



NatWest
Group

**Serving our
customers
every day**

NatWest Group plc

2023 Tax Transparency Report

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Our economic contribution

Highlights for 2023

£1.98bn

Of UK taxes paid
(2022: £2.17bn)

£0.93bn

Of UK taxes collected
(2022: £0.82bn)

£2.22bn

Tax paid globally
(2022: £2.38bn)

61,651

Average number
of full-time
employees globally
including temporary staff
(2022: 60,178)

£8.3bn

Of UK taxes paid to
the UK Government
over the last five years
(2022: £7.9bn)



NatWest Group plc
[2023 Annual Report and Accounts \(pdf\)](#)



On the cover:

Gabriella Bent at our NatWest Group London office. Gabriella is a Manager in our Group Tax team.

Introduction

Group Chief Financial Officer's review

Why tax matters to NatWest Group

As one of the largest UK banks we have a major role to play in the economic and social prosperity of the country. We aim to pay the right amount of tax in the jurisdictions in which we operate, following the spirit as well as the letter of the law, which is a key part of this responsibility. As you will see in this report, these principles are central to our approach and are underpinned by our Tax Strategy.

During 2023, we paid a total of £1.98 billion of tax in the UK (2022 – £2.17 billion) and we were ranked as one of the highest taxpayers in the PwC 2023 Total Tax Contribution survey of The 100 Group,⁽¹⁾ which referenced our UK tax payments made in 2022. We also collected a total of £0.93 billion in tax on behalf of the UK Government, primarily in relation to employee income tax and National Insurance contributions.

The extent and transparency of this contribution is important to us. We acknowledge that paying the right and fair amount of tax is a vital element of the essential social licence under which we operate as a business. Maintaining clarity on our fiscal responsibilities is an important part of the relationship between our bank and the communities we serve.

This sentiment is echoed in the United Nations Sustainable Development Goals (SDGs). The goals were agreed in 2015 by all nations and established a global framework for the economic and social transformation needed to help create a world that is socially fair, environmentally secure, economically prosperous and more inclusive. Tax has an important role to play in enabling nations to achieve the SDGs through helping to mobilise domestic resources and promote sustainable consumption and production patterns. NatWest Group is a signatory to the UN Principles for Responsible Banking and our ambition is to align ourselves with the 2015 Paris Agreement and the SDGs.



In this document we provide detail on our tax contributions and also explore a number of themes referenced in our Tax Strategy. We are continuing to develop our voluntary disclosures in relation to tax to aid greater understanding of our approach to our tax affairs and the taxes which we pay. By doing so, we aim to build trust with our stakeholders and provide more visibility over our management of tax risk and our contribution to the societies and countries we operate in.

Katie Murray
Group Chief Financial Officer

(1) The 100 Group represents members of the FTSE 100 along with several large private companies in the UK.

Introduction continued

Why tax transparency is important to our stakeholders

At NatWest Group we aim to deliver sustainable long-term value. During 2023 we paid a total of £2.22bn of tax globally. We aim to adopt a compliant approach to managing our global tax affairs. Transparency over how we manage our tax affairs and the numbers we report is therefore important to us and to our stakeholders.

We are informed by the needs of our stakeholders

We aim to balance the different interests of our stakeholders in all decision-making

-  Investors
-  Customers
-  Colleagues
-  Regulators (including tax authorities)
-  Communities
-  Suppliers



We consider there to be many benefits to taking a transparent approach to tax, some of which are set out below:

Increased understanding of our business and the tax figures which we report.	Articulation of the approach we take to our tax affairs.	Articulation of our attitude to tax risk.
Attraction and retention of talent.	Proactively building trust with our stakeholders	Increased understanding of the robust approach we take to tax risk management.
Disclosure of our total tax contribution to the UK economy.	Contribution to tax policy design and effectiveness of implementation.	Confidence that we are paying the right amount of tax in the right jurisdictions on our activities.

 Read more in our NatWest Group plc 2023 Annual Report and Accounts.

Introduction continued

Where we do business

NatWest Group operates through Retail Banking, Private Banking and Commercial & Institutional business segments. Our activities are primarily concentrated in the UK and as can be seen from our Country-by-Country Report in Appendix 1 the majority of our profits were earned in the UK during 2023. However, we also have a presence in a number of other countries via branches or subsidiaries. The graphic below shows a high-level summary of our current operations outside the UK.

1. The Channel Islands, Gibraltar, Isle of Man and Luxembourg

Royal Bank of Scotland International Limited (RBSI) is headquartered in Jersey and provides banking services to personal, private, commercial, and financial institution customers as part of our Commercial & Institutional business segment. More information on RBSI can be found on page 12 of this report.

2. The Netherlands, France, Germany, Italy and Sweden

NatWest Markets N.V., a licensed bank headquartered in the Netherlands, provides investment banking services to European Economic Area (EEA) customers,

including large corporates and financial institutions. NatWest Markets N.V. operates across Western Europe through a branch network and was set up to service non-ring-fenced customers.

3. Germany

Our operations in Germany focus on the provision of corporate and investment banking services to large corporates and financial institutions established in the EEA and Switzerland (including subsidiaries of UK corporates in these regions) and management of euro liquidity.

4. The Nordics

Our Nordisk Renting business in Sweden, Finland and Norway offers customers sale and leaseback solutions to help capture the long-term value of their real estate assets, and free up working capital.

5, 6 and 7. Service hubs

There are three main hubs that provide intragroup services across the NatWest Group:

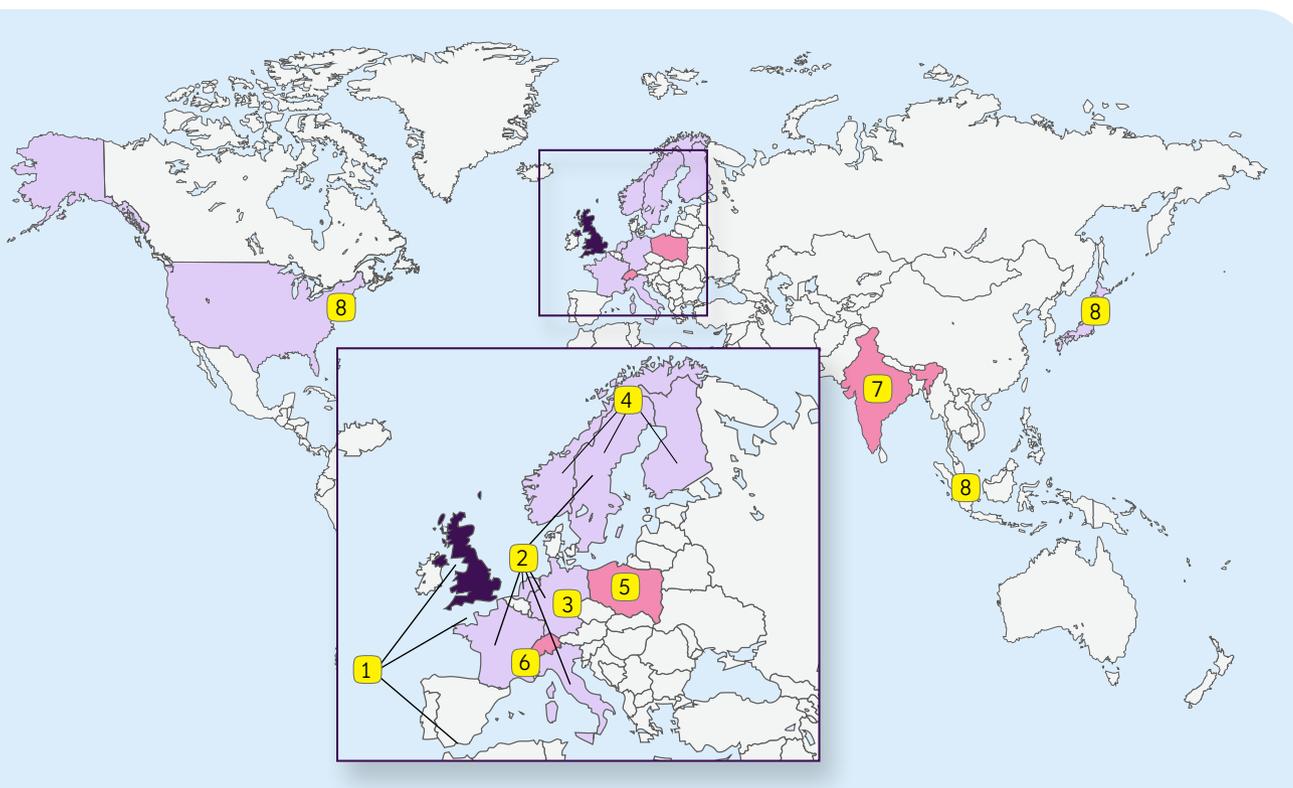
5. Poland: provides back-office services i.e. data processing, IT facilities management, accounting and book-keeping and technical and administrative support to group entities globally. In June 2024, we announced that we intend to close our operations in Poland by the end of 2025.

6. Switzerland: provides banking support to our Private Banking Businesses.

7. India: acts as NatWest Group's Global Capability Centre (GCC), focusing on Technology, Shared Services & Operations, Risk, HR, Finance, and Internal Audit.

8. US, Singapore and Japan

Our NatWest Markets business provides debt financing, risk management and trading solutions to customers and has offices outside the UK in the US, Singapore and Japan.



- Key**
- Significant operations
 - Other operations
 - Service centre

The Republic of Ireland: Corporate and retail banking services have historically been provided in the Republic of Ireland through our Ulster Bank ROI business. On 19 February 2021, NatWest Group announced a strategic withdrawal from the Republic of Ireland and this withdrawal is at an advanced stage.

Tax contribution

How much tax we pay

During 2023 we paid £2.22 billion of tax globally

Our tax payments are used by governments to benefit wider society, for example, through investment in education, health services and infrastructure projects. NatWest Group contributes to government finances through the taxes it pays and also the taxes it collects.

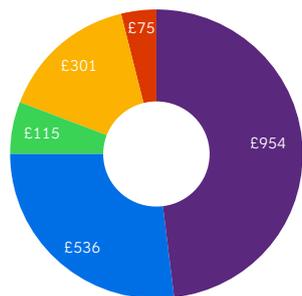
The taxes we paid during 2023 in the UK and globally are shown below:

UK taxes paid

During 2023, we paid a total of £1.98 billion of tax in the UK (2022 – £2.17 billion). We were ranked as one of the highest tax payers in terms of UK taxes paid in the PwC 2023 Total Tax Contribution survey of The 100 Group,⁽¹⁾ which referenced our tax payments made in 2022.

£1.98 billion of tax was paid by NatWest Group in the UK during 2023

£ million



- Corporate income tax: £954 million
- Irrecoverable VAT/sales tax: £536 million
- Bank levy: £115 million
- Employer payroll taxes: £301 million
- Business rates/other taxes: £75 million

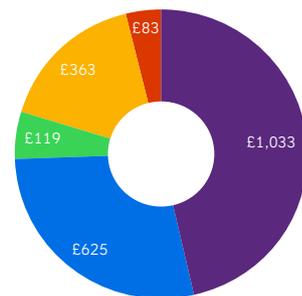
Global taxes paid

During 2023 we paid a total of £0.24 billion of taxes in jurisdictions outside the UK.

Read more on the global corporate income tax payments we made in particular jurisdictions during 2023 and 2022 in our Country-by-Country Report which can be found on pages 414 to 416 of our NatWest Group plc 2023 Annual Report and Accounts and in the Appendix to this report.

£2.22 billion of tax was paid by NatWest Group globally during 2023

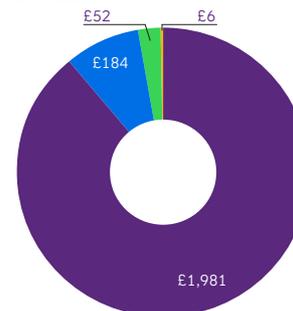
£ million



- Corporate income tax: £1,033 million
- Irrecoverable VAT/sales tax: £625 million
- Bank levy: £119 million
- Employer payroll taxes: £363 million
- Business rates/other taxes: £83 million

Analysis of tax paid during 2023 by geographical region

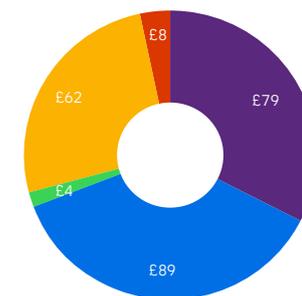
£ million



- UK: £1,981 million
- EMEA: £184 million
- Asia-Pacific: £52 million
- Americas: £6 million

£0.24 billion tax was paid by NatWest Group outside the UK during 2023

£ million

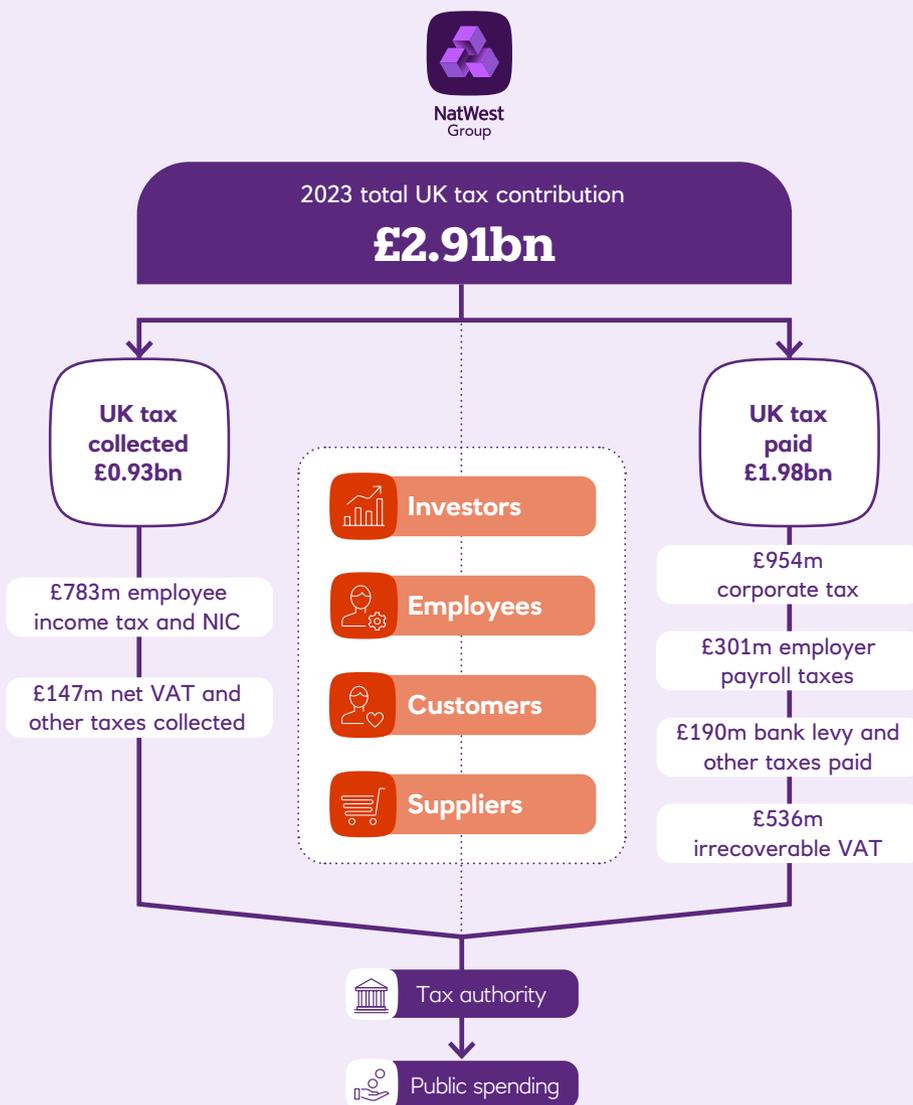


- Corporate income tax: £79 million
- Irrecoverable VAT/sales tax: £89 million
- Bank levy: £4 million
- Employer payroll taxes: £62 million
- Business rates/other taxes: £8 million

(1) The 100 Group represents members of the FTSE 100 along with several large private companies in the UK.

Tax contribution continued

UK taxes paid and collected



UK taxes paid

Corporation tax

We pay UK corporation tax on both our UK profits and on profits from the overseas branches of our UK companies. Banks in the UK pay an additional corporation tax surcharge on top of the standard rate of corporation tax. From 1 April 2023 the UK standard rate of corporation tax rose from 19% to 25% and the corporation tax surcharge reduced from 8% to 3%. Our UK banking entities were therefore subject to tax at 27% on their UK taxable profits between 1 January 2023 and 31 March 2023 and 28% from 1 April 2023 onwards. In 2023, we paid £954 million in UK corporation tax including bank surcharge.

Employer's National Insurance contributions

In the UK we pay employer's National Insurance contributions in respect of our employees which amounted to £301 million in the UK during 2023.

Bank levy

The UK bank levy is calculated with reference to the value of equity and liabilities on NatWest Group plc's UK balance sheet. The bank levy rate in 2023 was 0.1% on short-term liabilities and 0.05% on long-term liabilities. During 2023 NatWest Group paid £115 million of UK bank levy.

Business rates and other taxes

We also pay other taxes in the UK such as business rates on our branch network and stamp duties on transactions relating to shares and land. Other taxes paid in the UK amounted to £75 million during 2023.

Irrecoverable value added tax (VAT)

We incur VAT on the majority of goods and services that we purchase from suppliers. In general, businesses are only able to recover the VAT they incur to the extent that they use the purchased goods and services to make their own supplies to customers which are subject to VAT. As a bank however, the majority of the products and services we provide to our customers are exempt from VAT and this limits our ability to recover the VAT we are charged by our suppliers. Any VAT we are unable to recover is an absolute cost to the bank. Irrecoverable VAT amounted to £536 million in the UK during 2023.

UK taxes collected

In addition to the taxes we pay, we also collect and administer taxes and social security contributions on behalf of governments. During 2023, we collected a total of £0.93 billion of tax on behalf of the UK Government, primarily in relation to employee income tax and National Insurance contributions (NIC).

The taxes we paid and collected in the UK during 2023 are broken down by type as indicated in the diagram.

NatWest Group

has consistently been one of the highest-ranked taxpayers in terms of UK taxes paid for the past five years according to the applicable PwC Total Tax Contribution surveys of The 100 Group.

Approach to tax and tax risk

Our approach to tax

NatWest Group has a low appetite for tax risk and we aim to minimise the level of tax risk arising from our operations as far as is reasonably possible. However, as one of the largest banks in the UK, we are exposed to tax risk as part of our day-to-day business. Tax risk can lead to financial penalties, additional tax charges and/or damage to our reputation with both tax authorities and our other stakeholders. Our definition of tax risk and some ways in which we consider this may arise are shown on page 8 of this report.

The approach we take to our tax affairs and management of tax risk can be found in our Tax Strategy. Our Tax Strategy applies to our activities worldwide and has been approved by the NatWest Group plc Board (the Board). It is reviewed and updated each year to reflect any internal or external developments impacting our practice or approach.

[Read more in our Tax Strategy.](#)

In accordance with our Tax Strategy we seek to pay the right amount of tax in the jurisdictions in which we operate, complete and submit accurate tax returns and pay tax due within the timeframes set by legislation.

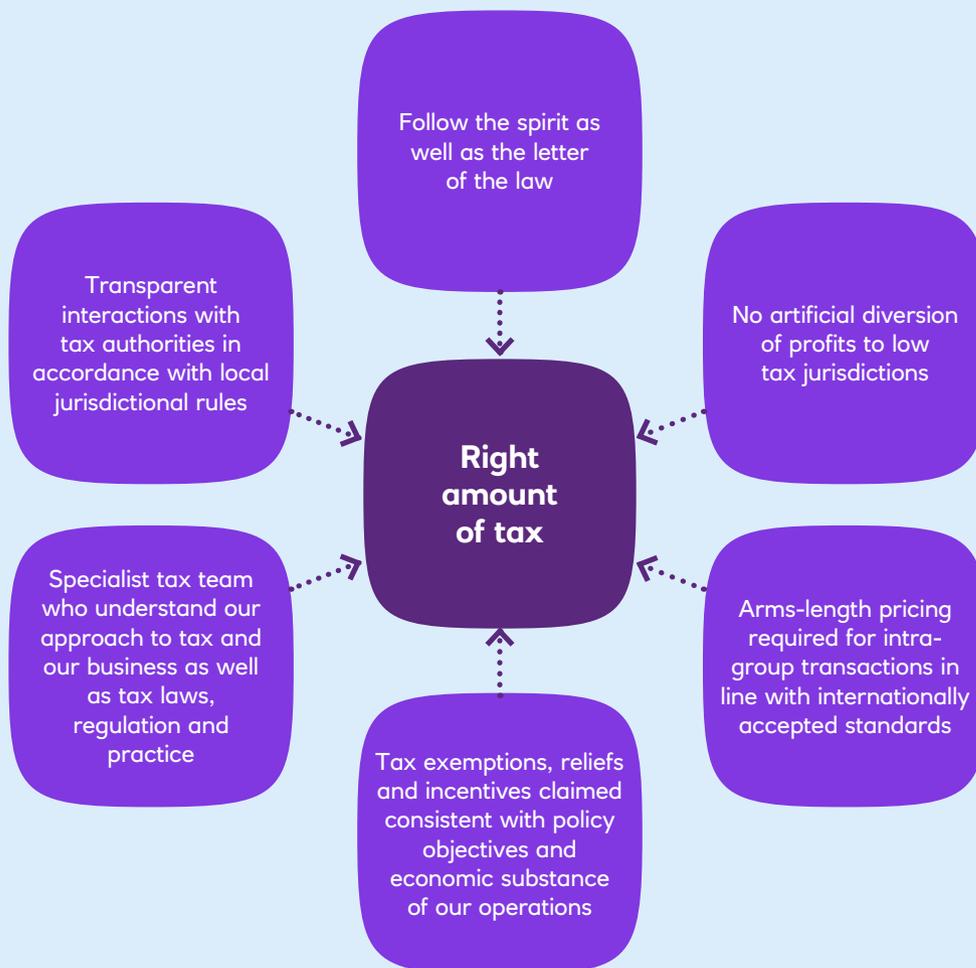
At NatWest Group we aim to pay the right amount of tax by following the spirit of the law as well as the letter of the law in the jurisdictions in which we operate and by using internationally recognised standards when devising our approach to transfer pricing. We do not knowingly enter into artificial tax structures to reduce the amount of tax that we pay or offer products or arrangements that are intended for tax avoidance. The diagram gives examples of how our Tax Strategy helps us to pay the right amount of tax in the jurisdictions in which we operate.

Consistent with our role as a signatory to the UK Government’s Code of Practice on Taxation for Banks (the Code of Practice), our Tax Strategy aims to obey the spirit, as well as the letter of the law, and to maintain an honest and open dialogue with HM Revenue & Customs (HMRC). We have been a signatory to the Code of Practice since its introduction in 2009.

NatWest Group has zero tolerance for knowingly facilitating tax evasion. Tax evasion is a criminal activity and our approach to anti-tax evasion can be found in our Financial Crime Statement.

[Read more in our Financial Crime Statement.](#)

How the principles in our Tax Strategy help us to pay the right amount of tax:



Approach to tax and tax risk continued

Risk management – how we manage tax risk

Roles, responsibilities and accountabilities

The Board provides leadership of NatWest Group within a framework of prudent and effective controls which enables risks to be assessed and managed. Ultimate responsibility for NatWest Group’s Tax Strategy and compliance rests with the Board. Day-to-day management of NatWest Group’s tax affairs is delegated to the Head of Tax. Tax risks are reported to the Group Audit Committee at least annually and significant risks are escalated to the Board via the Group and franchise governance structures.

When implementing our Tax Risk Management Framework the businesses and functions within NatWest Group are accountable for implementing our tax operating procedures and identifying, owning and managing tax risk. They are also responsible for delivering a robust, coordinated and effective control regime. Our Internal Audit department provides independent assurance to the Board and executive management on the quality and effectiveness of governance, risk management and internal controls to monitor, manage and mitigate key risks including tax risks.

In line with the Senior Accounting Officer legislation, our Senior Accounting Officer is responsible for ensuring that we have appropriate accounting arrangements in place to allow our UK tax liabilities to be calculated accurately and for providing annual attestations to HMRC in this regard.

Our Group Tax team

Our Group Tax team plays an important role in managing tax risk at NatWest Group. The team is staffed with appropriately qualified and experienced tax professionals who undertake regular training to keep their skills up to date. There is formal engagement with the business and other functions in relation to new products and transactions and changes to our business activities or existing products. The team monitors changes in legislation and practice on an ongoing basis and participates in tax-related consultations at national, EU and OECD level, often through industry bodies. In addition to managing our own tax risk, this also enables us to help governments to seek to ensure that measures proposed achieve the intended policy objectives and are implemented in an appropriate and practical manner. External advisors may be used where tax treatment is uncertain or internal resources are not available to deliver large projects and they work closely with the Group Tax team when engaged.

Our definition of tax risk and some of the ways in which this may arise

Tax Risk

At NatWest Group we consider tax risk to be the risk of:

Failure to pay, report or withhold the right amount of tax in any jurisdiction

Failure to pay or report taxes on time; or

Failure to act in accordance with The Code of Practice on Taxation for Banks

Technical uncertainty



Tax law/practice can be complex and/or subject to interpretation. Failure to correctly understand/interpret tax law/practice in the jurisdictions in which we operate can give rise to tax risk.

Change in legislation or business activities



Tax law and practice evolves over time. Failure to identify such changes in the jurisdictions in which we operate and to incorporate these into our tax risk management framework and tax returns as appropriate can give rise to tax risk. Our business activities and the locations in which we conduct these activities change over time as do the products which we offer to our customers. Failure to identify such changes and appropriately incorporate them into our tax risk management framework and tax returns can also give rise to tax risk.

Operational risk



Tax risk can arise from inadequate or failed internal processes, people and systems or from external events.

Approach to tax and tax risk continued

Risk management – how we manage tax risk continued

Our Tax Risk Management Framework

Our Tax Risk Management Framework is embedded within our internal Enterprise-wide risk management framework (EWRMF) which determines how all risk, including tax risk, at NatWest Group should be understood, managed, and mitigated to an acceptable level.

We have put in place operational procedures, processes and controls to minimise the level of tax risk arising from our operations as far as reasonably possible and to help us to fulfil our global tax responsibilities. If things go wrong our risk management framework includes a mechanism by which issues are escalated and addressed. We seek to proactively identify, assess, manage and monitor tax risks arising from changes in, for example, tax legislation or practice, our business or the wider economic environment, through activities such as regular horizon scanning.

NatWest Group uses the industry-standard three lines of defence model to articulate accountabilities and responsibilities for managing risk. This supports the embedding of effective risk management throughout the organisation. All roles below the CEO sit within one of the three lines.

The core components of our Tax Risk Management Framework are shown alongside. Further information on our EWRMF, the three lines of defence model which we employ and our overall approach to risk management can be found on page 172 onwards of the NatWest Group plc 2023 Annual Report and Accounts.

[Read more on page 172 onwards of our NatWest Group plc 2023 Annual Report and Accounts.](#)

We are fully transparent with HMRC in relation to our governance procedures, policies, processes and controls and how they enable us to comply with the requirements of the Code of Practice. We have real-time engagement with HMRC and proactively discuss material business developments, significant transactions and current, future and past tax risks, tax events and interpretation of the law at our regular meetings. We fully disclose to HMRC any significant uncertainties in relation to tax matters and seek to resolve issues arising before returns are filed, whenever practicable. We aim to make our tax returns and other communications with HMRC as clear and accurate as possible and include appropriate disclosures where necessary. We engage constructively with HMRC on their annual Business Risk Review + (BRR+) process which assesses our tax compliance status.

NatWest Group Tax Risk Management Framework



Tax in our 2023 Annual Report and Accounts

Tax figures included in our Annual Report and Accounts

Consolidated income statement

For the year ended 31 December 2023

	Note	2023 £m
Operating profit before tax		6,176
Tax charge	7	(1,434)
Profit from continuing operations		4,744
(Loss)/profit from discontinued operations, net of tax (3)	8	(112)
Profit for the year		4,632

Extract from our consolidated income statement (page 298 of the NatWest Group plc 2023 Annual Report and Accounts).

7 Tax

	2023 £m
Continuing operations	
Current tax	
Charge for the year	(1,373)
(Under)/over provision in respect of prior years	(123)
	(1,496)
Deferred tax	
(Charge)/credit for the year	(281)
UK tax rate change impact	-
Net increase in the carrying value of deferred tax assets in respect of UK, Rol and Netherlands losses	385
(Under)/over provision in respect of prior years	(92)
Tax charge for the year	(1,434)

Extract from Note 7 Tax (page 330 of the NatWest Group plc 2023 Annual Report and Accounts).

We report tax numbers in several places in the NatWest Group plc 2023 Annual Report and Accounts (2023 ARA) including in our consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and our Country-by-Country Report. Our various disclosures are explored further below:

Refer here to our NatWest Group plc 2023 Annual Report and Accounts.

1. Tax charge in our consolidated income statement

Our corporate income tax charge (tax charge) for 2023 was £1,434 million. This figure is disclosed on the face of our consolidated income statement and is calculated with reference to the accounting policies detailed on pages 305 to 312 of our 2023 ARA. We provide a more detailed breakdown of our tax charge for the year in Note 7 of our 2023 ARA (page 330) as well as a reconciliation of our actual tax charge to the tax charge which would be expected if the UK statutory rate (blended rate of 23.5% for 2023) was applied to the operating profit or loss before tax in our consolidated income statement.

Tax charges and credits may also arise on items originating outside the income statement and tax on these items is disclosed in our consolidated statement of changes in equity (SOCIE) – see page 301 of our 2023 ARA. Similar to the tax figures in the consolidated income statement, the tax figures in the SOCIE are calculated in accordance with accounting policies disclosed on pages 305 to 312 of our 2023 ARA.

Tax in our 2023 Annual Report and Accounts continued

Tax figures included in our Annual Report and Accounts continued

Consolidated cash flow statement

For the year ended 31 December 2023

	Note	2023 £m
Cash flows from operating activities		
Operating profit before tax from continuing operations (1)		6,178
Operating (loss)/profit before tax from discontinued operations (1)		(112)
Adjustments for:		
Non-cash and other items	27	3,208
Change in operating assets and liabilities	27	(25,679)
Income taxes paid		(1,033)
Net cash flows from operating activities (2,3)		(17,428)

Extract from our consolidated cash flow statement (page 304 of the NatWest Group plc 2023 Annual Report and Accounts).

NatWest Group Country-by-Country tax breakdown 2023

Country	Income (1,2)	Profit/(loss) before tax (1)	Tax paid/ (received)
	£m	£m	£m
UK region	14,493	6,196	980
Europe region	743	(261)	19
US region	146	45	-
Rest of World region	544	86	34
Global total	15,926	6,066	1,033
Elimination of internal service fee income	(1,168)	-	-
Global total	14,758	6,066	1,033

Extract from our 2023 Country-by-Country Report (pages 414 to 416 of the NatWest Group plc 2023 Annual Report and Accounts).

2. Tax paid in our consolidated cash flow statement and Country-by-Country Report

The income taxes paid figure shown in our cash flow statement reflects the total cash tax paid during 2023 in the jurisdictions shown in our Country-by-Country Report (CbCR). The timing of tax payments we make differs between jurisdictions depending on local law/practice. For example, certain jurisdictions require payments to be made after the end of an accounting period when profits for that period are known whilst others (for example, the UK) require payments to be made throughout the year based on forecast profits for that period with a true up adjustment being made in subsequent periods. The tax treatment of particular items may not always be clear and so additional tax payments and refunds may also be required as items are agreed with the tax authorities over time.

The income taxes paid figure in our cash flow statement and CbCR therefore differs from the corporate income tax charge figure explored on page 10 of this report. This is because the figure for income taxes paid is on a cash basis (i.e. how much corporate income tax we actually paid to/received from the tax authorities during the year) whilst the figure for the corporate income tax charge is calculated in accordance with generally accepted accounting principles.

3. Other taxes

Our corporate tax paid figure for 2023 (£1,033 million) is disclosed on page 5 of this report.

Our UK bank levy charge is disclosed in Note 3 Operating expenses (page 315 of our 2023 ARA) and is calculated in accordance with generally accepted accounting principles. UK bank levy paid shown on page 6 of this report is disclosed on a cash paid basis.

Irrecoverable VAT, employer payroll taxes, business rates and other taxes are included in the calculation of operating profit before tax in our consolidated income statement with reference to accounting principles.

Low tax jurisdictions

Our operations in low tax jurisdictions

For the purposes of this report we have defined a low tax jurisdiction as a jurisdiction with a headline rate of tax of less than 15% which aligns with the minimum tax rate used by the OECD Pillar Two framework.

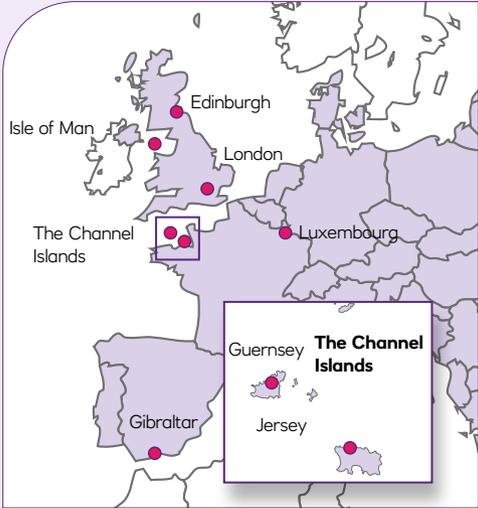
Our CbCR discloses jurisdictions which have income, profit before tax and/or tax paid figures in excess of £0.5 million. In the appendix to this report we have added some commentary on the CbCR published in our 2023 ARA. At 31 December 2023 jurisdictions with a headline tax rate of less than 15% were Jersey, Guernsey, Isle of Man, Gibraltar, Republic of Ireland and Cayman Islands. Further detail on our RBSI operations in Jersey, Guernsey, Isle of Man and Gibraltar is given opposite. Our presence in the Republic of Ireland is via our regulated subsidiary Ulster Bank Ireland DAC and our phased withdrawal from Ireland is at an advanced stage. Profits arising in the Cayman Islands during 2023 comprised a one-off receipt upon resolution of a legacy issue. The subsidiary receiving this payment has now been liquidated.

A full list of NatWest Group subsidiaries is available in note 12 on pages 399 to 406 of the parent company accounts within the [NatWest Group plc 2023 Annual Report and Accounts](#). This listing includes a small number of subsidiaries and associated undertakings which are not located in jurisdictions in which we actively conduct business and which do not appear in our CbCR, for example Bermuda. These are predominantly legacy entities. We are continuing our efforts to simplify such legacy entities and to reduce our presence in these jurisdictions once we are in a position to do so.

As a UK-headquartered bank, the UK-controlled foreign companies rules subject the profits of any overseas subsidiaries controlled by NatWest Group to UK tax where they do not fall within the exemptions legislated by the UK Government.



Spotlight on RBS International





RBS
International



NatWest
International

RBS International (RBSI) was formed in 1996 and is headquartered in Jersey. RBSI provides banking services to personal, private, commercial and financial institution customers through its presence in Jersey, Guernsey, the Isle of Man and Gibraltar. RBSI also supports financial institution clients through locations in Luxembourg, London and Edinburgh. RBSI's activities are regulated in accordance with local jurisdictional rules.

RBSI has over 1,600 employees with a non-executive lead board of directors and local management team.

-  [Further information on the activities of RBSI can be found here.](#)
-  [The Annual Report and Accounts for The Royal Bank of Scotland International \(Holdings\) Limited and The Royal Bank of Scotland International Limited for 2023 can be found here.](#)



ISLE OF MAN BANK



Courtts



NatWest

CROWN DEPENDENCIES

OECD Pillar Two – minimum tax

The OECD's Pillar Two framework aims to ensure multinationals with global revenue above €750 million pay a minimum tax rate on income within each jurisdiction in which they operate. Commonly referred to as BEPS 2.0, the framework imposes a "top-up tax" on profits arising in jurisdictions where the effective tax rate is below 15%.

The UK Government introduced the Pillar Two framework into UK law during 2023 and it applies to NatWest Group from 1 January 2024. While NatWest Group plc will now pay top-up tax on profits of its subsidiaries and branches that

are taxed at a Pillar Two effective tax rate of less than 15%, the legislation is not expected to have a material impact on UK tax payments. The main jurisdictions for which 2024 top-up tax payments in the UK are anticipated include Jersey and Guernsey. In future periods, part or all of this top-up tax may be payable instead in the relevant jurisdiction, if such jurisdiction implements its own domestic minimum tax regime. This is expected in most jurisdictions in which we operate including Jersey and Guernsey.

Appendix

Commentary on our 2023 Country-by-Country Report

Introduction/interpretation

Details of the global corporate income tax payments made by NatWest Group during 2023 are published in our Country-by-Country Report on pages 414 to 416 of our [NatWest Group plc 2023 Annual Report and Accounts \(2023 ARA\)](#). In this appendix we publish additional commentary to supplement our year-end disclosures to help stakeholders understand more about the corporate income taxes which we pay.

When interpreting the data in the report in this appendix please note:

Country

Each subsidiary or branch is allocated to the country in which it is resident for tax purposes. The data is consolidated for all the subsidiaries and branches allocated to each country.

Income and profit/(loss) before tax

Income includes internal service fee income from other countries, which is eliminated on consolidation for accounting purposes and is shown as an elimination from total income in the tables below. Income and profit/(loss) totals are reported in Note 4 within the Geographical segments table of our 2023 ARA.

Tax paid/(received)

Tax paid/(received) disclosed under CRD IV relates to corporation tax.

Corporation tax paid represents net cash taxes paid to/ (received) from the tax authorities in each jurisdiction. Corporation tax paid is reported on a cash basis as opposed to an accounting basis and therefore does not necessarily have a direct correlation to the reported profits or losses arising in the year. For example, in certain jurisdictions taxable profits may be reduced as a result of the offset of tax losses brought forward from prior years; or tax payments may be calculated with reference to prior year profits.

Full time equivalent employees (FTEs)

FTEs are allocated to the country in which they are primarily based for the performance of their employment duties. The figures disclosed represent the average number of FTEs, including temporary staff, in each country during the period. The FTEs, including temporary staff, at 31 December 2023, have been added for completeness.

Public subsidies received

No public subsidies were received during the period.

Headline rate of tax

References to headline rate of tax in the commentary are to the rate at which profits calculated as being chargeable to corporate income tax in that jurisdiction are subject to tax in that jurisdiction.

Controlled Foreign Companies

The UK Controlled Foreign Companies rules subject the profits of any overseas subsidiaries controlled by NatWest Group to UK tax where they do not fall within the exemptions legislated by the UK Government.

 **Further details on our principal operations may be found in the Where we do business section on page 4 of this report.**

 **Further details on the operations of The Royal Bank of Scotland International Limited (RBSI Limited) and other activities in low tax jurisdictions may be found on page 12 of this report.**



Appendix continued

Commentary on our 2023 Country-by-Country Report continued

Country	Income ^(1,2) (audited) £m	Profit before tax (audited) ⁽¹⁾ £m	Tax paid/ received (audited) £m	Avg FTE incl temp staff (audited)	FTE incl temp staff at 31 Dec (audited)	Commentary (unaudited)
United Kingdom	13,669	5,771	954	40,215	39,973	<p>NatWest Group's business activities are primarily concentrated in the UK. UK tax rules mean that the profits on which we pay UK corporation tax differ from our accounting profit before tax. Our taxable profits in 2023 were subject to corporation tax at 23.5% under UK tax law. The large majority of our UK taxable profits are earned by banks, which are subject to an additional banking surcharge at 4.25%, giving a combined UK tax rate for banks of 27.75%. From 2024 onwards the corporation tax rate rises to 25% and the surcharge inclusive rate increases to 28%.</p> <p>Certain accounting expenses are not tax deductible under UK tax law, for example, the write down in value of some of our properties and UK bank levy paid during 2023. Some tax deductions are permitted under UK law that are not included as expenses in arriving at accounting profit, for example, dividend payments to our investors on certain capital instruments which were booked direct to equity, rather than profit before tax. Finally, certain expenditure may be taxed or tax relieved in a different year to the time of recognition for accounting purposes, for example, pension contributions made on behalf of our staff are generally only tax deductible when paid. Some losses incurred in earlier years were also used to relieve some of our taxable profits during 2023.</p> <p>Corporate income tax payments made to the UK Government throughout 2023 comprised payments on account on forecast 2023 taxable profits, as well as payments relating to prior years.</p>
Guernsey	184	138	9	94	92	<p>RBSI Limited has a branch in Guernsey. Taxable profits from banking activities in Guernsey are subject to a headline rate of tax of 10% for 2023. Corporate income tax payments in 2023 related to payments on account for 2023. Insurance services are also provided by NatWest Group in Guernsey and are subject to a headline rate of tax of 0% in Guernsey.</p>
Isle of Man	99	27	2	373	361	<p>RBSI Limited has a branch in the Isle of Man. Taxable profits from banking activities in the Isle of Man are subject to a headline rate of tax of 10% for 2023. Corporate income tax payments in 2023 related to payments for 2022 in line with local tax payment patterns.</p>
Jersey	541	260	15	774	778	<p>RBSI Limited is headquartered in Jersey. Taxable profits from banking activities are subject to a headline rate of tax of 10% in Jersey for 2023. Corporate income tax payments in 2023 related to payments for 2022 in line with local tax payment patterns.</p>
UK region⁽³⁾	14,493	6,196	980	41,456	41,204	–

Appendix continued

Commentary on our 2023 Country-by-Country Report continued

Country	Income ^(1,2) (audited) £m	Profit before tax (audited) ⁽¹⁾ £m	Tax paid/ received (audited) £m	Avg FTE incl temp staff (audited)	FTE incl temp staff at 31 Dec (audited)	Commentary (unaudited)
Finland	16	12	3	6	7	NatWest Group undertakes real estate related activities in Finland via its Nordisk Renting operations. Taxable profits are subject to a headline rate of tax of 20% in Finland for 2023. Corporate income tax payments in 2023 related to payments on account for 2023.
France	34	(1)	3	67	66	NatWest Markets N.V. (NWM N.V.) has a branch in France providing investment banking services. Taxable profits of the branch are subject to a headline rate of tax of 25% in France for 2023. Corporate income tax payments in 2023 related to payments on account for 2023 and payments relating to prior years.
Germany	77	24	1	117	108	NatWest Group's operations in Germany consist of the provision of banking services to large corporate customers and financial institutions across the EEA and management of euro liquidity. Taxable profits are subject to a headline rate of tax of c.32% in Germany for 2023. Corporate income tax payments in 2023 related to current and prior periods. Further payments relating to 2023 are expected to be made in future years in line with the local payment pattern in Germany.
Gibraltar	48	24	4	66	66	RBSI Limited has a branch in Gibraltar. Taxable profits of the branch are subject to a headline rate of tax of 12.5% in Gibraltar for 2023. Corporate income tax payments in 2023 related to payments on account for 2023 and payments relating to prior years.
Greece	(1)	(1)	1	1	1	NatWest Group ceased its operations in Greece during 2015. One member of staff remains employed locally to assist with the ongoing wind down and resolution of legacy issues. Corporate income tax payments in 2023 related to prior years.
Republic of Ireland	–	(542)	–	1,096	380	NatWest Group's strategic withdrawal from Ireland is at an advanced stage. Taxable profits are subject to a headline rate of tax of 12.5% in Ireland for 2023. NatWest Group has substantial tax losses brought forward in Ireland and, in 2023, taxable profits in Ireland were offset by tax losses. Unused tax losses carried forward at year end are available to offset against future taxable profits in Ireland.
Italy	10	1	1	19	22	NWM N.V. has a branch in Italy providing investment banking services. Taxable profits of the branch are subject to a headline rate of tax of 27.5% in Italy for 2023. In addition to the corporate tax (IRES), the Italian branch is subject to a regional production tax levied at a rate of 5.57%. Corporate income tax payments in 2023 related to payments for 2023 and payments in relation to prior years.

Appendix continued

Commentary on our 2023 Country-by-Country Report continued

Country	Income ^(1,2) (audited) £m	Profit before tax (audited) ⁽¹⁾ £m	Tax paid/ received (audited) £m	Avg FTE incl temp staff (audited)	FTE incl temp staff at 31 Dec (audited)	Commentary (unaudited)
Luxembourg	146	108	1	73	76	RBSI Limited has a branch in Luxembourg. Independent trustee and depositary services are also provided by RBS International Depositary Services S.A. Taxable profits are subject to a headline rate of tax of 24.9% in Luxembourg for 2023. Tax payments made during 2023 related to payments on account for 2023 and payments relating to prior years. Further payments relating to 2023 are expected to be made in future years in line with the local payment pattern in Luxembourg.
Netherlands	171	84	–	122	124	NatWest Group operates in the Netherlands through NWM N.V. and its subsidiaries, which provide investment banking services. Taxable profits are subject to a headline rate of tax of 25.8% in the Netherlands for 2023. NatWest Group has substantial tax losses and credits brought forward in the Netherlands and in 2023 taxable profits were offset by tax losses and credits. Unused tax losses/credits carried forward at year end are available to offset against future taxable profits in the Netherlands.
Norway	6	5	1	–	–	NatWest Group undertakes real estate related activities in Norway via its Nordisk Renting operations. Taxable profits are subject to a headline rate of tax of 22% in Norway for 2023. Corporate income tax payments in 2023 related to payments for 2022 in line with local tax payment patterns.
Poland⁽²⁾	79	7	–	1,552	1,492	The Polish branch of National Westminster Bank Plc (non-regulated) provides intra-group services to NatWest Group entities globally. Taxable profits are subject to a headline rate of tax of 19% in Poland for 2023. Polish taxes due in relation to 2023 were reduced by local tax reliefs available under Polish legislation. In June 2024, we announced that we intend to close our operations in Poland by the end of 2025.
Spain	–	–	(1)	–	–	During 2022 NWM N.V. closed its branch in Spain. Taxes refunded in 2023 related to prior years.
Sweden	16	8	3	40	42	NatWest Group undertakes real estate related activities in Sweden via its Nordisk Renting operations. Investment banking services are also provided through NWM N.V.'s branch in Sweden. Taxable profits are subject to a headline rate of tax of 20.6% in Sweden for 2023. Corporate income tax payments in 2023 related to payments on account for 2023.
Switzerland⁽²⁾	139	9	2	285	298	NatWest Group has a service entity in Switzerland whose taxable profits are subject to federal tax, Zurich cantonal tax and Zurich city tax with headline rates of 8.5%, 7% and 7% respectively for 2023. We also have two legacy subsidiaries in Switzerland which previously conducted private banking and insurance activities but whose businesses have now ceased. Taxable profits of these legacy subsidiaries are subject to federal and local taxes in Switzerland as appropriate. Corporate income tax payments in 2023 related to payments for 2023 and payments in relation to prior years.
Turkey	2	1	–	2	2	NatWest Group ceased its operations in Turkey during 2017. Two members of staff remain employed locally to assist with the ongoing wind down and resolution of legacy issues.

Appendix continued

Commentary on our 2023 Country-by-Country Report continued

Country	Income ^(4,2) (audited) £m	Profit before tax (audited) ⁽¹⁾ £m	Tax paid/ received (audited) £m	Avg FTE incl temp staff (audited)	FTE incl temp staff at 31 Dec (audited)	Commentary (unaudited)
Europe region⁽³⁾	743	(261)	19	3,446	2,684	–
United States	146	44	–	269	276	NatWest Group's operations in the US focus on providing investment banking services to customers across the US. Taxable profits are subject to a headline rate of federal tax of 21% in the United States for 2023. In 2023, taxable profits were offset by tax losses brought forward.
Cayman Islands	–	1	–	–	–	NatWest Group is continuing to simplify its legacy activities in the Cayman Islands and to reduce its presence in this jurisdiction once in a position to do so. Profits arising during 2023 comprised a one-off receipt upon resolution of a legacy issue. The subsidiary receiving this payment has now been liquidated. Taxable profits in the Cayman Islands are subject to a headline rate of tax of 0% for 2023.
US region⁽³⁾	146	45	–	269	276	–
Hong Kong	2	5	–	3	–	NatWest Group's previous operations in Hong Kong largely focused on providing investment banking services to large corporates, however such business activity has now ceased. Once legacy issues have been resolved, entities in Hong Kong will be liquidated with the exception of NatWest Markets Securities Japan Limited which operates through a branch in Japan. Taxable profits in Hong Kong are subject to a headline rate of tax of c.16.5% for 2023. In 2023, taxable profits in Hong Kong were offset by tax losses brought forward.
India⁽²⁾	464	63	33	16,327	16,944	NatWest Group has a service company in India, as well as a branch of NatWest Markets Plc which is in run down. Taxable profits are subject to a headline rate of tax of c.25% for the service company and c.44% for the NatWest Markets Plc Branch in India for 2023. Taxes paid in 2023 relate to 2023 and prior years and also include withholding tax on dividends paid by our Indian service company.
Japan	23	3	1	36	34	NatWest Group's operations in Japan are conducted by NatWest Markets Securities Japan Limited Tokyo Branch and focus on providing sales and distribution of financial instruments to Japanese clients. Taxable profits of the branch are subject to a headline rate of tax of c.30% in Japan for 2023. Corporate tax payments in 2023 related to payments for 2023.
Singapore	55	15	–	114	111	NatWest Group's operations in Singapore are conducted by NatWest Markets Plc Singapore Branch and focus on providing investment banking services to large corporates. Taxable profits of the branch are subject to a headline rate of tax of 17% in Singapore for 2023. In 2023, taxable profits were offset by tax losses brought forward.
Asia Pacific region⁽³⁾	544	86	34	16,480	17,089	–

Appendix continued

Commentary on our 2023 Country-by-Country Report continued

Country	Income ^(1,2) (audited) £m	Profit before tax (audited) ⁽¹⁾ £m	Tax paid/ received (audited) £m	Avg FTE incl temp staff (audited)	FTE incl temp staff at 31 Dec (audited)	Commentary (unaudited)
Totals by region:						
UK region	14,493	6,196	980	41,456	41,204	–
US region	146	45	–	269	276	–
Europe region	743	(261)	19	3,446	2,684	–
Rest of World region	544	86	34	16,480	17,089	–
Total Geography	15,926	6,066	1,033	61,651	61,253	–
Elimination of internal service fee income	(1,168)	–	–	–	–	–
Global total	14,758	6,066	1,033	61,651	61,253	–

(1) A full list of NatWest Group's subsidiaries names, nature of activities and geographical locations is available in Note 12 of the parent company accounts.

(2) Income includes internal service fee income from other countries.

(3) Includes internal service fee income of £489 million for UK region, £232 million for Europe region, £3 million for US region and £444 million for Asia Pacific region.

(4) The amounts shown above are presented to the nearest million and as a result any amounts less than £0.5 million have been rounded to zero.

(5) The information above is presented on a gross reporting basis and includes results from discontinued operations. The results from discontinued operations are included in the Republic of Ireland totals, increase in income: £6 million; loss before tax: £112 million; tax paid: nil; subsidies received: nil; average headcount: 130; headcount as at 31 December 2023: nil.

Cautionary statements

Important information

Cautions about this report

This report has been prepared by NatWest Group plc (together with its subsidiaries 'NatWest Group') for information and reference purposes only; it is intended to provide non-exhaustive, indicative and general information only and does not purport to be comprehensive; and it does not provide any form of legal, tax, investment, accounting, financial or other advice. References to 'NatWest Group', 'we', 'us' and/or 'our' are to NatWest Group plc, together with its subsidiaries. This report has not been audited or signed off by NatWest Group's external auditors.

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Certain sections in this report contain forward-looking statements, such as aims, ambitions, estimates, forecasts, plans, projections and targets and other metrics, including, for example, NatWest Group's ambition to align with the 2015 Paris Agreement and the SDGs.

Words or phrases such as 'ambition', 'aim', 'efforts', 'estimate', 'intended', 'may', 'objective', 'seek', 'should', 'will', 'would' or similar expressions that convey the prospective nature of events or outcomes generally indicate other forward-looking statements. There are many significant uncertainties, assumptions, judgements, opinions, estimates, forecasts and statements made of future expectations underlying these forward-looking statements which could cause actual results, performance, outcomes or events to differ materially from those expressed or implied in these forward-looking such statements.

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This report contains a number of graphics, infographics, text boxes and credentials which aim to give a high-level overview of certain elements of this report and improve accessibility for readers. These graphics, infographics and text boxes are illustrative and should be read within the context of this report as a whole.

No duty to update

The forward-looking statements contained in this report only speak as of the date they were published. Except to the extent legally required, we expressly disclaim any obligation or undertaking to update or revise any forward-looking statements in this report, whether to reflect any change in our expectations regarding those forward-looking statements, any change in events, conditions or circumstances on which any such statement is based, or otherwise.

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2023 Tax Transparency Report

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