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## **CITY OF LONDON SAYS TAX TAKE BACKS CASE FOR BREXIT BANKS DEAL**

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Reuters (27 November 2017)

LONDON (Reuters) - Britains financial services industry paid a record 72.1 billion pounds in tax during the past fiscal year, PwC said in a report that piles pressure on the government to secure favourable trading terms for banks after Brexit.

Tax revenues in the finance sector rose 1 percent in the year to March 2017, hitting their highest level in the ten years data has been collected, the report said. It was commissioned by the City of London, home to the Square Mile financial district.

With Brexit edging ever closer, it is more important than ever to underline just how important the financial services sector is to the rest of the economy, City of London policy chief Catherine McGuinness said.

While its too early to gauge how the countrys tax-take might suffer if firms chose to move business away from the UK, these findings highlight how vital it is to meet the urgent needs of the sector as part of negotiations.

The City has called for a transition deal by the end of the year to limit the amount of financial jobs moving to the EUs other 27 member countries before Britains departure from the bloc in March 2019.

The Bank of England expects 10,000 financial services jobs to move by Brexit Day as London based banks, insurers and asset managers open or expand existing hubs in the bloc to maintain customer links there.

The report said 43.5 percent or 31.4 billion pounds of tax receipts from firms tracked was in employment taxes paid by employees and their companies.

If a large number of jobs were to leave the UK as a result of Brexit, then the tax revenues of the financial services sector would almost certainly be impacted, the City of London said.

The sector accounted for 11 percent of UK tax receipts, and for the first time, the annual report showed where the majority of financial jobs are located.

A third of financial services jobs are in London, with Scotland accounting for 13.6 percent, and the south east of England 12.4 percent.

Reporting by Huw Jones. Editing by Jane Merriman

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