

Deloitte.



Deloitte LLP
Tax Impact Report

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Foreword

Through our work with clients and the taxes we pay we have a significant role to play in the UK tax system. Our stakeholders have an interest in how we play that role and the impact we make. This document seeks to inform our stakeholders through sharing the principles that inform our approach, examples of our work and the details of our tax contribution.

During FY23 our Tax practice has helped more clients engage with a diverse range of tax responsibilities, challenges and incentives. These interactions help address the era-defining issues that affect us all, like delivering sustainable economic growth, responding to the cost-of-living crisis and tackling inequality and climate change.

Alongside, our Legal practice (which combines lawyers, consultants and technologists to provide business solutions based on legal excellence) has helped General Counsel and legal functions to deliver value, improve business performance and prevent risk.

Together, we apply smart solutions to today's challenges using a rich diversity of skills, disciplines, experiences and cutting edge technologies. In doing so, we help make tax, legal and regulatory systems work better and in turn help our clients deliver against their own organisation's purpose.

We believe our work is important as effective tax and legal systems are central to the healthy functioning of society, tax is growing as a share of GDP and tax policy is being used by government to achieve a broader set of economic objectives.

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I am immensely proud of the contribution our team of over 4,300 Tax and Legal colleagues have made over the past year, which includes:

- **Supporting responsible tax and legal engagement:** We help clients: understand and meet their many tax and legal compliance obligations; identify and resolve uncertainty in more complex aspects of law; and, appropriately govern and control tax and legal risk. This work directly underpins the flow of tax revenues and compliant economic contributions from tens of thousands of clients.
- **Promoting the growth of the UK economy:** We have worked with clients to unlock and execute UK transaction and investment activity effectively, fund innovative research and development, and move the right skills and products in and out of the UK to further their commercial ambitions and drive prosperity.
- **Responding to challenges in society:** We have enabled businesses to tighten the net against tax evasion, raise levels of transparency to prevent criminal access to the UK property market and challenge intellectual property (IP) infringement. In the world of work, we have provided guidance and insight on a range of topics such as the gender pay gap, diversity and ethnicity and helped businesses address the compliance challenges created by remote working. We continue to support TaxAid and Tax Help for Older People, the need for which has become even more acute as a result of the cost-of-living crisis.
- **Helping shape the future of tax and legal systems:** Using our insight and expertise we help shape an effective and efficient tax system in a fast-moving and technically demanding regulatory environment. We are driving innovation at the cutting edge of technological development across tax and legal, and creating better futures for our teams, our clients and our communities through investment in people.



Lisa Stott
Tax & Legal
UK Managing Partner

Supporting responsible tax and legal engagement

Business is at its most productive for society when growth, innovation and broader Environmental, Social, and Governance (ESG) goals are supported by responsible tax and legal engagement. Our clients trust us to provide tax and legal advice and help deliver compliance on all aspects of their activities.

HM Revenue and Customs (HMRC) data estimates that the cost of taxpayers not taking 'reasonable care' in relation to tax compliance increased to £10.7 billion in the tax year ended April 2022. While the 'tax gap' is largest for small businesses (which, traditionally, are not a main component of our client base), we recognise that we can help keep this gap to a minimum by embracing the highest standards and combining expertise with technology and efficient delivery models.

All Deloitte partners and employees who advise on UK tax matters are committed to upholding the reputation of the profession and adhere to the principles set out in the Chartered Institute of Taxation's (CIOT's) Professional Conduct in Relation to Taxation. Given the scale of our activity, this represents a vital social contribution of which we are immensely proud.

Tax and Legal Operate

Our Tax and Legal Operate services cover a broad spectrum of end-to-end compliance and reporting activities. These range from fully outsourced finance functions to the overarching tax governance and risk management activities that are the hallmark of responsible tax. We work proudly alongside UK specialists in centres of excellence across the globe.

- During FY23, we helped businesses file in excess of 11,000 corporation tax returns and more than 22,000 income tax returns.
- We support 445 businesses (filing 2,200 returns per a year) with their UK indirect tax compliance needs, using our VAT Compliance and Technology services. When including businesses that manage VAT compliance in house, since Making Tax Digital for VAT went live on 1 April 2019, more than 30,000 VAT returns have been filed using our technology.
- Our Finance Operate team within Tax and Legal now acts as an extension of client finance functions to 94 UK businesses to jointly deliver a range of management and statutory reporting work.
- During FY23, our multi-specialism Tax Governance and Risk team supported over 70 large businesses to ensure they had the right combination of policies, processes and controls to meet the expectations of key stakeholders, including HMRC.
- Our Global Mobility Compensation team helps manage the tax and other compliance obligations of our clients' internationally mobile staff across more than 100 jurisdictions.

- During FY23, our Transfer Pricing team continued to help businesses update and evolve their transfer pricing in response to the rapid business change seen since the pandemic, so they comply with the arm's length principle. This includes the preparation of transfer pricing documentation across a broad range of industries and jurisdictions.

"I work with large businesses to help them meet the tax governance expectations of key stakeholders, including both HMRC and the wider public. I take pride in helping clients manage the tax risk arising from their commercial activities and respond to important UK legislation focused on both the way they approach their own compliance and prevent third party evasion."



Ellis McHattie
Deloitte Tax Consultant

Expertise – navigating a changing landscape

Pillar Two

Pillar Two tax is an area of uncertainty and complexity where clients are likely to seek help from advisors. It will change the core principles of the international tax landscape and nearly every country in the G20/The Organization for Economic Cooperation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS) ('the Inclusive Framework') has signed up.

Pillar Two is a joint political statement on agreed components of a 'two-pillar' approach to global tax reform. It sets out global minimum tax rules to ensure large multinational businesses pay a minimum effective tax rate of 15% on profits in all countries.

The Pillar Two tax model rules outline the scope, mechanics and administration of this approach. The unprecedented nature of the reform, and the scale of activity required to comply, will present significant challenges for affected organisations.

We provided technical, accounting and tax input into OECD and UK consultations to help ensure the OECD model and UK legislation works as intended. We are helping businesses to understand the rules, assess the availability of data required to prepare calculations, make system changes where data is not currently available and model the impact of the rules.

The Tax Policy Map

To help clients navigate the changing landscape, in January 2023 we launched our online Tax Policy Map, which brings together current and expected tax policy developments in the UK, as well as selected global changes likely to impact the UK. Openly and freely available, the map has recorded over 4,500 users and more than 8,200 visits. Our social media campaigns have received 56,000 impressions (the number of times it has appeared in someone's newsfeed). Amanda Tickel, our UK Head of Trade and Tax Policy, published a video post on LinkedIn to mark the launch, which received 189 reactions, 70 reposts and 16,000 impressions.

Technology – speed, accuracy and insight

Machine learning

We use advanced technology, including machine learning and Artificial Intelligence (AI), to help clients and our tax professionals manage and process large and complex data sets. Across several of our tax business units, we use proprietary data classification assets, Data Classifier and Mercury, which apply machine learning to compliance.

During FY23, we deployed Mercury (our machine learning driven automation tool) to process over 7,000 trial balances to support the preparation of corporation tax returns. This enabled tax practitioners to spend more of their time helping clients to improve their data and compliance processes, and navigate an increasingly complex domestic and international tax environment.

Combining the tax knowledge and expertise of our professionals with machine learning ensures a transparent and highly governed tax classification process and enables continual improvement through feedback loops.

We are helping businesses to understand the rules, assess the availability of data required to prepare calculations, make system changes where data is not currently available, model the impact of the rules and consider potential safe harbours.



Intela

During the year, we continued to develop and invest in Intela, combining human ingenuity and leading-edge technology.

This next-generation global work management portal supports our ambition for greater collaboration as we trend towards a more digitised end-to-end compliance process. It provides:

- real-time status reporting
- a mechanism for delivering process change and transformation
- a secure means of data exchange.

We further invested in our centre of excellence to define the rollout strategy and future ways of working for our Globally Coordinated Compliance (GCC) clients, and manage new implementations and support. We have over 300 clients, covering more than 190 jurisdictions active on our Intela platform. Eighty-five of these are UK-headquartered groups that cover 139 jurisdictions. Primary workstreams managed in a digitally enhanced way include corporation tax, value added tax/goods and services tax, transfer pricing, statutory accounts and reporting and withholding taxes.

A core part of our investment strategy is to evolve with our practitioners and clients to get the most out of technology and data. We have trained and onboarded more than 12,000 Deloitte practitioners and 10,000 client users from our GCC community (40% of these are supporting UK-led GCC engagements).

Outside of GCC, we also have over 2,400 other live UK projects in Intela across multiple workstreams.

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Remote worker assessment

In recent years we have seen an increasing appetite among people to work remotely (both in-country and across borders). This has left many companies struggling to efficiently implement their remote work policy in a way that enhances their talent and culture strategies, while also managing tax compliance and business risks.

We created our Remote Work Assessment (RWA) solution to support employers facing increased requests for flexible cross-border working arrangements. These can have complex corporate and personal tax, legal and regulatory implications and are time-consuming to identify, and costly to manage to ensure compliance.

Over 50 clients have accessed the RWA solution to run thousands of scenarios, allowing them to process straightforward requests and identify more complex cases that require additional input.

Our impact on innovating tax service delivery with RWA has been acknowledged in the UK with the Tolley's Taxation Award for Best Digital Innovation, and with two International Tax Review Awards in the USA.

Voyager by Deloitte Legal

In FY23, Deloitte Legal developed ambitious technology-backed solution to meet the needs of General Counsels and Company Secretaries tasked with managing hundreds or thousands of entities across their corporate structures.

Keeping on top of annual filings, managing director changes, restructurings and ensuring corporate governance, often across multiple jurisdictions and regulatory frameworks, has traditionally been done manually, with errors being a significant risk.

Our team of legal technologists, legal entity management specialists, data scientists and process engineers created Voyager by Deloitte Legal – our governance solution that is transforming how businesses manage their legal entities.

Our impact has been felt across the board, with significantly improved collaboration and work satisfaction for both our clients and our global teams, as well as recognition by a number of leading legal awards. The solution was highly commended in the Most Innovative Use of Technology category at The Lawyer Awards 2023.

Promoting the growth of the UK economy

The UK and other advanced economies slowed down significantly last year and still face significant headwinds, reflected in their growth forecasts for the coming year. Against this backdrop, we have helped businesses carry out activities that help drive UK economic growth through investment, immigration and cross-border trade.

Innovation, efficiency and compliance in immigration

Immigration plays a central role in addressing critical skills gaps and maintaining a competitive labour market. It enables recruitment in pivotal sectors experiencing shortages in expertise, such as science, technology, engineering and mathematics (STEM), and healthcare. The UK's immigration system helps achieve delivery of the government's Plan for Growth with more skilled workers contributing to market productivity, and increasing demand within the economy.

Our immigration practice continues to be one of the largest in the world and, for several years, the Deloitte immigration team has focused on innovating and automating in this space. This includes redesigning how we obtain information through our case management system Cobalt, and automating administrative parts of the immigration process so our experts can focus on our clients, while making sure our teams are working efficiently and maintaining the high quality standards to which we hold ourselves.

Our tools, GoWork and GoVerify, streamline and automate time-consuming processes that require a lot of manual input from mobility and talent acquisition teams.

GoWork

This tool allows clients to obtain immediate visa eligibility assessments based on a small number of data points about the role and the candidate they wish to hire. It was developed in 2019 to solve a client problem, but this year the team has significantly enhanced it to create an end-to-end solution for both long-term and short-term business travel. The innovative approach has improved not only the functionality, it has created significant value for clients already using our travel assessment tool.

As a result, we have seen a 900% increase in assessments (+35,000) using the tool compared with last year. The design and logic for the new functionality was developed by the UK Immigration Team.

GoVerify

A global right to work check tool, GoVerify integrates with client's HR systems and ensures candidates have the correct work permission before starting their role. It uses digital verification and complex legal logic to drive a globally consistent solution. Our seamless integration also significantly reduces the administrative burden and enhances compliance for HR and onboarding teams.

We have seen a significant uptick in clients signing up to our technology, including one of the largest employers in the UK. Deloitte UK has processed over 100,000 global new employee checks since it went live, including 80,000 in FY23, which was a 1,000% increase on FY22. Our ambition is simple – to have the best true global right to work onboarding product on the market.

Client take on our approach to technology

"Deloitte has allowed us to exceed expectations and hire at an unprecedented scale. Our compliance metrics are improved, while maintaining a high efficiency rate. Deloitte has been a strategic partner over the past year, ensuring candidates, HR users and managers are supported by a user-friendly interface. Deloitte consistently pleases with a bias for action, encouraging feedback is translated into results. The direction of our program is improving month after month, and we're excited to continue partnering with Deloitte in the future."

Financial Investors

Our market-leading Financial Investors Tax team supports global investment, from fund establishment, through the transaction lifecycle, to investor reporting. As our society and economies evolve, new investment is required and our team helps enable the deployment of global capital. For example:

Our Infrastructure Mergers and Acquisition team helps clients with their ever-increasing demand to invest in the renewable and energy transition space, with recent transactions in offshore wind, photovoltaic plants, battery storage and electric vehicle charging businesses in the UK and across Europe.

Supporting innovative businesses

Deloitte Legal continues to work with high growth and innovative businesses. For example, it helped GoHenry with its institutional funding rounds, international growth and commercial partnerships, and with various acquisitions.

"Since it launched over 10 years ago, GoHenry has pioneered a new payment and financial education market for children and young people. With such an inspiring story and purpose, all of us really value having the opportunity to support its ambitions."



Charles Claisse
Deloitte Legal Partner

Real Estate

Our Real Estate tax team advises clients investing in the private rental sector across Europe, as institutional capital aligns to the development of projects and ongoing ownership of housing portfolios.

The past year has also seen the launch of our Real Estate legal business, with a 30-strong team of specialist lawyers, many with leading reputations for delivering both routine and highly complex transactions and solutions. The team works with developers, investors, occupiers and public bodies, and has a wealth of experience advising on major projects. The launch of the business expands Deloitte Legal's national footprint with team members based in the North-West, Midlands and South of England, and with further recruitment to follow.

Incentives and investment

Innovation and investment are what drive the UK economy and the government continues to unleash potential in the private sector through a range of credits and incentives.

R&D

Innovation by UK businesses is supported by R&D incentives, and we help companies access and respond to these incentives whether they are privately-owned small and medium-sized enterprises, or multinational listed corporates. During FY23, we provided R&D support to around 400 innovative clients in over 15 sectors covering more than £1.8 billion of investment.

This is an area that has seen an unprecedented level of government scrutiny in the past year due to HMRC's concerns over abuse from unscrupulous taxpayers within the existing framework. This has resulted in a refocusing of the regimes towards UK-based activities and mandated online submission of prescribed supporting information. We have been proactive in making sure clients understand the changing landscape, remain compliant and recognise the impact proposed changes will have on their business.

The desire to stimulate the economy through investment continues and the capital allowance super-deduction, which was available between 1 April 2021 and 31 March 2023, was replaced by full expensing – currently a three-year incentive that provides a 100% or 50% allowance on qualifying capital expenditure.

We supported 200 clients from a range of sectors with capital allowances claims last year. This included advising some of the largest UK infrastructure projects and a number of life sciences and healthcare clients looking to invest for the future.

The UK's patent box regime remained in its existing form, enabling businesses involved in cutting-edge R&D to have profits from patented innovations taxed at a reduced rate. During FY23, we provided patent box claim support to more than 60 such clients, generating over £2.7 billion in profits in the UK and supporting jobs and future investment.

The government continues to make announcements on funding for private businesses that will support delivery of the UK's strategic priorities, including on achieving its net zero target by 2050. Key themes include incentivising the replacement of energy inefficient equipment used in manufacturing and supporting technologies such as Carbon Capture, Utilisation and Storage (CCUS) and hydrogen. We have helped companies to understand the evolving UK funding landscape and the extent to which they could benefit now and in the future.

"The UK tax incentives regimes are going through significant changes that, while hard to keep on top of, reflect the importance of innovation and a need in the UK. I believe innovation can be the driver for solutions to some of the biggest challenges, and most important questions, in society and helping companies to access tax incentives is critical to sustainability and wider ESG issues."

Support to non-UK headquartered life sciences clients

The UK is a hub for life sciences activity including inbound investment, research, manufacturing and clinical trials. During FY23, our VAT and Global Trade teams helped non-UK headquartered life sciences businesses to access their entitlement to relief from UK VAT on qualifying activities. This was achieved by helping businesses increase their visibility of product flows, working with HMRC to amend customs declarations and producing the necessary evidence to agree an entitlement to VAT relief of over £15m across the sector. This work helps maintain the country's attractiveness to foreign investment.



Paul Clay
Deloitte Tax Partner

Post-Brexit trade and the Customs Declaration Service transition

In FY23, our Global Trade Bureau enabled over 120,000 import/export flows with a combined value in excess of £7.8 billion, and associated taxes and duties of almost £440 million.

However, during the year, we have all needed to adapt as HMRC phased out its Customs Handling of Import and Export Freight (CHIEF) system. From 1 October 2022, all import declarations have to be made through HMRC's new Customs Declaration Service (CDS).

Within customs compliance, this is the biggest systems change for over 30 years. For businesses that import and/or export and manage global trade compliance fully or partly in-house, it has posed considerable administrative challenges and potential compliance risks. These Deloitte developed Deloitte's CustomsClear and UK Trade Analytics technologies to help companies deal efficiently with these new challenges:

CustomsClear

Our self-service customs declaration system, CustomsClear, has enabled traders to file UK import and export declarations for goods moving between Great Britain, and the European Union. It is relevant and available to even the smallest businesses and has helped to demystify the UK's post-Brexit customs compliance landscape by offering a simple, user-friendly customs declaration journey. Integrating directly with HMRC's CDS system, it provides traders with real-time feedback from the customs authorities, offering increased visibility and control over compliance processes and removing the need for an often costly customs intermediary.

UK Trade Analytics

This is a Deloitte developed tool designed to analyse Management Support System and CDS data obtained from HMRC. This data provides critical insights into the customs and import VAT landscape of businesses engaged in international trade. The tool provides a holistic view of a trader's UK international trade footprint while identifying risk and potential cost savings, such as where duty has been overpaid.

UK Trade Analytics has led to the identification of a large number of significant customs duty reclaims opportunities, which recently resulted in Deloitte supporting a successful reclaim of £2 million on behalf of an industrial client. It has also identified over €100m of potential customs duty reclaim opportunities for footwear and apparel clients in relation to goods that have been imported into the EU then distributed to the UK. This work is helping clients benefit from the various trade agreements that the UK has with international partners, which are designed to encourage and reduce the costs of international trade.

Attitudes to Trade Survey 2023

This [survey](#) included responses from senior decision-makers in 750 UK companies that trade internationally, from C-suite representatives of small businesses to senior directors and leaders at large corporates. This research was commissioned to gauge the sentiment towards achieving the UK government's aim to strike new Free Trade Agreements (FTA) around the world and to identify key challenges facing UK businesses. Almost three quarters (74%) of participants whose businesses traded in Europe saw a negative impact to EU trade as a result of Brexit, but two thirds (66%) of those that also trade globally experienced some compensating gains in non-EU markets. Businesses were generally supportive of the UK's FTA programme and felt that the government's priorities in trade negotiations matched their own. The survey was read by ministers, special advisers and senior officials at the (then) Department for International Trade, and was featured in [the Financial Times](#).



Responding to challenges in society

Through our work, we are making a positive contribution to how society responds to key challenges such as the cost-of-living crisis, inequality and financial crime.

Providing tax assistance to those in need

We continue to work closely with the charities TaxAid and Tax Help for Older People, helping to support those on low incomes who need assistance with their taxes but cannot afford to pay for professional advice. With the cost-of-living crisis, an unexpected tax debt can push people further into poverty, causing stress and anxiety. The charities provide a free and confidential service to solve the immediate tax problem and tax education to those who need help.

Our volunteers across the UK each provide around three-and-a-half hours of their time a month and our teams helped almost 100 individuals with their tax problems in FY23.

Hannah Lemon – volunteer story

Working in International Corporation Tax, I see first-hand how complex the UK tax system can be, and help clients to manage this. Before I started volunteering for TaxAid as part of the Deloitte programme, I hadn't fully anticipated quite how complicated it can also be for people on low incomes. When the taxpayers we support experience problems, often due to incorrect tax codes when working multiple jobs, they don't always understand why, can find dealing with HMRC overwhelming, and don't know how to fix the problem. It can end up with them overpaying tax, or accruing significant penalties, despite them often owing very little, or nothing at all, to HMRC. This has been especially true post-pandemic and during the cost-of-living crisis, and I really value the opportunity to use my tax knowledge to help. Often, tax issues weigh very heavily on people, so being able to explain the situation and solve their problems is really rewarding.

Our charity support extends beyond volunteering to financial assistance, pro bono advice and bespoke projects. In FY23, as part of our 5 Million Futures Deloitte Digital Connect programme, we provided pro bono research and advice so the charities could better support people as more interactions with HMRC move online. TaxAid and Tax Help for Older People beneficiaries, in particular, are at greater risk of digital exclusion as they do not have the resources, knowledge or skills to adapt to change. We advised the charities on how they can focus their limited time and resources to help the most vulnerable with the most complex tax problems, while identifying opportunities and efficiencies to support those who need guidance but are more able to help themselves.

In addition to the financial support provided by Deloitte, many of our partners and employees assist tax charities through personal donations and fundraising which in total reached over £20,000.

Valerie Boggs, Chief Executive of TaxAid and Tax Help for Older People, said: "Deloitte's support provides us with the confidence to have bold ambitions, working in partnership to meet our vision to provide tax advice for all those who can't afford it. With the cost-of-living crisis, the demand on our helplines is increasing and Deloitte's support helps us to continue to meet it."

Ensuring fair pay for workers

The Low Pay Commission estimates around 1.6 million people in the UK were paid at or below the minimum wage in April 2022 – around 5% of all UK workers. Rules on the minimum wage and holiday pay are complex and frequently subject to change. The government has launched two consultation papers on holiday pay and entitlement this year alone and there have been a series of high profile employment law claims in this area in the past 12 months.

The complexity means even reputable employers can inadvertently pay people incorrectly because of working practices or systems that are not aligned with their legal obligations.

Our Fair Pay team, which consists of employment lawyers and reward consultants, regularly works with employers to ensure they are paying at least the minimum wage and are correctly calculating holiday pay. During FY23, we assisted 25 large employers with major projects on National Minimum Wage and National Living Wage compliance and 18 with holiday pay compliance.

Gender pay gap and pay equity

According to the Office for National Statistics, the UK gender pay gap was 14.9% in 2022, with much higher figures seen in traditionally male-dominated sectors such as financial services. While this figure has fallen, progress remains slow and it is a similar picture across Europe.

At Deloitte, closing our pay gaps is an integral part of our inclusion strategy. That is why we have taken the lead on voluntarily reporting our gender pay gap since 2015 and our ethnicity pay gap since 2017. For the past three years, we have also voluntarily shared our ethnicity pay gap analysis for Black, Asian and other ethnic minority colleagues. More details about our gender and ethnicity pay gaps, plus the actions we are taking to address them and progress against our inclusion agenda, are available in our Pay & Inclusion Report 2023. [link to]

Our Fair Pay team has been advising clients on new EU pay transparency legislation through webinars and briefings, working with them to assess their readiness for the implementation, and assisting them with compliance.

We regularly conduct equal pay and pay equity audits for clients to ensure they are able to analyse their pay data and identify any legal risks of an equal pay or discrimination claim, help remediate any variances that are uncovered and identify and resolve root causes to prevent future issues arising.

In addition, our Fair Pay team helps ensure clients understand, and can report on, their gender pay gap and can make progress towards closing it. We collaborate with colleagues across Europe to share best practice and learnings in this area and our work complements a range of diversity, equity and inclusion services provided across Deloitte. .

During FY23, we have assisted 23 large employers to report on gender and ethnicity pay gaps and/or to conduct equal pay/pay equity audits.

We have also run eight webinars covering fair pay topics and facilitated 10 industry-specific meetings across sectors such as hospitality, retail and oil and gas to share best practice.

Tackling financial crime

Tax evasion

This is a crime that hurts us all as it denies government much-needed funds for public services, which can mean higher taxes for those who do meet their obligations.

All companies and partnerships with connections to the UK are required to implement reasonable procedures to prevent people who work for them, or on their behalf, from enabling third-party tax evasion. Our Tax Risk teams help businesses understand their risk and respond through proportionate and effective prevention procedures. During FY23, we worked with over 50 clients to put in place the right procedures to prevent tax evasion. We also relaunched our anti-evasion e-learning to help businesses meet their training and communications obligations.

In addition, we help clients follow global initiatives such as the Automatic Exchange of Information (AEOI) regimes. These encompass the US Foreign Account Tax Compliance Act and the OECD Common Reporting Standard. Under these, more than 100 jurisdictions have entered into over 2,000 bilateral agreements to swap information.

We filed more than 3,900 AEOI reports during FY23 across 63 jurisdictions covering 1.5 million reportable accounts and supported some of the world's largest financial institutions.

Criminal ownership of UK land

Organised crime has used the anonymity of overseas structures to invest in UK land. the Economic Crime (Transparency and Enforcement) Act 2022 requires those who own or control overseas entities with UK property or land to be identified to expose criminal activity.

The Register of Overseas Entities (ROE) was launched in August 2022 under the Act and forms a key part of the government's strategy to tackle global economic crime by increasing transparency of the ownership of overseas entities with UK land.

As part of the registration process, information about the beneficial owners of the overseas entity must be provided to Companies House. Overseas entities cannot buy, sell, transfer or lease land in the UK unless they have registered.

The process requires information submitted to Companies House to be independently verified by a regulated agent, such as Deloitte, to ensure it is correct and not fraudulent. We believe Deloitte has a public interest responsibility to act as a regulated agent to provide the transparency and confidence that the government has sought to achieve through the introduce of the ROE.

As a regulated agent, our specialist ROE team has used Deloitte's global expertise to help our clients make these registrations and ensure compliance with this important new legislation. Since the ROE was introduced, we have worked with approximately 250 clients to verify over 2,000 documents and help instil confidence in entries to the register.

Defending against IP infringement

Our clients are under increasing pressure from digital threats and our patent-pending Dupe Killer solution helps them to identify and tackle the problem of duplicates – or 'duplicates' – being sold online. It uses AI and image recognition to help design-focused businesses protect their innovative designs and prevent them from being unfairly copied by others.

Some of the world's biggest brands are using Dupe Killer and benefiting from our combination of technology-driven monitoring and follow-on expert advisory services. We regularly uncover hundreds of dupes for our clients across multiple channels every month. For one client, the number of harmful listings we have eliminated is in the thousands.



Helping shape the future of tax and legal systems

We help shape future tax and legal systems through our contributions to public consultations, investment in our people and clients, and the development and smart application of cutting-edge technology.

Policy intention

Throughout the year we have contributed time and resources to respond to public requests made by UK and international policymakers to help ensure proposed tax laws achieve the policymakers' objectives, are clear and unambiguous, and do not create undue burdens on businesses and individuals.

Working with policymakers

Consultations

In FY23, our Tax and Trade Policy Group coordinated the input of Deloitte subject matter experts into almost 30 public consultation responses with bodies including HMRC, HM Treasury, the Department for International Trade and the OECD on a wide range of domestic and international tax issues. These included:

- amendments to existing legislation (e.g. in relation to R&D, audio-visual tax reliefs and the capital allowances regime)
- tax transparency (e.g. new transfer pricing documentation requirements)
- modernising the UK tax administration framework (e.g. Making Tax Digital for Income Tax)
- new taxation mechanisms (e.g. the Energy Profits Levy).

External forums and committees

A number of our people, along with members from a variety of other firms, are members of technical committees and working groups organised by tax-related professional bodies. With the Chartered Institute of Tax (CIOT), our colleagues contribute to the following sub-groups: indirect taxes committee, International taxes committee, private client (International) committee, private client (UK) committee, crypto assets working group, employment taxes technical committee, and climate change working group. We also have representatives with the Institute of Chartered Accountants in England and Wales (ICAEW), including on: VAT and duties sub-committee, business tax Committee, private client committee, and digital assets working party.

Our voice in the market

We have grown our voice in the market in a range of ways. As well as creating our own content for clients, we write for external publications, take part in podcasts, and participate on social media.

Webinars

Deloitte's EMEA Dbriefs provide valuable insights on topical developments affecting businesses in Europe, the Middle East and Africa. Deloitte UK contributed content and speakers to the programme, which featured 46 webcasts in FY23, reaching 11,600 attendees. Topics ranged from updates following fiscal events to specific areas of taxation, such as grants and incentives for green technologies.

Deloitte tax publications

We have kept our clients informed on the latest tax developments through our technical update emails. During FY23, over 696,000 email updates were issued to our clients and contacts including our Business Tax Briefing, Monthly Tax Update, Weekly VAT News and Global Indirect Tax News.

Tax communications for clients have included:

- a Trade Developments newsletter and insights, plus links to articles on our TaxScape site. Our most read piece was 'The Windsor Framework: a new way forward for Northern Ireland?' (March 2023). LinkedIn posts sharing the latest trade policy developments were featured several times on LinkedIn News;
- private client briefing notes on tax changes affecting the private client market. Our highest readership on TaxScape was for an article on pensions lifetime allowance protections (April 2023);
- ad hoc insights – 40 briefing notes and articles were published on TaxScape ranging from analysis of trade negotiations to developments in international tax and tax case law analysis. Our most popular TaxScape pieces included an article on UK draft legislation for implementation of Pillar Two global minimum tax rules, published in March 2023.

Fiscal events

The Tax and Trade Policy Group coordinates our response to important fiscal events, including Statements and Budgets. This includes offering analysis and insights on the measures announced. For example, during the 2023 Spring Budget campaign:

- over 70 individuals worked on our firmwide response, producing 50 pieces of analysis;
- our budget website recorded 2,500 visits on the day, with just under 8,000 individual page accessed;
- 450 attendees joined our EMEA Dbriefs webcast dedicated to this event;
- over 16,000 email bulletins were sent.

Our most-visited TaxScape measures pages (one week after Budget Day) were on pensions allowance reform (609 visits), basis period reform (493 visits), and full expensing for plant and machinery (276 visits).

Wider Engagement

We have amplified the voices of our spokespeople through a range of external articles and events, including:

- insights authored by Deloitte colleagues on specific technical areas for the trade and national press. Tax Adviser magazine published several pieces, for example Alison Lobb and Lisa Shipley's article on ['The tax rules that lie behind Pillar One and Pillar Two'](#) (November 2022); Simon Down and Victoria Ternavskaya's thoughts on ['Electric vehicle company car schemes: the impact on employees and employers'](#) (November 2022); and Amanda Tickel and Claire Galineau's piece, ['Tax policy options: achieving net zero commitments'](#) (February 2023)
- presentations at Deloitte's external conferences, such as the Scotland Large Corporate Forum and the Channel Islands International Tax Debate
- podcast guest appearances, for instance Amanda Tickel's participation in the CIOT's ['Taxation and the environment'](#) (December 2022).

Our people

Our Tax and Legal team comprises over 4,300 people, with more than 2,300 in London and approaching 2,000 in the regions. In FY23, we were delighted to recruit 513 experienced hires and 311 graduates. We also celebrated 827 main grade promotions.

The transformation of Tax and Legal depends on our people managing the traditional role of a tax advisor while embracing opportunities that come from an ever-evolving environment, be that regulatory or technological, and changes in the way we work.

This is at the heart of our approach to bringing the best out of our people by helping them to embed new knowledge, build confidence and skills, and engage in impactful learning that can be used day to day.

Our defined career path creates opportunities to develop at all levels, with programmes this year including:

- **The Analyst Academy:** Our 365 graduates, Bright Start apprentices and Industrial Placement students took part in our week-long, in-person Academy with 11,300 collective hours of learning and development. They built connections and confidence, learned our culture and developed communication skills that are increasingly valuable in a hybrid world.
- **Consultant Milestone event:** After a couple of years, analysts are promoted to consultant as they continue their career journey. Our 188 newly promoted consultants took part in a three-day event to prepare them for a more senior role. Focused on coaching, leadership and communication skills, it involved more than 4,000 hours of collective learning and development.



Continuing to thrive and grow

In addition:

- over 1,500 people from all levels engaged with our Digital Discovery programme, covering data visualisation, data wrangling, business management systems, collaboration platforms, and more
- our Better Faster Smarter programme saw 640 people of all grades take part in interactive training designed to boost productivity and focus while better managing personal wellbeing
- our Fostering Inclusion in Teams initiative saw 318 people increase their awareness of, for example, diversity, bias and psychological safety
- our Leading with Resilience programme helped 70 newly promoted directors through workshops and one-to-one coaching.

Becoming a trusted advisor

We have 23 professional qualification pathways across our Tax and Legal business, with our students spending more than 111,000 hours in tuition or on study leave in FY23. Our people earn qualifications with professional institutes including the ICAEW, CIOT and the Association of Tax Technicians.

We are proud that 191 of our people successfully completed their professional qualifications in FY23, with 22 named as national prize winners.

Our investment in learning continues outside of our professional qualifications; we delivered comprehensive training that combined tax technical skills, and behaviours, for all grades in FY23. This equated to more than 133,000 virtual and in-person hours.

“The lab was particularly valuable to dedicate the time to these critical issues – something I have been planning to do for months.”

Consumer Tax Director

Client development programmes

We continue to run four important client development programmes that demonstrate our commitment to investment in their futures alongside our own people.

- **Global Tax Conferences:** Deloitte hosts three conferences a year in EMEA, the Asia Pacific region and the Americas. The aim is to deliver a highly prestigious experience for our most strategic and fast-growing global and regional portfolio clients. This year's Europe, Middle East and Africa (EMEA) conference in Berlin was attended by 92 clients and the theme was tax transformation in a complex world.
- **Tax Directors' Academy:** This provides heads of tax with support and guidance in today's complex tax landscape. Members have access to wider business insights, a programme of briefings, and opportunities to network with peers and generate ideas. Membership is free and by invitation.
- **Tax Director Transition Labs:** These facilitated one-day workshops help newly appointed heads of tax thrive in their role. They focus on three key areas: time, talent and relationships. As part of the lab process we gather input from participants' key stakeholders, and each participant leaves the lab with a roadmap and a 180-day action plan. Recent feedback from a consumer tax director read: “The lab was particularly valuable to dedicate the time to these critical issues – something I have been planning to do for months.” We hosted 17 labs in FY23.
- **Next Generation Tax Director Programme:** This supports aspiring tax directors who are navigating the next stage in their career. An invitation-only programme, it is exclusively for individuals recognised as having the capability and desire to become a tax director of a FTSE 100 or equivalent organisation in the next 18 to 36 months. In FY23, we welcomed 35 new members.

The programme includes a one-day workshop featuring sessions delivered by Deloitte subject matter experts and guest presenters. The feedback we receive from members highlights the benefit of the programme to them and their career development:

- “I signed up to this event feeling it was very much outside my comfort zone, but the session was excellent and helped to build confidence”
- “unique event and felt very beneficial”
- “an inspiring day.”

The adoption of AI

Legal applications

The potential of AI to disrupt the working practices of all businesses has slowly been capturing the imagination over the past decade. But in the last 12 months, with the emergence of large language models that underpin generative AI, we are now seeing the long-awaited acceleration towards actual transformative change.

Transformation requires a new set of skills and capabilities. General Counsel should capitalise on the opportunity that generative AI offers to deliver more value to the business, while being alert to the risks and strategic implications that come with it.

At Deloitte, we are excited by the opportunities but recognise the ethical, practical and legal challenges. Our specialists are engaging with peers in law and industry to learn more about this technology and enable clients to harness its potential.

We continue to help our clients embrace AI within their legal operations, advising on digital transformation, operational efficiency, GenAI readiness and next generation contracting. We also work with legal teams to support their businesses on AI issues within commercial contracting, data privacy, navigating regulatory change, people issues, IP protection and infringement, and litigation risk.

Tax applications

Generative AI offers significant potential to drive even greater efficiencies in the delivery of tax services – from how we summarise and query information, to the way we produce insights for our clients and our people.

We are approaching the introduction of generative AI in a highly responsible way, grounded by a focus on governance, security and ethical design. We anticipate that in the near term, our focus will be on exploration and innovation to ensure changes improve experiences for our people and our clients, without compromising the quality and integrity of our service delivery model.

Since the launch of Open AI's ChatGPT and subsequent generative AI tools, we have embarked on a series of experimental workstreams to recognise the role that this technology can play in the tax profession. Our initial approach to understand the 'art of the possible' has been to carry out controlled and narrow experiments across approximately 10 use cases, to determine the potential impact on our processes, existing technology environment and our people. We expect the number of use cases to expand to approximately 25 over the next 12 to eighteen months, depending on the results of our initial experimentation.

In addition, these early experiments will examine how Tax professionals will leverage this technology.. This is predominantly to ensure the high quality of our work is maintained and the path to delivery remains transparent and auditable.

Our data and AI technology specialists are fully integrated into our tax business, working alongside senior stakeholders, firmwide technology working groups and alliance partners to design the future of our technology infrastructure. This will allow us to build, scale and deploy safely and at pace.

"I believe cutting-edge technologies, including generative AI, will amplify the capabilities of tax and legal professionals to generate comprehensive insights that drive strategic decision-making in a way we've not yet seen, and I'm excited to be a part of this."



James Smith
Ventures Consultant

Building a new future: From Ukraine to Deloitte UK

Myroslava Verenko

Myroslava Verenko is among Deloitte Ukraine colleagues who have recently relocated to the UK. She always wanted to work in the UK and is embracing the opportunity to learn what she calls "the highest standards in the world."

When it comes to her work, Myroslava has always had great aspirations. Growing up, stories from her UK-based godfather inspired ambitions to move abroad.

After finishing school with top grades and going to one of Ukraine's best universities, Taras Shevchenko National University in Kyiv, Myroslava started her career two years ago, working in Deloitte Ukraine's Business Process Solutions team within Tax and Legal. And there her plans took shape.

"When I first joined Deloitte Ukraine we had a meeting where a former colleague was sharing his experience of working in the UK. And I thought, 'okay, so it's possible to work in different countries. What an amazing opportunity.' And I said to myself that I'm going to try it one day too."

Her intention was to build her experience in Ukraine before moving. But when the situation at home changed, Myroslava's plans were accelerated and she joined the UK firm in September 2022. Deloitte worked hard to support Myroslava and her colleagues, helping with accommodation and assigning buddies who could answer questions, offer advice and make the transition easier.

Facing fresh challenges

Myroslava was relocated to our London office, where she joined the accounting department for Tax Technology Consulting and Support Services. She helps clients in sectors such as real estate, media and technology with their accounting and digital transformation.

Her UK team has made her feel at home. "Diversity and inclusion are an integral part of the Deloitte culture and here in the London office I felt it very strongly," she says. "We have a multinational team, which is very friendly and supportive, and lots of people have been through similar experiences and can understand how you feel."

Now, with two years of technical accounting experience, she is working towards qualifications from the Association of Taxation Technicians, the leading professional body for people providing UK tax compliance services. Supporting large multinational clients has motivated Myroslava.

She has also adjusted to working with different regulations and systems, building on the knowledge she had developed in Ukraine.

"The standard and requirements here are the highest in the world," she says. "I will need to be as strong, as confident, as professional, as all my colleagues here in order to succeed and bring value to the team and meet clients' needs."

"When I was moving here, I was afraid I wouldn't feel part of the team, but it definitely wasn't the case."

A taste for British culture

Myroslava has enjoyed discovering the UK's diversity. "I love that everyone has a different culture and opinions but at the same time they understand each other. In Ukraine we don't have so many people from different countries so it was something new to me. I really like it and I think that's why I don't feel alone here, because there are people from all over the world, so I don't feel unusual."

Although she loves London and has moved out of her host family's house, where she received a tremendous support during her first few months in the UK, into rented accommodation with a friend, she misses her family and friends back in Ukraine and their safety is the most important thing to her. She shares calls and video chats with them almost daily.

For now though, she is keen to make an impact with Deloitte UK and continue learning. She's grateful for the opportunity and hopes her story can inspire others.

Thinking about her long-held dream of working in the UK, Myroslava says, *"This is the proof that if you want something, you can achieve it. You just need to be brave enough, believe in yourself and remember that nothing is impossible."*



Appendix



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Tax contribution: Financial year ending 31 May 2023	21

Tax policy: Financial Year ending 31 May 2024

This policy applies to Deloitte LLP and all UK entities in its group.

We apply the standards set out in the Professional Conduct in Relation to Tax to both our own tax affairs and when advising clients. This policy covers our approach to arranging our own tax affairs.

Ensuring that we pay the right amount of tax, in the right place, at the right time is core to our commitment to being a responsible business and Deloitte LLP makes a significant contribution to the UK Exchequer each year.

Our tax policy comprises five key components:

1. Commitment to compliance

We are committed to compliance with tax law and practice in the UK. Compliance for us means paying the right amount of tax in the right place at the right time. It involves disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs and incentives where available.

2. Responsible attitude to arranging our tax affairs

In structuring our commercial activities we will consider – among other factors – the tax laws of the countries in which we operate, with a view to maximising value on a sustainable basis for our partners or employees.

For example, we will often look to take steps to reduce the risk of double taxation (i.e. the same income being taxed twice in two different jurisdictions).

Any structuring that is undertaken will have commercial and economic substance and will have full regard to the potential impact on our reputation and broader goals. We will not put in place any arrangements that are contrived or artificial. We prepare all UK partners' tax returns in accordance with Professional Conduct in Relation to Tax.

3. Effective risk management

Given the scale of our business and volume of tax obligations, risks will inevitably arise from time to time in relation to the interpretation of complex tax law and nature of our compliance arrangements. We actively seek to identify, evaluate, monitor and manage these risks.

Where there is significant uncertainty or complexity in relation to a risk, external advice may be sought, particularly in relation to our international tax obligations.

We have a rolling programme of Internal audit activity focused on our tax controls.

We seek to adhere to the low-risk characteristics set out in HMRC's Business Risk Review methodology.

4. Constructive approach to engaging with HMRC

We engage with HMRC with honesty, integrity, respect and fairness and in a spirit of co-operative compliance. Wherever possible, we do so on a real time basis, to minimise tax risk.

Whilst we will not take positions on tax matters that may create reputational risk or jeopardise our good standing with taxing authorities, we are however prepared to litigate where we disagree with a ruling or decision of a tax authority, having always first sought to resolve any disputed matters through active and transparent discussion.

5. Board ownership and oversight

This tax policy is aligned with our Ethics Code and is approved and owned by the Executive and overseen by the Board. It is published in compliance with the requirements of Paragraph 16(2) and Paragraph 25 of Schedule 19 to the Finance Act 2016. It applies for the financial year ending 31 May 2024 and all subsequent years until superseded.

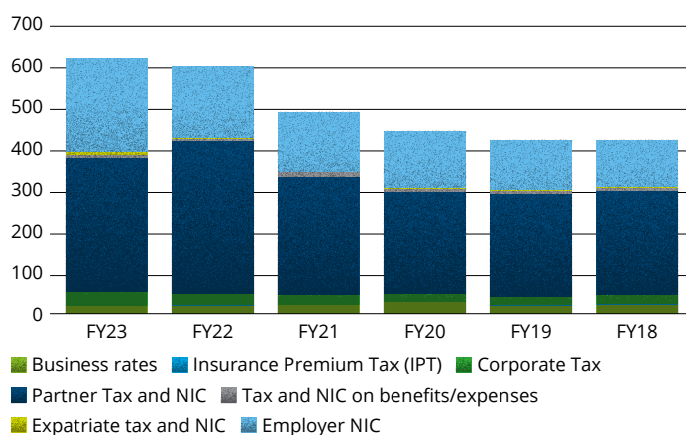
Tax contribution: Financial year ending 31 May 2023

Deloitte makes a significant contribution to the UK Exchequer through the taxes paid by the members and the business. In total this is estimated to be £613m in respect of the past year (2022: £594m). The partnership itself does not pay tax and national insurance as UK tax rules look through a partnership to its members.

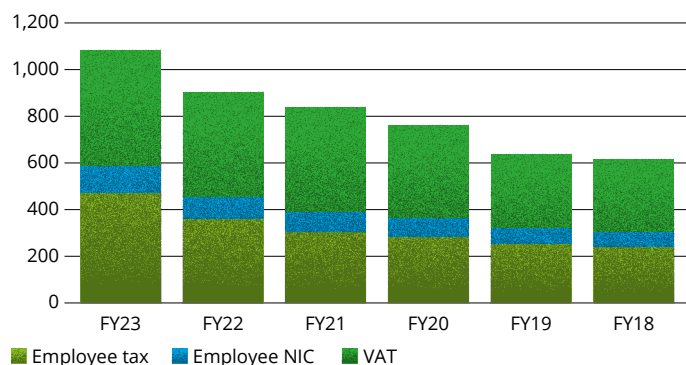
The tax and national insurance borne by the members of Deloitte relates to the profits earned by them. Income tax and national insurance payable by members on the current year profits arising in the UK are estimated to be £323m (2022: £368m). The average effective rate of tax for members is approximately 50.42% (2022: 55.44%).

In addition, Deloitte has collected business taxes on behalf of the UK Exchequer of £1,084m (2022: £903m) which includes employee tax and national insurance of £587m (2022: £451m) and VAT of £496m (2022: £452m).

Taxes paid by Deloitte in the UK (£m)



Taxes collected by Deloitte in the UK on behalf of others (£m)





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