

# How big is the tax hit on banks from the G7 tax deal th...

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I have been asked by a journalist to look at how big the tax hit on banks might be from the G7 tax deal.

I chose to [look at Barclays](#). It made a pre-tax profit of £3,065m in 2020 in turnover of £21,766m. That's a margin of 14%. It is in the range of the G7 tax adjustment.

However, a 10% margin is not adjusted. Only the excess over that is. And then just 20% of that is reallocated to the places where profit is earned. So, Barclays is at risk of 0.8% of turnover being reallocated, or £174 million. The UK could (but may well not) lose tax on this.

But how big would the adjustment be, overall? Barclays declared current tax in 2020 of £1,286m. There are many questions to resolve on whether this is the right figure. [See here](#). But let's assume it right for the moment. That is a current tax rate of almost 42%, with a significant deferred tax offset it must be said.

Is it likely that there will be a major adjustment with a 42% tax rate? No, is the simple answer.

So, Sunak is fussing about not a lot. This so-called Pillar 1 adjustment is not the big deal from the weekend. The big deal is that the 15% global minimum tax rate is much too low. Sunak has yet again spectacularly missed the point.