

Charlotte Sallabank Quoted by *Raconteur* on Dividend Payments by British Public Limited Companies

November 8, 2023

Transactional Tax Planning partner Charlotte Sallabank was quoted in an article by *Raconteur* about British public limited companies (PLCs) and their continued payments of large dividends to shareholders, despite economic conditions that have prompted them to cut costs in other areas. As reported by *Raconteur*, research has shown that UK-listed companies distributed £84.8 billion to shareholders in 2022, "representing a 16.5 percent increase on 2021's total, excluding special one-off payments."

Continuing to pay such big dividends can make the United Kingdom an attractive market for investors but poses an "unnecessary risk in trying to maintain a progressive, but unsustainable, dividend policy" for the sole purpose of propping up the companies' share prices. This habit also leaves insufficient cash for these companies to reinvest toward their long-term growth.

Charlotte noted that reinvesting more profits could also help a firm in the short term by reducing its tax bill. "In other jurisdictions, it's much more about showing shareholders that you've driven down your tax rate, rather than saying: 'We've met our dividend forecasts,'" Charlotte told *Raconteur*. "US shareholders, for instance, will look very much at the effective tax rate that the group as a whole has achieved."

"Why British plcs pay big dividends – and why that's a problem," *Raconteur*, November 6, 2023

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