5. Tax

	2023 £m	2022 £m
(a) Analysis of tax charge for the year		
UK current corporate tax[1]	**(1.5)**	28.1
Overseas current corporate taxes	**62.1**	100.0
Current tax	**60.6**	128.1
Deferred tax (note 6)	**3.6**	(1.4)
	64.2	126.7

1. The UK has a current year tax credit, which is offset against a higher deferred tax charge, due to the impact of capital allowance claims

	2023 £m	2022 £m
(b) Tax on items (credited)/charged to other comprehensive income or equity		
Deferred tax on remeasurement of post-retirement benefits (OCI)	**(5.5)**	22.4
Deferred tax on share-based payments (equity)	**0.5**	1.1
Deferred tax on provisions (OCI)	**(0.2)**	0.5
	(5.2)	24.0

	2023 £m	2022 £m
(c) Factors affecting the tax charge for the year		
Profit before tax	**236.3**	780.0
Tax at the standard rate of corporation tax in the UK, 23.5% (2022: 19.0%)	**55.5**	148.2
Effect of:		
Non-taxable gain on business disposal	**–**	(46.1)
Tax rate changes	**0.5**	(0.1)
Prior year over-provisions	**(10.9)**	(2.9)
Tax cost of remitting overseas income to the UK	**3.7**	5.5
Expenses and write-offs not deductible for tax purposes	**11.3**	10.3
Tax incentives	**(2.6)**	(0.6)
Unutilised tax losses not recognised through deferred tax	**1.3**	0.9
Effect of higher overseas tax rates	**5.4**	11.5
	64.2	126.7

The effective adjusted corporate tax rate before exceptional items of 23.9% (2022: 22.8%) is slightly higher than the UK's standard tax rate of 23.5%. The reported corporate tax rate after exceptional items is 27.2% (2022: 16.2%).

Croda operates in many tax jurisdictions other than the UK, both as a manufacturer and distributor, with the majority of those jurisdictions having rates higher than the UK; considerably so in some cases. It is the exposure to these different tax rates that increases the effective tax rate above the UK standard rate and also makes it difficult to forecast the Group’s future tax rate with any certainty given the unpredictable nature of exchange rates, individual economies and tax legislators. Croda's effective corporate tax rate has also increased as a result of incurring expenditure which is deemed capital in nature for tax purposes, including the impairment of goodwill, which is not tax deductible. The factors increasing the effective tax rate are largely offset by the prior year release of tax provisions. Otherwise, there are no significant adjustments between the Group’s expected and reported tax charge based on its reported accounting profit. Given the global nature of the Group, and the number of associated cross-border transactions between connected parties, we are exposed to potential adjustments to the price charged for those transactions by tax authorities. However, the Group carries appropriate provisions relating to the level of risk.

The prior year reported corporate tax rate after exceptional items includes the tax arising on the gain of the PTIC divestment and associated business disposal costs. Whilst the gain was subject to tax in the jurisdictions in which business units were sold, a number of local exemptions have resulted in the overall gain being taxed at a rate significantly lower than the UK's 2022 standard tax rate of 19%. This has reduced the reported corporate tax rate after exceptional items in the prior year.

Legislation to increase the UK standard rate of corporation tax from 19% to 25% was substantively enacted on 24 May 2021, effective from 1 April 2023, which has resulted in a blended UK rate of corporation tax of 23.5% in 2023. The UK deferred tax is calculated at 25%. The overseas tax is calculated at the rates prevailing in the respective jurisdictions.

The UK, like many other jurisdictions, brought into effect its supporting Pillar 2 tax legislation from 31 December 2023. First applicable to the Group’s 31 December 2024 period end, this legislation will effectively mandate the incurrence of a minimum effective tax rate of 15% (in aggregate) across each of its trading jurisdictions. Croda's effective tax rate would not have been materially impacted had Pillar 2 applied in 2023. Initial assessments, supported through an appraisal of those preliminary safe harbours communicated by the OECD, validate the Group’s view that no material tax exposures are expected to arise under this legislation in 2024.