

## Country snapshot

Welcome to Barclays' first *Country Snapshot*, covering 2013.

The origin of this document lies in a Europe-wide regulatory requirement for banks to publish 2013 turnover and employee numbers for all countries where they operate, with further expected disclosure requirements in subsequent years.

We have decided to go further and provide all relevant information this year. So this report also includes details of the profit we generated, tax we paid and the subsidies we received in each country where we have a significant business, alongside a brief explanation of the business we undertake there. Some of the numbers are complex and can be hard to interpret so we have tried to explain clearly how they are generated. Because we are publishing this additional information, we believe this document will be of most interest to those who want to see the amount of tax we pay in the various countries in which we operate.

In February 2013, we set out clear principles to govern our approach to tax. Our tax planning will only support genuine commercial activity; it must comply with accepted custom and practice and be of a type that tax authorities would expect; and we will only undertake it for customers and clients sophisticated enough to understand its risks. In short, all our activity relating to tax must be consistent with our purpose and values.

Tax influences decisions about how we organise and run our business, and about where we base our operations or hold assets. Making these decisions is an integral part of running a commercial organisation and, when tax is a factor in deciding where or how we do business, we ensure there is genuine substance to the activity we conduct in each country.

However, we also have an obligation to our shareholders not to pay more tax than we owe. But we do not seek to avoid paying our share and we are proud of the contribution we make. For example, in 2013 Barclays paid £1,425m of tax in the UK, and we have been ranked in the top four UK taxpayers by PwC in each of their last three annual surveys of the One Hundred Group which represents most of the UK's largest companies.

This contribution reflects the fact that we are a UK-headquartered bank. As the table below shows, our total UK tax payments include very significant social security, VAT and Bank Levy payments that arise from our UK base. UK corporation tax is a much smaller part of the mix 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 £4,874m identified in the table below, around £3bn is actually dividends from our businesses in other countries, and £2.4bn represents gains on internal reorganisations (for example the creation of our Barclays Africa Group), neither of which are taxable in the UK. This is why we have not made a larger corporation tax payment in 2013.

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 £830m of corporation tax in 2013 (excluding withholding taxes) making our global cash tax rate 29%. The cash tax rate is the corporation tax paid in 2013

divided by our group profit before tax. When we include other taxes we paid, the total comes to £3,374m in 2013. 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.

Tax and employment are not Barclays' only economic contribution. From the provision of basic current accounts to the work our investment bank does helping companies and governments raise money for investment, Barclays makes a vital contribution to economic growth and economic growth is in turn vital for a vibrant and growing society.

Bank taxation remains a matter of some public interest, and we believe that Barclays should take a lead in explaining our activity transparently so that we can engage with all our stakeholders on an informed basis.

We hope that this report, along with the information we publish in our Annual Report and our Citizenship Report, will take us further down that road.

June 2014

## Overview

The table below provides the following information for Barclays in 2013:

*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.

*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. 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 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 £8.5bn for 2013 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 over £6bn. 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 2013. 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 we make any profit or not.

*Corporation tax paid:* This column records corporation tax actually paid in each country in 2013. 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. In the UK in 2013, for example, Barclays paid £55m of corporation tax but incurred a taxable loss.

The amounts shown in the financial statements of tax paid of £1,558m 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. Withholding taxes represent taxes on amounts of income rather than taxes

paid on our profits and we have therefore 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:* 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 we 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 we collect from others.

*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. We were the second largest payer of this tax, according to our review of available public disclosures. As with corporation tax the Bank Levy is paid across multiple years and therefore the tax paid of £421m in 2013 does not equate to the accounting accrual in 2013 of £504m.

*Other:* Other taxes are the less material taxes that Barclays paid in 2013 and include, for example, taxes on the property we use in our business such as our network of high street branches.

*Public subsidies received:* The only subsidy Barclays received globally in 2013 was £2m in support from the Israeli Government for IT development by Barclays in Israel.

*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 which 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.

Country	Commentary	Turnover	Profit / (loss) before tax	Total tax paid	Corporation tax paid	Social Security paid	VAT paid	Bank Levy paid	Other taxes paid	Public subsidies received	Average number of employees
		£m	£m	£m	£m	£m	£m	£m	£m	£m	
United Kingdom	We are one of the largest banks in the UK, with operations spanning all our business lines. As we are headquartered in the UK, the profit figure includes intra-group dividends received and gains on internal reorganisations which occurred in 2013. These intra-group items are not taxed in the UK and so are key elements in calculating the taxable loss we incurred in the UK in 2013.	18,953	4,874	1,425	55	440	474	421	35	-	54,595
United States	Our principal US activities include a significant and wide ranging Investment Bank business and our Barclaycard operations, but we have operations across all our business lines with the exception of retail banking. 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.	5,869	703	301	215	86	-	-	-	-	10,688
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 our business lines. Profits are taxed locally at rates in excess of the UK corporation tax rate.	3,202	941	295	226	11	58	-	-	-	31,765
Luxembourg	We carry on Investment Banking activity in Luxembourg including equities business, client financing and funding to our international operations. Whilst Luxembourg will continue to be an important location for our investment banking business, our operations there are changing following the closure of the Structured Capital Markets unit in 2013. Those changes mean the 2014 snapshot is expected to show significantly reduced turnover. Luxembourg tax was not paid on the great majority of the profits due either to the offset of existing tax losses or as a result of dividends being exempt from tax under Luxembourg law.	1,389	1,380	20	20	-	-	-	-	-	14
Jersey	We provide banking, investment management, trust and fiduciary, and brokerage services in Jersey, within the Wealth and Investment Management business line. 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.	972	801	10	9	1	-	-	-	-	285
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.	866	141	19	6	13	-	-	-	-	4,017
Japan	Japan has significant Investment Bank operations, as well as Corporate banking and Wealth and Investment Management. The relatively low amount of tax paid relates to the profit generated in the previous tax year which was substantially lower than 2013 profit, tax on which will be paid in 2014.	519	234	30	20	8	2	-	-	-	762
Spain	Our operations span all our business lines. The low level of tax paid reflects losses in our operations in Spain.	497	(553)	66	1	33	32	-	-	-	3,136
Hong Kong	Hong Kong is a regional hub for the Investment Bank, and also includes Corporate banking and Wealth and Investment Management operations. The apparently high level of tax reflects a tax payment in respect of prior years.	374	25	8	8	-	-	-	-	-	916

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		£m	£m	£m	£m	£m	£m	£m	£m	£m	
Germany	We are a leading credit card issuer in Germany through our Barclaycard business. Our other operations span all our business lines except retail banking. The apparently high level of tax reflects a tax payment in respect of prior years.	368	88	61	57	2	2	-	-	-	720
India	Our business in India comprises Corporate banking, Investment Bank and Wealth and Investment Management operations locally taxed at rates above UK corporation tax. We also employ a large number of back-office and support staff to support our international operations and technology development.	335	94	50	44	3	3	-	-	-	11,422
France	Our operations span all our business lines. The low level of tax paid reflects losses in our operations in France.	326	(36)	87	8	66	13	-	-	-	1,528
Portugal	Our operations span all our business lines. The low level of tax paid reflects losses in our operations in Portugal.	308	(183)	14	4	1	9	-	-	-	1,765
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, 2013 profits in the standalone Swiss business were £2m.	290	101	25	8	13	4	-	-	-	416
Italy	Our operations span all our business lines. The low level of tax paid reflects losses in our operations in Italy.	282	(153)	42	4	21	17	-	-	-	1,193
Kenya	Our operations span all our business lines and are locally taxed at a rate higher than the UK corporation tax rate.	204	79	39	35	-	4	-	-	-	2,912
Isle of Man	We provide banking, investment management, trust and fiduciary, and brokerage services, all within the Wealth and Investment Management business line. These activities are taxed locally at rates below the UK rate.	175	99	9	7	2	-	-	-	-	506
UAE	Our operations span all our business lines. Under local law no tax is payable on these operations.	167	22	-	-	-	-	-	-	-	675
Egypt	Our operations span all our business lines and are locally taxed at a rate higher than the UK corporation tax rate.	122	56	19	17	1	1	-	-	-	1,336
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.	113	55	21	16	4	1	-	-	-	1,165
Botswana	Our Botswana Retail, Corporate banking, Investment Bank and Barclaycard operations are taxed locally at a rate just below the UK corporation tax rate.	93	30	6	6	-	-	-	-	-	1,225
Tanzania	As our Tanzania Retail, Corporate banking and Investment Bank activities generated little profit no tax was due other than employment taxes.	86	1	1	-	1	-	-	-	-	1,862
Monaco	Our Monaco Wealth and Investment Management activities are taxed locally at a rate above UK corporation tax.	84	20	11	4	5	2	-	-	-	167

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		£m	£m	£m	£m	£m	£m	£m	£m	£m	
Australia	Our Australian operations comprise Investment Bank and Wealth and Investment Management businesses. No corporate tax was due in 2013 because of offset of losses from previous years.	84	24	3	-	3	-	-	-	-	103
Brazil	Our Investment Bank operations in Brazil are taxed locally at a rate above UK the corporation tax rate.	77	27	10	5	5	-	-	-	-	123
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.	70	13	7	6	1	-	-	-	-	1,083
Mauritius	We operate full-service Retail and Corporate banking businesses through our branch network in Mauritius and our operations cover all our business lines including investment banking. Profits are taxed at rates up to 15% depending on the type of income earned. Over one third of 2013 profits were generated from the sale of an investment, that was exempt from tax under Mauritian law.	66	29	1	1	-	-	-	-	-	841
Ireland	We have Corporate banking, Investment Bank and Wealth and Investment Management operations in Ireland. The low level of tax paid in 2013 reflects a non-taxable credit on the closure of a pension scheme.	61	46	3	2	1	-	-	-	-	134
Canada	Our Canadian Investment Bank and Wealth and Investment Management operations are locally taxed at a rate higher than the UK corporation tax rate.	56	15	5	5	-	-	-	-	-	79
Guernsey	We provide banking, investment management, trust and fiduciary, and brokerage services, all within the Wealth and Investment Management business line. These activities are taxed locally at rates below the UK rate.	52	34	4	4	-	-	-	-	-	115
Other	Includes all countries with a turnover of less than £50 million in 2013. Collectively the cash tax rate is higher than the UK corporation tax rate.	391	74	54	37	9	7	-	1	2	4,734
<b>Subtotal</b>		<b>36,451</b>	<b>9,081</b>	<b>2,646</b>	<b>830</b>	<b>730</b>	<b>629</b>	<b>421</b>	<b>36</b>	<b>2</b>	<b>140,282</b>
Withholding and other taxes		-	-	728	728	-	-	-	-	-	-
Intra-group eliminations:											
Dividends		(3,104)	(3,104)	-	-	-	-	-	-	-	-
Recharges		(2,769)	-	-	-	-	-	-	-	-	-
Asset transfers		(1,999)	(2,404)	-	-	-	-	-	-	-	-
Hedging		(234)	(296)	-	-	-	-	-	-	-	-
Other		(410)	(409)	-	-	-	-	-	-	-	-
<b>Total</b>		<b>27,935</b>	<b>2,868</b>	<b>3,374</b>	<b>1,558</b>	<b>730</b>	<b>629</b>	<b>421</b>	<b>36</b>	<b>2</b>	<b>140,282</b>