Executive summary
Recent developments

This is the fifth Total Tax Contribution (TTC) study by the EBTF, covering a year marked by high inflation, cost of living pressures and global conflicts. Most participating companies in the study have an accounting year ending on 31 December 2022. Despite the challenges of meeting increasing regulatory and reporting demands from tax authorities and stakeholders, the study saw a significant rise in participation, demonstrating the strong support of multinational companies (MNCs) for the TTC concept and their role in enhancing tax transparency.

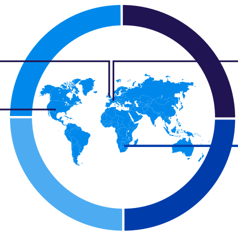
The international tax transparency landscape has undergone another turbulent year with major developments. Mandatory reporting regimes, such as the EU Public Country-by-Country Reporting (EU pCbCR) Directive and the OECD's Pillar Two project, are advancing rapidly. Other recent regulatory changes include the FASB's vote to finalise disclosure rules under its Improvements to Income Tax Disclosures project.[1] These rules require unprecedented levels of public disclosure for many companies, who are also being asked to align their compliance with their broader tax strategy, tax governance and ESG objectives.

Environmental, social and governance (ESG) reporting frameworks also continue to evolve with rising expectations from stakeholders for companies to uphold strong ESG values. The EU Corporate Sustainability Reporting Directive (CSRD) moved forward with the adoption of the first European Sustainability Reporting Standards (ESRS) by the European Commission in June 2023.[2] In the UK, UK Sustainability Disclosure Standards (SDS) will be based on the International Sustainability Standards Board's (ISSB) inaugural standards issued in June 2023.[3]

In this context, the TTC study aims to provide comprehensive and factual information on the global and European TTC of some of the largest companies with EU, EFTA and UK based headquarters. TTC is one of the ESG metrics included in the World Economic Forum (WEF) and Global Reporting Initiative (GRI) frameworks and the EBTF continues to stress the importance and value of considering the total tax footprint of MNCs that can be derived from the TTC data.

United Kingdom
- UK Sustainability Disclosure Standards

United States of America
- FASB Enhanced Income Tax Disclosures



European Union
- EU Public Country-by-Country Reporting Directive
- EU Corporate Sustainability Reporting Directive – European Sustainability Reporting Standards

Worldwide
- OECD Pillar Two
- Environmental, Social and Governance considerations

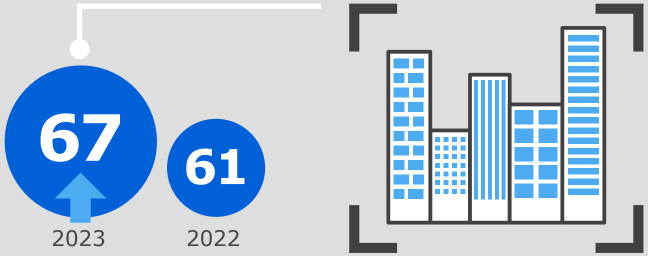
1. Financial Accounting Standards Board – Improvements to Income Tax Disclosures, available at https://www.fasb.org/Page/ProjectPage?metadata=fasb-Targeted%20Improvements%20to%20Income%20Tax%20Disclosures.
2. European Sustainability Reporting Standards, available at https://www.efrag.org/lab6?AspxAutoDetectCookieSupport=1.
3. ISSB issues inaugural global sustainability disclosure standards, available at https://www.ifrs.org/news-and-events/news/2023/06/issb-issues-ifrs-s1-ifrs-s2/.

Executive summary

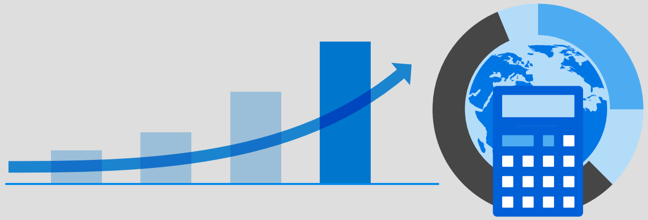
Key messages

Global overview

Global Total Tax Contribution



Sixty-seven (67) of Europe's largest companies participated in the study, up from sixty-one (61) in the previous year.



The global TTC of study participants exceeded the 2022 tax receipts of the Netherlands, Hungary, Slovak Republic and Luxembourg combined (€373.7bn, €59.4bn, €38.5bn, and €30.8bn, respectively), or Norway, Poland and Slovenia added together (€245.1bn, €231.1bn, and €21.6bn, respectively).[5]

The global TTC of the largest companies headquartered in the 27 member states of the European Union (EU-27), the European Free Trade Association (EFTA) and the United Kingdom (UK) (collectively Europe) amounted to

€505.6bn[4]

in 2022, comprising

€235.7bn

in taxes borne and

€269.9bn

in taxes collected.

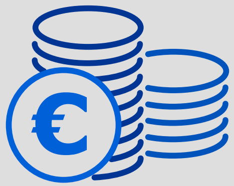
17.1% increase

This was an increase of 17.1% on a like-for-like basis compared to last year's study.

4.2m staff

These participating companies employed **4.2 million people,**[6] and the average people taxes per person corresponded to

€18,553



For every €1 of CIT paid, these participating companies bore €0.65 in other business taxes and collected

€1.89

for governments.

4. For the complete list of countries, please refer to Appendix D.
5. 2022 country tax revenues, available at https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Tax_revenue_statistics#In_2022.2C_tax_revenue_in_absolute_terms_increased_in_all_of_the_EU_%20countries_except_Denmark
6. Number of full-time equivalent employees provided by the study participants.

Executive summary

Key messages

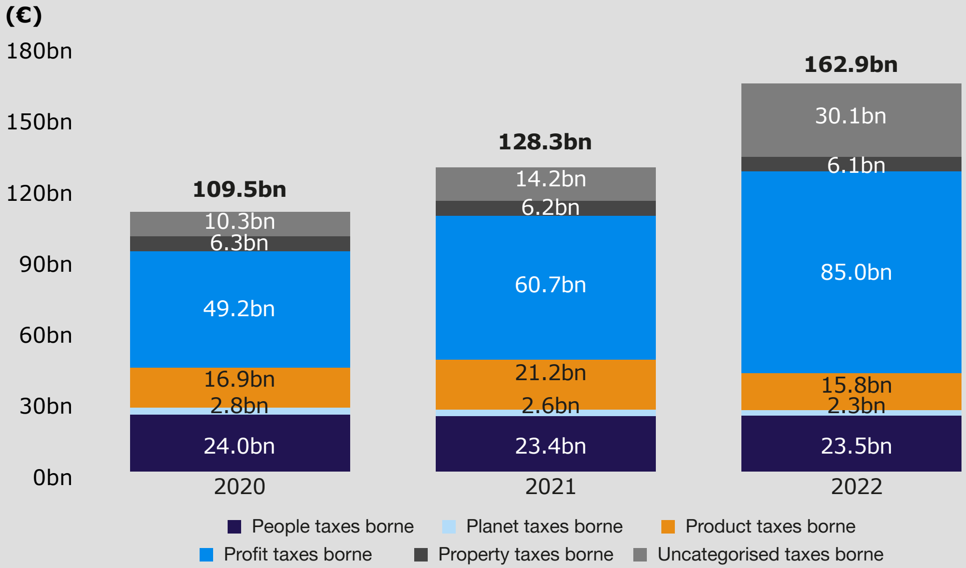
Global like-for-like comparison

Global Total Tax Contribution on a like-for-like basis

The global like-for-like data of the 51 companies that participated in all of the last three years of the study shows a steady increase in the amount of taxes borne between 2020 and 2022.

This reflects the improved profitability of some industries, such as energy, utilities and resources and financial services as well as the participants' successful recovery after the COVID-19 pandemic.

3-year comparison of Global Taxes Borne by the five tax bases on a like-for-like basis



Source: Study participants, based on the aggregated data from 51 companies.

The total amount of taxes borne by the 51 companies has increased by **48.8%** over the three years, from

€109.5bn

in 2020 to

€162.9bn

in 2022.

48.8% increase

The main driver of this increase has been **the profit taxes borne**, which have risen by **72.8%**, from

€49.2bn

in 2020 to

€85.0bn

in 2022.

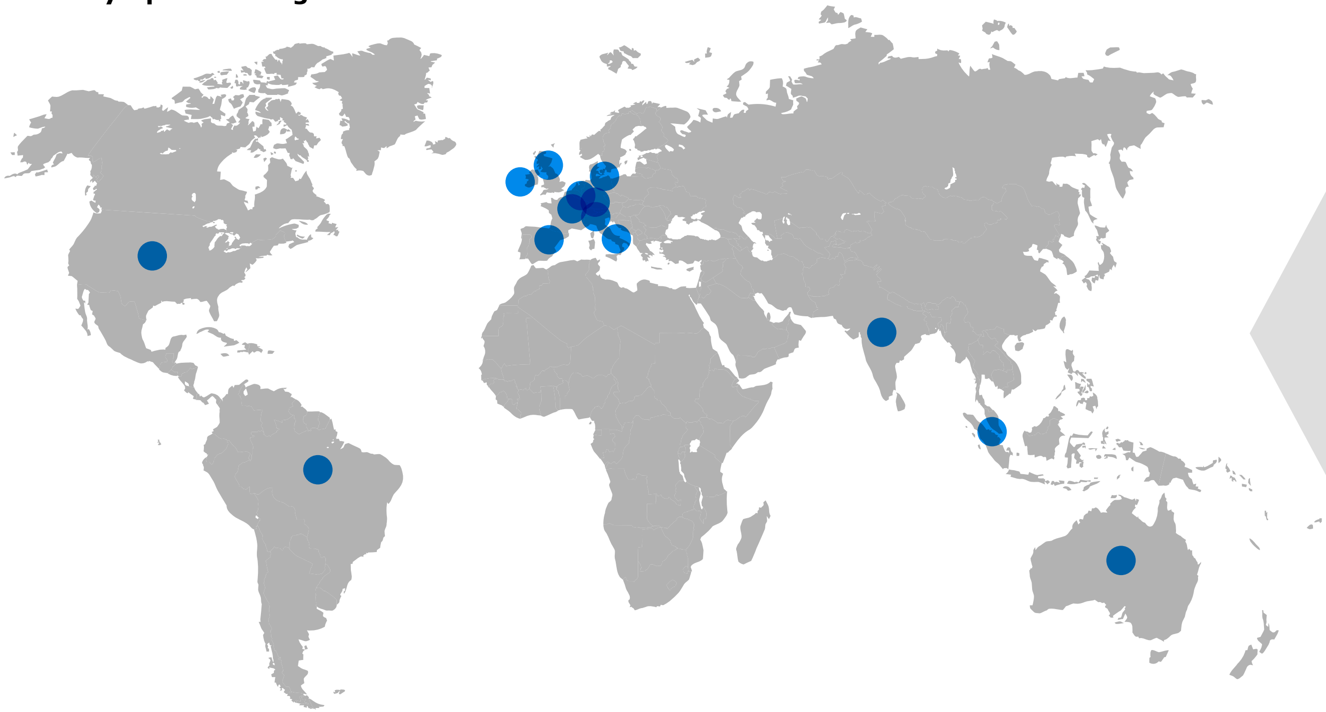
72.8% increase

Executive summary

Key messages

Country insights

Country-specific insights



At least

30 study participants provided data for

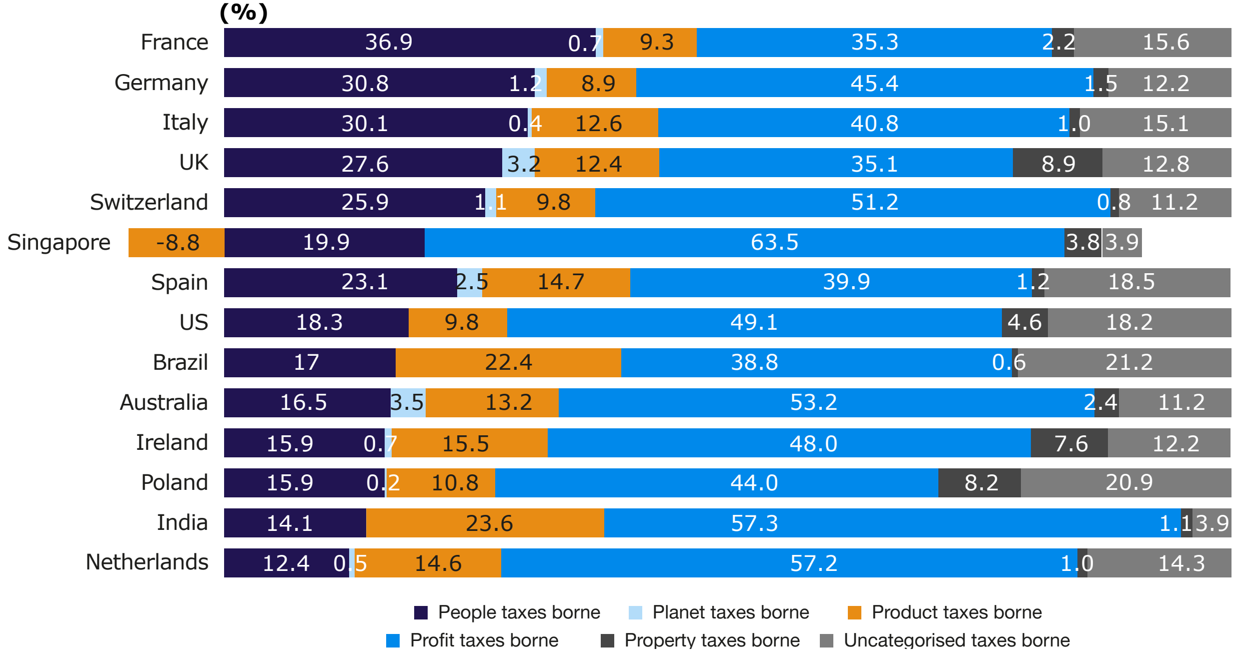
14 countries, enabling us to draw out country-specific insights. These countries were Australia, Brazil, France, Germany, India, Ireland, Italy, Poland, the Netherlands, Singapore, Spain, Switzerland, the United Kingdom, and the United States of America.

Executive summary

Key messages

Country insights

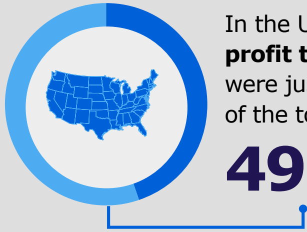
Total taxes borne by the five tax bases in the 14 countries



Source: Study participants, based on an average basis by participant. The data was partially taken from publicly available sources. The analysis could differ if further details were available.

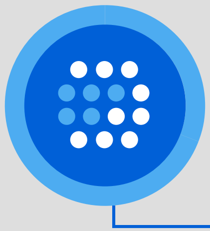
France had the highest share of **employment taxes** as a percentage of total taxes borne by the employer.

36.9%

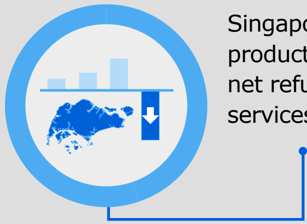


In the United States, **profit taxes,** on average, were just under half of the total taxes borne.

49.1%



In **5** out of the **14 countries**, Switzerland, Singapore, Australia, India, and the Netherlands, profit taxes, on average, made up over half of the taxes borne by the participants.



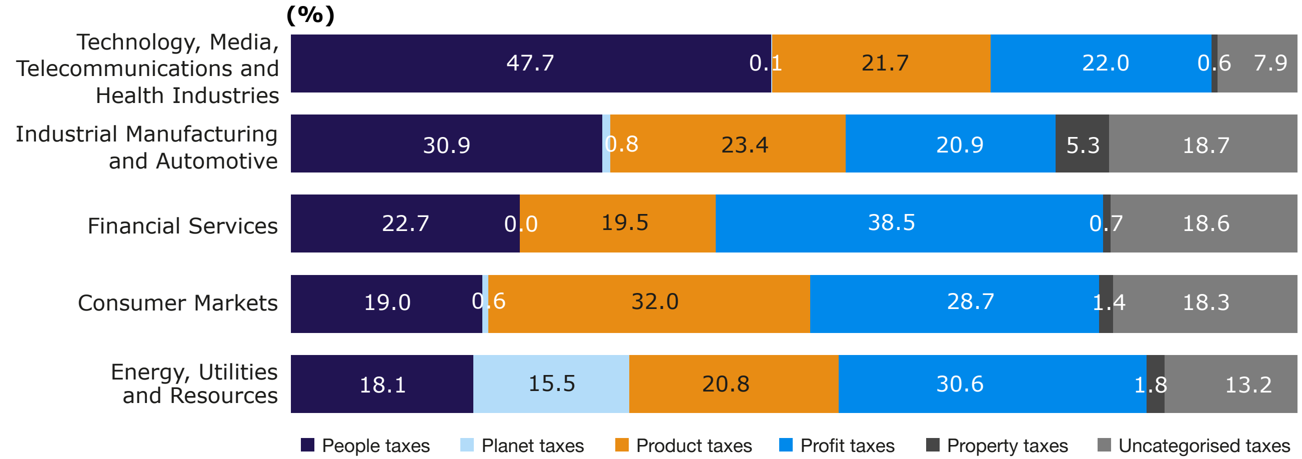
Singapore's negative average of product taxes borne reflected net refunds related to goods and services tax.

Executive summary

Key messages

Country insights

TTC by the five tax bases by industry in the 14 countries



Source: Study participants, based on an average basis by participant.

38.5% Profit taxes

In these 14 countries, **profit taxes** were the highest at 38.5% in the financial services industry, a reflection of the various taxes imposed on profits in this industry on top of corporate income tax (CIT).

32.0% of the TTC of consumer markets companies were **product taxes**. This reflects the relevance of indirect taxes (e.g., value-added tax (VAT), excise duties on alcohol and tobacco and other turnover taxes) to the industry.

Planet taxes were a substantial proportion **15.5%** of the TTC of energy, utilities and resources companies mainly as a result of fuel excise duties, and, to a lesser extent, electricity taxes.

47.7% of the profile of the TTC of technology, media, telecommunications and health industries companies consisted of **people taxes**. This reflects the industry's reliance on human capital and the large number of highly paid jobs created by the industry.

Executive summary

Key messages

European[7] overview

European[7] Total Tax Contribution

For the 32 countries in Europe, the TTC of the participating companies was

€262.4bn

comprising

€129.6bn

in taxes borne and

€132.8bn

in taxes collected.

This was significantly higher than the combined 2022 budgets of the EU and EFTA (€170.6bn).[8]

The European TTC represented

2.9%[9]

of the combined tax revenues of the countries in Europe, or

€495[10] for every person

living in these countries.

Study participants employed

2.0 million people

0.8% of theworkforce[12] in Europe.[7]

Average employment taxes per person totalled

€24,054

The TTC increased by

14.3%[11]

compared to last year's study, primarily due to the increase in profit taxes borne in the region.

CIT was only one of the taxes paid or collected by the participating companies: for every **€1** of CIT paid, these companies bore **€0.60** in other taxes and collected

€1.64

for governments.

7. For the purposes of this study, 'Europe' or 'European' correspond to the 27 Member States part of the European Union (EU-27), the European Free Trade Association (EFTA) and the United Kingdom (UK).
8. 2022 Budgets are available at releases/2021/11/16/eu-budget-for-2022/; and https://www.efta.int/sites/default/files/images/EFTA_Annual%20Report_2022.pdf.
9. 2022 Total tax revenues, available at https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Tax_revenue_statistics#In_2022.2C_tax_revenue_in_absolute_terms_increased_in_all_of_the_EU_countries_except_Denmark and https://data.worldbank.org/indicator/GC.TAX.TOTL.CN?locations=IS.
10. 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.
11. Comparison between 2021 and 2022 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.
12. The World Bank, 'Labour force, total', available at https://data.worldbank.org/indicator/SL.TLF.TOTL.IN.