

Deloitte.



Deloitte LLP
Tax & Legal Impact Report

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Foreword

Through our work with clients we have a significant role to play in making tax and legal systems work better. Our stakeholders have an interest in how we play that role and the impact we make. This report informs our stakeholders through sharing the principles of our approach, examples of our work and the details of our tax contribution.

In a year marked by unprecedented electoral activity as around two billion people in more than 50 countries vote, the spotlight on tax and legal matters has intensified, bringing them into sharp focus both in the UK and internationally.

Tax as a share of UK GDP maintains its historical high, and a much needed area of focus across the political spectrum has been the search for growth and productivity. A more productive economy can manage the tax burden without compromising public services.

We have over 4,500 UK Tax and Legal colleagues who make a vital and richly varied contribution to the effective operation of our tax and legal systems and support the growth and productivity aims of our clients within those systems. This is a source of great pride and includes:

Helping shape the future of tax and legal systems

We have been at the forefront of the application of trustworthy Artificial Intelligence (AI) to tax and legal systems and processes as the technology changes the way our profession interacts with clients; investing heavily in our people and others we work with who represent the future of the industry. In addition, our Tax & Trade Policy Group have been distilling real-time technical developments and sharing insight for the benefit of all.

Supporting responsible tax and legal engagement

We help thousands of clients understand, prepare for and meet the range of tax compliance obligations that flow from their commercial activities and ambitions. In FY24, we helped our clients navigate key changes in international tax law, including providing guidance on Pillar 2 implementation, and supporting successful State Aid Litigation before the Court of Justice of the European Union.

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Promoting the growth of the UK economy

We operate across a broad lifecycle of activities that help secure investment and drive growth in the UK and beyond. Our Global Trade team have helped the flow of UK trade and are making a significant impact on the efficiency and profitability of our clients; we have helped with responsible access to UK research and development incentives during a period of heightened scrutiny and we have helped businesses apply efficiency, rigour and pace to the immigration and eligibility challenges associated with global skills acquisition.

Responding to challenges in society

Tax and legal systems are often integral in the response to the era defining issues that affect us all. We are playing a valuable role in helping clients respond to the Online Safety Act, a key piece of regulation that intertwines with policy developments across the world; helped with the continuing drive towards equal pay; and our direct charitable efforts with TaxAid and Tax Help for Older People have harnessed our people's skills to support those in need.



Lisa Stott
Tax & Legal
UK Managing Partner

Helping shape the future of tax and legal systems

The future of tax and legal systems will be driven and delivered by a combination of people and technology and during FY24 we continued to invest heavily in both, equipping our people and clients with the best technical training and technology to maximise their impact.

Our People

Our clients trust us for what our people know, how they behave, and how they apply their knowledge and expertise to the challenges, opportunities and needs of our clients. Through our learning, we nurture well-rounded, knowledgeable, high-performing, compassionate people who care as much for their colleagues, the environment and society, as they do for their clients.

We strive to equip our people with relevant knowledge, skills and behaviours, elevate their confidence through the right support and leadership, and entrust them with opportunities in their work to enable them to develop and grow. For example:

- In FY24 around 3,000 people attended in-person technical training in the UK.
- We supported over 500 individuals in Tax and Legal work towards a professional qualification, comprising over 95,000 hours of tuition collectively, with five of our people receiving prestigious institute awards to recognise outstanding performance in an exam.
- We had over 1,000 new joiners during FY24, 330 of whom were Analysts who attended the Tax and Legal Analyst Academy in September 2023. This was followed by role specific technical training, providing the foundations for their careers in Tax and Legal.
- Over 300 people have attended a Pillar Two course to date.
- 1,130 people promoted during FY24.

We offered opportunities for our people to improve their collaboration and productivity, consider and implement strategies to effectively manage their wellbeing, and develop leadership skills through dedicated training programmes. Many of our people participated in Alteryx/PowerBI workshops and a pilot of the Chartered Institute of Taxation's Diploma in Tax Technology, as part of our digital journey.

We are proud to have invested in Deloitte University Paris, providing industry learning and professional skills training in a world-class facility.

Artificial Intelligence

2024 was a year of accelerating the integration of Generative AI and AI more broadly across our Tax & Legal practice and into the tax functions of our clients.

Using AI safely and with confidence

Fluency and safe usage are top of mind for our clients. Of the 100+ workshops we have held with clients on Generative AI every conversation begins with fluency (that is, the familiarisation with key AI terms, concepts, challenges) and risks presented through its application to the tax profession.

We have a world class dedicated Tax and Legal Digital Innovation team who have designed and built an AI fluency programme for our clients, ranging from the fundamentals through to prompt engineering masterclasses and the mechanics of Generative AI.

These sessions equip our clients with the right knowledge to make decisions around how they plan to integrate AI and Generative AI into their organisations to optimise tax processes. We have shared Thought Leadership through a [tax director briefing](#), an [article](#) for the Chartered Institute of Taxation and through targeted sessions within our Future Tax Director client curriculum.

In FY24 we also launched our Digital Tax and Legal Nerve Centre. This is a dedicated group of cross-functional specialists devoted to supporting clients who need to drive digital innovation in their Tax and Legal functions. We have condensed our journey into a flexible series of workshops which are designed to enable clients to develop their own Generative AI strategy, identify high value use cases and start to experiment safely.

And, in Legal, helping clients to manage data security measures and to identify legal protection in the use of AI tools. We are committed to sharing our knowledge in this space in the broadest way which is made possible through our sponsorship of initiatives such as the Women for Ethical AI Network led by our Tax Digital Leader Hayley McKelvey.

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Working smarter with AI and finding use cases

We have an ongoing programme of work to identify AI use cases, With each 'proof of concept' we discover value drivers, valuable learnings and best practice around review and governance processes. Critical is the determination of where the human should remain in the loop to ensure quality and accuracy whilst still allowing the benefit of productivity gains.

This year, our Deloitte AI institute launched our Generative AI platform PairD. The tool can be used to help answer emails, produce initial draft written content, summarise documents, write code to automate tasks, create draft presentations and much more.

PairD can be accessed by all Tax and Legal professionals, and over 140,000 prompts were input into the application in 5/6 months to June 2024.

Our legal teams have worked with clients to deliver data protection impact assessments, to define appropriate data security measures and to assess legal considerations around the use of AI tools.



Tax & Trade Policy Group

The size and scale of our business enables us to devote considerable resource to engaging with policymakers to understand and shape future tax and legal systems. We have a dedicated Tax & Trade Policy Group, who work with practitioners and clients to understand industry issues and policymakers ambitions and concerns.

Because Deloitte act for a wide range of private and public sector organisations we are able to offer policymakers' insight into where legislation and regulation may need to evolve to meet changing circumstances and provide well-informed and balanced views on the practical impacts of different policy options.

We are committed to helping ensure proposed laws achieve policymakers' objectives, are unambiguous and do not create undue burdens on taxpayers. We believe this supports the rule of law, good governance and high rates of compliance, which ultimately underpin sustainable economic growth and the stable functioning of our society.

We do this through various means, including:

- **Contributions to public consultations.** We contribute to a wide range of formal consultations, both domestically and internationally.
- **Stakeholder engagement.** We regularly engage with HM Treasury and HM Revenue & Customs ('HMRC') officials, regulators, industry associations and professional bodies in various forums and conferences. We believe honest and respectful dialogue allows problems and difficulties to be identified and for long-term improvements to our tax and legal system to be made.
- **Sharing our knowledge.** We provide clients with updates on current tax, legal and regulatory developments and insight into their relevance in the context of current events and general business, political and societal trends. We make a wide range of information freely available to the public on our web-site, including our UK Tax Policy Map. We believe that by disseminating reliable, authoritative information on technical matters we play an important role in educating, informing and enriching public debate on tax, legal and regulatory matters.

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Key statistics in FY24

- Our programme of **34 'Dbriefs' webcasts**, where specialist presenters share news and views relating to current tax topics with a wide audience of tax practitioners and others, attracted over **16,500 registrants**.
- Over **35 written responses** to tax-related consultations with bodies including HMRC, HM Treasury, the Department for International Trade and the Organisation for Economic Co-operation and Development (OECD) on a wide range of domestic and international tax issues.
- Over **20,000 user sessions** to access [UK Tax Policy Map](#) for its year of launch.



Client Development Programs

We continue to run four key client development programmes that demonstrate our commitment to investing in our clients' futures, alongside our own people.

Tax Conferences

Our UK Tax Leaders' Conference in November 2023 brought together over 260 tax and finance leaders from FTSE and foreign listed companies and large private businesses. Our plenary sessions included the Rt Hon. Rory Stewart and Alastair Campbell sharing a geopolitical overview, Dex Hunter-Torricke focusing on the social and business impacts of AI, and Steven Bartlett emphasising the importance of taking risks, leaning in, and not being afraid to fail.

Tax Directors' Academy

Our academy provides Heads of Tax with guidance and support. Members have access to business insights, a programme of exclusive briefings with keynote speakers, and opportunities to network with peers and experts.

Tax Director Transition Labs

These 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 process we gather input from key stakeholders, and each participant leaves the lab with a roadmap and action plan. We hosted 13 labs in FY24.

Next Generation Tax Director Programme

This programme is aimed at tax professionals with the capability and aspiration to become a tax director of a FTSE 100 or equivalent organisation in the next 18 – 36 months. Members join a one-day induction and are subsequently invited to half-day sessions during the year on specific topics, as well as networking events. The programme sessions are delivered by Deloitte subject matter experts and guest presenters. We hosted three induction days in FY24.

We strive to equip our people with relevant knowledge, skills and behaviours, elevate their confidence through the right support and leadership, and entrust them with opportunities in their work to enable them to develop and grow.



Supporting responsible tax and legal engagement

Responsible tax and legal engagement is fundamental to the social contract between businesses, individuals and wider society. Our clients trust us to provide the tax and legal advice and compliance activity that help deliver their side of the contract.

In the last year alone UK teams have overseen the management of over 50,000 tax obligations via our Intela client collaboration platform.

The types of obligations managed through this platform include corporate income tax, VAT, transfer pricing, withholding tax, financial statements, country by country reporting and many more.

In addition, we have also submitted in excess of 18,000 UK personal income tax returns on behalf of our clients with internationally mobile employees and over 5,000 personal income tax returns for private clients.

All Deloitte partners and employees who advise on UK tax matters are committed to upholding the reputation of the profession and are required to adhere to the principles set out in the Professional Conduct in Relation to Taxation.

HMRC data estimates that the cost of taxpayers not taking 'reasonable care' in relation to tax compliance increased to £12.0 billion in the tax year ended April 2023.

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 reduce the gap by applying the highest standards and combining expertise with technology and efficient delivery models.

Given the scale of our activity, this represents a vital social contribution of which we are immensely proud.

"Our work is pivotal in enabling our clients to fulfil their civic duty of paying their due taxes. In doing so, we contribute to societal good."



Anil Anil
Analyst

Examples of our contribution

Supporting a UK charitable foundation

On a recent engagement Deloitte were asked to support a charitable foundation backed by a high-profile entrepreneur with an HMRC enquiry challenging the deductibility of charitable donations. By taking a pro-active approach with HMRC our team was able to clearly set out all relevant facts and secure a swift resolution, allowing the foundation's workers to return to their philanthropic activities and assuring HMRC that the UK's charitable reliefs were being appropriately claimed.

Successful State Aid European Litigation

We supported our clients in joined litigation with the UK Government against the European Commission's State Aid challenge of certain group financing rules through the European Courts. This work showcased our litigation specialist resource, drawing together expertise from across Deloitte Tax and Legal. This helped the UK to successfully defend its tax framework through a collaborative litigation strategy between UK Government and affected businesses. This was complex, high-profile work, and Deloitte's combined Tax and Legal expertise and ability to clearly articulate the underlying rationale for the UK's tax system was critical in supporting UK stakeholders affected.

Pillar Two: At the forefront of global policy

Pillar Two presents a new and complex compliance obligation (following the political commitment of 135+ members of the G20/OECD Inclusive Framework) for large multinationals (i.e. those with revenue in excess of €750m) which is designed to ensure that they pay at least 15% tax on their profits in each country in which they operate.

The novelty and complexity of the rules, and the number and variety of data points involved, mean significant effort is required to meet the new compliance obligations. Projects include:

- **Working out what your 'group' is** – this can be particularly challenging for non-standard corporate groups such as private equity backed businesses;
- **Applying scoping criteria** – even what could be expected to be straightforward elements of the criteria, such as the definition of revenue, can be open to uncertainty and require interpretation;
- **Applying the 'safe harbour' tests** – these are being looked at very closely by groups as they can significantly reduce the compliance burden for the first three years by deferring the period when the organisation will have to prepare full calculations for a country;
- **Financial reporting** – FY24 saw businesses needing to guide stakeholders on the expected future impact of Pillar Two. Due to the evolving status of the legislation globally this can be a real challenge;
- **Assessing data readiness** – Existing data is not always sufficiently detailed to meet the needs of the full Pillar Two 'GloBE Information Return' and businesses are seeking to identify the gaps sooner rather than later; and
- **Securing and maintaining engagement** – Tax teams can find it a challenge to convey the scale of change and organisational response required – especially if the expected outcome for the group is that little or no Pillar Two tax will be payable.

"I've experienced more collaboration on Pillar Two than anything in my career to date. Pillar Two needs such a wide range of knowledge and skill sets including international tax, advisory skills, tax accounting skills, data wrangling skills, understanding practical considerations and compliance skills. This means projects are being shaped in ways I haven't seen before and I've enjoyed finding new ways of working together. I've experienced this both from an internal Deloitte perspective but also with the businesses we are working with."



Alison Lobb
Partner





Responsible tax and legal engagement starts with understanding. Claire Galineau, Associate Director in our Tax Policy group, talks about the efforts we go to on Budget Day to promote understanding of changes to our tax system.

For me Budget Day starts months earlier. The whole event is a huge logistical exercise that needs careful planning. We usually bring together at least 50 professionals.

The morning of the Budget itself starts early for me. I am up at the crack of dawn to do a last check of what the press is predicting to ensure we have the right skill set represented in person and on call. Of course, Chancellors sometimes surprise everybody by pulling a rabbit out of a hat during their Budget Speech, so we make sure we have around 100 different specialists on standby to assist depending on what's announced.

From midday, we all gather in the main room, amid a sea of laptops and notebooks, for the hours of intense concentration to come! Once the Chancellor stands up, a hush falls over the room as everyone listens intently to the Budget Speech.

We Tweet the main tax announcements as they happen. Immediately after the Budget Speech, we have a call with our Chief UK Economist Ian Stewart and a representative for each major tax to decide the key priorities and messages for our clients.

Each team starts working on their specific deliverable, such as press releases, client bulletins and social media assets. I sit down with the marketing team to work on the key measures that should feature on the 'carousel' (an eye-catching slideshow with graphics and summary text to encapsulate the essence of the Budget) which we post on LinkedIn and X. For the Spring Budget 2024, we also shot a couple of short videos entitled "The Budget in 60 seconds" featuring our Chief UK Economist and our Head of Tax & Trade Policy.

By 6 p.m., most immediate response deliverables are out so we can all enjoy a bite to eat where we can finally step back from the detail and chat with colleagues about our impressions of the announcements and the key data we've gathered. Some of us stay on for the evening shift to write "post budget" insight pieces, work on key messaging for the next day's press rounds and to prepare the slides for Deloitte's clients webinar. Some of us take the opportunity to go home and continue working from there, with everyone finally stood down shortly after 10 p.m. with the release of last of the day's client bulletins.

Promoting the growth of the UK economy

Across the political spectrum achieving growth and productivity is recognised as being the best way to alleviate the tax burden without compromising public services. Our work is intimately connected to numerous drivers of growth.

Helping UK trade flow smoothly

In FY24, our Global Trade Bureau ('GTB') facilitated customs declarations in respect of over 121,000 import/export flows with a combined value in excess of £18 billion, and associated taxes and duties of almost £225 million.

Our UK Trade Analytics tool has now identified over £180 million of potential customs duty reclaim opportunities across a variety of UK inbound supply chain flows, which resulted in Deloitte supporting successful reclaims of over £8 million in duty on behalf of clients during FY24. We expect this to substantially increase next year. 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.

A household name retailer we have worked with imports over 12,000 consignments of goods a year, worth over £1bn, requiring over 40,000 customs declarations and leads to over £200m of duty and import VAT under management. Existing compliance models for businesses like our client place emphasis on getting goods from A to B fast, but sometimes at the cost of tax and administrative oversight and efficiency. The UK's exit from the EU has presented businesses like our client with fresh challenges to getting goods into and out of the UK and then to Ireland. By default, goods pick up a duty charge of up to 16% every time they move cross border, eroding margins.

During FY24 our client consolidated their customs compliance partner and trusted Deloitte to support them across every channel of customs brokerage for each international trade corridor. Using GTB's specialist integration and duty management technology tools, we convert the data that our client makes available to apply a tailored combination of routines which access free trade agreements, duty reliefs and duty suspension programmes actively approved and endorsed by HMRC.

GTB is now helping our client pay the right amount of duty in the right place and at the right time. This means paying only once and at the lowest applicable rate, which is often zero. Supply chain benefits have included for example halving the time taken to get goods from UK processing centres to Irish stores.

Financial Investors

Our Financial Investors Tax team supports the deployment of international capital in the UK through a broad practice advising clients across the investment lifecycle. This investment is integral to the sustained growth of the UK economy, with private equity and venture capital backed businesses in 2023 employing 2.2 million workers and directly generating £137 billion of GDP. Our work is varied and our tax contribution is across the entire lifecycle – for example:

- Our Mergers and Acquisitions and Real Estate teams advise on transactions that drive investment, productivity and innovation in key areas of the UK economy, ranging from infrastructure projects in the renewable and energy transition space to real estate regeneration programmes.
- Our Private Funds team have advised clients on numerous impact fund structuring projects in the private equity and infrastructure space, with the aim of creating structures which balance tax risk and compliance obligations with positive social outcomes and flexibility for investors which include pension funds and public sector bodies.
- In the Credit and Restructuring space, our team support companies in working through challenges with lenders and investors and agreeing turnaround growth plans for the future of the business and its people. These are critical one-off events for our clients so timely, specialist support is important, making it a very rewarding space to work in.



Incentives and Investment

Innovation and investment are what drive the UK economy and the government continues to unlock investment made by the private sector through a range of credits and incentives. Our Gi3 team play a vital role in helping businesses understand and access these incentives.

R&D

In July 2023 HMRC published their report into the UK R&D tax reliefs which expressed concerns over abuse and boundary pushing and suggested an annual overclaim of circa £1 billion of benefit. Following publication, the government has acted in a number of ways to tackle their concern of abuse and boundary pushing, particularly among SMEs, resulting in a new merged R&D regime, which has significant implications even for the mainstream, legitimate claims we handle for our clients. There has also been a significant increase in HMRC enquiries into claims – with HMRC’s stating their intention to enquire into 20% of all claims made (up from 1%). We have supported a number of claimants with these enquiries, hosted Webinars on how best to navigate this new landscape and run a client roundtable event with Michael Firth KC providing insight. With this responsible approach at its heart, during FY24 we provided R&D support to around 400 innovative clients in more than 15 sectors covering more than £2 billion of investment.

Capital Allowances

The desire to stimulate the UK economy through investment continues with the recently introduced full expensing rules. Our team has supported over 200 clients from a range of sector, including advising some of the largest UK infrastructure projects.

Patent Box

The UK’s Patent Box regime enables businesses involved in cutting edge R&D to have profits from patented innovations taxed at a reduced rate. We have provided Patent Box claim support to more than 60 such clients, generating at least £2.7 billion in profits in the UK and supporting jobs and future investment

Grant funding

The government continues to make announcements on funding for private businesses that will support delivery of the UK’s strategic priorities with three key themes mainly focussed on green energy, automotive and life sciences, while supporting economic growth and job creation. We have supported clients in understanding the evolving UK funding landscape and the extent to which they can benefit now and in the future, and have helped secure many millions of pounds of funding for clients, including a £100+ million discretionary award for investment in the UK life sciences sector (see [next section](#) for examples of our work supporting energy transition).

Innovation efficiency and compliance immigration

UK employers are operating in an environment of tighter immigration rules, with more likely to be on the way. The Deloitte immigration team helps navigate clients through this complex landscape and access the skills required to drive UK and global productivity and growth.

Our tools, GoWork and GoVerify, streamline time-consuming processes that would otherwise require significant manual input from mobility and talent acquisition teams. Our clients have processed 80,000 (35,000 to June 2023) eligibility assessments globally using our UK developed GoWork tool and Deloitte UK has processed almost 200,000 global new employee checks in the last 12 months.

Our tools, GoWork and GoVerify, streamline time-consuming processes that would otherwise require significant manual input from mobility and talent acquisition teams.



Responding to challenges in society

Through our work and charitable effort, we are making a positive contribution to how society responds to key challenges such as inequality and climate change.

Providing tax assistance to those in need

We continue to work closely with the tax charities, TaxAid and Tax Help for Older People, to support vulnerable, low-income taxpayers who need help with their tax problems but cannot afford to pay for professional advice. The charities provide a free and confidential service, giving independent advice across the range of tax issues that impact people on low incomes.

For many of those supported by the tax charities, their tax problems are caused or exacerbated by other issues in their lives such as bereavement, mental or physical ill-health, job loss or business failure, language barriers or educational needs. With the rise of the gig economy, even those who would have previously had little interaction with the tax system are encountering problems.

Often the tax problems seem insurmountable but can be resolved easily with professional help. The support provided to the beneficiaries often removes a weight from their shoulders and allows them to focus their time and energy on other areas of their life.

“Our four-person team is collaborating with TaxAid and Tax Help for Older People on the beneficiary assessment project and looking to offer constructive challenge to existing approaches. Our team is skilled in conducting current-state assessments and gathering market research to inform strategic direction. We’re excited to be part of this impactful project to help the charities meet their objectives and the needs of their beneficiary population.”



Sophie Fraser
Tax Consultant

In FY24, we provided a part-time secondee to help manage the corporate volunteering programme, continued to support the charities to use the Salesforce case management system and increased our annual donation to £50,000. We have continued to adapt and improve our corporate volunteering programme to deliver more effective and efficient support, and a new cohort of volunteers received training at the end of FY24, ready to start casework in FY25.

We are also commencing a pro-bono beneficiary assessment project to help the charities better understand the needs of current and potential beneficiaries.

“The breadth of support provided by Deloitte demonstrates their commitment to the charities to enable us to meet our charitable purpose. We are very grateful for the financial donation that supports our core costs, but we are also immensely grateful that Deloitte actively listen to the challenges we face and relentlessly work with us to identify how the skills in their own team can contribute to the solutions. As a consequence the Deloitte staff we have worked with in 2024 have not only provided help on the Corporate Volunteering programme, our CRM software, and strategic review project but it has been a pleasure to work with them and benefit not just from their skills, but also their enthusiasm and fresh perspective.”



Valerie Boggs
CEO of TaxAid and Tax Help for Older People on the impact of Deloitte’s support for the charities



Ensuring fair pay for workers

Minimum wage and holiday pay

The Low Pay Commission estimates around 1.6 million people in the UK were paid at or below the minimum wage in April 2023 – around 5% of all UK workers. Rules on the minimum wage and holiday pay are complex and frequently subject to change. 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.

During FY24, our Fair Pay team (which comprises employment lawyers, reward consultants and data analysts) have continued to advise clients on national minimum wage and holiday pay compliance. In FY24 we reviewed over 629,000 employees for national minimum wage or holiday pay underpayments.

Fair treatment of tips

The government has this year introduced new legislation to ensure that all tips and service charges are distributed fairly and in full to workers. This legislation will take effect in October 2024 and already our Fair Team have helped a number of large restaurant chains, casinos and tips software providers to ensure that they are compliant with the new legislation and that workers are receiving the tips they are entitled to.

Equal pay and the gender pay gap

According to the Office for National Statistics, the UK gender pay gap for all employees was 14.3% in 2023, 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.

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.

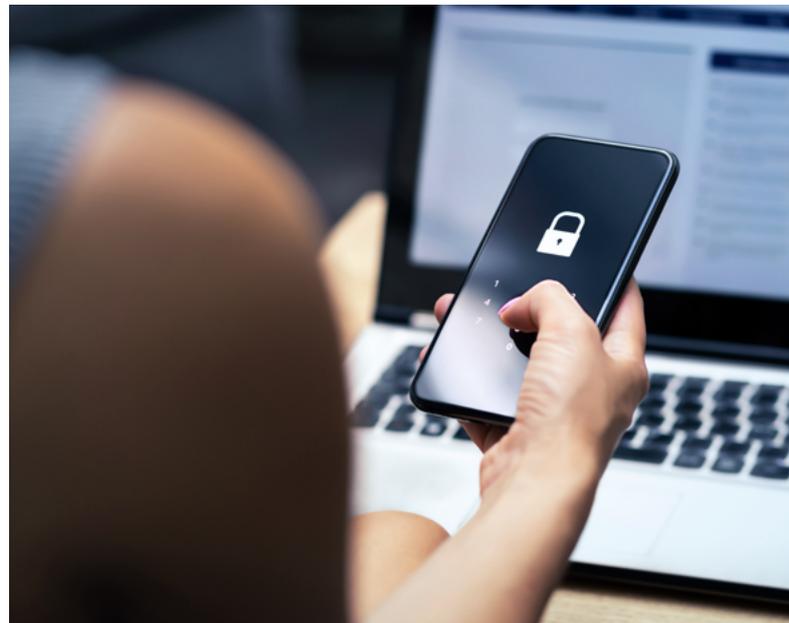
In FY24 we assisted 14 large clients with their UK gender pay gap reporting and calculations and are helping clients voluntarily report on their ethnicity pay gap.

At Deloitte, closing our pay gaps is an integral part of our inclusion strategy and this year our reporting shows we are making good progress. More details about our pay gaps, plus the actions we are taking to address them and progress against our inclusion agenda, are available in our Pay & Inclusion Report 2024.

Online safety

The Online Safety Act introduced a new UK regulatory framework to improve user safety online, imposing duties on online service providers to prevent users encountering illegal and harmful content. It granted Ofcom increased regulatory powers requiring a proactive approach to user safety, protection of children, user rights, and transparency in service design and operation, as well as the implementation of underpinning governance, risk and compliance.

Deloitte's internet regulation team is supporting in scope businesses through all phases of the regulatory compliance lifecycle. We are helping our clients to meet the requirements of the Act, and keep their users, including children, safe online.



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Environmental Grants

We have been helping many businesses understand and successfully apply for incentives the government is using to promote changes in behaviour.

Case studies

Concrete manufacturer

The cement making process is well known as one of the largest CO₂ emitters. The process is energy intensive, and not suited to low emission fuels. The only option to mitigate is carbon capture and storage which are expensive projects, and fraught with uncertainty. Deloitte helped the client to apply for engineering subsidies of c. £2.5m.

Data Centre manager/owner

Data centres are energy intensive, with cooling systems and back up uninterruptable power supplies (UPSs) systems in place (leading to energy wastage). Their client base includes media outlets and so have an enormous amount of data to store and support. Their UPSs are being upgraded to a higher standard to reduce energy emissions, modernising and removing carbon with their operations. Deloitte has helped the client to apply for grants of around £450k to assist with this carbon reduction project.

Fabric and geotextile engineering/manufacturing business

The business has multiple highly energy intensive projects including a vapour compression project. They have a decarbonisation roadmap in place, but struggle to support this financially. As such, we're helping them with obtaining a grant of £4m to invest in new condenser to make their operations move towards being carbon neutral.

Tax Transparency

Looking forward, finance and tax leaders see increase tax transparency as a priority for the coming year and we are helping clients understand the impact of relevant rules (such as public country by country reporting of tax data) and standards (such as the EU Corporate Sustainability Reporting Directive) and develop an appropriate response.

Deloitte's internet regulation team has been supporting in scope businesses through all phases of the regulatory compliance lifecycle.



Appendix



Tax policy: Financial Year ending 31 May 2025 **15**

Tax contribution: Financial year ending 31 May 2024 **16**

Tax policy: Financial Year ending 31 May 2025

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

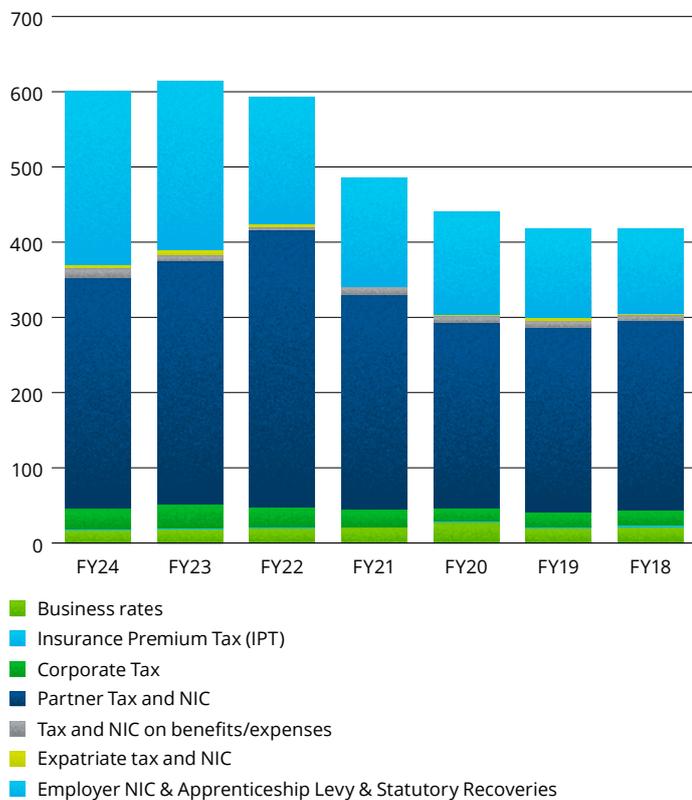
This tax policy is aligned with our Ethics Code and is approved and owned by the Executive and overseen by the Board. It is published in compliance with the requirements of Paragraph 16(2) and Paragraph 25 of Schedule 19 to the Finance Act 2016. It applies for the financial year ending 31 May 2025 and all subsequent years until superseded.

Tax contribution: Financial year ending 31 May 2024

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 £603m in respect of the past year (FY23: £613m). The partnership itself does not pay tax and national insurance on profits as UK tax rules look through a partnership to its members to tax those profits.

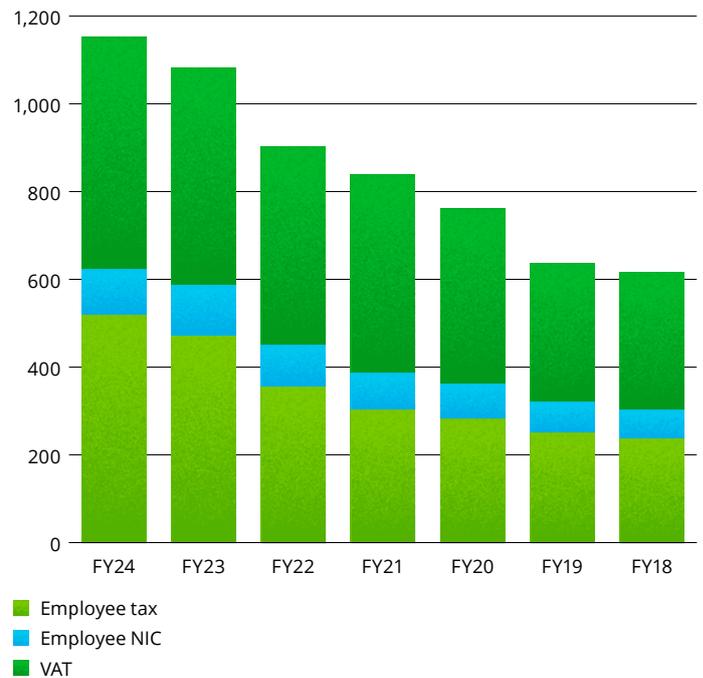
The tax and national insurance borne by the members of Deloitte relates to the profits earned by them. Income tax and national insurance payable by members on the current year profits arising in the UK is estimated to be £307m (FY23: £323m). The average effective rate of tax for members is 49.87% (FY23: 50.42%).

Taxes paid by Deloitte in the UK (£m)



In addition, Deloitte has collected business taxes on behalf of the UK Exchequer of £1,151m (FY23: £1,084m) which includes employee tax and national insurance of £622m (FY23: £587m) and VAT of £530m (FY23: £496m).

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





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