Country Snapshot

Welcome to the 2014 Barclays' *Country Snapshot*.

This is our second report providing information on Barclays' business activities in the countries in which we operate. We provide details of turnover, employee numbers, the profits we generated, the tax we paid and any subsidies we received in each country in which we have significant business alongside a brief explanation of the business we undertake there. Because some of the numbers are complex and can be hard to interpret we have tried to explain clearly how they are generated.

In 2014 Barclays paid £3,485m of tax (2013: £3,374m) of which £1,713m was paid in the UK (2013: £1,425m). We were ranked in the top three UK taxpayers by PwC in their latest annual survey of the One Hundred Group which represents most of the UK's largest companies, and have continuously been ranked in the top four in their last three surveys. This significant contribution to the UK economy reflects the fact that we are a UK-headquartered bank. The increase in UK taxes reflects growing payments of corporation tax alongside an increase in Bank Levy due to higher levy rates. The table below shows our total UK payments include very significant amounts of social security and VAT. UK corporation tax is a relatively small part of the overall contribution as this is paid only on the profits Barclays actually generates in the UK, not on profits generated in other parts of our business and then passed to our UK headquarters as dividends, for example. So of the UK profit before tax of £3,440m identified in the table below, around £3,289m is actually dividends from our businesses in other countries.

As the table below makes clear, the vast majority of profits that are generated in other parts of our business are subject to corporation tax in the countries where they are generated – often at a higher rate than in the UK. Globally, we paid £1,026m (2013: £830m) of corporation tax in 2014 (excluding withholding taxes) making our global cash tax rate 45% (2013: 29%). The cash tax rate is the corporation tax paid in 2014 divided by our group profit before tax. When we include other taxes we paid, the total comes to £3,485m in 2014 (2013: £3,374m). These numbers represent taxes we have borne and do not include any taxes collected on behalf of any tax authority, such as income tax collected via PAYE and employees' national insurance contributions or VAT charged on our supplies.

Overview of the table

The table below provides the following information for Barclays in 2014:

Country: In most cases, we have determined which country to report activity under by looking at country of tax residence. Where activities are carried on by entities that are not themselves subject to tax (for example certain partnerships), then we have considered other factors such as the location of management and employees, the jurisdiction in which the majority of revenues are generated, and the country of establishment of the entity's parent. In these cases it is possible that tax is paid in a different country to the one where profits, upon which the tax is paid, are reported.

Commentary: We are also required to publish the nature of our activities in each country, and have classified our activities as retail banking, corporate banking, investment banking, wealth and investment management, and Barclaycard, primarily being credit card and payment processing. That disclosure is included within the Commentary column in the table below together with our explanation of any matters of interest.

Turnover: Turnover gives an indication of the size of our business in each country, and we have ordered the table in descending order. Some of these numbers need to be treated with care as technical accounting requirements in the way these figures are prepared means there is an element of double counting. Profits generated in South Africa and then paid to the UK as a dividend for example, will be counted within both the South Africa and UK figures. These adjustments, called intra-group eliminations, are broken down by type at the end of the table and total around £5.7bn for 2014 in relation to turnover.

Profit / (loss) before tax: These numbers are accounting profits. As with the Turnover figures, these numbers include some double counting which is reconciled at the bottom of the table. Total intra-group eliminations for the profit / (loss) before tax column are around £3.3bn. The bulk of this is accounted for by the UK.

Total tax paid: This column shows the total tax Barclays actually paid in each country in 2014. The following columns break this total down into its constituent parts. Most of the taxes paid in any given year will not relate directly to the profits earned in that year. For example, Bank Levy is a tax on the amount and way we fund ourselves and is paid regardless of whether or not we make any profit.

Corporation tax paid: This column records corporation tax actually paid in each country in 2014. Corporation tax payable in any given year rarely relates directly to the profits earned in the same 12 months. This is because tax on profits is paid across multiple years, and taxable profits are calculated as prescribed by tax law – which usually results in differences between accounting and taxable profits. This means it is possible that relatively high corporation tax can be paid when accounting profits are low and vice-versa. The amount of tax paid of £1,552m (2013: £1,558m) shown in the financial statements also includes withholding taxes. Withholding taxes comprise the tax charged on dividends or other income received, which is typically paid at the point of a distribution from one country to another. They reflect taxes of the country in which the payer is situated rather than the country in which the dividends or other income are received. We have kept these amounts separate from corporation tax paid by country in the table below.

Social security paid: These figures are straightforward; they are taxes borne by us, based on government social security policies in each country and, for example, in the UK represent employer's national insurance contributions. They do not represent income tax on payments to our employees or employees' national insurance contributions which are taxes collected but not borne by us.

VAT paid: This includes VAT and other consumption taxes (including GST, consumption tax and US Sales and Use Taxes). These are irrecoverable Value Added Tax figures. Unlike many other businesses, financial services businesses are only able to reclaim a small proportion of the VAT they incur, making VAT a significant part of our tax contribution. Not all countries have a VAT system which is reflected in the entries in the table below. These numbers do not include any VAT charged to customers on Barclays' product base and collected on behalf of tax authorities.

Bank Levy paid: Bank Levy is a tax paid to the UK government on our global balance sheet as we are a UK headquartered bank. By this we mean it is a tax charged on the funding we raise to support our businesses globally. As with corporation tax the Bank Levy is paid across multiple years and therefore the tax paid of £525m in 2014 should not be expected to equate to the accounting accrual in 2014 of £462m.

Other: Other taxes are the material property taxes that Barclays paid in 2014 and include, for example, taxes on the property we use in our business such as our network of high street branches.

Public subsidies received: Barclays received £1m from the Israeli Government in exchange for supporting IT job creation in Israel and £1m from Scottish Development International in relation to job creation in Scotland.

Number of Employees: The number of employees has been calculated as the average number of employees, on a monthly full time equivalent basis, who were permanently employed by Barclays PLC or one of its subsidiaries during the relevant period. Contractors, agency staff, and staff on extended leave, such as maternity leave, are excluded.

Intra-group eliminations: These include adjustments that relate principally to transactions between Barclays businesses in different countries which are included within the individual country turnover, but are then eliminated in determining the overall group results to avoid double counting. Intra-group eliminations include dividend payments, income from intra-group transfers of assets, and income arising from hedging transactions that occur at a consolidated Barclays group level rather than an individual entity level.

The comparable information for 2013 can be found on our website at www.barclays.com/citizenship/reports-and-publications/country-snapshot/country-snapshot-2013.html

Independent auditors' report to the Directors of Barclays PLC

We have audited the accompanying schedule of Barclays PLC for the year ended 31 December 2014 ("the schedule"). The schedule has been prepared by the directors based on the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Directors' Responsibility for the schedule

The directors are responsible for the preparation of the schedule in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the schedule, and for such internal control as the directors determine is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the information labelled as audited in the schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the country-by-country information labelled as audited in the schedule as at 31 December 2014 is prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Basis of Preparation and Restriction on Distribution

Without modifying our opinion, we draw attention to the fact that the schedule may not be suitable for any other purpose other than meeting the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013, in accordance with which it has been prepared.

Our report is intended solely for the benefit of the directors of Barclays PLC. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
2 March 2015
London, United Kingdom

Country Snapshot 2014

Country [1]	Commentary	Audited Turnover £m	Audited Profit / (loss) before tax £m	Unaudited Total tax paid £m	Audited Corporation tax paid £m	Unaudited Social Security paid £m	Unaudited VAT paid £m	Unaudited Bank Levy paid £m	Unaudited Other taxes paid £m	Audited Public subsidies received £m	Audited Average number of employees
United Kingdom	We are one of the largest banks in the UK, with operations spanning all business lines. As we are headquartered in the UK, the profit figure includes intra-group dividends received. These dividends are not taxed in the UK.	16,217	3,440	1,713	208	431	482	525	67	1	49,793
United States	Our principal US activities include a significant and wide ranging investment banking business and Barclaycard operations. We pay US taxes, including federal, state and local corporate income taxes, on the profits from those activities at rates in excess of the UK corporation tax rate.	5,753	397	457	363	80	3	-	11	-	10,721
South Africa	Barclays owns 62.3% of Barclays Africa Group, which in turn owns Absa Bank, a household name in South Africa, and provides a full range of banking services including retail and investment banking. Operations span all business lines. Profits are taxed locally at rates in excess of the UK corporation tax rate.	2,886	845	308	242	10	49	-	7	-	31,873
Singapore	Singapore is a regional hub for our investment bank and wealth and investment management businesses as well as providing corporate banking facilities. We employ a significant number of back-office and support staff in Singapore. These activities are taxed locally at below the UK corporation tax rate.	700	54	18	6	12	-	-	-	-	3,477
Luxembourg	We carry on investment banking and treasury activity in Luxembourg including equities business, raising and providing financing from and to clients, and funding our international operations. Luxembourg continues to be an important location for the bank although the turnover of the Luxembourg business declined by more than half from £1,389m in 2013, reflecting changes in the activity carried on and an increase in the funding and hedging costs the business pays within the Barclays Group. Luxembourg tax was not paid on the great majority of the profits due either to the offset of tax losses, or as a result of dividends not being taxed under Luxembourg law.	609	593	4	3	-	1	-	-	-	30
Spain	During 2014 operations spanned all business lines. The loss before tax reflects the reduction in value of the retail business pending its sale in early 2015. The low level of corporation tax paid reflects losses in our operations in Spain.	457	(745)	52	-	26	24	-	2	-	2,944
Germany	In Germany we are a leading credit card issuer through our Barclaycard business and also have investment banking operations. We received a tax refund in 2014 due to previous overpayments of tax.	352	69	(40)	(48)	2	6	-	-	-	730
Jersey	During 2014 we provided banking, investment management, trust and fiduciary, and brokerage services in Jersey. These activities are taxed locally at rates below the UK rate. A significant part of the profit arises from investment bank business, most of which is ultimately taxed in the UK. Investment bank business in Jersey was wound down during 2014, which is expected to further reduce the turnover reported in Jersey in future periods.	347	234	8	7	1	-	-	-	-	275
Hong Kong	Hong Kong is a regional hub for the investment bank, and also includes corporate banking and wealth and investment management operations. There was no corporation tax paid due to the losses in our operations in Hong Kong.	295	(46)	-	-	-	-	-	-	-	803

[1] A list of the main entities that Barclays operates through around the world and which together contribute over 90% of the Group's turnover can be found on our website at: www.barclays.com/content/dam/barclayspublic/docs/Citizenship/Reports-Publications/legal_entity_list_020315.pdf

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France	Our operations span all business lines. We received a corporation tax refund in 2014 due to previous overpayments of tax.	280	(10)	68	(5)	62	11	-	-	-	1,341
Portugal	Our operations span all business lines. The low level of corporation tax paid reflects losses in operations in Portugal.	265	(83)	16	5	-	11	-	-	-	1,479
India	Our business in India comprises corporate banking, investment bank and wealth and investment management operations locally taxed at rates above the UK corporation tax rate. We also employ a large number of back-office and support staff to support international operations and technology development.	257	116	38	31	5	2	-	-	-	12,765
Isle of Man	We provide banking, investment management, trust and fiduciary, and brokerage services. Once internal dividends, which are not subject to tax in the Isle of Man, are removed to avoid double counting, 2014 profits in the standalone Isle of Man business were £72m. These activities are taxed locally at rates below the UK rate.	250	170	9	7	2	-	-	-	-	481
UAE	Our operations included corporate and retail banking. The profit in 2014 largely relates to the disposal of retail banking operations during the year. No corporation tax was paid due to tax losses from previous years.	248	142	-	-	-	-	-	-	-	497
Italy	Our operations span all business lines. The tax paid reflects payments in respect of prior years.	229	(101)	53	16	18	18	-	1	-	1,050
Japan	Japan has significant investment bank operations, as well as corporate banking and wealth and investment management. The relatively high amount of corporation tax paid relates to tax being paid in arrears on prior year profits, as opposed to payments on a loss in 2014.	224	(22)	42	34	7	1	-	-	-	710
Kenya	Our operations span all business lines and are taxed locally at a rate higher than the UK corporation tax rate.	195	85	30	24	-	6	-	-	-	2,853
Switzerland	We undertake investment bank and wealth and investment management operations in Switzerland. Once internal dividends, which are not subject to Swiss tax, are removed to avoid double counting, 2014 profits in the standalone Swiss business were £2m. The high level of corporation tax paid mainly reflects payments made in respect of prior years.	181	7	27	11	12	3	-	1	-	376
Egypt	Our operations span all business lines and are locally taxed at a rate higher than the UK corporation tax rate.	112	55	20	18	1	1	-	-	-	1,338
Ghana	Our Ghana retail, corporate banking, investment bank and wealth and investment management operations are locally taxed at a rate higher than the UK corporation tax rate.	94	54	16	14	1	1	-	-	-	1,139
Monaco	Our Monaco wealth and investment management activities are taxed locally at a rate higher than the UK corporation tax rate.	91	17	11	4	4	3	-	-	-	166

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Botswana	Our Botswana retail, corporate banking, investment bank and Barclaycard operations are taxed locally at a rate just above the UK corporation tax rate.	83	23	3	3	-	-	-	-	-	1,257
Tanzania	Our Tanzania retail, corporate banking and investment bank activities paid a low level of corporation tax due to tax losses from previous years.	80	8	1	-	1	-	-	-	-	1,826
Mexico	We have investment banking activities in Mexico. The corporation tax paid is relatively large primarily due to payments being based on future estimated profits.	70	45	48	46	-	2	-	-	-	64
Mauritius	We operate full-service retail and corporate banking businesses through our branch network in Mauritius and our operations cover all business lines. The majority of these activities are taxed locally under Mauritius law at 4%.	65	23	1	1	-	-	-	-	-	817
Zambia	Our Zambia retail, corporate banking, investment bank and wealth and investment management operations are locally taxed at a rate higher than the UK corporation tax rate.	64	19	7	6	1	-	-	-	-	1,059
Brazil	Our investment bank operations in Brazil are taxed at a rate above the UK corporation tax rate; however, corporation tax losses from previous years reduced the amount of corporation tax paid.	63	27	5	1	4	-	-	-	-	107
Canada	Our Canadian investment bank and wealth and investment management operations are taxed locally at a rate higher than the UK corporation tax rate.	52	15	5	4	1	-	-	-	-	72
Ireland	We have corporate banking, investment bank and wealth and investment management operations in Ireland.	51	30	8	7	1	-	-	-	-	128
Other	Includes all countries with a turnover of less than £50m in 2014. Collectively the cash tax rate is higher than the UK corporation tax rate.	392	75	31	18	11	2	-	-	1	5,165
Subtotal		**30,962**	**5,536**	**2,959**	**1,026**	**693**	**626**	**525**	**89**	**2**	**135,336**
Withholding and other taxes		-	-	526	526	-	-	-	-	-	-
Intra-group eliminations:											
Dividends		(3,413)	(3,413)	-	-	-	-	-	-	-	-
Recharges		(2,515)	-	-	-	-	-	-	-	-	-
Asset transfers		10	10	-	-	-	-	-	-	-	-
Hedging		(20)	12	-	-	-	-	-	-	-	-
Other		264	111	-	-	-	-	-	-	-	-
Total		**25,288**	**2,256**	**3,485**	**1,552**	**693**	**626**	**525**	**89**	**2**	**135,336**

Our approach to tax

During 2013 we set out clear Tax Principles that govern our approach to tax. Any tax planning must:

- support genuine commercial activity;
- comply with generally accepted custom and practice, in addition to the law and the UK Code of Practice on Taxation for Banks;
- be of a type that the tax authorities would expect;
- only take place with customers and clients sophisticated enough to assess its risks; and
- be consistent with, and seen to be consistent with, our Purpose and Values.

Our business

Tax influences decisions about how we run and organise our business and about where we base our operations. Making these decisions is an integral part of running a commercial organisation. When tax is a factor in deciding where or how we do business we ensure that it is fully consistent with our Tax Principles and that the operations are genuinely carried out in those locations in which they are taxed. Arrangements that artificially transfer profits into a low tax jurisdiction would not be compliant with the Tax Principles.

We are sometimes required to make decisions that affect our tax position but have no other impact on our business – for example, choosing to make claims or elections under tax law, or choosing between different forms of legal entity. Such decisions must comply with all our Tax Principles.

Our clients

Barclays does not provide standalone tax advice to clients and any comments we make to clients about tax are only made in the context of our business with clients.

Our Tax Principles make it very clear that all tax planning must support genuine commercial activity. For example:

- some financing arrangements promoted by third parties enable investors to benefit from government tax incentives. In some cases these arrangements may be structured to artificially increase the tax benefit so that it is disproportionate to the size of the investment and the result would not be one that the relevant tax authority would expect. In these circumstances we would not agree to provide funding to the investor as the transaction would not comply with our Tax Principles; and

- if the director of a company who also owns shares in that company requests a personal loan, we need to understand if the loan is connected with their role as director. This is because the loan could enable the director to receive cash instead of dividends being paid by the company, thereby avoiding a tax charge that would otherwise have arisen on the dividend income. If we are dissatisfied with the purpose of the loan, or the arrangements between the director and the company concerning the loan are not transparent, we will not agree to provide such a loan in these circumstances as this would not comply with our Tax Principles.

Activities and taxes in offshore financial centres

Barclays has business operations in a number of jurisdictions which have low tax rates. For example, we operate full-service retail and corporate banking businesses in both Mauritius and the Seychelles. In both cases we are one of the leading banks in the country, having operated there for more than 50 years. Closer to the UK, we also have operations in offshore financial centres which are based principally in the Isle of Man, Jersey and Guernsey, where our wealth and investment management operations are a long-term major local employer.

We have also historically incorporated companies under the laws of certain low tax jurisdictions because the local company law makes it easy and cost-effective to set up and manage companies. Virtually all of the profits generated in these companies are subject to corporation tax at the UK corporate tax rate. The total amount of profit not taxed in the UK, in respect of all our entities incorporated in low tax jurisdictions where we do not have a substantial business, was less than £2m in 2014 (less than 0.09% of the Group's profit before tax) (2013: £3m). We continue to have an objective of reducing the number of entities that we operate in low tax jurisdictions, but recognise that many such companies were established for a genuine commercial purpose that is consistent with our Tax Principles. The total number of companies that are incorporated under the laws of low tax jurisdictions has been reduced to 190 (from 205 in 2013).

Barclays does not market the tax benefits of offshore financial centres to our clients. Where a client chooses to invest via an offshore financial centre, Barclays will only provide the client with services that are compliant with our Tax Principles, for example:

- in many countries in which Barclays Africa operates, regulatory constraints and restrictions on foreign currency transactions limit the amount of funding that the local Barclays Africa entity can provide to clients. Where a client's funding needs exceed the funding that can be provided by the local Barclays Africa entity, additional funding may be provided to the client by Barclays Mauritius. In this situation Barclays Mauritius will only lend to the client after the local Barclays Africa entity has lent to the fullest extent that it can, taking into account the regulatory and foreign exchange constraints; and

- a multinational with a standard Barclays account may choose to make an investment in an African country through a subsidiary in an offshore financial centre. While this may achieve a tax benefit for the multinational we would expect to provide our client with a bank account as doing so is an ordinary part of Barclays' business.