



# Tax supplement 2024

Legal & General Group Plc

# Welcome to L&G's 2024 Tax supplement

This tax supplement sets out our tax strategy for the Group – what we will and will not do in relation to tax – and provides a more detailed review of how much tax we pay, where we pay it and of the numbers in the Annual report and accounts.

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Foreword from our Group  
Chief Financial Officer

Our transparent & sustainable approach to tax together with our total tax contribution align with our renewed purpose statement and our commitment to creating value for all our stakeholders and the economies in which we operate.

Our refreshed purpose

**Investing for  
the long term.  
Our future  
depends on it.**

 Annual report and accounts: [group.legalandgeneral.com/AnnualReport2024](https://group.legalandgeneral.com/AnnualReport2024)

# Our approach to sustainability and tax

## A sustainable business

The idea that capital can generate social benefit alongside returns for investors has been important to L&G throughout our history, from our early financing of railways and real estate in the 1830s to more recent investments in urban regeneration and clean energy infrastructure.

Our business is evolving, and our stakeholders' needs and expectations are changing. In 2024, we responded by resetting the Group's strategic objectives and refreshing our purpose statement. Our refreshed purpose unites all three parts of our business and reflects our commitment to realise the positive potential of sustainable, long-term investment, for our clients, customers and communities. Our total tax contribution is also part of our commitment and the positive impact our contribution to public finances has on the economy and society as a whole.

We continue to see the structural trends that face firms like ours – including shifts in responsibility for long-term savings to individuals, economic and geopolitical volatility, a need for productive finance to solve big, societal challenges, and rapid advances in technology – as risks to be managed and commercial opportunities to be realised. They require a combination of long-term thinking and immediate, decisive action. Our purpose, commercial strategy and sustainability areas of focus recognise this.

A sustainable approach to tax is part of our overall purpose and strategy from compliance to overall contribution. Tax impacts how the business is viewed by our stakeholders including governments, employees, customers and investors.

## Responsible investing

Responsible investing is core to our investment approach, which is to create a better future through responsible investing, creating sustainable value and promoting market resilience.

A great example of this is in our Affordable Homes business. During 2024, we took action to increase investment in affordable housing across a new Affordable Housing Fund, operated by L&G Affordable Homes, one of our subsidiary businesses.

## Affordable Housing Fund

In 2024, we launched a new Affordable Housing Fund with the aim of speeding up the delivery of affordable housing across England, while delivering secure returns for investors. Many of these are public sector pension funds like the Local Government Pensions Scheme, one of the largest such public sector pension funds in the country.

The Affordable Housing Fund has been set up as a private Real Estate Investment Trust (REIT), a property investment company. The ability to set up a private REIT owned by certain institutional investors came about as a result of changes to the REIT regime in Finance Act 2024. A REIT simulates direct investment in UK property, thereby allowing investors a tax efficient method of pooling capital for property investment. REITs must abide by a number of investment, financial and operating conditions in order to maintain their favourable tax status.

The Fund will positively impact hundreds of people's lives by investing in well-designed, purpose-built affordable rent and shared ownership housing in areas of acute need and demand across England. The homes will align with L&G's commitment to achieve net zero by 2050. The pipeline consists of new-build, energy-efficient affordable housing stock, >95% of which has an EPC rating B or higher.

## L&G Affordable Homes (LGAH)

We also seek to address the need for affordable housing through L&G Affordable Homes, a subsidiary business which builds shared ownership, social and affordable rented homes across the UK, pioneering institutional investment in the UK's affordable housing sector.

## Our strategic priorities



### Sustainable Growth

We want to sustainably grow our three businesses, seizing the opportunities for significant growth upside.



### Sharper Focus

We have sharpened our focus, with a clear set of priorities for those businesses that have the strongest strategic fit and financial performance.



### Enhanced Returns

We are aiming to deliver enhanced shareholder returns setting new financial targets and changing our approach to shareholder distributions.

Social impact report:

**Our 2024 Social impact report is available on our Group website. See: [group.legalandgeneral.com/SocialImpactReport2024](https://group.legalandgeneral.com/SocialImpactReport2024)**

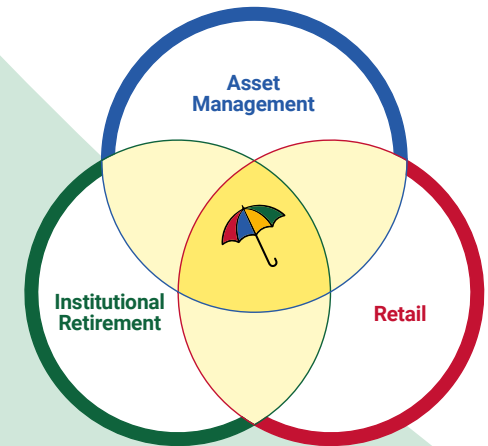
## L&G at a glance

### Who we are

Established in 1836, we are a leading financial services group and major global investor, helping to safeguard people's financial future's, improving the lives of customers and creating value for shareholders.

### What we do

We are one of the world's largest asset managers and provide powerful asset origination capabilities. Together, these underpin our retirement and protection solutions.



## Our sustainability focus areas

- We'll promote long-term financial wellbeing
- We'll create better communities in which we live and work
- We'll invest in game changing environmental solutions
- We'll engage our customers and employees with our social impact
- We'll run our business in a responsible way

# Our tax strategy

Here we set out our strategy for a sustainable, well-governed, fair and transparent approach to tax.

## Our actions

Where possible, we meet all our legal requirements, making all appropriate tax returns and tax payments accurately and on time, in the territories in which we operate.

We do not undertake any transactions with the sole purpose of creating a tax benefit in excess of what is intended by relevant tax legislation, or what is outside of the Group's risk appetite, or is not in line with our Group Code of Ethics.

We operate appropriate tax risk governance processes, including Board oversight.



## Our behaviours

We always consider the Group's reputation, and corporate and social responsibilities when considering tax.

We work with HM Revenue & Customs (HMRC) and other tax authorities cooperatively, collaboratively and, where possible, on a real-time basis.

We consider tax as part of every major business decision. We contribute to the development of UK and international tax policy and legislation where we can.

Our approach to tax is consistent with our values. We manage tax risk consistently with the Group's three lines of defence Risk Management Framework.



## Our aims:



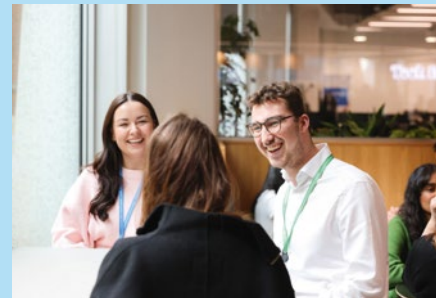
### Sustainable growth

Our Group's tax rate depends on our business performance. Our three businesses have reliable earnings to be able to achieve sustainable growth.



### Well governed

We manage tax risk like any other risk in our business and invest in our people.



### Fair

We recognise the impact tax has on wider society and undertake to act responsibly in all tax matters.



### Transparent

We seek to explain the taxation of our business to all our stakeholders.

# Our tax strategy in action



## A responsible approach to tax management motivates our actions and shapes our strategy.

Our tax strategy helps us meet our aims and is reviewed and approved annually by our Audit Committee on behalf of the Board. As Chief Tax Officer, I have day-to-day responsibility for our strategy and how we implement it in line with our values.

Jeff Davies, the Group Chief Financial Officer, is the named executive member of the Board with ultimate responsibility for our tax affairs.

The Group tax team at L&G is responsible for the development, management and delivery of the tax strategy for the Group. This includes responsibility for the Group's tax policy, external engagement, risk management, advice, reporting and compliance, while providing tax insight across all parts of our business, and of course, making sure that we have the right people in the right roles.

“

**Our sustainable approach to tax supports our renewed purpose and our commitment to contributing to the economies and communities in which we do business.**

”

**Grace Stevens**  
Chief Tax Officer

## Tax commitments

- We recognise that our stakeholders in tax not only include our investors, tax authorities, customers and employees, but also wider society.
- We aim to provide useful information to our stakeholders to help them understand how we manage our tax affairs and the contribution we make to society through the taxes we pay. This includes voluntarily disclosing additional information which we consider useful for our stakeholders to better understand our tax affairs.
- We aim to have an open, cooperative and collaborative working relationship with HMRC, and other tax authorities where appropriate, across all our taxes.
- We believe that open consultation with governments results in more informed and sustainable tax legislation.
- We work with governments both directly and via industry trade bodies to respond to consultations and to explain the impact of proposals on our business, customers and investors.
- We engage with a range of interested parties and non-governmental organisations to discuss concerns about the tax system and responsible and transparent tax practices of large companies.
- We recognise the expectations society, governments and consumers have of large companies on tax responsibility and transparency.
- As a significant investor, we ensure we speak to the companies we invest in about their tax policy and management as part of our overall engagement with them on governance, and environmental and social impact.

# Our year in review

**As part of our commitment to tax transparency, this Tax supplement expands on the information given in our Annual report and accounts. This includes our total tax contribution, consolidated country-by-country data and an explanation of our tax charge.**

## Our 2024 tax position

Our effective tax rate for the year is 41%. This is higher than the headline UK corporate income tax rate of 25% that applied for 2024. The difference between our effective tax rate and the UK corporate income tax rate is largely due to the fair value movements on our investments and the difference between the accounting values and the tax values used. This includes the disposal of CALA Group (Cala) which gave rise to an accounting loss of £99 million after costs, at a group level. The disposal of Cala was exempt from UK corporate income tax due to the substantial shareholding exemption applying, this increases our effective tax rate by 6%. Other movements on investments account for a 10% increase in our effective tax rate.

This is our second full year reporting under the IFRS 17 Insurance Contracts accounting standard. The standard impacts the corporate income tax we pay in the UK due to the transition adjustments, applying from 1 January 2023, to ensure the Group does not pay tax on the same profits twice. The introduction of IFRS 17 has also altered when profits emerge.

Our effective tax rate is also influenced by the different rates of corporate income tax that apply to profits earned outside of the UK and top up tax, payable post the introduction of the global minimum tax regime on 1 January 2024.

## Global minimum tax regime

The Group is liable to UK top up tax this year in respect of profits arising in our global reinsurance hubs in Bermuda. A UK top up tax liability of £35 million has been recognised in respect of 2024 and will be settled with HM Revenue & Customs (HMRC) in June 2026.

From 1 January 2025, the Bermudan Government introduced a corporate income tax regime which will apply to profits arising in our Bermudan reinsurance businesses. We will start paying Bermudan corporate income tax on our Bermudan taxable profits arising in 2025 at the enacted rate of 15%.

We do not anticipate any other significant impacts of the Pillar II rules for this year, and expect most of the Group's jurisdictions, including the UK, to fall within one of the transitional safe harbours.

## The tax environment

Our refreshed purpose statement: 'Investing for the long term. Our future depends on it'. shapes the way we do business. Our total tax contribution is part of our ongoing commitment of putting capital to work for good, alongside generating a financial return, making a positive impact on the economy and society.

We monitor risks and complexities across all the territories in which we operate and take a responsible approach to tax management, consistent with our tax strategy. We recognise that governments, customers, clients, investors and other stakeholders have justifiably high expectations for compliance, risk management and transparency. Our approach to tax transparency remains consistent with a focus on engaging with all stakeholders and supplementing our disclosures on tax where we believe this will add value.

One of the key risks for all of us is the impact from changes in tax policy, guidance and thresholds as well as the arrival of new taxes. Any tax regime needs to balance the revenues it raises with the needs of all stakeholders across society, both in the present and in the future; supporting growth and incentivising change and behaviours appropriately whilst ensuring that policies do not create unintended consequences.

Changes to the tax environment impact our businesses, our investments, our employees, our customers and clients. We contribute to discussions and research on the tax landscape, prospective changes and active consultations on new legislation and guidance. This is with a view to ensuring the impact across society, our customers and clients and wider stakeholders is understood and new rules are implemented effectively. During the year we responded on a variety of consultations including those related to ISAs, tax administration and the implementation of Bermuda corporate income tax rules.

The pace of change across the tax landscape is higher for businesses and individuals than ever with new demands such as those to support both economic growth and net zero; growing complexity with an ever increasing range of compliance requirements and to ensure that everyone is paying the right tax at the right time. A sustainable approach to tax by governments, tax authorities and tax payers is ever more important in investing for all our futures.

Alongside the Budget, the government published a Corporate Tax Roadmap setting out its approach to corporation tax. The roadmap reflects the needs of businesses to have a stable and predictable tax environment to encourage investment, innovation and growth over the long term.

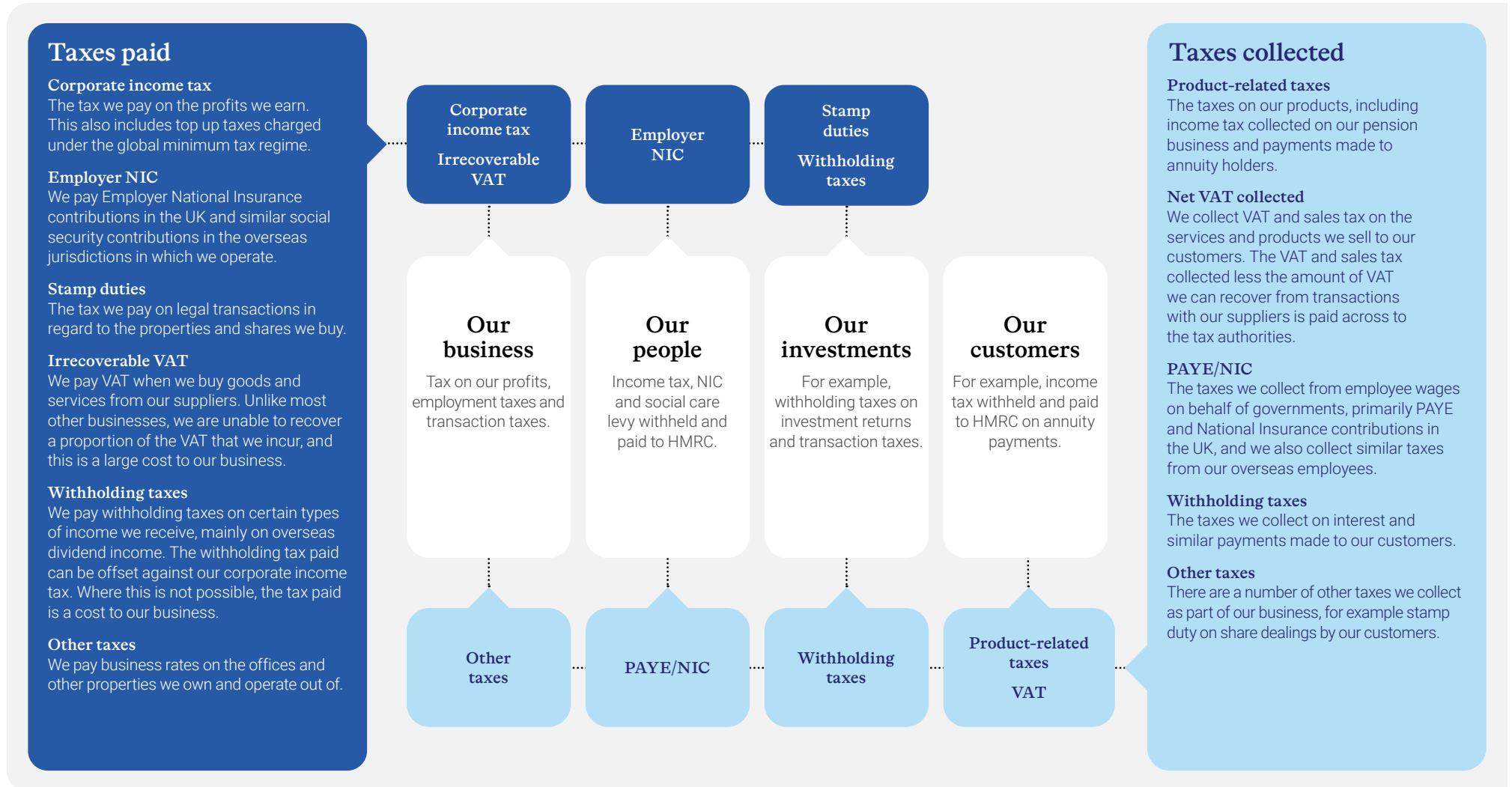
While a similar approach to the broader business tax environment would be welcome, the highlights of the corporation tax roadmap includes 'Full expensing' of qualifying plant and machinery, the R&D tax relief's, a commitment to keep the UK corporate income tax rate at 25% for the length of parliament, as well as consultations on the international taxation and further details on HMRC's modernisation ambitions. These provide welcome stability to our businesses and investments.



# Our tax universe

**Tax encompasses more than just a charge on a company's profits. We pay and collect taxes at all parts of our business cycle, from the premiums we invest to the tax we pay on our profits.**

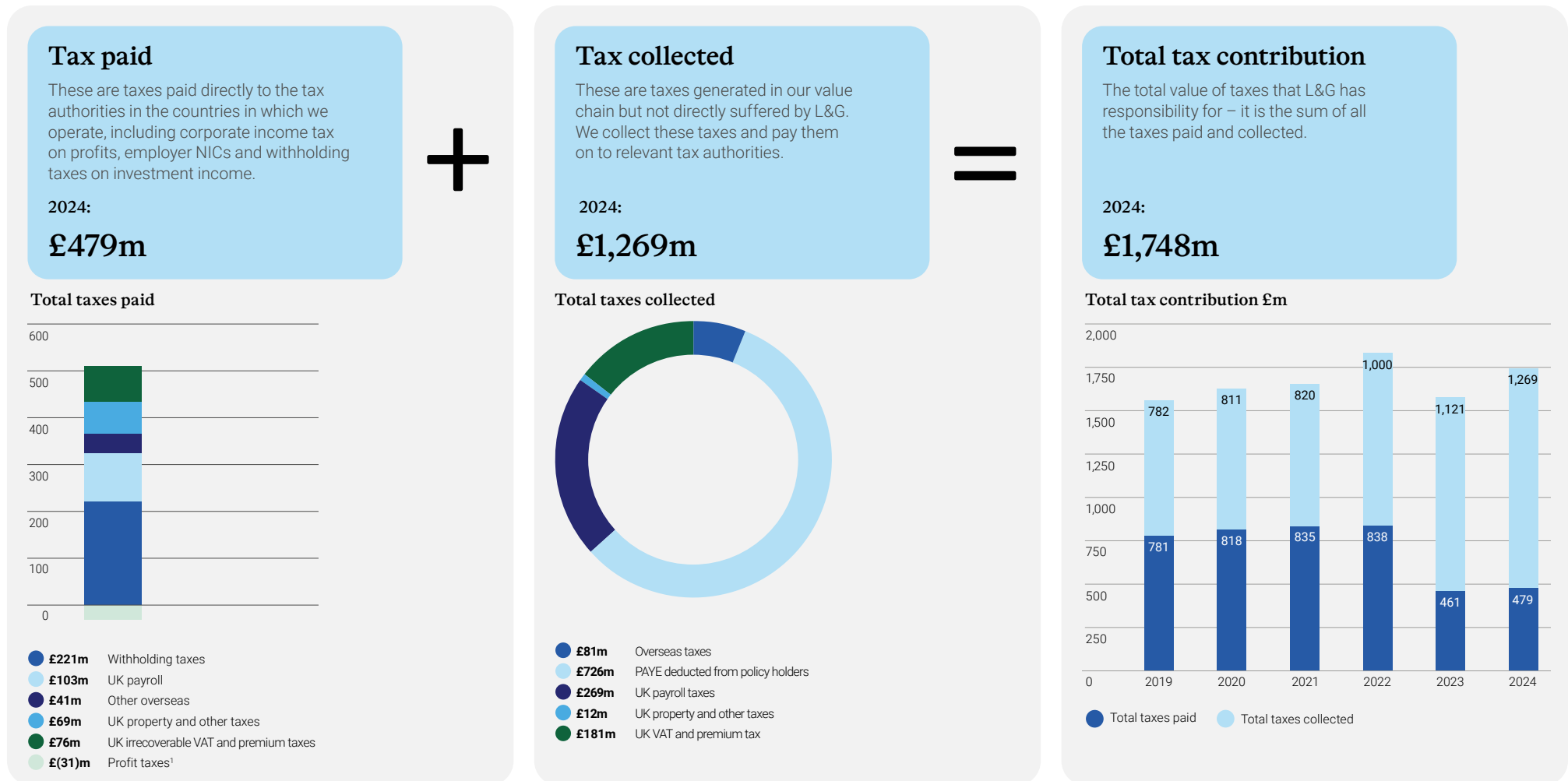
The taxes we pay primarily arise where our business assets, capital, people and customers are located – where we have real economic substance.



# Our total tax contribution

At L&G, we pay and collect a number of taxes – for our business, our people, our customers and our investments, this is part of our contribution to public finances. We pay and collect various taxes in the countries in which we operate, this is just one way we contribute to society as a responsible business.

Our total tax contribution of £1,748 million is higher in 2024 than in the prior year. The increase is primarily due to the volume of PAYE collected on administered pension schemes as a result of an increase in the volume of payments being requested and an increase in the gross amounts paid out during the year.



1. During the year the Group received net refunds of UK corporate income tax of £31 million. The Group made payments on account for the year ended 31 December 2024 and received R&D expenditure credits, making total payments of £11 million. In addition to the payments made the Group also received refunds for overpayments made in prior years of £42 million.



# Our global tax footprint

**Our consolidated Group includes approximately 440 entities, including companies, branches, funds, trusts and partnerships operating across the globe.**

**We have corporate offices in the UK, USA, Bermuda, Hong Kong, Ireland, Japan, Singapore and China, together with branches in a number of European territories. Our global investing footprint covers most of the world.**

Our Group's asset management, insurance and savings activities can be complex and involve significant transactional volumes and values as well as cross-border transactions. Where we suffer and pay tax reflects the reality of the global nature of our business. These are explained in the following sections.

The taxes we pay in future years will be impacted by changes to tax and accounting rules, in particular the introduction of a global minimum tax regime.

## Reinsurance

L&G operates a global reinsurance business in Bermuda which acts as the internal reinsurance hub for the Group and supports the growth of our international pension risk transfer business.

Bermuda is one of the largest reinsurance markets in the world, with a highly qualified and experienced local workforce; a robust, Solvency II equivalent, regulatory framework and the Bermuda Monetary Authority (BMA) is a well-established regulator.

Our Bermudan operations are staffed by our dedicated team of insurance and finance professionals. As there were no profit taxes in Bermuda during the year, the taxes we paid in Bermuda in 2024 were on our people and property.

The Bermudan Government has introduced a local corporate income tax regime with effect from 1 January 2025, as a result of the new global minimum tax regime.

The section on page 9 explains the impact of this on the Group.

## Investment funds

We have established collective investment schemes, which are investment funds or entities, in the UK, US, Jersey, Ireland and Luxembourg. It is common to set up funds in jurisdictions like these that generally do not impose an additional layer of tax on the fund itself, as well as for operational reasons.

Regardless of what territory the fund is established in, investors will pay tax on their returns in line with the tax rules of the jurisdiction they are resident in. In some situations, investors may also pay tax in the jurisdiction in which the fund is located; for example, overseas investors may pay UK tax on rental income from UK properties.

Where our Group companies invest in these, they pay corporate income tax in their country of residence (usually the UK) on any investment return.

Although the funds do not typically pay additional tax in the territory in which they are resident, funds may receive some investment return, such as dividends, net of withholding taxes which are imposed by other territories.

It is sometimes possible to reclaim these taxes depending on the tax agreements in place between the relevant jurisdictions. We undertake tax reclaims on behalf of our funds where this is in line with local law and industry practice. This reclaim process is typically undertaken by our custodians with oversight from Group Tax

Where we feel that the application of withholding tax is contrary to the law, we file claims with respective tax authorities, for example withholding taxes are suffered on certain investments in EU territories. These claims may result in litigation against the respective tax authority. Where claims are made on behalf of the funds, the net proceeds of successful claims are paid to the relevant funds.

## Direct Investments

The UK institutional Retirement business has made a number of strategic direct investments in high quality US real estate.

As a rule, all countries seek to tax income arising from real property located in that jurisdiction, regardless of structure or investor profile. Tax Treaties act to preserve the taxing right in the jurisdiction the property is in, rather than in the country of the investor. US direct investments are subject to two layers of taxation on real property, being US Federal income tax and State and Local tax. The US Federal tax regime applies when real property is located in the US, and the State and Local tax regime applies when real property is in a specific state. In some cases, State tax can apply to debt funding that is backed by real property located in a state. The taxation of profits repatriated to the investor depends on the tax profile of the investor. Our group UK companies pay corporate income tax in their country of tax residence (the UK) on investment returns as prescribed by the tax law of the UK.

## Our global tax footprint continued

### Our global tax contribution can be broken down as:

Country	2024 profit <sup>1</sup>	2024 total corporate income tax charge	Profit taxes paid <sup>2</sup>	Other taxes paid	Taxes collected	2024 total tax contribution	2023 profit <sup>1</sup>	2023 total tax contribution
UK	35	77	190	248	1,188	1,626	(221)	1,471
USA	161	40	1	38	76	115	(11)	101
Bermuda <sup>3</sup>	141	21	–	2	–	2	309	2
Ireland	(4)	(1)	(1)	1	2	2	1	3
Other <sup>4</sup>	(1)	–	–	–	3	3	(2)	5
<b>Total</b>	<b>332</b>	<b>137</b>	<b>190</b>	<b>289</b>	<b>1,269</b>	<b>1,748</b>	<b>76</b>	<b>1,582</b>

All figures in £million

1. IFRS profit before tax.

2. Includes withholding taxes suffered on our overseas investments.

3. Includes top up tax on our Bermudan reinsurance businesses of £35 million.

4. This covers the other territories in which we operate, none of which are individually material.

## Global minimum tax regime

During 2023, the UK Government enacted legislation to apply a global minimum tax rate of 15% to multinational businesses head-quartered in the UK, under the Model Rules agreed by the OECD. These rules apply from 1 January 2024 to all of our businesses globally.

The Group is liable to UK top up tax this year in respect of profits arising in our global reinsurance hub in Bermuda. A tax liability of £35 million in relation to UK top up tax has been recognised and will be settled in June 2026.

From 1 January 2025, the Bermudan Government will apply a corporate income tax regime which would apply to our Bermudan reinsurance businesses. The rate enacted is 15%, and deferred tax on temporary differences has been recognised at this rate.

A deferred tax asset of £340 million (2023: £340 million) has been recognised as at 31 December 2024.

The deferred tax asset relates to tax relief's permitted under the Bermuda corporate income tax regime which give rise to deductible temporary differences associated with the valuation of insurance contracts.

The Group expects to have sufficient future taxable profits against which the reversal of these deductible temporary differences can be offset.

The deferred tax asset of £340 million (2023: £340 million) is included within the deferred tax disclosure in Note 30 within the line item 'Difference between tax and accounting value of insurance contracts'.

We do not anticipate any other significant liabilities under the global minimum tax rules based on the Group's current profile. This will be kept under review as the Group's activities continue to evolve.

The OECD issued an update to its Pillar II guidance on 15 January 2025 to clarify what is accepted as Covered Taxes in respect of the transitional amounts recognised in Bermuda on transition to the new corporate income tax regime. The guidance may affect the valuation of the deferred tax asset recognised in 2023 and may result in a UK top up tax charge arising on Bermuda profits in future years. There remains significant uncertainty about the likely outcome. The current asset remains appropriate for 2024 and the position remains under review. Further guidance is expected on how the UK will implement the updated OECD guidance into UK law.



# Tax in our financial statements

## Our tax expense

We publish information about the Group's tax expense in Note 30 to our financial statements. In 2024, the total tax expense attributable to equity holders was £137 million which is equivalent to an effective tax rate of 41%.

The difference between the rate of corporation tax applicable to UK companies in 2024 of 25% and our effective tax rate is principally driven by differences between the accounting value of our investments and the tax value of our investments.

Our effective tax rate is also influenced by the different rates of corporate income tax that apply to profits earned outside of the UK and top up taxes, as part of the introduction of the global minimum tax regime.

## Components of our tax expense

Our tax expense is made up of current and deferred tax.

A current tax liability/asset is an estimate of the cash tax to be paid to tax/received from authorities in respect of our profits/losses for the year.

Deferred tax is an accounting balance which represents timing differences between when income and expenses are recognised for accounting purposes, and when they are brought into tax.

Deferred tax can be shown as either an asset or a liability. A deferred tax asset represents a future tax credit, and a deferred tax liability represents a future tax charge.

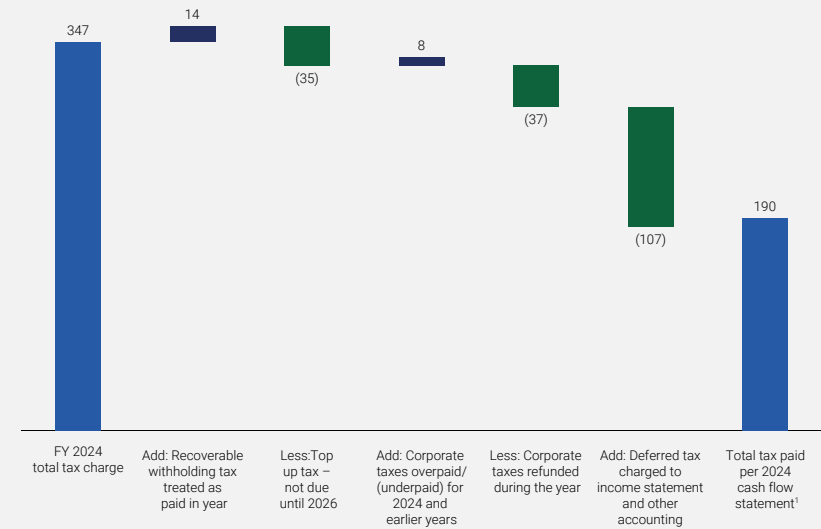
Deferred tax also arises on unused tax losses to the extent it is probable that future taxable profits will arise against which the losses can be utilised, such deferred tax will be shown as a deferred tax asset on the balance sheet.

Where we do not expect to obtain the benefit of deferred tax assets, these are not recognised. Unrecognised deferred tax assets are disclosed in the accounts. At 31 December 2024, the Group has unrecognised deferred tax assets of £116 million (2023: £108 million) relating primarily to trading and capital losses.

## Cash flow reconciliation

The chart below reconciles the tax charge/(credit) in the income statement (£347 million) to the tax paid in the statement of cash flows (£190 million).

### Financial Year 2024 reconciliation from total tax charge to total tax paid (£m)



<sup>1</sup> Tax paid comprises withholding tax of £221m and UK corporation tax refund of £31m.

## Tax in our financial statements continued

### Our tax rate reconciliation

As a UK-head-quartered Group, we explain how our total tax expense attributable to equity holders reconciles to the expense we would incur by simply applying the UK corporation tax rate of 25% to our accounting profits.

We split this reconciliation between recurring adjustments and non-recurring adjustments. Recurring adjustments are expected every year, driven by the structure of our business. Non-recurring adjustments are caused by one-off events.

#### Different rate of tax on profits and losses taxed overseas

Different countries tax profits at different rates.

L&G's principal activities are in the UK, US and Bermuda, and we pay tax at different rates on the profits arising in each of these countries.

#### Income not subject to tax

UK tax law exempts qualifying foreign and UK non-group dividends received from corporate income tax.

#### Non-deductible expenses

UK tax law does not allow companies to claim tax relief for some expenses incurred in the normal course of their business activities. This can include expenses relating to projects (such as acquisitions and disposals) and customer entertaining.

#### Differences between taxable and accounting investment gains

There can be differences in how tax is calculated on gains and losses on investments, compared to accounting profits. For example, under UK tax law, gains and losses on the sale of subsidiary businesses may be exempt from tax.

### Other taxes on property and foreign income

In addition to the standard rate of corporate income tax in the UK, the Group pays Residential Property Developer Tax (RPDT). This is an additional tax on the trading profits of residential property developers.

The RPDT estimate of tax charge is included in this reconciling item along with foreign taxes suffered.

#### Unrecognised tax losses

Most jurisdictions allow a taxpayer to offset a loss incurred one year against a profit arising in a future year, or against profits arising elsewhere in the Group. However, it may not be possible to obtain relief for losses in certain situations depending on expectations of future profits and the requirements of tax law.

#### Double tax relief

We are taxed on our foreign income both in the UK and in the country in which the income arose. UK tax law allows us to claim some or all of the foreign tax suffered back as double tax relief against our UK tax charge.

#### Adjustments in respect of prior years

The tax charge included in the accounts is management's best estimate of the tax we will pay on our 2024 results based on the information available at the time. When we come to file our tax returns, there may be differences between the expense in the accounts and what we owe to HMRC and other tax authorities. This true-up is reflected in the subsequent period's accounts as a prior year adjustment.

#### Impact of the revaluation of deferred tax balances

Deferred tax assets and liabilities are revalued each year based on the tax rates that are expected to apply in the future when the tax is paid, or when the tax relief is given. There has been no change in the headline rate of UK corporate income tax since the UK Government announced the 25% corporation tax rate to be applied from 1 April 2023.

The impact on the revaluation of the deferred tax balances arises on the differences between the current year tax rates (25% in the UK and 0% in Bermuda) and future tax rates (25% in the UK and 15% in Bermuda) on temporary differences.

### Uncertain tax positions

We may provide for uncertain tax positions, where there is an amount which may become payable to tax authorities. We report these uncertain tax positions in accordance with the relevant IFRS standards.

These provisions are subject to internal review by the Tax Risk Committee and are subject to audit by our Auditors. We may seek third-party validation, in particular where these amounts are material, or there is significant uncertainty.

Where these amounts are material, they are agreed with the Board, disclosed in our Annual report and accounts, and, as required, in relevant tax returns.

### Transfer pricing

We apply arm's length transfer pricing principles to payments between Group companies, ensuring the prices applied are representative of the prices that would have been applied between two independent parties.

The arm's length pricing we apply is in line with our Group transfer pricing approach and globally accepted standards such as the OECD Transfer Pricing Guidelines, which are applied consistently across all countries we operate in.

Where these transactions arise between two companies in different territories, in addition to applying the local tax laws of the jurisdiction, we may seek third-party advice to ensure those payments are priced correctly.

## Tax reconciliation

	2024 (£m)	2023 (£m)
Profit before tax attributable to equity holders	332	76
Tax calculated at 25% (2023: 23.5%)	83	18
Adjusted for the effects of:		
<b>Recurring reconciling items:</b>		
Different rate of tax on profits and losses taxed overseas	(30)	(68)
Income not subject to tax	(3)	(4)
Non-deductible expenses	32	27
Differences between taxable and accounting investment gains	32	(9)
Other taxes on property and foreign income	7	4
Unrecognised tax losses	(1)	19
Double tax relief	(1)	(2)
<b>Non-recurring reconciling items:</b>		
Differences between taxable and accounting investment gains	19	-
Adjustments in respect of prior years	(1)	(11)
Impact of the revaluation of deferred tax balances	-	(1)
Impact of law changes on deferred tax balances	-	(340)
<b>Tax expense/(credit) attributable to equity holders</b>	<b>137</b>	<b>(367)</b>
<b>Equity holders' effective tax rate</b>	<b>41%</b>	<b>(483%)</b>

# Our tax governance framework



**Responsibility for our Group’s management of tax risk ultimately rests with the Board, with day-to-day responsibilities for the implementation of the Group’s tax strategy and supporting tax policies resting with the Chief Tax Officer.**

Our Tax risk management policy is aligned with the Group’s three lines of defence risk governance model, which includes a formal assessment of tax-related risks and a reporting process to ensure that tax risk in the business is managed in line with tax risk appetite. The risk rating of an issue will determine how far it is escalated through the risk governance structure, including ultimately to the Board.

## How we measure tax risk

Group-wide tax risks are monitored by the Tax Risk Management Committee. This consists of the relevant Tax senior management and the Chief Tax Officer who meet regularly to assess existing and emerging tax risks across the business, covering all taxes. The measurement of tax risk can be both qualitative and quantitative, and is based on the view of qualified and experienced tax professionals within Group Tax. We may seek an external view for any potentially significant risks.

The Committee assess tax risks against a scale, aiming to ensure that all tax risks are well understood and appropriately monitored and managed. The appropriate level of control is determined by the likelihood of the risk event occurring, and the materiality of the risk.

## How we manage tax risk

L&G operates a ‘three lines of defence’ policy for managing all operational risk, and tax is managed consistently with this. The first line of defence is the operational management of tax risks and the day-to-day management of tax processes. Responsibility for these lies both with our businesses and with Group Tax, where certain obligations are managed centrally. Tax risk is managed by employing appropriately qualified and experienced people in key tax-related roles, with specific tax responsibilities and accountabilities included in their job descriptions, acting under appropriate delegated authorities.

Group Risk provides a second line of defence by providing the tax function, with expert advice in the design and testing of tax-related control frameworks, and risk reporting. Group Tax works closely with Group Risk to ensure an appropriate risk framework is in place for tax matters across the Group, including those operated by our business functions.

Group Internal Audit acts with independence for the last line of assurance, and Group Tax can act in support if there is no conflict of interest with Group Tax. Group Financial Crime has responsibility for whistleblowing and reporting procedures related to the facilitation of tax evasion under the corporate criminal offence legislation.

## Our tax governance framework continued

### Our tax risks explained

The key tax risks for the Group, together with acceptable risk level and approach to risk management, are stated below:

Our tax risks	Tax risks explained	Our risk appetite	Our risk management
<b>Tax legislation and other regulations</b>	<p>New tax legislation, changes in interpretation or application of existing tax legislation, changes in tax rates and changes, in accounting standards or other regulations, including tax policy, can generate significant tax risks.</p> <p>These changes may result in additional tax costs for the Group and additional complexity in complying with new legislation or regulation.</p>	<p>We may accept and manage tax risk where the Group's interpretation of the application of specific tax legislation differs from a tax authority's, but will not seek to apply an aggressive interpretation of tax legislation outside of what is understood to be intended.</p> <p>For high-value tax risks based on technical interpretation, Group Tax will typically obtain a pre-transaction validation of its technical position from reputable professional tax advisors.</p>	<p>We actively monitor new or changing tax legislation and where appropriate participate in consultations over proposed legislation, either directly or through trade bodies.</p> <p>We actively engage with tax authorities to understand changes in their interpretation of existing tax legislation and seek tax authority clearances on our interpretation where we can.</p> <p>If new legislation is not clear and potentially material to the Group, we will engage with reputable professional advisors to help us gain clarity.</p>
<b>Reputational</b>	<p>Our tax strategy aims to balance the needs of our key stakeholders. However, our stakeholders' expectations on our tax behaviours and those of large corporates generally, are going through a period of unprecedented change.</p> <p>We need to understand these changes and where necessary adapt our tax behaviours to manage any impact on our reputation within process our overall Group risk appetite.</p>	<p>We have a very low risk appetite for suffering any detriment to our reputation that may be caused by our approach to, or decisions taken in respect of, taxation. We might take a stronger view with a tax authority to ensure the right outcome for our customers.</p>	<p>We actively work to understand our stakeholders' expectations of us on tax, for example through constructive co-operative working with HMRC, our Investor Relations teams' interaction with shareholders and our discussions with a range of non-governmental organisations, to understand our stakeholders' perspective on tax.</p> <p>Stakeholder influence is factored into the tax decision-making to ensure we adopt a suitable approach to reputational risk.</p>
<b>Compliance and reporting</b>	<p>Ineffective management of our tax affairs could result in the Group incurring excessive tax costs disproportionate to the Group's results. Errors could be made, resulting in interest and penalty costs, as well as any payments of historical tax due. As well as cash tax due, we may be subject to additional costs related to increased audit activity from tax authorities.</p>	<p>All significant tax risks are reported and monitored in the Group's risk management systems.</p> <p>Accepted tax risks are reported to relevant local risk and compliance committees, and if appropriate, will be passed up to the Audit and Group Risk Committees in line with Group procedures.</p> <p>We have low tolerance for tax risk arising from errors or omissions, late submission of tax returns or late tax payments for routine and established tax compliance obligations.</p>	<p>We actively manage tax risks associated with tax compliance and reporting processes by devoting considerable effort to ensuring that our compliance and reporting obligations are fulfilled using well-designed and controlled processes.</p> <p>We employ appropriately qualified and experienced people in key tax-related roles, with specific tax responsibilities and accountabilities included in their job descriptions.</p> <p>We act quickly to remediate omissions and where applicable disclose adjustments to the relevant stakeholders.</p>
<b>Transactional</b>	<p>Transactional tax risks can be generated through new product releases, corporate transactions or expanding operations into new countries.</p> <p>Failure to understand and effectively manage transactional tax risks could result in additional tax-related costs.</p>	<p>Tax risks for material transactions will usually only be accepted on the basis of full disclosure to, or clearances from, the tax authorities, where possible.</p> <p>We may accept greater levels of tax risk if it is determined as acceptable as part of the overall commercial risk assessment of a transaction.</p>	<p>We actively manage tax risks associated with new transactions, products and countries. We work in partnership with the relevant business areas to understand risk exposures.</p> <p>We mitigate our transactional tax risks by full disclosure to the authorities on a real-time basis.</p> <p>Where there is a particularly complicated or significant transaction, we will validate our assessment with appropriate tax advisors.</p>

# Our attitude to tax planning and the use of tax advisors

## Tax planning

Tax law contains claims and elections and a wide variety of options whereby tax matters can be managed efficiently, and where such outcomes are expected and are widely regarded as within the spirit of the law.

We will make use of government-endorsed tax claims and elections, or seek to benefit from exemptions or similar mechanisms available within the tax legislation, but we will not undertake transactions whose sole purpose is to create a tax benefit which is in excess of what is generally understood to be intended by tax legislation.

We will undertake tax planning only in the context of wider business activity with a real and commercial basis. Where we have a choice in how to structure a particular transaction, investment or business, we will structure it in a tax-efficient manner where we have concluded that it is a responsible and sustainable choice which fits with our business and tax strategy, in line with what we understand the intentions of the legislation to be for us, our policyholders and our investors. We do not base our decision on aggressive interpretations of the tax law.

## Engagement with advisors

L&G is evolving in an ever-changing economic and regulatory environment. As a result, we engage appropriate external tax advisors to discuss and validate our understanding of the legislation on significant transactions or to provide insight or specialist advice on specific legislation, wider industry practice or tax authority approach. We also use advisors for compliance or routine activity in some cases or locations where this is more cost-effective or operationally sensible.

Group Tax may receive tax advice from third parties, and we seek to engage appropriately qualified and experienced advisors; we will not engage advisors whose principal business involves the production or distribution of tax-avoidance schemes. We are fully compliant with UK legislation for the Disclosure of Tax Avoidance Schemes (DOTAS), the VAT Disclosure Regime (VADR) and the Directive on Administrative Cooperation (DAC) framework.

# Our interaction with tax authorities and other third parties

## Tax authorities

L&G principally operates in the UK; however, an increasing proportion of our business is conducted overseas, particularly with the growth of our US business. We undertake to apply the same rigorous principles of transparency wherever we do business.

Where possible and practical, for example where a cooperative compliance regime is in place, we will discuss new and complex tax positions with relevant tax authorities in real time.

For material issues, this is often in advance of the transaction, or for other matters this would generally be before submission of the relevant tax returns. We may request generally available statutory or non-statutory clearances from relevant tax authorities in respect of specific transactions where there is material uncertainty or where the transaction is material to the Group company involved. The complexity of tax law means that we may occasionally disagree with tax authorities on the technical interpretation of a particular area of tax law. We seek to resolve any differences of interpretation with tax authorities in a cooperative manner. In exceptional cases, we may resolve disputes through formal proceedings.

Tax authorities understand that businesses come in different shapes and sizes, and due to the intricacies of existing legislation, new legislation may have unintended consequences. Consultations on legislation with businesses and business groups allows HMRC to shift the burden of considering detailed implications to taxpayers.

We actively participate in these consultations to the extent they impact our business or our customers, either alone or as part of a wider business forum, with the view to improving the quality and relevance of the legislation.

By responding to consultations and taking part in business groups, we seek to mitigate any outcomes which we consider to be inconsistent with the policy objective, or to alert tax authorities to unintended consequences.

## Other third parties

Countries' approaches to taxation is increasingly undertaken on a joined-up basis, with harmonisation of requirements facilitated by organisations and bodies, like the OECD. A need for greater tax transparency on a multinational level has led to the OECD Base Erosion and Profit Shifting (BEPS) framework and the EU DAC framework.

We actively monitor developments, as recommendations made by these groups are often adopted by tax authorities. Where appropriate, we will respond to consultations on future principles in so far as these could impact us, with the aim of clarifying areas of uncertainty ahead of local implementation.

In preparing this report, we look at various reporting standards, published by investor bodies relating to tax transparency, to ensure our disclosures remain aligned with the expectations of our shareholders, investors and the wider public, for large corporate groups. We may take part in investor surveys where these relate to tax transparency or wider Environmental, Social and Governance (ESG) objectives.

# Demystifying tax –

## Useful terms

### Corporate income tax (paid)

The tax we pay on the profits we earn.

### VAT (paid and collected)

The tax charged on the services we provide, less VAT we can recover on the goods and services we buy.

### Transactional (stamp) taxes (paid)

The tax paid on legal transactions in regard to the income properties and shares we buy.

### Co-operative compliance

The continued development of our relationship with tax authorities, primarily HMRC in the UK, and the overseas tax authorities where we have a tax presence.

### Withholding tax (paid)

The tax we pay on our overseas investment income.

### Payroll taxes (paid and collected)

The taxes we pay on wages earned by employees and collected from employee wages on behalf of Governments – primarily PAYE and National Insurance contributions (NIC) in the UK.

### Deferred tax

Deferred tax is a tax which is or may become payable in the future and arises on differences between our taxable profits and accounting profits.

### Transfer pricing

The determination of prices charged for transactions performed between our related companies in the Group.

### Property taxes (paid)

The taxes we pay on properties and infrastructure we hold as investments and use in our businesses, including business rates, and taxes on transactions when properties are bought and sold.

### Product-related taxes (paid and collected)

The taxes on our products, including income tax collected on pension business payments to annuity holders.

### Cash tax

The amount of tax we pay to the tax authorities based on what is reported in the corporate tax computation both in the UK and overseas.

### Global minimum tax – top up tax

The rules applying from 1 January 2024 to all our businesses globally to ensure we pay a minimum effective tax rate of 15% in each jurisdiction we operate in.

This document, published by Legal & General Group Plc on 19 March 2025, complies with its duty under paragraph 16(2) of Schedule 19 of Finance Act 2016 to publish a group tax strategy for the year ended 31 December 2024.

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