

**10. Tax****10(i) – Tax on loss**

	2023 £m	2022 £m
<b>Tax:</b>		
On Adjusted profit	(10)	(11)
In respect of adjustments:		
Performance fee	(10)	-
Other (primarily in respect of property valuation movements)	30	48
<b>Total tax in respect of adjustments</b>	<b>20</b>	<b>48</b>
<b>Total tax credit</b>	<b>10</b>	<b>37</b>
<b>Current tax</b>		
<b>United Kingdom</b>		
Current tax (charge)/credit	(10)	7
<b>Total UK current tax (charge)/credit</b>	<b>(10)</b>	<b>7</b>
<b>Overseas</b>		
Current tax charge	(10)	(31)
<b>Total overseas current tax charge</b>	<b>(10)</b>	<b>(31)</b>
<b>Total current tax charge</b>	<b>(20)</b>	<b>(24)</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(10)	(13)
Released in respect of property disposals in the year	5	25
On valuation movements	33	50
<b>Total deferred tax in respect of investment properties</b>	<b>28</b>	<b>62</b>
Other deferred tax	2	(1)
<b>Total deferred tax credit</b>	<b>30</b>	<b>61</b>
<b>Total tax credit on loss on ordinary activities</b>	<b>10</b>	<b>37</b>

**10(ii) – Factors affecting tax credit for the year**

The tax credit is higher than (2022: tax credit is lower than) the standard rate of UK corporation tax. The differences are:

	2023 £m	2022 £m
Loss on ordinary activities before tax	(263)	(1,967)
Exclude valuation deficit in respect of UK properties not deductible	421	1,701
	<b>158</b>	<b>(266)</b>
Multiplied by standard rate of UK corporation tax of 23.5 per cent (2022: 19.0 per cent) <sup>2</sup>	(37)	51
<b>Effects of:</b>		
REIT & SIIC exemption on income and gains	94	1
Non (deductible)/taxable items	(13)	3
Joint venture and associates' tax adjustment <sup>1</sup>	(17)	(26)
Higher tax rates on international earnings	(3)	(1)
Other	-	(1)
Adjustment in respect of assets not recognised	(14)	10
<b>Total tax credit on loss on ordinary activities</b>	<b>10</b>	<b>37</b>

1 The joint venture and associates' tax adjustment is required because the loss on ordinary activities before tax includes share of loss from joint ventures and associates' after tax, whereas the total tax balance excludes joint ventures and associates.

2 The UK corporation tax rate for the financial year beginning 1 April 2023 increased to 25 per cent (previously 19 per cent in the financial year beginning 1 April 2022).

**10(iii) – REIT and SIIC regimes and other tax judgements**

SEGRO is a Real Estate Investment Trust (REIT) and does not pay tax on its UK property income or gains on property sales, provided that at least 90 per cent of the Group's UK property income is distributed as a dividend to shareholders, which becomes taxable in their hands. In addition, the Group has to meet certain conditions such as ensuring its worldwide property rental business represents more than 75 per cent of total profits and assets. Any potential or proposed changes to the REIT legislation are monitored and discussed with HMRC. It is management's intention that the Group will continue as a REIT for the foreseeable future.

SEGRO is also a SIIC in France, and does not pay corporation tax on its French property income or gains on property sales, provided that at least 95 per cent of the relevant Group French subsidiaries' property income is distributed to their immediate shareholder. In addition, the Group has to meet certain conditions such as ensuring the property rental business of each French subsidiary represents more than 80 per cent of its assets. Any potential or proposed changes to the SIIC legislation are monitored. It is management's intention that the Group will continue as a SIIC for the foreseeable future.

In 2021 a formal tax assessment in relation to the applicability of a 25 per cent withholding tax on distributions from the SIIC was received from the French tax authorities and a tax charge was recognised. A legal conclusion has not been reached and communication with the French tax authorities remains ongoing. As a result, a tax charge for the 25 per cent withholding tax on results generated from the French business has been recognised in the current and prior year, this includes withholding tax on unremitted earnings. As noted below, until a legal conclusion has been reached, it is possible further tax charges may arise in relation to this matter.