TOTAL TAX CONTRIBUTION BY EUROPEAN REITS

BENCHMARKING AGAINST THE LARGEST EUROPEAN CORPORATES

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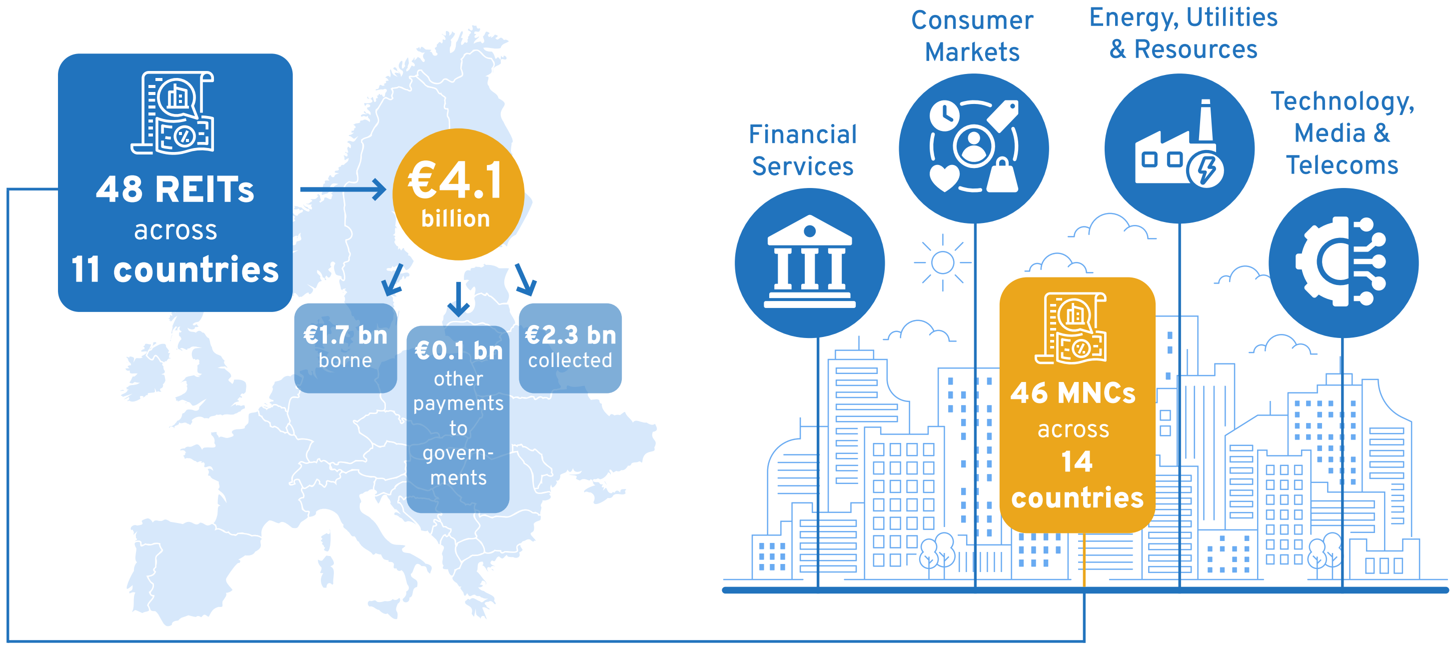
INTRODUCTION

Purpose of update

This study updates EPRA's 2020 Total Tax Contribution (TTC) study of European REITs with a benchmark against other large corporates. The original study showed that 48 REITs across 11 countries contributed about **€4.1 billion** in taxes (€1.7 bn taxes borne + €2.3 bn collected + €0.1 bn accounted as "other payments to governments"). Building on that, we are for the first time comparing REITs' total tax contribution to the PwC European Business Tax Forum (EBTF) study of 46 of the largest European headquartered multinationals to put REITs' fiscal reality in context.

Data & scope

We are using the same REIT sample (48 listed REITs) benchmarked against key industries in the EBTF study (46 MNCs, Europe's largest companies). The comparison focuses on four broad sectors from the EBTF data – **Financial Services, Consumer Markets, Energy, Utilities & Resources**, and **Technology, Media & Telecoms**, which represent diverse business profiles. All figures refer to total taxes borne by companies and taxes collected on behalf of the government (e.g., payroll withholdings, VAT). This time as well, EPRA engaged PwC to apply the same methodological approach as in the initial study, ensuring consistency and comparability of results.



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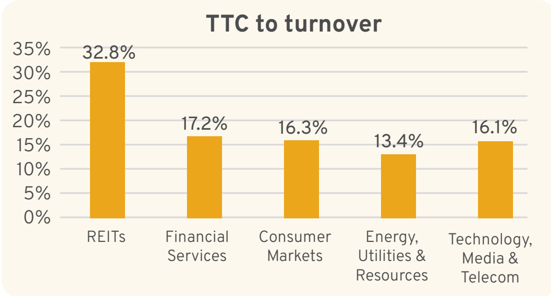
KEY FINDINGS AND COMPARISONS

TTC profile of REITs vs. other sectors

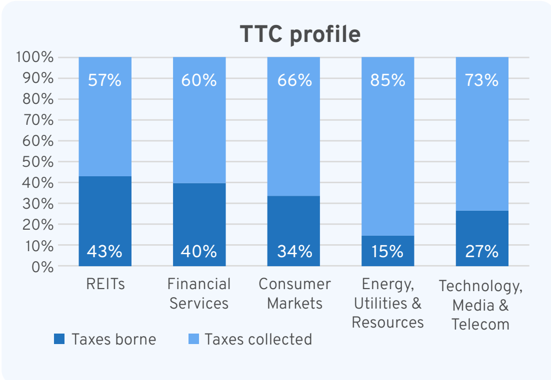
Taxes relative to turnover – REITs contribute at double the rate

REITs' total tax contribution is **32.8% of their turnover, far above the average of large MNCs (~15.5%).** In fact, for every €100 in revenue, REITs contribute about €32.8 in taxes, over twice the typical rate for big multinationals. No other sector in the benchmark comes close: even Financial Services companies average only ~17% in taxes per €100 of turnover. This indicates that, relative to their size, REITs deliver a higher tax yield to public finances than most other industries.



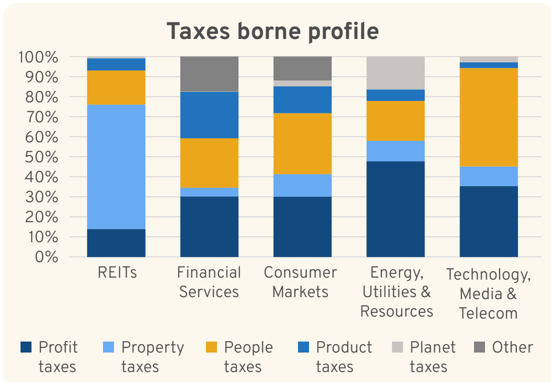
Higher share of taxes borne by REITs

REITs directly pay a larger proportion of their total taxes than other sectors. On average, about 43% of REITs' TTC is taxes borne (paid out of the company's own resources), versus 58% taxes collected (taxes collected by the company on behalf of others and passed on to the government). This borne share is the highest among all sectors (comparators range ~15%–40% taxes borne). In other words, **REITs shoulder more tax themselves (primarily through property taxes and employer-paid levies) instead of merely acting as a tax collector.** This reflects the nature of REITs' business, owning property assets that attract significant direct taxes, whereas other industries' tax contributions rely relatively more on taxes collected from employees or customers.



Tax mix – asset-based taxes dominant, profit taxes minimal

Owing to their unique tax regime, REITs' tax profile is oriented toward property and transaction taxes rather than corporate income tax. On average, 63% of taxes borne by REITs are property taxes (on property ownership and transfer), while only ~12% are profit taxes. By contrast, for large MNCs, property taxes are ~8% and profit taxes ~40% of taxes borne. This is a direct consequence of REITs' obligation to distribute most of their profits, leaving little taxable income at the corporate level. Instead, **governments receive revenue from European REITs through recurring property taxes, which are inelastic and long-term oriented (asset-based, owed regardless of profits), providing a steady tax base.**



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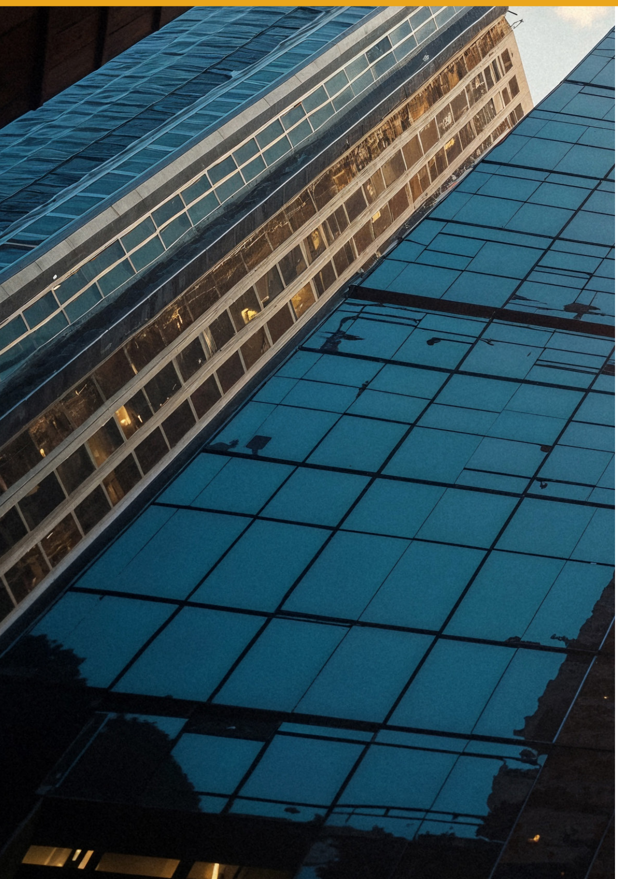


KEY FINDINGS AND COMPARISONS

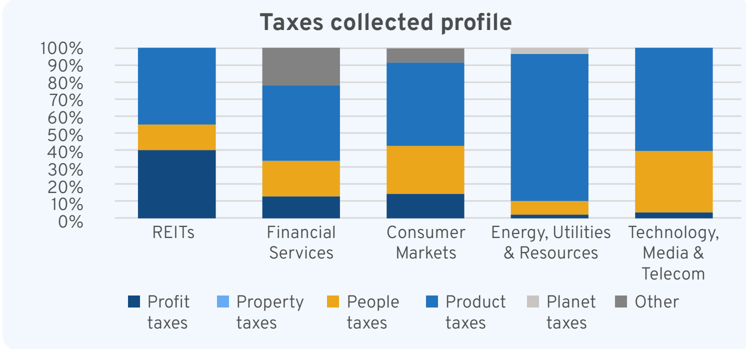
TTC profile of REITs vs. other sectors

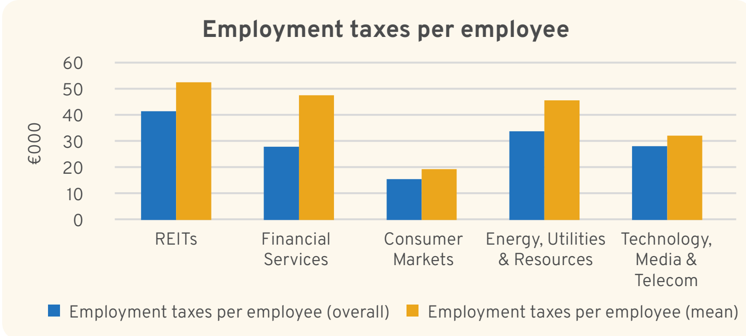
On the **taxes collected** side, REITs act as conduits for substantial investor and consumer taxes: withholding taxes on dividends (about 34% of taxes collected) and product taxes like VAT on rent or sales (about 51% of collected taxes) form the bulk of what REITs collect for authorities. These figures underscore that REITs' contribution comes mainly from taxed assets and transactions, with relatively low corporate profit tax, a design feature of REIT regimes, not a tax avoidance tactic.

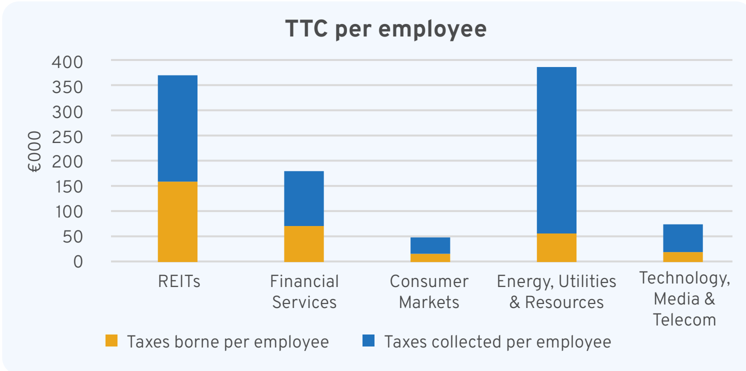
High tax contribution per employee

European REITs support an outsized tax contribution relative to their workforce size. In total, the 48 REITs studied directly employed ~10,900 people and generated €4.0 billion in taxes, averaging roughly €369,000 in taxes per employee (TTC/employee). This is the second highest, only after the Energy sector, which faces very high taxes per worker due to capital-intensive, high-profit operations.

By comparison, Financial Services firms in the EBTF sample average ~€180k per employee, and consumer-facing sectors far less. REITs also incur and remit substantial employment taxes, reflecting skilled jobs: on a per-employee basis, REITs' employment tax contributions (payroll taxes borne and collected) are among the highest of the sectors analysed. **In summary, each REIT-supported job yields a very high and constant revenue stream for governments,** offering a clear and compelling illustration of the broader economic value and productivity of the REIT model.







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About EPRA

EPRA represents over EUR 880 billion of real estate assets and 95% of the market capitalisation of the FTSE EPRA Nareit Europe Index. EPRA's mission is to promote, develop, and represent the European public real estate sector.

About PwC

PwC is a network of firms in 157 countries with more than 223,000 people who are committed to delivering quality in assurance, tax, and advisory services.

Sources:

- *European Public Real Estate Association (EPRA) & PwC – Total Tax Contribution of REITs in Europe (2020 report and flyer);*
- *PwC European Business Tax Forum study (2019 data, published 2020); EPRA/PwC benchmarking analysis (May 2025).*

UNDERSTANDING THE REIT REGIME – CONTEXT FOR TAX RESULTS

Profit distribution requirement

A critical factor behind these tax patterns is that REITs are legally required to distribute ~90% of their taxable earnings to shareholders. Because of this, REITs typically pay little or no corporate income tax as the profit is passed through. However, that income doesn't remain untaxed, as it is taxed at the shareholder level instead. The TTC figures above include withholding taxes on dividends that REITs deduct for tax authorities, but not the further taxes shareholders may owe on that dividend income. Policymakers should note that REITs' low profit-tax burden is by design: the taxation happens indirectly via shareholders, rather than at the corporate level.

While investor-level taxes are not included in this analysis due to the difficulty of collecting reliable data—primarily because shareholders are dispersed across jurisdictions and subject to varying personal tax regimes—**their inclusion would further increase the total tax contribution attributable to REIT-generated income.**

Stable, asset-tied tax base

REITs' obligation to invest in property assets means they pay large property taxes and transaction taxes regardless of profitability. These taxes (on real estate holdings, transfers, etc.) tend to be stable revenue sources for governments. **Even in economic downturns, property tax streams from REITs remain relatively steady** (unlike profit taxes that can fluctuate). In addition, REITs contribute through "people taxes", they employ thousands of workers and remit income taxes and social contributions, and through "product taxes" like VAT on rent or sales. This multi-faceted tax footprint (spanning profit, property, payroll, and consumption taxes) means REITs provide a diversified contribution to public finances.

CONCLUSION – REITS AS CONSISTENT TAX CONTRIBUTORS

Significant and transparent contributions

European REITs emerge from this analysis as consistent, significant contributors to public budgets. They contribute a higher share of their revenues in tax than most other industries, principally through taxes on properties and economic activities rather than corporate profits. This challenges misconceptions that REITs "don't pay tax". In reality, REITs contribute significantly to public finances, just in other forms than corporate income tax, and as shown in the report, at a much higher level than some of the largest European multinationals.

Policy implications

Given their steady tax payments and high taxes provided per employee, REITs play a vital role in funding public services at the local and national levels across Europe. Policymakers should acknowledge that establishing a national REIT regime generates a reliable, steady, and long-term-oriented tax revenue stream that remains resilient throughout economic cycles.

In summary, the updated benchmarking confirms that REITs remain robust taxpayers and tax collectors, underpinning public finances while fulfilling their mandate to channel investment into real estate. This reinforces the value of REIT frameworks in Europe, which deliver both economic benefits and a strong tax contribution to society.