For 2022/23, our total tax contribution globally was £4,060 million (2021/22: £3,719 million), taxes borne were £1,892 million (2021/22: £1,964 million) and taxes collected were £2,168 million (2021/22: £1,755 million). Our total tax contribution has increased in the year primarily due to higher taxes borne in 2022/23 in respect of income taxes paid and other taxes borne and higher taxes collected in relation to indirect taxes.

Two thirds of the tax borne by the Group continues to be in relation to property taxes, of which £997 million are paid in the US across over 1,200 cities and towns in Massachusetts, New Hampshire, New York and Vermont. These taxes are the municipalities principal source of revenue to fund school districts, police and fire departments, road construction and other local services.

In the UK, we participate in The 100 Group’s Total Tax Contribution Survey. The survey ranks the UK’s biggest listed companies in terms of their contribution to the total UK government’s tax receipts. The most recent result of the survey for 2021/22 ranks National Grid as the 14th highest contributor of UK taxes (2020/21: 19th), the 10th highest in respect of taxes borne (2020/21: 15th) and first in respect of capital expenditure (£3,858 million; 2020/21: £1,549 million) on fixed assets (2020/21: third). Our ranking in the survey is proportionate to the size of our business and capitalisation relative to the other contributors to the survey.

However, National Grid’s contribution to the UK and US economies is broader than just the taxes it pays over to and collects on behalf of the tax authorities.

Both in the UK and the US we employ thousands of individuals directly. We also support jobs in the construction industry through our capital expenditure, which in 2022/23 was £7,785 million, as well as supporting a significant number of jobs in our supply chain.

Furthermore, as a utility we provide a core essential service which allows the infrastructure of the country/states we operate in to run smoothly. This enables individuals and businesses to flourish and contribute to the economy and society.

Development of future tax policy

We believe that the continued development of a coherent and transparent tax policy across the Group is critical to help drive growth in the economy.

We continue to engage on consultations with policymakers where the subject matter impacts taxes borne or collected by our business, with the aim of openly contributing to the debate and development of tax legislation for the benefit of all our stakeholders.

To ensure that the needs of our stakeholders are considered in the development of tax policy we are a member of a number of industry groups which participate in the development of future tax policy, such as the Electricity Tax Forum and CBI Employment Taxes Working Group, together with The 100 Group in the UK, which represents the views of finance directors of FTSE 100 companies and several other large UK companies. We undertake similar activities in the US, where the Group is an active member in the Edison Electric Institute, the American Gas Association, the Global Business Alliance, the American Clean Power Association, the Energy Storage Association and the Solar Energy Industries Association.

Feedback from these groups, such as the results of The 100 Group’s Total Tax Contribution Survey, helps to ensure that we consider the needs of our stakeholders and are engaged at the earliest opportunity on tax issues which affect our business.

Pensions

In 2022/23, defined benefit pensions and other post-employment benefit operating costs decreased to £274 million (2022/23: £321 million). During the year, our pensions and other post-retirement benefit plans decreased from a net surplus position of £3,075 million at 31 March 2022 to a net surplus of £1,951 million at 31 March 2023.

This was principally the result of actuarial losses on plan assets of £5.7 billion (lower investment returns) and actuarial gains on plan liabilities of £4.4 billion (higher discount rates from corporate bond yields and lower long-term RPI inflation expectations). Employer contributions during the year were £284 million (2022: £300 million), including £123 million (2022: £84 million) of deficit contributions. As at 31 March 2023, the total UK and US assets and liabilities and the overall net IAS 19 (revised) accounting surplus (2022: surplus) is shown below. Further information can be found in note 25 to the financial statements.

### Net pension and other post-retirement obligations

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>UK</th>
<th>US</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan assets</td>
<td>12,578</td>
<td>8,666</td>
<td>21,246</td>
<td></td>
</tr>
<tr>
<td>Plan liabilities</td>
<td>(10,964)</td>
<td>(8,331)</td>
<td>(19,295)</td>
<td></td>
</tr>
<tr>
<td>Net surplus</td>
<td>1,614</td>
<td>337</td>
<td>1,951</td>
<td></td>
</tr>
</tbody>
</table>

As at 31 March 2023, we recognised in the statement of financial position pension assets of £21,246 million (UK pensions £12,578 million; US pensions £8,666 million; and US other £2,608 million); and pension liabilities of £19,295 million (UK pensions £10,964 million; US pensions £5,736 million; and US other £2,959 million).

**Dividend**

The Board has recommended an increase in the final dividend to 37.60 p per ordinary share (2022: 34.47 p per American Depository Share), which will be paid on 9 August 2023 to shareholders on the register of members as at 2 June 2023. If approved, this will bring the full-year dividend to 55.44 p per ordinary share, an increase of 8.8% over the 50.97 p per ordinary share in respect of the financial year ended 31 March 2022. This is in line with the increase in average UK CPIH inflation for the year ended 31 March 2023 as set out in our dividend policy. Our aim is to grow the annual dividend per share in line with CPIH, thus maintaining it in real terms. The Board will review this policy regularly, taking into account a range of factors including expected business performance and regulatory developments.

At 31 March 2023, National Grid plc had £14 billion of distributable reserves, which is sufficient to cover more than five years of forecast Group dividends. If approved, the final dividend will absorb approximately £1.4 billion of shareholders’ funds. This year’s dividend is covered approximately 1.3x by underlying earnings.

The Directors consider the Group’s capital structure at least twice a year when proposing an interim and final dividend and aim to maintain distributable reserves that provide adequate cover for dividend payments.

**New accounting standards**

We did not adopt any new accounting standards in 2022/23. Amendments to certain existing accounting standards were adopted during the year, but these had no material impact on the Group’s results or financial statement disclosures.

**Impact of UK capital allowance change on future years’ UK regulatory revenues**

In March 2023, the UK government announced changes to UK capital allowances tax legislation effective from April 2023 to March 2026. This is expected to reduce our cash tax payments to HMRC, but is not expected to directly reduce our overall tax charge, with the lower cash tax paid being offset by a corresponding increase in deferred tax liabilities. However, because our UK regulated business’ revenues include a tax allowance, the increased tax relief from higher capital allowances would result in lower cash tax paid and therefore lower allowed revenues. This is expected to have a significant adverse impact on our UK regulatory businesses’ reported underlying results (i.e. no change to the overall tax charge, but lower underlying revenues) from 2023/24 to 2025/26, despite this change being economically neutral to National Grid over the longer term. As part of our results announcement in May 2023, we have provided further information in respect of this change, including the likely impact on future years’ results.

**Post balance sheet events**

For further details, see note 38 to the financial statements.