

Executive summary

This is the fourth TTC study produced by the EBTF and covers the second year of the COVID-19 pandemic with its global economic and social impacts, challenges and disruptions. For the majority of participating companies in the study, the data covers the year to 31 December 2021.

Despite the increasing demands on companies from various reporting, regulatory and other angles as new ways of working, the participation in the study continued to increase, showing strong support from MNCs for the TTC concept and their contribution to a broader tax transparency debate.

We continue to see the significant tax policy changes that are aiming to transform the international tax transparency landscape. The most recent legislative developments include the EU CSRD¹ that is expanding reporting requirements for the social and environmental information that companies have to report; the EU pCbCR¹ that is requiring MNCs to disclose country-by-country data for their operations in EU member states and the creation of the International Sustainability Standards Board (ISSB)² that is charged with delivering a comprehensive global baseline of sustainability-related disclosure standards.

In parallel, a facilitation of fair and effective taxation continues to be a dominating topic on the tax policymakers' agenda. As a result of the Organisation for Economic Co-operation and Development (OECD)'s Pillar Two project, the rules governing that the MNCs pay a minimum level of tax on the income arising in each jurisdiction where they operate are now anticipated to be implemented in the EU and in several other countries, requiring MNCs to carefully consider the relevant data collection and validation processes.

Tax is no longer a private compliance matter for the companies. It is now a core element of the broader ESG agenda with unprecedented increased importance for

all internal and external stakeholders.

In this respect, the TTC study aims to provide comprehensive and fact-based information on the global and European TTC of some of the largest companies with European headquarters. The EBTF continues to emphasize the importance and value of considering the full tax footprint of MNCs that could be derived from the TTC and calls for a wider participation in future TTC studies.

Global Total Tax Contribution

1. **Sixty-one** (61) of the largest companies headquartered in the 27 EU member states, EFTA and the UK (collectively Europe) agreed to participate in the study compared to fifty-five (55) in the previous year.
2. The global TTC of the study participants³ was **€395.5bn** in 2021, comprising **€152.7bn** in taxes borne and **€242.8bn** in taxes collected increasing 4.8% on a like-for-like compared to last year's study.
3. The global TTC **represented more than the 2021 tax receipts in the Netherlands, Slovak Republic and Slovenia combined** (€340.0bn, €34.8bn and €19.5bn, respectively), or Norway and Poland added together (€163.4bn and €205.8bn, respectively).⁴
4. The study participants **generated employment for 3.5m people**,⁵ and the average people taxes per person corresponded to **€20,552**.
5. For every €1 of CIT, study participants bore **€1.13** in other business taxes and a further **€3.39** was collected for governments.

1 EU Directive 2022/2464 (CSRD) and EU Directive 2021/2101 (pCbCR).

2 IFRS, 'ISSB describes the concept of sustainability and its articulation with financial value creation, and announces plans to advance work on natural ecosystems and just transition', available at: <https://www.ifrs.org/news-and-events/news/2022/12/issb-describes-the-concept-of-sustainability/#:~:text=On%203%20November%202021%2C%20at,to%20meet%20capital%20market%20needs>.

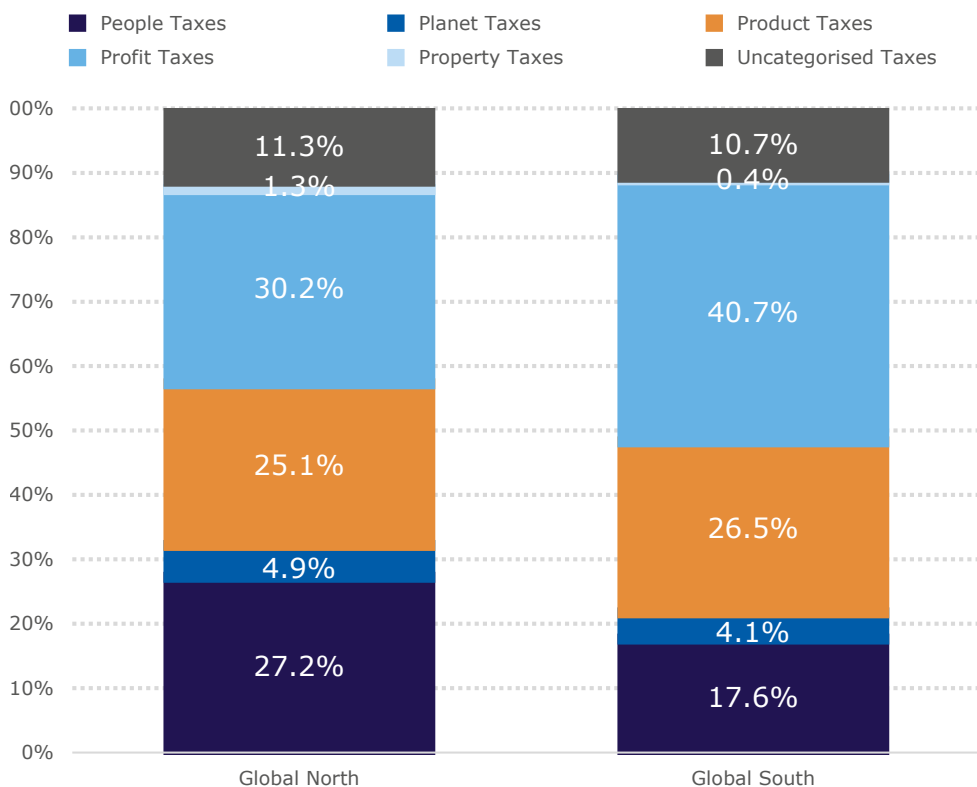
3 For the complete list of countries, please refer to Appendix D.

4 2021 figures obtained from 'Revenue Statistics – OECD countries', available at <https://stats.oecd.org/index.aspx?DataSetCode=REV>.

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

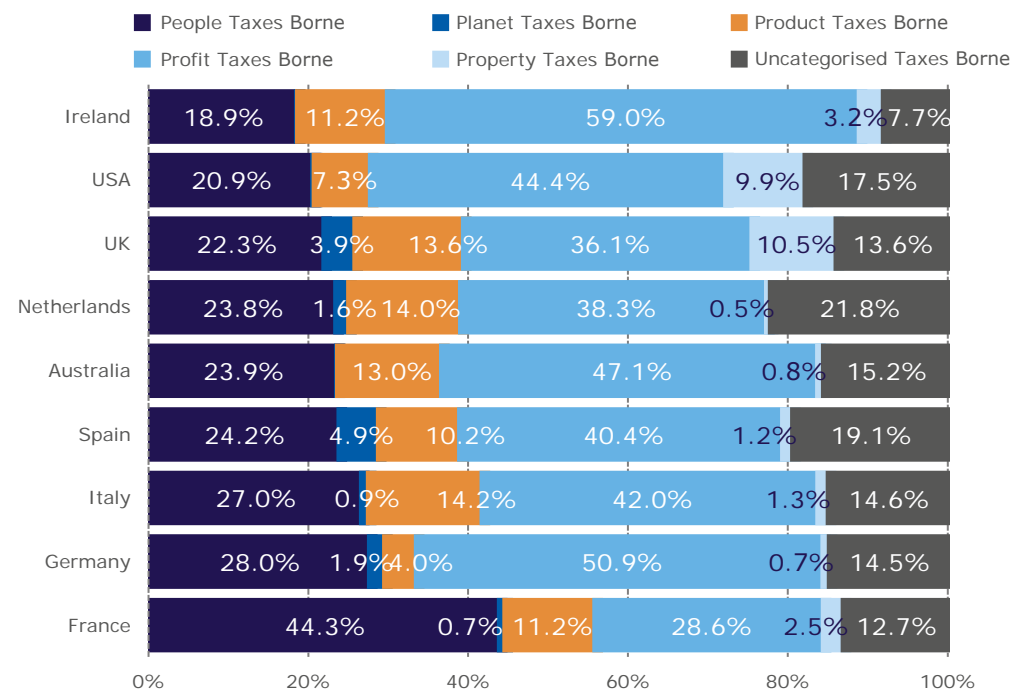
6. Governments were the largest beneficiary of the value generated by study participants at **42.7%** of the total. Other stakeholders included employees, who received **25.7%** in wages, and shareholders at **31.6%**, reflecting dividends paid or amounts retained in the business for reinvestment.

7. The global TTC data of the largest companies headquartered in Europe showed **reliance on profit taxes in emerging economies**, while employment taxes took a much higher proportion of the overall TTC in developed countries.



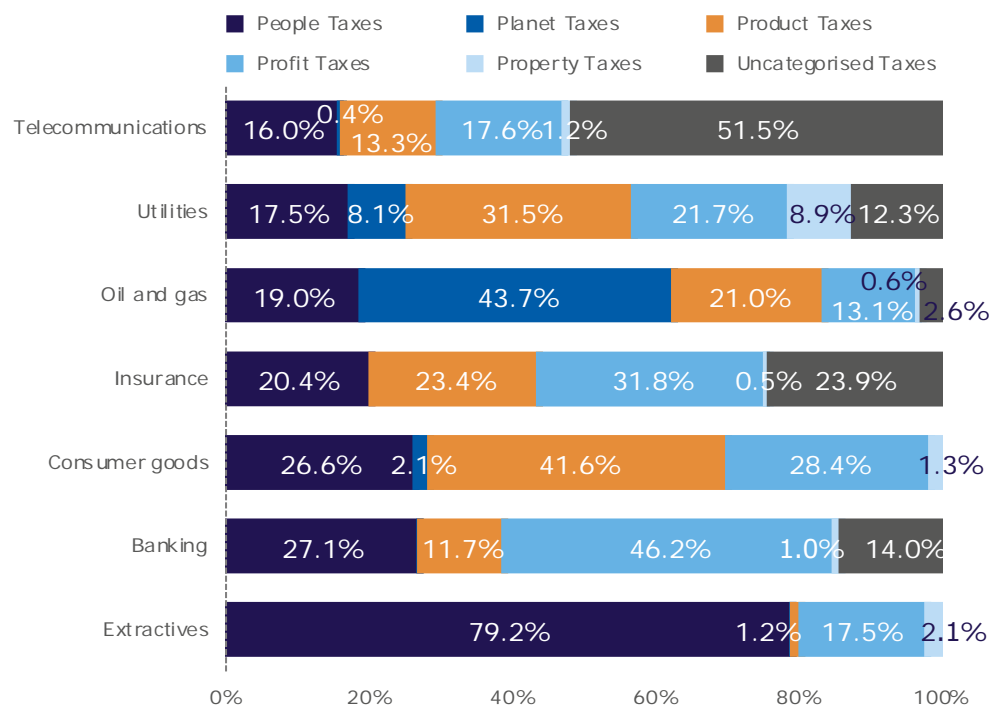
Emerging economies are represented as the Global South, while developed economies are shown as the Global North in the chart above. There was a clear distinction between people and profit taxes in each region.

8. At least 30 study participants provided data for 9 countries, allowing country-specific insights. These countries were **Australia, France, Germany, Ireland, Italy, The Netherlands, Spain, United Kingdom, and the United States of America (USA)**.



France had the highest share of employment taxes as a percentage of total taxes borne by the employer (44.3%). In Ireland and Germany, profit taxes, on average, made up over half (59.0% and 50.9%, respectively) of the taxes borne by study participants, whereas, in Australia, profit taxes, on average, were just under half of the total taxes borne (47.1%).

The country picture varied depending on the mix of sectors of the companies in each country. For example, the increased proportion of profit taxes in Germany reflected the high number of participants in the banking sector providing data for this country.



In these 9 countries, employment taxes in the banking sector were the highest at 27.1%, a reflection of the high salaries paid. Furthermore, the proportion of profit taxes increased from 37.1% to 46.2% of the TTC for the sector since last year.

Oil and gas companies paid and collected **nearly half of their TTC (43.7%) in planet taxes** in the form of fuel excise duties.

41.6% of the TTC of consumer goods companies were product taxes. A clear reflection of the sector's relevance of indirect taxes (e.g., VAT, excise duties and other turnover taxes).

23.4% of the profile of the TTC of insurance companies corresponded to product taxes. This was due to the collection of insurance premium taxes.

European Total Tax Contribution

1. For the 32 countries in Europe, the TTC of the participating companies was **€233.4bn**, comprising **€77.3bn** in taxes borne and **€156.1bn** in taxes collected. This is higher than the EU and EFTA 2021 budgets combined (€170.6bn).⁶
2. The European TTC represented **2.9%**⁷ of the combined tax revenues of the countries in Europe, or **€441**⁸ for every person living in these countries.
3. The TTC decreased by **0.6%**⁹ compared to last year's study, primarily due to the decrease in product taxes collected in the region.
4. Study participants generated employment for **1.7m** people – **0.7%**¹⁰ of the workforce in the countries in Europe. Average employment taxes per person totalled **€25,647**.
5. CIT is only one of the taxes paid or collected by study participants: for every €1 of CIT, these companies bore **€1.75** in other taxes and a further **€5.54** as taxes collected for governments.

6 2021 Budgets are available at <https://www.consilium.europa.eu/en/policies/the-eu-budget/eu-annual-budget/2021-budget/>; and https://www.efta.int/sites/default/files/publications/Annual%20Reports/EFTA_Annual_Report_2021.pdf.

7 2021 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>.

8 Eurostat, available at https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Population_and_population_change_statistics, and The World Bank, 'Population, total', available at https://data.worldbank.org/indicator/SP.POP.TOTL?name_desc=false.

9 Comparison between 2020 and 2021 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 survey.

10 The World Bank, 'Labour force, total', available at <https://data.worldbank.org/indicator/SL.TLF.TOTL.IN>.