakeholders to develop the TTC framework over 15 years ago and this study uses the PwC TTC methodology¹², which looks at all the different taxes that companies pay and administer. It covers the five 'tax bases' and includes CIT, other taxes on profit, taxes on people, taxes on property, taxes on products and planet (environmental) taxes.

The TTC methodology makes a clear distinction between taxes borne and taxes collected. Taxes borne are a direct cost of the company, which impact the financial results. Taxes collected are administered and collected on behalf of government.

The study reports on both taxes borne and taxes collected. A paper of the Organisation for Economic Cooperation and Development (OECD)¹³ noted that business' tax remittance role has thus far received little analytical attention and it is hoped that this study goes some way to providing robust data to inform that debate.

It is important to note however that the TTC framework is not an economic model. While taxes are categorised as taxes borne and collected, this does not always align with economic incidence. Taxes borne will ultimately be passed on to shareholders, employees or customers, with all of the company's other costs, depending on the final incidence. In addition, the study does not create a macro-economic picture of taxes paid. The purpose of the framework is to help companies communicate their contribution to the public finances. Further details on the framework and common questions are included in Appendix C.

The results provide information that would not otherwise be in the public domain, since this is not information the companies are required to disclose in their financial reports.

This is the third edition of the study using the TTC methodology. The results are a measure of cash taxes paid and the data relates to payments to the public finances in the global operations of the study participants. This is the first year in which the collection of the data is expanded to global operations – the studies released in 2019 and 2020 covered taxes borne and collected only in Europe.

The scope of the study

The EBTF directs this initiative. See Appendix A for more information on EBTF members.

The EBTF invited 151 of the largest companies in Europe, measured by market capitalisation and revenue¹⁴ to participate. The study attracted strong interest with over half of the invited companies attending a web conference to find out more about the study. 55 companies took part in the study – an increase from 46 in comparison to last year – and the EBTF continues to encourage more companies to join this initiative in the future.

TTC data was collected on participants' tax payments globally for accounting periods ending in the year to 31 December 2020. Additionally, participants were invited to share their OECD CbCR filings regarding this same calendar-year. Based on this information, a follow-up to last year's chapter named "Public Country-by-Country Reporting: crossing paths with Total Tax Contribution?" is expected to be released as a stand-alone report in early 2022.

Confidentiality of data

PwC's role was to help participants to collect their data and to confidentially anonymise and aggregate the information to produce the study results. PwC has not verified, validated or audited the data and cannot, therefore, give any undertaking as to the accuracy of the study results.

12 PwC, more information available at <https://www.pwc.com/gx/en/services/tax/publications/total-tax-contribution-framework.html>.

13 Milanez, A. (2017), 'Legal tax liability, legal remittance responsibility and tax incidence: Three dimensions of business taxation', OECD Taxation Working Papers, No. 32, OECD Publishing, Paris. <http://dx.doi.org/10.1787/e7ced3ea-en>.

14 Data on market capitalisation and revenue provided by Eikon, Refinitiv.

Total Tax Contribution of the largest companies headquartered in Europe

55 large MNEs based in Europe participated in the study, providing data on taxes borne and collected for their accounting period ending in the year to 31 December 2020. There was an increase of 9 companies participating in the study this year and data was collected in the main countries¹⁵ which are part of the global operations of study participants.

¹⁵ 'Main countries' are understood, for the purposes of this study, as at least 80% of coverage of the total footprint either in terms of number of employees, profits before taxes or TTC.

Introduction and study results

A focus on the five tax bases

Other key tax ratios

A focus on seven economies and conclusion

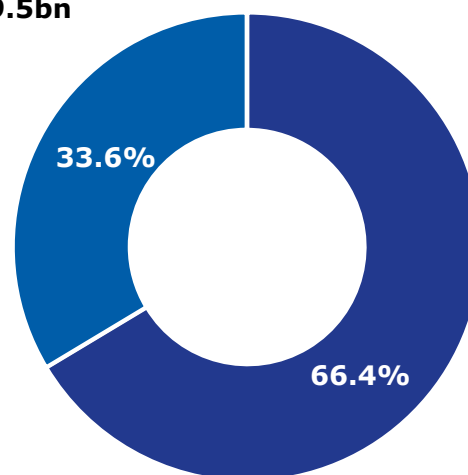
Global Total Tax Contribution

The Global Total Tax Contribution of these companies was €355.7bn, comprising €119.5bn in taxes borne and €236.2bn in taxes collected. Figure 1 shows that taxes borne represent 33.6% and taxes collected represent 66.4% of the total. Taxes collected represent a responsibility for companies and, of the total, 35.3% is from people taxes collected, highlighting the value of jobs created by large companies.

Figure 1: Taxes borne and collected

Global Total Tax Contribution profile (in EUR)

FY20 Taxes Borne
119.5bn



FY20 Taxes Collected
236.2bn

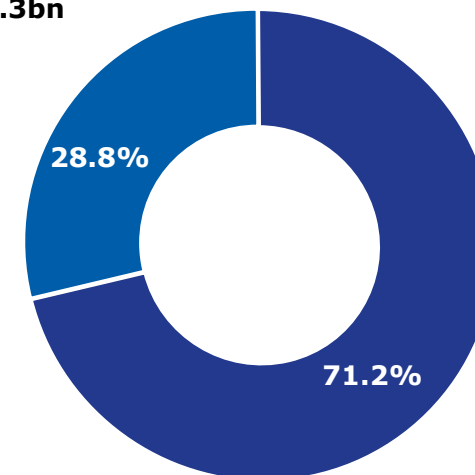
European Total Tax Contribution

The European Total Tax Contribution of these companies was €233.8bn comprising €67.3bn in taxes borne and €166.5bn in taxes collected. Figure 2 shows that taxes borne represent 28.8% and taxes collected represent 71.2% of the total. Taxes collected represent a responsibility for companies and, of the total, 35.5% is from people taxes collected, once more highlighting the value of jobs created by large companies.

Figure 2: Taxes borne and collected

European Total Tax Contribution profile (in EUR)

FY20 Taxes Borne
67.3bn



FY20 Taxes Collected
166.5bn

Putting the figures into context

To put it in context, the global contribution of €355.7bn represents:

- More than the annual tax receipts in the Netherlands (€321.4bn) or Norway, Slovakia and Poland combined (€123.4bn, €32.4bn and €191.7bn, respectively) in 2020¹⁶; or
- €46¹⁷ for every person currently living in the world.

As to the European TTC of €233.8bn, it represents:

- €442¹⁸ (2019: €367) for every person in Europe; or
- €3.17¹⁹ in every €100 of total government receipts in Europe;
- More than the EU and EFTA 2020 budgets combined (€172.5n)²⁰.

Understanding the scope of the data collection

Data was provided by 55 large MNEs. Participants' previous experience with TTC varied. Some participants had already participated in the study last year, whilst others published their TTC data as part of their voluntary tax disclosures and agreed that their data could be used in the study. Others collected TTC data internally and were able to provide a database of TTC data for inclusion in the study. In a small number of cases, data was not categorised by tax base, and this data is described as 'uncategorised'.

Many participants made a significant effort to supply the necessary data. As a consequence, there is a good bank of data to support the results. It is of note however, that some participants did not supply data on all taxes and consequently the study results are under-stated. It is anticipated that the quality of data will continue to improve year on year, when there will be an increased familiarity with how the framework operates.

Data were provided by companies in the following sectors:

1. Banking
2. Consumer goods
3. Insurance
4. Utilities
5. Oil and gas
6. Telecommunications
7. Retail
8. Technology
9. Manufacturing
10. Extractive
11. Pharmaceutical
12. Chemicals
13. Media and entertainment

These companies have paid and collected taxes in 183 countries that are listed in Appendix D.

16 Eurostat, 'Main national accounts tax aggregates', available at https://ec.europa.eu/eurostat/databrowser/view/gov_10a_taxag/default/table?lang=en.

17 The World Bank, Population, available at <https://data.worldbank.org/indicator/SP.POP.TOTL>.

18 Eurostat, available at https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Population_and_population_change_statistics.

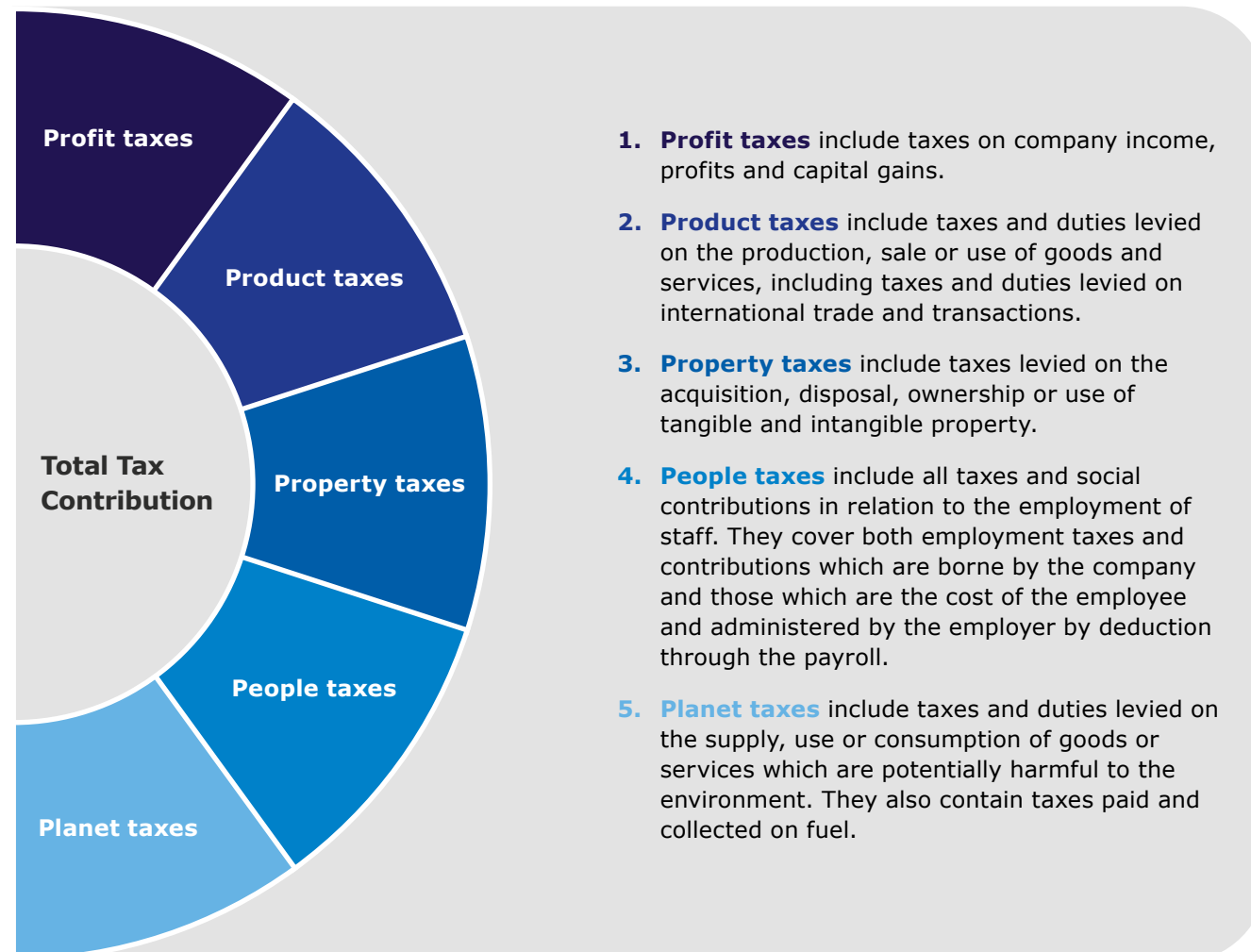
19 2019 total tax revenues, available at https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Tax_revenue_statistics#In_2019_2C_tax_revenue_in_absolute_terms_increased_in_all_EU_Member_States and <https://data.worldbank.org/indicator/GC.TAX.TOTL.CN?locations=IS>.

20 2020 Budgets available at <https://www.consilium.europa.eu/en/policies/the-eu-budget/eu-annual-budget/2020-budget/>; and <https://www.efta.int/About-EFTA/news/EFTA-Council-adopts-budget-2020-516251#:~:text=On%2012%20December%2C%20the%20ninth,to%20approximately%20CHF%2023.7%20million>.

The five tax bases

A challenge when collecting TTC is how to combine data collected under different national tax systems. The TTC framework draws on the OECD classification of tax bases²¹ and is structured around five different tax bases as shown in figure 3.

Figure 3: The five tax bases



Data was also collected on other payments and contributions to government which are not taxes but are payments to governments. These payments bring a return of value to the company and were not included in the TTC figures. For a detailed breakdown, please refer to Appendix B.

²¹ OECD, 'Revenue Statistics'. Retrieved from: <http://www.oecd.org/tax/tax-policy/oecd-classification-taxes-interpretative-guide.pdf>

Taxes borne and collected

The profile of taxes borne

Taxes borne are a cost for business and therefore directly affect companies' profits. Figure 4.1 shows the profile of global taxes borne reported by study participants. For every €1 of profit taxes borne, there is a further €1.21 of other business taxes borne.

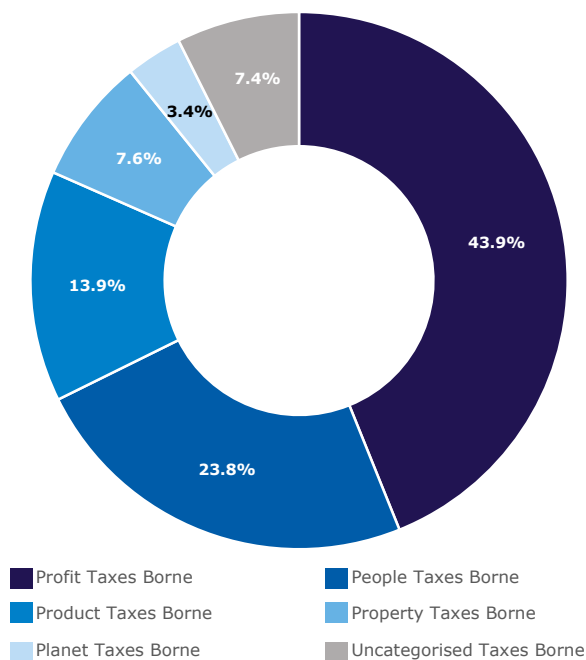
Introduction and study results

A focus on the five tax bases

Other key tax ratios

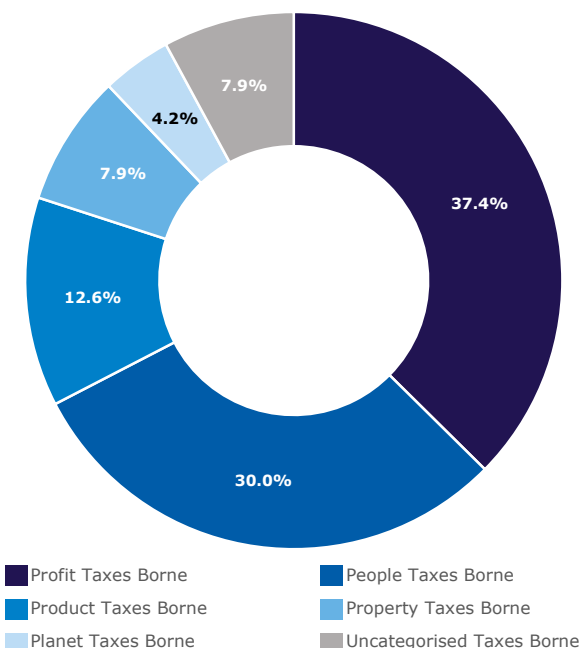
A focus on seven economies and conclusion

Figure 4.1: The profile of taxes borne by study participants around the world



Source: Study participants. Chart shows the average result.

Figure 4.2: The profile of taxes borne by study participants in Europe



Source: Study participants. Chart shows the average result.

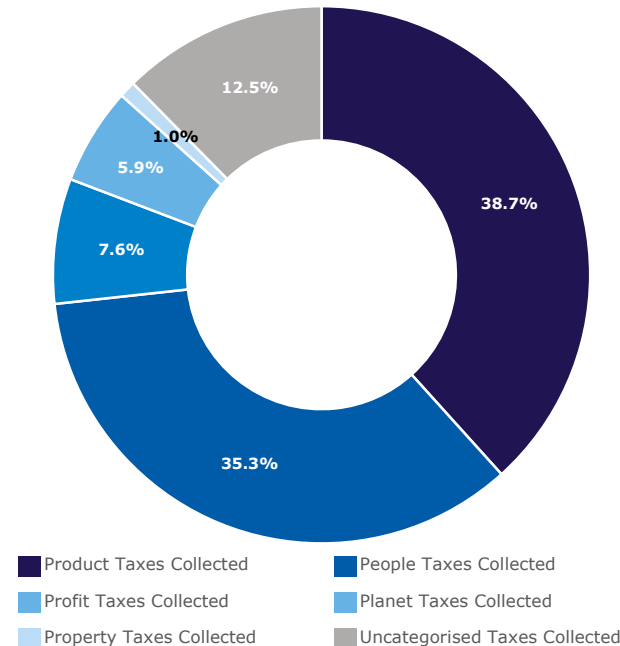
In Europe, people taxes borne are a larger share of the total taxes borne (30.0% versus 23.8%) when compared to the global TTC figures, while profit taxes are a smaller portion of the total (37.4% against 43.9%).

The profile of taxes collected

Taxes are collected from customers and employees by companies on behalf of governments. Figure 5.1 shows that global product taxes make up a significant element of taxes collected, reflecting the duties collected by study participants. For every €1 of profit tax borne, there is a further €4.36 in taxes collected.

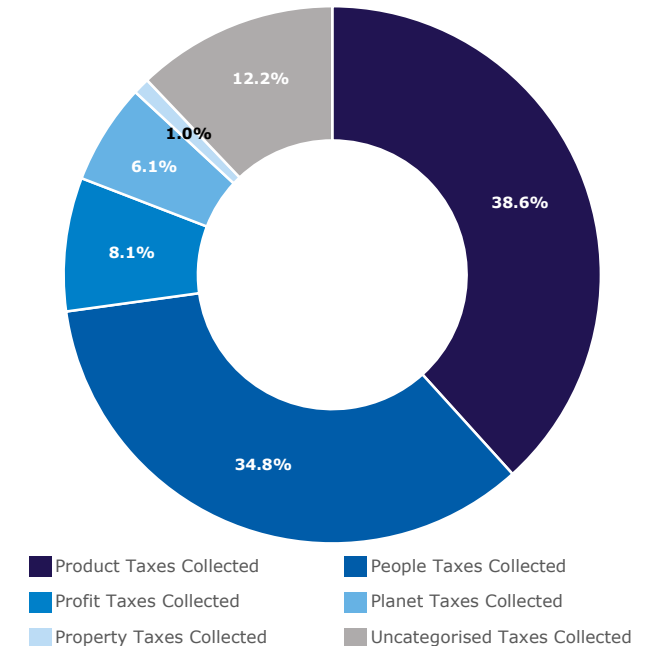


Figure 5.1: The profile of taxes collected by study participants around the world



Source: Study participants. Chart shows the average result.

Figure 5.2: The profile of taxes collected by study participants in Europe



Source: Study participants. Chart shows the average result.

Figure 5.2 shows the profile of total taxes collected in Europe. It follows the same profile of the global operations. In Europe, for every €1 of profit tax borne, there is a further €1.90 in other taxes borne (2019: €1.76) and €7.16 (2019: €7.34) in taxes collected.

Trends in Total Tax Contribution between 2019 and 2020 (Europe only)

Introduction and study results

A focus on the five tax bases

Other key tax ratios

A focus on seven economies and conclusion

Trends can only be calculated for the European operations. This is the first year that global TTC data were collected, therefore there is no prior year data available to perform the comparison of global operations.

Out of the 46 companies that participated in last year's study, 45 provided their data again this year. Based on the information which was provided, a like-for-like comparison was made by including only those companies participating in both years and, for each company, only those countries where TTC data was also available in both years of the study.

This comparison provides a unique insight into the changing profile of taxes paid by the largest companies. As the study continues in future years, it would allow to look at long-term trends on a like-for-like basis. This snapshot will also serve as the baseline to compare what impact the COVID-19 pandemic had on the total taxes contributed by large companies.

The table to the right shows how taxes borne and collected have changed between 2019 and 2020. The overall trend is obtained by dividing the delta between 2019 and 2020 of each TTC element by the total. It conveys materiality and how much that tax contributed to the trend.

	Overall change	Change excluding oil and gas
Taxes borne	-0.4%	0.9%
Taxes collected	-2.4%	5.0%
Total Tax Contribution	-2.8%	5.9%

Source: Study participants.

TTC has decreased 2.8% in comparison to last year. By removing the impact of the oil and gas sector, however, TTC has increased 5.9% in relation to 2019.



Introduction and study results

A focus on the five tax bases

Other key tax ratios

A focus on seven economies and conclusion

The table below shows the movement in taxes borne across the five bases.

Taxes borne	Overall change	Change excluding oil and gas
Profit taxes	-3.2%	0.6%
People taxes	0.1%	0.4%
Property taxes	0.2%	0.1%
Product taxes	0.8%	0.9%
Planet taxes	0.1%	0.0%
Uncategorised taxes	0.6%	0.7%
Total taxes borne	-1.4%	2.7%

Source: Study participants. Numbers may not sum due to rounding.

The decrease in profit taxes was offset by the increase in people, property, product and planet taxes. The decrease in CIT was primarily driven by the oil and gas sector, with profits falling due to the lower consumption of fuels and reduced price of commodities. As noted in the third column, by excluding the oil and gas sector, total taxes borne increased by 2.7%.

Regarding taxes collected on behalf of third parties, the table below shows how they have changed between 2019 and 2020 across the tax bases:

Taxes collected	Overall change	Change excluding oil and gas
Profit taxes	0.5%	0.8%
People taxes	-0.8%	0.0%
Property taxes	0.0%	0.0%
Product and planet taxes	-5.2%	3.4%
Uncategorised taxes	2.2%	3.3%
Uncategorised taxes	0.6%	0.7%
Total taxes collected	-3.3%	7.5%

Source: Study participants. Numbers may not sum due to rounding.

The overall trend in taxes collected has decreased by 3.3%. This is primarily driven by a decrease in product and planet taxes. Excluding the oil and gas sector, the change from 2019 to 2020 was an increase of 7.5%, primarily driven by an increase in product taxes collected by the manufacturing and consumer goods sectors.

A focus on the profit tax base

The purpose of this study is to raise awareness of the broad range of taxes that large companies pay. One of the five tax bases is the profit tax base. This includes taxes on income, profits or capital gains which are borne by companies and which may be charged at the federal, state or local level. It also includes taxes collected by companies withholding tax at source on payments such as dividends, interest, royalties and other management charges.

Profit taxes borne by study participants totalled €54.1bn for global operations, representing of 43.9% of total taxes borne. Profit taxes collected amounted to €12.3bn and related to withholding tax deducted at source, representing 7.6% of total taxes collected.

Introduction and study results

A focus on the five tax bases

Other key tax ratios

A focus on seven economies and conclusion

Corporate income tax

The scrutiny on tax paid by MNEs tends to focus on CIT which is the most significant profit tax.

The average statutory rate of CIT across the OECD countries is 21.2% in 2021²² (2020: 21.4%). In OECD countries, CIT is a relatively small percentage of total government receipts, making up, on average, 10%²³ of total country revenue receipts.

Corporate tax revenues are particularly important in developing economies



Source: OECD²⁴

CIT revenues as a share of total tax revenues in 2018

22 OECD, 2021 Corporate Income Tax Rates, available at https://stats.oecd.org/index.aspx?DataSetCode=Table_II1.

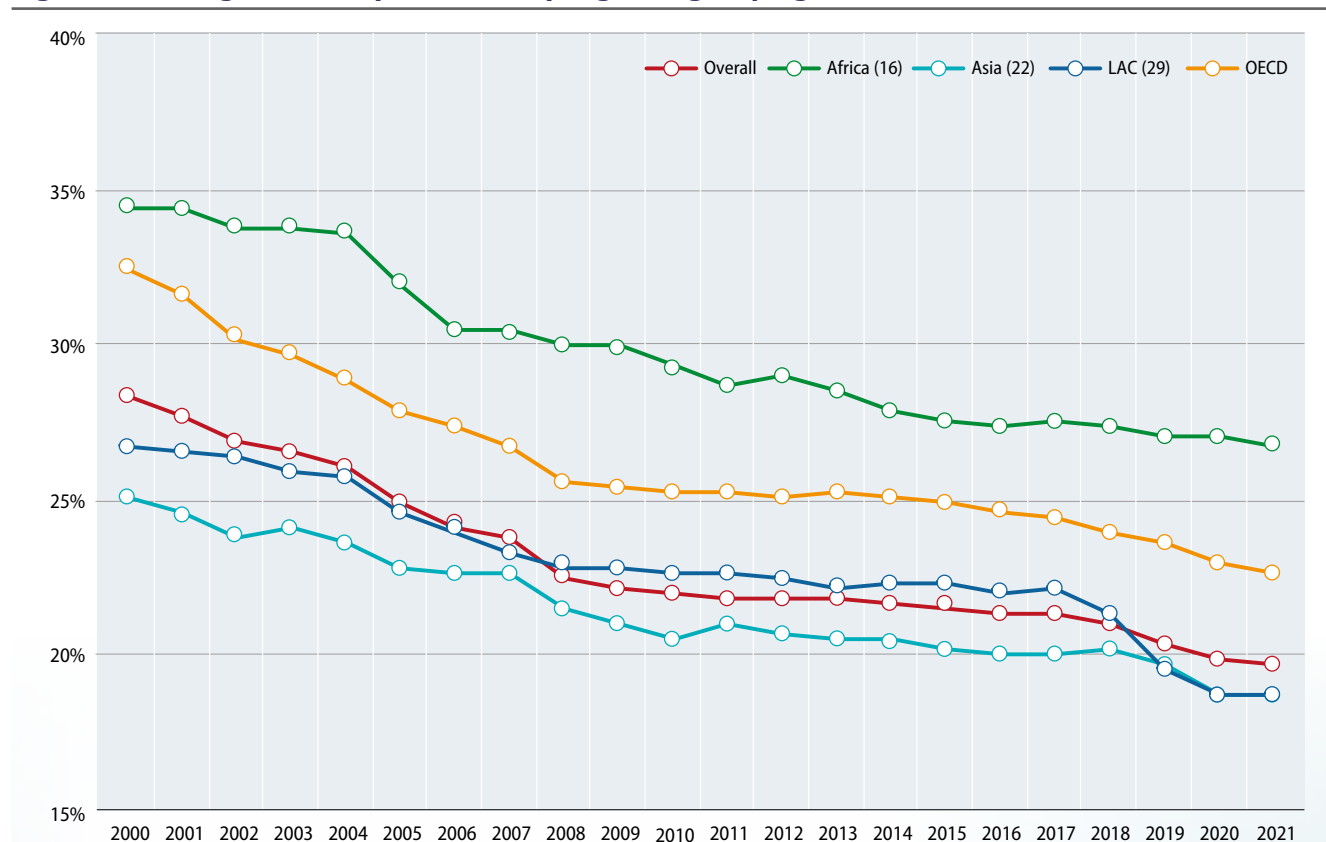
23 OECD, Corporate Tax Statistics: Third Edition, available at <https://www.oecd.org/tax/tax-policy/corporate-tax-statistics-third-edition.pdf>.

24 OECD, Corporate Tax Statistics: Third Edition, available at <https://www.oecd.org/tax/tax-policy/corporate-tax-statistics-third-edition.pdf>.



Since 2000, average statutory tax rates have declined across OECD countries and the three regional groupings of jurisdictions (African jurisdictions, Asian jurisdictions and Latin America and the Caribbean – LAC – jurisdictions):

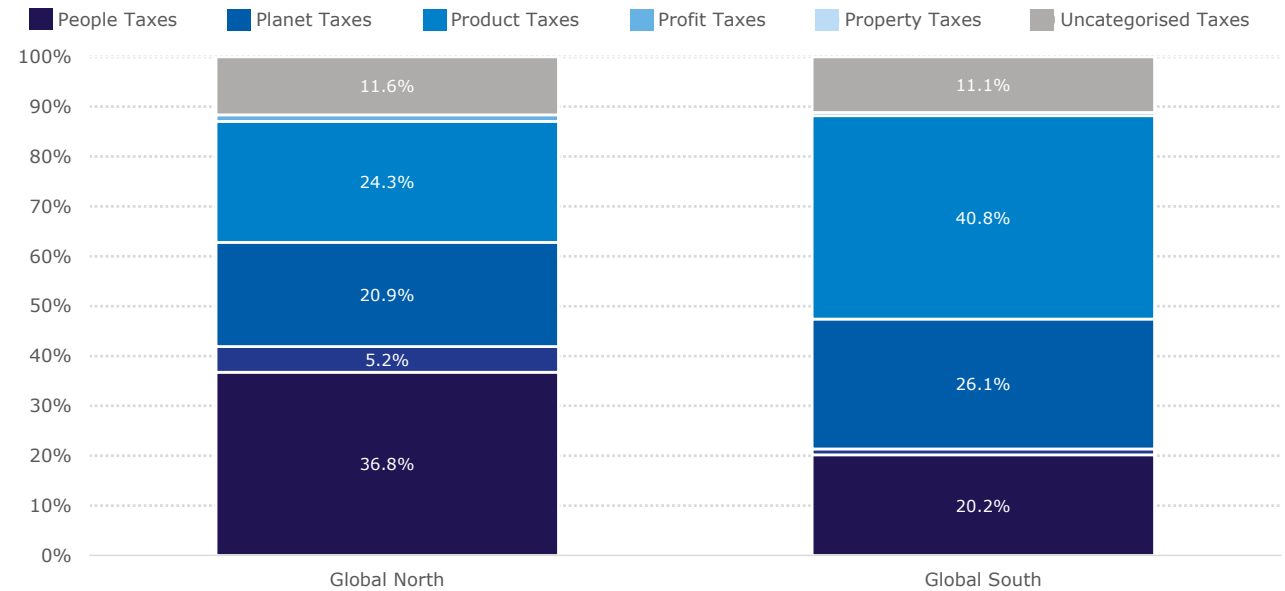
Figure 6: Average statutory tax rates by regional groupings



Source: OECD²⁵.

It is important to note, notwithstanding, that CIT revenues constitute a much larger element of the total tax revenues in developing economies, constituting more than a quarter of revenues in certain cases, as also shown in figure 7.

25 OECD, Corporate Tax Statistics: Third Edition, available at <https://www.oecd.org/tax/tax-policy/corporate-tax-statistics-third-edition.pdf>.

**Figure 7: Total tax contribution profile per tax bases, developed and developing emerging economies**

Source: PwC analysis.

There is a clear distinction in the profile of the TTC of participants located in developed and emerging economies. The former, represented as the Global North above, shows that 36.8% of the TTC is on average people taxes. In emerging countries, this ratio is 20.2%.

Study participants with operations in the Global South (or emerging economies), conversely, pay 40.8% of profit taxes on average as a percentage of their TTC. This aligns with the findings of the OECD report mentioned at the beginning of this section.

Profit taxes collected

Profit taxes collected relate to withholding tax. When a payment is made, for example, to an overseas territory or to a shareholder as a dividend, under certain circumstances, tax may need to be deducted by the payer and paid over to the tax authorities. This withholding tax is treated as a profit tax collected and amounted to €12.3n in the study for the global operations and €10.0bn in Europe.

A focus on the people tax base

Large companies rely upon the labour of skilled personnel. People taxes include all taxes and social contributions in relation to the employment of staff, including both employment taxes and contributions that are borne by the company and those that are the cost of the employee but administered by employer deductions through the payroll.

Introduction and
study results

**A focus on the
five tax bases**

Other key
tax ratios

A focus on seven
economies and conclusion

Social security contributions

These are compulsory payments that result in the right to receive a (future) social benefit. Such payments are often earmarked to finance social benefits and may consist of a single payment or a number of payments relating to, for example, unemployment insurance benefits, accident, injury and sickness benefits, old-age, disability pensions, family allowances, reimbursements or provision of medical services. When they are cost of the employer, these are taxes borne. Contributions may pass through an intermediary before eventually being paid to government.

Social security contributions are a tax collected when they are the cost of the employee and are administered by the employer by deduction through the payroll. In these cases, the company is required to deduct social security at source from the wages and salaries provided to its employees and pay over to the government.

Personal income tax

Personal income tax is collected from wages and salaries by employers and paid to government. While it is a complex tax in practice, often with different tax brackets, it reflects the jobs created by the company.

Cost of employment

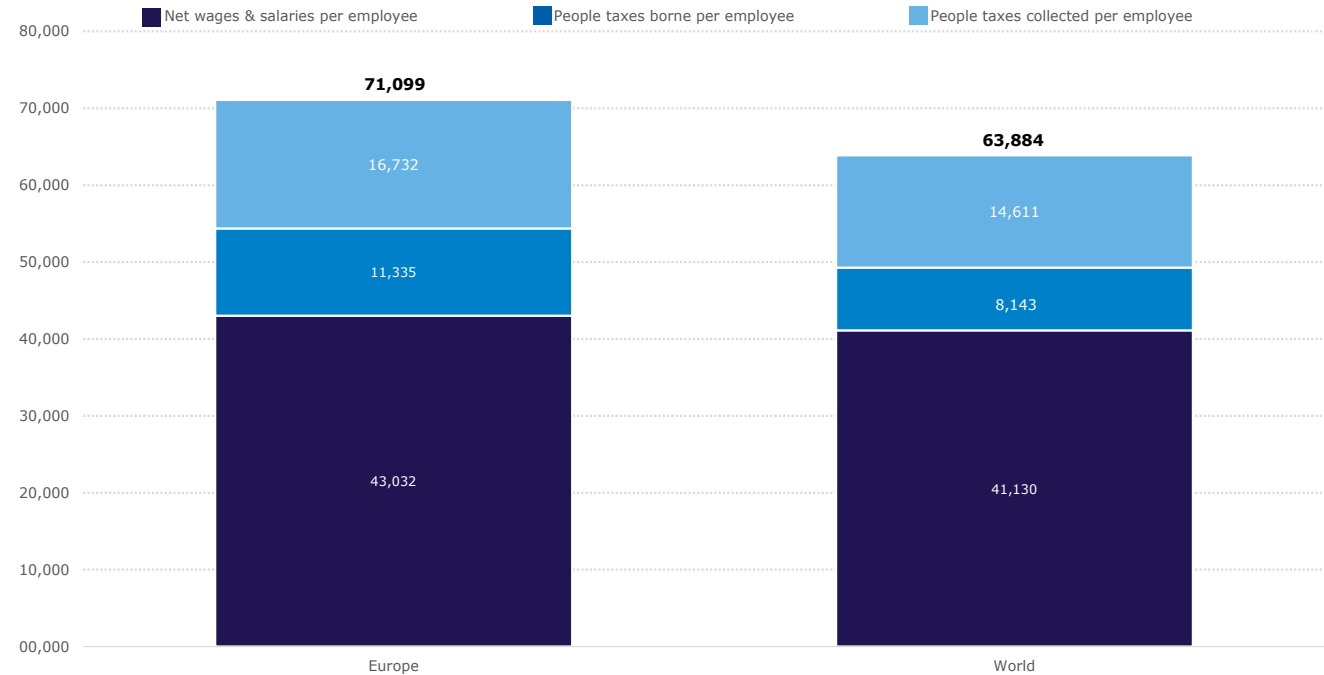
Total employment taxes paid by this study participants for their global operations amounted to €75.1bn, comprising €27.2bn in taxes borne and €47.9bn in taxes collected. Study participants provided employment for 3.5 million people, paying on average €22,754 in employment taxes per employee.

Total employment taxes paid by study participants for their European operations amounted to €51.6bn, comprising €21.0bn in taxes borne and €30.6bn in taxes collected. In Europe, study participants provided employment for 1.9 million people, representing 0.9% of the total workforce, paying on average €28,067 (2019: €25,751) in employment taxes per employee.

Of the €28,067 in employment taxes per employee paid and collected in Europe, €11,335 corresponds to employment taxes borne and €16,732 to employment taxes collected. The European cost of employment for study participants is €71,099.



Figure 8: Average cost of employment



Source: Study participants.

The average wage per employee for global operations is €55,741, while, in Europe, it is €59,764 (2019: 57,286) which, compared to the average Gross National Income (GNI) per capita in European countries²⁶ of €41,924 (2019), indicates that study participants continue to employ highly skilled, well paid workers, emphasising the contribution that the largest companies make through creating and maintaining employment.

²⁶ GNI data obtained from The World Bank's website, available at: <https://data.worldbank.org/indicator/ny.gnp.pcap.pp.cd>

A focus on the property tax base

Property taxes arise in two main areas. They are paid on the ownership and use of property and also on the acquisition and disposal of property. The majority of property taxes in the study were taxes borne totalling €6.7bn for global operations and €4.5bn (2019: €3.8bn) in Europe on both the occupation of and transactions in property.

In some cases, companies may also collect property taxes, particularly in financial services where property taxes are paid on transactions in shares, but this was not significant for study participants.

A focus on the product tax base

Product taxes include taxes and duties on the production, sale or use of goods and services, including taxes and duties on international trade and transactions. They include tax and duties that are borne by companies in relation to their own consumption of goods and services that may be paid to the supplier of the goods or services, rather than directly to government. They also include any taxes and duties charged on and collected by companies on the sale of goods and services to their customers and paid over to the government. Examples include value added tax (VAT), goods and services tax, sales and use tax, etc.

Introduction and study results

A focus on the five tax bases

Other key tax ratios

A focus on seven economies and conclusion

VAT is a tax collected by companies on the sale of goods and services. Input VAT paid by the company on its purchases can be offset against the output VAT charged on the sale to customers and it is the net VAT that is paid over to tax authorities. The net VAT paid is treated as a tax collected. In some cases, the company may not be able to set off input VAT and it becomes irrecoverable. To the extent that VAT is irrecoverable, it is treated as a tax borne. VAT is one of the more complex areas of the TTC framework and further details are given in Appendix C.

Another product tax is excise duty levied on alcohol and tobacco. This is both a tax borne by companies on their own consumption (although often not separately identified on the purchase invoice) and a tax collected by producing companies.

Other product taxes include those borne by all companies on their own insurance contracts, taxes on use and ownership of motor vehicles, customs and import duties on imported goods.

To avoid the risk of double counting, figures reported as insurance premium taxes borne by study participants were not included in the overall results. This is because these are already being counted as a tax collected by the insurance companies that participated in the study.

Product taxes in the study amounted to €18.0bn in taxes borne and €101.6bn in taxes collected for global operations. In Europe, product taxes amounted to €10.0bn (2019: €6.7bn) in taxes borne and €77.5bn (2019: €91.6bn) in taxes collected.

It is worth highlighting that fuel excise duties were reclassified to planet taxes as of this year. This aligns with the OECD's classification of environmentally related taxes²⁷.

27 For more information: <https://www.oecd.org/environment/environmentaltaxation.htm>.

A focus on the planet tax base and other payments to government

Introduction and study results

A focus on the five tax bases

Other key tax ratios

A focus on seven economies and conclusion

Planet taxes

Planet taxes include taxes and duties levied on the supply, use or consumption of goods or services which are potentially harmful to the environment. They include taxes and duties which are borne by companies in relation to their own consumption of such goods and services, transportation (including fuel), and energy, which may be paid to the supplier of the goods or services rather than directly to governments. They also include taxes and duties charged and collected by the companies supplying these goods and services to their customers.


To avoid the risk of double counting, figures reported as fuel excise duties borne by study participants were not included in the overall results. This is because these are being already counted as a tax collected by the oil and gas companies participating in the study.

Planet taxes for global operations amounted to €3.0bn taxes borne and €50.3bn in taxes collected in the study. In Europe, planet taxes amounted to €2.7bn (2019: €2.4bn) taxes borne and €36.2bn (2019: €2.2bn) in taxes collected in the study.

The stark increase in planet taxes reflects the reclassification of fuel excise duties from product taxes.

Other payments to government

Other payments to government are payments made to the government for the return of value to the company for a right or asset used in the business. This might be the right to extract oil (e.g., a royalty payment), a license fee to operate in a country (e.g., spectrum payment) or a dividend paid to government as a shareholder. The total in the study amounted to €19.5bn for global and €3.8bn for European operations (2019: €4.4bn), although this is not included in the respective TTC figures of €355.7bn and €233.8bn, since there was a return of value for the payment to the companies.



Putting the data in the context of economic indicators

Introduction and study results

A focus on the five tax bases

Other key tax ratios

A focus on seven economies and conclusion

It is possible to put the TTC data into the context of other economic measures, such as turnover, profit and stakeholder share. The following calculations were generated using the study data:

- Total Tax Rate (TTR), which is the total taxes borne as a percentage of profit before all business taxes
- Taxes borne and collected as a percentage of turnover
- Taxes borne and collected as a percentage of stakeholder share

These calculations were carried out for each individual participant giving mean average calculations. For example, the TTC/turnover ratio was calculated for each participant separately and then a simple average was calculated. The mean average gives equal weight to all study participants and more accurately reflects the burden faced by individual companies.

Total Tax Rate

The mean average TTR for the study participants was 43.8% for global operations and 40.1% (2019: 39.8%) in Europe. The TTR is a measure of the cost of all taxes borne in relation to profitability before all those taxes. It is calculated for total taxes borne as a percentage of profit before total taxes borne. For a detailed explanation of the calculation, see Appendix E.

On a like-for-like basis, TTR has increased from 44.1% to 46.9% between 2019 and 2020. As expected, this reflects the decrease in profits in relation to the previous year so that the taxes not based on profit become proportionally more significant.

Taxes borne and collected as a percentage of turnover

TTC as a percentage of turnover globally was 17.8%. It means that, for every €100 of total revenues, an amount equivalent to €17.81 was paid in taxes borne and collected.

In Europe, TTC as a percentage of turnover for study participants was on average 21.0% (2019: 15.5%), consisting of 8.6% (2019: 5.4%) taxes borne and 12.4% (2019: 10.1%) taxes collected. For every €100 of turnover in Europe, an amount equivalent to €20.97 (2019: €15.49) was paid in taxes borne and collected.

On a like-for-like basis, TTC to turnover has increased from 14.8% to 17.3%, on average, in comparison to last year. It was driven by the increase in TTC and a decrease in turnover (9.5% and -3.7, respectively).

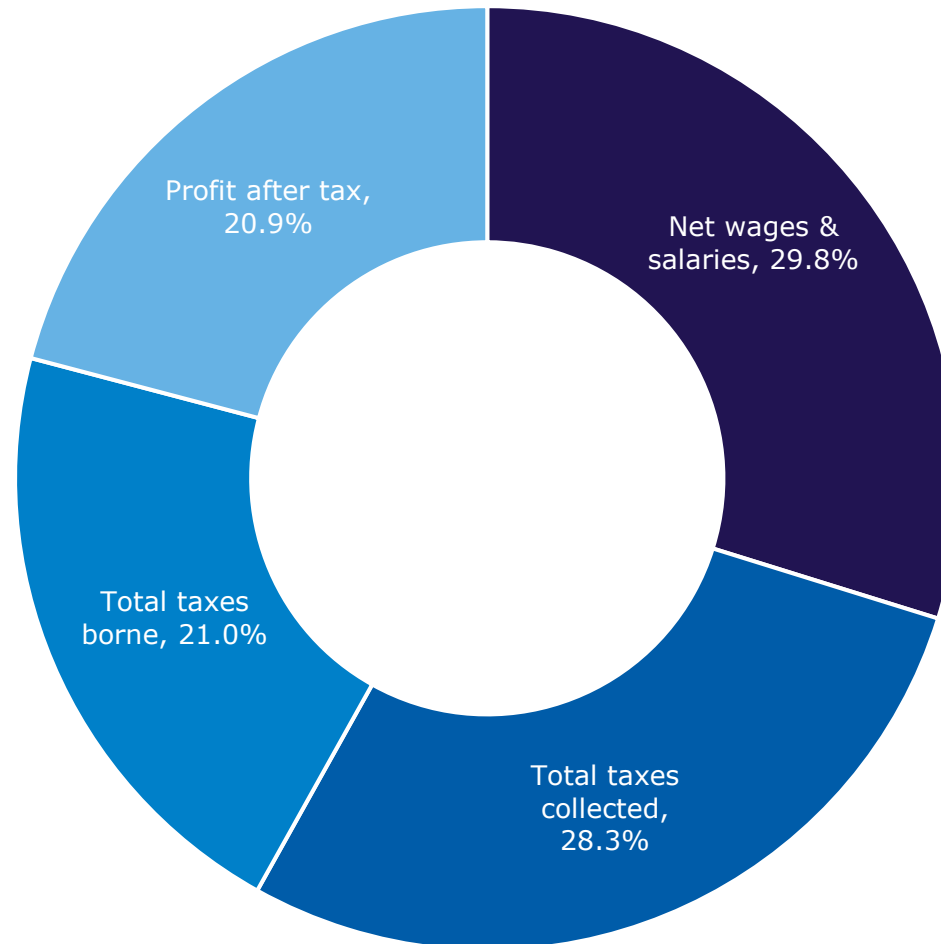
Taxes borne and collected as components of stakeholder share

Funds are directed to the government in taxes, to employees in wages and salaries, to creditors in interest payments, and profit is distributed to shareholders or retained in the business for reinvestment. With the information gathered through the study²⁸, it was possible to put the TTC in the context of stakeholder share by the companies that have provided this data.

The study results show that governments are the largest beneficiaries of the stakeholder share by the participant companies at 49.3% of the total global operations. Wages paid to employees are 29.8% of the stakeholder share.

Profits after tax (available to reinvest in the company or pay dividends to shareholders) are 20.9% of the total.

Figure 9: Stakeholder share



Source: Study participants.

²⁸ Data was collected on taxes, net wages and profits. No information on interest payments was collected.

A focus on seven countries

Introduction and study results

A focus on the five tax bases

Other key tax ratios

A focus on seven economies and conclusion

Seven countries were identified, for which data was collected from more than 30 companies. It is, therefore, possible to draw out more meaningful conclusions regarding a particular territory without compromising confidentiality of participation in the study. The countries are:

- Germany
- The Netherlands
- Spain
- France
- Italy
- The UK
- The USA

The charts and findings contained in this chapter cover only the data received from the seven countries mentioned above. There is a different mix of sectors in each country and datasets from participants with different characteristics.

The findings highlight the current TTC profile of large companies in these countries. Considering the amount of taxes borne and collected, the proportion is consistent, on average, in at least 4 of the 7 countries. Italy has the largest proportion of taxes collected (65.3%) and Spain has the largest proportion of taxes borne (46.3%).

Figure 9: TTC profile in seven countries

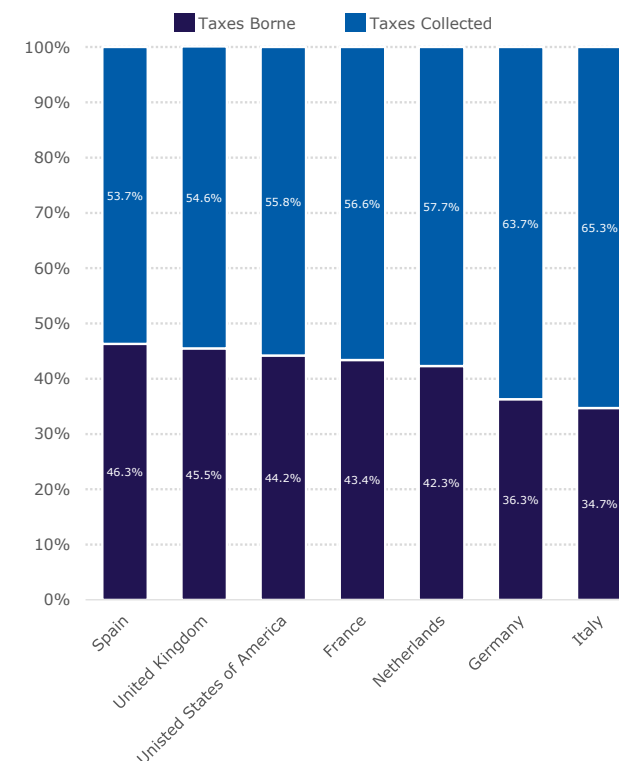
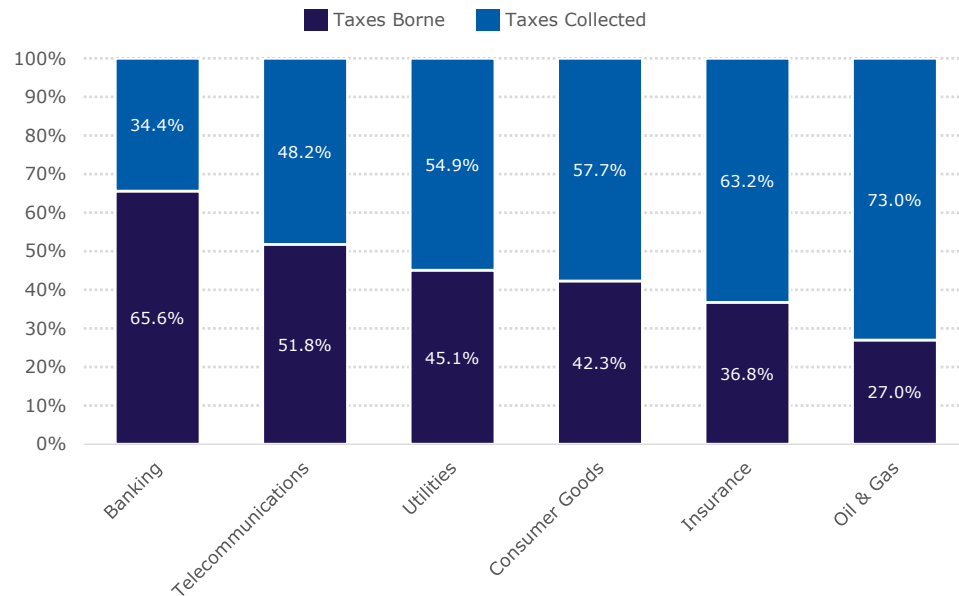


Figure 10 below shows how the proportion of taxes borne and collected vary by sector. Banking has the largest proportion of taxes borne to TTC (65.6%). On the other end of the spectrum, the oil and gas sector has the lowest proportion of taxes borne in relation to the TTC (27.0%).

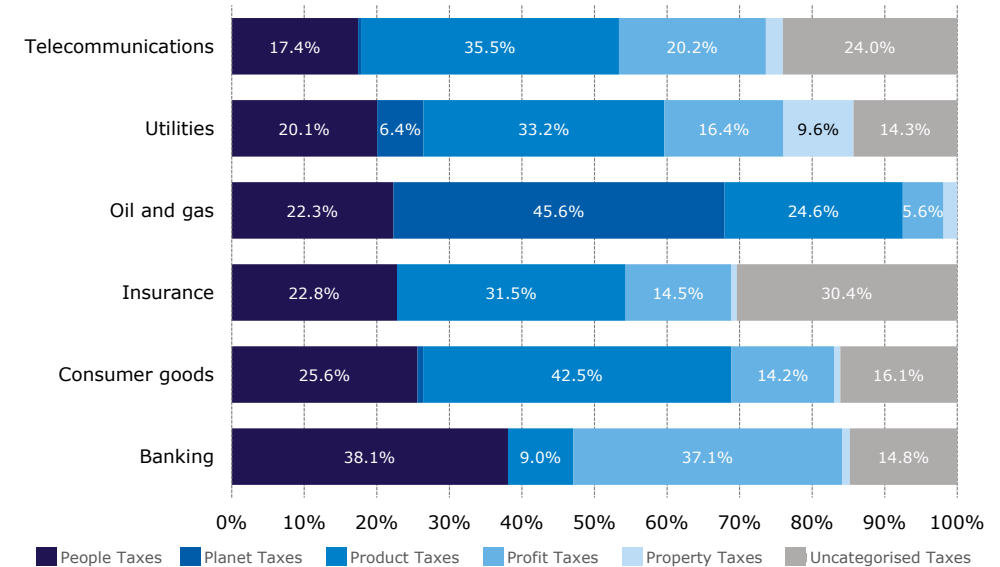
Figure 10: TTC profile by sector



Looking at the five tax bases by sector (Figure 11), people taxes in the banking industry correspond to 38.1% of the total while, for the telecommunications sector, this proportion is 17.4%. Profit taxes also represent a substantial proportion of TTC in the banking sector.

In these seven countries, employment taxes in the banking sector represents nearly the same proportion as profit taxes as a share of TTC (38.1% and 37.1%, respectively), which reflects the high salaries paid in the sector.

Figure 11: TTC by the five tax bases by sector

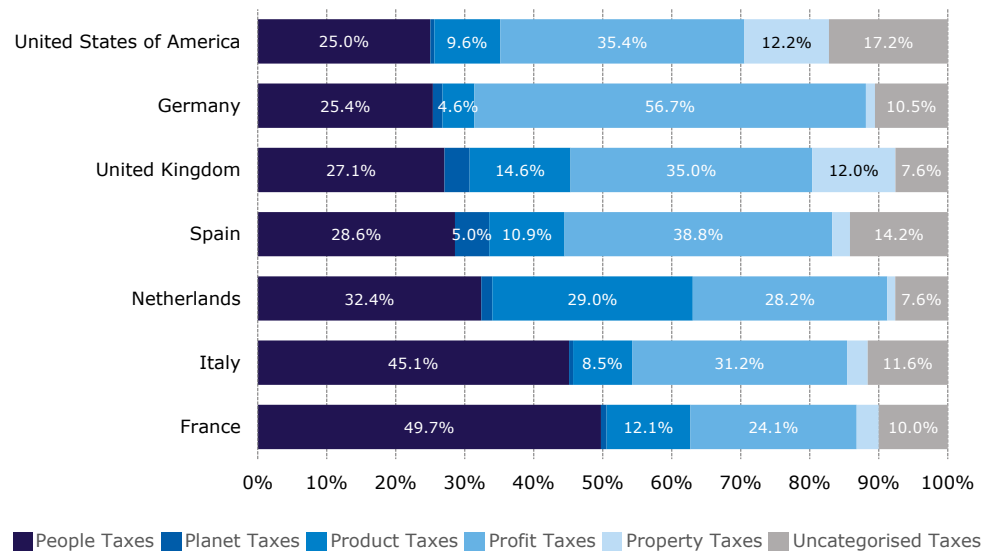


Furthermore, 42.5% of the TTC of consumer goods companies are product taxes – a clear reflection of the relevance of indirect taxes (e.g., VAT, excise duties and other turnover taxes) for the sector. 31.5% of the profile of the TTC of insurance companies correspond to product taxes. This is due to the collection of insurance premium taxes.

The sector that have the highest share of planet taxes in relation to the TTC is the oil and gas (45.6%). This is due to the fuel excise duties collected by these companies.

Regarding taxes borne, France has the highest proportion of people taxes (49.7%) and Germany has the largest proportion of profit taxes borne (56.7%). Planet taxes are a relatively small proportion of total taxes borne for all territories, and Spain has the highest proportion (5.0%).

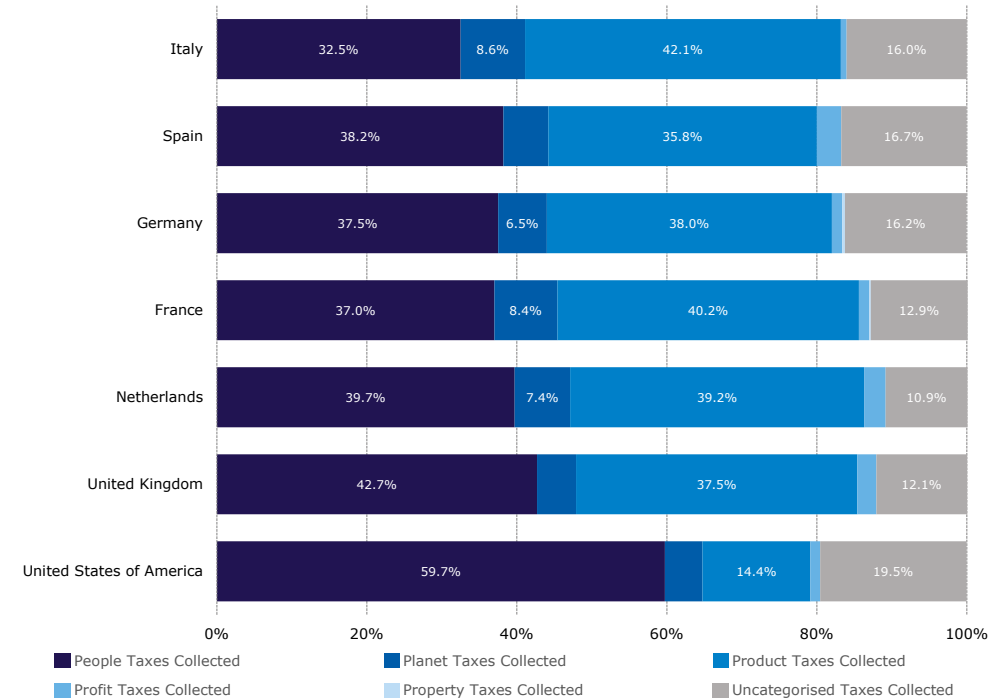
Figure 12: Total taxes borne by the five tax bases by country



As previously mentioned, the country picture varies depending on the mix of sectors of the companies in each country. 56.7% of the total taxes borne in Germany by study participants are, on average, profit taxes. This is a reflection of the high number of participants in the banking sector providing data for this country.

Regarding taxes collected, France and Italy have the highest proportion of product taxes (40.2% and 42.1%, respectively) while people taxes collected is the largest share of the total in the USA (59.7%).

Figure 13: Total taxes collected by the five tax bases by country



Conclusion

Introduction and
study results

A focus on the
five tax bases

Other key
tax ratios

**A focus on seven
economies and conclusion**

As MNEs increasingly appreciate their key role in building a sustainable future, we hope that this study contributes to inform the public debate by facilitating a constructive and objective discussion amongst the stakeholders on the important role that large companies play in society.

The study provides robust, evidenced-based data from some of the largest companies headquartered in Europe on the global and European total contribution in taxes. It demonstrates that the contribution of large companies extends beyond CIT to include other tax bases focused on property, people, product and planet taxes. It also clearly shows the important role that large companies have in generating employment, commerce and investments.

The study can be used to facilitate dialogue with governments and other stakeholders to raise awareness and aid understanding of all taxes borne and collected by large companies.

There is potential to build on this study by collecting data in subsequent years to provide an insight into the changing profile of taxes. In future years, it is expected and hoped that the number of study participants will increase and the scope of countries from which TTC data is collected will expand too.

A follow up to the CbCR analysis performed in the report published in 2020 will be released as a stand-alone report in 2022.

Appendices



Appendix A – List of European Business Tax Forum members

EBTF members are large European MNEs that endorse and are committed to advance the EBTF's mission. Current members include:

- Accenture
- AngloAmerican
- BBVA
- Coca Cola Europacific Partners
- Enel
- Fortum
- LEGO Group
- L'Oréal
- Nestlé
- Novartis
- RELX
- Swiss Re

The EBTF is currently chaired by Michael Ludlow, Swiss Re.

The EBTF welcomes interest from other European MNEs that share the EBTF's views and wish to consider joining the forum. If you are interested in finding out more, please contact us at info@ebtforum.org.

Appendix B – Data collected by study participants, analysed by the five tax bases

Global figures (bn)

	Taxes borne €bn	Taxes collected €bn	Total €bn
Profit taxes	54.1	12.3	66.4
People taxes	27.2	47.9	75.1
Product taxes	18.0	101.6	119.7
Property taxes	6.7	0.2	6.9
Planet taxes	3.0	50.3	53.3
Uncategorised taxes	10.5	23.9	34.3
Subtotal	119.5	236.2	355.7
Other payments to governments			19.5
Total	119.5	236.2	375.2

European figures (bn)

	Taxes borne €bn	Taxes collected €bn	Total €bn
Profit taxes	23.2	10.0	33.2
People taxes	21.0	30.6	51.6
Product taxes	10.0	77.5	87.5
Property taxes	4.5	0.2	4.7
Planet taxes	2.7	36.2	38.9
Uncategorised taxes	6.0	12.0	17.9
Subtotal	67.3	166.5	233.8
Other payments to governments			3.8
Total	67.3	166.5	237.6

Figures may not sum due to rounding.

Appendix C – Total Tax Contribution Framework – Common issues and approach taken

What do we mean by TTC?

The TTC framework provides information on all the taxes companies pay. The framework is straightforward in concept, not tax technical and therefore relatively easy for stakeholders, many of whom will have limited knowledge of tax complexities, to understand. It is a universal framework that can be applied to any tax regime.

Cash payments

By focusing on cash payments, TTC provides a measure of companies' contributions to government tax revenues. Companies use the TTC framework as a means of communicating their contribution to the public finances.

The framework is built around two essential criteria: the definition of a tax and the distinction between taxes that are the company's cost (taxes borne) and taxes that the company collects on behalf of the government (taxes collected).

What is a tax?

Under the TTC methodology, the starting point for defining a tax is the OECD's classification²⁹, defining tax as a 'compulsory, unrequited payment to general government'. Any payments that result in a direct return of value to the company, or payments for a right or asset which is used in the business, are included in the framework under a different heading. Based on the OECD classification, under the TTC framework definition:

A tax is a payment by an individual or business, paid to federal, state or local government, including amounts paid to a company that is collecting the tax. This includes central administration agencies whose operations are under effective control, state and local governments and administrations (excluding public enterprises), and church taxes. It excludes non-government bodies, welfare agencies and social insurance that falls outside general government.

- A tax is compulsory – it is not possible to opt out.
- A tax does not result in a direct return of value to the company for a right or asset used in business, such as rents or licence fees, although a payment resulting in a return of value to an individual may still be a tax for the company.
- A payment for the right to explore for or extract oil, gas or other minerals is not a tax.
- A tax is unrequited in the sense that benefits provided by government to taxpayers are not normally in proportion to the payment.

29 <https://www.oecd.org/tax/tax-policy/oecd-classification-taxes-interpretative-guide.pdf>

The distinction between a tax borne and a tax collected

Taxes borne are a direct cost to the company, which impact the financial results; for example, employer social security costs form part of people taxes. It is important to note however that the TTC framework is not an economic model; while we categorise taxes as borne and collected, this does not always align with economic incidence. Taxes borne will ultimately be passed on to shareholders, employees or customers, with all of the company's other costs, depending on the final incidence. In addition, we are not creating a macro-economic picture of taxes paid. The purpose of the framework is to help companies communicate their contribution to the public finances.

Taxes collected are not the company's own costs. Here the company is collecting taxes from others, on behalf of government, for example, income taxes collected from employees under a payroll system. Some taxes appear both as taxes borne and taxes collected either from their nature (for example, VAT – irrecoverable VAT is a tax borne and net VAT a tax collected) or from their incidence (for example, insurance premium tax on a company's own insurance cover is a tax borne whereas the collection of insurance premium tax by insurance companies is a tax collected).

When aggregating TTC data for a group of companies, careful consideration is given to the potential for double counting indirect taxes as a tax borne and a tax collected within the study data and whether that would have a material impact on the results.

Treatment of excise duty

The distinction between a tax borne and a tax collected is not always clear and excise duty is a prime example.

Taxable products are subject to excise duties upon their production although the duty is only payable upon release for consumption in the EU, so it's for producers to decide how much of the tax is passed on to the consumer. While in theory there's no direct correlation between an increase in excise duty and the price paid by the consumer, the duty is often passed on to the consumer.

But how should this be treated under the framework where the legal liability for the tax lies with one entity (the producer) but the person usually bearing the tax is different (the consumer)? The purpose of the framework is to help companies communicate their contribution to the tax revenues in a straightforward way. Without consumption, there would be no production and no duty paid. So we take the approach that the duty is borne by the company (or individual) consuming the goods, and the duty is collected by the company producing the goods irrespective of where the legal obligation for the tax lies.

Treatment of fuel duty

For the end user, fuel duty is a tax borne, and for some sectors, e.g. retailers moving goods using the road network, can be sizeable. The fuel is purchased with duty included in the price and is a cost to the business. Since the tax is not separately identified on the invoice, it must be estimated from the quantity of fuel purchased and the duty price per litre. For the producer, this is a tax collected as it leaves the refinery.

Treatment of Value Added Tax

Companies should account for VAT on their value added (i.e., output VAT less input VAT) so net VAT is treated as a tax collected. That said, if output VAT is less than input VAT (perhaps due to exports or zero-rated supplies) the company will be in a refund position. But the VAT refund is a repayment of tax already paid, so it should not be included in the TTC disclosures for an individual company. In individual disclosures, companies tend to highlight and note the refund separately, particularly where the refund is not made for some time. Note that, for the purposes of a study containing aggregate data from a number of companies, negative VAT is included in the study totals.

Other payments to government

Not all payments made by companies to government will meet the definition of a tax, for example, fees paid by mining companies for the right to extract minerals, or the licence fee paid by a telecoms company for a licence to operate. Payments may be significant, but both give a return of value (the right to exploit/broadcast) and so are not taxes.

Instead, they are classified as 'Other payments to government'. The TTC framework incorporates these other payments but differentiates between these and taxes.

Appendix D – Countries included in the Global and European analyses

Global

Afghanistan	Chad	Ghana	Korea
Albania	Chile	Gibraltar	Kosovo
Algeria	China	Greece	Kuwait
Angola	Colombia	Greenland	Laos
Argentina	Costa Rica	Guadeloupe	Latvia
Armenia	Croatia	Guatemala	Lebanon
Aruba	Cuba	Guernsey	Lesotho
Australia	Curacao	Guinea	Liberia
Austria	Cyprus	Guinea-Bissau	Libya
Azerbaijan	Czech Republic	Guyana	Liechtenstein
Bahamas	Democratic Republic of the Congo	Haiti	Lithuania
Bahrain	Denmark	Honduras	Luxembourg
Bangladesh	Dominican Republic	Hong Kong	Macau
Barbados	East Timor	Hungary	Madagascar
Belarus	Ecuador	Iceland	Malawi
Belgium	Egypt	India	Malaysia
Bermuda	El Salvador	Indonesia	Mali
Bolivia	Equatorial Guinea	Iran	Malta
Bosnia and Herzegovina	Estonia	Iraq	Martinique
Botswana	Eswatini	Ireland	Mauritania
Brazil	Ethiopia	Isle of Man	Mauritius
Brunei	Faroe Islands	Israel	Mayotte
Bulgaria	Fiji	Italy	Mexico
Burkina Faso	Finland	Ivory Coast	Moldova
Burundi	France	Jamaica	Monaco
Cambodia	French Polynesia	Japan	Mongolia
Cameroon	Gabon	Jersey	Montenegro
Canada	Georgia	Jordan	Morocco
Cape Verde	Germany	Kazakhstan	Mozambique
Central African Republic		Kenya	Myanmar

Namibia	Singapore
Nepal	Slovakia
Netherlands	Slovenia
New Caledonia	Solomon Islands
New Zealand	South Africa
Nicaragua	South Korea
Niger	Spain
Nigeria	Sri Lanka
North Macedonia	Surinam
Norway	Sweden
Oman	Switzerland
Pakistan	Syria
Palestine	Tahiti
Panama	Taiwan
Papua New Guinea	Tanzania
Paraguay	Thailand
Peru	Togo
Philippines	Trinidad and Tobago
Poland	Tunisia
Portugal	Turkey
Puerto Rico	Uganda
Qatar	Ukraine
Republic of the Congo	United Arab Emirates
Reunion	United Kingdom
Romania	United States of America
Russia	Uruguay
Rwanda	Uzbekistan
Saint Lucia	Venezuela
Saudi Arabia	Vietnam
Senegal	Zambia
Serbia	Zimbabwe
Sierra Leone	

EU-27: Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

EFTA: Iceland, Liechtenstein, Norway, and Switzerland.

Europe: EU-27, EFTA and the UK.

Appendix E – Total Tax Rate example calculation

An example of the Total Tax Rate calculation is as follows:

Assumptions:

1. Profit before total taxes borne €40
2. Book-to-tax adjustments (€10)
3. Statutory CIT rate 25%
4. For every €1 of CIT paid, there is another €1 of other business taxes paid.

Items	C	Reference
Profit before total taxes borne	40	(A)
Other business taxes borne	6	(B)
Profit before income tax	34	(C) = (A)-(B)
Book-to-tax adjustments	(10)	(D)
Taxable profit	24	(E) = (C)+(D)
Statutory corporate income tax rate	25%	(F)
Corporate income tax	6	(G) = (E)*(F)
Total taxes borne	12	(H) = (B)+(G)
Total Tax Rate	30%	(I) = (H)/(A)

Appendix F – Index of abbreviations

BEPS	Base Erosion and Profit Shifting 2.0	GDP	Gross Domestic Product
CbCR	Country-by-country reporting	GNI	Gross National Income
CIT	Corporate income tax	GRI	Global Reporting Initiative
COP26	2021 United Nations Climate Change Conference	IBC	International Business Council
COVID-19	Coronavirus disease 2019	LAC	Latin America and the Caribbean
EBTF	European Business Tax Forum	MNE	Multinational enterprise
EFTA	European Free Trade Association	OECD	Organisation for Economic Co-operation and Development
ESG	Environmental, social and governance	SDG	United Nations' Sustainable Development Goal
ETR	Effective Tax Rate	TTC	Total Tax Contribution
EU	European Union	TTR	Total Tax Rate
FY	Financial year	VAT	Value-added Tax

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2021 European Business Tax Forum. All rights reserved.

RITM6871694