

18 January 2018

New US tax legislation: Impact on Imperial Brands

Imperial Brands notes the changes in US tax legislation effective 1 January 2018.

Ongoing impact

Recently announced changes to the US federal corporate tax rate are not expected to materially impact the Group's adjusted effective tax rate going forward. The Group benefits from substantial US tax amortisation of goodwill and intangibles which contributes to a relatively low adjusted effective tax rate.

Effective tax rate FY18

For the year to 30 September 2018 we currently anticipate that the reduced taxation of US earnings will result in a benefit of less than 1% to the Group adjusted effective tax rate. We continue to expect an overall adjusted effective tax rate for the Group of around 20%.

Revaluation of deferred tax balances

The Group's US deferred tax assets and liabilities will be revalued to take account of the corporate tax rate changes. This is expected to result in a one-off credit of around £20m which will be treated as an adjusting item in the current year and will therefore not impact adjusted earnings.

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