

Country-by-country taxation report

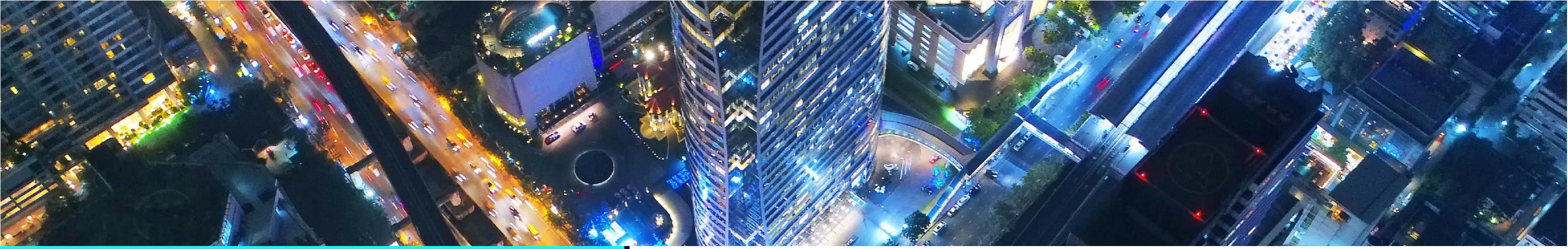
For the accounting period ended 31 December 2024 (FY2024)





Contents

- 01 About Capital
- 01 Our divisions
- 01 Our geography
- 02 Our headline group reported figures
- 02 Our tax strategy
- 03 FY2024 country-by-country reporting
- 06 Primary trading location (UK)
- 08 Other trading locations
- 10 Low tax jurisdictions
- 12 Global delivery centres (GDCs)
- 14 Other jurisdictions
- 15 Terminology



About Capita

Capita is a leading provider of business process services, driven by data, technology and people. Every day our colleagues help millions of people by delivering innovative, digitally enabled solutions to transform and simplify the connections between government and citizens, businesses and customers.

We partner with our clients and provide the insight and technologies that give time back, allowing them to focus on what they do best and making people's lives easier and simpler. We operate across two divisions – Capita Public Service and Capita Experience – in the UK, Europe, India and South Africa.



Our divisions

Capita is split into two core growth divisions focused on distinct market and client needs:

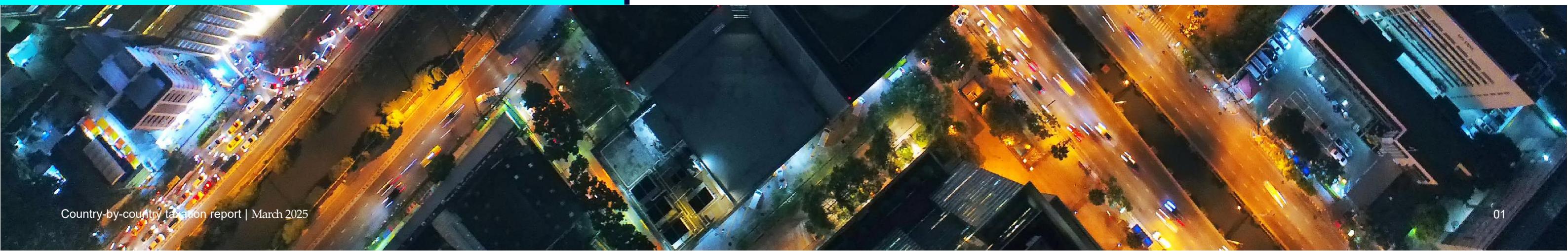
- **Public service** – the number one strategic supplier of business process services (BPS) and technology services to the UK Government. Main verticals: Local Public Services; Defence & National Preparedness; Central Government.
- **Experience** – the UK's leading customer experience business with a blue-chip client base designing, transforming and delivering high-quality customer service. Main verticals: Contact Centre; Pension Solutions; Regulated Services.



Our geography

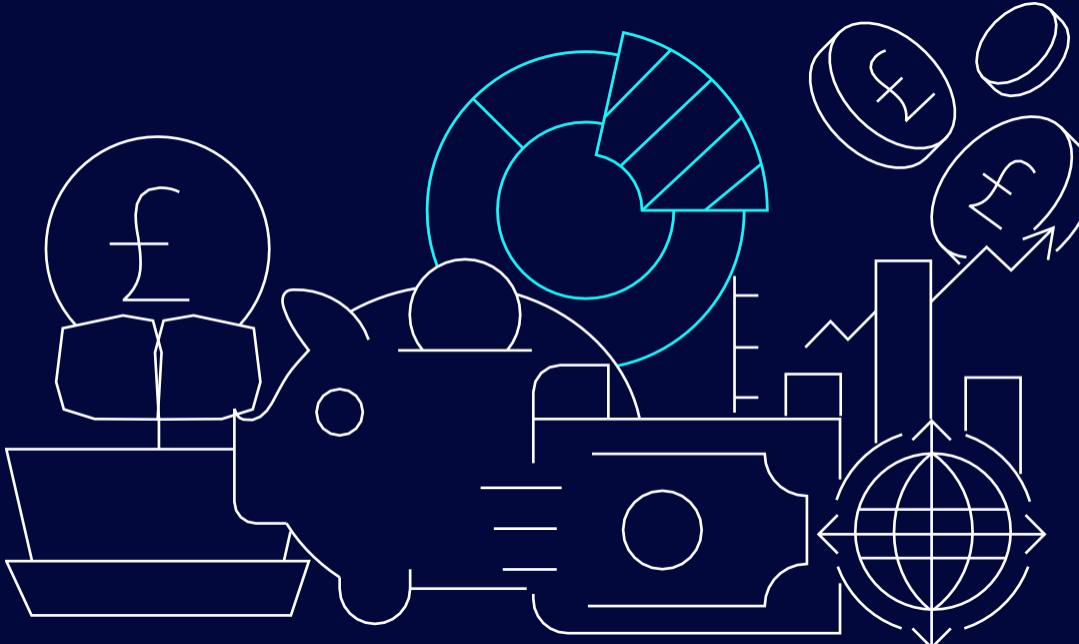
Capita is predominantly a UK-based group, with all main operations and trading in the UK. Outside of the UK, Capita has trading operations mostly in Ireland, Switzerland and Germany. Capita also operates through a number of global delivery centres (GDC) based in Poland, South Africa, India and Bulgaria. These are primarily intragroup services providing entities with minimal third-party trading.

The group has about 90 trading legal entities, which are mostly self-contained and came to be through a significant historic period of acquisition activity. This was countered by the group's divestment programme between FY2021 to 2023, to simplify and strengthen the business around two core divisions. We are conducting an ongoing legal entity rationalisation exercise to further simplify the group structure around the two remaining trading divisions. The trading entities generally employ their own staff and contract with customers and suppliers on their own account. As such, these entities undertake their own activities, use their own IP and assets, assume and take their own risk.



Our headline group reported figures

Accounting period to 31 December 2024



£2,421.6m

Reported revenue



£2,305.0m

Expenditure



£116.6m

Reported profit before tax



£36.2m

Total reported corporate tax charge

This differs from the CBCR table below (page 3) as it includes deferred tax and prior year adjustments



£1.1m

Corporate income taxes received



31.0%

Effective tax rate

Explanations of the ETR are included in the tax notes (2.6) of FY2024 annual report

Our tax strategy

Our published responsible tax strategy document covers our global approach to taxation.

We regularly review our tax strategy to ensure it delivers better outcomes for society and our stakeholders while maintaining transparency, fairness and ethical conduct. Our detailed tax strategy can be found on our [website](#):

[Tax Strategy \(capita.com\)](#).

We complied with this strategy throughout FY2024.



Capita values are aligned to the Fair Tax principles of corporate tax fairness, ethics and transparency. Therefore, we work towards retaining our Fair Tax certification for recognition that we are proud to pay our fair share of corporation tax.

FY2024 country-by-country reporting

Our country-by-country report shows the corporate income tax we have paid globally. The table provides a jurisdictional split of our consolidated accounting numbers under IFRS, on an aggregated basis.

Country	Third-Party revenue ¹	Intragroup revenue	Total revenue	PBT/(LBT) ²	Corporate income tax paid/ (received)	Current tax charge / (credit) ³	Indirect tax paid / (received) ⁴	Employment tax paid / (received) ⁵	Average no. of employees
UK ²	2,344.8	269.4	2,614.3	92.7	(1.5)	10.0	244.6	303.3	23,921
Germany	132.4	(0.3)	132.0	(1.0)	0.1	0.2	0.0	24.6	3,562
Ireland	55.0	0.1	55.1	3.8	(3.2)	0.5	8.5	7.3	951
USA	0.0	0.0	0.0	(0.2)	0.1	0.0	0.0	0.0	0
Isle of Man	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	1
Switzerland	83.9	0.0	83.9	5.6	0.6	0.9	5.6	8.3	1,067
UAE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.7	1
India	1.0	71.2	72.2	9.5	1.7	1.8	(0.6)	8.7	5,852
South Africa	0.1	30.2	30.3	3.9	0.7	1.0	(0.9)	32.2	2,359
Poland	0.0	16.6	16.6	1.5	0.2	0.2	(0.3)	4.5	635
Bulgaria	0.0	5.1	5.1	0.4	0.1	0.0	(0.2)	0.4	159
Cyprus	0.0	0.5	0.5	0.4	0.1	0.1	0.0	0.0	0
Group total ³	2,617.2	392.8	3,010.0	116.6	(1.1)	14.7	256.6	389.5	38,508

¹ Third Party Revenue includes net finance income and gain on business disposals

² PBT excludes discontinued operations but includes specific items such as impairment charges and significant restructuring expenditure

³ This is the tax charge for the current year only. The difference between the total current tax charge in the above table and the current year current tax charge stated in our 2024 Annual Report is due to withholding tax suffered on intercompany dividends

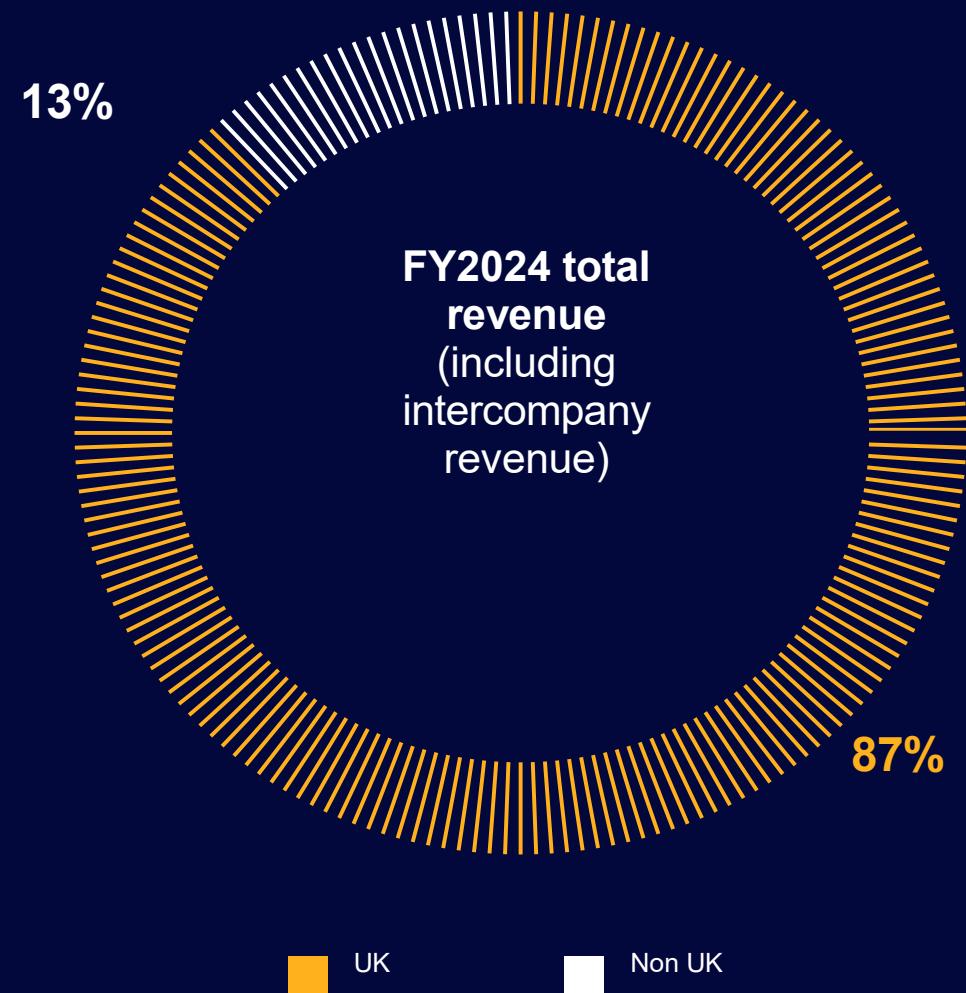
⁴ Net input and output taxes paid, including irrecoverable VAT. GDCs are in a VAT recoverable position due to offshore services being 0% VAT exports.

⁵ Differences in proportion of employment taxes driven by either higher/lower social security rates or salary levels.

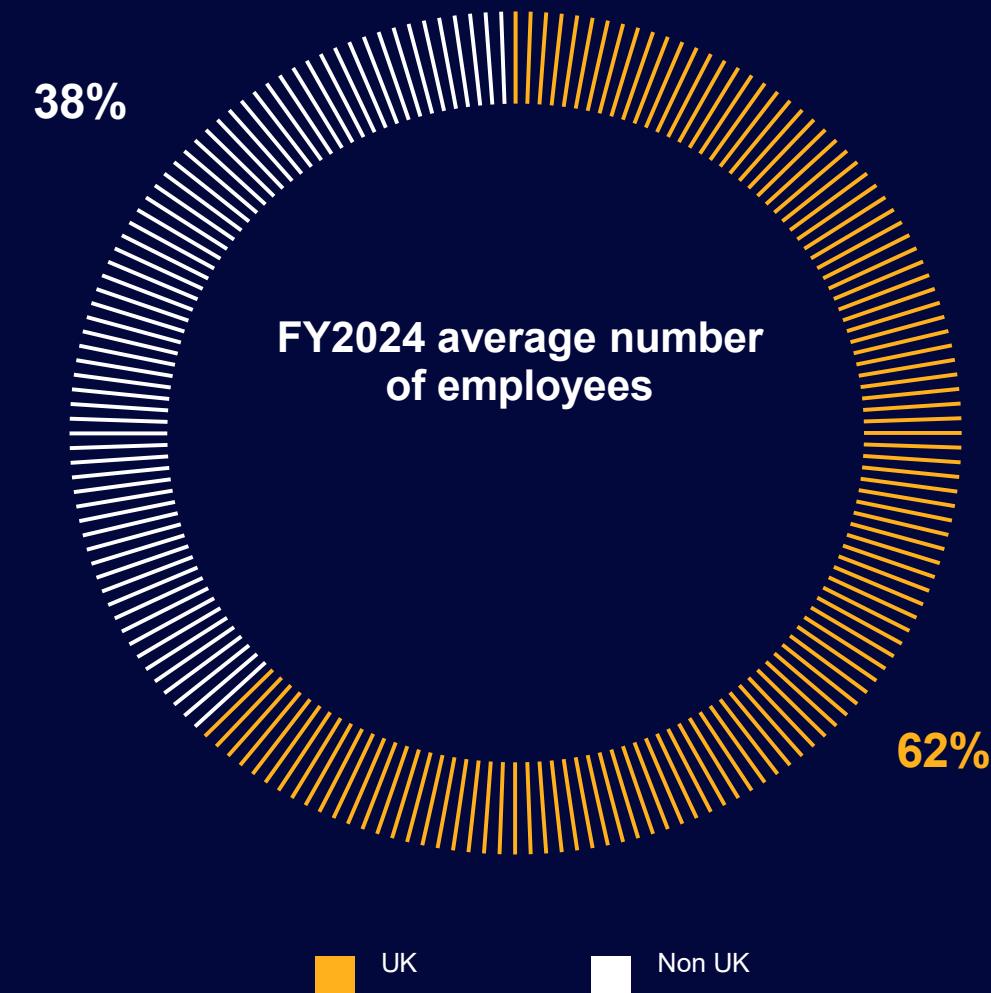
⁶ Group consolidation adjustments are generally included in the UK balances, as these adjustments are mainly for UK group reporting purposes.

⁷ We conduct no material activity in other jurisdictions, with many being wound down or considered for closure, further details can be found at slide 10 onwards

FY2024 country-by-country reporting

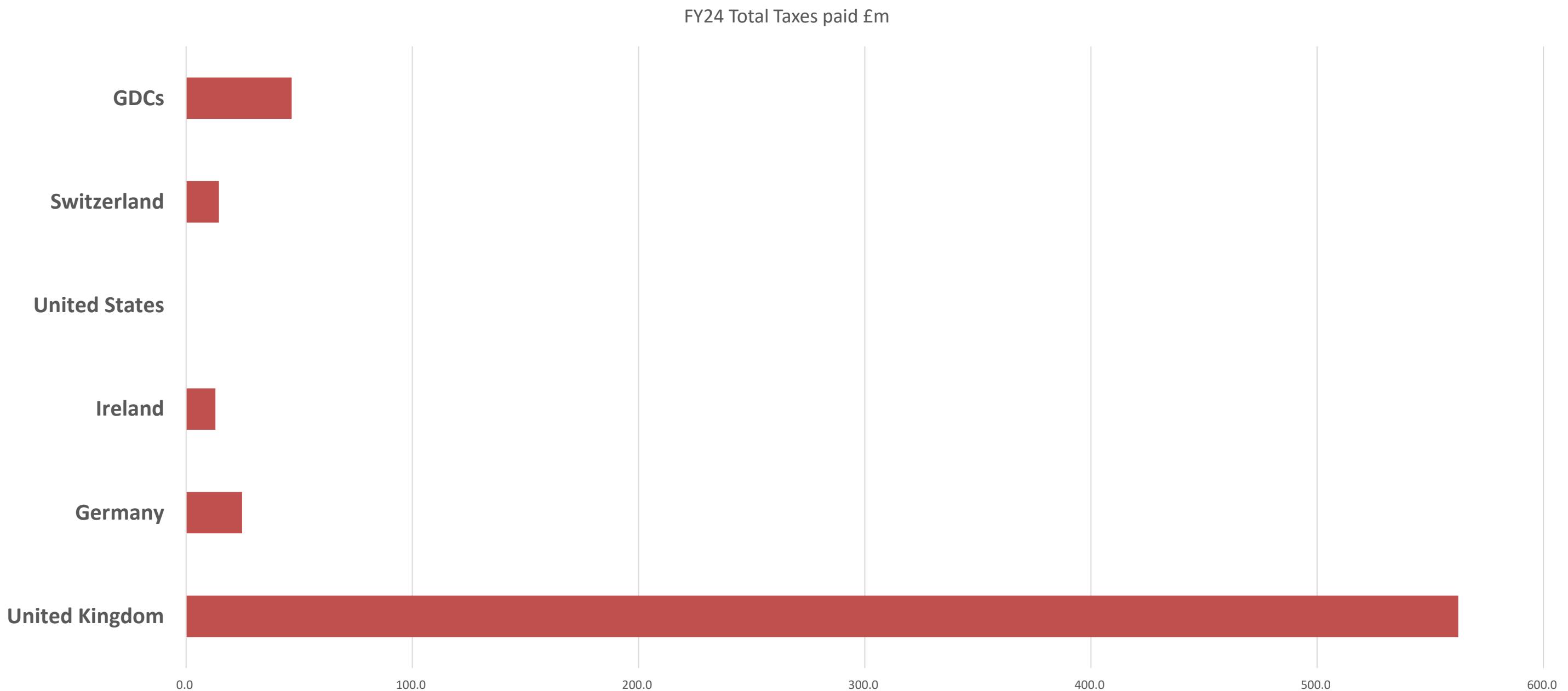


We continue to generate the majority of our **external** revenue in the UK: **90% in FY2024.**



We are a people-focused business, built around **39,000 skilled and committed employees** who have a deep understanding of our clients' markets and needs. Most of Capita's employees are located in the UK.

FY2024 Total Taxes Paid - £m



Most of the taxes we paid arose in respect of operations in the UK (c. 85%), with the remainder relating to our other countries of operation



Primary trading location (UK)

We are mostly a UK group, with our main operations and trading in the UK. Capita is part of the fabric of UK society. We are the UK's leading provider of business process management and integrated professional support service solutions, with around 39,000 employees across the globe.

We believe we have a responsibility as a corporation to contribute our fair share to society.



£129.7m

of taxes **borne**, paid to the UK Government funded from our profits and included in our financial results as they represent a cost: e.g., irrecoverable VAT, corporation tax, employer NICs



£432.5m

of taxes **collected**, generated from business activity and collected on behalf of the UK Government.

Notes:

While many UK colleagues work remotely, our primary UK trading address and registered office is Floor 1 2 Kingdom Street Paddington London W2 6BD.

Our Guernsey incorporated company is tax resident in the UK and is included in the UK data for the purposes of this CBCR data.

The statutory accounts for all actively trading UK entities are filed with companies' house and are publicly available.

FY2024 tax contribution

		Total	UK
		£m	£m
People / Employment taxes			
PAYE settlement agreement	Borne	0.7	0.7
Employers NIC	Borne	126.7	93.6
Apprenticeship levy	Borne	14.5	14.5
PAYE	Collected	206.0	152.8
Employee NIC	Collected	41.7	41.7
		389.5	303.3

Employment taxes were the largest part of total taxes borne and collected for Capita UK companies in FY2024.

		£m	£m
Production taxes			
Output VAT	Collected	559.2	539.9
Input VAT	Collected	(310.7)	(303.1)
Irrecoverable VAT	Borne	7.8	7.7
		256.3	244.6

Irrecoverable VAT arises when input VAT cannot be reclaimed by Capita companies that provide services or products that are exempt from VAT.

		£m	£m
Profit taxes			
UK corporation tax	(Refunded)	(1.1)	(1.5)

In complying with accounting changes that arose on adoption of the revenue recognition accounting standard, Capita suffered significant tax losses in FY2017 and FY2018, which impacted future years' tax payments.

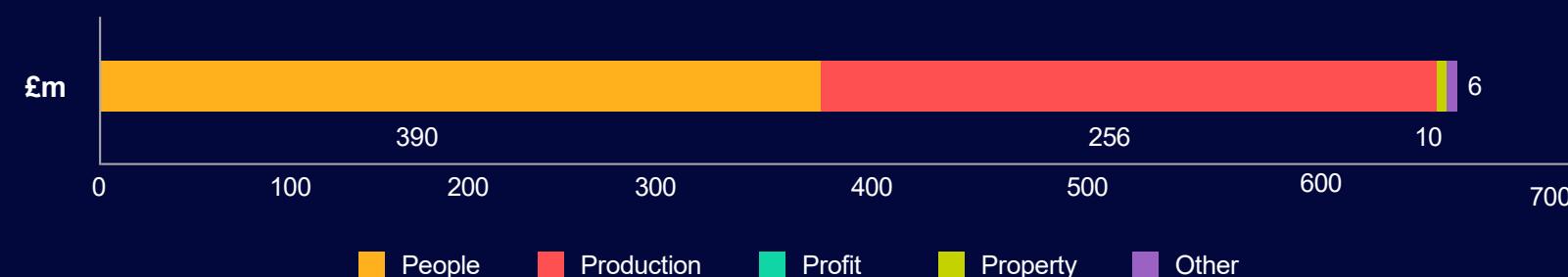
In FY2024 Capita received net tax refunds mainly in respect of R&D expenditure credit claims.

		£m	£m
Property taxes			
Business rates	Borne	10.0	9.9
Stamp duty land tax	Borne	0.3	0.3
		10.3	10.2

Business rates are paid on ownership of property based on the rateable value of the property and a specific multiplier.

Capita continues to simplify our property footprint as the group's overall strategic aim to focus the business offering.

		£m	£m
Other taxes			
Insurance premium tax collected	Collected	1.2	1.2
IPT borne on insurance contracts	Borne	1.8	1.8
Fuel duty	Borne	1.5	1.5
Vehicle excise duty	Borne	0.5	0.5
Climate change levy	Borne	0.7	0.7
		5.7	5.7





Other trading locations

We also have trading operations in other jurisdictions. Our companies in these countries are supported by both onshore and nearshore delivery centres. Capita group trading companies, with assistance from UK Group Support Services, are primarily responsible for identifying prospective customers by undertaking market research and utilising leads.

In addition to being responsible for identifying potential/prospective customers, Capita group trading companies are also responsible for identifying business opportunities, contacting the potential /prospective customers, making presentations before potential customers and convincing them of the strengths and capabilities of Capita group. Capita group trading companies are also responsible for negotiating, concluding and executing contracts with customers in their own names. On conclusion of such contracts, part of the delivery of services may be subcontracted to Capita global delivery centres.



Germany

- Capita has a solid foothold in the customer experience market in Germany, with around **3,500 employees** operating out of three legal entities
- German companies are subject to both corporation and trade tax. Corporation tax is levied at 15% and subject to solidarity surcharge of 5.5%; the trade tax rate is a combination of base rate 3.5% and a municipal tax rate. The German tax rate can therefore be **up to 33%**.

While we have tax losses in Germany from historic trading, German companies are subject to a loss utilisation restriction rule, whereby 40% of profit in excess of €1m can't be **sheltered by tax loss carry-forwards** and is subject to taxation at regular rates.

- Operating entities: Capita West GmbH, Capita Customer Services (Germany) GmbH and Capita Energie Services GmbH (Capita owns 50.1%)



USA

- Capita has **diminishing trading activity** in the US, with recent divestment activity.
- The US has a federal and a state tax system. The **federal tax rate is 21%**, while tax rates vary from state to state from 1% to 12%. State taxes are deductible for federal tax purposes.
- Capita has one entity in the USA; Capita (USA) Holdings Inc.

All other US based entities were dissolved by the end of FY2023.





Low-tax jurisdictions

Capita also has some trading activity in jurisdictions considered to be tax havens, based on their inclusion in the [Fair Tax Foundation: Tax Haven Listing](#).

We do not use tax havens for tax avoidance purposes and all presence in these areas is driven by commercial reasons. Capita does not operate in any of the jurisdictions deemed by the European Commission to be “non-cooperative”.



Ireland

- Capita is the **market-leading customer experience business in Ireland**, interacting with over 4.5m people across the country annually. Capita Experience serves a breadth of markets in Ireland – across financial services, telco, tech, media and multi-industry.
- Capita has seen reduced activity in Ireland since the sale of our AMT Sybex business in 2021.
- Our Irish companies are generally **taxable at 12.5% on their worldwide profits**.
- Capita companies **suffer PSWT** in Ireland. Double tax relief is available.
- We currently operate out of four businesses in Ireland: Capita Business Support Services Ireland Ltd, Capita Ireland Ltd, Capita Customer Solutions Ltd.

Capita (210568) Ltd is currently dormant and in scope for liquidation.



Switzerland

- Capita Swiss operations provide **third-party customer management services** out of two legal entities: Customer Services AG and Telag AG.
- The Swiss effective tax rate for Capita companies is between **13% and 19.7%**, depending on the canton.



Isle of Man

- Local employees deliver **back-office insurance administration services** to third parties via Capita Life & Pensions Services (Isle of Man) Limited.
- This primary client contract for the company ceased in April 2023, so we intend to put the company into **liquidation in the foreseeable future**.
- The Isle of Man has a **0% corporation tax rate**.



United Arab Emirates

- **Capita trading in UAE was via a Dubai branch of a UK company which serviced the life and pensions administration business contract, which ceased in 2023. As such, we expect to exit from the UAE in the foreseeable future.**
- **A branch exemption election was applied** from 1 January 2020 onwards.
- Capita Property and Infrastructure Consultants LLC is in liquidation.





Global delivery centres (GDCs)

We have an international delivery platform with approximately 12,000 people providing technology solutions and customer engagement services such as call centres and customer support, principally in Europe, India and South Africa. Our GDCs provide access to specific skills and expertise such as in languages or technology.

We have grown our operations in India and South Africa and expanded into additional cities in Poland to support delivery of our services in 35 different languages with 24/7 support. These sites will be important strategic hubs for our future growth and further expansion of our multilingual capabilities.

These delivery centres generate a taxable profit in line with their functions and pay tax on those profits in each jurisdiction. The Capita Transfer Pricing policy establishes that these GDCs are remunerated at cost plus margin which may vary relative to the nature of the work. The Capita Group uses the cost-plus method to set the price for transactions with connected or associated parties. This reflects the allocation of risk between UK and Overseas Group entities. In most cases the service providers take on low levels of risk with mainly UK Group entities typically being the sole customers.



India

- India represents the **largest and most comprehensive** offshore operation for the UK life and pensions industry.
- India has a corporation tax rate of 25% and Capita suffers **10% TDS on dividend distributions** from India.
- Trading takes place in two local entities: Capita India Private Ltd and Ventura (India) Private Ltd.



South Africa

- Capita SA provides **contact centre services** to UK third party clients on behalf of Capita Customer Management Limited.
- South African employees are mainly **call centre operators** based in Cape Town.
- South Africa has a **tax rate of 27%** but there is no fiscal unity arrangement, such that there is no group relief available between Capita companies.
- Operating entities: Capita (South Africa) (Pty) Limited, Full Circle Contact Centre Services (Proprietary) Limited.



Poland

- Capita (Polska) Ap. Z.0.0. provides **GDC services with some multilingual customer services**; as well as providing back-office services to a few external customers.
- Poland has a tax rate of 19% but **Special Economic Zones** enable Capita to benefit from tax exemptions related to investment in the area.



Bulgaria

- Capita established a Bulgarian branch of a UK company in 2021, offering **customer contract centre services** and back office support services.
- We **applied for branch exemption** from 1 January 2024, such that Bulgarian profits are not taxed in the UK. The branch is subject to Bulgarian tax at a rate of 10%.



Other jurisdictions

We have minimal activity in a few other jurisdictions:

Cyprus, included in the CBCR table:

- One holding company which is being wound up, Capita Cyprus Holdings Ltd
- Profit during the year relates to intercompany interest received on a loan with a UK Capita company
- A CFC charge also arose in the UK in relation to this income
- We placed the company into elimination proceedings in late 2024 with the liquidation process expected to take approximately 12 months

Hong Kong – No activity reportable for CBCR

We are working with our advisers to execute final accounts for ThirtyThree APAC Ltd so that elimination of the company can progress in 2025.

The following entities had no financial activity reportable for CBCR purposes in FY2024:

- Nigeria: Capita Norman + Dawbarn Limited (in liquidation)
- Saudi Arabia: Capita Symonds Saudi Arabia Limited (dormant)



Entity rationalisation

The legal entity rationalisation programme continued to progress well during the year with the number of legal entities in the Group being reduced by a further 38. On 1 January 2025,

The Group had 87 majority owned legal entities compared with 369 in July 2018. The rationalisation programme is ongoing, with a target of less than 50 Group legal entities by mid-2026.

Terminology

Cost-plus method

This is a transfer pricing method using the costs incurred by the supplier of property (or services) in a controlled transaction. An appropriate cost plus markup is added to this cost to make an appropriate profit in light of the functions performed (taking into account assets used and risks assumed) and the market conditions.

Controlled foreign company (CFC)

The UK CFC regime applies to all companies resident outside of the UK that are controlled by UK resident companies. The rules can apply to tax the income of CFCs where that income passes through one of a number of "gateways". However, the UK CFC regime includes five entity level exemptions and if any one of the exemptions applies to the CFC, the entire profits of the CFC will be excluded from the CFC charge irrespective of whether they would otherwise pass through the CFC charge gateways.

Country-by-country data

Country-by-country reporting (CBCR) was introduced for all large multinational enterprises (MNEs) as part of the OECD BEPS project.

The report should disclose aggregate data on income, profit, taxes paid and economic activity among tax jurisdictions in which the MNE operates. The report is filed with the main tax authority (typically the tax authority in the country in which the MNE has its head office) which can share it with tax authorities in other countries.

Fair Tax Foundation: Tax Haven Listing

The Fair Tax Foundation annually updates a list of tax havens, currently totalling 71 jurisdictions, to identify jurisdictions that offer favourable tax treatments to non-residents, e.g., with low corporate tax rates.

PBT/LBT

This refers to reported profit before tax or loss before tax. The Capita Annual Report also discloses an adjusted PBT/LBT which excludes a number of specific items so users of the consolidated financial statements can more clearly understand the financial performance of the Group. These items are separately disclosed and considered to be outside the underlying results of the Group.

PSWT

Professional Services Withholding Tax is a tax deducted from payments, at 20%, generally by Irish state bodies (e.g., local authorities and government departments) for certain professional services.

The service provider can claim a refund of the tax suffered.

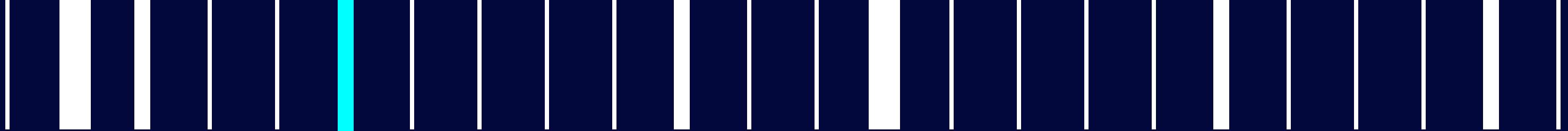
Special economic zone

A special economic zone is a separate, uninhabited part of Poland where business activity may be conducted under preferential conditions. The tax allowance consists of a corporate income tax exemption. The maximum income tax exemption is related to the value of state aid available to an individual investor for a particular investment project. This value depends on the investment location, the size of the enterprise and the amount of investment expenditure.

TDS

This is Tax Deducted at Source – any Indian company or person making a payment is required to deduct tax at source if the payment exceeds certain threshold limits. Capita pays TDS at 10% on dividend distributions from its Indian subsidiaries.





**Capita is a consulting, transformation
and digital services business.**

We are driven by our purpose:
to “create better outcomes” –
for our employees, clients and
customers, suppliers and partners,
investors and society.

Capita